

EUROPE



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POST-COLD-WAR ERA DAWNS ON EUROPE

Burden Sharing

EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



EMBASSY OF LUXEMBOURG

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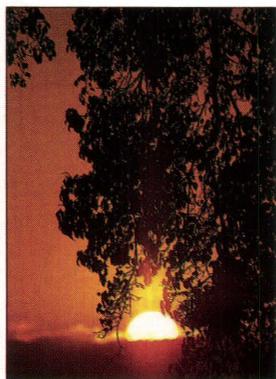
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Letter From The Editor

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HE COLD WAR IS OVER AND A new post-cold-war era is dawning on Europe. Existing defense and security organizations are seeking to redefine their place, new organizations are being discussed to prepare for the future security of Europe, and Americans and Europeans are reassessing their roles. Burden sharing is being re-evaluated on both sides of the Atlantic.



COVER: As the cold war ends, a new era dawns on Europe.

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Woodfin Camp

Europe presents an in-depth look at NATO, the CSCE, the WEU, and the possible new roles the European Community might play in this new era.

In our cover stories, Jenonne Walker looks at burden sharing from the American perspective, and Ian Davidson, Paris bureau chief of the *Financial Times*, presents the European view on the subject.

Sir Leon Brittan, E.C. Commission Vice President in charge of competition, presents his views on the possible roles the E.C. might assume in taking on its own security structures in the 1990s.

Robert Haslach looks at the Western European Union and shows how it became the main European defense vehicle for sending European troops to the Persian Gulf. Maurice Gent, writing from London, emphasizes the continuing importance of NATO in an unstable world, and Myron Roberts compares the CSCE to the 1815 Congress of Vienna, illustrating how this organization has grown in stature in recent months.

As Luxembourg takes over the presidency of the European Council of Ministers this month, *Europe* provides an exclusive interview with Luxembourg Prime Minister Jacques Santer. The Prime Minister sets out his agenda for his country's six months as head of the E.C. Council.

In addition to our special report on Luxembourg, *Europe* also profiles the beautiful country of Denmark, which has become a strong supporter of closer European economic union and a single currency.

Karel Van Miert, E.C. Commissioner in charge of transportation, points out the many changes taking place in Europe's transportation industry in the 1990s—particularly in the airline and rail sectors—in an exclusive *Europe* interview.

The staff of *Europe* wishes all its readers a Happy New Year.

Robert J. Guttman

Robert J. Guttman
Editor-in-Chief

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FIAT

EUROPEAN SCENE

FAREWELL TO AN INSTITUTION—London's traditional red double-decker bus, the "Routemaster," has fallen victim to modernization of London's public transportation system, and is quickly disappearing off the streets and falling into foreign hands.

London Buses, the capital's bus company, is phasing out the traditional red double decker in favor of more modern buses—with automatic doors and no conductor—to save on costs. It is now selling the Routemasters to collectors and businesses eager to own a part of London's heritage, and the buses have been spotted in cities around the world, from Niagara Falls to Hong Kong and Athens. In London, only 700 of the 5,000 buses are now Routemasters.

However, some double deckers will undoubtedly remain. The most efficient way to travel in congested London is still to jump on a bus in traffic, have a seat, and wait for the conductor, rather than paying a driver who has to stop the vehicle.

Nostalgic commuters and those far from London yearning for a piece of the "old" capital may be in luck. But if you are the new owner of an old bus, beware: Spare parts only come from fellow old Routemasters—and may therefore be in short supply!

—Reuters



ILLUSTRATION BY JEM SULLIVAN

“Talk Back to Me”

Have you been searching for a computer that, among other things, can talk to customers, take dictation, and sort electronic mail? It may well be on its way . . .

At the annual conference of the E.C.'s ESPRIT information technology research program, more than 100 projects were on display, all collaborative efforts by companies and research institutes from E.C. countries—with names like “Everest,” “Smile,”

“Mermaid,” Pygmalion,” and even “Tootsi.” There were also robots, such as “Marie,” which ran around in circles looking like a homely vacuum cleaner but was actually able to “see” obstacles. Others had the technology that could eventually enable cars to park themselves, help record environmental effects on paintings, and much more.

During a discussion on the “Office of the Year 2000,” pan-

elists agreed that the approach should be one in which computers will eventually become more people-literate rather than the other way around. “In other words, it's time computers started thinking more like us,” said one exhibitor. Alain Cozannet, an engineer at France's National Center for Telecommunications, agreed: “We are trying to give you the right to talk back.”

—Reuters

Save those Olives!

The Swedish heating company Energi AB may have found an alternative to messy coal and expensive oil for heating homes.

It is currently experimenting with olive pits, left over after the oil has been crushed out of them. These pits, says Lars-Bertil Ehnberg, Energi's director, burn very well. The company is testing the olive pits against biomass fuel blocks (made from wood chips and other organic matter) to see whether they will also be competitive in price and availability.

Olive pits and biomass will constitute 65 percent of Energi's fuel sources, against 20 percent

for coal and 15 percent for oil. If the experiment succeeds, the profit will benefit everyone: Greek olive oil producers will be able to sell their otherwise use-

less pits after the oil has been squeezed out of them, and Energi will reduce its fuel bill by some \$3.4 million.

—Reuters

WRAPPING IT UP—After packaging many huge landmarks, including Florida islands and Paris' Pont Neuf, American artist Christo is working on a most monumental project: wrapping up the German Reichstag in Berlin.

Christo has been trying to package the historic building since 1972—in glittery silver fabric—and he may now get his opportunity. Among his German support-

ers are such political heavyweights as former President Walter Scheel and former Chancellor Willy Brandt.

What could one of the side-effects of the wrap be? Says Christo: “. . . It should be discussed whether the Reichstag is the right place for a democratic German parliament. By wrapping up the building, I could enliven the discussion.”

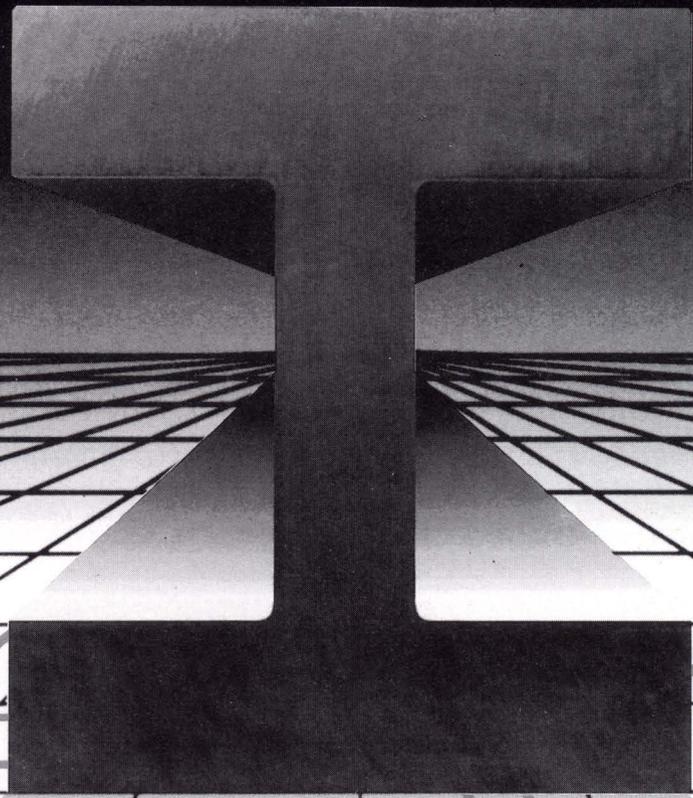
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Burden Sharing

VIEW FROM AMERICA

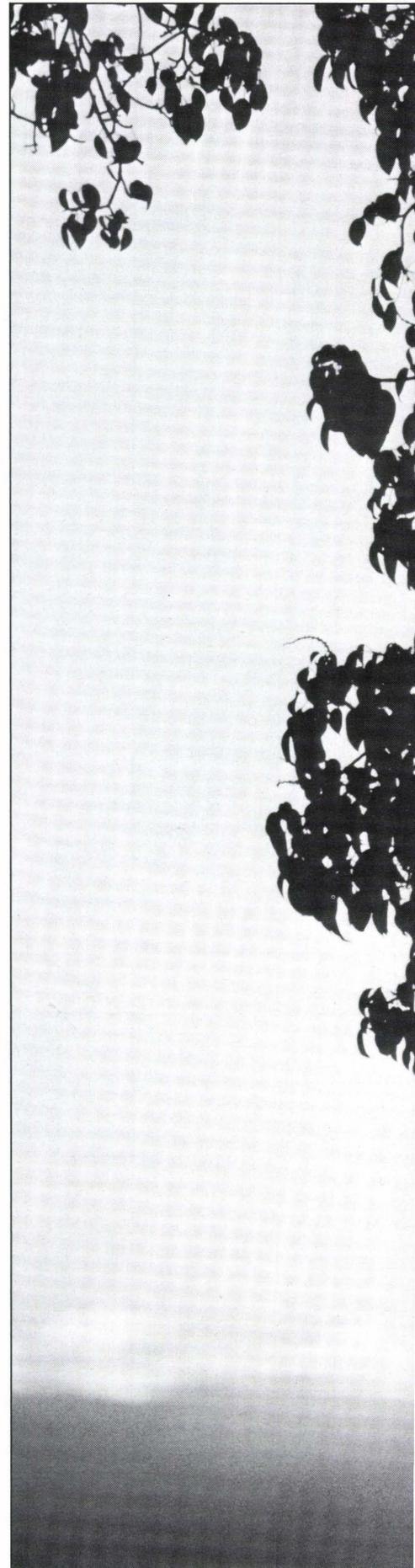


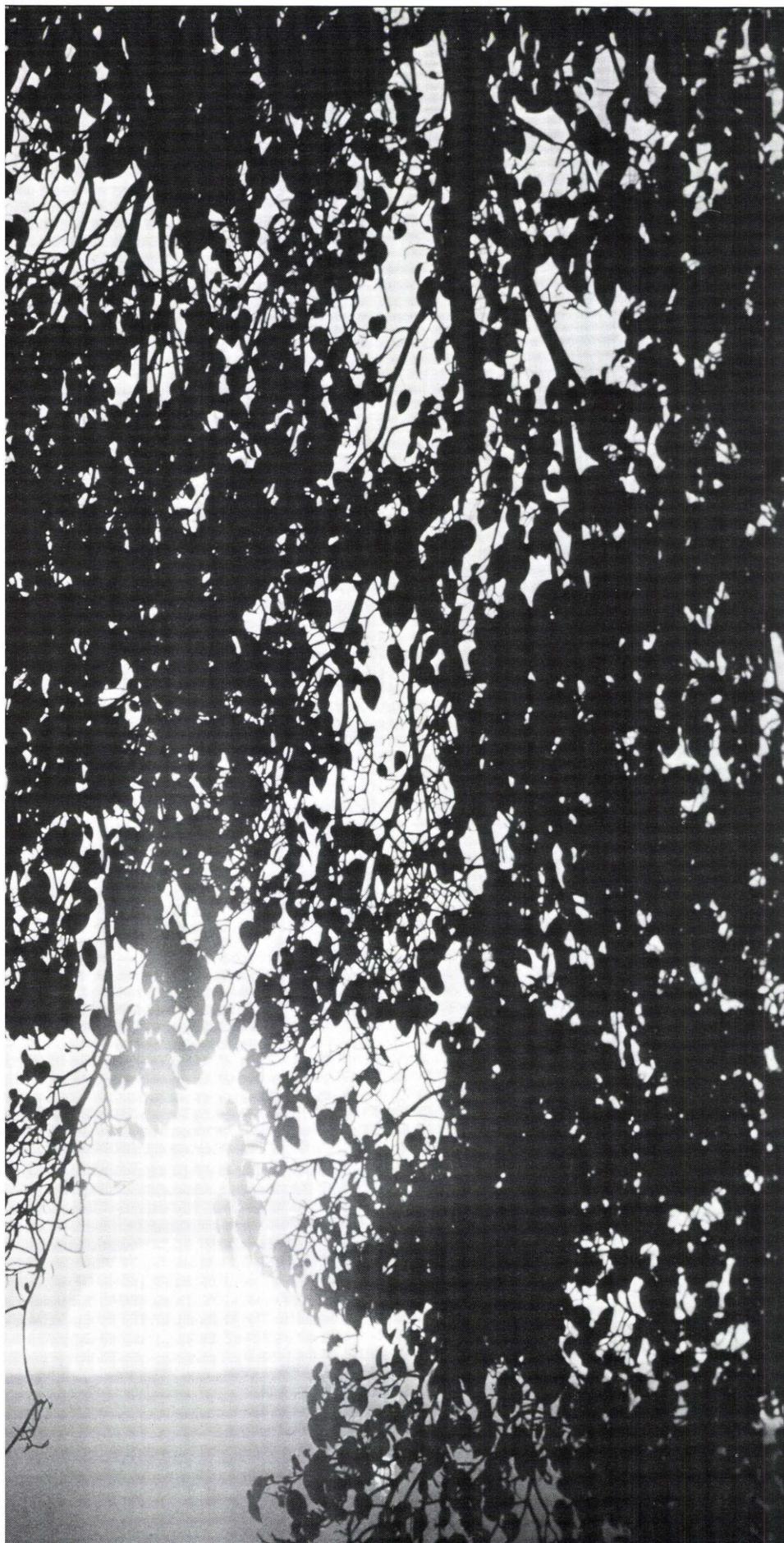
Challenging Deeply Entrenched Assumptions

BURDEN SHARING”— an old argument about whether Europeans do enough for their own security—is acquiring a new spin. Leaders on both sides of the Atlantic agree that it should go beyond simply comparing defense budgets to encompass such security tasks as support for Eastern Europe’s new democ-

racies. Washington also increasingly appreciates how much the United States needs others’ resources, and that a Europe carrying more of the burden can expect to make more of the decisions. But translating that into practice will challenge deeply entrenched assumptions and habits.

JENONNE WALKER 





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In security questions, the U.S. is encouraging Europeans to initiate proposals within NATO more often. Previous page: NATO headquarters.

Iraq's invasion of Kuwait has dramatized the issue. Those Americans who long complained about paying more than Europeans for Europe's defense now ask why only Americans should die protecting Europe's oil supplies. They have a point. But should any European leader be expected to put his soldiers' lives at risk in a war the United States might start without Europe's agreement?

What Americans have usually meant by burden sharing is that others should pay more—in money, men, and political risks—to help implement Washington's policies. No prior agreement was sought by Washington about a military response in the Gulf, including whether to go beyond sending enough troops to keep Iraq from attacking Saudi Arabia to a force big

enough to push Iraq out of Kuwait.

Thoughtful Europeans, for their part, were chagrined to realize that only the United States could take timely decisions; and that, when something really dangerous happened, they had little option but to scurry back under America's military umbrella. Heightened appreciation that Europeans can make their voice count only by acting together—that defending national sovereignty is a sure way to lose national power—has helped revive interest in security cooperation or even "union" with the European Community. But as the E.C. gets itself in shape to bear more of the burden, it will inevitably challenge the U.S. role of unquestioned leader of the West, which has been so important to Americans' sense of themselves throughout the post-war era.

President George Bush and his key advisers are encouraging some shift of power and burden. The President's relaxed reaction to talk of E.C. political and security unity is a big improvement over previous Administrations' protests whenever Europeans dared to discuss security "behind Washington's back."

In a very concrete effort to enrich the U.S.-E.C. dialogue at a political level, the two recently signed the "Trans-Atlantic Declaration" to formalize their relations. Under this, the U.S. President meets twice a year with the President of the European Council and the President of the E.C. Commission, while the Secretary of State meets biannually with E.C. Foreign Ministers and the E.C. Commission, and relevant U.S. Cabinet members meet biannually with the Commission. (Anything more at this stage might revive suspicions that Washington wants to horn in on European decision-making.)

On the economic front, Bush's encouragement of E.C. leadership in supporting Eastern Europe's economic recovery was not just buck-passing; indeed, for the first time ever, American money will be put in an international development bank (the European Bank for Reconstruction and Development), in which the United States can be outvoted. And where security issues are concerned, the United States is encouraging Europeans to take the initiative in NATO to formulate proposals more often.

While Washington has complained about *what* Europeans have or have not done with regard to the Persian Gulf, the official American position on *how* to do it has been to consult intensively in NATO,



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Sharing Responsibility

"BURDEN SHARING" HAS TRADITIONALLY meant the relative U.S. and European contributions to Europe's defense. Most Americans believe that Europeans have been getting a free ride, arguing that they have spent on average only half as much of their GNP on defense as the United States, and using the difference to outpace America economically. NATO's European partners respond that they provide 80 percent to 95 percent of the Alliance's peacetime military strength.

Last May's NATO summit mercifully buried the pretense to commit allies to increase defense spending by 3 percent a year. With the

collapse of any near-term Soviet military threat to the West, most armies will be cutting forces, and NATO is searching for innovative ways to use the residue, while simultaneously thinking about the best balance of U.S. and European roles for the new situation.

Implementing the Treaty on Conventional Forces in Europe will slightly redress the balance. The United States will take the lion's share of NATO cuts, and Allies have agreed in principle that all will share the costs of destroying weapons (or of trading U.S. weapons for older ones of other allies and destroying the latter). NATO is consider-

ing multinational units, possibly under rotating command, that could reduce some support costs and combine smaller national contributions to make military sense. The United States is also considering turning some assets NATO no longer needs in peacetime—such as pipelines or airfields—over to commercial firms whose profits would pay for their upkeep, with the understanding that governments could reclaim them in a crisis.

Perhaps even more important, leaders on both sides of the Atlantic now talk of "responsibility sharing." This term encompasses such things as foreign aid and par-

ticipation in international peacekeeping forces as well as national military budgets. There even is talk of devising a "Global Security Budget" to contain all such factors. It would help Europeans demonstrate, not least to the U.S. Congress, the significant non-military contributions they make to Western security. It also would expose those who claim legal or other barriers to playing a greater military role, but also carry less than their appropriate share of the West's non-military burdens.

—Jenonne Walker

but to understand that European action would be decided at separate meetings of the Western European Union. Bush has apparently realized that Europeans would do far more if they could act independently—as part of building Europe—rather than if they were seen as American satellites.

On the other hand, the United States still hopes to keep NATO the only serious security institution on the Continent, in part because of the influence the United States wields in it. Although Washington genuinely seems to value the E.C.'s economic and political role, its reaction to talk of European security union may be based on a calculation that nothing much will happen.

In fact, the United States actively opposes giving serious security work to the Conference on Security and Cooperation in Europe (CSCE). Within this forum, E.C. rather than NATO consultation has traditionally been the driving force, and Washington's voice is only one among equals. Largely through American wishes, the so-called Conflict Prevention Center, established by the CSCE Summit in Paris last November, will be little more than a mail drop to exchange military information. This attitude risks both limiting America's influence in the only forum that brings all European states together on

political, economic, and security issues, and stunting an organization that could address human rights abuses and other sources of tension and instability beyond NATO's mandate.

It is not surprising that the American record is mixed. The habit of dominance dies hard; there is no "Europe" yet to take on substantially more responsibility. The important thing may be that the trend is in the right direction.

But the hardest tests still lie ahead. What, for instance, if the price of greater French cooperation with NATO were multinational European units trained with the Integrated Military Command but not formally part of it? Or if the Supreme Allied Commander Europe were replaced by a looser coordinating committee including both Europeans and Americans? Or if there ever should be a European defense entity, either in NATO—as the "twin pillar" successive U.S. Administrations have claimed to want—or outside the Alliance, or yet even something in between?

Issues such as these will show whether Washington cares more about a greater European contribution to its own defense or more about maintaining American military dominance in Europe. €

Jenonne Walker, a former State Department official, is a senior associate at the Carnegie Endowment for International Peace.

The U.S. and E.C. formalized their relations in 1990, and the E.C. has coordinated the Eastern European aid effort since 1989. Previous page: President Bush at London's NATO summit. ❧

Building New Security Structures

VIEW FROM EUROPE



Who Will Hold Europe's Defense Umbrella

FOR 40-ODD YEARS, UNTIL the end of 1989, the problem of Europe's security was very uncomplicated. Then, for a short period in 1990, it became very complicated. Now it has again become very simple; but it is still a simplicity of principles, not yet of practice.

In the old days, everything was simple because the cold war

posed a massive military threat: Western Europe needed a highly organized and integrated defense structure allied to that of the United States. Then, after the fall of the Berlin Wall, everything suddenly became very complicated because no one could say for sure whether Western Europe needed any defense at all: The Soviet military

threat was melting away, the Warsaw Pact was disintegrating, and it seemed possible that all of Europe had moved into a new Utopia of universal peace.

During this complicated period, many were seduced by the idea that alliances were no longer necessary, or indeed possible, because the East-West confrontation had evaporated.

IAN DAVIDSON

So they flirted with the opposite idea—that Europe could find safety in some sort of pan-European, non-military security system.

At that point, Soviet President Mikhail Gorbachev's image of a "common European house" exercised a practical fascination, which was mirrored by French President François Mitterrand's notion, launched in January 1990, of a European Confederation. Others peddled the complementary idea that the adversarial alliances of NATO and the Warsaw Pact could be submerged in the healing unity of the 34-nation Conference on Security and Cooperation in Europe.

The complicated period ended in mid-1990, because most politicians and all

analysts realized that the instabilities and potential conflicts on the European continent were too acute to be contained by any pan-European system. While Eastern Europe might not present an immediate military threat, no one knew how they would survive the stress of political and economic reform. Also, it became evident that the Soviet Union was unlikely to survive in its existing configuration.

While Gorbachev's objectives appear to be entirely peaceful, his successors might have different priorities. And, in any plausible hypothesis, the Soviet Union would continue to be a world military power, both in terms of nuclear and conventional forces.

