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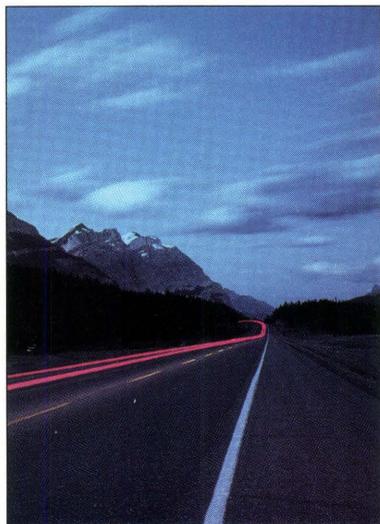
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MAGAZINE OF THE EUROPEAN COMMUNITY



6

SPECIAL 1992 SECTION

The Road to 1992. What a long and winding road it's been. *Richard C. Longworth* 6

The People Behind 1992. Meet some of the people who moved Europe toward the single market. *Axel Krause* 8

Interview: Lord Cockfield. *Europe* talks to the architect of 1992. 13

Maastricht. Making sense of the summit. *Bruce Barnard* 14

The Countdown Continues. Businesses prepare for 1992 and beyond. *Bruce Barnard* 17

COVER STORY

Alpine Olympiad! Albertville is set to host the most spectacular Winter Olympics yet. *Ester Laushway* 19

Interview: Jean-Claude Killy. *Europe* talks to the famous downhill skier about bringing the Winter Games to France. 23

The Quest for Gold. A handy guide to all of the events. *James D. Spellman* 25

Spreading the Spirit. Olympic sponsors get in on the fun. *Ester Laushway* 31

MEMBER COUNTRY REPORT

France. France is laying claim to the title of Europe's best managed economy. *Reginald Dale* 35

Savoy. Discover this sparkling region of France. *Ester Laushway* 36

Profiles. Two possible French presidential contenders. *Reginald Dale* 39

U.S. Companies in Love with France. Buying American has become chic. *Robert Lever* 41

DEPARTMENTS

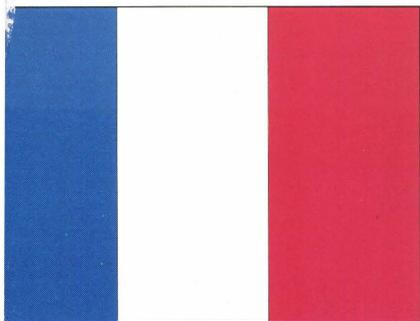
4 European Scene

45 Capitals

51 E.C. News

53 Books in Review

56 in closing...



35



14



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19

Letter From The Editor

The 1992 single market will actually begin on January 1, 1993. However, one year ahead of the actual date is an appropriate time to take an in-depth look at how the European Community arrived at this historic moment to establish a barrier-free internal market.

Axel Krause, the veteran *International Herald Tribune* reporter and author of a new book entitled *Inside the New Europe*, provides profiles of 10 people who were instrumental in helping shape "1992."

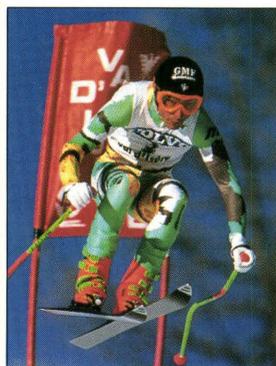
Richard Longworth, who has been *The Chicago Tribune* European bureau chief for the past decade, writes about the road to 1992 and the long, difficult trip it's been over the past 20 years.

And Lord Cockfield, who is considered the architect of 1992, gives our readers a behind-the-scenes glimpse at how the single market was actually conceived and brought to fruition. Lord Cockfield, in an exclusive *Europe* interview, lays out the details, troubles, and final triumph of the White Paper that led to 1992.

The 1992 Winter Olympics begin in February in Albertville, France. *Europe* provides an overview of the Winter Games, including an exclusive interview with Jean-Claude Killy. Killy describes how Albertville won the 1992 Games and gives our readers an inside look at the various Olympic events. *Europe* also looks at the corporate sponsors of the Winter Olympics and what they are doing to help the 1992 Games be successful. We present a travel guide to the Savoy region for our readers who will be attending the Winter Olympics.

Our Member Country Report focuses on France. Reginald Dale of the *International Herald Tribune* analyzes the current French pessimism. He explains that, although the country is doing well economically, the French are struggling to define their political role in Europe's future.

Inside Europe is our special new newsletter that will appear every month in the magazine. *Inside Europe* will provide up-to-date and timely business and economic information, dealing with the single market. Our premier issue of *Inside Europe* analyzes the historic Maastricht summit and explains what a single currency will mean for American business in the new Europe.



Europe jumps into the new year well on its way to the single market.

Photograph:

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Reuters has contributed to news reports in this issue of *Europe*.

1992

The World's Rendezvous with Europe

The IHT is now inviting concerned international companies to sponsor its highly-regarded 1992 series, which will begin its 5th year in 1992 with seven new sections.

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Herald INTERNATIONAL **Tribune**

Published With The New York Times and The Washington Post

EUROPEAN SCENE

CHAMPS ELYSEES HOSTS OLYMPIC PARADE—Paris partially overcame its disappointment at its failed bid for the 1992 Summer Olympics by staging a lavish welcome for Albertville's Winter Olympic Games.

The Olympic flame, flown from Greece aboard a Concorde supersonic airliner, was paraded up the Champs Elysées amid fireworks with 10,000 costumed young people taking part in the \$3-million pageant.

The flame then began its tour through France carried in turn by 5,000 runners, each running one kilometer, to Albertville for the February 8 opening ceremonies.

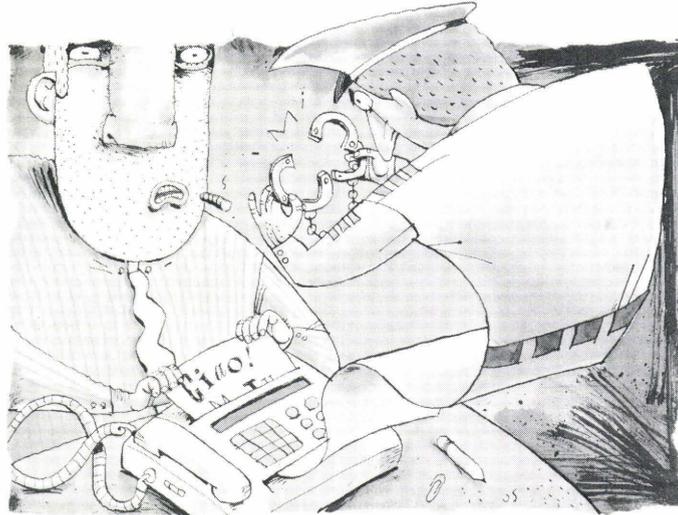
Olympic organizers say preparations in and around Albertville are on schedule and that 75 percent of the 800,000 event tickets have already been sold.

World's Worst Postcard

A dreary view of high-rise buildings and buses in the town center of Redditch, England, has been judged by a panel of experts to be the world's worst postcard. "It's a dreadfully dull subject," Martin Parr, one of the judges, said. "It's surprising the photographer did as well as he did considering what he was up against."

Other finalists included, "Cassava Bread Baking on Roof of Amerindian Hut in Rupununi" and "View of the Gasworks from Addington Street Toilets in Leeds."

The competition was designed by local councilors in the industrial town of Wigan, England (perhaps the English equivalent



Mafia Foiled By the Fax

What helped Italian police arrest Mafia boss Cosimo Moschera on charges of extortion against shopkeepers? Just the fax.

Moschera was caught red-handed after sending threatening

of Newark, New Jersey), to find boring places to make their own town look more interesting by comparison. First prize for the owner of the winning postcard: a weekend in Wigan.

MPs Debate Insult Etiquette

Members of the British Parliament can get pretty unruly, but they must always be sure to couch their insults in the correct language.

So when Labor Party leader Neil Kinnock called a Conservative member a "jerk" during a debate on European integration, it drew howls of outrage from "honorable members."

Many members of the British

faxes to his victims from a hotel in Sardinia. Moschera had been exiled there after his release from prison.

Knowing that police would tap his telephone, he resorted to the fax to continue his operation. What Moschera did not notice was that every fax had the hotel telephone number at the top.

Parliament stiffened to attention in their leather benches and reached for their guides to proper parliamentary behavior.

Even Speaker Bernard Weatherill, who often acts as a referee in the confrontational debates, betrayed uncertainty. "I am not sure whether 'jerk' is an entirely parliamentary expression," he said.

Weatherill explained the next day that a list of "unparliamentary expressions," which used to serve as a guide, had been discarded "because many of these expressions such as 'cheeky young pup' are no longer offensive."

To laughter, he admitted that he had not known what "jerk" meant but had read in a newspaper that it meant "a useless person," but conveys a "horny

Eddie the Eagle Denied Olympic Bid

British ski jumper Eddie "The Eagle" Edwards will apparently not get a second chance to fly in Olympic competition.

The bespectacled former plasterer, who became an unlikely celebrity after finishing last at the 1988 Calgary Winter Olympics, will probably be shut out of the 1992 Albertville Games.

British officials refused to put the 27-year-old Edwards' name forward because he did not meet their qualifying standards and because he took a two-year break from the sport.

A disappointed Edwards admitted he took two years off the slopes but says that he kept in shape by lying in a darkened room dreaming he was flying through the air. "It is a dreadful state of affairs when a person who is the best in his country cannot compete in the Olympics," he said.

Edwards, who is Britain's only competing ski jumper, recently achieved his personal-best jump in Innsbruck, Austria. However, his greatest jump did not count because he landed on his face rather than his skis.

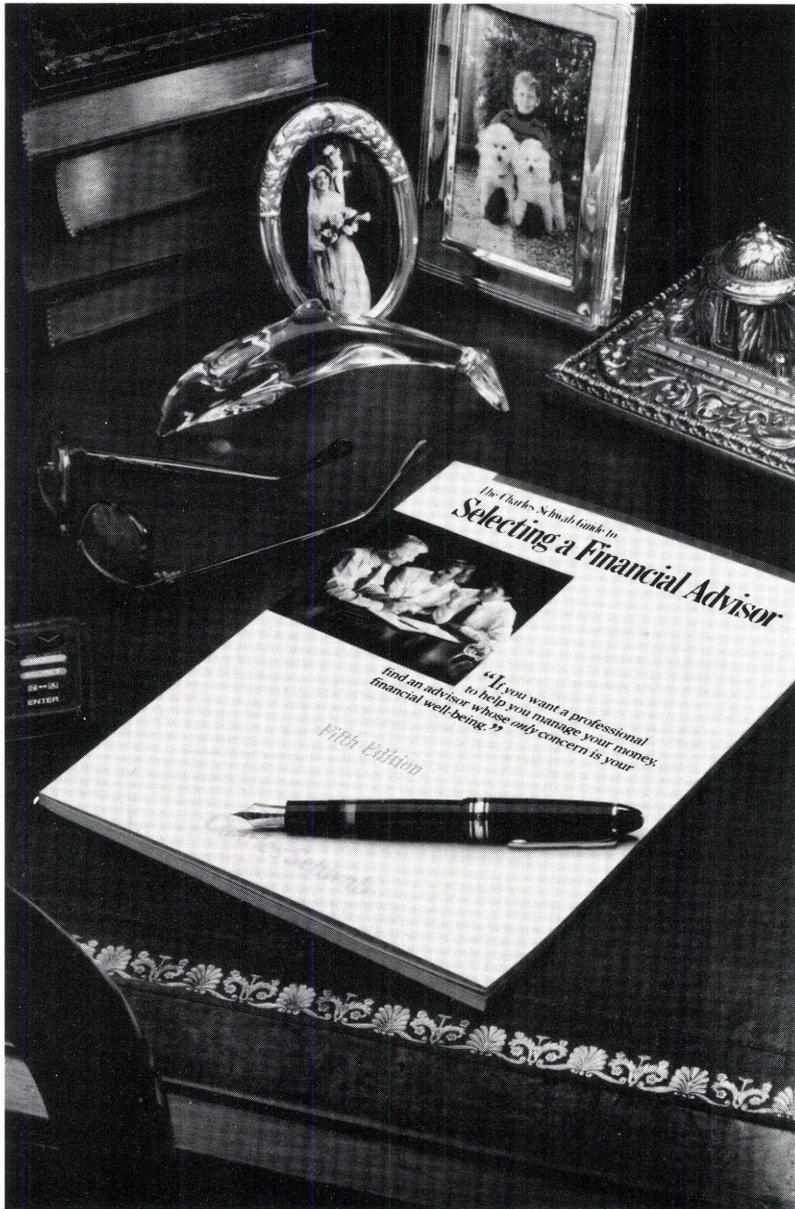
head" and a "chub-like fish."

To prevent the often uproarious chamber from descending even further into a zoo-like atmosphere, past speakers have ruled out animal terms for use as insults.

—Compiled by Oscar Avila

ILLUSTRATION BY JEN SULLIVAN

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THE ROAD TO 1992

What a Long, Difficult Trip It's Been

There was a period in the 1970s, vividly etched in the memories of all who dealt with the E.C., of all-night meetings, endless negotiations, frustration, and anger, all of which produced nothing. Or so it seemed.

This was the era of "Euroschlerosis," of "Europessimism." To many, inside and outside the E.C., it appeared the European dream had come to an awkward halt, halfway between promise and performance, like a teenager seized with arrested development. A sort of common market existed, and worked pretty well. But a European Union as prescribed prematurely by the 1972 Paris summit meeting? Forget it.

I have just returned to the United States after covering the Community for 20 years, off and on. When I think back on the changes of those two decades, I find myself recalling the bad times as much as the good, the toilers who kept the flame alive in the 1970s, and the stars who fanned the blaze of astonishing creativity in the 1980s. The lesson these later leaders—the Delors generation—drew from the 1970s was that the Community must grow or wither. I prefer to draw a different moral: The 1970s involved deepening, not decay.

I recall a Council meeting in Luxembourg in late 1972, when it was already obvious that the goals of that Paris summit—to reach specified levels of political, economic, and monetary union by 1980—would not be reached. Instead, the nine E.C. members had fallen into "stag-flation," a mixture of inflation and unemployment. Most were ruled at home by weak, coalition Governments and lacked the strength and courage to work decisively together. At this meeting, the Finance and Foreign Ministers had been asked by the Commission to take some firm anti-inflationary action. As often happened in those days, they failed. As the meeting ended, Sicco Mansholt, the towering Dutch farmer who was briefly President of the Commission, came storming down the stairs, spewing frustration and virtually writing the E.C. off as a failure.

In no mood to disagree, I went off to do some walking in the Ardennes forests of northern Luxembourg, along the German border. That border is the old Siegfried Line, where the famous Battle of the Bulge began, but foot-

BY RICHARD C. LONGWORTH

bridges had been built since then across the River Our. I crossed one and found a small sign at the other end, half-hidden in the brush, announcing that I had entered the Federal Republic of Germany. No gate. No barbed wire. No customs guard. No passport check. Here was a frontier, once bloody, between a one-time aggressor and its victim, now so peaceful that the U.S.-Canadian border bristled by comparison.

This was the whole point to the Community, to make commerce between its members so thorough, so routine, that a new war was unthinkable. In the Europessimism of the 1970s, it was easy to forget that this aim had already been accomplished and was growing deeper by the day.

It was popular then to denigrate the idea of a United States of Europe. Magazines proclaimed that Europe was falling apart and young people professed to care nothing for their Continent. Yet these same youngsters spoke three languages and traipsed from country to country in pursuit of work, pleasure, or each other. This was years before Schengen (an agreement to do away with border controls), but it already was possible to drive between the northern European countries without slowing down. The Commission fumed and the Council dithered, but the European Court was building case law. European companies remained fixed on their own national markets, but foreign companies, especially the Americans, were already treating Europe as a single market.

Habits, in short, had been formed and were taking root. Nationalism in Western Europe had not disappeared, Lord knows. But by focusing first on business and trade, the E.C. had done something unique in Europe; it had created enough of everything to go around, removing the need for Western Europe's hostile tribes to go to war. By the 1970s, a cry for lebensraum made no sense.

There was more to this than the work of Jean Monnet or the other giants of the E.C.'s birth, such as Robert Schuman or Alcide de Gasperi, or Paul-Henri Spaak. There were men, like Mansholt, who kept pushing when pushing wasn't fashionable. Or Altiero Spinelli, the Italian ex-communist, who believed in European unity and even drew up an outline for it, when such unity was no more than a pipe dream: Spinelli's outline was not that different from the 1992 project.

Or Michael Emerson, now the E.C.'s ambassador in Moscow after years as one of the Berlaymont's leading economic thinkers, well-respected among economists but unknown to the public at large. It was Emerson who dreamed up the European Monetary System (EMS) and sold it to his boss, then E.C. President Roy Jenkins, who in turn sold it to Helmut Schmidt and Valéry Giscard d'Estaing. Without the EMS, which was born in 1979, there would have been no outline for economic and monetary

union today.

Monnet talked about creating an edifice by putting one brick on top of another; surely another metaphor is that of the long-distance marcher, putting one foot in front of another, with no finish line in sight. The late 1980s have been truly thrilling, the spectacular flowering of ideas whose time has come, but the ground was prepared years ago.

Lord Cockfield, who drew up the single market plan, is a throwback to the species of the 1970s, a man like Spinelli or Mansholt who believed that the sources for revolutions are in the details. From the start, the E.C. has been nurtured by this type of person, one who gets down to the nitty gritty, rather than by flashy national politicians. What a strange and varied cast of characters it has been—a French brandy salesman, a Dutch farmer, an Italian ex-communist, a British aristocrat!



Could a gaggle of lawyers have done as well?

Considering what has happened in Europe since 1989, this new drive toward unity seems divinely inspired. Is there such a thing as historical foreknowledge that drives statesmen to create institutions before the need for them has even appeared? Already, the 1992 project has strengthened a united Germany's ties with the West. Erasing the barriers to the movement of money and people between E.C. countries will increase this flow to and from the newly freed nations of Eastern Europe—as soon as the E.C. nations decide to lower the external barriers to these countries.

This decision, postponed so far, is inevitable, if only because the E.C. has to offer precisely what the Eastern Europeans need. Not consumer goods, per se, modern technology, efficient banking, or the other things that the West has and the East doesn't. It is the kind of general, overall prosperity—the realization that there is, at last, enough to go around—that is the key to the solution of the nationalism problem of Eastern Europe.

Right now, nationalism threatens to rip Eastern Europe apart, as it is already rending Yugoslavia. It is born of historical grievances but feeds on poverty. When poverty ends, when prosperity stops being a zero-sum game, then nationalist hatreds will fade into the background, as they have in the West. It is not necessary to love one's neighbors. But it is necessary to understand that they are more valuable as customers than as targets.

This is the greatest lesson of the European Community, and why it has changed forever the history of Europe. Perhaps the Nobel Peace Prize people in Oslo will one day take notice.

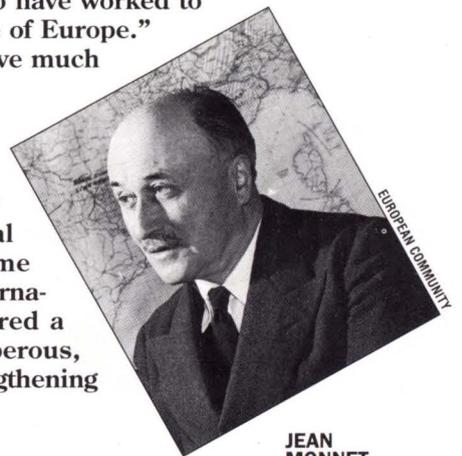
Richard C. Longworth has been a contributing editor for *Europe* for the past decade. Longworth, previously the *Chicago Tribune's* European bureau chief in London, has now returned to Chicago where he writes on international economics.

THE PEOPLE BEHIND A UNIFIED EUROPE

Ten Leaders Who Helped Move Europe
to 1992

Determined, dedicated men and women have helped make Western Europe a more powerful and, above all, a united force in world affairs. Some are virtually unknown outside Europe, yet their combined influence has been enormous. They are political and business leaders who, in the view of a wide range of historians and observers, rank highest among the many who have worked to make the 1990s what many call "the Decade of Europe." They were not chosen at random, for they have much in common.

With the exception of Jean Monnet of France, the Community's spiritual father who died in 1979, they know each other or of each other's role and achievements; many meet—sometimes only casually at informal gatherings throughout the world—and some work together in governmental bodies or international business associations. Each has shared a common visionary goal: to establish a prosperous, stable, and more open single market by strengthening Europe's economy and institutions.



JEAN
MONNET

JEAN MONNET

If one person is to be credited with setting the course for the peaceful unification of the New Europe, it surely would be Jean Monnet, a slightly built, balding, mustached Frenchman. From 1943 onward, Monnet, then

BY AXEL KRAUSE

an official in the exiled French liberation movement, was convinced that Western Europe needed to undertake concrete plans and programs to avoid future armed conflicts on the Continent. In a message to General Charles de Gaulle that year, he urged the establishment of a European "federation," or some form of "European entity, encompassing a common economic unit."