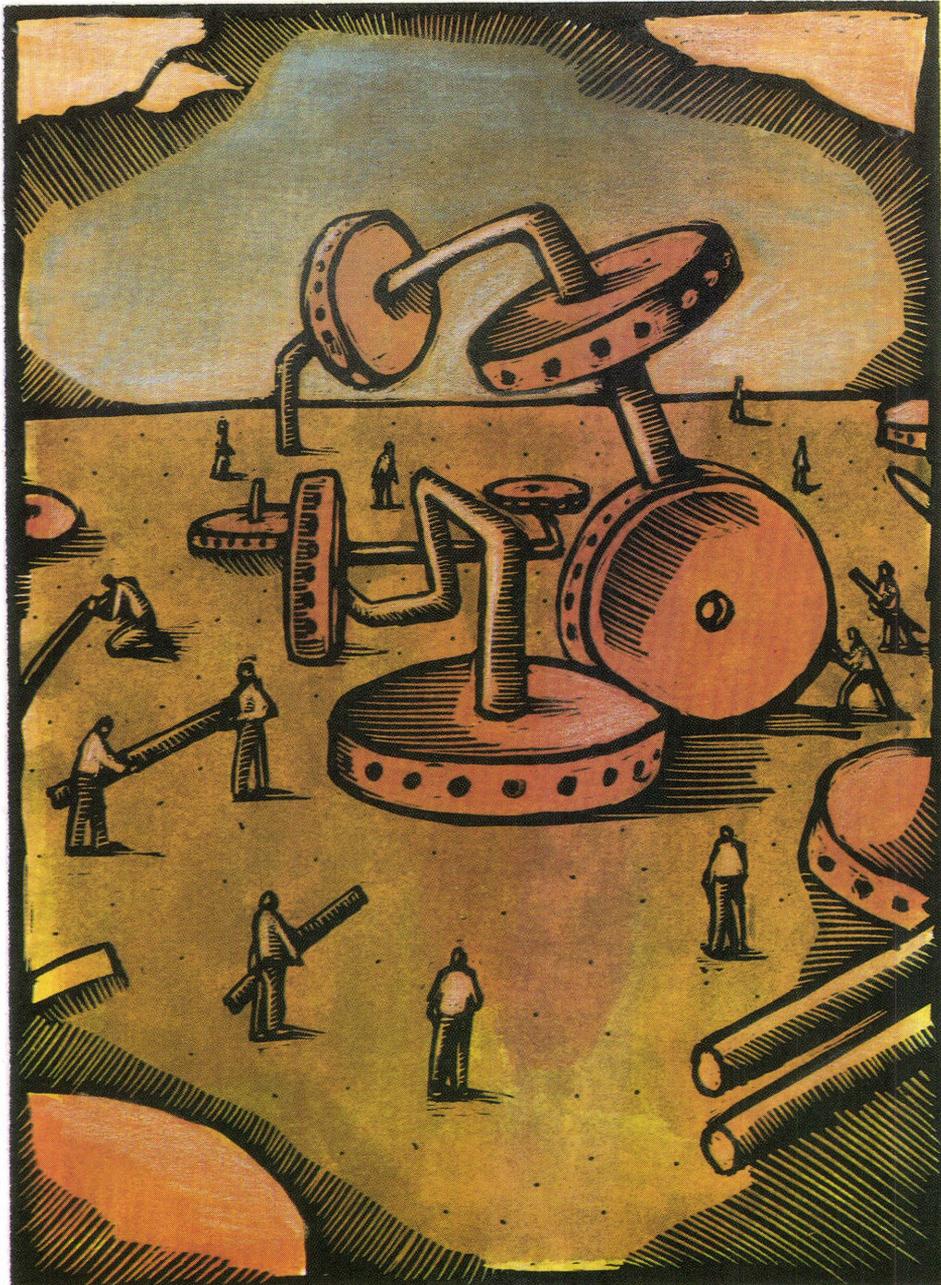


ILLUSTRATION BY RANDY LYHUS

E.C. Governments accept that they must have converging foreign and, subsequently, defense policies. The WEU and the talks on political union are first steps in that direction. Previous page: Signing of the CSCE treaty in Paris last November. ❧

Nothing in the constellation of events in Eastern Europe and the Soviet Union, therefore, would justify a facile assumption that Western Europe can count on a guarantee of security from now on.

And then, on August 2, 1990, Saddam Hussein reminded the world that the use of military force had not gone out of fashion.

Now, however, Europe can no longer return to the old world. The removal of the Soviet threat, and the disappearance of a declared adversary, would make it difficult for the Western Alliance to maintain a plausible strategy. This difficulty will be even greater with the probable departure from Europe of most U.S. troops and nuclear weapons. European

governments are genuinely anxious to keep NATO alive, and the United States in Europe, and to develop a new strategy. But most suspect that the effort to "recycle" NATO may be only an exercise to gain time.

Among E.C. members, the response to this dilemma has come in two fairly distinct phases. During the spring and summer of 1990, they started to move toward political union, which entails plans for much closer integration of foreign and (non-military) security policies. In the second half of the year, they started to talk seriously of working toward a European defense policy. The first phase was a response to accelerated German unification; the second was a response to

Saddam Hussein.

From the beginning, Mitterrand did not hide the fact that he had grave reservations about German unification: He sought to bind Germany more tightly into the E.C. by strengthening its quasi-federal structures. As his spokesman was fond of saying: "Whatever the problem, our answer is the same: More Europe."

Then, shortly after Iraq invaded Kuwait, France convened a special meeting of the nine-nation Western European Union (WEU) defense grouping to coordinate the European naval operations of the international embargo against Iraq.

The French Government had not been that keen initially on WEU coordination, and, throughout the closing months of 1990,

was more concerned to point out obsessively that its ground forces in the Gulf region were entirely independent of all others. The French called this first WEU ministerial meeting because some of the smaller European countries, unwilling to send naval forces to the Gulf without collective European backing, had asked them to do so.

Be that as it may, the naval coordination in the Gulf proved remarkably successful, and the WEU suddenly acquired an operational defense credibility it had never previously enjoyed. As a result, its members began to talk of it as the possible embryo of a future European defense policy, in liaison with the political union of the European Community.

The speed with which E.C. Governments have accepted the need to have, first, a converging foreign policy and then a converging defense policy is genuinely remarkable. Only in April 1990, France and Germany had first launched the idea of a new treaty on political union, to include foreign policy and security. But by early December 1990—even before the negotiations on political union had begun in Rome—the members of the WEU (all of whom are also E.C. members) were confidently declaring that the WEU should play a central role in the eventual formation of a European defense policy.

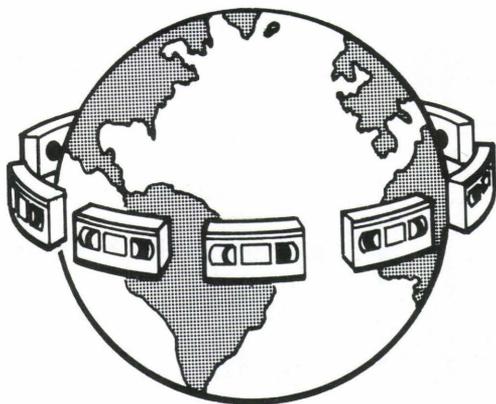
Nevertheless, Europe should be wary of being too starry-eyed. On the one hand, the WEU is a natural vehicle for the development of specifically European security policies, because of its wholly European membership, with a ready-made security treaty and an organic link to NATO. On the other hand, the verbal incantation of the WEU will not by itself solve any of Europe's defense problems, especially those doctrinal differences that have divided France from its allies.

France left NATO's integrated force structure in 1966, partly because of its domination by the United States, partly because France opposed any integration. Unless France is prepared to concede some possibility of defense integration, developing a European defense policy probably will not make much practical progress. So far, there is little sign of a shift in that direction. But many more startling changes have already taken place in the new Europe, so perhaps even France will change tack on its defense policy. **€**

Ian Davidson is Paris bureau chief and European columnist of the *Financial Times*.

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NATO: Vital for a Changing Europe

Adapting to a New Role

MAURICE GENT ■

ALL THE REASONS VERY JUSTIFIABLY given in 1949 for creating the North Atlantic Treaty Organization (NATO) are no longer valid. At that time, the United States, Canada, and the democracies of Western Europe were visibly threatened by a powerful Soviet military machine, whose owners, the Soviet leadership, were also waging an ideological battle that advocated world revolution and the victory of Marxism.

In response, the leaders of the United States and Western Europe took one of the most important decisions this century: They resolved to act together, by pooling military resources to ensure the safety and security of the democratic part of Europe.

That, however, is all in the past. Today, with the virtual collapse of the Warsaw Pact, voices are being raised demanding NATO's abolition. These voices argue that NATO performed an invaluable function in the past by preserving peace and making the E.C.'s creation possible. Now, they continue, the existence of both the Conference on Security and Cooperation in Europe (CSCE) and the E.C. make NATO an anachronism. Therefore, the NATO link, involving the United States in Europe's defense, is no longer needed.

Such arguments are more than dangerous. NATO is needed now more than ever before. Its dissolution at a time when Europe's future looks very uncertain could be catastrophic. Certainly NATO must change to adapt to a new role, but in some ways, its presence is more vital now than ever before.

Nobody can predict how the present turmoil in Eastern Europe will end and, indeed, whether the forces of democracy will prevail. In the Soviet Union, Bulgaria, Romania, and particularly in Yugoslavia,



NATO Secretary General Manfred Wörner has argued that NATO should play a greater role outside Europe than it has done until now. Above: Wörner with Gorbachev last July.

continuing civil strife could establish new military dictatorships. Even in Poland, hailed by many for its vigor in pursuing both market economy and a democratic form of government, politicians are talking of the dangers of civil war.

For Germany, the continuance of NATO is highly important. A powerful Germany both in the E.C. and NATO is acceptable to most outsiders, whereas a powerful Germany outside both organizations would worry many. That point has been well taken by Chancellor Helmut Kohl.

Nor would it be acceptable for the E.C.

Europe's Militaries in Numbers

The following chart lists troop strength of the 12 E.C. member states, and the non-E.C. members of the NATO alliance. Since not all E.C. members are in NATO, membership of the latter organization is denoted in brackets.

Belgium (NATO member)
Population: 9,865,000
Active armed forces: 92,000
Army: 68,700
Navy: 4,500
Air Force: 18,800

Denmark (NATO member)
Population: 5,088,000
Active armed forces: 31,700
Army: 19,400
Navy: 5,400
Air Force: 6,900

Federal Republic of Germany (NATO member)
Population: 78,500,000
Under the "Treaty on the Final Settlement with Respect to Germany," signed by the four war-time Allies and the two former Germanys, the Federal Republic of Germany agreed to reduce, over the next three to four years, its armed forces to a maximum 370,000 men. No more than 345,000 men will belong to ground and air forces. Present active armed forces: 590,000
Comprised of:

490,000 men in former West Germany
100,000 men in former East Germany
The Soviet Union will remove its 380,000 troops from the former East Germany by end-1994.

France (NATO member)
Population: 56,414,000
Active armed forces: 461,250
Army: 288,550
Navy: 65,300
Air Force: 93,100

Greece (NATO member)
Population: 10,139,000
Active armed forces: 162,500
Army: 117,000
Navy: 19,500
Air Force: 26,000

Ireland
Population: 3,706,000
Active armed forces: 13,000
Army: 11,200
Navy: 1,000
Air Force: 800

Italy (NATO member)
Population: 57,299,000
Active armed forces: 389,600
Army: 260,000
Navy: 50,000
Air Force: 79,600

Luxembourg (NATO member)
Population: 365,000
Active armed forces: 800
Army: 800
Navy: None

Air Force: None

Netherlands (NATO member)
Population: 14,766,000
Active armed forces: 102,600
Army: 63,000
Navy: 16,500
Air Force: 17,400

Portugal (NATO member)
Population: 10,504,000
Active armed forces: 68,000
Army: 44,000
Navy: 13,000
Air Force: 11,000

Spain (NATO member)
Population: 39,859,000
Active armed forces: 274,500
Army: 201,400
Navy: 39,400
Air Force: 33,700

United Kingdom (NATO member)
Population: 56,645,000
Active armed forces: 306,000
Army: 152,900
Navy: 63,500
Air Force: 89,600

Non-E.C. NATO members:

Canada
Population: 26,625,000
Active armed forces: 90,000
Army: 23,500
Navy: 17,100
Air Force: 24,200

Population: 255,000
Active armed forces: None

Norway

Population: 4,200,000
Active armed forces: 34,100
Army: 19,000
Navy: 5,300
Air Force: 9,100

Turkey

Population: 55,860,000
Active armed forces: 647,400
Army: 525,000
Navy: 55,000
Air Force: 67,400

United States

Population: 248,855,000
Active armed forces: 2,117,900
Army: 761,100
Navy: 590,500
Air Force: 571,000
Of the U.S.' 326,000 military personnel in Europe:
200,000 Army
100,000 Air Force
26,000 Navy

Under the Treaty on Conventional Armed Forces in Europe, signed in Paris last November by NATO and Warsaw Pact members, each alliance will limit its military forces to:
20,000 tanks
30,000 armored vehicles
20,000 artillery pieces
6,800 combat aircraft
2,000 attack helicopters
16,500 guns

Source: *The Military Balance, 1990-1991*. Published by Brassey's for the International Institute for Strategic Studies, 1990.

to immediately become a security and defense organization. A neutral Ireland is currently a valued member and a neutral Sweden is likely to apply. Austria, another neutral nation, definitely aspires to E.C. membership. These countries would not fit into a mutual security alliance of the NATO type. Nor would Poland, Hungary, or Czechoslovakia, which, by the end of the decade, could be full or associate E.C. members.

Some also see NATO assuming an "out of area" role, assisting the international community when troubles threaten outside Europe, as in the Gulf or elsewhere. At a recent session of the North Atlantic Assembly, NATO's parliamentary body,

NATO Secretary General Manfred Wörner, said that the Gulf crisis, with its threat to oil supplies, was as much a threat to the West as the former military confrontation with the Warsaw Pact forces. A more interdependent world, he continued, was "more fragile . . . , more vulnerable to threats and blackmail." NATO, he implied, should have a major role in conflicts outside Europe, its traditional area of responsibility.

Any attempt to give NATO specific roles outside Europe will certainly meet resistance in France, Denmark, and Spain. At the moment, NATO acts to defend its members' territories. Some argue that, if the organization were to expand its area

of operation to the Middle East to combat terrorism, Islamic fundamentalism, or any other perceived threat, the alliance's present cohesion and unity could be lost.

NATO, however, does not need to seek a role outside Europe to justify its existence. Given a potentially unstable situation in the East, a Europe without NATO in the 1990s would be a considerably more dangerous place. Any attempts to dismantle NATO on the grounds that the old adversary has gone must be strongly resisted. **E**

Maurice Gent is the former Central and Eastern European correspondent of the British Broadcasting Corporation. He is now with the *Financial Times*.

Europe: Foreign Policy and Security

SIR LEON BRITTAN ■

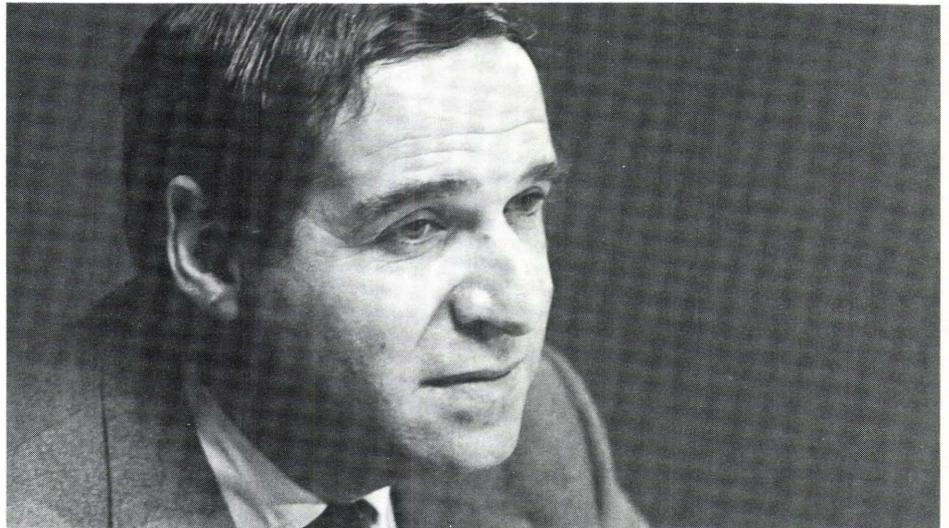
AS EVENTS IN THE GULF MOVE INTO THEIR most critical phase, and the aftershocks of the collapse of communism bring uncertainty and chaos to parts of Eastern Europe and the Soviet Union, so we in the European Community are assessing how we can better respond to such events, and influence them.

The Gulf crisis has demonstrated our strengths and weaknesses. In taking necessary economic decisions to apply sanctions, we acted rapidly and efficiently. Even before the United Nations sanctions had been formally agreed, the E.C. member countries had taken the necessary steps to ensure full compliance. The response at the political level was more diffused, although our governments have pursued a consistent line in unequivocal support for the U.N. resolutions against the Iraqi invasion.

On the military side, there has been no agreed Community reaction—hardly a surprise, since the E.C.'s rules do not provide any sort of mechanism for defense coordination. Until now, that has been regarded as a responsibility of NATO in the European theater. For activity beyond Europe, the Western European Union, an organization of eight European countries, has worked to encourage a common European approach.

The Gulf crisis has underlined what was already becoming clear: the E.C. must develop a common *foreign* policy, as opposed simply to trade and economic policies.

There have already been significant developments. What is called political cooperation between the 12 member states has become an integral part of the E.C.'s work. Our joint reactions to the dramatic developments in Europe over the last year have been far quicker, more impres-



sive, and better coordinated than would have been possible even a couple of years ago, let alone before that. In 1979, it took the E.C. literally weeks to formulate a joint reaction to the Soviet invasion of Afghanistan, by which time others were already coordinating such Western reaction as there was.

Yet for all the progress we have made since those days, we are still essentially coordinating 12 national policies and reacting to international developments rather than seeking to shape them. I would like to see the E.C. putting more effort and commitment into developing an active Community foreign policy, including closer coordination and some degree

E.C. Commission Vice President in charge of competition, in exclusive comments for Europe, speaks out on the need for the E.C. to develop an active Community foreign policy

of common representation in third countries.

Furthermore—and here I must stress that this is a personal view rather than an agreed Community position—I believe that policy should extend into matters of security and defense. This is an area now being discussed as one of the steps toward greater political union.

The need for closer Western European security cooperation has been recognized for many years. Indeed, it has been felt for as long as the impulse toward political and economic unity, which found expression in the European Community. The European pillar of NATO, however, has consisted more of words, hopes, and good intentions than of fact.

Yet the changes taking place in Europe—both to the East and within the E.C.—now offer us unique opportunities to improve our defense and security structures. The crisis in the Gulf also brings home the need to act together.

Two things seem clear to me. The *first* is that, at a time of such rapid change, the American Government and people must be convinced that they are both wanted and needed in Europe. We need NATO as

much as ever, although it will play a rather different role in the future, with lower levels of troops and armament, with a far more cooperative relationship with former adversaries to the East, but possibly with a role outside its present defined area.

The *second* thing that is clear to me is that Western Europe must—after many years of indecision—assume a greater responsibility for its own defense: building a strong European pillar *within* NATO. I believe that a European Security Community within the general framework of the E.C. itself would be the natural basis for such cooperation.

It would help the Community to take a lead, too, in breaking down national barriers that have frustrated common policies toward the procurement of defense equipment. Too many defense orders in Western Europe today still go to high-cost, highly protected, highly subsidized national producers fulfilling essentially national strategies and specifications.

If the United States has borne much of the burden for responding to Saddam Hussein, the E.C. has a special responsibility in the face of turmoil in Eastern

Europe. The situation becomes more uncertain by the day.

Yugoslavia, for example, has yet to resolve the tension between its postwar shape and identity and the resurgence of older national loyalties. Albania, the last of the old-style politbureaucratic dictatorships, is coming under increasing internal pressures to emerge from decades of isolation and repression. The former Soviet satellites, from Bulgaria to Poland, are charting their separate courses to democracy and to functioning market economies—but it will not be smooth sailing by any means, and the different countries are likely to arrive at rather different destinations.

Hovering over all this is the great unresolved problem of the Soviet Union itself, where tremendous forces are at work with a frightening potential for chaos.

In this European context, the Community has become more intensely relevant than ever.

First, the E.C. is a unique, and a

Continued on page 54

Conquer Europe

Armed with just a pair of scissors

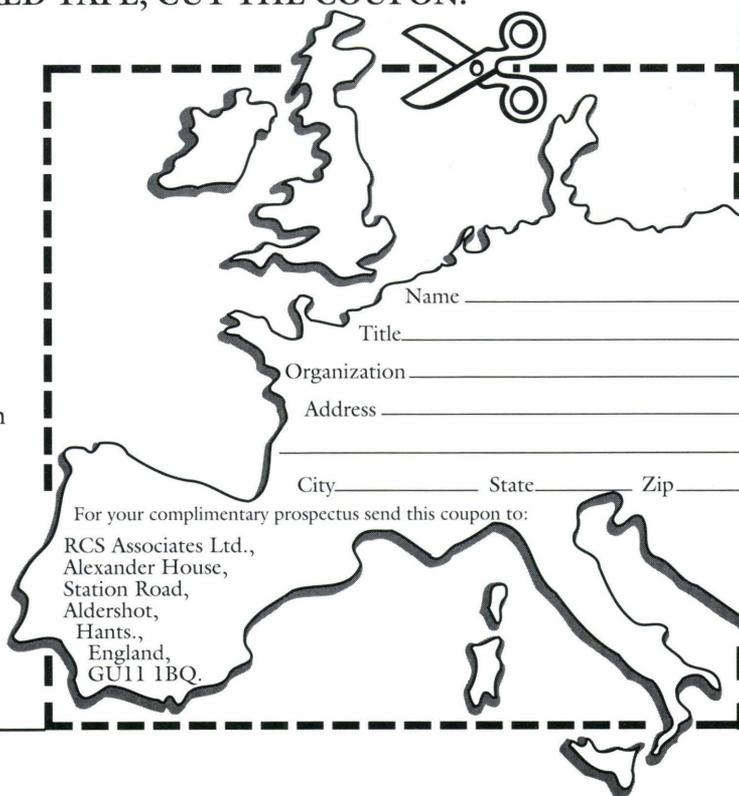
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The WEU's original goals included Europe's economic, social, and cultural as well as military collaboration. Today, it deals only with defense and security issues. Above: The WEU founding conference in Paris in October 1954.

The Western European Union

A Defense Organization in Search of a New Role

THE WESTERN EUROPEAN UNION, BORN OF the ashes of World War II, is now approaching maturity. In the days of reconstruction, the former Western Allies wanted to establish a defensive military alliance to deter new aggression by the Soviet Union across devastated Germany. Collective security was also intended eventually to bind the former enemies in such a way that aggression would inevitably harm the interests of all.

From Vienna to Paris

That 1990 will be well remembered by future authors of European history seems certain. The collapse of communism, the unification of Germany, and the Gulf crisis will all cast long shadows upon the future. But it is possible that future chronicles of the most significant events of this tumultuous year may give prime importance to a meeting of an organization currently little known and perhaps even less understood.

This refers to the meeting of the Conference on Security and Cooperation in Europe (CSCE), which took place in Paris last November. To understand the possible implications of this event, it may be useful to look back 175 years—to the 1815 Congress of Vienna.

Following the defeat of Napoleon's armies, the victorious kings and princes of Europe congregated in Vienna in 1815 to congratulate one another and to rearrange the map of Europe. Historians have found much fault with their work, principally because this aristocratic assembly was determined to suppress the growing clamor for democracy created by the French and American revolutions a generation earlier.

But they did get one thing right. Two decades of war and revolution had left Europe badly needing—and wanting—a long period of peace. And for 99 years thereafter, there was no *general* war in Europe. As a result, the period 1815–1914 may have been one of the most peaceful Europe has ever known, at least in the modern era. Its peace permitted rising prosperity and industrial progress; it was a time when the arts, literature, and science flourished, and European civilization became the envy of, and the model for, much of mankind.

Two World Wars and the Great Depression wrecked much—but not quite everything—of what 19th-century Europe had constructed. One survivor was the dream of a Europe united in its commitment to peace and to the potentially enormous benefits that this might bring both to Europeans and to the world.

The CSCE is an expression of that idea. As it prepared to meet in Paris, some compared its work as the cold war equivalent of the Congress of Vienna. Others urged that it fashion a grand strategy to

assure indefinite peace and justice in Europe.

But the practical politicians who represented the 34 participating states (including Presidents George Bush and Mikhail Gorbachev) settled for a more modest



The 1815 Congress of Vienna secured Europe 99 years of general peace. Will the CSCE, signed in Paris in 1990, be as successful? Above: Bush, Baker arrive for the meeting in Paris.

agenda: They ratified an agreement slashing the size of the NATO and Warsaw Pact armies facing each other in Europe. They affirmed German unification. And they initiated a process that they hoped would help mitigate future troubles by creating a Conflict Prevention Center (significantly in Vienna), by gathering data on human rights (in Warsaw), and by establishing a secretariat (in Prague). This secretariat will prepare future meetings and begin work on a vague, but interestingly titled, organization called "The Assembly of Europe."

These were not trivial achievements, even if, unlike the Congress of Vienna, the CSCE did not rearrange the map of Europe or parcel out thrones. It was the first step on a long, unmapped but promis-

ing journey.

On the positive side, the E.C. has already demonstrated the tangible benefits of cooperation. Europe now understands that it is, for good or ill, interdependent, and that the wicked old ways of beggary-neighbor (that brand of economics grandly called "mercantilism") usually end in common ruin.

Many issues, but few irreconcilable differences of interest, remain among European states, particularly with regard to the larger and more influential nations. French and German troops now conduct joint maneuvers. Germany has abandoned Bismarck's "blood-and-iron" methods and seems determined to become the very model of an enlightened, democratic state, rushing food and aid to its former enemies in Eastern Europe and the Soviet Union. The Soviets clearly wish to become a part of this flourishing new European enterprise. The Americans hope they will still be needed. Even Britain, with perhaps just a sigh of regret for the good old days of Splendid Isolation, seems to accept that the future lies with an integrated Europe.

No one is predicting a Utopian future. Ancient animosities and nationalistic fervor could still spoil the party. Will Germany become too powerful and dominant? How will prosperous Western Europe deal with poor Eastern Europe and the even poorer Third World? What happens if Gorbachev fails? And how does the new Europe deal with America and Japan?

Despite all this, there are sound, historic reasons to hope that a long period of peace may result in an era of presently almost unimaginable achievement, not only in economic development, but in spiritual and intellectual matters as well. The experience of 19th-century Europe suggests that the mere absence of war can be a powerful and liberating force. And it is possible that, in the year 2090, historians will commend the Congress of Paris of 1990 for its contribution to a century without a World War.

Myron Roberts is a freelance writer based in Irvine, California. He is the author of *The Pursuit of Happiness*, published by Macmillan, and of numerous other books, articles, and short stories.

MYRON ROBERTS

In his 1946 Zurich speech, Sir Winston Churchill gave voice to the concept of a European Union, one that included Germany. He was quickly seconded in his call by former Resistance fighters and many others. Brussels became the movement's center and Paul-Henri Spaak, a former Belgian Prime Minister and a firm believer in the need for Europeans to work together at various levels, one of its chief advocates.

On March 17, 1948, France, the United Kingdom, Belgium, the Netherlands, and Luxembourg bound themselves in the "Brussels Treaty Organization" (BTO), a collective self-defense group they created when they signed the Mutual Assistance Pact in Brussels.

That was considered only a first step, however. It was evident that their combined forces did not offer a credible deterrent without the participation of North America as well. The BTO was therefore expanded in 1949, and renamed the North Atlantic Treaty Organization (NATO). Although the BTO's standing Military Committee was absorbed by NATO in late 1950, the BTO itself survived as a European institution, to be activated only in crisis.

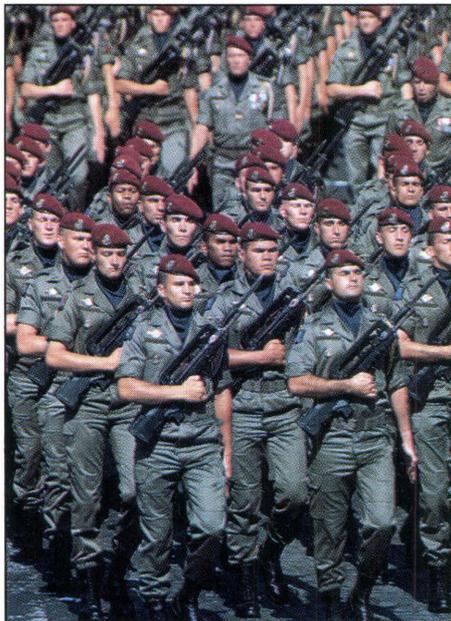
During the Korean Crisis, and at the suggestions of Churchill and French Prime Minister René Pleven, the NATO Council proposed the establishment of a European Defense Community (EDC). This was both a second attempt to create the European Union and a vehicle to allow the military participation of the new Federal Republic of Germany in a European pact, while controlling its access to atomic, bacteriological, or chemical weapons.

Although the EDC was signed in Paris in 1952, it went too far too fast. Following the "Pleven Plan," the EDC provided for the raising of a supranational Western European army with ties to NATO, a concept that France rejected and that led to the EDC's collapse.

The solution was found in a modified and extended 1948 Brussels Treaty, which had several purposes: It ended the occupation regime of Germany, included Germany and Italy as members, and provided for national troop contingents under NATO supreme command. The resulting Western European Union, or WEU, came into being in Paris on October 23, 1954. Once ratified by all members, the WEU was officially founded in London on May 6, 1955.

Given a wide-ranging scope by its creators, the WEU's tasks overlapped in large

measure with those of other European institutions. The WEU's goals included: strengthening peace and security among member states; encouraging the progressive integration of Europe; promoting unity and collaboration in social and cul-



A regiment of French Hussars on Bastille Day, 1990.

The WEU will not replace NATO, but is a forum for Europeans to develop a cohesive defense identity.

tural matters; and, laterally, self-defense.

For the United Kingdom, the WEU served, along with the European Free Trade Area, as the country's chief point of official contact with a pan-European organization during the decades when it stood outside the European Community. For France, it was a forum in which to articulate its independent force concepts and views on nuclear arms in the 1960s. Otherwise, the WEU was, as *The New York Times* characterized it, "a largely moribund military alliance that groups Britain and the six [members of the European Communities]."

As other European institutions matured, the WEU shed many of its original goals. In June 1960, its social and cultural activities, for example, were transferred to the Council of Europe, and in 1970, the WEU's Council suspended consideration of Europe's economic reconstruction. What remained dealt with defense and security issues, including arms control and arms production.

The WEU of today dates from October

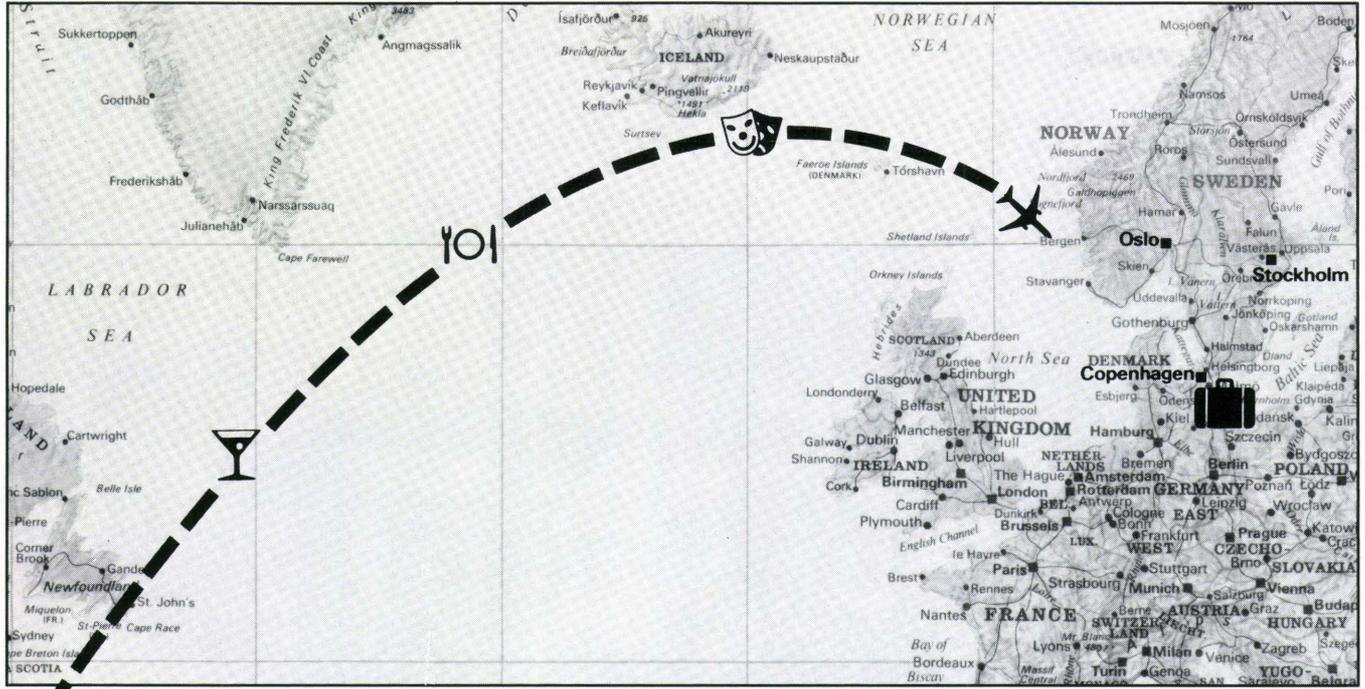
1984. Meeting in Rome, European Defense and Foreign Affairs Ministers agreed to "reactivate" the organization by restructuring its bodies and holding more frequent ministerial meetings to harmonize the members' views on key issues. In October 1987, the WEU Council adopted a "Platform on European Security Issues," and declared its intention to develop a "more cohesive European defense identity"—although U.S. armed forces were still considered to play "an irreplaceable part [of] the defense of Europe." One illustration of the WEU's new lease on life was its coordination and dispatching of European forces to the Gulf during the 1987 oil shipping crisis. The WEU showed itself to be a convenient vehicle of collective responsibility for those countries that could not individually commit troops outside Europe for domestic political reasons.

One English defense observer suggests that, once the E.C. takes up its collective security as an official issue, the WEU will be absorbed into the E.C. and cease to exist. On September 25, 1990, Dutch Defense State Secretary, Berend-Jan van Voorst tot Voorst, said that the WEU should eventually be integrated into the European Community.

Whatever form the WEU may take, it is unlikely to include a standing joint supreme command over a supranational armed force. Some of the smaller E.C. member states are willing to trade some degree of sovereignty for supranationality in a European political union, but the larger ones have been loath to include security in such discussions. Some Europeans feel that, if the WEU moves too fast in the already rapidly changing political landscape in Europe, the United States may feel left out of the European security structure.

In any case, the WEU is unlikely to replace NATO. Likely to emerge from negotiation and compromise is inter-governmental and, perhaps, supranational cooperation in matériel: the production and sale of arms. A second step is the development of the WEU as a forum in which France and the United Kingdom could discuss in advance their positions as Permanent Members of the United Nations Security Council. And, in security crises, the WEU will continue to function as a useful place to coordinate its members' responses. ☐

Robert Haslach is a frequent contributor to *Europe*. His article "A Business Guide to Central Europe" appeared in *Europe*'s November 1990 issue.



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The U.S. Will Continue to Play a Major Role

PETER S. RASHISH ■

THE SIGNING OF THE “PARIS CHARTER ON the New Europe” at November’s landmark meeting of the Conference on Security and Cooperation in Europe (CSCE) achieved two things. It officially buried the cold war, and also recognized that, whatever happens to the NATO alliance, the United States has a permanent role to play in guaranteeing Europe’s future political and military security.

But the CSCE document says little about the United States’ *economic* role in post-cold-war Europe, where the new tools of influence are as likely to be trade, investment, and finance as classical power politics. The CSCE charter also leaves unanswered another pressing question: How should America and its allies share the burden of creating economic security in Eastern Europe and the Soviet Union?

The United States’ triple deficits—Federal budget, balance of trade, and personal savings—render the provision of huge sums of aid impractical. Yet the United States still wishes to make its presence felt in the newly democratic countries of Eastern and Central Europe, whose leaders have all made known that they welcome investment by American companies. In that spirit, President George Bush was received triumphantly during his visit to Czechoslovakia on his way to the CSCE summit.

While Bush has promised almost \$200 million in enterprise funds for Czechoslovakia, Poland, and Hungary, the current U.S. refrain has become that multilateral organizations, allies, and private businesses will have to play a greater role in helping Eastern Europe. As veteran *New York Times* columnist Tom Wicker recently put it, the “need to provide capital to what used to be the communist world,



JIM PATTERSON

as well as to Latin America and other friendly nations, can far better be met by Japanese and European financial interests—who have, in most cases, as much at stake as the United States.”

The United States more or less officially recognized this state of affairs when it agreed at the 1989 economic summit meeting of industrialized nations in Paris to give the E.C. the lead role in coordinating Western aid to Eastern Europe. That aid effort, by far the strongest share of which comes from the E.C., has become known as the “Group of 24” industrialized countries. Over the next few years, aid to Eastern Europe from E.C. member states and institutions could reach \$5 billion. Another aspect of the E.C.’s lead role in the region is the new European Bank for Reconstruction and Development (EBRD), an investment bank for Eastern Europe and the Soviet Union capitalized at \$12 billion, in which the E.C. will be the majority shareholder.

If the International Monetary Fund, World Bank, EBRD, E.C., Japan, and private companies are to bear the main burden of developing Eastern Europe, does that mean that the United States will not be able to exercise to the fullest its influence in Eastern Europe? In the view of Josef Joffe, the foreign editor of Munich’s *Süddeutsche Zeitung* and currently teaching at Harvard University, “the United States has an enormous goodwill position in Eastern Europe—higher than France or Germany. By promising so little in aid, Washington is threatened with losing this advantage.”

Some believe that this may simply be an inevitable result of the decline in tensions in Europe. As Zbigniew Brzezinski, President Jimmy Carter’s National Security Council Chief, said in November at a conference on the future of the global economy sponsored by French computer firm Groupe Bull, “there is a belief that the United States assumed the burdens of the cold war. So others should bear the burdens of the post-cold-war world, especially as the United States is increasingly becoming involved in other regional problems” like the Persian Gulf.

In fact, the Gulf crisis demonstrates that the United States still remains pre-eminent in the military sphere and must, like it or not, bear an undue share of the costs and manpower in the multilateral force defending Saudi Arabia. In return, the United States may be justified in asking its allies to increase their spending for common goals in the non-military sphere, such as economic growth in East-

ern Europe.

Aside from an empty public purse, the United States is also encouraging the E.C., Japan, and international lending institutions to aid the new Eastern European democracies because it is beginning

“There is a belief that the U.S. assumed the burdens of the cold war. So others should bear [those] of the post-cold-war world.”

Zbigniew Brzezinski

to look to economic prospects closer to home—in Central and South America. Early last year, Washington was stung by criticism that it was apparently forsaking Latin America in favor of concentrating diplomatic and development efforts on Eastern Europe and on the newly dynamic European Community. Juan Pablo Lohle, Argentina’s Ambassador to the Organization of American States, recalls arguing that “with the decline in cold war tensions, the United States should actually be able to pay more attention to its own hemisphere.”

Recent trends are proving his analysis correct. Realizing that new democratic and market-oriented regimes in Brazil, Argentina, Chile, and Mexico present attractive investment and trading opportunities—perhaps even more so than Eastern Europe—the Bush Administration has responded on two major policy fronts. The United States is currently negotiating a full-fledged free-trade zone with Mexico, similar to the one already in force with Canada. On a broader scale, Bush visited several Latin American countries late last year to push his “Enterprise for the Americas” initiative. This was conceived to encourage U.S.-Latin American trade and investment, including the write-off of \$12 billion of Latin debt owed to the U.S. Government.

Latin America should not be seen as receiving aid and investment exclusively from the United States, however; even there, the economic burden is being shared with Europe. The E.C. Commission, prodded by the Bush Administration, has decided to double its aid to Central America (currently at \$120 million annually) over the next two years. The Europeans are also being asked to contribute \$100 million to an investment fund that is part of the Enterprise for the Americas initiative.

On the commercial front, European firms have been important players in buying up newly privatized Latin American companies. Spain’s Iberia Airlines, for example, has just purchased a majority stake in Aerolíneas Argentinas, the formerly state-run national carrier of Argentina, while France Telecom and the Italian company STET have taken over one of Argentina’s two privatized telephone systems. For both American and European firms, the scheduled free-trade zone between Argentina, Brazil, Uruguay, and Paraguay is a magnet for investment.

A sort of criss-cross burden sharing is thus emerging. While the United States, despite its self-proclaimed financial constraints, is being urged to remain active in Eastern Europe, the E.C. countries are sought after in Latin America. John Chipman, Assistant Director for Regional Security Studies at the International Institute of Strategic Studies in London, argues that countries often feel more comfortable with the “distant superpower” than with the giant next door. He points out that Central and South America wish to see a more active E.C. in their region, while Poland, Hungary, and Czechoslovakia are eager to balance E.C.—and particularly German—involve-ment with a major U.S. role.

One could add that one attraction for France, Italy, or Spain of any aid or investment effort in Latin America is their cultural affinity with the region. This would give them a chance to lead, which is not the case in Eastern Europe, where Germany’s ties are strongest.

Whether in Eastern Europe or Latin America, the burden of supporting the economic transformation of the new democracies will be a joint effort between Americans and Europeans. While the United States will retain considerable influence not only in its own hemisphere but also in Eastern Europe, and although U.S. companies will be active investors there, American largess and commercial prowess are not today what they were at the time of the Marshall Plan 40 years ago. The “Trans-Atlantic Declaration” of principles negotiated between the United States and the E.C. to bind the two powerful trading blocs more closely together is the latest sign that, in the future, Washington will need Brussels to help it look after its economic interests in the new Europe. €

Peter S. Rashish is a contributing editor to *Europe*. His article, “Europe Seeks Secure Energy Sources,” appeared in *Europe*’s October 1990 issue.

Elmar Brok

Elmar Brok has been a German Member of the European Parliament's European People's Party (the Parliament's Christian Democratic grouping) since 1980.

In addition, he is also a member of the German Christian Democratic Union's (CDU) Federal Committee, and Deputy Chairman of the CDU's National Committee on Foreign Affairs. Within the European Parliament, he served on the Temporary Committee on German Unification in 1990.

In 1990, he was responsible for the CDU's election campaign in the state of Brandenburg (formerly East Germany), which his party won both there and nationwide.

Brok explained his views and opinions on burden sharing, German unification, and the future of Europe's security structure in an exclusive interview with Europe's Managing Editor, Anke Middelmann, in Washington in December 1990.

How would you define burden sharing, both in its military and economic sense?

One cannot see it only as military budget figures. Classical burden sharing is not just costs, but also everything around it, like land and housing, institutions, infrastructure, and so on. It also includes numbers of troops. If the figure of American troops in Germany, for example, had been proportionate to the size of the United States, there should have been 40 million soldiers on American soil.

With all the changes, especially in Europe, discussion is under way for new structures, changing what is currently in place. What do you think will happen?

NATO will remain for some time—and it

will have to. It has changed, it is more political and also a part of the stability in Europe that, because of its collective organization and integrated command structure, makes everyone feel safer. It's not just for protection against the Soviet Union as before, but also for internal stability [that NATO must remain].