In Paris, nearly a quarter of a century later, as French Foreign Minister Robert Schumann unveiled the plan establishing the European Coal and Steel Community (ECSC), Monnet was prominently seated to his immediate right for a good reason: The man who had never attended a French university or a *grande école*, and who began working in his father's cognac business after graduating from high school, was the main architect of what gradually evolved into the European Community. The ECSC contained the basic structure of a federal European Government: the High Authority, the executive branch headed by Monnet, a governmental Council of Ministers, a Common Assembly representing national Parliaments, and a Court of Justice.

Monnet's dream became reality during glittering ceremonies in Rome on March 25, 1957, with the signing of the treaty establishing the Community, even though three years earlier, disappointed with Europe's ability to forge a common security policy, he had resigned his ECSC post. Determined, tenacious, a brilliant administrator, but modest and low-key, Monnet continued to lobby for a federal Europe for years afterward, amid increasingly strained, embittered relations with de Gaulle. One of Monnet's lesser known achievements was laying the groundwork for the evolution of Brussels into the Washington, D.C., of Europe. More than four decades ago, as the ECSC was being established in Luxembourg, he urged that future E.C. institutions be grouped in "a federal district of the future," although he avoided mentioning Brussels in public for fear of antagonizing Paris and competing cities.

JACQUES DELORS

Shortly after moving into his spacious office on the 13th floor of the Berlaymont building in Brussels in early 1985, Delors quipped that as E.C. Commission President he had no real power, not even in picking his fellow Commissioners and that to make them work as a team, he would need to be a psychiatrist. "I am Freud," he said. Within five years, he was being described as "Monsieur Europe." The term fits the man born in 1925 in a tough, run-down, lower-class neighborhood of Paris, the only son of a minor bank employee at the Bank of France. Like Monnet, he is a self-made man who studied at night and is driven by a similar vision of Europe.

Although Delors would never have succeeded without the active support of German Chancellor Helmut Kohl, France's François Mitterrand and, surprisingly, U.S. President George Bush, he has reactivated and personified a stronger, more united Europe throughout the world. By skillful lobbying and winning

the confidence of the business community for 1992, he contributed heavily to touching off a multi-billion-dollar wave of private investment within the E.C.; authored the E.C.'s bold plan for economic and monetary union; and edged the Community into areas previously off-limits, such as environmental protection, employer-worker relations, security, and foreign policy.

The mixture of his deep Roman Catholicism and a commitment to trade unionism and social justice are fundamental to understanding Delors' behavior.

WISSE DEKKER

Three days before Delors announced the 1992 program in a major speech to the European Parliament early in 1985, a Dutchman who heads Europe's largest electronics company, delivered a similar speech but to a smaller audience in Brussels. Dekker, chairman of Philips, was making a first, precedent-shaking appeal for support by the E.C. business community for what lay ahead, and the title of his speech was "Europe 1990—An Agenda for Action." Although the deadlines differed, Dekker's plan resembled the 1992 program, which was actually drafted by Lord Cockfield. It was aimed at revitalizing E.C. industry to battle Japan and the United States for dominance in high technology.

Dekker was not alone.

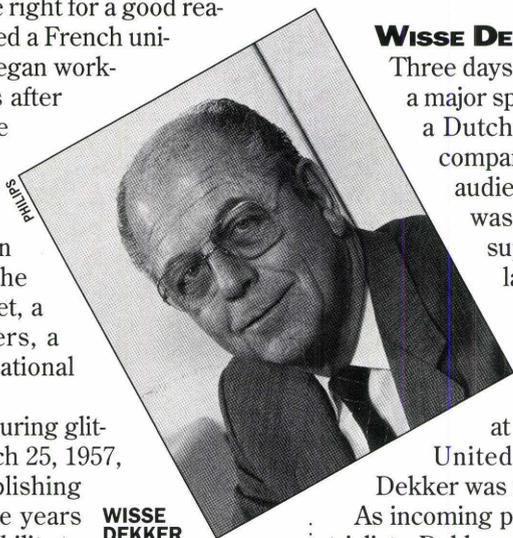
As incoming president of the European Roundtable of Industrialists, Dekker was providing the world its first glimpse of a new alliance. Although never subject to a written agreement, it brought together the E.C.'s business and banking establishment with Europe's political elite, including heads of governments, political parties, and the E.C. Commission. As Dekker explains it, "We knew what had to be done from our side, namely getting business behind Delors, so we moved together for a very good reason: The 1992 plan was good for European business."

Born in 1924 in Eindhoven, the Philips headquarters town, son of an employee who repaired cars for one of the company founders, Dekker started with Philips in 1948 in Indonesia and never worked for another company. What Dekker fears most is that Philips and other E.C. companies, such as Thomson, could suffer in the wake of intense Japanese and American competition, particularly in the field of consumer electronics. Thus, actively supporting Delors, 1992, and cooperative E.C. research programs became Philips—and Roundtable—policy. In September 1991, speaking as head of the Roundtable, Dekker urged E.C. leaders to accelerate integration and enlarge the Community to 19 members by the end of the century.

FRANCOIS MITTERRAND

Since the 1990s, the eloquent, intriguing, French socialist leader has been in the forefront of those building a new, more powerful Community. Delors, whose relations with Mitterrand have never been easy, tells friends the French leader has rarely let him down on supporting E.C. initiatives.

Now, after a decade in office and approaching 76 years of age, Mitterrand's popularity at home has slipped badly, amid harsh attacks on his program by conservative French opposition leaders



WISSE DEKKER

who rarely, if ever, mention his European accomplishments. These range from having launched joint E.C. cooperative research programs, notably Eureka, to prodding his fellow European leaders to support Third World aid and a greater role for workers in emerging community social legislation.

Working in tandem with Kohl, Mitterrand provided the impetus for drafting the agreements on political union that were submitted for agreement at the December E.C. summit meeting in Maastricht. Indeed, like his predecessors going back to de Gaulle, Mitterrand can take credit for having built heavily on the French-German alliance—"the locomotive driving Europe"—that now extends into culture, tourism, investments, trade, and the embryo of a European army.

HELMUT KOHL

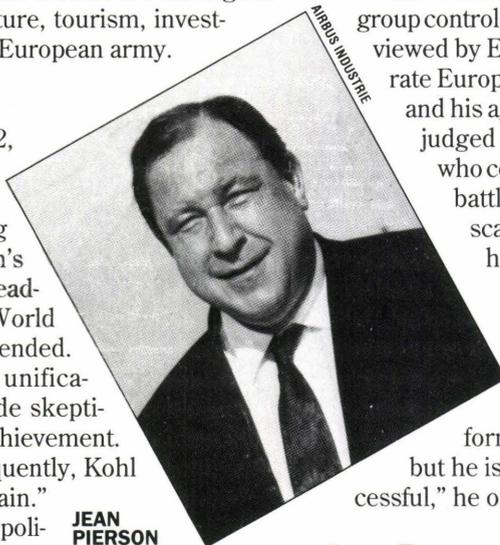
Chancellor of Germany since 1982, and an early, enthusiastic supporter of Delors, Kohl also has been instrumental in forging stronger European ties with Britain's Prime Minister John Major. Both leaders, grew up in the aftermath of World War II; Kohl was 15 when the war ended. But actively promoting German unification—against heavy odds and wide skepticism—remains his outstanding achievement. *Time* magazine noted that, consequently, Kohl "will never be underestimated again."

As a somewhat folksy, professional politician and a Christian Democrat since entering politics, Kohl has hammered away repeatedly at a major theme: "I am convinced that overcoming the division of Germany will be a gain not only for the Germans, but for all Europeans, and will decisively assist European unification," he insists.

Indeed, Kohl and his wily, tenacious, outspoken Foreign Minister, Hans-Dietrich Genscher, have been in the forefront of leading the Community into building ties with Eastern Europe and the Soviet Union. German business and banking interests have strongly supported this thrust eastward, even as Kohl and Genscher have urged France and other E.C. countries to follow their lead. During a French television interview in late November, Kohl urged "anyone afraid of the Germans to join in building a firm roof over this Germany, over this Europe." Nevertheless, many observers firmly believe Germany—with or without Kohl—will assume enhanced powers as the Community widens and deepens.

CARLO DE BENEDETTI

Examples abound in Europe of a new breed of youthful, dynamic business leaders. But if one had to single out who best reflects American-style boldness, agility, toughness, and imagination, it would be Carlo De Benedetti of Italy. Although he considers himself something of a rival to Giovanni Agnelli, the urbane, patrician, fun-loving head of the giant Fiat group—De Benedetti often appears to be someone alone, driven by some unknown force, on the run, but dynamic and, above all, creative. Once asked what for him was the ideal life, he replied: "Working in America. Sleeping in Italy."



JEAN
PIERSON

In May 1980, De Benedetti completed a turnaround of his beleaguered company Olivetti, which once had been the world's most prestigious maker of elegantly designed typewriters, mechanical calculators, and office furniture. He succeeded in restoring Olivetti's profits and, over the next 10 years, began actively building a larger, diversified European financial and business empire. That effort reached its height in early 1988 when he launched the biggest, most spectacular, and what was to become the fiercest, corporate takeover battle in Europe's postwar history. The target was Belgium's powerful but ailing Société Générale de Belgique.

What became known as the Battle of Belgium—because the group controls about one-third of the national economy—was also viewed by E.C. planners as the shining example of how corporate Europe would work in the 1990s. However De Benedetti and his agile French associate, Alain Minc, completely misjudged the power of Belgium's political and business elite who counterattacked, resulting in De Benedetti losing the battle for control. But he succeeded in triggering a full-scale streamlining of the Belgian group. Chastened, he returned to rebuilding Olivetti, now Western Europe's largest maker of personal computers and electronic office equipment.

De Benedetti, who was among the first leaders to urge a "Marshall Plan for Eastern Europe," continues to believe that privatization in former communist countries should be accelerated, but he is not disturbed by his critics. "I am not always successful," he once said, "but I exist."

JEAN PIERSON

Many outside the business community are familiar with Airbus Industrie, the highly successful French-led consortium of Western European aerospace companies. Since its founding in 1970, it has become the world's number two manufacturer of wide-body jet aircraft, after Boeing.

Very few, however, have ever heard of Jean Pierson, the hard-driving managing director, who has played a key role in placing Western Europe's aircraft industry into a leading position. The latest Airbus jet, the A-340, a long-range, four-engine aircraft, first flew in October and is the biggest commercial aircraft ever mass-produced by Europe's industry.

Airbus has been under steady attack by the Bush Administration for relying on Government subsidies. The attacks, however, do not bother Pierson. "We fight hard for our markets, and we are profitable, although, unlike Boeing and McDonnell Douglas, our shareholders are Europe's leading aircraft companies," says Pierson, who has spent his entire career in the industry following graduation from France's prestigious National Institute for Aeronautical and Space Engineering. Based in Toulouse in southwestern France, Airbus Industrie provides jobs for some 50,000 skilled workers in Europe through a complex production system: British Aerospace builds the wings in Britain, for example, Deutsche Aerospace builds most of the fuselage sections in Germany, while France's Aérospatiale makes the cockpit and the wingbox, and is responsible for final assembly.

Although Airbus is not directly related to and, in fact, predates 1992, it resembles Arianespace, Europe's 11-nation consortium, which, since its startup in 1980, has captured 55 percent of the world's market for commercial satellites.

MARGARET THATCHER

Several years ago, as the Reagan Administration was heating up its attack on Airbus and other European government-backed programs, senior U.S. trade officials made the mistake of first calling on Britain's Prime Minister, Margaret Thatcher, believing she would be most sympathetic to their cause. She bluntly reminded them that British Aerospace was a 20 percent shareholder in Airbus Industrie, that thousands of British workers were involved, and that Airbus also meant a solid, competitive choice for the world's airlines and would continue to get her support.

Is Thatcher anti-European? In her famous speech in Bruges, Belgium, on September 20, 1988, she eloquently defended nationhood and British institutions, including the monarchy, warning that the E.C. unity movement might create "some sort of identikit European personality." Since becoming Prime Minister in 1979 until her resignation 11 years later, Thatcher, above all, fought what she calls "federation by stealth," meaning expanded powers for E.C. institutions, primarily the Commission and the European Parliament. Indeed, she was also responding in Bruges to Delors' provocative prediction made two months earlier—that within 10 years, "80 percent of economic legislation and perhaps social and tax legislation will be of Community origin."

Often overlooked is that, like her successor, John Major, Thatcher actively supported many European initiatives and programs, that she considered "practical." These included Airbus, the Channel Tunnel, transportation deregulation, cooperating with E.C. partners in the fight against drugs, crime, and terrorism, quickly facilitating E.C. membership for Eastern European countries, accelerating reforms of the Common Agricultural Policy, and, most important, keeping E.C. markets open. "It should be our aim to make Europe by the year 2000 a model of what free trade and open markets can achieve," she says, emphasizing that the single market program "will take us a major step toward that" goal. Indeed, Britain, under her leadership, has played a crucial, participating role in building the New Europe. Asked what she had accomplished in Bruges, Thatcher replied: "[I made] people think."

GEORGE BUSH

On a bright day in May 1989, flanked by Mitterrand, President Bush was about to reverse the U.S. Government's approach to the Community, which, under the Reagan Administration, had been marked by skepticism. Addressing the graduates of Boston University, Bush declared that the United States "welcomes the emergence of Europe as a partner in world leadership," and stands ready to develop with the E.C. "new mechanisms of consultation and cooperation on global issues." In the strongest terms yet uttered by a U.S. leader about 1992 and E.C. political union, Bush added that "we believe a strong, united Europe means a strong America...."

Official U.S. support for E.C. programs and Delors, whose relations with the previous Administration were often cold and strained, helped revive support for the E.C.'s role in foreign policy.

Bush, however, deserves much of the credit, along with his former National Security Council adviser now teaching at Harvard University, Robert D. Blackwill. One major result was the establishment of twice-yearly summits between top E.C. and Administration leaders. The most recent, held in The Hague on November 9, 1991, covered not only trade issues, but Yugoslavia, Central Europe, the Soviet Union, and the Middle East. "Thanks to Bush, we now talk more and more as equals," said an E.C. Commission official.

ETIENNE DAVIGNON

This is not to say that Washington is delighted with the way things are going in the Community. Bush's advisers remind him of what they allege are unfair, continuing subsidies hurting American business interests, and an emerging E.C. military policy that will weaken NATO and American interests.

And yet, once again overruling some of his advisers, Bush told Europeans in the Dutch capital that he welcomed the E.C.'s drive toward a single market, political union, and revival of the Western European Union, the nine-nation body of E.C. members that is expected to provide the embryo of a new E.C. defense organization.

ETIENNE DAVIGNON

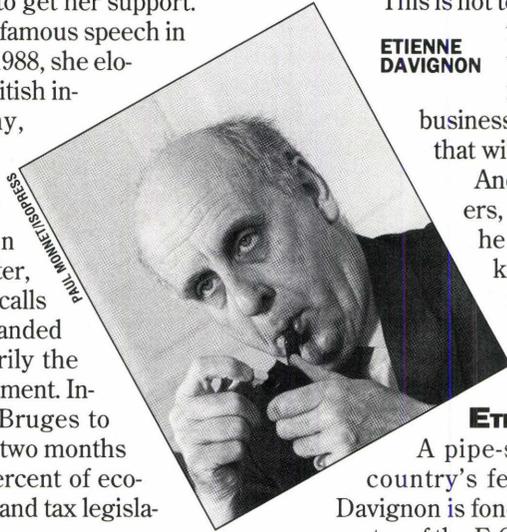
A pipe-smoking Belgian viscount and one of the country's few internationally known leaders, Etienne Davignon is fond of boasting that he has been a "militant" supporter of the E.C. since the age of 18. As the son of an ambassador and grandson of one of Belgium's most prominent Foreign Ministers, Davignon has been working for a stronger Europe ever since, often against overwhelming odds.

Starting in 1977, amid widespread "Europessimism" and "Eurosclerosis," Davignon, as E.C. Commissioner for industry, launched both the support and financing of E.C.-wide industrial and technological cooperation, along with mutual recognition of standards and the Community's pre-competitive research program, Esprit. As the Commission's most prominent member until 1984, he also was the architect of the E.C. plan for restructuring Europe's ailing steel industry. Many of his ideas and plans were later incorporated into 1992.

Born in Budapest, Davignon was second in command at Société Générale de Belgique when De Benedetti launched his spectacular takeover bid. Although the Italian financier thought he could count on his longtime Belgian colleague and fellow member of the European Roundtable for support, Davignon joined the opposing camp led by the French Suez group. Partly as a result, Davignon wound up as chairman and launched the reforms De Benedetti always insisted were indispensable.

He recently joined the Japanese-controlled ICL computer company in Britain as an adviser. His response to criticism that the move was in direct conflict with his lifelong commitment to Europe: "There still is no official definition of what constitutes a 'European Company'," adding that Japanese partnerships can strengthen E.C. industry. "Ignoring the reality of Japan is to play ostrich."

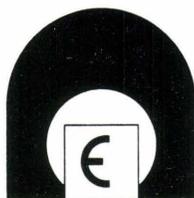
Axel Krause is the corporate editor of the *International Herald Tribune* and the author of *Inside the New Europe*.



New Issue

This information appears as a matter of record only.
The bonds described below have already been offered for sale.

December 19, 1991



European Coal and Steel Community



DM 560,000,000
8 5/8 % Bearer Bonds of 1991/1996

Offering Price: 101.40 %

Dresdner Bank
Aktiengesellschaft

Deutsche Bank
Aktiengesellschaft

Westdeutsche Landesbank
Girozentrale

Banca Commerciale Italiana

Commerzbank
Aktiengesellschaft

CSFB-Effectenbank
Aktiengesellschaft

Morgan Stanley GmbH

Salomon Brothers AG

Schweizerische Bankgesellschaft
(Deutschland) AG

Schweizerischer Bankverein
(Deutschland) AG

Amro Handelsbank
Aktiengesellschaft

Bank Brussel Lambert N.V.

Banque Générale
du Luxembourg S.A.

Banque Nationale de Paris
S.A. & Co. (Deutschland) OHG

Banque Paribas
Capital Markets GmbH

Bayerische Vereinsbank
Aktiengesellschaft

Daiwa Europe
(Deutschland) GmbH

Deutsche Girozentrale
– Deutsche Kommunalbank –

DSL Bank
Deutsche Siedlungs- und Landesrentenbank

Industriebank von Japan
(Deutschland) AG

Merrill Lynch Bank AG

J. P. Morgan GmbH

Nomura Bank
(Deutschland) GmbH

Trinkaus & Burkhardt
Kommanditgesellschaft auf Aktien

The Chief Architect of 1992

Lord Cockfield

Lord Cockfield, considered the father and chief architect of the 1992 single market, spoke with Europe's Editor-in-Chief Robert J. Guttman about the background of the 1992 single market. Lord Cockfield, a former Vice-President of the E.C. Commission and presently a senior consultant in London to KPMG Peat Marwick, drafted the now-famous White Paper, which outlined the program for creating a single E.C. market by 1992.

Could you give a background of what conditions were like in Europe in the mid-1980s when you completed the White Paper on the internal market and what you hoped to accomplish?

In the summer of 1984 there was a feeling that the Community could be "re-launched," a phrase that was popular at the time. And the internal market was one of the major elements in this [re-launching].

It is important, perhaps, to bear in mind that I was the Senior Trade Minister in London when the internal market council was first set up in January 1983. So my connection with this goes back long before I went to Brussels. Indeed, I went to Brussels specifically to take in hand the job of completing the internal market and a great deal of the work had been done before I actually went to Brussels.

I spent quite a lot of time in London working on this and had a series of discussions with [E.C. Commission President] Jacques Delors before either he had taken up office or I had gone to Brussels. He fell in very happily with the idea that I should take not only what is known as the internal market portfolio, but one that was considerably wider than that normally indicated.

I brought in financial services, customs union, indirect taxation, and a whole series of industries that were critical from

the point of view of the internal market. I had control of a very large area and this was critically important because it meant that there was a single Commissioner with overall responsibility.

I had one priority and one only, and that was to finish the program and finish it on time. I didn't mind how it was done as long as it was done and this was one of the keys to success.

It was very useful having these priorities because if you ran into trouble—as we ultimately did on public procurement—the thing to do was simply to produce at the meeting of the Council Ministers this long list of priorities in which this member state had said public procurement, that member state had said public procurement. They were terribly useful as devices to encourage people to go ahead. But, as far as the program itself was concerned, it had a momentum of its own. The things fitted together. A lot of it was based on the principle that you cannot do B until you have done A.

The critical thing was a picture of a new Europe that you would achieve by a specified date and get on with it. In five years' time no one will care tuppence what was done first and what was done second. What matters at the moment is that after 1992 you've got the job broadly done. That's what matters. And that's what we're now within an ace of achieving.

Do you see the 1992 single market as an ongoing process?

The answer is that, after 1992, there will be an effective, working single market. It will not be a perfect single market.

If you look at the history of the United States of America, obstacles to interstate trade have, in fact, been illegal since the present Constitution was signed in 1789. But, nevertheless, you've had 200 years of legislation going through Congress deal-



"The critical thing was a picture of a new Europe that you would achieve by a specified date and get on with it."

Making Sense of Maastricht

The E.C. has drawn up a new road map for the 21st century. The Maastricht summit gave birth to landmark treaties on monetary and political union that will, in time, be seen as one of the most important events in post-war European history.

The Maastricht agreement immediately fell prey to skeptics forecasting its premature demise and to starry-eyed idealists, who hyped it as the beginning of the United States of Europe. A more realistic verdict is that Maastricht marked the first step in an irreversible process of transforming the E.C. from a sophisticated trade bloc into a clearly identifiable political grouping.

It has been a long time coming. The first sentence of the E.C.'s founding Treaty of Rome in 1957 speaks of "an ever closer union among the people of Europe." Walter Hallstein, the first President of the E.C. Commission, often stressed "the Community is in politics, not business."

The Maastricht summit will turn vision into reality, although its economic decisions far outweigh the political agreements. Unquestionably, Maastricht's most solid achievement was the firm commitment to proceed to economic and monetary union (EMU), involving a single currency governed by a European Central Bank, by 1999 at the very latest. The summit also agreed that as few as seven countries can move to a single currency by 1996 if they meet pre-set economic criteria.

While there are some doubts about the long-term political impact of Maastricht, there are no doubts that the E.C. is now on course for monetary union.

The major breakthrough was the decision to drop the requirement for a quorum of seven countries to put EMU in place by 1999 if the E.C. can't agree at its first vote in 1996. As a result, E.C. leaders won't be tempted to soften the rigid economic convergence criteria countries must meet to qualify for EMU.

Equally important, no country can halt the move to EMU, thus exerting enormous pressure on the E.C.'s underperformers to catch up with the more efficient economies.

Chancellor Helmut Kohl nailed down the EMU eligibility rules to ensure the single currency will be as solid as the mighty German mark, which he officially put on the block at Maastricht.

To participate in EMU, countries must have inflation and long-term interest rates within 1.5 percent and 2 percent, respectively, of the three best performing E.C. states; an exchange rate that has been stable within the exchange rate grid of the European Monetary System for two years before entry; and no "excessive" budget deficits. These are defined as actual or planned budget deficits below 3 percent of gross domestic product and a ratio of public debt to GDP not exceeding 60 percent.

Right now only three countries—France, Denmark, and Luxembourg—would be eligible for EMU. And, say bankers, economists, and businessmen, very few countries likely will pass the test even by 1999.

Germany's conservative bankers are decidedly uneasy about the Maastricht accord. "The banks doubt whether the probationary period, in which the criteria for convergence must be fulfilled, is adequate," the Banking Association warned. "This makes it even more necessary that the convergence criteria are strictly adhered to and not weakened by political compromise."

Martin Kolhaussen, chief executive of the Commerzbank, Germany's third-largest bank, is equally skeptical about the fixed timetable for EMU. "The Maastricht deal did not ensure the ECU [European Currency Unit] would become the single E.C. currency, certainly not in the envisaged five or seven years," he said. "The future ECU will then only be another name for the German

mark."

Nevertheless, E.C. member states are taking EMU deadly seriously. Almost unnoticed at the summit, French Finance Minister Pierre Bérégovoy announced the Bank of France would acquire monetary independence from the Government.

Italy is finally confronting the uncomfortable reality that it must make an early start on taming inflation, trimming labor costs, and slashing its ballooning budget deficit if it wants to remain in the E.C.'s premier division.

Britain's much ballyhooed "opt out" protocol allowing its Parliament to decide whether and when to proceed to a single currency was essentially a device to enable Prime Minister John Major to placate the small, but politically powerful, Euro-skeptic wing of his ruling Conservative Party.

Indeed, Chancellor Kohl reckons Britain could decide to join EMU as early as 1996.

EMU is the logical end goal for the E.C.'s planned single market, which will never fully capitalize on the free flow of labor, capital, services, and goods across the Community until business is able to trade with a single currency.

With EMU out of the way, the E.C. can refocus its attention on getting agreement on a number of contentious single market directives, notably those relating to financial services.

Compared to the EMU package, the political union treaty is a slightly nebulous document reflecting the untidy compromises needed to bridge member states' widely differing views on European integration.

Apart from the British opt out clause on an E.C.-wide social policy, the agreement



The Maastricht summit will turn vision into reality, although its economic decisions far outweigh the political agreements.

ing with problems here, problems there. You'll have exactly the same in Europe.

Once you get the frontiers down and you allow trade to flow freely, those sheer pressures of trade will eliminate many of

the barriers. You release the competitive forces. The old division of Europe in the 12 penny packets reinforced restrictive practices of a national nature. Getting rid of the barriers and the forces of competi-

tion will perfect the market.

At the same time you've got to be eternally vigilant to pick out old barriers that you've overlooked, to deal with new barriers that appear. All the time. What matters

appears to pave the way to the creation of a distinct European political identity some time in the next century.

The Maastricht agreement may be a modest achievement, but it would have been unthinkable even five years ago that the E.C.'s competence would move into such "alien" areas as foreign and security policy.

"For the first time in their history, the Twelve will act together in foreign policy...this is a great step forward," said French President François Mitterrand.

The political union treaty will be reviewed in 1996 to see whether the inter-government cooperation agreed at Maastricht can be brought under the E.C. umbrella. This will provide a useful four-year learning curve that will prove whether the E.C. can ever evolve into a politically homogeneous entity.

Maastricht made a start, with agreements on modestly increased powers for the European Parliament, a "cohesion fund" to help the poorer E.C. states, a European citizenship, and a more qualified majority voting in the Council of Ministers.

Although Maastricht was an E.C. family affair, it was not totally inward looking. It decided to speed up negotiations with countries seeking E.C. membership and to discuss "enlargement" of the Community at the Lisbon summit in mid-1992. Austria and Sweden probably will start negotiations with the E.C. next year and some of their partners in the seven-nation European Free Trade Association—most likely Finland and Switzerland—are expected to decide soon whether to apply to join the Twelve.

As the E.C. braces for another eventful year, it is still too soon after the summit to say whether the European Community deserves to be called the European Union. Only time will tell.

—Bruce Barnard

is that, after the end of next year, the thing will be in motion. You can't stop it. The economic advantages of operating as a single market are so immense that sooner or later the forces—the economic forces,

"...you cannot get

market forces to

operate until you

have at least a

reasonably open

system in which

they can operate."

the forces of competition—will drive the internal market. That's bound to happen.

So competition is the key to the process?

In some ways a lot of this has the same sort of philosophy as we developed in the early days of the Thatcher Administration; that is, given a chance to operate, the market forces very often will achieve these results. But you cannot get market forces to operate until you have at least a reasonably open system in which they can operate.

What are the key principles of 1992?

[1992] was based essentially on the open

market principles that we developed in the Thatcher Administration. I was a Minister in Thatcher's Government from the very first day. I was originally a Treasury Minister, then a Trade Minister, and this was the basic philosophy. But where I took a somewhat different view from some of my former colleagues was this: You cannot get the forces of competition, of the free market, to operate until you create a situation in which people are prepared to allow them to operate. In other words, people will stand so much pain, so much upheaval, but they won't stand more than that.

Is there more to 1992 than being able to do business. What about the Social Charter?

The completion of the internal market, the single market, was never the end of the road. We always thought that after the single market would come the single currency and after the single currency would come the single economy. This is my philosophy.

Other people have attached all sorts of other factors to it. There's talk about social policy, economic and social cohesion, and so on. These begin to take you out into the very wide field of political philosophy. How far can you expect the people in a community—and I use the word community in the wider sense, not the economic community—to go along with what, at times, are difficult policies unless they feel they have a personal stake in its success. I've always said that it is absolutely essential that the benefits of economic progress be fairly shared and be seen to be fairly shared.

Are you pleased with Delors' support of the White Paper?

There's no question that Delors was highly supportive of the White Paper from the very beginning. At the end, the progress in the Community emerged almost as a driving force because you could point to that as something that had been achieved. It was no longer in the realm of talk. You could see it in the hard evidence, in directives that were being approved, incorporated into law, and coming into force. You could see the effect of these directives. So you reached a stage where it was no longer a question of fate, it was a question of achievement.

I've always argued—and there's a great deal of Jacques Delors' approach in this as well—that if your ability and determination can make you succeed in one thing, you can succeed in another.

Will we see a EuroFed and a single currency by

the end of the decade?

The EuroFed is part of the single currency. I've always taken the view that we would have a single currency and we would have it by the end of the century.

As part of the single market, are we going to see the end of the nation state?

People are trying to look too far ahead on this sort of thing. Take the case of the United Kingdom, which consists of four countries that act together as a very effective single economic union.

Scotland, for example, is a separate country; it has its own culture, its own language, and its own laws. Scottish law is fundamentally different from English law. The Scots have not lost their sense of national identity. To the contrary, they're reinforcing their sense of national identity.

I've always argued that, when we talk about citizens of Europe, we don't mean the citizens of Europe instead of being a citizen of the United Kingdom or France or Germany. We want people to regard themselves as citizens of Europe in addition to being British, French, German, or Italian.

You talk about competition being a major factor in the single market. Do you see winners and losers?

That's true inside your own country, isn't it? It's true inside the United Kingdom. There are winners and there are losers. There are new industries that are growing, there are old industries that are dying. There are parts of the country in England that are becoming incredibly prosperous. There are parts of the country that are in a state of decline or even decay.

The growth of an economy is never even. There are growth points. There will always be new industries that are growing, old industries that are decaying.

That is true whether you have a single market or whether you do not. The single market will tend both to accelerate that process and to result in a greater degree of industrial coordination or even amalgamation, reorganization. In the long run, this is to the benefit of the economy as a whole, not to its detriment. All experience shows, however, that if you try to stop change, you stop progress.

Do you think American business people have a full recognition of what the single market is about?

No. In some areas they have a very considerable recognition of what it is about. There are many misconceptions that still exist in [the United States]. There is a

"I've always

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very general knowledge of what is happening in Europe, a very general appreciation of it.

The important thing now is that people are passing from the general sphere to the specific sphere: What do I do in my own business about this particular opportunity or how do I face this particular challenge? But you've also got to look ahead. It's no good thinking entirely in terms of what is happening today. You've got to look ahead to the time when you will have a single currency and beyond that to the time when you will move—as we already are—toward a single European economy.

There are already moves on that front in the field of industrial reorganization and the spill over into competition, mergers,

and acquisitions policy. There are substantial developments in indirect taxation, and there will be developments—there have been some small developments already—of much more importance. There will be developments in company taxation in order to create this famous level playing field.

Once you remove one set of barriers, you suddenly discover that there were other barriers that you never noticed the existence of. This is very true of the location of industry. The existence of a frontier might mean that you've got to locate yourself there. Take the frontier away and that constraint has gone. You might then find that there is a fiscal constraint that points to you locating elsewhere. This is the way that the removal of one barrier exposes other barriers to view. There'll be changes.

Do you see a European Parliament with expanded powers?

There is no question that the powers of the European Parliament will be extended as time goes on. They were significantly extended under the Single European Act, an extension that was more important than the Parliament recognized at the time and has, in fact, been much more successful than most people thought it would be.

The Parliament in many areas is active in much the same way as the House of Lords is in the United Kingdom; that is, it turns its effort to examining legislation in detail and, in fact, to improving it. It's a day-to-day workmanlike job, but one that is well worth doing.

The Parliament's ambitions, of course, go very much further than that. Some countries, Germany is one, support the Parliament and want it to play a bigger role. Some countries, like the United Kingdom, are adverse to any significant increase in the Parliament's powers. They don't, however, mind the Parliament having additional powers to scrutinize the budget.

If you had to go back to the White Paper, is there anything you would change?

In the basic philosophy not at all. It was entirely right. It was the absolutely essential first step.

But as I said at the beginning, the single market, the 1992 program, was never the end of the road. It was the road that led somewhere and that somewhere was European union. After the single market, however, will come the single currency and after the single currency the single economy. ◀

Inside

EUROPE

JANUARY/FEBRUARY 1992

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AFTER MAASTRICHT

SINGLE CURRENCY GOOD FOR U.S. BUSINESS

The E.C.'s decision at the historic December summit in Maastricht to embark upon a course leading to a single currency — economic and monetary union, EMU in E.C. parlance — will increase the Community's financial clout in world markets.

The E.C. already has a prototype currency which is used for accounting purposes and as a medium for bond issues. Known as the ECU (European Currency

Unit) it is based on a weighted average of member country currencies. By as early as 1997 and by 1999 at the latest, the ECU will be transformed from a basket of individual moneys to a single medium of exchange based on fixed exchange rates of the twelve E.C. currencies.

Short term results of Maastricht: governments will

step up their use of the ECU when seeking funds on the world's money markets. The ECU has become more attractive because of the tough economic conditions established at Maastricht for eventual membership in the Economic and Monetary Union. Only countries which meet strict economic performance standards — such as stable prices, low interest rates, sound public finances, and sustainable balance of payments — will be allowed to join the single currency. As a result, governments

issuing bonds in ECUs will find that they will be able to offer lower yields to investors, reflecting the value that buyers will see in an instrument backed by a strong anti-inflation commitment.

Longer term: the ECU will develop into a global reserve currency, similar to the dollar or yen. The Eurocurrency will build on the strength of the German mark, adding the power of other strong currencies like the French franc and the Dutch guilder, and possibly the British pound. British participation in EMU is up in the air, since the U.K. negotiated the right not to participate in either the single currency or the social charter governing workplace conditions signed by the other eleven nations at Maastricht.

If Britain does decide to stay out, London could see itself challenged as the financial capital of Europe. Either way, London, which recently became headquarters for the European Bank for Reconstruction and Development, would not be the sole contender to host the interim European Monetary Institute and an eventual European Central Bank. Other contenders for the "Eurofed" are Amsterdam and Frankfurt. And financial institutions could begin to find that Paris and Frankfurt are more attractive if the French or German governments, because of their greater commitment to EMU, issue more paper in ECUs than the British.

A single currency will be good for U.S. business. Not only will currency conversion costs be gone, but some exchange rate risk should be eliminated too, since the ECU will be a strong currency backed by an independent central bank committed by treaty to sound money policies. As a result, U.S. firms will be able to make more reliable forecasts about future costs of doing business in the E.C.

Longer term: the ECU will develop into a global reserve currency, similar to the dollar or yen.

SUMMIT PACKAGE HIGHLIGHTS

Emerging from Maastricht was a new "European Union" made up of three pillars: an expanded European Community, Foreign and Defense Policy, and Police and Judicial Cooperation. The traditional E.C., which was established by the 1957 Treaty of Rome, has new powers in the areas of the environment, education, consumer protection, public health, and information networks. The other two pillars forming the union will formally remain the preserve of national governments and not be incorporated into the normal Community procedures.

Economic and Monetary Union: By 1999 at the latest, a single currency will be adopted in the E.C. as long as seven member states satisfy certain strict macroeconomic performance guidelines. Britain reserved the right not to participate — what is known as the "opt-out" clause. Denmark will call a referendum before it adopts the single currency, or ECU. The EMU will become part of the E.C. pillar in the new European Union.

Foreign and Defense Policy: The treaty encourages a common E.C. stance on foreign policy by including provisions for decision making by majority vote, rather than unanimity, in some cases. It calls for increased cooperation between the foreign ministries of the Twelve. The Treaty also for the first time explicitly states that defense is an area for cooperation between the E.C. member states. The Western European Union, a nine-member security organization, is given the role as a bridge between the E.C. and the NATO alliance.

Social Charter: With the exception of Britain, the E.C. states have agreed to improve working conditions and worker health and safety, to step up worker/management consultations, to

promote equality of opportunity for men and women, and to integrate excluded workers into the labor force.

European Parliament: The EP now has the right to veto laws on health, education, consumer affairs, culture, the environment, research, trans-European networks, and single market issues.

Enlargement: The Maastricht Treaty gives the E.C. the authority to negotiate new membership after 1992. No countries

are mentioned by name, but Austria and Sweden are the likeliest to be considered first. The enlargement dec-

laration of the Community states, however, that talks on new members will only begin once the E.C.'s internal finances are put in order.

Cohesion: Spain won agreement for a protocol on economic and social cohesion setting up a Cohesion fund by the end of 1993 which will support environ-

By 1999 at the latest, a single currency will be adopted in the E.C.

MAASTRICHT NOTEBOOK

Queen Beatrix of the Netherlands offered to do her part at Maastricht. The Queen said she would gladly sacrifice having her portrait on the new European Currency Unit (ECU) if it would lead to greater E.C. unity. She needn't worry, however. The deal struck by Community Finance Ministers, and when endorsed by the Prime Ministers and Presidents, will allow one national side on the new ECU notes and coins, and one "Community" side — so long as the money can circulate throughout the European Community. A Frenchwoman, Sylvia Bourdon, is sponsoring a contest to design the new ECU notes and coins, and has already received a large grant from the French Government. She hopes to announce the winner at the Acropolis in Athens in December 1993.

The E.C. leaders gingerly avoided taking any decisions on the site of a new European Monetary Institute and European Central Bank, but that didn't stop various countries from politicking on the issue.

The monetary institute will begin operations in 1994, while the central bank will start up either in 1997 or 1999. German Chancellor Helmut Kohl, a key player in E.C. plans for monetary union, made it very clear that Frankfurt should be the central bank's future home — and he surprisingly met little public resistance.

A top Belgian official said that Dutch Prime Minister Ruud Lubbers had told French President François Mitterrand that the Netherlands would back Strasbourg as the permanent home of the European Parliament, in exchange for France's support of Amsterdam as the home of the new central bank. French and Dutch officials denied the allegation.

France has blocked several important siting decisions, including that for the new European Environment Agency, unless the Parliament's plenary sessions remain in Strasbourg. Belgium wants the Parliament in a new building now under construction in Brussels.

It received almost no attention, but a decision by E.C. leaders on pension

mental and infrastructure projects in the poorer member states. The Commission will also have to report every three years on progress made toward reducing disparities in economic development between the regions.

—By Peter Rashish

KEY DATES FOR ECONOMIC AND MONETARY UNION

January 1994: The second stage of economic and monetary union be-

gins. Governments are to avoid excessive budget deficits and start a process leading to the independence of their central banks. A European Monetary Institute will be established directed in part by the Governors of the existing 12 Central Banks.

By December 1996: The E.C. Commission and the European Monetary Institute will report to the Council of Ministers on the compatibility of Member States' policies and membership in the EMU. They will also report on the degree of convergence of national policies toward price stability, sustainable government finances, fluc-

tuations in the European Monetary System, and low, long-term interest rates. If the E.C. decides by qualified majority that enough member countries satisfy the convergence criteria (seven at a minimum), EMU moves to the third stage. In this case, exchange rates are fixed and the European Central Bank replaces the European Monetary Institute.

By December 1998: If EMU has not taken effect in 1996, countries which meet the convergence criteria will move to the final stage of EMU by January 1, 1999.

rights may prove to be one of Maastricht's most significant steps. The Community adopted a protocol to the Treaty of Rome in response to a recent ruling by the European Court of Justice. The protocol says that companies will not be forced to provide equal pension benefits to men and women for work performed before May 17, 1990.

That was the date the Court of Justice said the employers could not discriminate on the basis of gender in setting pension levels. Those levels had varied due to different retirement ages for men and women in most E.C. countries.

The pensions industry said the decision at Maastricht could save them 100 billion ECU in back pension benefits that might have been required under the Court ruling.

Britain won a special "opt out" clause on E.C. monetary union, but that didn't prevent British officials from getting in a few verbal jabs along the way. Under the final plan, strict conditions are set for convergence of economic factors such as inflation, budget deficits, and public debt.

In fact, the conditions are so stringent that only France, Luxembourg and Denmark would qualify at this point, although officials expect at least seven countries to be ready by the end of the decade.

"Denmark says it needs a national referendum before they could accept a single currency, and Luxembourg (which shares a currency with Belgium) does not have its own currency," a British official said. "So, we're talking about a single currency for France, which we think is a good idea. It's called the franc."

The social elements of the Maastricht agreement were the most difficult to achieve, and they will likely prove to be the most difficult to enforce. Under the deal, new areas of E.C. social policy will be handled outside the Treaty of Rome by 11 countries, with Britain getting a special exemption. The 11 countries will "have recourse to the institutions, procedures, and mechanisms of the European Community," the social protocol says — but legal experts say that European Court of Justice jurisdiction may not apply.

Under the treaty of Rome, the E.C. Commission can take a member state to the Court of Justice for failure to "fulfill an obligation under this treaty" — but the social provisions are now outside the treaty.

Asked how the social protocol will work, a top E.C. diplomat said, "I haven't a clue. Nobody knows."

The summit was no place for beginners in E.C. jargon. Phrases like "social policy" are easy enough, but terms like "cohesion" and "competence" are a little tougher. Cohesion is a buzzword for the transfer of resources from the E.C.'s more prosperous countries to its less prosperous members, while competence refers to matters under E.C. jurisdiction rather than those remaining the subject of intergovernmental cooperation.