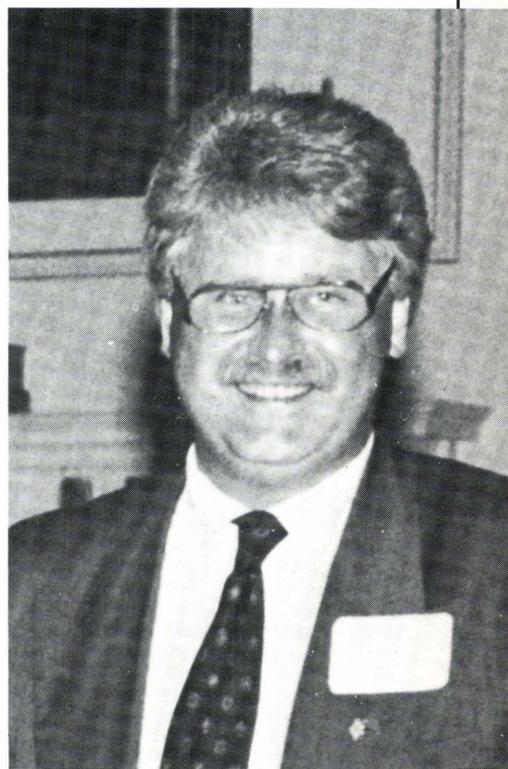
Until now, there has not been talk of disarmament in Europe; we don't know what the Soviet Union will look like in one year. But there's still the Soviet nuclear potential and with changes in Soviet policy there might be a reason to go back to the old role of NATO. We must be prepared for that.

There is a general consensus in Europe that, if Europe carries more of the international burden, it should also be able to make more of the decisions. How easily do you think the United States will adapt to that growing European role? There are two schools of thought in the U.S. Administration. On the one hand, there is the Baker [December 1989] speech [calling for closer U.S.-European relations], which resulted in the Trans-Atlantic Declaration. On the other hand, U.S. negotiators try to prevent an E.C. role within the CSCE context. The U.S. Administration should make clear what the official policy is.

If we see that Europe as an entity can take more responsibility—which means burden sharing—the United States should help us to get some mechanism within Europe to do so.

Germany is now unified, but many believe that, given historical experience, must be kept in check. Nevertheless, the United States expects it to carry more of the burden, both militarily and economically. How will Germany handle that situation without offending anyone?

Nobody in Germany is discussing Germany's status as a world power but everyone



German MEP outlines his thoughts on burden sharing and the future of Europe's security structure

in the United States is. Germany wants to conduct foreign policy only within the European context, never again independently. That's a result of its history, of its geographical situation.

When German Chancellor Helmut Kohl made the proposal for the inter-governmental conference on political union together with French President François Mitterrand, he declared that Germany was prepared to give up more of its sovereignty to the European institutions.

What will be Germany's policy toward Eastern Europe and the Soviet Union?

We want to help develop an infrastructure. Food aid can only be immediate help throughout the winter, it's not a solution of the Soviet Union's problems. If you develop a transport system, for example, you do not need to give food help [because the Soviet Union can then better distribute food itself].

Secondly, this [aid effort] should never be undertaken by the Germans alone. It would be psychologically wrong if only Germany, for example, reconstructed Poland's economy. But that is the situation at the moment. Others deliver marvelous speeches but only few actually help.

We should really develop the E.C. and the G-24 responsibility toward these countries. For 40 years, the Western Alliance had a lot of costs to set up mighty

military forces. Now our enemy—communism in Eastern Europe—has lost, but that was only the *destructive* work. The really important thing that comes now is *constructive*: to rebuild.

How do you see the U.S. role in burden sharing in Eastern Europe and the Soviet Union?

The United States is not doing enough at the moment. It waits too long. It still believes that there is no need for immediate help until [these countries] totally change their systems.

I agreed with that position two years ago. But now we have such dramatic changes that [economic] development and the change of the [political] system must go hand in hand. One cannot wait. [If the Soviet Union does not get sufficient help quickly enough], there is the possibility of a new right-wing or left-wing dictatorship, because all the mighty military potential is still there. Some people believe that it is already too late.

How do you view the U.S. Congress' attitude to Eastern Europe and its debate on the matter?

America has made mistakes in the past. After World War I, for example, it left [Europe] without a peaceful solution. Then, after World War II; there was no "complete" Europe to find solutions for. Now, you have a real chance this century

to set up a peace order for *all* of Europe, and this must be decided in the next 12 or 24 months.

Since the United States has put so much of its resources into this development, it should be part of the final development to find a durable solution.

How do you view Europe's role in the Gulf? Would you agree with the U.S. argument that Europe should do more?

A peaceful solution in the Middle East if of common interest, and not only because of oil. Therefore, Europe should take more responsibility, but again we have to realize that Europe is not prepared to do so for institutional reasons. The individual European countries are too small to have a real impact on developments, and therefore European policy to share the burden—and allegiance—with the United States could be much strengthened if a real European security policy with relations via NATO and other possibilities was established.

But that would mean that the United States should help to convince some of our European partners of the need for such a European policy. For example, it could convince the British Government that a European security policy does not restrain its special relationship with the United States. €

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Karel Van Miert

In an exclusive interview, Karel Van Miert, E.C. Commissioner in charge of transportation, credit and investments, and protection and promotion of consumer interests, spoke to Europe's editor-in-chief, Robert J. Guttman, about U.S.-E.C. cooperation in transportation, the future of high-speed rail travel in Europe, the construction of the "Chunnel," and the E.C. Commission as a guardian of the E.C. citizens' consumer rights.



What did you discuss when you met with Samuel Skinner, the U.S. Transportation Secretary, in Washington [in January]?

In the bilateral contacts recently established between the United States and the E.C., it was agreed that there should be contact at least twice a year between the U.S. Secretary of State for Transportation and the E.C. Commissioner for Transportation to discuss questions of mutual interest.

This was the basis for our meeting. Aviation policy and other problems that could occur between the United States and the E.C. were on the agenda. We also discussed shipping policy and some items that have been on the table in the framework of the Uruguay Round.

Mr. Skinner was also very interested in what we are doing in the railway sector. He was interested in knowing more about our integrated scheme for developing a high-speed network.

What were some of the shipping issues you discussed?

There are discussions in the United States on changing some elements of shipping policy. Since the E.C. is trying to develop a common policy, we discussed common plans, projects, and so on.

What were some of the aviation issues?

We are developing a common aviation policy. This has consequences for third countries. To give an example: What has been considered until now as "fifth freedom" rights between E.C. member states are, in fact, increasingly becoming cabotage inside the Community. American carriers have benefited from these rights and are now able to do cabotage in the E.C. We should therefore discuss the item with the U.S. authorities because our carriers cannot do so in the United States.

What is cabotage exactly?

European carriers can fly to a given point in the United States, but cannot continue from there. For instance, Lufthansa flies to New York, but cannot go on to Chicago because that route is considered to be cabotage in the United States.

The E.C.'s Transportation Commissioner discusses his views on the E.C.'s transportation policies and on consumer rights

On the other hand, American carriers can start in Munich, go to Brussels, and then continue across the Atlantic. The stretch between Munich and Brussels is cabotage, which means that American carriers can operate in the internal market. European carriers cannot do so in the United States. As far as that is concerned, the United States has a protected market.

Did you talk to Mr. Skinner about changing this situation?

This will have to be discussed further because there is an imbalance between the E.C. and the United States on that issue.

Could you explain how the "Chunnel" will change transportation throughout Europe? Will it be a boon?

The Chunnel is much more than a symbol. It is extremely important from a psychological point of view, especially for the United Kingdom. It will also enable the E.C. member states to develop integrated networks and, in this case especially, integrated high-speed rail networks. At present, the high-speed networks are transportation systems primarily for persons, but we are also trying to develop the transportation of goods by rail.

There are plans for fast trains to go from Paris to London. But the United Kingdom doesn't have fast trains. Will that be a problem?

The British lines are problematic because Britain has not yet taken a decision to realize this high-speed link from the Chunnel to London. It is still discussing the issue because it involves many environmental problems. Although the route is only about 70 miles long, it goes through the County of Kent, one of Britain's most beautiful counties. For environmental reasons, that part of the link should be tunnelled, and this costs money that the private sector and the railway company are not prepared to finance alone. So this is a difficult point, but I am confident that the British will eventually decide to fully link up with the high-speed rail system.

How will the single market affect transportation in Europe?

For too long it was not possible to make progress on a common transportation policy. Over the past few years, things

have really started to move. This year was very positive for a common aviation policy, and I hope that 1991 can become the year of rail.

In Europe, rail is still very important, although its role has decreased over the

"Because of congestion and . . . the environment, we need to give rail a high priority We are doing this by developing a high-speed rail network [for passengers] and . . . goods."

last 30 years. Now, because of congestion problems and because of the environment, we need to give rail a high priority again. We are doing this by developing a high-speed network [for passengers] and for the transportation of goods. So we need to make sure that the existing national systems are fully integrated, that there is a considerable increase in capacity, and that the systems will be compatible. We need a modern railway policy.

So railways are making a comeback?

Absolutely. Over the past few years, there has been a big increase in transportation—especially road transportation—which means that many places in the E.C. now have severe congestion problems.

Apart from this, there are difficulties in the Alps. Countries like Switzerland and Austria play a very important transit role between the north and the south of the E.C. They are no longer prepared to accept increased traffic on their roads, but are, however, prepared to enlarge their rail capacity substantially. The Austrian and Swiss Governments, for example, are willing to build new rail tunnels, each of which, in terms of investment, can be compared with the Chunnel.

The United States has gone through a lot of deregulation in the last 10 years. Is there deregulation in the European transportation industry?

We prefer to call it liberalization. This means that the various national protectionist measures should be removed and replaced by an E.C. system. That does not necessarily mean complete deregula-

tion. There has to be liberalization in the sense that the national barriers should be removed. At the same time we need to develop common rules, and this is true for aviation and for rail. In fact, as far as aviation is concerned, there is a political consensus that we should not copy the deregulation policy that has been pursued in the United States for over 10 years.

What do you see wrong with the U.S. policy?

It goes too far. We try to strike a balance between liberalization and removing barriers, but at the same time having common standards and regulations as far as slot allocations are concerned.

What does the recent Air France merger mean for the future of European airlines?

The idea is to have full-fledged competition between the European air carriers. Until recently they were—and in some cases still are—protected by national rules. Now they are being put in a genuine situation of competition at the E.C. level. This means that there will be mergers and agreements.

On the other hand, we also need an external policy because the interests of our carriers should be protected as far as third countries are concerned and should be given the same possibility as third-country carriers have in the Community.

Moving on to consumer rights. These have become a big issue in the United States. Are they also a growing phenomenon in Europe?

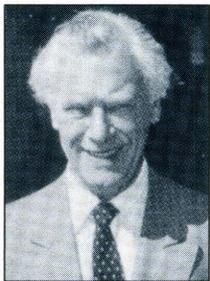
Yes. With the emerging single market, the need for at least minimum E.C.-wide standards in some areas will be felt more and more. We have long debated whether the E.C. should be involved in setting these standards, or whether this should be left completely to national governments.

The idea is gaining momentum that, if you want to have a properly functioning single market, you need to have at least minimum product safety standards for the whole of the Community. These also include unfair contract terms, responsibility of providers of services, and so on.

To that end, we have put many proposals on the table of the Council of Ministers. We want to reach decisions on these items for 1992, so that with the start of the single market at the beginning of 1993, the necessary rules and protections will be in place for consumers. €



DANISH TOURIST BOARD



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A DREAM HAS COME TRUE FOR ERIK Hoffmeyer, Governor of Denmark's national bank. For the first time since this most senior of the E.C.'s central bankers took office more than 27 years ago, Denmark has achieved a surplus on its balance of payments. With a foreign debt of more than \$50 billion—almost half that of much larger countries like Brazil and Mexico—most would agree that it is about time. But those in the know claim that Hoffmeyer had never expected to see it happen while he was in office.

Despite recession in the U.S., and rising oil prices, Denmark is optimistic that its growth rate will increase in 1991. Above, from left: Prime Minister Poul Schluter; the Royal Palace; Copenhagen.



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Rising Exports Boost Danish Economy

DENMARK

The Danish economy has profited greatly from German unification: Of all E.C. countries, Denmark had the relatively largest increase in exports to Germany last year. Below: Copenhagen.

The news is still incredible, when politicians had virtually convinced Danes that the deficit was a chronic, although non-terminal, disease. Economists were surprised at the timing, but not at the actual event. The Danish business newspaper *Borsen* editorialized that the Government did not qualify for a Nobel prize in economics, for this was a text-book case of

Denmark has improved its competitive situation so dramatically that, of all E.C. countries, it had the relatively largest increase in exports to Germany in 1990. As German companies concentrate on rebuilding the former East Germany, hopes for 1991 are even higher.

Events in Germany have also profoundly influenced Danish attitudes to European integration. The Danes are no longer the reluctant foot-draggers and perpetual skeptics. The conservative-liberal Government, in power since 1982, had always favored closer European cooperation. However, as it found itself in a minority, it was forced to seek the support of the opposition, and only recently pro-European, Social Democrats.

In 1986, that party had refused to accept the 1992 single market proposal, on the grounds that Denmark would be deprived of too much sovereignty. Prime Minister Poul Schluter subsequently called a referendum, which showed the population overwhelmingly in favor of the single market. Although not constitutionally required to do so, the Social Democratic Party accepted this result.

In the fall of 1990, after a long and heated debate in the Danish Parliament about European economic and monetary union (EMU) and political union, all parties agreed to allow the Danish Government to accept EMU with an independent E.C. Federal Reserve system at its core. At present, Danish monetary policy is in practice determined by the German Bundesbank. During the EMU debate, the opposition parties noted that, with a Dane on the board of a European institution, the Germans would have to share the decision-making with their E.C. partners, thereby giving the latter more influence. Some Social Democrats found it difficult to accept the German priority of fighting inflation rather than unemployment, but, after many doubts, they also accepted this.

For Danish business, the attractions of EMU and a single E.C. currency are obvious. The remaining currency risk in Denmark's trade with the E.C., which accounts for more than half of all exports, will be eliminated, currency transaction costs will disappear, as will the interest rate differential between Germany and Denmark. This will lower interest rates in Denmark by 1.5 percent. Most of this could be achieved immediately if Denmark declared itself ready to always follow the lead of the German mark, as the Netherlands and Belgium have already done. The Danes can be expected to



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cause and effect.

By suppressing demand and negative growth rates in the private sector, and achieving almost zero growth in the public sector, Denmark's economic growth has deliberately been maintained at levels much lower than those of other E.C. countries. Imports dropped or stagnated, while exports grew, thereby gradually pulling the balance of payments out of the red figures. As exports have been the economy's only contributor to growth, the overall growth rate is still a smallish 0.5 percent to 1 percent. But there are strong signs that, despite recession in the United States and a negative economic fallout of the Gulf crisis on other major global markets, the Danish growth rate will pick up.

Most of the Danish optimism is based on developments in neighboring united Germany, the Danish industry's largest single customer. Since the Danish krone is linked to the German mark in the European Monetary System, there is no currency risk in selling to Germany. Moreover, since Danish inflation and wage costs are lower than in Germany,

follow suit—when they have become accustomed to the surplus on their balance of payments.

In the more popular debate, the views on EMU and a single E.C. currency are less sophisticated. Some fret that the next King of Denmark may be the first monarch in 1,000 years not to have his head on Danish coins. Others say that the idea of paying in European Currency Unit (ECU)-denominated bills, with an ECU text on one side and a Danish text on the other, would reduce their quality of life. But these arguments are emotional rather than political, and almost two-thirds of all Danes believe that the economic impact of Danish E.C. membership is positive.

It is another matter when the subject comes to political union. At the parliamentary level, there is now a consensus between the major political parties that Denmark will accept majority voting in virtually all policy areas except foreign policy and defense. In this area, Denmark is actively aiming to balance the obvious growth of united Germany's political clout. Denmark also wants a wider scope to apply majority voting on environmental and social issues. Denmark believes that its higher standards in these fields could serve as an example.

But polls show that only a small number of Danes, less than 20 percent, support political union. The Government and the opposition agreed in December that, when the inter-governmental conferences have defined EMU and political union, the Danish electorate will be asked for its opinion in a referendum in early 1992. Until then, much hard work is still needed to convince the Danes that political union is desirable.

Some hope, others fear, that EMU will force Denmark to rethink the welfare state, which is rapidly becoming financially unworkable. When related to the need to reduce the world's highest marginal income tax rate of 66 percent, the present cost is prohibitive. Taxes on corporations have already been reduced to average E.C. levels, but both the Government and the opposition tabled proposals during the election campaign in December with only minor changes in 1991.

Whoever will be in power in Denmark in the 1990s will have to face this problem, which will become even more crucial as Europe integrates. Corporate taxes have been reduced to prevent corporations from moving out. Income taxes must be reduced to prevent people from leaving the country and to allow Danish-

based corporations to attract the necessary talent after 1992. And high taxes on consumption will have to be reduced to conform to E.C. requirements. In the process, more than a quarter of Government income may disappear. €

Leif Beck Fallesen is the economic director of the daily *Borsen* newspaper.

In the 1990s, Denmark must rethink the structure of its costly welfare state to prevent brain drain and attract foreign corporations. Below: Royal Guard at Amalienborg Palace.



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DENMARK FACTS AND FIGURES



BRIEF HISTORY

8th Century: Denmark grows out of the Norwegian Ynglinger dynasty.

1019-35: Canute the Great unites Denmark, England, and Norway.

12th Century: Civil war and unrest divide the kingdom into feudal states.

Vlademar the Great re-establishes Danish hegemony and integrates Denmark with Central Europe.

1815: The 1815 Congress of Vienna "punishes" Denmark's support of Napoleon by awarding Norway to Sweden.

1864: As part of the German Reich's "blood-and-iron" unification process, Bismarck wages war against Denmark. Schleswig-Holstein becomes German.

1914-45: Denmark remains neutral during World War I. In 1940, Germany invades Denmark, leading to widespread resistance. British troops liberate the country in 1945.

1944: Iceland becomes independent, ending a union that had existed since 1380.

By **1970**, Denmark has one of the world's highest standards of living. It joins the European Community in **1973**.



BUSINESS

MAJOR TRADING PARTNERS: Germany, Sweden, United Kingdom, United States, Norway.

MAJOR EXPORTS: Meat and dairy products, fish, industrial machinery, textiles and clothing, chemical products, transportation equipment.

MAJOR IMPORTS: Industrial raw materials, fuel, machinery and equipment, transport materials, petroleum, chemicals.

INDUSTRIAL LEADERS: Danfoss A/S (instrumentation products and systems, hydraulics, refrigeration); ISS Servisystem A/S (cleaning products); FLS Industries A/S (engineering, transports, trade, etc.); Novo Nordisk A/S (enzymes, insulin, etc.).

BANKS: UniBank, Den Danske Bank.

INSURANCE COMPANIES: Topsiking, Codan, Baltica.



DEMOGRAPHICS

POPULATION: 5,129,254 (1989)

RELIGION: Lutheran

LANGUAGES: Danish; a small German-speaking minority.

CURRENCY: Krone: \$1 = 6.520 krone (1990)

GDP: (1989) 768.210 billion krone (\$105.1 billion)



GEOGRAPHY

AREA: 16,631 square miles (43,075 square kilometers)

CAPITAL: Copenhagen

LARGEST CITIES: Copenhagen: 1,344,000; Aarhus: 260,000; Odense: 137,100; Alborg: 112,600.

CLIMATE: Temperate. The coldest month is February (about -0.4 degrees Centigrade); the warmest is July (about 16 degrees Centigrade).

USEFUL ADDRESSES

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Tel.: 45-13-314-4140
Fax: 45-13-311-1203

Head of Office: Per Vinther



MISCELLANEOUS

- Outside the U.S., the largest Fourth of July celebration is in Denmark.
- Not counting the Jutland Peninsula, Denmark is made up of 406 islands. This gives the country a total coastline of 7,300 kilometers, one-sixth of the Earth's circumference.
- Denmark is the world's largest exporter of bacon and tinned meat.
- Denmark is home to the famous Legoland Park, a fantasy world created with more than 33 million Lego bricks. The park is open from May 1 until mid-September.



GOVERNMENT

ROYAL FAMILY: Denmark is Europe's oldest monarchy, having been firmly established for more than 1,000 years.

SOVEREIGN: Queen Margrethe II. In 1972, she became the first female monarch to ascend the Danish throne.

FORM OF GOVERNMENT: Since 1849, Denmark has been a constitutional monarchy. It has had a unicameral system of government (supplemented by referenda), since 1953.

The monarch presides over the Cabinet and also appoints the Prime Minister.

The "Folketing" (parliament), has 179 members. The voting age is 18 years.

PRIME MINISTER: Poul Schluter

POLITICAL PARTIES: Socialist People's Party, Social Democratic Party, Radical Liberal Democratic Party, Progress Party, Liberal Democratic Party, Center Democratic Party, Conservative People's Party, Christian People's Party.

SOCIAL SERVICES: The national budget is distributed as follows: 35 percent on social services; 8 percent on education; 7 percent on defense.

Every Dane over 67 (widows 55 years) receives a state pension. The work week is 39 hours. Everyone receives five weeks' paid annual holiday.

Gateway to Scandinavia



DANISH TOURIST BOARD



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Denmark combines history with fun and hospitality. Top: Aalborg; above: Tivoli Gardens, Copenhagen.

THE IMAGE OF COLD, ALOOF SCANDINAVIA doesn't hold in Denmark. Danes have a sense of openness and of lively hospitality. Denmark is also the only Scandinavian country with large areas of forests and lakes.

Most visitors first stop in Copenhagen, a city rich in history and Scandinavia's most lively capital. Most people can't talk about Copenhagen without mentioning the beautiful Tivoli Gardens. But there is much more to Copenhagen than Tivoli.

Copenhagen is made for walking. **The Stroget**, an area made up of five connecting streets and two small squares in the city center, boasts great clothing stores, trendy cafés, boutiques, and the Royal Copenhagen China store. The Danish

*Historical and Hospitable
Copenhagen*

Denmark's Tourist Industry: Going Up-Market

Six new casinos are now operating in Denmark to attract wealthy tourists. Except for one petty-cash operation, gambling has not been legal in Denmark until recently, something that has surprised many visitors, especially when other vices, such as pornography, were prominently displayed in shops on the main streets of Copenhagen.