But the prize for the most obscure terminology went to a British spokesman, who said, "The United Kingdom is opposed to QMU for CFSP." QMU is qualified majority voting, as opposed to unanimity, while CFSP is shorthand for a common foreign and security policy.

—By Charles Goldsmith

BUSINESS BRIEFS

TREUHAND SETS UP OFFICES IN NEW YORK

The Treuhandanstalt, the German government agency in charge of selling off state-owned enterprises in the former East Germany, has opened an office in New York to encourage investment by U.S. business.

The Treuhand is the legal owner of all companies, real estate, farms and forest land which it has put up for sale in eastern Germany. It was founded on March 1, 1990, with head offices in Berlin. There are 15 branch offices across eastern Germany as well as an office in Tokyo. All told, 10,500 companies were put on the block, with roughly 3,800 sold — generating \$5 billion in revenue — by the end of the year. Foreign firms have acquired 180 companies; U.S. purchasers accounted for only ten of those transactions.

The New York office has been

established to increase potential U.S. investors' awareness of the opportunities that exist in eastern Germany. The Treuhand hopes more American firms will invest in the former eastern Europe and feel that their opening a branch office in New York will increase interest. The New York office will offer help with both the identification and restructuring of companies

to make them more attractive investment targets. The agency will also facilitate investment by helping U.S. businessmen put together a bid package that meets Treuhand requirements.

For information Contact: Christoph Urban or Christoph Reimnitz, Tel: 212 909-8159

UPCOMING EVENTS

JANUARY 22: U.S. Government hosts a conference to be held in Washington, D.C. to coordinate assistance to the former Soviet Union.

JANUARY 30: The British government, which holds the U.N. Security Council presidency for January, is attempting to organize a 15 nation summit to discuss the dissolution of the former Soviet Union.

FEBRUARY 7: Meeting in Maastricht to finalize the treaty on European political and economic union.

MID-APRIL: GATT chief Arthur Dunkel has set a new mid-April deadline to conclude the global trade talks.

NAMES IN THE NEWS

PORTUGAL ASSUMES THE E.C. PRESIDENCY

As of January 1, Portugal assumed the six-month rotating Presidency of the European Community. Two important dates to look forward to include a meeting of Foreign Ministers on February 21st and of Environment Ministers on February 17th, both in Lisbon. The summit of European heads of state and government, known as the European Council, is scheduled for June 26th in Lisbon.

Here is a list of the key

Portuguese government offices:

President

Mario Soares
Palacio de Belem
Praça Alfonso de Albuquerque
1300 Lisbon, Portugal
Tel: 363-7141

Prime Minister

Anibal Cavaco Silva
Palacio de Sao Bento
Rua de Imprensa a Estrela
1200 Lisbon, Portugal
Tel: 395-2953

Foreign Minister

Joao de Deus Pinheiro
Palacio das Necesidades
Largo do Rilvas
1300 Lisbon, Portugal

Tel: 397-0100

Secretary of State for European Affairs

Vitor Costa Martins
Avenida Visconde Valmor 66
1000 Lisbon, Portugal
Tel: 760530

Finance Minister

Jorge Braga de Macedo
Avenida Infante d'Henrique 1D
1100 Lisbon, Portugal
Tel: 888-4675

Defense Minister

Fernando Nogueira
Avenida Ilha de Madeira
1400 Lisbon, Portugal
Tel: 301-0001

Commerce Minister

Faria de Oliveira
Avenida da Republica 79
1000 Lisbon, Portugal
Tel: 793-4049

Secretary of State for Foreign Trade:

Antonio de Sousa
Avenida da Republica 79
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Tel: 793-4049

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The Countdown Continues

The E.C. has started the countdown to the launch of a giant single market that will change the face of business across the Continent. At midnight on December 31, 1992, the leaders of the 12 E.C. states will light beacons in their capital cities, giving the signal for 4,000 beacons to be lit in towns and villages throughout the Community.

But with less than 12 months to takeoff, the outlines of the single market are already clearly visible and Europe's businessmen are fine-tuning strategies to operate in a completely new environment. Cross-border mergers, strategic alliances, and radically different methods of manufacturing, distribution, and marketing are now commonplace across the broad swath of industry from banking and insurance to construction and food.

The single market program appears to be on course; more than three-quarters of the 282 single market measures have been accepted by member states and others are awaiting approval.

However, the E.C. Commission is worried about slippage. It has warned that the benefits of the single market will be severely hampered unless member states unblock several pivotal measures that are blocked at various points in the E.C. or in national legislative bodies. Some E.C. member states, notably Italy, have failed to write E.C. legislation into their national laws while others, led by Britain and Denmark, are busily putting the bulk of directives in place. This imbalance could mar the opening ceremonies. On a positive note, the E.C.'s "newcomers," Greece and Portugal, are now among the leaders in transposing directives into national laws.

Brussels has tried to shame recalcitrant Governments into action by publishing member country standings and using E.C. summits to discuss progress toward the



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Businesses Are Preparing for a Wide Open Single Market

single market. These tactics are already paying dividends.

Businesses are irked that, while they plan ahead for the new market, their Governments continue to pursue narrow national interests. The Commission last year received 1,758 complaints that Governments had flouted E.C. laws and Treaty of Rome articles. The upside is that more companies are going to Brussels to back their campaign for more open markets.

Despite the setbacks, 1992 is likely to be a turning point for the single market as it is certain to get star billing in the forthcoming Portuguese and British presidencies of the Community.

The single market needs a final big push. It has often been out of the press during the past year as the E.C. was forced to focus its attention elsewhere. Diversions included the year-long negotiations on twin treaties for economic and political union, reform of the Common Agricultural Policy, the General Agreement on Tariffs and Trade, tortuous negotiations to form a free trade zone with the European Free Trade Association, trade deals with Eastern Europe, financial assistance for the bankrupt Soviet Union, and attempts to broker peace in Yugoslavia.

But work on the single market program has proceeded behind the scenes, giving business a fairly clear idea of what corporate life will be like after 1993. Meanwhile, the European Committee for Standardization continues its herculean task of getting some 3,000 technical standards ready by end-1992.

Some sectors, notably energy, won't enjoy a genuine single market for several years after 1993. Telecommunications also will remain tightly regulated as member states dig in to defend their monopolies. A single market in financial services isn't yet assured across the board as member states have yet to tackle a critical Investment Services Directive. Also outstanding are proposals for a European Company and three other company law directives covering cross-border mergers and takeovers.

One of the Commission's major achievements has been to create a liberal, market-oriented backdrop for the single market. Sir Leon Brittan, the competition Commissioner, backed by liberal colleagues, so far has triumphed in the battle against more interventionist Commissioners. But the struggle isn't over. The furious French reaction to Sir Leon's decision to block a Franco-Italian bid for de Havilland, the Canadian aerospace group, underlined the depth of feeling in the

southern states that the E.C. pursue an industrial policy to stiffen Europe's defenses against giant American and Japanese rivals in sensitive sectors.

While the politicians haggle, businessmen are seizing the 1992 initiative.

“The single market has given E.C. companies a large home market to match the domestic markets of the United States and Japan.”

Examples of the new thinking are evident across the Community. Pilkington Glass, the British glass manufacturer, is moving the head office of its key flat and safety glass division from St. Helen's in northwest England to Brussels. Seat, the Spanish car maker, recently placed job advertisements in newspapers in northwest England for production managers and senior engineers for a plant it is building near Barcelona.

For many large companies, mainly American, 1992 is nothing new as they had already adopted pan-European strategies the minute they established themselves in the Community.

Most European companies that have been operating largely in protected national markets are only now following the American pattern. They are spurred on by the specter of new arrivals from Japan, large, aggressive companies that are attacking their domestic markets from a pan-European base.

It is much easier to talk about strategy than to implement change as companies struggle to find the right formula for cross-border operations. An early failure was the proposed merger between Amsterdam Rotterdam Bank of the Netherlands and Générale de Banque of Belgium, which floundered on deep differences in business culture. The merger of the packaging interests of two bitter rivals, Metal Box Packaging of Britain and Carnaud of France, which was supposed to be a model for cross-border, industrial alliances, suddenly became a lesson in the difficulties of blending different management traditions. Merger talks between Pirelli, the Italian tire company, and Continental, its German competitor, were called off in early December amid financial problems at the Italian company.

Nevertheless, E.C. companies are learning, and E.C.-wide alliances are taking shape. Fiat of Italy and France's Générale d'Electricité swapped shares and business in a bid to become global players in key industrial sectors. AG-AMEV, the financial services group formed in 1990 by the merger of Belgium's largest and the Netherlands' third largest insurers, lifted profits in a poor year for the industry.

Consumers also are beginning to enjoy a 1992 payoff as companies pool their resources. Crédit Commercial de France, for example, is joining Royal Bank of Scotland and Banco Santander of Spain in a computer linkup to give their customers on-line access to electronic cross-border banking in their home countries.

Many cross-border alliances in the E.C. are driven less by the single market than by the increasing globalization of business. The single market, however, has played a pivotal role by giving E.C. companies a large home market to match the domestic markets of the United States and Japan that have enabled their companies to benefit from enormous economies of scale.

Siemens, the German electronics firm, regards Europe as just another market in its quest for sales. It generates nearly 55 percent of its 73 billion German marks (\$45.3 billion) outside Germany and plans more “internationalization,” by expanding in the United States and Asia.

The president of Siemens, Karlheinz Kaske, says that to keep its ranking in the world league of electronics companies, Siemens must expand by 7 percent a year. And most of the momentum for that growth will come from outside the Community. It intends to boost its U.S. business from 11 percent to 20 percent of its sales by the end of the decade and build its Japanese and Far Eastern operations, which now account for just 6 percent of sales.

Kaske noted that Japanese firms enjoy one big 1992 advantage that European firms can't match. They can maximize productivity the minute they enter the E.C. market by choosing a centralized manufacturing center inside the most cost-effective E.C. member states.

However, as the launch of the single market approaches, European firms are too busy adjusting to a new Europe to lose much sleep over 1992. They have no other choice but to move forward. **€**

Bruce Barnard is the Brussels correspondent for *The Journal of Commerce*.

Alpine Olympiad!



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Top: The Olympic torch is lit by the sun's rays at Olympia, Greece, and then carried to the site of the games by relays of runners. Bottom: With all of the Olympic preparations and construction, the Savoy region has tripled its economic growth in the last five years.

The Savoy region on the eastern edge of France, with the majestic backdrop of Mont Blanc, is a skier's paradise. Nestled among its Alpine peaks are resorts of every size and style, ranging from picture-postcard villages of wooden chalets to relentlessly modern centers with ski lifts by the hundred. From February 8-23, thirteen of these resorts, with the town of Albertville as their focal point, will become the stage for one of the greatest sport shows on earth—the Winter Olympics.

France in Peak Form

What to See Where

Albertville: Gateway to the Olympics; commercial and administrative center.

- Opening and Closing Ceremonies
- Figure Skating and Ice Dancing
- Speed Skating
- Short-Track Speed Skating (new Olympic sport)

Hotel reservations: (33) 79 32 04 22

Les Arcs: Ultra-modern resort built on three levels.

- Speed Skiing (demonstration sport)

Hotel reservations: (33) 79 07 26 00

Courchevel: High-tech component of "the Three Valleys"; home of Europe's largest ski school.

- Ski Jumping
- Nordic Combined

Hotel reservations: (33) 79 08 00 29

Les Menuires/Val Thorens: Twin modern, high-altitude resorts, part of "the Three Valleys."

- Men's Special Slalom

Hotel reservations: (33) 79 00 79 79

Meribel: Très chic resort with wooden chalets; at the heart of "the Three Valleys."

- Women's Alpine Skiing
- Ice Hockey

Hotel reservations: (33) 79 00 50 00

La Plagne: Varied resort spread over 10 hamlets.

- Bobsled and Luge

Hotel reservations: (33) 79 09 79 79

Pralognan-La-Vanoise: Charming village resort surrounded by wooded mountain peaks.

- Curling (demonstration sport)

Hotel reservations: (33) 79 08 73 22

Les Saisies: Family resort for cross-country skiing.

- Cross-Country Skiing
- Men's Biathlon
- Women's Biathlon (new Olympic sport)

Hotel reservations: (33) 79 38 90 30

Tignes: Luxury resort for expert skiers; linked to Val d'Isère by the Espace Killy area.

- Freestyle Skiing on Moguls (new Olympic sport)
- Ski Jumping
- Ski Ballet (demonstration sport)

Hotel reservations: (33) 79 06 35 60

Val d'Isère: Internationally acclaimed center; as professional as its director, Jean-Claude Killy.

- Men's Alpine Skiing (except Special Slalom)

Hotel reservations: (33) 79 08 18 90

(N.B. All the Olympic resorts are open for tourist business as usual throughout the Games.)



The bobsled run uses 45 tons of ammonia running through several hundred miles of pipes to freeze the ice on the two-mile track.

The XVI Winter Games will be the third France has hosted. In 1924, in Chamonix, it gave delayed birth to the first Winter Olympics, which were simply called the "Chamonix International Winter Sports Week" at the time and only granted official Olympic status a year later. Grenoble, in 1968, was the setting for France's second Winter Games, dominated by the dazzling performance of native son Jean-Claude Killy, who skied away with all three Alpine gold medals.

It was Killy, who co-chairs COJO—France's Winter Olympics Organizing Committee—with Savoy's Member of Parliament Michel Barnier, who chose Albertville and its surroundings for the 1992 Winter Games. Killy wanted to provide athletes with ideal conditions for each competition and so came up with the idea of dispersing the Winter Games among thirteen of Savoy's top resorts. The center he runs, the Espace Killy, a mecca for ski enthusiasts stretching from Val d'Isère to Tignes, with 180 miles of marked runs, will play host to some of the prime races of the Games: all the men's alpine skiing events (except the special slalom), freestyle skiing on moguls—a new Olympic sport—and demonstrations of ski jumping and ski ballet. The vast ski area known as "the Three Valleys" (Courchevel, Méribel, and Les Menuires/Val Thorens) will give up 2 percent of its 300 miles of ultra-sleek slopes to the women's alpine races, the men's special slalom, ski jumping, ice hockey, and Nordic combined (a cross-country race kicked off with a ski jump). The rest of the Games (see box) will be spread around an overall area of 600 square miles, with the opening and closing ceremonies and all the ice-skating events, taking place in Albertville.

Past Winter Olympics have certainly been more compact than Albertville will be, but they have had other peculiarities and problems, most of them caused by wild swings in the weather. At St. Moritz (1928), a warm wind drove temperatures up from zero degrees to 77 degrees Fahrenheit within a few hours; at Lake Placid (1932), rain followed by sudden cold allowed the ski jumping to go ahead, but gave most of the competitors an unexpected bath in a leftover pool at the bottom. Innsbruck (1964) had no snow at all, and the Austrian Army was sent off to haul it down from nearby mountain tops; Grenoble (1968) was so shrouded in fog that skiers in the men's special slalom could hardly see from one gate to the next.

The far-flung format of the 1992 Albertville Games already guarantees them a

unique place in Olympic history. It also makes them a potential logistics nightmare. Two thousand athletes from more than 60 countries will take part in 57 competitions in sites that are up to 70 miles apart, with 8,000 journalists panting in pur-

"The far-flung format of the 1992 Albertville Games already guarantees them a unique place in Olympic history.... Two thousand athletes from more than 60 countries will take part in 57 competitions in sites that are up to 70 miles apart."

suit. One million spectators are expected in the Albertville region; two billion more around the world will watch the Games on television. The organizers believe that the mammoth scale of modern Olympics makes them impossible to stage in one place. They see Albertville's setup as the best way of handling the crowds; not a scattering of the Games, but rather a deliberate spreading-out, to satisfy at the same time the demands of the athletes, the media, and the spectators.

To link all its components, Albertville is counting on the marvels of modern technology: miles of underground cables, cameras at every corner, telecommunications satellites overhead, enough computer terminals, telephones, and fax machines to furnish several multinationals. The Savoy mountains will bristle with equipment and hum with electronic activity. Even the weather will not be entirely left up to nature. An army of snow cannons (230 at Méribel alone) stands ready to spew out snow on demand. In fact, making, storing, and spreading artificial snow has been perfected to such an art, that *real* snow—lots of it—is the one thing the Games organizers dread.

Construction for the Games started in 1988 and is now practically finished. COJO has spent close to \$200 million of its total \$800-million budget on building new ski runs and jumps, ice rinks, and stadiums. Albertville, which had very few sports facilities, now boasts a 9,000-seat ice hall, a 10,000-seat speed skating oval, and a temporary ceremonies stadium. The runs at

Val d'Isère were laid out by the Swiss downhill champion of the 1972 Sapporo Games, Bernard Russi. Designed to give television crews stupendous pictures of the races (more than 80 percent visibility), they throw skiers some exciting curves on the way down.

The bobsled run at La Plagne is the installation that has caused *cojo* the biggest headaches and cost the most money. It uses a revolutionary new method to freeze the ice: 45 tons of ammonia running through several hundred miles of pipes up and down the two-mile run. Safety measures keep having to be reinforced, because people are worried about a possible leak of poisonous gas. Then, too, the run itself has had to be propped up several times because it was built above an old mine and keeps sinking into the ground. The original budget of \$14 million swelled to \$40 million before the run finally received its safety certificate.

The rest of Albertville's preparations are moving along right on schedule. Not many hotel rooms had to be built for the Games in a region that claims to be able to accommodate 800,000 tourists. *cojo* did spend some \$85 million in prettying up the concrete facades of high-tech, low-charm Olympic venues like Courchevel, and on additional housing for athletes. Some of them will stay in the main Olympic village at Bride-les-Bains, a weight-loss health spa usually aquiver with flab, not muscle; others will reside closer to their competition sites.

Air, rail, and road transportation to Albertville has been expanded to make access to the Olympics as easy as possible. An extra runway has been built at Lyon's international airport, numerous high-speed TGV trains will run directly from Paris to Albertville in just four hours and the Lyon-Chambéry autoroute has been extended to Albertville. Once there, spectators with tickets to the Games can hop aboard a free Olympic shuttle bus that connects the 30 resorts and villages inside the Olympic Area.

The Albertville 1992 Winter Olympics will be one of a kind: more computerized, more televised, more daring than any of its predecessors. The Games will also give spectators the unique opportunity not just to watch the world's best skiers, but to combine it with a holiday where they can get out on the slopes of Savoy themselves, on some of the most prestigious snow—real or artificial—in the world. **E**

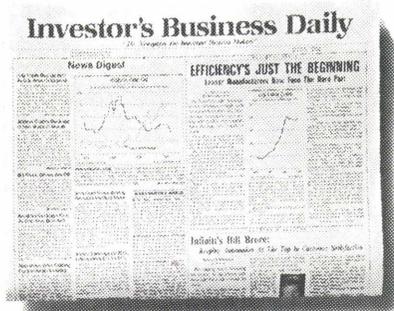
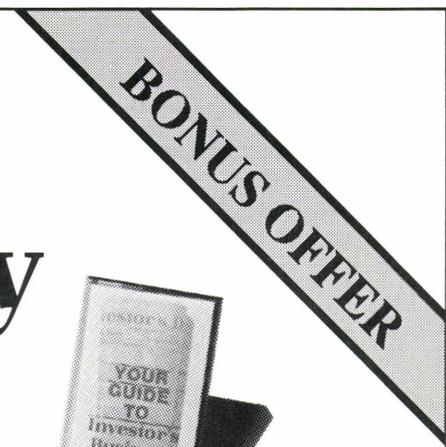
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Jean-Claude Killy

Jean-Claude Killy skied into Olympic history at Grenoble in 1968, when he won all three Alpine gold medals. Some might think that after such a triumph life would be all downhill, but not for Killy. After retiring from competition he made a prominent name for himself as a business man and as director of the Val d'Isère ski resort. In 1983 he officially launched his region's candidacy for the 1992 Winter Olympics—and won it in 1986. He is co-chairman of the COJO (France's Organizing Committee for the Winter Olympic Games) alongside Michel Barnier, president of the Savoy General Council.

Killy was interviewed in Albertville by Ester Laushway, Europe's contributing editor, during the final preparations for the Winter Olympic Games.

The Winter Games have changed a lot since 1968, when you won your triple gold in Grenoble. Have they now become more of a big business than a sporting event?

The Olympic movement is growing fast, but I believe it's been well managed and is

the big resorts that we have and that are well known throughout the world. It would have been a shame to leave any of them out. It's spread over a very big area, yes, but that's one way of running the Games, of giving the athletes the best pos-

same for the Nordic events. The participants in Les Saisies will not have to take a bus for the whole duration of the Games—that's nice, and different.

The ski runs have been laid out for maximum media coverage. Did television dictate their design?

No. Our imagination did that, because television doesn't know how to organize an event. Television just knows how to film and transmit an event. In many cases the ideas came from COJO itself. You'll find the same spirit in the medals, in the Olympic Arts Festival, and in the Olympic Torch Relay. All these details are important to us.

Will Albertville have changed the Winter Olympics in some way forever?

Probably in some ways, because of our desire to do things differently and to surprise people. Since Pierre de Coubertin founded the Games, for example, no one has ever thought of having Olympic medals made out of crystal, and they are absolutely beautiful. That's our idea, and so we'll leave a little track, a symbol, behind us.

What would you like people who come to these Olympics to remember most?

I would like them to go home with the feeling that they've spent time on another planet—the planet of the French Olympics. And to say that they would never have believed the French could come up with such a wonderful show or look after their guests so well, all the while safeguarding the Olympic spirit. All that would mean that we had organized Games that were above reproach.

How much will people who attend be able to see? Will they have to choose the place they want to go to, rather than the events they want to watch?

You cannot see it all. And that's not just typical for us; it's like that in all Olympics, but more so for us. So you have to decide. If you want to see hockey and figure skating, for example, you can; if you want to see the Nordic and downhill skiing events on the same day, you cannot. That's the way it is. You have to choose.

What about the weather? Are you afraid it may snow too much?

No, not at all because I can't do anything about it. So I will leave it to the Big Boss up there. I'm not the big boss you know. I'm just the second, smaller boss. €



© FABRICE BOISSIERE

Today, Killy stays close to the slopes, running the Espace Killy, a mecca for ski enthusiasts stretching from Val d'Isère to Tignes.

not only growing on the business side. It's also growing on the sports side, on the solidarity toward sports in the entire world and, therefore, yes, we are faced with a much bigger organization than Grenoble [had for the 1968 Games]. We have a lot more press, media people, athletes, sponsors, and money to be spent. Yes, it's become massive, but the Olympic movement is very concerned with keeping it all under control. So, in the future, you'll probably see fewer sports and fewer athletes competing.

Why are the Albertville Olympics spread around 13 different sites? Was that done as a marketing strategy for the region?

It's true that it is a good marketing tool, but we also wanted very much to use all

sible conditions for each event. It's been a surprise to everyone and certainly will be different from all the Olympics that have taken place before.

Given the configuration of these Games, will it not be difficult to develop a "village" atmosphere among the participants?

You'll have a multi-village atmosphere, because there are four sites for the athletes, four villages: one in Val d'Isère, one in Tignes, one in Les Saisies, and the main one in Bride-les-Bains. It's going to be different in each of them. All the athletes are very satisfied with their planned life during the Games.

Take the Alpine skiers in Val d'Isère, for example. They will put their skis on and ski to the lift—that's very unusual. It's the

The Quest for Gold

A Sport-by-Sport Rundown of the 1992 Winter Olympics

The 1992 Winter Games (February 8-23) will be the first Olympics free of the cold war ideological tensions that in previous years turned the “race for gold” into a bitter contest between the East and West. The games will see a united Germany and, perhaps, Russia and the Baltic states competing for the first time since before World War II. The former East Germany and the Soviet Union virtually monopolized the games during the 1980s. Their political demise will open up competition for other countries to improve their showings. Athletes from all 165 Olympic Committee member nations have been invited; in 1988, 57 countries sent teams.



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Determined to make the Albertville Games unique, organizers have paid enormous attention to detail. The Olympic medals, for example, were designed by Lalique, the French glassmaker, and handmade from crystal.

One country that has pulled out all the stops for 1992 is the United States, whose dismal performance at Calgary (only six medals) prompted a renaissance in winter sports training and a doubling in funds for Olympic competitors. Only one American, however, is clearly favored to win a medal (Donna Weinbrecht in the moguls division of women's freestyle skiing, a new event). The addition of Edwin Moses, an Olympic track star and 1984 gold medalist to the U.S. bobsled team may give the Americans enough edge at the starting block to win a medal in a sport traditionally dominated by the Swiss, Germans, and Italians. Many project the United States to at least match its Calgary performance.

Since the games will be held in Albertville, France, many expect the French to perform exceptionally well, as Jean-Claude Killy did with his spectacular triple sweep of gold medals in the downhill, slalom, and grand slalom races in Chamonix in 1968. The French sports newspaper, *L'Equipe*, forecasts 11 to 16 medals for France. World champions Edgard Grosperon and Raphaëlle Monod are expected to capture medals in ski dancing, while Derrière Piccard will likely do so in the men's downhill race. Exceptional showings by French women are anticipated in the downhill races led by Carole Merle. Medals are likely in figure skating for Surya Bonaly and the couple Isabelle and Paul Duchesnay, the world title holders in dance pairs. It remains to be seen whether athletes from the former Soviet Union will compete.

The 16th Winter Games will see new competitions in both ski dancing and the women's biathlon (cross-country skiing and rifle shooting) and demonstrations in curling and speed skiing.

Here is a Winter Olympic rundown sport-by-sport:



ALPINE SKIING: DOWNHILL, SLALOM, GIANT SLALOM

The men's downhill run, carved out of the Bellevarde Face near Val d'Isère (designed by the "Picasso of pistes," Bernhard Russi), has fueled intense debates about its promise and dangers. While Olympic organizers stress that 80 percent of the course is visible from the finish, skiers deplore the lack of visibility on the course with its sharp descent and excessive curves. Few, if any, record-breaking

runs are expected since the course lacks speed straightaways.

For women, the downhill will be at Roc de Fer, a less controversial course also conceived by Russi. This will be the first "Super G" for women with a much-discussed 828-meter-drop course.

The men's slalom—a downhill race against time obstructed by a series of gates arranged in a zigzag pattern, which skiers pass alternatively around and through—are slated for Val d'Isère and



The Albertville Games will actually take place in 12 neighboring resorts in addition to the town of Albertville.

Menuires-Val Thorens. Women's heats will take place at Méribel.

Outlook: Of the 42 medals in alpine events at Calgary, all but five went to Europeans, with Austria, France, and Switzerland being the traditional powerhouses. The 1991 World Alpine Ski championships point to Austria (which regained first place there after 13 years), Switzerland, and Sweden to do well at Albertville. Some names to watch in the men's races include: Marc Girardelli, Luxembourg; Stefan Eber-

harter and Rudolf Nierlich, Austria; Peter Runggaldier, Italy; and A.J. Kitt, United States. In the women's competition: Carole Merle, France; Vreni Schneider and Chantal Bournissen, Switzerland; Pernilla Wiberg, Sweden; and Eva Twardokens, United States.

FREESTYLE SKIING

Skiers perform a series of jumps, twists, and other dance movements over "moguls," which are a series of small hills of snow clustered densely within the performance area. The moguls division will be an Olympics event for the first time in Albertville. Demonstration events will be held for the ballet and aerials divisions.

Outlook: American Donna Weinbrech is one favorite. France's Edgard Grosperon and Raphaelle Monod are also expected to win medals.

CROSS-COUNTRY SKIING

Part of the course at Les Saisies includes a run that traces the five Olympics rings in front of the spectators' stadium. This is considered one of the toughest winter sports for the cardio-vascular system. Medals have been determined with micro-second differences: A gold medal was won in Lake Placid (1980) by one hundredth of a second in a 15-kilometer heat. The 1992 Games will round off time differences to the nearest tenth of a second.

Outlook: All except 27 of 237 medals awarded in men's and women's competitions have been won by Norway, Sweden, Finland, and the Soviet Union. Bill Koch's silver in the 30-kilometer race in 1976 is the only cross-country Olympic medal won by an American. The strongest at the 1991 world Nordic competitions were: Bjorn Dahle, Norway; Gunde Svan (seven times the world champion) and Torgny Mogren, Sweden; and Vladimir Smirnov, Estonia. In the women's races, the winners included: Elena Valbe, Soviet Union; Trude Dybendahl, Norway; Stefania

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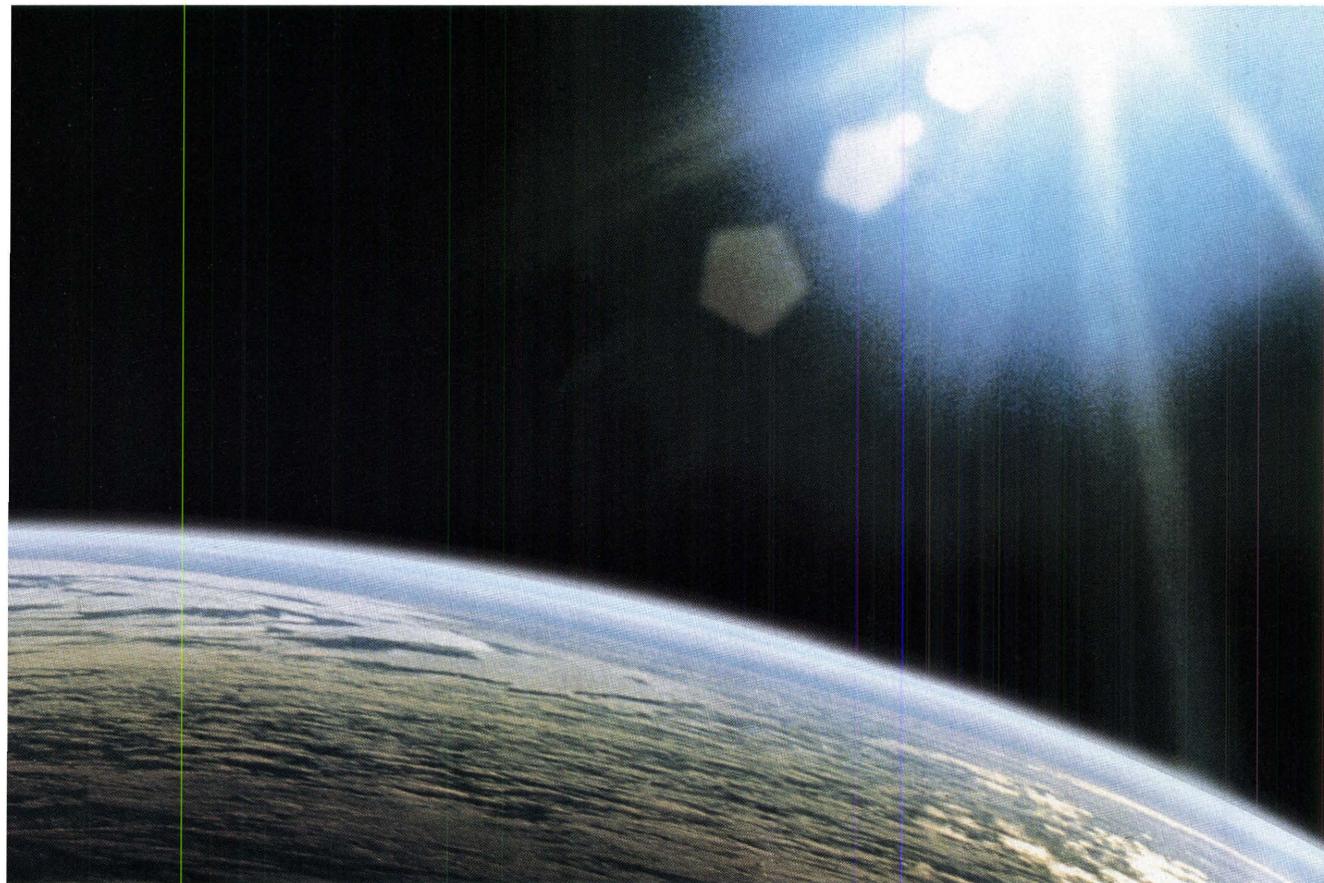
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Belmondo and Manuela di Centa, Italy. At Albertville, the Scandinavian countries are again expected to win the lion's share.

BIATHLON

The event at Courchevel combines cross-country skiing and rifle-shooting. The 1992 Games will add a women's biathlon. In the midst of a grueling race, participants must enter a shooting range and fire at a standing position five times at five targets, then fall into a prone position to fire again five shots at five targets (entering the range two times in the 4 x 7.5-kilometer relay and 10 kilometer sprint and four times with the 20-kilometer individual race). Says the former U.S. biathlete Don Nielson: "Skiing and shooting is a marriage made in hell. It's a physical contradiction of impossible proportions. Biathlon is turning from a rabbit to a rock and then back again."

Outlook: The Soviets and the Norwegians have traditionally been the leaders with the Germans and Finns not far behind. Other teams are unbalanced, having either strong skiing or marksmanship skills, but not both. The U.S. team, for example, is said to excel on the shooting range but is weak in cross-country skiing. One American hopeful is Anna Sonnerup.

SKI JUMPING

Held at Courchevel, the jumps will be somewhat sheltered from the wind.

Outlook: Norway (where ski jumping began), Austria, and Finland are expected to continue their dominance of this sport, as the 1991 World Nordic Championships proved in February 1991. Franci Petek of Yugoslavia, who won the world title for the men's long jump, is expected to surprise audiences at Courchevel.

COMBINED NORDIC

Ski-jumping is combined with a cross-country race.

Outlook: Norway is expected to continue its lead, having already won eight of the 16 Nordic-combined events at past Olympics. Austria and France are also expected to be medalists. Japan may repeat its 1991 World Championships performance and place third in the team heats.

ICE HOCKEY

Three games daily throughout the 15 days until the final on Sunday, February 23 before the closing ceremony.

Outlook: The Soviet Union has dominated the game with a record seven gold medals (1956, 1964, 1972, 1976, 1984, 1988). It is expected to add an eighth if it

comes as a Soviet or Russian republic team.

BOBSLED

Athletes reach speeds of 120 kilometers per hour on a 1500-meter-long course with

"[The luge] athletes reach speeds of up to 75 m.p.h. and complete the course in under 30 seconds."

19 bends. During construction and development, the run at La Plagne has had structural problems. The mountain slope is prone to shifts that threaten to rupture the track and break tubes carrying the poisonous freezing agent ammonia. Damage to the freezing system could cause melted patches of ice, which would be disastrous to bobsleds traveling at high speeds against gravitational pull reaching four times the force we experience at sea level (4 Gs, which means the quadrupling of body weight).

Outlook: Switzerland, where the first recorded bobsled race was held in Davos, is favored to continue its lead. At the world races in February, Switzerland's Gustav Weder led victories in individual and team heats. Germany's team, though, will be a tough challenger and may prevent Switzerland from winning all the gold.

LUGE

Lying on their backs, feet first, on top of a small sled, athletes reach speeds of up to 75 m.p.h. and complete the course in under 30 seconds. The appearance of simply lying down to ride the track is deceptive. Controlling the direction and speed of the luge against the pull of gravity and wind demands tremendous strength.

Outlook: The former GDR dominated the sport with rapid progress by the Soviets after substantial investments. The Americans have failed to place in the top-three in world or Olympics competition. If Calgary is the best guide to Albertville's results, the Germans can be expected to win virtually all the medals.

SPEED SKATING

Athletes reach speeds of 50 k.p.h. on a 400-meter oval course—about eight kilometers per hour slower than a racehorse.

Outlook: One bright hope for the U.S. team is Bonnie Blair, whose five of six

brothers and sisters have been national speed skating champions. Other American hopefuls include 1988 Olympiad Dan Jansen and Nick Thometz. The Germans, Soviets, Dutch, and Canadians have traditionally dominated the sport and are expected to be the main competitors at Albertville.

FIGURE SKATING AND ICE DANCING

Single skaters are required to do compulsory, or school, figures, a short program, and a freestyle program. For the compulsories, judges look at the perfection of shapes and the exactness of the tracings. The figures must be executed three times on each foot with no stop as the shapes are retraced. For the short program, the individual or pair is required to perform seven movements within two minutes. The four-minute, freestyle program enables skaters to paint an image on the blank, white canvas of the ice rink; there are no rules governing the movements or music chosen. In the short program, judges evaluate the technical perfection of the movements. In the freestyle program, judges look at the technical (including the degree of difficulty) and artistic merit of the performance.

Outlook: Many expect a repeat of the placings at the world championships in Munich. For women: Kristi Yamaguchi, United States (placed first at Munich); Tonya Harding, United States (second); Nancy Kerrigan, United States (third). Two possible surprises in Albertville: Midori Ito, Japan, and Surya Bonaly, France.

For men: Kurth Browning, Canada (first); Viktor Petrenko, Soviet Union (second); and Todd Eldridge, United States (third).

For figure skating pairs: Isabelle and Paul Duchesnay, France (first); Marina Klimova and Serguei Ponomarenko, Soviet Union (second); and Maia Usova and Alexander Zhulin, Soviet Union (third). Ice dancing: the Soviets Natalia Michkoutienok and Artur Dimitriev followed by the Canadians Lloyd Eisler and Isabelle Brasseur. ❧

James D. Spellman is a freelance writer in Geneva, Switzerland.

Spreading the Olympic Spirit

The main sponsors of the Albertville Winter Olympics, all heavyweights in the French economy, have founded an association known as the Coubertin Club. It guarantees them exclusive advertising rights in their category of products or services in return for significant financial and technical commitments to the Games. Exactly how much they have paid for their club membership has not been divulged, but a healthy percentage of the estimated \$200 million generated by commercialization of the Games probably came from this group.

Some of these top sponsors have started spreading the Olympic spirit well in advance of the actual start of the Games in February. The French Post Office, which just recently changed its status from a Government institution to an independent company, is very busy right now delivering the Olympic flame around France. On December 14, a special Concorde flight brought the flame, snug and safe inside a stylish-looking miner's lamp, from Athens to Paris, for the beginning of the Post Office-sponsored Olympic Torch Relay.

A torch relay has been a traditional prelude to the Winter Olympics since the 1952 Oslo Games. But this particular relay, like everything about the Albertville Olympics, has taken on spectacular, sprawling proportions. The relay is a two-month, mid-winter marathon running the length and breadth of France, bringing the Olympic flame through all 22 regions, to cover 2,000 communities. "We thought that all of France should participate in this relay," explained Post Office Olympic delegate Georges Laveau. "We're covering 5,500 kilometers, over a period of 57 days without stopping. No Sundays, no rest

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Alcatel	Telecommunications equipment
France Télécom	TV and public video and audio
Thomson SNCF (French Railways)	Nationwide goods and passenger transportation
La Poste (French Post Office)	Postal services

days like on the Tour de France, nothing. And those 57 days will bring us to Albertville on February 8, at 5 P.M., to be quite precise," he added.

Thousands of hands will carry the Olympic flame on its frosty ramble through the French countryside. From 66,000 applicants, 5,500 youngsters aged 15 to 20 were drawn at random as torchbearers. Each of them is jogging just one kilometer (slightly over half a mile), before handing on the torch. On an average 100-kilometer day, each teenager must be picked up and dropped off at the right spot. The relay will be supported by a caravan of vehicles supplied by Renault, another Olympic sponsor—all moving at a stately six miles per hour.

Fifty-seven French cities and towns are hosting the day's relay team overnight. From Lille in the north to Marseille in the south, local mayors are lining up to welcome the flame. Each evening a public ceremony in the most historic spot in town will be followed by an Olympic sound-and-light show conceived by electronic musician Jean-Michel Jarre.

The longest day of the torch relay, starting in the pitch-dark at 3 A.M., will be the 160-kilometer, 16-hour stretch between Rouen and Le Havre, which includes a side trip to the home of the Olympics' founding father, Baron de Coubertin, at Mirville. The coldest day, according to the Post Office's Laveau, is likely to be the one spent on the Mediterranean island of Corsica, to which the flame and its bearers will travel by postal plane. Laveau says

*"Thousands of hands
will carry the Olympic
flame on its frosty
ramble through the
French countryside."*

that, "as strange as it may seem, that is the highest point of the whole relay, with a lot of snow in winter. But we've asked local authorities everywhere to keep the roads as clear as possible. That may mean we'll see snowplows at the head of the convoy."

The Post Office vows that neither sleet, ice, nor snow will stop the Olympic flame from arriving in Albertville on time. Granted, the sleek, stainless steel torch created by avant-garde designer Philippe Starck does not look particularly weatherproof. But should a wintry blast extinguish it, a reliable backup has been provided. The original Olympic flame from Greece that launched the whole relay is coming along in its impregnable miner's lamp to ensure that the show can go on.

Two other main sponsors beside the French Post Office have involved thousands of youngsters in the run-up to the Olympics. Three years ago, the dairy products producer Yoplait became an official partner in the "Youth of the World" program created by COJO, the organizing committee for the Albertville Olym-

pics. Over a period of two-and-a-half years, the program brought six groups of young athletes—1,992 in all, from 160 countries—to the Savoy region, to explore the Olympic sites and to participate in the mountain sports together. From the ideas exchanged at those meetings, Yoplait published a declaration last June called "The Yoplait Charter, Generation '92." It is a 15-step blueprint for the future that calls on the youth of the world to fight such international evils as drugs, pollution, racism, and wars; to work together for equality, freedom, and peace; and to uphold the Olympic values of sportsmanship and fair play.

Yoplait's sister company, Candia, also a producer of milk products, has taken the Olympics into the classroom. It has developed the "Ecolympique" teaching package—a program designed to teach children about the Winter Games and the region in which they are taking place. Candia distributed 20,000 Olympic kits free of charge to primary schools throughout France.