Now pornography has almost completely disappeared from sight, and Copenhagen has no ambition to compete with other E.C. cities as a "city of sin." It now wants to cater to a new type of visitor, the affluent tourist who demands high-quality entertainment and individually tailored holiday opportunities. To attract such visitors from Japan, the United States, and elsewhere, for example, the city's airport has already been thoroughly renovated, and tax-free prices have been lowered to compete with those in Amsterdam, the household name for tax-free shopping in Europe.

The largest of the new casinos, **Casino Copenhagen**, operates in conjunction with one of Denmark's largest hotels, **SAS' Hotel Scandinavia**. It accepts maximum wagers of about \$9,000, and hopes for an international clientele, especially Swedes and Norwegians, who are geographically close, and cannot gamble legally at home. Moreover, liquor prices in their countries are much higher than in Denmark (incredible as that may sound to anyone who has had to pay for a drink in Denmark). In addition, the food and general ambiance of Copenhagen also compare favorably with the other starker and less fun-loving Scandinavian capitals.

The five other casinos are spread around Denmark. One is in Odense, in the hotel named after the world-famous writer of fairy tales, Hans Christian Andersen. Another is at Elsinore, next to the castle of Kronborg, home of Shakespeare's "Hamlet" and a 10-minute ferry ride from Sweden. The remaining three are in major Danish cities on the East Coast of Jutland.

The only place not to have a casino is the West Coast of Jutland, Denmark's beach paradise boasting almost 200 miles of high-quality sand. This area is much loved by Germans: During World War II, they built strong concrete fortifications to counter an allied invasion; now they build more peaceful and temporary sand ramps on the beaches. In the past, hundreds

of thousands of Germans rented summer houses on the West Coast every year, but Denmark is now facing strong competition from the newly opened shores of the Baltic in the former East Germany and Poland. Since Germans cannot legally buy summer houses in Denmark (a special exemption from E.C. rules to placate Danish fears of domination when Denmark joined the E.C.), they can now buy or build them in the former communist East Germany.

Denmark plans to counter this development by going up-market. It offers a clean environment, a distinctly favorable advantage over the heavy pollution in the Mediterranean. But Denmark needs to offer more than clean water. Thus, more than \$100 million has already been invested in completely new types of luxury summer houses, equipped with indoor swimming pools, solariums, saunas, and beds for 10 to 12 people. Centrally heated, these houses can be used year round.

Many Germans rent these new luxury accommodations, but Danes hope to bring American and Japanese tourists out of Copenhagen to the unique natural beauty of the West Coast. Over the longer term, Danes hope that Greeks, Spaniards, and other Southern Europeans will also pay a good price to escape from the sun and the parched summer of their own countries.

A report published in November last year by the Organization for Economic Cooperation and Development in Paris indicates that this is not a pipe dream. There are already sharp drops in the number of tourists traveling to Spain and other Mediterranean countries and strong increases in the numbers going to Denmark, the United Kingdom, and the north of France. Denmark now has more than five million tourists a year, and the tourism industry is Denmark's fourth-largest exporter.

The holiday-on-a-farm market caters to tourist's individuality. Denmark's 40,000 farms are highly efficient production units and provide accommodation of a standard acceptable to the more discerning international traveler who needs to relax for some days or weeks in the proximity of gently rolling hills and forests that are not only beautiful, but also provide opportunities for hunting, horse-riding, and fishing.

—Leif Beck Fallesen

capital also has more than 2,000 restaurants that serve everything from pickled herring on the waterfront to a *hapsdog* (hot dog) on the Stroget. There are also lavish world-class restaurants, like

*On foot, one can discover all
of Copenhagen's charms,
from restaurants to cafes,
shops, and, of course, Tivoli
Gardens.*

L'Alsace, where you're surrounded by Braque and Chagall, and where the food is on a par with the art. For lunch, try a Copenhagen institution, the **Ida Davidson**.

Accommodation in Copenhagen tends to be expensive. If money is not a problem, check in to the **Hotel D'Angleterre**. Built in 1755 and recently renovated, the hotel retains its Old World flavor. Less expensive, but thoroughly enjoyable, is the **Savoy**, which is almost hidden behind clothing stores on the Vesterbrogade.

One-day excursions to locations just outside Copenhagen are no problem. Slightly to the north is the **Frilandsmuseet**, a wonderful museum that displays the history of Danish rural life. Just 45 minutes by train from Copenhagen is **Kronberg Castle**, an imposing Renaissance building where Shakespeare set *Hamlet*. **Frederiksborg Castle**, which houses Denmark's National History Museum, is also within easy reach of the capital.

There is more to Denmark than just Copenhagen, however. The beautiful island of Funen, dubbed by Hans Christian Andersen the "Garden of Denmark," is wedged between Zealand and Jutland. The Jutland Peninsula, the only part of Denmark actually attached to mainland Europe, is also worth a visit. Be sure to see the 15th-century monastery at Aalborg and to eat at the **Faklen**.

South of Aalborg is Denmark's second hub, Aarhus, a university town and vacation city on the coast. A major cultural center, it even offers a "Meet the Danes" program, through which you can meet a Danish family. €

Peter S. Greenberg, who appears frequently on *Good Morning America*, is a syndicated travel writer in California. His article "A Medieval History Tour" appeared in *Europe's* December 1990 issue.

Jacques Santer

Luxembourg's Prime Minister discusses his country's presidency of the E.C. Council of Ministers

Jacques Santer, Luxembourg's Prime Minister, will preside over the E.C. Council of Ministers starting this month. He was interviewed at the European Council meeting in Rome in mid-December by Europe's Editor-in-Chief Robert J. Guttman.

Born in Wasserbillig, Luxembourg, in 1937, Santer studied philosophy, finance, economics, and law. He entered the Luxembourg Social Christian Government in 1972 as Secretary of State for Social and Cultural Affairs. He subsequently became Secretary General of the Social Christian Party in 1974, a post he still holds, and served as one of the Vice-Presidents of the European Parliament from 1975-77.

In 1984, Santer succeeded Pierre Werner as Prime Minister. He also holds the office of Finance Minister. He has already once served as President of the E.C. Council of Ministers, when Luxembourg held the presidency in 1985.

In his spare time, Santer enjoys long walks and swims. He is married and has two sons.

What are your overall goals as you take over the European Council Presidency?

The main goals will be the negotiations and the bargaining in the two inter-governmental conferences on economic and monetary union and on political union. Another priority will be achieving the single market in 1993. We have already finished many directives; two-thirds have been agreed upon, but nonetheless one-third remains.

Then there are international affairs. In this context, I would mention first the Gulf crisis and the Uruguay Round, and finding the best way to go ahead. Next come our relations with the EFTA coun-



EMBASSY OF LUXEMBOURG

tries and with the Central and Eastern European countries.

The next six months will be an important challenge for us, and I hope that, with the assistance and cooperation of the other 11 partners in the E.C., we will make a significant contribution toward European integration.

Can a small nation such as Luxembourg successfully run a large organization like the E.C.? It's always a very big challenge for us but, as history has taught us, smaller countries have often made a very great difference. I remember our last presidency, in 1985, when we negotiated the Single Act. That was also a challenge for us, but it gave a new dimension to the European Community. I hope that we could do the same this time.

Smaller countries in the E.C.—not only Luxembourg—have no political ambition; they only want to serve the Community. Therefore the initiatives we put forward are not as criticized as those coming from other countries. In the last 30 years, many of the new initiatives have come from smaller E.C. countries and we have to keep doing that for the future.

Many people are comparing this time period with the Congress of Vienna. Do you see any comparison?

There is some comparison, of course. But a big difference is that in Vienna, there was no self-determination and participa-

“From my perspective, our target for achieving political union would perhaps be a federal United States of Europe.”

tion of the citizens. It was only a decree by authority, but not a democratic movement as we find now in Europe.

Talking about unity, what are your goals to promote the European Currency Unit? Are you going to see an ECU as a currency in the 1990s?

Yes. I also think the proposal made by United Kingdom to have a “hard ECU” is very interesting for the free and private utilization of the ECU as a common currency in competition with other currencies. But the difference, from our point of view, is that the ECU as proposed by the British would not be a substitute for a single currency.

Our main purpose is to have one currency for the whole of Europe. I hope that it would be the “hard ECU,”—not in competition with other national currencies, but instead of the other national currencies—managed by a European central bank. And that is very different from the current British proposal.

So you like the British “hard ECU” idea?

As a transition. In a way, the British proposal is very good for the transition period between the first and second stage [of EMU], but not in the final stage.

Your final view would be a single currency?

It would be a single currency with a common monetary policy managed by a European central bank.

How do you see the EuroFed coming about? How would you see it set up?

It will be set up as a European central bank that will manage the common European monetary policy. It has to be very independent from each member state and from the European institutions. Nevertheless, we have to try to find the right combination between the links of the in-

stitutions and the European central bank.

But it will be the body that would manage our common policy, and I see the German Bundesbank as one of its models.

What are your views on John Major, the new British Prime Minister?

I am very pleased with him now as a member of this European Council. I met him before, when he was Finance Minister. He's a very able man and also a very European man. In all our discussions, he was also very constructive in his own proposals, such as the “hard ECU.”

How would you define political union?

Economic and monetary union is much better defined than European political union. From my perspective, our target—not in five or 10 years, but for the next generation—would perhaps be a federal United States of Europe. As members of the European Council, we have to see how we can reach this target in a pragmatic way. We therefore have to define European union on the basis of the institutions as they currently exist. We must first enforce our institutions, for instance the European Parliament and E.C. Commission, in a democratic and efficient way.

Second, we also have to extend the competencies of the E.C. to environmental and health matters, to foreign and security policies. It seems to me—and I'm speaking for a smaller country—that it's essential for the E.C. to speak with one voice [in these areas].

Therefore, we have to see how we can manage a common foreign security and defense policy. These aspects will be a main objective of political union. But we have to deal with other matters in that context as well, for example the relationship between the different institutions and safeguarding the identity of each member state.

Do you see the E.C. having its own defense forces?

We have to go in this direction. In the early 1950s, we [almost] had a European defense community. At that time, we made the very big mistake not to accept the idea. Now we must do so: We are not only an economic community, we must also have a foreign and a defense policy. In the future, there will be no alternative to a common European defense policy.

If you have a European common defense policy, where does that leave NATO?

At this moment we need NATO. It has

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A Big Job for a Small Country

JAMES D. SPELLMAN

Luxembourg assumes the presidency of the E.C. Council of Ministers at a pivotal phase in the evolution of the "new" Europe: The E.C. is under tremendous pressure to reform its agricultural subsidies, price supports, and import quotas following its clash with the United States that led to the collapse of world trade talks in early December. Momentum for economic and monetary union has moved to a higher gear with the United Kingdom's entry into the Exchange Rate Mechanism. The E.C. Commission is confronted by a long list of proposals for integrating members of the European Free Trade Association and the former satellite states of the Soviet Union. All this comes on top of the necessary legislative nuts-and-bolts work needed to harmonize the Twelve's individual laws in order to create a truly single market by 1992. Finally, the Gulf, and the strains among Western allies as the stalemate wears on, are complicating diplomatic endeavors.

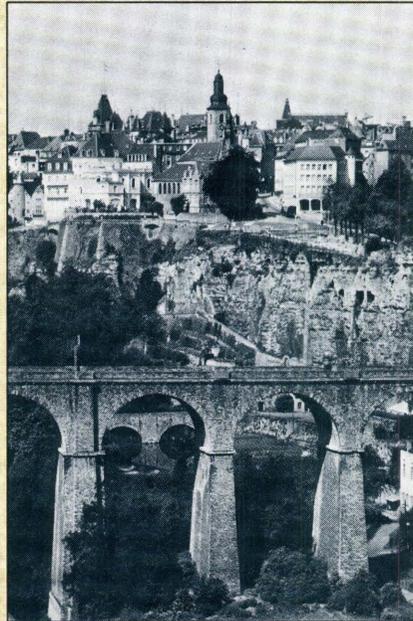
With this list in mind, what assets must the smallest E.C. member bring to the negotiating table to succeed in the herculean challenges of its presidency?

Experience is one asset. Luxembourg was president once before at a critical time in the E.C.'s evolution. That was in 1985, when the Twelve accepted the Single European Act, which put into force the goal of a common market without internal frontiers. As Nicholas Colchester and David Buchan, authors of *Europe Relaunches*, write: "Luxembourg, a small but enthusiastic founding member of the Community, certainly presided skillfully over the conference, protecting those drafting the treaty texts from too much squabbling by worried governments."

Indeed, many make this point when outlining Luxembourg's strengths; and the Government stresses it itself. Says Foreign Minister Jacques Poos: "Luxembourg pursued the goal in 1985 and obtained the results wanted. We will act the same way this time." Then as now, Luxembourg's Prime Minister and Finance Minister, Jacques Santer, assumes the presidential chair.

Style is another word heard in the Eurobuzz of journalists, diplomats, and observers in Brussels. As during their presidency in 1985, the Italians were masterful again in maneuvering the E.C.

toward greater economic and political union. Italian Foreign Affairs Minister Gianni De Michelis had the international press corps enraptured with his visionary schemes of a "new architecture" for Europe. With bravado and shrewd political calculations, the Italians have advanced



Luxembourg presides over the E.C. at a critical time in its development.

the E.C. on conceptual grounds. Now, insiders say, a low-key, methodical approach is important to put into writing the details needed to put theoretical agreements into practice. That, in addition to its tact, verve, and flexibility, promises to be the forte of Luxembourg's tenure.

There are also advantages to being small. When the larger states assume the presidency, their efforts are often either mired in internecine staff turf battles, or they flounder because the vast unwieldy bureaucracies—gerry-rigged to survive a six-month stint—fail to yield clear, coherent directives. With far fewer staff resources, Luxembourg realizes that it must have carefully defined objectives. With this comes a discipline and efficiency, one Eurocrat said, that will compensate for the staff shortfall.

A small staff, however, will also be Luxembourg's greatest weakness. While the country will have support from the Secretariat of the E.C. Council and a spe-

cial team of diplomats, its ability to initiate and reshape proposals could be curtailed because of limited resources to provide the expertise and data essential to persuade and build support.

In Belgium and Luxembourg, it is currently fashionable to subscribe to the theory that small countries are best in forging compromise—because they have more to gain in an increasingly interdependent world by being part of a larger unit. "The real strength of Luxembourg in assuming the presidency can be found in the fact that it is a little country, so it can easily suggest compromise proposals," says Jacques Vandamme, President of the Brussels-based Trans-European Policy Studies Association.

"Luxembourg is less nationalistic and, aside from banking and taxes, about which it is very sensitive, has fewer areas to defend than the big countries," says Philippe Neuray, a Brussels correspondent for the Associated Press. Others regard Luxembourg as "more neutral," "more European in focus," and "more committed to a united Europe—politically and economically" than other E.C. members. Prime Minister Jacques Santer, a strong supporter of economic union, is somewhat more cautious about strengthening the E.C.'s political clout, and sees the Franco-German timetable for political union (common foreign and security policies by 1993) as ambitious.

To be sure, Luxembourg's support for the E.C. strongly derives from economic considerations. About 80 percent of its production capacity depends on export sales, largely in the Community, and it must import a broad range of goods to compensate for its narrow industrial base. The easing of capital flow restrictions among the Twelve has resulted in tremendous benefits for Luxembourg, which has attracted investment funds because of its tough banking secrecy laws and low tax rates.

In all, Luxembourg takes on the presidency with much goodwill toward its abilities and aspirations.

James D. Spellman, a freelance writer in Geneva, is associated with the World Economic Forum. His article "Read All About It" appeared in *Europe's* November 1990 issue.

played a major role in developing the Central European orientation. We now have to give it a new dimension, perhaps a much more political dimension because NATO is not only military but also political.

Speaking as a European, it is very important to have a European pillar inside NATO in partnership with the Americans and the Canadians. It's very important to have this partnership and I cannot imagine the E.C. without these links.

Do you see a more formal relationship developing between the United States and the European Community?

We have our political Trans-Atlantic Declaration. We must develop this political consultation between the E.C. and the United States.

Are you satisfied with the progress of the 1992 single market?

Yes. I am satisfied with it, but we must make more progress. First, harmonization—the indirect fiscal taxation, like value-added tax and excises—is very important. If we abolish boundaries, we must overcome these problems. Then we have serious immigration problems, which will be a problem for the future.

Nevertheless I am quite confident that we will achieve the single market by 1993.

Are you in favor of bringing new countries into the E.C. before 1993?

No. After that date, certainly. Europe has to be open-minded in relation to all other countries but we cannot accept new additions to the E.C. at this time. We have to achieve this political and economic and monetary union, and the other countries will have to accept these constraints.

What other countries do you see coming in after 1992?

There are several applications at the moment. Austria has applied and there was a decision recently from the Swedish Parliament to join. Other EFTA countries, like Norway, will probably also do so.

What do you see happening in the Soviet Union in the near future and what type of E.C.-Soviet relations do you envision?

That relationship will be the main problem, not only for the next E.C. presidency, but also for the next generation, now that we have a new European architecture, a new European house.

Russia was always a part of Europe. Speaking as a Luxembourger, Russia was always the guarantor of our neutrality in the last century. We have to see how the Soviet Union now deals with its own problems of federation and autonomous republics. This situation is very difficult. We must assume the responsibility of helping the Soviet Union in the short and long term.

Another important aspect is the relationship of the E.C. with the Eastern European countries. We have to develop new kinds of relationships and associations with these countries to create some balance, some equilibrium between them. We would like to avoid the "Balkanization" of Europe and that will be one of the main problems we have to face in the future. We must work to avoid the problem of dislocation of several states like Yugoslavia, or even Czechoslovakia.

Luxembourg has one of the highest per-capita incomes in Europe. To what do you attribute this?

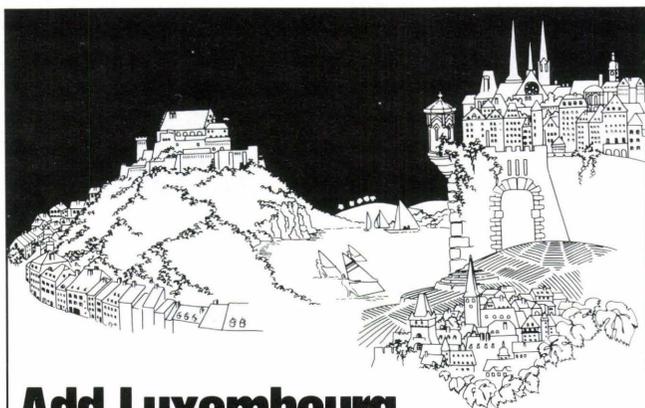
Our economy has developed in such a way that 60 percent consists of the service sector and 40 percent of industry. We had a strong iron and steel industry, but after the iron and steel crisis in the 1970s, we had to diversify and attract some new industries: We developed a major service sector, with a strong financial and banking side. We have 175 banks right now.

We also developed a very important audiovisual sector: We are the first European country to have a whole satellite system for television purposes. We cannot do any of this without the European Community: We cannot build a satellite system if we don't have the coverage. You cannot have the highest yield of industrial percentage in Europe and of the world if you don't also have the internal European market for your exports. We need this European market. We are therefore very strongly European minded.

Will there be a theme to your presidency?

I hope we can build a very strong politically minded social Europe. For political union, we must give more importance to the social dimension of Europe in the single market. To create a strong social dimension, we must work to give the same civil and social rights to all labor forces of Europe.

All European countries have their own identities but we need to bring them together—for the peace and security of Europe and the world.



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Villeroy & Boch

*Luxembourg's Princes of
Pottery*

ONLY IN HIS WILDEST DREAMS COULD THE 18th-century potter François Boch have envisioned that he, a modest Lorraine craftsman, and his three youngest children would establish the internationally renowned, multi-faceted company of Villeroy & Boch.



Silversmiths Koch & Bergfeld, part of the Villeroy & Boch empire, worked in this building, making such precious objects as table silver for the Russian Czars.

Today, eighth-generation Lutwin Gisbert von Boch-Galhau manages the corporation's fortunes from an office that was the family living room 100 years ago. The Villeroy half of the company is similarly no Johnny-come-lately—theirs is the seventh generation to be part of the company's management.

A rarity in that it is still privately owned, the corporation is regarded as one of the foremost ceramics manufacturers worldwide. The Boch part of the empire emerged in 1767, when the factory was moved from its home town of Audun-le-Tiche in Lorraine to Luxembourg's Septfontaines earthenware factory, and was called the *Manufacture Impériale et Royale*. This grand title was no idle claim, as Luxembourg was at that time under the protectorate of the Austrian Empire.

In the early 1820s, François Boch's grandson introduced copperplate printing to the pottery's product. This replaced in great part much of the factory's hand painted work, and was the beginning of the simple yet elegant decorations for which the Boch branch of the ceramic tree would become renowned.

Meanwhile, in the German town of Mettlach, the Villeroy's faïence factory (later the Faïencerie de Vaudre Vanche) had established its own high standing. In 1836, the Bochs and the Villeroy's merged their businesses. When the two families' scions were later married, the ceramic dynasty of Villeroy & Boch was truly established.

In the mid-19th century, almost 100 years after ancestor François Boch had opened his atelier in Audun-le-Tiche, Villeroy & Boch sought broader horizons. The company chose crystal as its new medium, and opened the Wadgassen Crystal Works in the same region. Diversification was now the catchword for the company, and, in 1869, Mettlach once again attracted V&B's attention, this time for its mosaic tile factory. True to form, production there was rapidly given a highly industrialized format, becoming in its own way a standard for tile manufacturing.