French children will not just know all about the Albertville Games; some of them will play a direct part in them. The French organizing committee has decided to give children the honor of presenting the 330 Olympic medals (110 gold, 110 silver, 110 bronze). It will be a first, but then so will the medals. The French glassmaker Lalique, under a private arrangement that falls outside normal sponsorship rules, created them specially for Albertville—out of crystal. They are entirely handmade, set in gold, silver, or bronze, finely engraved with a mountain scene against which the five Olympic rings stand out in relief.

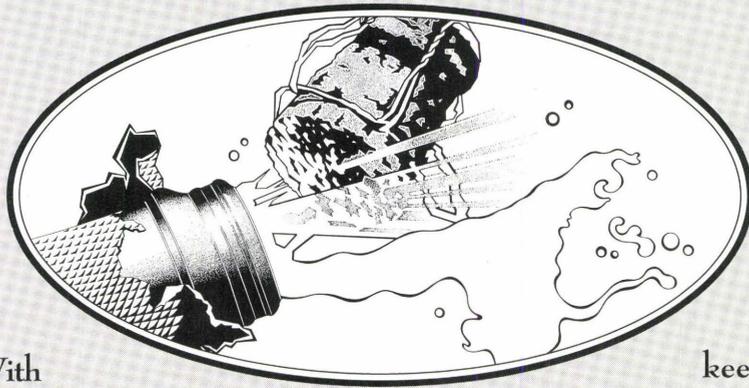
The French are confident that these XVIth Winter Olympics will be a spectacular success. After all, no detail, however small, has been neglected. When the \$210 million Olympic highway to Albertville was opened in October, for example, it included a *crapoduc*, an underpass for a colony of rare toads living in the area. The toad pipe had to be widened to two lanes, because the toads refused to hop over each another in one lane. Now the most athletic toads, those planning on making it to the Olympics, can hop into the fast lane. **E**

Ester Laushway is a contributing editor in Paris.



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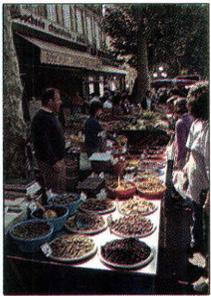
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Last year France achieved a long sought goal by bringing its inflation rate below Germany's. Below left: A French open-air market. Below right: The Seine and the Eiffel Tower.



PHOTOS: © RONALD W. BOONE/LOWER LEFT: © JIM FURNESS



As 1992 begins, the French are uneasily combining economic success with political disarray. With Germany now in economic turbulence, France could credibly lay claim to the title of Europe's best managed economy. But politically and psychologically, many French analysts say the country is in the midst of a kind of national identity crisis. Increasingly, this winter, the French are questioning their country's political institutions and its role in Europe and the wider world.



Pushing to Become the E.C.'s Economic Leader

FRANCE

The Savoy Without Skis

There has been a dramatic erosion of confidence in the leadership of 75-year-old socialist President François Mitterrand, now more than 10 years in office, and his Prime Minister, Edith Cresson, appointed last May.

With Europe in a state of historic upheaval for the last two years, France seems to be finding it harder to adjust than most other countries. And there is a vague but widespread fear throughout the country that in the new European order France may turn out to be one of the main losers.

It is not unusual for the French to examine the state of their nation and draw dramatically pessimistic conclusions. The last time the country passed through a period known as *la crise*, in the 1970s and 1980s, it lasted roughly 15 years. This time, however, there are important differences.

While the "crisis" that started in 1973, the year of the first oil shock, was largely economic, today's is mainly political. True to its origins, "la crise" ebbed as the economy strengthened. French analysts and politicians say it finally disappeared in the boom years of the late 1980s. By then, after years of unusual financial self-discipline, France had established its credentials as a prosperous, strong-currency country, dedicated to low inflation and the principles, if not always the practice, of a free-market economy.

The French could, at least in some respects, hope to hold their own with Germany—the economic model they have striven to emulate ever since Mitterrand abandoned doctrinaire socialist economics in 1983. Although unemployment is now heading for double figures and the trade deficit remains worrisome, the French last year achieved a long-sought goal by bringing their inflation rate down below Germany's. And the prosperity is still there.

Although economic growth slowed over the last two years, falling to 1.4 percent in 1991, France has been less touched by recession than many other Western nations, including the United States. The hope is now for a modest upturn, to perhaps 2.3 percent, in 1992.

Anyone visiting Paris today can see that, by the standards of the late 20th century, this is a wealthy, clean, safe, and mostly well-run city. Around the country, huge new infrastructure projects are under way—new highways are being built, airports expanded, and the high-speed train network extended throughout the nation and beyond.

All this was originally planned to make

Hosting the 1992 Winter Olympics has given the French Savoy region a mighty shot in the arm, which has made its economy spring ahead, covering 15 years of economic growth in only five years. But the Olympic boom has had the drawback of focusing almost exclusive attention on 13 of the Savoy's biggest ski resorts, already crammed with tourists, while the rest of the region is still waiting to be discovered.

You do not have to be a Superskier, or any kind of skier at all, to savor the Savoy. It has crisp air, clear lakes, and majestic Alps etched against the sky, with deep valleys in folds that shelter orchards, vineyards, and idyllic villages. And the Savoyards are so friendly and eager to show you the region's beauties that you will develop a whole new opinion of French hospitality.

You can begin by exploring some of the Savoy's fascinating history. Astonishingly, it has only been part of France since 1860. Before that it was a fiercely independent state, whose ruling family, the House of Savoy, controlled the high mountain pass and became known far and wide as "the Gatekeepers of the Alps." For centuries the Savoy had closer ties with its Italian neighbors to the east than with France. Italian influence is still visible everywhere: in the warm shades of the houses, in mansions built around an inner courtyard (whereas French architecture prefers the courtyard in front), in the proliferation of baroque chapels and in the widespread use of *trompe l'oeil*, decorative artwork that creates an optical illusion that you can find in even the smallest village.

The Savoy's historic capital of Chambéry (population 55,000) makes an ideal starting point for a trip back to the past. Built in the Middle Ages, entirely on stilts because of the marshy ground it sits on, it is a discreetly

elegant town, dominated by the Castle of the Dukes of Savoy, an austere castle now occupied by government offices. Nearby you can lose yourself in a warren of medieval alleys that have graceful stairways, tall towers, arches, and fountains hidden away in their maze. When you emerge, head for Chambéry's most whimsical sight: the Fountain of the Elephants. Built in 1838, in memory of the Général de Boigne, who brought back a fortune from the Indies and spent it on his hometown, the fountain has four massive elephant heads around its base. They stare dumbly at you, as if they were wondering where they had left their tails. The locals are just a little embarrassed by this explosion of Oriental kitsch, but it is wonderful snapshot fodder for tourists.

Sightseeing invariably works up an appetite. You need not worry. The Savoy's cooking is as rich as its history. Inspired by the excellent local cheeses—like the creamy, savory Reblochon, with its soft, golden-yellow crust, or the smooth, mellow Beaufort, the "prince of Gruyères"—it also features the region's smoked meats and spicy sausages. To enjoy it, you have to throw all cholesterol caution to the winds. A typical *tartiflette*, for example, consists of layers of potato, onion, and melted cheese, dripping with *crème fraîche* (sour cream), chives, and garlic. You can find this, and other rib-sticking dishes, served with a generous hand in rustic little restaurants and country *auberges* all over the Savoy.

For a less copious, but very special, meal, visit Les Châtaigniers in La Rochette, a 30-minute drive from Chambéry. In a turn-of-the-century private home that exudes comfort and good taste, you can get wonderful French cuisine and be entertained at the same time. Chef Philippe Roman is also a

France the transportation hub of Western Europe in the next century and help underpin the role it sees for itself as the center of the Continent's culture and civilization. But one of the roots of the latest crisis appears to be an uneasy feeling that France's central position in Europe is now more threatened than at any time since the end of World War II.

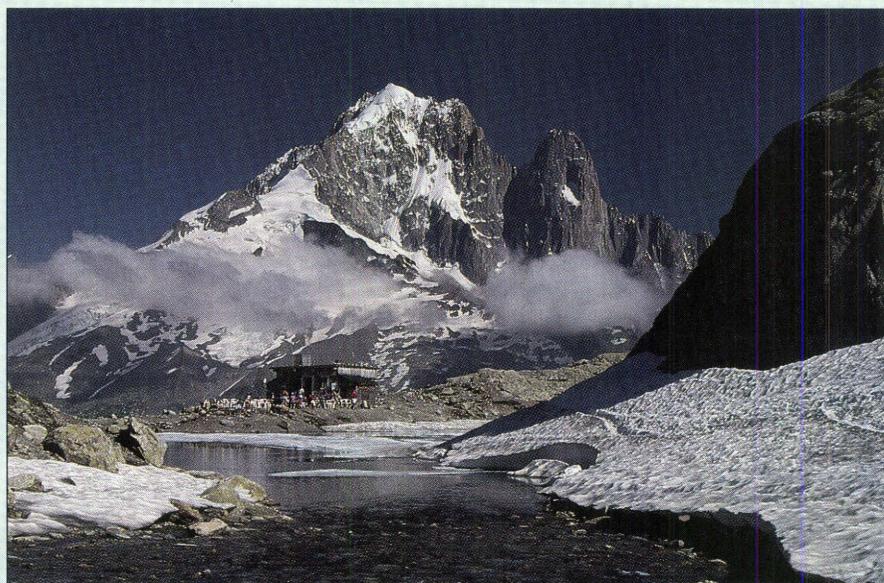
Many French people fear that the center of European gravity is inexorably shifting eastward, to the benefit of a Germany,

which, though now friendly, has consistently posed the biggest threat to French independence in modern history. Some of these fears seem to find their expression in a resurgent nationalism—seen at its most innocent in the frenzied outbursts after France defeated the United States to win the Davis Cup international tennis championship at the end of last year.

A more sinister, defensive kind of nationalism pervades the extreme right National Front Party, which has gained

man of the theater, who, if your French is up to it, will recite witty culinary variations on famous French prose or poetry for you between courses.

Light or heavy, a Savoy meal is best washed down with some of the local wines.



© JIM FURNESS

A wide range of whites, reds, and rosés are vinted on the shores of Lake Bourget, France's biggest and deepest natural lake, and along the riverbanks south of Chambéry. They are wines with strong personalities, well worth getting acquainted with, and that you will have a hard time finding outside of France. At the Château "La Gentilhommière" in St.-Jeoire-Prieuré, an 11th-century castle vineyard, you can sample 11 different varieties! Among the reds, the Mondeuse is the most unusual, with a strong, earthy flavor; the white

Once an independent state controlled by the Savoy family, the region has been a part of France only since 1860.

Abyemes, which takes its name from where it is planted—on the fallen rocks of the massive Mont Granier landslide of 1248—is light, dry, and fruity.

By this time you may feel that travel is broadening more than your mind. Never

mind—the Savoy even has a wine for dieters. The white hawthorn-scented Créry is a powerful diuretic and is served as part of the weight-loss program in the region's health

spas. There are four of them: Aix-les-Bains, Challes-les-Eaux, La Léchère, and Bridel-Bains. Since the last two are hosting athletes and journalists during the Winter Olympics, and Challes is closed from October to April, head to Aix, which is the biggest and most fashionable of the lot, if you want to leave the Savoy svelte.

You should plan another trip in late

spring sometime, when the Alpine meadows are ablaze with color and you can hike along the 300 miles of marked trails in the Vanoise National Park, keeping watch for herds of ibex (sturdy mountain goats with superb curved horns), the smaller, shier chamois, or the round, furry, not at all shy marmot. You see, on skis, the Savoy is just a paradise in winter. But off them, it is a holiday heaven all year round.

—Ester Laushway

Savoy: Facts and Figures

Area: 2,200 square miles

Population: 350,000

Average Altitude: 5,000 feet, 89 percent of the region is mountainous

Hotel Accommodations:

400,000 beds

Useful Addresses

SAVOY REGIONAL TOURIST BOARD:

Association Départementale de Tourisme de la Savoie
24 bd. de la Colonne
7300 Chambéry, France

RESTAURANT:

Les Châtaigniers
Rue Maurice-Franck
73110 La Rochette, France

VINEYARD:

Château "La Gentilhommière"
73190 St.-Jeoire-Prieuré, France

AIX-LES-BAINS HEALTH SPA:

Thermes Nationaux
Places des Thermes—BP 349
73103 Aix-les-Bains, France

VANOISE NATIONAL PARK

Parc National de la Vanoise
135, rue Docteur-Julliard—BP 705
73007 Chambéry Cedex, France

strongly in the opinion polls over the past year. The National Front, stridently anti-immigrant, now regularly scores around 15 percent in the polls. More than double that number say they generally approve of its hard-line policies on immigration. Another less tangible consequence seems to be a greater hesitancy toward economic and political integration in the E.C. among the parties of the center-right opposition, many of whom were previously ardent proponents of a federal Europe.

A central problem is that the end of the cold war in Europe, combined with the growing strength of Germany, has irreparably undermined two of the main pillars of France's post-war foreign policy. The first was to keep Germany within a tightly run E.C., in which France was the dominant political—and military—power. The second was to exploit superpower confrontation to carve out an independent world role for France, enhancing French national influence and prestige disproport-

tionately to the country's actual size.

Now Germany is rapidly becoming the strongest economic and political power in the European Community. And French influence appears to be diminishing further as new Northern and Eastern European states, probably looking to Germany for leadership, join the Community over the coming years. Serious French commentators warn that Germany is planning to create a sinister new "Teutonic bloc" in Central Europe—a fear that scarcely finds an

echo in the other E.C. countries.

Meanwhile the collapse of the Soviet Union has removed France's ability to play Moscow and Washington against each other—and raised serious questions about the usefulness and desirability of

tributed to the decline in Mitterrand's own standing. Ironically, Mitterrand named Cresson Prime Minister apparently in the hope that she would restore the Socialist Party's sagging fortunes in the run-up to the next Parliamentary elections in 1993.



© JIM FURNISS

Mitterrand, currently in his second seven-year term, recently admitted that even he sometimes feels that 14 years is too long.

the French strategic nuclear deterrent.

These developments have coincided with growing doubts, not least inside his own party, as to whether Mitterrand is the best person to lead France into the new European order that is taking shape. As the pace of events in Europe has accelerated over the past two years, Mitterrand has seemed to many—inside and outside France—to be nostalgic for the division of Europe ratified at Yalta in 1945.

Mitterrand, initially cool toward German unification, has been reluctant to welcome the ex-communist states of Eastern and Central Europe into the Community. He has preferred, instead, to try to promote an ill-defined European Confederation. One of the main purposes for this ambiguous position seems, at least to many Eastern Europeans, to be to keep them out of the Community for the foreseeable future.

At home, Mitterrand is widely thought to have made an uncharacteristic political blunder in promoting Cresson to the Prime Minister's office. Cresson has turned out to be one of the least popular Prime Ministers in recent years, and her plummeting approval ratings have con-

tributed to the decline in Mitterrand's own standing. Ironically, Mitterrand named Cresson Prime Minister apparently in the hope that she would restore the Socialist Party's sagging fortunes in the run-up to the next Parliamentary elections in 1993.

Instead, all the opinion polls now forecast a crushing defeat for the socialists. The man Cresson replaced as Prime Minister, Michel Rocard, is widely seen as better placed than before to run in the 1995 Presidential elections—even though Mitterrand is widely believed not to want Rocard to be his successor. And there is recurring speculation in Paris that Cresson may soon be ousted—perhaps to be replaced by Jacques Delors, the President of the E.C. Commission.

Cresson's problems were further compounded last month when she was obliged by a revolt in her own party to back down on a plan for compensating AIDS virus victims infected by contaminated blood transfusions in a scandal that has shocked the nation. Although compensation will still be made, Cresson had to withdraw a highly unpopular suggestion that it be financed through a levy on accident and damage insurance policies. More broadly, the scandal, in which the French authorities are alleged to have knowingly allowed tainted blood to be used for transfusions during the 1980s, also added to the current mood of cynicism about the way the country is administered.

Another symptom of that cynicism, according to French analysts, is a growing dissatisfaction with the country's main political parties and the political institutions in which they operate. The skepticism is exacerbated by the way the minority socialist Government has taken to pushing controversial measures through Parliament by decree—challenging the opposition to a vote of confidence—because it lacks a Parliamentary majority. As a result, this theory goes, people with grievances are increasingly taking to the streets to protest rather than seeking solutions through the country's regular institutional and political channels. Recent months have seen strikes and demonstrations by farmers, transportation workers, dockers, nurses, auto workers, air traffic controllers, and others, which have further soured the political climate.

A common complaint is that, after nearly a decade of austerity, the socialist Government is not distributing the fruits of prosperity to those who deserve it most—its own supporters.

Many would say the problem lies deeper and that constitutional change is needed to give greater power to the Parliament and ultimately to the voter, and less to the President. And that is indeed what Mitterrand has now espoused as the best way out of his current crisis. Proposals under study include reducing the President's term from seven to six or five years, or limiting the Presidency to one seven-year term. It is not yet clear whether such proposals would apply to Mitterrand or wait for his successor. Mitterrand, currently in his second seven-year term, recently admitted that even he sometimes feels that 14 years is too long. At the same time, the socialists are considering changing the electoral system, probably by re-injecting an element of proportional representation, for the 1993 Parliamentary elections.

Mitterrand's critics accuse him of trying to manipulate the system to his own advantage and to his party's advantage; they insist that this belated conversion to constitutional reform will in the end create more problems for him than it solves. But his supporters believe that Mitterrand has found the way both to regain the initiative and to tackle one of the main strands of the country's political crisis. It is far too early, they say, to write off such a wily old fox. **€**

Reginald Dale is economic and financial editor of the *International Herald Tribune* and a contributing editor to *Europe*.

PROFILES

Valéry Giscard d'Estaing is the only living ex-President of France; but he has never quite accepted the "ex" part of that description.

Indeed, since he was voted out of office by disenchanting French voters in 1981, he has never stopped working to engineer a comeback.

Elected to the Presi-



© REUTERS/BETTMANN

dency in 1974, at the dazzlingly young age of 48, Giscard d'Estaing is still only 65 (10 years younger than current President François Mitterrand), and it is conceivable to imagine him back in the Elysée Palace after the next Presidential elections due in 1995.

As the leader of one of France's main center-right opposition parties, the UDF, he has long been maneuvering to position himself as the Right's leading Presidential contender. So, too, has his main rival Jacques Chirac, the Gaullist leader.

In the past 10 years, Giscard d'Estaing has devoted long and often unglamorous hours to rebuilding his career—as a member of the French and European Parliaments (he re-

MICHEL ROCARD, 61, was unceremoniously bundled out of the Prime Minister's office by President François Mitterrand last spring. Ironically that may have put him in a better position to become Mitterrand's successor in the 1995 Presidential elections.

It's no secret in Paris that Mitterrand does not get on well with Rocard and would prefer to be succeeded by someone else, perhaps another former socialist Prime Minister, Laurent Fabius.

Socialists of the Mitterrand faction have accused the more centrist-leaning Rocard of compromising the party's once dominant left-wing ideology. Mitterrand appointed him Prime Minister, in part at least, to win centrist support for his minority government in 1988.

But with Mitterrand's popularity plummeting, Rocard's friends say it's good that he has taken some distance from the government, now led by the unpopular, and more left-wing, Edith Cresson, who succeeded Rocard last May.

Rocard, of course, has two challenges before he can succeed Mitterrand in the Elysée Palace. First, he must defeat Fabius and other contenders to become the official Socialist Party candidate; then he must defeat the standard-bearer of the Right.

A man of great charm, Rocard worked hard and adopted a generally low profile as Prime Minister. In contrast to other European Parliamentary democracies, the Prime Minister in France is usually overshadowed

by the President and has little or no role, for example, in foreign policy.

A socialist activist for 40 years, several times a Minister, and a losing Presidential candidate in 1969, Rocard is well-versed in the arts of political struggle and survival. During his three years as Prime Minister, he successfully fought off a dozen votes of no confidence that often came close to bringing down his minority administration.

Rejecting the extremism of both Left and Right, Rocard has long worked to solve problems by common sense and compromise. As Prime Minister, he tried several times, unsuccessfully, to defuse the explosive issue of immigration by calling for a broad bipartisan approach.

He helped his party away from marxism and toward the free market principles that the socialist mainstream now largely endorses. As Prime Minister, he once told *The New York Times* that he regarded today's French socialists as the equivalent of left-wing Democrats in the United States, in the tradition of George McGovern.

—Reginald Dale



FRENCH EMBASSY

signed from the French Parliament in 1989 to avoid a conflict), and in local government as President of the Regional Council of his native Auvergne.

In 1988, he published a best-selling book entitled *Power and Life*, which revealed intimate details of his life in the Elysée and his personal contacts with other world leaders, which probably enhanced his standing with the French

public.

A crystal-clear thinker and a brilliant economist, Giscard d'Estaing was one of France's most successful Finance Ministers before his election to the Presidency. It was the same path followed in Germany by Giscard d'Estaing's great friend and colleague, former Chancellor Helmut Schmidt.

In the 1970s, the two men together helped

shape Europe's—and to a lesser extent the world's—future. They were instrumental in launching the E.C. on the path toward economic and monetary union. Now, Giscard d'Estaing, like Schmidt, bewails the lack of economic expertise and intellectual weight of the world's current leaders.

Giscard d'Estaing is a natural gentleman. As a politician, however, he has an unfortunate flaw:

the inability to project empathy with the ordinary voter. The harder he tries the more he seems to make matters worse, reinforcing a widely perceived image of patrician haughtiness.

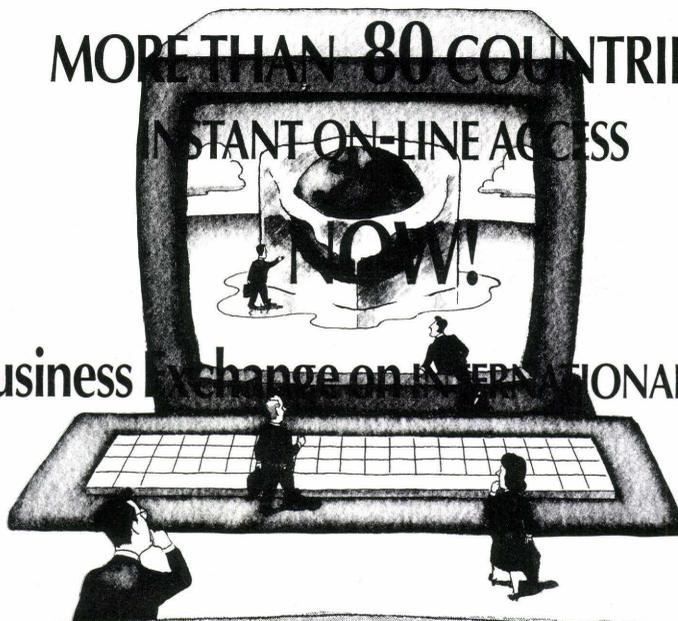
He has dropped broad hints that if fate denies him a second chance as President of France, he would settle for President of Europe—if such a job were to come into being in his political lifetime.

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U.S. Companies In Love With France

Despite the tough language often exchanged between American and French trade officials, the love affair between France and the United States remains strong, as do commercial ties. The French adore American jeans and computers as much as Americans love French wine and cheese, a fact that helps make France the United States' eighth largest trading partner.

While U.S. officials fret over America's trade deficit, one bright spot is France, where, according to the Commerce Department, the U.S. trade surplus for 1991 was projected at \$2 billion after a \$500 million surplus in 1990.

New York fashion designer Oscar de la Renta is one example of Americans cashing in on the French love of things American, having made a splash at the 1991 Paris ready-to-wear shows.

Good reviews in Paris are the key to the European fashion market, and de la Renta parlayed his performance into orders from more than a dozen new European customers. Oscar de la Renta is just one of many American labels one can find in Paris shops. Esprit and Ralph Lauren have opened high-profile boutiques in the French capital. And familiar American names like Timberland and Oshkosh B'Gosh can be found in retail stores, not to mention the ever-present Levi's.

Years ago, U.S. apparel makers were reluctant to venture into the French market, in part because of the strong dollar. But U.S. trade officials say American men's and children's apparel has been well received at recent Paris trade shows, and American women's wear will make its major debut at an American Designers Pavilion at the upcoming spring trade show.

Trade officials say U.S. sportswear and

Buying American is Chic



Oscar de la Renta was a hit on the Paris fashion show circuit last year. As a result his ready-to-wear collections have attracted a number of European buyers.

GUY MARINEAU

other "very American things" are good prospects for the French market. Companies like Timberland make the most of "a strong feeling for the outdoors" that appeals to the French, says Philippe Jacquier, director of Timberland France.

But when a pair of shoes has a price tag close to \$200, a solid name brand and impeccable quality also are important in France, he adds.

Apparel represents only a small part of the \$15.5 billion in U.S. exports to France, far behind engineering, electronics, computers, and computer accessories. The bread

and butter of U.S. business in France remains the industrial and agricultural giants with deep roots in France. IBM, Ford, and Cargill are the top three U.S. employers in France, with their subsidiaries grossing an annual total of 68 billion francs (\$12 billion) and a combined payroll of more than 25,000.

Major U.S. multinationals like Allied Signal, Proctor & Gamble, Eastman Kodak, 3M, Dow, and others are well entrenched in France, in most cases manufacturing locally. A major wave of U.S. expansion to France came in the 1960s (although IBM says its presence through a forerunner to the company dates back to 1914). Currently the trend is toward high technology, and firms like IBM and Apple have chosen Paris for their European headquarters. Hewlett-Packard went even further, moving its worldwide personal computer division headquarters to Grenoble in 1991. Sun Microsystems, Digital Equipment, and NeXt also have French units.

U.S. investment in France has been growing as companies try to gain a foothold in the unified E.C. market. Direct U.S. investment in France in 1990 was \$2.2 billion, more than double the figure for 1988.

"I think a big reason for choosing France is its central location," says Laurent Moquet, assistant director of the New York-based Invest in France Agency. "There are two main axes in Europe: Rome-London and Copenhagen-Madrid. And both of these cross through France." This geographic factor, Moquet says, was critical in France's winning out over Spain in the competition for Euro

Disneyland, which at \$4 billion is one of the largest U.S. corporate investments ever in Europe.

Among other signs of the strategic location of France, Coca-Cola recently opened what has been billed as "the world's largest" Coke bottling facility in Dunkerque, aimed at serving not only the E.C. but cola-thirsty markets in Eastern Europe as well.

Haagen Daaz, a New Jersey-based unit of Pillsbury-Grand Metropolitan, also bet on France with a \$360 million plant for its American ice cream—introduced successfully in the E.C. over the last two years. "This shows [that] you can cover the entire European market from France," says Moquet.

Some U.S. retailers also see France as a key market. Toys-R-Us has set up *hypermarchés* in the Paris region, hoping to capitalize on France's per capita spending on toys, which is the highest in Europe.

France also is seen as one of Europe's hottest markets for franchising, and U.S. chains are at the top of the list. McDonald's and Burger King have long been present, but names like Athlete's Foot, Quality Inns, and Best Western are growing.

The French have long battled against an image of an inflation-prone economy wracked by labor disputes and poor productivity. But officials in France say that figures tell another story. The Government is especially proud to point out that the inflation rate in France in 1991 was lower than Germany's for the first time in recent memory and that inflation has been held under 4 percent since 1986. French overall labor costs are about 25 percent lower than those in Germany, and the unionization rate is the lowest in the Community.

"The French economy is stable," Moquet says. "Paradoxically it was a socialist Government that opened up an economy that had been more socialist oriented."

Taxation is another area where the French reputation has discouraged U.S. business. While overall taxes and social charges still represent about 44 percent of France's GNP, the corporate tax rate has come down from 50 percent in 1984 to 34 percent today. A planned drop in the rate to 33.3 percent during 1993 will make France's "the lowest in the E.C." Moquet says. **E**

Robert Lever is a correspondent for United Press International who reported from Paris for the last three years.



TOYS-R-US, INC.

American toy manufacturer Toys-R-Us wants to capitalize on the French love of toys. France spends more per capita on toys each year than any other European country.

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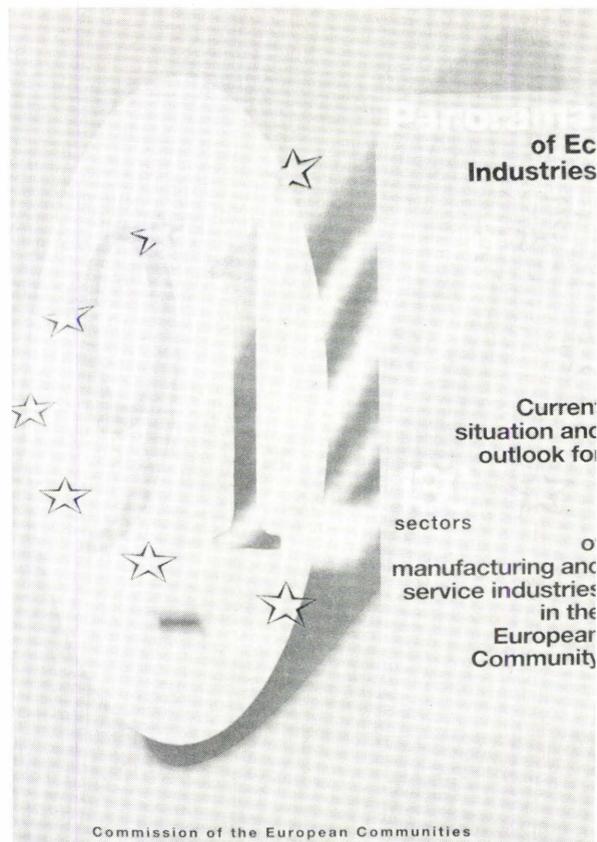
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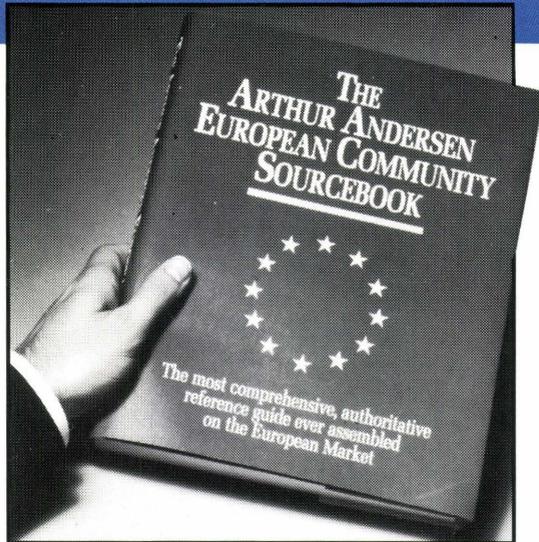
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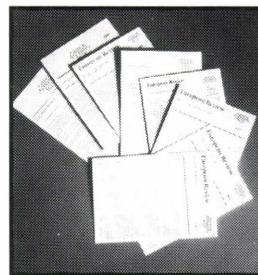
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DUBLIN	<i>Political Satire</i>	47
ROME	<i>The Art of Cataloging</i>	47
MADRID	<i>Europe's Cultural Capital '92</i>	47
AMSTERDAM	<i>Maastricht: New European Crossroads</i>	48
LISBON	<i>Portugal in the Limelight</i>	49
BERLIN	<i>M.B.A. Spells Business in Germany</i>	49
LUXEMBOURG	<i>After the Summit</i>	49
COPENHAGEN	<i>A Taxing Situation</i>	50

radio service beamed around the world from London helped keep them sane and in touch with what was happening outside the walls of their hostage cells during their incarceration.

A British building contractor, Neville Norton, who had been held in detention in Saudi Arabia for 16 years because of a dispute over the construction of three royal palaces, said on his release in the summer that he had been kept going by the BBC World

Service programs, especially the sports news about the fortunes of his favorite soccer team, Manchester United.

The station was founded in 1932 and has grown in popularity so that today it is listened to by 120 million people around the world. The BBC World Service puts out programs in 36 languages each day of the year, as well as a 24-hour service in English. Its particular strength lies in its output of news, comment, features, and discussion.

Because it receives part of its budget from the Foreign Office, some people regard it as an unofficial diplomatic arm of the Government. However, despite its source of funding, the World Service prides itself on the way information is rigorously checked before being aired. John Tusa, the director general, says that "journalistic impartiality drives this place."

The high standards of impartiality, which, at times, have led to furious rows

between politicians and broadcasters, have made the headquarters at Bush House on Aldwych in the heart of London a mecca for broadcasters from all over the world. The warren of corridors linking the 56 studios and offices looks at times like a veritable United Nations with people from all over the world bustling about the halls.

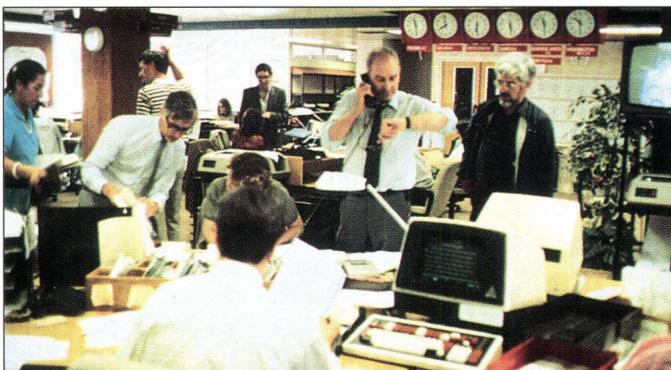
The importance of the World Service in keeping alive the voice of truth was underlined by the fact that the Soviet Union used to spend more than \$1 billion a year to jam the broadcasts. Ironically, Soviet President Mikhail Gorbachev said after the attempted coup in August that while being held prisoner in his holiday dacha in Crimea he kept in touch with what was happening by listening to the BBC World Service.

At a time when Government cutbacks in funding have been threatening the service, it was deeply satisfying to the far-from-well-paid staff to know that, even though this may be the age of television, they still have the world's ear and the gratitude of many living in adversity around the world.

—DAVID LENNON

Voting for Change

BRUSSELS—Belgium's ruling parties suffered a severe setback in elections last November, ceding room to mavericks, extreme right-



Founded in 1932, the BBC World Service now has over 120 million listeners around the world. The broadcasts include news, commentary, and features in 36 languages 365 days a year.

wingers, and ecologists.

Few could have imagined that Belgians, usually depicted abroad for their sense of compromise and constant search for peaceful solutions, would have voted in such a radical way. The Christian Democrats, Socialists, and Liberals—parties that have alternately ruled Belgium since World War II—all lost ground to small groups never before represented in the 212-seat Parliament.

"It was a vote against politics," noted Belgian Interior Minister Louis Tobback. "It is a very serious matter," said Belgian Prime Minister Wilfried Martens. "It shows that the voters have no confidence in politics."

The mavericks include Jean-Pierre Van Rossem, a former multimillionaire jailed on the election day on charges of fraud. Advocating suppression of taxes and privatization of social security, Van Rossem's party obtained three seats. As the party's leader, he will be immune from prosecution.

More preoccupying was the electoral score by Vlaams Blok, a Flemish nationalist, anti-immigration party that originated in Antwerp, a city whose 500,000 population includes 26,000 North Africans. Observes one Antwerp-born journalist, "With its harbor, my town has a tradition of welcoming foreigners, but there is a real problem of integration concerning the Arabs. Their value system is different." Canvassing among the poorer classes, Blok promised voters to repatriate the immigrants, whom the party accuses of being a major source of crime and responsible for much of Belgium's 11 percent jobless rate. Blok quadrupled its support in some areas of Flanders and became the first party in Antwerp with 25 percent of the votes.

While many Flemings cast their vote for rightist groups, Walloons expressed their re-

pu diation of traditional politics in a much different manner. They chose the Greens. A mixed group of Socialists and Christian Democrats, Ecolo increased its parliamentary representation from three seats to 10. It surely gained votes due to its strong support for the educational sector, whose teachers went on strike repeatedly in the month prior to the election, asking for higher salaries and better working conditions.

It would be wrong, however, to conclude that the whole of Belgium has shifted to extremism and ecology. Martens' CVP Party remains the strongest in Flanders. The socialists, though weakened, keep a grip on Wallonia. And the liberals are still supreme in Brussels. But this was certainly a strong warning to political parties, wrote one Belgian paper, "[that have] replaced ideology with opportunism, militantism with clientelism, and idealism with self-aggrandizement.

—CHRISTOPHE LAMFALUSSY

bring back electric street-trams, which disappeared from the streets of Athens almost 40 years ago.

Experts say 80 percent of Athens' pollution is caused by automobile traffic. An inadequate public transportation system combined with the Athenian's devotion to symbols of prosperity has produced an explosion of car ownership. In 1970 there were 160,000 private cars in the Greater Athens area; today there are over a million, and road-building has not kept up with them.

However, the purpose of Tritsis's urban tramway scheme is not only to combat pollution and alleviate congested streets, he says, but also "to recuperate the historical character and physiognomy of Athens." In the plan's first stage an inner ring of 11 kilometers, costing approximately \$165 million, would link the two big city squares with the Acropolis, the ancient Cemetery

ground metro lines now being constructed. By moving three times as many people per hour, the tramway would help eliminate the heavily polluting buses on these routes, and encourage people to leave their cars at home. It would help rehabilitate the shabby coastline, where Tritsis sees a possible "recreational park" stretching from Piraeus to Vouliagmeni.

The total cost of the project is estimated at just over \$800 million. It already has the backing of the Government, and is a strong contender for E.C. financing. But Tritsis is confident that it will also attract private capital in return for operating rights and, therefore, not have to compete for resources from Greece's slender public investment budget.

Tritsis first proposed an urban tramway for Athens as Environment Minister in the early 1980s and regrets that it was not accepted as viable then. Today, having been



Athens new tramway system would link the National Archaeological Museum (above) with the Acropolis, and the Keramaikos forming a "continuous archaeological park."

One Solution to Traffic Pollution

ATHENS—The two main problems that have plagued Athens for more than a decade are traffic congestion and pollution. Now the city's energetic mayor, Antonis Tritsis, is forging ahead with a plan that he hopes will radically reduce both—to

(Keramaikos), the railway station, and the National Archaeological Museum. With the major thoroughfares pedestrianized, the tramway would link Athens' important sites in "a continuous archaeological park."

A second stage would add another 65 kilometers along the main artery feeding into the city center and complement the two new under-

elected mayor for a fixed four-year term, he believes a decision on awarding the contract will not be interminably delayed by political pressures, as happened with the underground metro. Work could even begin in 1992, he says, and the first stage should be completed five years later. The second stage would require another five years.

Tritsis's ultimate goal is a

city center almost entirely free of private cars. He concedes this will mean Athenians having to change their habits: "People must walk more, use public transportation more, behave more collectively and less individually." Reminded that he is sometimes accused of being a dreamer, he gestures across the polluted cityscape from his sixth-floor office window and says: "My answer is, look at what the realists have done. Are you impressed?"

—PETER THOMPSON

Political Satire

DUBLIN—At 10.30 on Saturday mornings, many people in Ireland can be observed behaving oddly. Golfers linger in their cars before starting their game, shoppers rush to the car parks, families shout to each other, "It's started." Politicians turn on their radios nervously and fear the worst. The whole country, it seems, settles down to listen to the half-hour satirical program that everyone is talking about, "Scrap Saturday."

From a small cult following when it began a year ago, the program has now built up a huge audience and its savage satires of the famous and not-so-famous often make news in the Sunday papers. The favorite target is Prime Minister Charles Haughey, but the satire strikes out widely at politicians from all parties, bishops, businessmen, media pundits, Irish language enthusiasts, and just about any figure who has been in the news.

When the show started last winter and carried an item about the national radio and television station, RTE, advertising its coverage of the Gulf War in gung ho fashion, some shocked listeners complained to their local politician, who issued a statement criticizing the station. Evidently, the poli-

tician had not heard the item and was unaware it was only a joke. For the next few weeks she was made a laughingstock as the program issued a string of mock apologies giving her the kind of publicity politicians can do without.

The sketches portraying Haughey engaging in a brutally frank exchange with his faithful press officer are usually favorite items. His references to his fellow Ministers and party followers are often unprintable, but the program gets very few complaints because of the fear of how the ensuing "apology" would make matters even worse.

The program is the brain child of a former teacher, Dermot Morgan, who for years tried unsuccessfully to make a full-time career as a radio and television comedian. His appearances on a weekly television show as Father Trendy, a guitar-strumming, post-Vatican Council Two cleric with an unctuous sermonette for young people, first brought him into the public eye. But when he tried to put together his own satirical program for television, the national station, which has a monopoly on television in Ireland, turned the series down.

The new radio series began with a trial period and its lampooning of Haughey and Government Ministers was such that there would have been little surprise if RTE had quietly dropped it. The station's news and current affairs coverage has frequently run into trouble with the Government for its independent line when covering elections and other sensitive issues, so it was seen as a courageous stance to continue with "Scrap Saturday."

Morgan finds he has a vested interest in the political survival of Haughey, whose leadership is under threat from within his own party. When Haughey's main rival, Minister for Finance Albert Reynolds, was recently forced

to resign after a failed leadership bid, he came over to Morgan at a reception and shook his hand saying ruefully: "The things I do to keep your show going." Morgan was touched, knowing the traumatic experience the former Minister had been going through.

He says that politicians by and large accept the pummeling they get at his hands since "any kind of mature society has to have a role for slag artists." But while it is true that the politicians who are on the receiving end of the satire just have to grin and bear it, they are also conscious that the public's perception of them is now being influenced by how they are presented on "Scrap Saturday." Some of them even try to play their "Scrap Saturday" role for lighter moments at the beginning of speeches. It is getting hard to know sometimes where the reality ends and the satire begins, but the Irish people love it, perhaps sensing that it is too funny to last.

—JOE CARROLL

The Art of Cataloging

ROME—Inside a gigantic mountain in Utah, the Mormons are patiently trying to reconstruct the genealogy of mankind with the ambitious objective of tracing human beings back to Adam and Eve. The Italians also face a challenge of similar magnitude.