At the turn of the century, the Lübeck-Danishburg wall tile factory, a clay mining complex and mosaic factory in Homburg, Germany, became part of the V&B empire. By 1971, the corporation had bought even more tile factories in the French towns of Feignies, Haubourdin, Lambersart, and Bourg-St.-Andéol, and also in Teramo, Italy. Today, these factories make wall and floor tiles for sale worldwide, and their sanitary products

World-class designers, such as Spain's Paloma Picasso and Germany's (Wolfgang) Joop!, have added to Villeroy & Boch's stature in the tabletop world, which represents a significant percentage of the company's total annual sales of



How does V&B rate in the United States? Bill Bryan, Merchandise Vice President, Tabletop, for Bullock's 22-store chain, says: "Villeroy & Boch is one of our two largest china resources, and represents a very substantial volume of our china business, about 25 percent. It's a very fashion-forward line, and for us the biggest resource by far for the large casual market."

The line appeals to customers across the board. Villeroy & Boch clients are usually very self-confident in their fashion sense, and have a fair amount of money, because the china is not inexpensive. "We have a wide range of patterns. When we bring on a new pattern and put it on the cover of a book, we usually [know] within 30 days whether it's going to be good. And most times it is."

Bullock's carries one line of Villeroy & Boch crystal, which sells well, as do the gift items, of which Villeroy & Boch produces a large variety, another example of the company's diversity. "Last year we saw a beautiful line of silverplated flatware that [V&B] plans to market under [its] own name . . . It may be even higher priced than [the French] Christofle silverplated flatware. We thought the line was fabulous, and believe it has a lot of potential."

Just as other princes of commerce patronized the arts, so have the Bochs and Villeroy's. Art schools were established in Septfontaines, Mettlach, and La Louvière, Belgium, to enable craftsmen to perfect their art. And in 1873, Eugen von Boch, a passionate collector and art connoisseur, established the Villeroy & Boch ceramics museum.

There is another dimension to the company, however, that shows its concern for the world around it. For more than 13 years, in keeping with its philosophy and motto, "Rooted in Tradition, Committed to Progress," Villeroy & Boch has donated close to 14 million German marks (roughly \$10 million) to several charitable groups (such as UNICEF and the World Wildlife Fund), and research organizations (such as the German cancer association, and environmental research projects) through its sales of special-edition commemorative plates.

This is what the internationally acclaimed tableware, crystal, tile, and sanitary ware manufacturer Villeroy & Boch is all about. At least for today. For with this creative company, who knows what will come next? **☾**

Freda Greene is a freelance writer based in California.



Villeroy & Boch are famous for their complete ready-laid tableware, including china, crystal, and silverware (top). Tile manufacturing is also part of the company's repertoire, like the room above.

have made Villeroy & Boch one of that industry's biggest names.

After all these acquisitions, Villeroy & Boch returned its attention to tableware, acquiring the Heinrich Porcelain factory in Selb, Germany, in 1976. By 1988, it had added the Gallo Design studio, followed by the silverware factory of Koch & Bergfeld of Bremen. Now that silver, crystal, stoneware, and vitreous china complemented their fine porcelain, the "ready-laid table" ranges were complete.

more than 1 billion German marks (\$700 million). In the United States, 1990 sales are expected to reach \$25 to \$26 million.

With 19 factories in Germany, Luxembourg, and France, Villeroy & Boch employs some 12,500 people, 1,500 in the tableware factory at Septfontaines alone. V&B also has a subsidiary company in Canada, which blends the rich heritage of creativity of each of the component countries to enhance the international dimensions of the name of Villeroy & Boch.

*A Guide to Unusual European
Sports*

Peculiar Pastimes

DONALD DEWEY ■

EVER SINCE THE EGYPTIANS LITERALLY GOT the ball rolling with a game of bowls in 5200 B.C., sports have been as endemic and as diversified for the peoples of the world as the topographies of their lands. Even today, despite the cross-culturalizations prompted by migrations, conquests, and organized competitions like the Olympics, many sports remain largely restricted to their country or area of origin. Europe alone boasts scores of such local and regional sporting activities.

In the category of field games, for instance, Ireland has next to invisible competition for *Gaelic football*. This sport resembles soccer and rugby, although the ball can be passed with the hands, there are 15 men on a side, and points can be scored by sending the ball either over or below the goalpost bars. First played around Dublin in the 16th century, it brought entire villages and parishes together for grueling contests lasting hours. Until relatively recently, a favorite ploy of the players was to blacken both eyes of opponents as quickly as possible. That way, as one Irish footballer once put it, "they have a harder time seeing the ball." Thanks to tactics of the kind, the game has also been known as *free-for-all football*.

Hurling is similar to Gaelic football. Since it was first played in about 1200 B.C., barely less than a century after Greece staged the inaugural Olympics in 1270 B.C., it can legitimately claim to be the oldest team goal game in Western Europe. An extremely fast game, it is played on a pitch with a stick and ball. There is also a hurling sport for women called *camogie*.

In Britain, numerous variations on soccer and rugby are played at educational



institutions like Eton, Winchester, and Harrow. Most of the differences have more to do with the configuration of the playing field (some of which encompass walls and necessitate jai alai maneuvers) than with the basic rules of soccer or rugby.

At the opposite end of the spectrum

from Gaelic football, at least in theory, is the English game of *Shrovetide football*, or *earthball*. Usually played at an inter-village level, this game is so laid back that players come and go into the game as the mood strikes them. Another mild British sport, *touch rugby* or *touchball*, derives from rugby as touch football derives from gridiron football in the United States. Cyprus, Switzerland, and Finland have equivalents to the British game.

The Finns also play a kind of baseball, called *pesapallo* (nestball). In this, the pitcher serves rather than fires the ball, ideally at a height above the batter's head. As the ball is released, the batter has a choice of swinging at it and driving it as far as he can, or simply dropping his bat and running to first base before the catcher can get the ball and throw him out. Running to a base is no easy matter, however, since all four of them are laid out in zigzag fashion; moreover, the distances from one base to another increase to the point that a run from third base to home is almost twice as long as from home to first base.

Pesapallo is an amalgam of baseball and the ancient Finnish game *kuningspallo*, or king's ball. This entails an intricate series of moves within boxes for the ultimate purpose of having one 22-man team tally more runs than the opposing team.

The proudest of all European court games is *court tennis*. This should never be confused with that "other" tennis game that is played on courts and has been striving for centuries to sneak away from its original designation as mere "lawn" tennis. In terms of play, court tennis compounds many of lawn tennis' familiar regulations, although it does have extra penalty and point rules because of the sport's indoor nature; there are special stipulations for balls hitting the side walls and roof, for example.

Court tennis—the variety that the Lendl and Beckers do *not* play—is an indoor game seen today mostly in England and France. Originally known as *jeu de paume* (game of the hand), it was once so popular among the movers and shakers of France that 17th-century Paris alone was estimated to have had more than 1,800 courts. Indeed, French and English royalty prevented commoners from trying to emulate the leisure activities of the aristocratic classes in the 16th and 17th centuries by forbidding them to play *jeu de paume*. One who should not have played it was France's Louis X: He died of sheer exhaustion after a particularly brisk 14th-century game at Vincennes.

More generally, *jeu de paume* was responsible for the evolution of the racket as a sporting implement. Following an initial phase, when the game was indeed played with the hand, a relaxation of rules permitted players first to wear leather

Target games are very popular in Europe, ranging from darts in England to 'bocce' in Italy and 'pétanque' in France.

gloves or mittens, then even larger fabric extensions of the hand, and, finally, the equipment used today.

Several European countries boast court games that combine previously existing court, field, and/or rink games. In the Netherlands, for example, *korfball* fuses handball, netball, and basketball regulations for a sexually democratic sport that requires 12-person teams to be equally made up of men and women. Swiss biologist Herman Brandt conceived of a game strongly derivative of jai alai, handball, and volley ball; he called it *tchoukball* for the sound the ball makes when it hits and rebounds from a highly tensioned net. Both are played in several European countries.

Ice is a requirement for *bandy*, an 11-a-side stick-and-ball exercise that originated in England at the close of the 18th century. Although at first popular in Britain, Austria, Germany, and Denmark, bandy today is played mainly in Norway, Sweden, Finland, Estonia, and Latvia. The Netherlands plays a modified version that substitutes an indoor rink for an ice-covered soccer pitch.

Curling, a Scottish game almost 500 years old, also requires ice, but is more a target than a goal sport. Under the rules, four-man teams take turns hurling a squat, circular stone at fixed tees placed about 38 yards apart. The proximity of the stones to the tees determines the score.

Because of minimal equipment, small playing areas, and accessibility to players of all ages, target games have always been popular in Europe. Aside from the by now ubiquitous English game of darts, the most noted of these sports are *bocce* in Italy and *pétanque* in France. *Pétanque*, also known as *boule*, is a descendant of a medieval Provençal sport appropriately called *jeu provençal*. The major

difference between the two is that, while *pétanque* requires players to bowl their balls toward a smaller target ball from a fixed position, *jeu provençal* allows participants to run up a few strides in the act of releasing the ball.

The Midlands and Yorkshire regions of England have a target-distance game known as *knur and spell*. The sport is simplicity itself, requiring only that contestants hit a ball as far as they can with their *knur* (a stick or knot of wood), the most powerful clouter being declared the winner. The game springs from the ancient Norse and Icelandic sport of *nurspel*.

Of the numerous ball-over-course games developed in Europe, the most internationally appealing has proven to be *golf*, which originated in Scotland in the Middle Ages. But long before the Scots got seriously into the game in the 15th century, the Dutch were already playing a similar sport called *kolven*, and the French and Belgians engaged in a cross-country version known as *chole*. The latter became particularly popular with Belgian miners determined to get the most out of their free hours above ground, and is mentioned in this context in Emile Zola's novel *Germinal*.

The most curious European mat sport is undoubtedly the Swiss wrestling competition of *schwingen*. At the beginning of each bout, the wrestlers, attired in compulsory leather pants and vests, place one hand on the back of the opponent's trousers and the other on his leg. This cat's cradle intertwining is the only legitimate position for ensuing maneuvers to tip one another over. To score a point, the opponent must be thrown on the ground without letting go of his pants. Matches do not end very quickly.

One table game that never really caught on outside its land of origin is Italian *boccette*. Played on a billiard table, it differs from pool and snooker in two important respects: The balls are propelled by hand instead of by a cue, and the player has to work the usual angles and caroms as in other baize table games and knock over a collection of point pins set up in the table's center. *Boccette* is as common in Italy as pool is in America. €

Donald Dewey is a freelance writer based in New York who writes for *Europe* on sports and entertainment. His article "Making a Pitch for Baseball" appeared in *Europe's* October 1990 issue.

CAPITALS

Military Clean-Up

BERLIN—Now that Germany is unified and sovereign, the Allied laws and regulations superimposed over German law after World War II no longer apply. Therefore, many Allied forces will now gradually pull out so that, in keeping with international agreements, there will be no more than a total of 500,000 soldiers on German soil. At present, Allied and German troops total 1.5 million. The new Germany will limit its ground and air forces to 345,000.

After it was definite that the protecting powers in West Germany would gradually withdraw, German city and communal administrators began drawing up plans for the use of abandoned Allied military territory, which totals some 6,000 square kilometers in both former East and West Germany.

City planners initially toyed with the idea of building new housing projects, kindergartens, and parks, until they realized that the withdrawal of the Allied troops would pose as many problems as it presented possibilities.

The Allies have always regarded their exercise areas as their own military property, on which the Germans were unwelcome intruders. Consequently, they were appallingly lax in disposing their oil, paint, heavy metals, asbestos, batteries, pesticides, and lethal toxins. One of the Germans' biggest problems now is cleaning up the environmental damage

left behind. The expense is expected to run into billions of marks and it has yet to be determined who will foot the bill.

Moreover, cities and communes will not automatically inherit the areas occupied by Allied forces. They will first pass to the Federal Assets Administration. Only if Germany's armed forces and its Federal Finance Ministry decline the use of these territories for their own purposes will the municipalities be permitted to acquire them.

The catch is that market prices may be higher than they can afford. "We will have to help them" says Dieter Schlee, Baden-Württemberg's Minister of the Interior, "but it is up to the Federal Government to pay for cleaning up the polluted land." Manfred Wallmann, Mayor of Heilbronn, admits that he was "very happy" to learn that the Americans might leave the area. "But we don't know when and whether we shall get the land," he says. "What has been used militarily cannot be

simply used for civilian purposes. There are the environmental and national trust requirements that we must fulfill. All in all, it will be a costly operation," he fears.

Moreover, when Allied armed forces do pull out, many Germans will find themselves jobless. Wertheim, a charming medieval town on the Tauber and Main Rivers, is a case in point. The German Luftwaffe had a garrison there during World War II. Since 1945, the town has profited from the presence of a U.S. air base, with some 3,000 Americans who spend in Wertheim's bars and shops. The U.S. contribution to the city's revenue comes to 2 percent of the city's budget, and about 500 Wertheimers work at the base. When the Americans go, so will those jobs. Finding new ones will not be easy, for Wertheim is not an industrial center.

The city fathers would like to buy the 200 hectares on top of the hill, but say it will be very expensive to clear up the mili-

tary contamination caused over decades by the German Luftwaffe and the U.S. Air Force. Electricity, water supply, and sewage charges will have to be increased when the American users leave.

Would the Mayor, Stefan Gläser, prefer the Americans to stay? "I am against the prophets who announce widely that golden times will descend upon us when the Americans leave," he says. "This may be true for some towns but none of them has taken the trouble we did to find out what it will really mean," he warns.

When the American flag folds one day, Wertheim does not want to be abandoned. It is therefore making sure that its pleas for financial support from the state of Baden-Württemberg and the Federal Government are heard.

WANDA MENKE-GLÜCKERT

Secret Society

BRUSSELS—While the Twelve ponder how many years they will need to build a common defense structure, they probably look with envy at NATO's present—and past—ability to respond to military contingencies.

After World War II, for example, with some help from the CIA, it took NATO only a few months to set up "Gladio," a secret pan-European underground organization to repel any Soviet invasion during the cold war. Information about this secret operation first leaked

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out of Italy, where courts now have access to these military secrets. The story has since spread all over Europe, including Belgium, where NATO's Supreme Headquarters Alliance Powers Europe (SHAPE) is based.

Consequently, Belgium was abuzz last year with recent revelations that NATO had established such a network there in the early 1950s—as it also had in Italy, France, West Germany, the Netherlands, Sweden, Norway, the United Kingdom, and Greece.

Code-named SDRA-8, the Belgian secret organization counted 80 members, most belonging to the army. It was founded in 1962 by Gerald Miller, a former CIA agent, and was financed by the United States. Supervised by the Sûreté de l'Etat, Belgium's secret service, SDRA-8 gradually lost relevance as the Soviet Union shifted to a less threatening stance toward the West.

Belgium reacted with a shrug of indifference at the news of SDRA-8's existence, considering it a consequence of the cold war. "After all," declared Belgian Defense Minister Guy Coëme, "the [SDRA-8's members] are patriots." But many stared in wide-eyed amazement when Coëme and Belgium's Prime Minister Wilfried Martens declared they had never heard of the organization until last year. When a former conservative defense minister said that high-ranking military officers had told him about the network, some suspected the generals had voluntarily refrained from also telling Coëme because he is a socialist.

Others have a more sinister theory, still unsubstantiated, that Gladio and its Belgian counterpart may have been involved in terrorist acts in the early 1980s that killed more than 20 people in attacks on Belgian supermarkets. Coëme says he still has no proof of that. Asked if he would publicly investigate SDRA-8's members,

he said he would seek "neither victims, nor martyrs." He has, however, disbanded the group. —CHRISTOPHE LAMFALUSSY

All the Major's Men

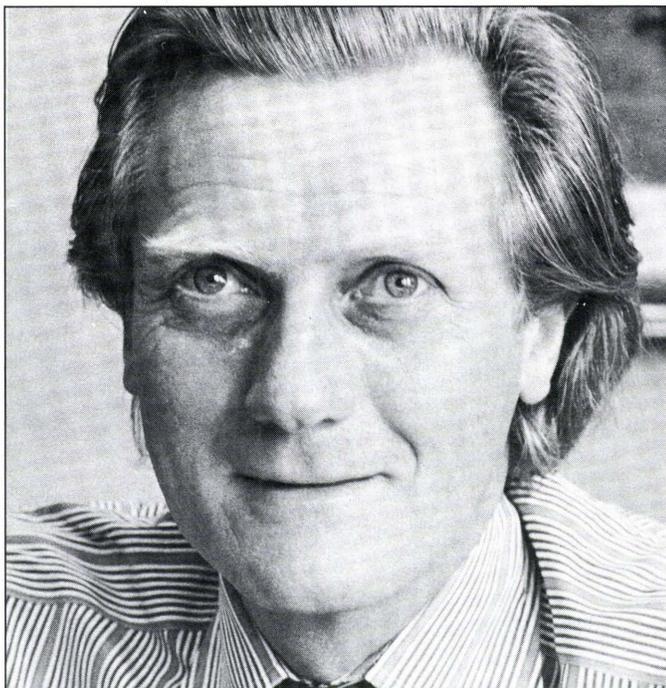
LONDON—Prime Minister John Major's cabinet appointments display a careful blend of rewards for his friends and allies, without punishing those who opposed him. The quick reshuffle of the cabinet he inherited from Margaret Thatcher ensured senior posts for both of his rivals.

Unity was the theme within the Conservative Party after November. The new Prime Minister had to demonstrate that, despite the fight for the number one slot, the party was united on general principles, especially that of winning the next general election, which must be held no later than June 1992, and may be called much earlier.

The easiest of all the appointments was that of Douglas Hurd, who ran a poor third in the election battle. He kept his seat as Foreign Secretary, a position that, as a former diplomat, he had filled with considerable ease and skill in Thatcher's Government. Many considered it wise to keep an experienced hand at the helm of foreign affairs at a time when matters in the Gulf appeared to be entering a critical phase. Likewise, Defense Secretary Tom King was retained.

Placing Michael Heseltine, a former Defense Secretary, was more difficult. Many in the Conservative Party opposed his inclusion because they disapproved of his leadership challenge, which had forced Thatcher to resign. Major, however, recognized the importance of displaying magnanimity in victory, and also remembered that over one-third of the conservative Members of Parliament had voted for Heseltine.

After discussions, Heseltine accepted the Environment Ministry, a portfolio he had already



Michael Heseltine, Margaret Thatcher's challenger for the Conservative Party leadership, is Environment Secretary in John Major's cabinet.

held in the early years of the Thatcher Government. Although it may sound like a rather junior post, it has certain key responsibilities. One of these is reform of the hated Community Charge, or poll tax. Because this tax demands a flat-rate payment from all citizens, regardless of their level of income, it is generally regarded as the most iniquitous form of local taxation ever imposed by any modern British government. It is certainly the most unpopular.

Heseltine made reform of the poll tax one of the central tenets of his campaign to unseat Thatcher, well aware that most Tories recognized that the patent unfairness of this tax could lose them the next election. However, reforming the tax and rescuing the Conservative Government from the folly of the tax bill will be no simple matter. Indeed, many newspapers commented that Major had handed Heseltine the poisoned chalice. If he succeeds, Major can claim credit for this brilliant appointment; if Heseltine fails, it will be his fault alone.

While these appointments displayed a deft and skillful hand, Major made a serious error of judgment in not appoint-

ing any women to his cabinet. This brought a wave of criticism from within and without his party, and the subsequent appointment of some women to senior, but sub-cabinet, rank did not totally smooth the ruffled feathers.

A big soccer fan, the new Prime Minister promoted two of his campaign team who are as happy talking football tactics as politics. Norman Lamont was elevated from being Major's deputy at the Treasury to become the Chancellor of the Exchequer. Lamont is a Euro-skeptic and very much a Thatcherite in his economic views, so many deviations from the path laid down over the past decade are unlikely. David Mellor, former Arts Minister, was moved into Lamont's old job as Chief Secretary at the Treasury, his first cabinet post.

Otherwise the shuffle mainly switched people around, some moving up, others sideways, and some down. It was all very gentlemanly stuff, but if the new cabinet fails to perform, they may find that Major is less of a Mr. Nice Guy than appears on the surface.

—DAVID LENNON

Fighting for Fans

MADRID—Some of the more bloody sports popular in Spain under Franco fought their way back to popularity fairly easily after initially being shunned by the new democratic ways. Bullfighting is one of them; boxing, on the other hand, still has some way to go.

In the 1960s, thousands of fans would turn out at the Plaza de Toros and the Sports Palace in Madrid to watch championship bouts featuring Spanish contenders like bantamweight Pedro Carrasco and heavy-weight Manuel Urtain. But international campaigns condemning the sport and a lack of big-time Spanish fighters hurt its popularity.

Major media outlets contributed to the sport's lightweight status. The stylebook of the leading daily *El Pais*, for example, prohibits coverage of boxing from its pages unless it serves to highlight the damage the sport does to fighters. A few years ago, the state-run television monopoly TVE delivered what looked like a knockout punch by banning all boxing from the airwaves. In contrast, TVE and *El Pais* both cover bullfighting extensively.

The recent establishment of private television in Spain has changed all that, however. Television money attracted three championship fights to Spain this winter. Tele 5, partially owned by Italian magnate Silvio Berlusconi, drew respectable audiences for its broadcast of American Robert Daniels' successful defense of his World Boxing Association cruiserweight title in Madrid in November. A sellout crowd filled a Costa del Sol arena a few days later to watch another American, Julian Jackson, knock out British opponent Herol Graham to take the World Boxing Championship middleweight crown.

And if Tele 5 and other Spanish promoters have their way, a much bigger event is yet

to come. Undisputed world lightweight champion Pernell "Sweet Pea" Whitaker, who also fought on the Madrid card, is negotiating a title defense in Madrid against European champion Poli Diaz, the most successful Spanish fighter in many years. The fight will not turn Madrid into Las Vegas, but it could put the Spanish capital back on the boxing map—something about which not all Spaniards are happy.

—RICHARD LORANT

A Facelift for the Next Millennium

ATHENS—The first prize in an international competition for a new Acropolis Museum was awarded late last year to the Italian architects Lucio Passarelli and Manfredi Nicoletti. The 35,000-square-meter building will eventually display all of the sculpture from the Acropolis temples. The Greek Government hopes to raise part of the estimated \$80-\$100 million cost from the European Community.

The winning design, selected from a short list of four Greek and six foreign entries, shows a large open-plan hall beneath a modernistic sloping roof with an amphitheater-shaped "belve-

dere" framing a view of the Parthenon. It includes a space exactly the size of the Parthenon, thus allowing the original sculptures to be seen in a similar relation to one another as they once bore on the monument itself.

Greek Culture Minister Tzannis Tzannatakis stressed that the Greek request for the return of the Elgin Marbles, now in the British Museum, still stands, and will be revived when the new museum is built, possibly by 1996. They got their name from Lord Elgin, a British diplomat, who, 180 years ago, removed and shipped to England 50 slabs of the Parthenon frieze and 15 metopes. An appeal for their restitution by Tzannatakis' predecessor, actress Melina Mercouri, was brushed aside in 1984.

An ambitious project to restore the Acropolis monuments began in 1979, and much of the surviving sculpture has been removed from the original site to protect it from atmospheric pollution. On the South porch of the Parthenon, for example, all has been replaced on the temples by cement casts.

Next to go, in an operation that could take two years, will be the West frieze, depicting horsemen in the Panathenaic

procession. In the late 1970s, a wooden shelter was placed over the frieze to limit corrosion by acid rain. This, however, created a draughtless trap for polluted air, which continues to eat away the marble. Pigeons have also proved an unexpected menace to the frieze.

Work on the East façade of the Parthenon will be completed this month. Nevertheless, tensions exist between the Central Archaeological Council over the extent of rebuilding involved, and the architects of the Parthenon project, who complain that obstacles are constantly being placed in their way.

They cite, for example, the fifth column of the South colonnade, whose lowest drum was badly damaged in a 1687 explosion when a Venetian shell ignited a Turkish gunpowder store. The Turks themselves repaired it crudely, but this has loosened and, 300-plus years later, the column is again in danger of collapse. The architects want to insert a complete new marble drum, but their opponents contend that the Turkish patching is historically important and should not disappear. The result is stalemate.

—PETER THOMPSON

Much of the sculpture that used to decorate the Parthenon has been moved to nearby museums to protect it from further damage by pollution.



Of Friends and Foes

ROME—Italian history books of the next generation may portray the years spanning the late 1980s and early 1990s as years of great political rehabilitation.

Randolfo Pacciardi, one of the most controversial historical figures and a leading political founder of post-war Italy, was recently rehabilitated. A partisan leader and democratic figure in the post-war period, he saw his political career broken by accusations from left-wing politicians that he was conspiring against the Italian state and colluding with the U.S. Secret Service to create a presidential and authoritarian republic. The accusations were so preposterous that, while they did not lead to judicial intervention, they nevertheless removed Pacciardi from the political scene. He has spent the intervening 30 years in isolation.

The revolutionary changes of 1989 caused the media and the political leadership to publicly ask his forgiveness. Television and radio programs, and newspapers are full of interviews and articles that underline his honesty and his foresightedness. The most spectacular example, which sanctioned his total rehabilitation, was a letter to Pacciardi from Francesco Cossiga, President of the Republic. The Head of State wrote that it was "a disgrace that you were persecuted by unjust slander for miserable motives." And, courageously, he admitted, "I, too, perhaps, was one of those cowards who did not immediately rise against the infamy, and I ask your forgiveness."

—NICCOLÒ D'AQUINO

Cultural Crisis

LISBON—Culture in Portugal is in a state of turmoil. In the short space of nine months, once promising artistic developments have crumbled under the onslaught of a controversial



Portugal's cultural life has been turned upside down by the country's new Culture Minister, who claims that the arts need to depend less on government funding. Above: Lisbon.

new Minister of Culture.

Petro Santana Lopes, a 34-year-old cut-and-thrust politician with few identifiable sensibilities in the area, was sworn in as Secretary of State for Culture in March 1990. He proceeded to turn Portugal's orchestral, operatic, theatrical, and cinematic life upside down.

He has been so brusque that his many critics now label him "Secretary for Lack of Culture." Since taking office, he has alienated the management and players of the leading state-sponsored orchestras and the Lisbon Opera House, the management of the Lisbon State Theater, and cinema producers. He defended this achievement in a recent interview, claiming there was a need to review costs and encourage the arts to become self-supportive.

Nevertheless, most commentators say that, while his aims may be laudable, his methods have been devastating. The 1990-91 opera season in Lisbon's famous baroque São Carlos Opera House has definitively been compromised. Two months into the normal season, a program had still not been published, despite agreements with at least two other Euro-

pean opera houses to stage joint productions of some of the most famous pieces in the repertoire.

A source close to the opera house, who asked not to be identified, noted: "The Secretary of State seems to forget that opera stars are not soccer players standing by on transfer to the highest bidders; their diaries are booked up years in advance. If we contract for top-flight singers and then cancel at the last moment, the opera season will be virtually impossible to run."

In the northern city of Oporto, a hugely expensive professional symphony orchestra, established in 1989 and paying contracted foreign musicians at E.C. rates, has been threatened with closure. Despite its widely praised performances, Santana Lopes said the costs were excessive and the state would not increase its contributions. The orchestral management was ordered to find outside financing for a project in which the state, public-sector companies, private foundations, and private enterprise all have stakes.

Ever since the new Oporto symphony appeared, there has been a crisis in Lisbon's São

Carlos Opera House: Its orchestra, all of whom are state employees, are demanding parity wages, a burden the Government clearly cannot afford.

Strikes and work stoppages by the orchestras have been among the results so far of this new approach to culture. In addition, film producers have staged a token sit-in, and the national theater, Dona Maria 11, has announced in forlorn newspaper advertisements that its opening play of the season "will premiere shortly"—months after scheduled date.

The situation is considered even more serious in light of Portugal's announcement that its 1992 E.C. presidency will concentrate on cultural questions. The country will also celebrate the 500th anniversary of the nation's maritime discoveries, for which it has commissioned a special opera from a leading contemporary U.S. composer.

—KEN POTTINGER

Ireland's First Woman President

DUBLIN—The election of Mary Robinson as Ireland's sev-

enth president left the pundits, her own supporters, and the whole country in a temporary state of shock. Had conservative, Catholic, traditional Ireland really thrown the Fianna Fail Party out of the presidential mansion that it had held since 1945, and put in a radical woman lawyer who was the candidate of two left-wing parties that between them could only muster 14.5 percent of the votes cast in the last general election?

How the 46-year-old Robinson ended up with 52.8 percent of the popular vote after a campaign that even featured its own mini-Watergate scandal, left the political parties stunned and the foreign media asking incredulously if the Ireland of thatched cottages and donkeys had had a brainstorm and gone socialist and feminist overnight. The answer was neither, but the country did chuckle at the idea of electing its first woman president and at seeing pundits and politicians so confounded.

The election of Robinson (guess what her campaign song was . . .) did not, of course, mean a violent political swing to the left. She is not a member of either the Labor or Workers' parties that nominated her. Also, she campaigned on a broad platform of making the largely powerless presidency more accessible to ordinary people through her greater involvement in the work of voluntary groups.

Nor does the new president see herself as a feminist in the way in which the term would normally be understood in the United States. She is a brilliant constitutional lawyer who has generously used her time fighting for more equality for Irish women before the law, and has some noteworthy successes to her credit. While she is against abortion, for example, she is the principal lawyer in two cases now before the E.C. Court of Justice and the European Court of Human Rights on the question of the right of

Irish women to information on pregnancies—including how to procure abortions outside of Ireland (where abortion is banned by the Constitution she is now pledged to uphold). Robinson must now, at the peak of her professional career, abandon the courtrooms of Ireland and Europe, and carry out the largely ceremonial duties of the presidency for the next seven years.

The political establishment is already counting the cost of her sensational win. Within days of her election, Alan Dukes, leader of the country's second-largest party, Fine Gael, had been replaced. Also, a majority of the electorate, according to an opinion poll, believed that the Prime Minister, Charles Haughey, leader of the biggest party, Fianna Fail, should resign.

Both of the big parties bun-

gled their presidential campaigns and paid the price. Fine Gael could persuade none of its big guns to stand, and in the end vainly depended on Austin Currie, a Northern Ireland politician recently transferred to the south, to save its skin and beat Robinson into second place.

Until a few weeks before the election, the winner was confidently expected to be the Irish Deputy Prime Minister, Brian Lenihan, a popular, gregarious man who had courageously survived a liver transplant. His opponents, however, claimed he would not be sufficiently independent of the powerful Fianna Fail Party and also accused him of being part of efforts in 1982 to pressurize then President Patrick Hillery not to allow an election when a Government suddenly fell.

Lenihan repeatedly denied

any involvement until a tape recording of an interview with a research student revealed the opposite. Haughey was obliged to sack Lenihan from the Government under pressure from his Progressive Democratic coalition partners. Nevertheless, Haughey said he would fully support Lenihan, who said that, following "mature recollection," he was sure he had not tried to telephone Hillery.

At this point, Robinson, who had run an excellent campaign, suddenly had a real chance to swing disillusioned voters to her in the second round, when Currie was eliminated and his second preference votes were redistributed. The transfers pushed her 86,000 votes ahead and into "the Park," as the presidential residence is familiarly known.

—JOE CARROLL

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STOCKHOLM

Fortune magazine calls *Jan Carlzon*, the president and CEO of Scandinavian Airlines System (SAS), "northern Europe's answer to Lee Iacocca." Indeed, while other airlines around the world have been struggling to stay afloat, SAS has turned into a very profitable international airline, catering to the business traveler.

Carlzon has forged a global presence for SAS. His purchase of 18 percent of Continental secured the Scandinavian carrier a foothold in the United States. Many analysts feel that Carlzon has the skills to turn Continental around and make it a competitive airline in the United States. In addition to Continental, SAS also has a stake in British Midland and LAN Chile Airlines.

PARIS

At 31, the effervescent dancer *Patrick Dupond* is the youngest director named to the Paris Opéra since the legendary *Serge Lifar* in 1930. Dupond, who combines high-voltage energy with star charisma and blazing good looks, took up the post last September. His predecessor was the tempestuous *Rudolf Nureyev*, who, five years ago—oh, irony of fate—forced Dupond to leave the Opéra Ballet.

Nureyev found Dupond's irrepressible high spirits and great talent hard to swallow and scheduled him to dance less and less. Consequently, Dupond left the company and made an international name for himself as guest soloist. In 1988, to prove he was not just another pair of legs and a pretty face, he became the highly capable Director of the Ballet of Nancy, France. Last February, when the Paris Opéra called, asking him to step into Nureyev's slippers, he did not hesitate. Now

that he is firmly installed in the leather swivel chair once occupied by "Rudi," he flashes a dazzling smile and says: "I feel ready for anything!"

French actor *Alain Delon* has confessed to having been seduced by "the most expensive woman of [his] life" and driven to an "act of madness" as a result. Delon's seductress is the woman in a famous Modigliani painting, "The Pretty Shopkeeper."

Delon started his impressive art collection 20 years ago. At last count, he had auctioned off 32 of his paintings for \$7 million, all of which he purportedly intends to put toward his purchase of the painting, which he bought for \$12 million.

The heart-throb movie star, who has dominated French film for over three decades, admits that his love for art makes him irrational: "It's very difficult for me to separate myself from the things I love. For me, buying is like falling in love. It's pure passion." —*Reuters*

French politicians did not fare too well in a recent popularity poll, conducted by a newspaper, in which oceanographer Jacques-Ives Cousteau, 80, was named France's most popular figure of 1990. President *François Mitterrand* locked up the 19th position, while the Mayor of Paris, *Jacques Chirac*, was 41st, and Prime Minister *Michel Rocard* placed 42nd.

LONDON

A few weeks after *Margaret Thatcher* resigned as Britain's Prime Minister, *Queen Elizabeth II* appointed her a member of the Order of Merit, a royal honor of the highest kind given to no more than 24 living members besides the Queen. Mrs. Thatcher filled the "vacancy" left behind by actor *Sir Lawrence Olivier*, who died in 1989.

Simultaneously, Thatcher's husband *Denis* was made a baronet, one of the lowest, but also few, British hereditary titles. This allows the couple to be addressed as *Sir Denis* (a title well deserved for a man who stood solidly behind his wife throughout her demanding 11-and-a-half years as Prime Minister) and *Lady Thatcher*. The former Prime Minister firmly declared, however, that she would not go under that name, stating that she had "done pretty well out of being 'Mrs.' Thatcher."

Now that former Prime Minister *Margaret Thatcher* no longer resides at 10 Downing Street, there is much speculation about what she might do to keep busy. Speaking in her first interview since resigning, Thatcher indicated her desire to play an international role that includes disseminating the ideology associated with her name.

This could be done in various ways. Some of her supporters are said to be considering establishing a Thatcher Foundation; she could hold a key position at the United Nations; remain a back bench Member of Parliament outside the Government; or join the Major Government in a ministerial position. Other options might be to join the lecture circuit or have her own talk show.

ROME

When E.C. leaders spoke at length about their favorite dishes at last month's Rome summit meeting, they were referring to something far more important than just fine Italian cuisine. Comparing the conferences on economic and monetary union and on political union to a menu in a good restaurant, British Prime Minister *John Major* said: "Our favorite dishes are on the menu . . . but

nobody has decided what orders to place."

MADRID

Following the death in 1975 of General *Francisco Franco*, Spain reshaped its society by instituting parliamentary democracy, ending an autarkic economic system, and joining the European Community. And thanks to Socialist Prime Minister *Felipe González*, in power since 1982, Spain is emerging as an important member of Europe's political elite—one that will undoubtedly play a vital role.

González would like to see the E.C. become more unified and financially disciplined. He supports the creation of a European central bank modeled on the German Bundesbank, but advocates some political supervision by E.C. Finance Ministers. González also favors a single European currency as the culmination of the process of creating a single European market. By the year 2000, the Spanish Prime Minister foresees an enlargement of the E.C. from 12 to 16 members, most likely by welcoming Austria and the Scandinavian countries.

On the subject of defense, González not only sees no need for a common policy for Europe at this time, but is also against a precipitated reorganization of NATO and the elimination of the U.S. role in Europe's defense.

Finally, in approaching European affairs, González is quick to stress the need for political realism by member states. He insists that the concept of "graduality" must be introduced in developing common E.C. policies, and that E.C. countries should focus on areas of shared interest.

On the subject of sovereignty, González believes that it is not a matter of giving it up, but rather of sharing it.

Cracks in the School Walls

PARIS—This year, the French Government will spend more money on education than on any other item in the national budget: The 1991 education budget, weighing in at a record \$50 billion for the first time, even tops France's National Defense budget.

The money will be poured into a school system that is fast coming apart at the seams. Public impatience with the system culminated in nearly a month of protests by French high school students last October, demanding extra government funds to end overcrowded classrooms, renovate decrepit buildings, provide more and better-qualified teachers, and improve security in the schools.

The demonstrations were triggered by the rape of a 15-year-old girl in the washroom of her high school in a working-class suburb of Paris. Initially, the protest rallies were peaceful, with students marching through the streets of Paris and other French cities, carrying banners asking for "More Dough for Education" and "Some Consideration for Students." But on November 12, a mass march of over 100,000 students in Paris turned ugly. Looters infiltrated the student ranks and started smashing store windows and setting cars on fire. The police, haunted by the memory of 1986, when an Arab student was killed by police during a demonstration, intervened only sporadically. At the end of the evening, 234 policemen had been injured, 190 stores ransacked or burned, 30 cars incinerated, and some 50 looters placed under arrest.

The French Government reacted quickly to the growing militancy of the protests. On November 14, after both Education Minister Lionel Jospin and President François Mitterrand had met with student leaders, the Government announced that it was adding

an extra \$900 million to its 1991 education budget. The supplement will go toward renovating the country's 4,700 high schools, some of which have no fire alarms, photocopy machines, or enough chairs in their classrooms (official statistics admit to 593 classes of more than 40 students).

This latest budgetary boost brings the total increase in education spending over the last three years to a hefty \$11 billion, enough to pay France's oil bill for an entire year. However, many education experts feel that that money, 85 percent of which is swallowed by up teachers' salaries, is not a miracle cure for the current deep-seated *malaise* in education. They say the entire French school system has become degraded, devoid of guidelines, and deprived of standards. (For example, with 158 school days, France has the shortest school year in Europe.)

In a book on the subject, Maurice Maschino, a professor of philosophy, writes: "We question ourselves endlessly about the mystery of the failure of our schools. But the mystery is rather how some students manage to succeed, in spite of everything."

In the aftermath of the 1968 student revolts, France "opened up" its high schools. There were no more entrance exams, almost no more grades, and almost automatic passage from one year to the next. The result has been a steady influx of students from various ethnic and often socially underprivileged backgrounds. Some high schools, with a foreign student population as high as 80 percent, have more of the character of a slum ghetto than an institute of learning.

Once a filter, the French education system has become a sponge soaking up more and more students and resources with ever poorer results. Teachers, underpaid and unrespected, are deserting the profession to find more lucra-

tive and less frustrating employment. Those hired to replace them are poorly qualified to cope with the growing mobs in the classrooms.

If the French Government wants to offer its high school students more than a place to vent their frustrations, it will have to look beyond financial solutions to a fundamental restructuring of its education system—one that can offer equality without sacrificing excellence.

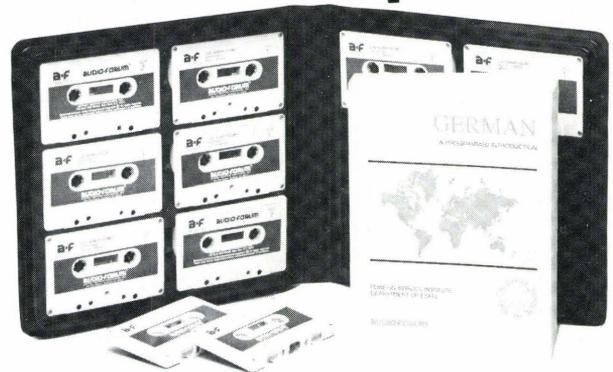
—ESTER LAUSHWAY



Environmental Revolution?

AMSTERDAM—The Netherlands' efforts to clean up its environmental problems are now extending to the country's

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vital agricultural sector. In that vein, two recent reports, one by Dick de Zeeuw, a former director-general at the Agriculture Ministry, and the other by Sicco Mansholt, Dutch Minister for Agriculture and for 14 years E.C. Agricultural Commissioner, both advocate a new agricultural management system aimed at sustainability.

Particularly intensive animal husbandry (pigs, poultry, calves, and other livestock) has led to much soil pollution. The minerals found in the animal feed contain high levels of ammonia, phosphates, and nitrates that eventually end up in the soil. According to the Foundation for Nature and Environment, the ammonia levels from the farming sector are almost twice as high as previously believed, and nitrogen deposits are five times higher in the Netherlands than elsewhere in Western and Northern Europe. According to the State Institute for Public Health and Environment, this means that farming is responsible for about one-third of all acidification, and not 20 percent, as previously assumed.

The Industrial Board for Agriculture has said that under legislation now before Parliament, ammonia deposits from livestock farming are to be reduced by 50 percent to 70 percent before the end of the decade. As part of this effort, the Agriculture Ministry is seeking to limit minerals in feedstuffs and to process the manure that cannot be used. Studies at Wageningen University are also exploring the recycling and exporting of surplus manure.

The reports further recommend that, of the two million hectares of land currently for agriculture, some 200,000 hectares should be used primarily for nature conservation, and a further 50,000 hectares for nature development and protected areas. This would reduce the number of farmers by some 10,000 to 100,000. Those losing their farms would receive Government support to retrain

as nature management specialists.

Dutch concern over the health of its environment has led to the formation of innumerable commissions studying environmental problems. One of these recently stated that the time was ripe for an "environmental revolution"—around the globe.

—NEL SLIS

A High-Profile Presidency

LUXEMBOURG—Try to think of the names of two famous Luxembourgers—the sort of people who have become international household names—in any field, from any period of history. Famous French, German, Dutch, and Belgian names easily come to mind. But Luxembourgers?

This situation is about to change as Luxembourg holds the six-month rotating presidency of the E.C. Council of Ministers and, with it, the chairmanship of the two inter-governmental conferences (IGCs) aimed at thrashing out sweeping changes to the E.C.'s Founding Treaty. During that time, two Luxembourg politicians are set to become household names—at least within the

European Community.

Luxembourg's Finance Minister, Jean-Claude Juncker, will preside over the IGC on economic and monetary union. Only 38 years old, Juncker first became active in politics in 1979, when he was president of the young Social Christian Party. In 1982, he was appointed Secretary of State for Labor and Social Security, and became Minister for Labor in 1984.

Despite his relative youth, Juncker is an old hand at the E.C., having already presided over E.C. Council meetings when Luxembourg last held the presidency in 1985.

Jacques Poos, on the other hand, who will be chairing the IGC on political union, has been a driving force in the Luxembourg Government since the early 1970s. The 55-year-old Poos was first elected to public office in 1969, and has held nearly every top government post, including the foreign affairs, trade, economics, and treasury portfolios.

A graduate from the University of Lausanne in Switzerland, he wrote his doctorate on "Luxembourg in the Common Market." Since then, he has published several books and studies, particularly on the economic position of Luxembourg and the banking sector. Poos has been a well-known face on the Brussels scene for the past decade.

Luxembourg has set a cracking timetable for the IGCs, aiming to get the bulk of the work

out of the way before relinquishing the presidency to the Netherlands on July 1, 1991. Top Government officials from the 12 E.C. countries will meet every week to prepare texts for consideration by Ministers. Furthermore, Economics, Finance, and Foreign Affairs Ministers will hold special Council meetings once a month to try to reach political agreement on the proposed Treaty changes.

The high-profile workload of Luxembourg's current presidency will therefore ensure that Poos and Juncker will soon be well-known throughout the Community.

—DENISE CLAVELoux

CORRESPONDENTS

DENISE CLAVELoux is the Brussels correspondent for *The European*.

ESTER LAUSHWAY is a freelance writer based in Paris.

RICHARD LORANT reports for *Associated Press* from Madrid.

WANDA MENKE-GLÜCKERT is a freelance writer based in Bonn.

JOE CARROLL is the parliamentary correspondent for the *Irish Times* in Dublin.

PETER THOMPSON is the Athens correspondent for *The Independent*.

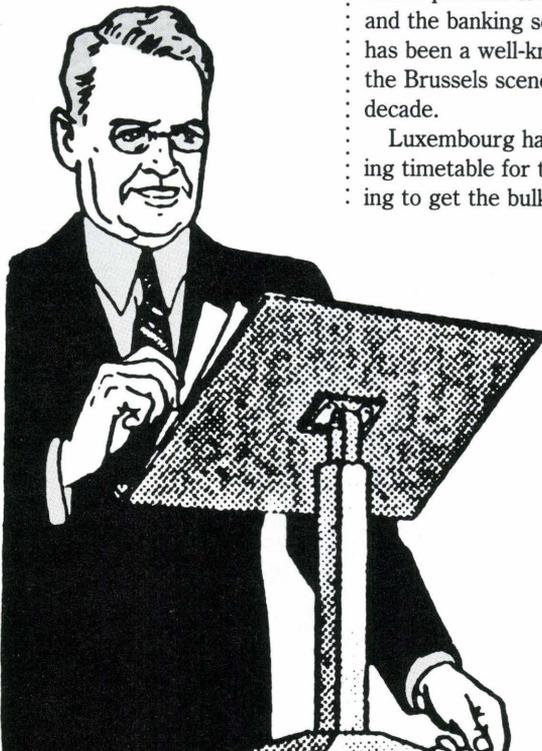
NEL SLIS is a freelance writer based in The Hague.

DAVID LENNON is the managing editor of the syndication department of the *Financial Times* in London.

NICCOLÒ D'AQUINO is the special correspondent for foreign affairs at *Il Mondo*.

KEN POTTINGER reports from Lisbon for London's *Daily Telegraph* and *Sunday Telegraph*.

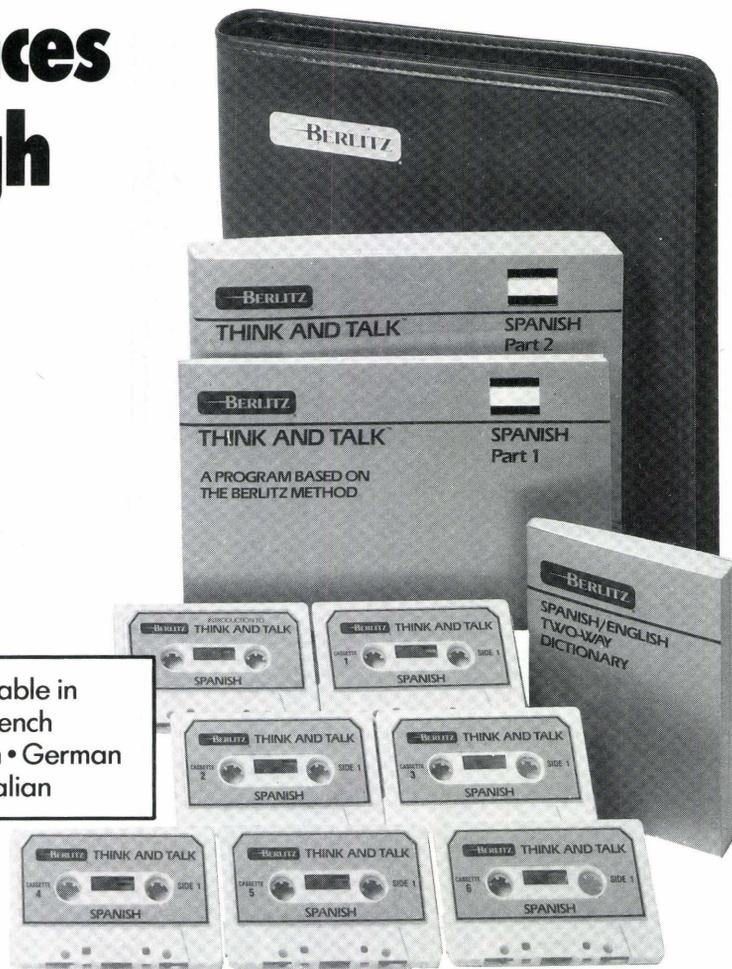
CHRISTOPHE LAMFALUSSY is the foreign affairs correspondent for the Belgian daily *La Libre Belgique*.



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BUSINESS

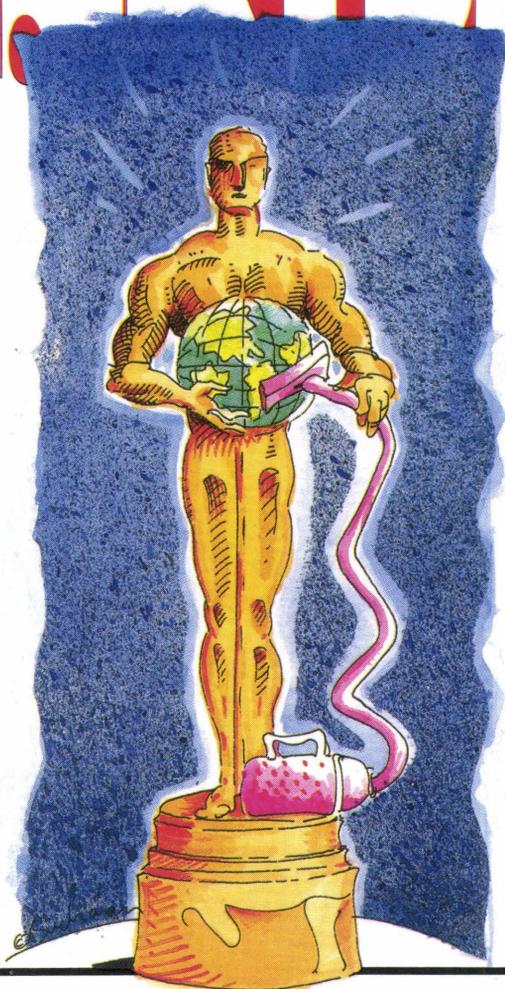
INSURERS LOOK TO 1990s WITH MIXED OPTIMISM

A recent Arthur Andersen survey of the insurance sector, carried out among 420 insurance industry leaders in 15 countries, predicts that the number of main players is likely to decrease and that competition from other major companies, in particular banks, will probably increase.

The report emphasizes that British insurance companies are particularly vulnerable. By 1995, foreign firms could control 50 percent of the British market in the fire, accidents, and miscellaneous risks sectors, and 26 percent of the life and retirement insurance sectors. German and French insurance companies are less vulnerable to takeovers, and French insurance companies could become expansion leaders.

The survey forecast no significant development in Eastern Europe and the Soviet Union, because of fundamental obstacles such as culture, language, and weak purchasing power.

Although a recent market survey conducted in the United States revealed that several insurers were reviewing whether to enter the European marketplace, European



ENVIRONMENT

OSCARS FOR "GREEN" PRODUCTS

The E.C. Commission has agreed to introduce a European "eco-label" to help consumers identify environmentally sound products and to protect them from choosing the often misleading "green" labels that businesses are increasingly using to market their products in response to "green" consumerism.

Under the Commission's system, only the best and most environmentally sound product in each category would be granted the eco-label. Criteria on which products would be judged would initially be set by the Commission and later on by the yet-to-be established European Environment Agency. A centralized 18-member jury, comprising one official from each member state, as well as industry, consumer, trade union, retail, and environmental representatives would judge the products.

—Reuters

companies considered foreign competition only a minor threat.

—Reuters

U.S., EUROPEAN MANAGERS CHOOSE FAVORITE CITIES FOR BUSINESS

A recent Harris Research survey found that senior U.S. and European managers would rather conduct business in London than in other major European cities.

Those polled voted London the top European business city and Europe's most likely financial center by end-1995. American managers voted Brussels and Frankfurt a joint second in the overall league table, while their European counterparts preferred Paris as their second choice.

Paul Orchard-Lisle, a senior partner in a real estate firm, noted that the essential criteria were "access, whether physical or by telecommunications, to markets." He added that, while European managers perceived Paris and Frankfurt as lacking high-quality staff, most also had to admit that Paris had insufficient modern office space.

—Reuters

E.C. TO EASE TAX BURDEN FOR CROSS- BORDER BUSINESSES

The E.C. Commission recently proposed a tax reform package aimed at improving the predicament of companies that pay taxes in more than one of the E.C.'s 12 member states because they conduct business across borders.

E.C. Commission officials said the proposed measures would eliminate tax anomalies that are a direct result of 12 different national systems currently linked by bilateral agreements at best. Thus, while a Greek subsidiary in Denmark does not pay tax on interest payments to its parent company, a Danish subsidiary in Greece must pay 46 percent tax.

If unanimously approved by the E.C. Council of Ministers, firms doing cross-border business could see abolition of a withholding tax on interest and royalty payments between parent firms and their E.C. subsidiaries. The Commission proposal also set forth new rules that would allow companies to offset foreign losses against tax. A parent firm could then, for example, adjust its taxable profits at the end of the fiscal year by deducting any losses made abroad from the consolidated results.

If approved, the proposals could take effect in January 1993.

—Reuters

1992

E.C. TO USE COMMON EMERGENCY NUMBER BY END- 1992

E.C. ministers responsible for civil protection decided that a single emergency number—112—should be used in the 12 member states by the end of 1992 to contact the police, the fire brigade, or an ambulance.

The measure is aimed chiefly to help tourists in distress, who, at present, must look up the emergency number of the country they are visiting. The new number should be available by the end of 1992, but those countries encountering difficulties in setting it up will have until the end of 1996 to comply.

—Reuters

EUROPEAN AFFAIRS

E.C. SUMMIT LAUNCHES IGCs ON POLITICAL, ECONOMIC UNION

At their two-day European summit in Rome in December, the E.C. Heads of State and Government embarked on the ambitious programs of economic and political union that will occupy the E.C. for the remainder of this century.

During their meetings, the leaders agreed to provide up to \$1.6 billion in emergency aid to the Soviet Union, lifted

a joint ban on new investments in South Africa, pledged further assistance for Lebanon, criticized Israel's treatment of Palestinians, called for new links with Latin America, and deplored the stalemate in the Uruguay Round of trade negotiations, which are to shape world trade in the 21st century.

In their closing statement, they also demanded Iraqi withdrawal from Kuwait by January 15, 1991, the deadline set by the U.N., and renewed their call for an international peace conference on the Middle East "at the appropriate time."

The summit also launched the two inter-governmental conferences (IGCs) on political union and economic and monetary union (EMU).

The outcome of these conferences could produce basic elements for a federal structure for Europe by 2000. These include a single currency, an independent central bank, the equivalent of a foreign ministry, an embryonic defense role, and European citizenship in the single market that is due to enter into force in 1993.

Italian Foreign Minister Gianni De Michelis said that the summit had marked "Britain's return to a position in which it plays a positive role and no longer just seeks to create obstacles."

Correction

In *Europe's* December 1990 issue, due to an editing error, Peter Thompson's "Capitals Letter" from Athens stated that Greece had joined the Western European Union four years ago. The article should have said that Greece had *applied* to join the Western European Union at that time. In fact, Greece is not yet a member of that organization.

EASTERN EUROPE

WESTERN EUROPE SENDS FOOD AID TO SOVIET UNION

As prospects for this winter grow gloomier in the Soviet Union, Western Europe is coordinating efforts to help the Soviets overcome what may be the harshest period of their transition to a market economy.

In late November, German and Dutch citizens were urged to send food to the Soviet Union. German Chancellor Helmut Kohl reminded his country that it owed a debt of gratitude to Gorbachev for backing German unification. In the Netherlands, Dutch citizens contributed money to buy food for the Soviet Union through a special bank account.

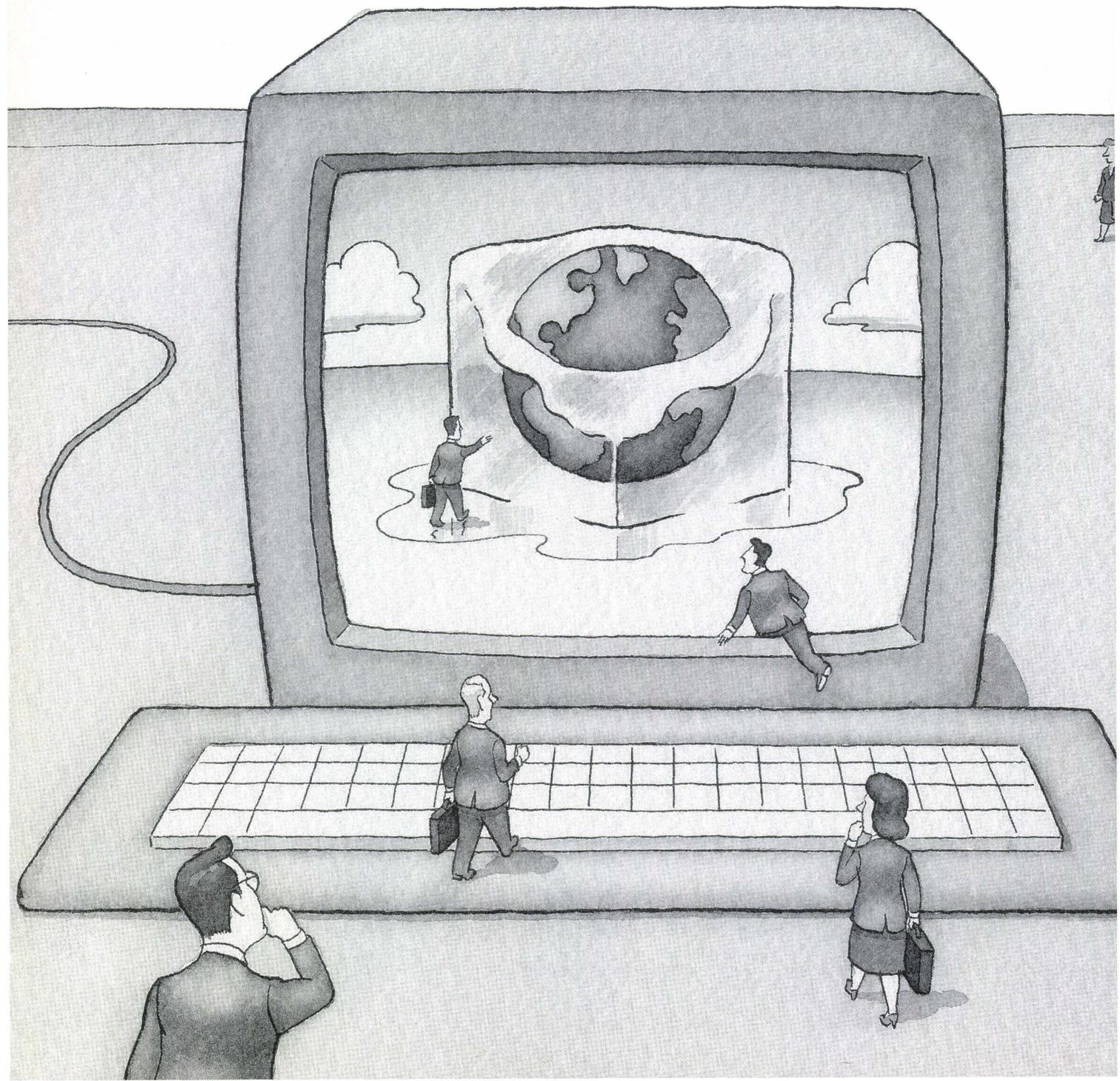
The E.C. is also working on the food aid problem. Even before the Rome Summit, E.C. Commissioner Henning Christophersen, in charge of economic and financial affairs, suggested that food could be contributed from E.C. stockpiles, but that he would prefer E.C. backing of Soviet borrowings to buy foodstuffs on world markets.

Then, at the E.C. Summit in Rome in mid-December, E.C. leaders agreed to send up to \$1.6 billion in emergency food and medical aid to the Soviet Union. Leaders stressed that care should be taken to ensure that aid reached the Soviet people and did not get lost in the country's failing distribution system, which many regarded as one of the Soviet Union's most serious problems.

—Reuters

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Continued from page 16

uniquely successful, experiment in collaboration and common decision-making between independent democratic countries. As powerful forces of nationalism resurface, not least within the Soviet Union, Europe is bound to see some resurgence of ancient ethnic rivalries and regional tensions. In such a world, the Community represents an important model of how sovereignty can be pooled without diluting national pride or regional identity.

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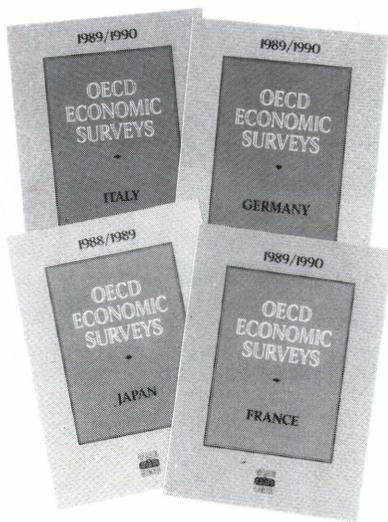
In this new world, the established democracies—whether in the E.C. or in the United States—have awesome but exciting responsibilities. I am convinced that the Community must respond to this challenge by adapting and strengthening its own capacity for action in a proper partnership with its friends and allies. €

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Application deadline for the 1992 program is March 1, 1991. Information is available from: Press & Public Affairs, Attn.: ECVP, Delegation of the Commission of the European Communities, 2100 M Street, NW, 7th Floor, Washington, D.C. 20037.



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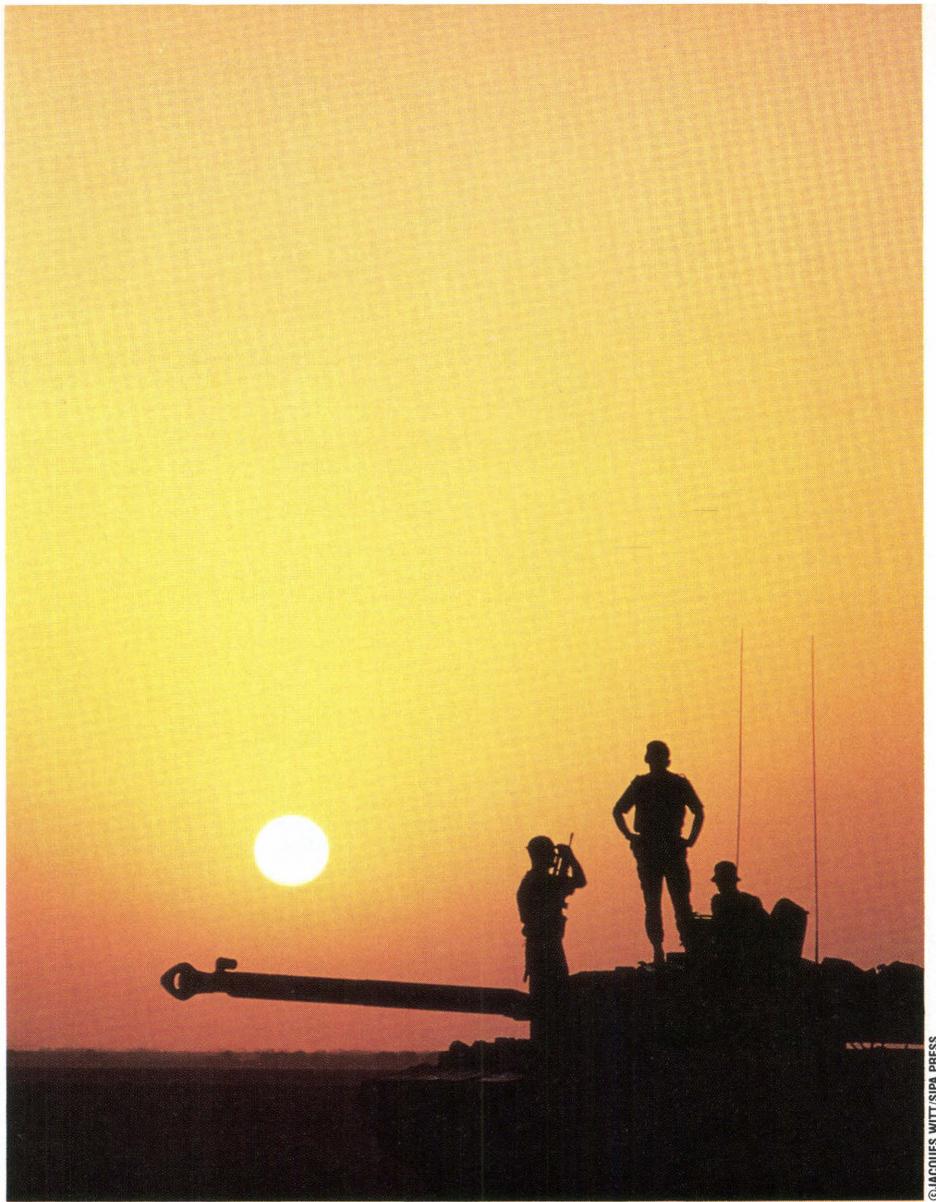
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in closing . . .

The Romantic Legionnaires

The French Foreign Legion, formed in 1831, is probably better known today for the movies made about it, such as the 1930 film *Morocco*, (with Marlene Dietrich and Clark Gable) and the 1939 classic *Beau Geste* (starring Gary Cooper) than for its real fighting achievements.

The Legion has always attracted criminals, fallen noblemen, and poor people looking for a welcome escape from dreary realities, whether prison or poverty. The glamor associated with the Legion—outweighing harsh conditions

and discipline—is reinforced by the use of the *anonymat*, under which every soldier is considered to enlist under a false name—even if that is not the case.

Romanticizing aside, the Legion has done its fair share of fighting. It is composed of more than 100 nationalities, all of whom put their loyalty into the Legion and not into France. Many Legionnaires are also soldiers who leave their own armies during peacetime for the action of battle. Here, Legionnaires await action in Saudi Arabia.

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