In Italy and many other Mediterranean countries, there is no catalog of the immense artistic wealth that exists in these cradles of ancient culture. With no such records, robbing masterpieces is not difficult. And, with the opening of the E.C. borders in January 1993, the illegal movement of works of art within the Community will be virtually free-flowing. The problem is vexing: How to avoid the disappearance of master-

pieces?

Giulio Carlo Argan, famous art historian and ex-mayor of Rome, suggests cataloging all the works of art. This suggestion was made in an open letter published in the daily newspaper *Corriere della Sera* and addressed to the head of the Government, Giulio Andreotti. The elderly professor maintains that, if Italians don't know exactly what treasures they have in their museums and warehouses, they will never be able to protect them.

The disregard of paintings, sculptures, tapestries, drawings, pottery, and other works of art in every corner of Italy, is an old problem. Now could be the right moment to correct the situation.

The state, Argan says, "must be able to recognize its own artistic patrimony, and must periodically check on the presence and condition of the works of art, so that anyone who breaks the laws of tutelage will be punished."

Argan also suggests that cataloging the country's art heritage should be conducted by archaeology or art history students in collaboration with universities and fine arts superintendents.

According to Argan, there would be another advantage to such a catalog: It would be a way to stimulate young people interested in the fine arts to gain experience in the field. It could also offer Italian art historians the opportunity to collaborate with their American counterparts, since U.S. systems of museum cataloging are among the world's most precise and advanced.

—NICCOLÒ D'AQUINO

Europe's Cultural Capital '92

MADRID—As Spain enters 1992, a year in which it will host several major international events including the

Barcelona Olympics and the Universal Exhibition Fair in Seville, less attention has been paid to Madrid's title as Europe's Cultural Capital for 1992. Since 1985 the E.C.'s Ministers of Culture have designated one city to be Europe's yearly Capital of Culture. The designation has provided the motivation for a variety of Europe's metropolitan areas to highlight their cultural resources.

The inaugural Cultural Capital was Athens in 1985. Other cities such as Florence, Berlin, and most recently Dublin, have held the yearlong spotlight.

A lively city of over four million people, Madrid has a long and proud history. *Madrileños* are fond of the phrase "*de Madrid al Cielo*" (from Madrid to Heaven), which seems to describe not only the city's nightlife but also its rich cultural tradition. Due to its dynamic heritage as a key venue in Europe's political, military, and artistic history, the city will have little difficulty fulfilling its role as this year's Cultural Capital.

The city offers an impressive collection of art on view at the Prado, including works by Velasquez, Reubens, El Greco, and Goya. Madrid is also the home of Picasso's famous "Guernica." Some churches in the city display their own private collections, including masterpieces of various periods. The Museum of Contemporary Art and the recently renovated Reina Sofia Art Museum offer a wide selection of modern works.

The city's art, however, is not limited to the works found in museums. The streets of Madrid are lined with buildings that reflect almost every great architectural period since the middle ages. From the Austrians' Quarter and the Plaza Mayor to the Opera Square and the Royal Palace (recently a site for the Middle East Peace Conference),

Madrid's buildings offer a guide to the city's illustrious past.

Not as well known for music and drama as it is for art, Madrid also has a very active performing arts community. The city's theaters range from the classical Teatro Español to a wide variety that perform contemporary works, and many offer plays in English as well as in Spanish. Madrid also offers a thriving live music scene among the many nightclubs and cafes, and Casa de Campo presents outdoor concerts. The 1992 events will include performances by Plácido Domingo and Jose Carreras.

Anticipating more tourists, the city has recently installed a centralized computer ticketing system that will facilitate access to the museums and to the multitude of performance events for the year.

The 12 month celebration of culture could not have come at a more ideal time for Madrid. In the mid-1970's the city was stagnating. However, with Franco's death and with Spain's formal introduction into the European Community, Madrid began to rebound. In the mid-1980s more and more money was invested in construction and refurbishment of buildings and infrastructure. By the late 1980s Madrid was becoming a first class business and financial center with considerable momentum and positive prospects for the future. In 1992 Europe's cultural spotlight will underscore the rebirth of Madrid to the rest of the world.

—PEDRO MARIN

Maastricht: New European Crossroads

AMSTERDAM—Since 1815, Maastricht has been the capital of Limburg, the southernmost of the Netherlands' 12 provinces. It recently gained recognition by hosting the

historic E.C. summit. Dating back 2,000 years, Maastricht is the Netherlands' oldest city, but it has not always been Dutch.

Maastricht was initially a Roman settlement, but over the centuries the Spaniards, Prussians, Austrians, and French, in turn, laid claim to the city and the surrounding region. In 1815, after the Napoleonic wars, the Great Powers gathered at the Congress of Vienna and ceded the area to the newly formed Kingdom of the Netherlands.

Limburg, the only mountainous Dutch province, has long been a popular vacation spot attracting many Dutch families as a welcome change from the otherwise flat lowlands.

The province is an isthmus of Dutch territory jutting southward, bordered on its eastern side by Germany and on its southern and western sides by Belgium. But Limburg as a region is transnational, stretching across all three borders. Limburgers feel a strong sense of allegiance to their region that often supersedes their various national loyalties.

Recently, two towns facing each other across the Dutch-German border went so far as to merge and rename the new unified municipality in spite of the national boundary that would run between them. Limburgers maintain a regional identity and cultivate transnational ties through cultural and sporting events, as well as through environmental and economic projects.

Maastricht's mayor, Philip Houben, sees a trend. Discussing the December E.C. summit, he recently told *The European*, "We want to be international. Limburgers on whatever side of the national boundaries no longer look to their national capitals. We are a region in our own right and we look to Brussels as the future capital of Europe. We hope that the summit will

confirm that."

Limburg is a growth area with potential to exemplify the new Europe of the next decade. It lies relatively close to the major economic centers of northern France and Belgium, the Ruhr district in western Germany, and the Rhine River cities. This prime location has appealed to many industries worldwide. Already, the province hosts ceramic manufacturers, various American and Japanese industries, and one of Europe's eight largest chemical plants.

Limburg is also an ideal distribution point for major international cargo carriers. Maastricht Airport (the second largest in the Netherlands) offers connections to major European centers and charter flights to European vacation destinations.

In the past 15 years, Maastricht, the capital of the province and the heart of the region, has developed from a poor mining town into an attractive and polished exposition and conference center. The city has come a long way considering that during the 1970s the area's coal mines were shut down as the region's industrial base slumped.

Now, two decades later, in addition to its industrial rebirth, the region has grown as an international academic center. As many as 25 different institutions attract a multitude of international researchers, scholars, and students. The variety and scope of these institutions reflects the region's new pan-European and internationalist perspectives.

Maastricht is an appealing mélange of modern possibilities and Northern European historical tradition. Foreigners seem to feel at home in the city. A solid base of transportation infrastructure—rail, air, auto, and local public transit—brings in visitors and keeps the 120,000 residents circulating. Both tourists and locals

avail themselves of the city's many cultural attractions including diverse restaurants, historical architecture, and an active music scene.

With the success of the E.C. summit, perhaps it will not be long before more of Europe's regions and cities resemble Limburg and Maastricht.
—NEL SLIS WITH MATTHEW RUDOLPH

Portugal in the Limelight

LISBON—Portugal entered the New Year like a princess feted at the ball. Europalia '91, a three-month extravaganza in Belgium that ended in December, put Portuguese art and culture on the European center stage as rarely before, with the exhibition ending as Portugal begins its first European Presidency.

An army of European and other media will be in town for the next six months, and Lisbon is out to make the most of the newly awakened interest and to promote one of Portugal's biggest industries—tourism.

ganize the prestigious biennial, which ended on December 31, Portugal scheduled 500 events mostly in Brussels.

Some 2,000 examples of Portugal's artistic heritage were on display along with a broad range of exhibitions, concerts, plays, ballets, films, symposia, literary awards, meetings, and youth exchanges.

The official program included 20 exhibitions, 140 classical and contemporary music concerts, over 100 Portuguese film screenings, 19 plays, 21 ballets, six literary symposia, and three poetry readings.

The Discoveries, Portugal's presence in the world, and the country's artistic heritage were major themes among showings of Portuguese tiles, architecture, photography and jewelry, modern and contemporary art, music, and dance. Publishers chose Europalia to launch 45 new books, including two volumes of contemporary Portuguese poetry, a book on Flanders and Portugal, and an 11-volume compendium of Portuguese culture and history.

Europalia is a private, non-

Portuguese culture from the Middle Ages to the present, including a wealth of generally unseen national artistic treasures. For those who missed out, many of the exhibitions will be on show in Portugal during the Presidency.

—KEN POTTINGER

M.B.A. Spells Business In Germany

BERLIN—In Europe the Master of Business Administration degree (M.B.A.) used to be a little known oddity. Not anymore. Whereas the M.B.A. for many years has been almost a prerequisite for advancement in the business community in the United States, it has not been until very recently that it gained widespread respect in Europe. With more and more multinational corporations and joint ventures coming into the marketplace, the European business community is now focusing its efforts on a more international posture. Nowhere is this more evident than in Germany.

Chancellor Helmut Kohl, a leader in promoting a unified Europe, has said that he wants a European Germany rather than a German Europe. And German businesses are taking his words to heart. Facing the challenges of a single market with 360 million consumers, German businesses are anxiously recruiting managers who can quickly adapt to the complex and highly competitive environment of international business. This demand has made the M.B.A. more marketable than ever in Germany.

"Excellent people are hard to find," complains Wilhelm Rall, recruiting director at a large German consulting firm, who rejects 95 percent of job applicants because they lack the M.B.A.

"The M.B.A. becomes increasingly known and

asserts itself in Germany more and more," Adolf Sievers, personnel director at the Deutsche Bank Headquarters in Frankfurt, concurs. "Top positions in international management are easier to get if [the applicant] can present an M.B.A. in addition to the German B.W.L. (industrial management) degree."

Ingo Zwerman, director of personnel marketing at Adam Opel AG says that "the M.B.A. is especially valuable because it combines high level business studies with time spent abroad. In an internationally operating corporation, such as Opel, studies abroad and time spent abroad give applicants the competitive edge." Zwerman emphasizes that, "it is only natural that we, as a subsidiary of General Motors, make international contacts. This requires that applicants have international experience." As a result a new employee, who has an M.B.A., can bypass Opel's training program and move directly into corporate finance.

If nothing else Germany has come to the realization that more than an undergraduate business degree is required to cope with the increasing challenges of a global economy. While German companies are busy recruiting M.B.A.s from established business schools in the United States and a few programs in Europe, German universities are moving to implement advanced business programs at home. Meanwhile, the high costs of studying abroad are keeping M.B.A.s somewhat scarce, and for graduates with the degree, Germany is a seller's market.

—ANDREAS RAMBOW

After the Summit

LUXEMBOURG—The Foreign Minister of Luxembourg, who played an important role in the E.C.'s historic treaties



Europalia '91 displayed many Portuguese artworks that before had been little known.

Europalia, a broad overview of Portuguese artistry and culture, was designed to strengthen Portugal's ties to the rest of Europe and to provide insight into the spirit of the country. From all accounts it was an extraordinary success. As the 11th country to or-

profit enterprise, started by public and private sponsors 20 years ago. It is promoted by Belgian authorities and has become one of the preeminent events of Belgian cultural life. Europalia '91 has given Europe a striking glimpse of many little-known aspects of

on political and monetary union, said he was pleased with the outcome of the Maastricht summit.

Jacques Poos, whose country held the Community Presidency in the first half of 1991, said the compromise on social issues was a positive outcome for the E.C., even though Britain won a special exemption.

"We have no social charter, but a social protocol signed by 11 countries," Poos said. "First, there will be criticism, but when these measures are applied, people will see that they bring a lot of common good."

The final treaty on E.C. political union is very similar to the draft prepared by Luxembourg during its presidency. The Netherlands, which held the Presidency in the second half of the year, sought to change the treaty to a unified structure, but had to retreat in the face of strong preference for the Luxembourg draft.

Rather than a single "tree," with many "branches" for different areas of E.C. jurisdiction, the new treaty contains different "pillars" as part of a common "temple." Certain issues, such as immigration and asylum are "pillars," that will remain matters for intergovernmental cooperation rather than Community legislation.

Luxembourg also made it clear that it would like to house the new European Monetary Institute that will begin operations in 1994.

However, a decision on where to put the new Eurofed was not made at Maastricht.

—CHARLES GOLDSMITH

A Taxing Situation

COPENHAGEN—Tax-tired Danes are starting 1992 with a tax increase, courtesy of E.C. law. Because of legal wrangles at the European Court in Luxembourg, the Danish Government has decided to



Denmark has the highest value-added consumption tax (vat) in the E.C. The vat applies to most goods and services.

convert a special levy on domestic businesses into an increase in the value-added consumption tax (vat) of 3 percent.

This gives Denmark a VAT rate of 25 percent, the highest in the European Community. As the VAT replaces a tax of an exactly equal amount, there is technically no need for any price changes in shops and no change in the amount of overall tax to be paid. But psychology is often an important factor in politics.

Danes now feel more heavily taxed than last year, and the visibility of the highest VAT in Europe is compounded by the fact that Danes also pay the highest income taxes, with marginal rates of 68 percent paid by even middle-income groups. Sweden, usually considered the most heavily taxed country in the world, now has marginal income tax rates of only 50 percent. Denmark's VAT increase comes at a time when Sweden, preparing to join the E.C., is reducing its own VAT to a much lower E.C. level.

There is a strong incentive to reduce Danish taxes before 1997, when a bridge will link Copenhagen to Sweden. Danes will be able to move to Sweden to take advantage of the lower tax rate and commute—via the bridge—to their jobs in Copenhagen. This happens already, but the transport time without the bridge is still an important restrictive factor. With the bridge, the Swedish town of Malmoe will become virtually a suburb of Copenhagen.

There is a growing perception that the tax rates are detrimental to foreign investment, and, therefore, to job creation in Denmark. As a first step toward a solution, there is now consensus in the Danish Parliament that foreigners coming to Denmark to work in specialized jobs of vital importance to local corporations—top-grade research personnel, for example—should pay much lower taxes than Danes. Some Danes have joked that Danes who can prove they can find jobs outside the country

should receive the same preferential treatment if they stay at home.

The most likely outcome is that the marginal income tax rates will be reduced, perhaps from the start of the single market on January 1, 1993. But this will likely be at the price of a drastic reduction in the number of tax deductions available to the Danes today, which cushion the impact of the high marginal income tax rates. This will leave a heavy tax burden on most Danes intact.

—LEIF BECK FALLESEN

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E.C. NEWS

ECONOMICS

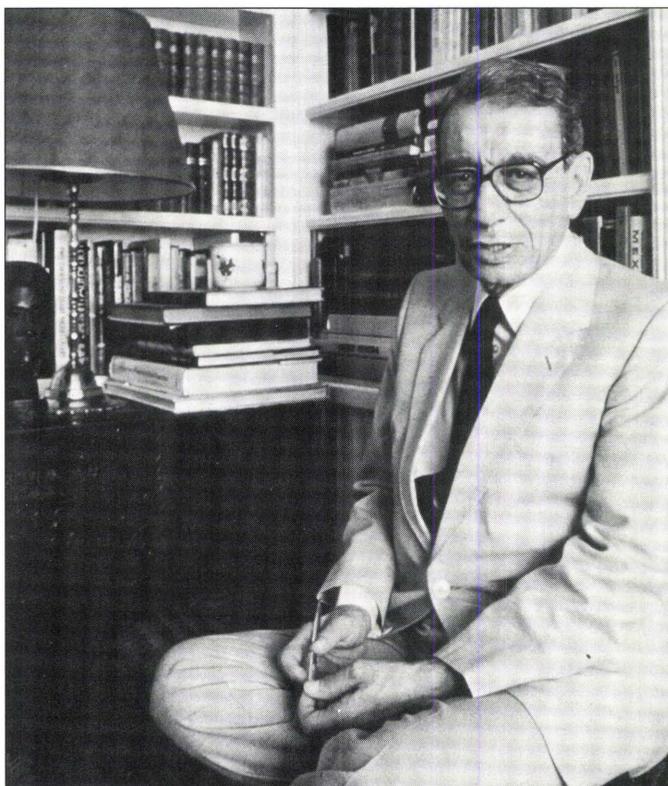
AMUE SUGGESTS ECU ZONE IN EASTERN EUROPE

The Association for the Monetary Union of Europe (AMUE) has suggested that the E.C. should set up an ECU zone in Eastern Europe to facilitate the region's conversion to a market economy.

AMUE said such a step would ease the way to currency convertibility for most Eastern European countries. "The creation of an ECU zone is meant to be a signal to the people of Eastern Europe and will, therefore, strengthen the political credibility of the transformation strategies. Seeing the light at the end of the tunnel may make the temporary hardship more endurable," AMUE said.

One of the many proposals to peg the ECU system to the currency of the Eastern European nations is to have the future European Monetary Institute provide standby facilities to ensure the convertibility of ECU zone currencies.

AMUE believes that, in return, the E.C. would obtain several benefits due to the monetary stability of an ECU exchange rate as well as reducing some of the dangers threatening the integration process of the Community.



Boutros Boutros Ghali is the first U.N. Secretary General from Africa. He replaces Secretary General Javier Perez de Cuellar, who is from Peru.

FOREIGN AFFAIRS

GHALI NEW U.N. SECRETARY- GENERAL

Egyptian Deputy Prime Minister Boutros Boutros Ghali was recently chosen to be the sixth Secretary-General of the United Nations by the U.N. Security Council.

Ghali's election marked a victory for the Organization of African Unity, which argued it was time for the U.N. to choose an African Secretary-General.

Ghali, 69, begins a five-year term at a time when many observers see the U.N.'s prestige growing after recent successes in the Middle East and Cambodia.

E.C. NAMES U.N. AMBASSADOR

The E.C. appointed Angel Viñas, from Spain, to be its ambassador to the United Nations. Viñas has enjoyed a long career both as an academic and as a civil servant in the Spanish government.

In 1987, he entered the Commission of the European Communities and, in 1990,

became Director in the Commission for Relations with Latin America, a position which he occupied until recently.

Viñas, 51, will be head of the E.C. Delegation in New York. Viñas will also serve as the E.C.'s representative to the United Nations, where the Community has permanent observer status.

FRANCE AND BRITAIN AGREE ON TUNNEL

France and Britain recently signed a protocol on joint policing of the railway being built under the English Channel, which will link the two countries by 1993.

The accord gives police and customs officers from either country access to the terminals at Coquelles in France and Folkestone in Britain.

A French Ministry statement said officers would be able to apply their own country's rules on either side of the border. The pact also stressed concern that the Channel Tunnel might be an easy target for terrorists or drug traffickers.

Eurotunnel, the Anglo-French consortium building the tunnel, said it was still planning to open the link in June 1993, despite a wrangle with contractors concerning cost overruns.

"The signing of this accord will permit the two Govern-

ments to develop the necessary procedures for exercising their control, in liaison with Eurotunnel, with a view to launching the service in the summer of 1993," Eurotunnel chairman André Bernard said.

E.C. SCRAPS SANCTIONS IN REPUBLICS

E.C. Foreign Ministers agreed to scrap sanctions against the Yugoslav republics of Croatia, Slovenia, Macedonia, and Bosnia-Herzegovina but maintained them against Serbia and its ally Montenegro.

"It would be paradoxical to continue sanctions against republics that are behaving well," Belgian Foreign Minister Mark Eyskens said after the decision.

Eyskens said sanctions were being kept against Montenegro because of its "extremely active participation" alongside the Serb-dominated Federal army in fighting against Croatia. German Foreign Minister Hans-Dietrich Genscher added that the decision made clear where responsibility for the conflict lay.

The four republics benefiting from the decision would obtain 200 million ECUs (\$250 million) in financial aid, regain preferential trade access to the E.C., and qualify for help under an E.C. program to aid Eastern Europe, Eyskens said.

Dutch Foreign Minister Hans van den Broek said the decision on sanctions was not intended to upset diplomatic peace efforts led by U.N. envoy Cyrus Vance or E.C. peace conference chairman Lord Carrington. He added that the E.C. was willing to reconsider Montenegro's case and hoped that Serbia itself would now cooperate in the peace process.

E.C. WARNS UKRAINE TO KEEP COMMITMENTS

E.C. members praised the democratic process in Ukraine's referendum on independence, but warned the republic that it must respect Moscow's international commitments.

About 90 percent of Ukrainians voted to secede from the Soviet Union in a republic-wide referendum. With 52 million people, Ukraine is now one of Europe's largest countries.

The 12 E.C. Foreign Ministers said Ukraine must respect Moscow's agreements on debt and nuclear arms if it secedes. The Ministers also stressed respect for human rights and minorities.

Ukraine's former envoy in Geneva, Andrei Ozadovsky, says the republic plans to set economic ties with its neighbors and eventually join the Community.

"Eventually we will seek admission to the E.C. Although we know that will not be easy, we feel our industrial and agricultural base and our position at the geographical center of Europe give us special advantages," Ozadovsky said.

Dutch Foreign Minister Hans van den Broek added that the E.C. states were urging Ukrainian authorities to do nothing that might call into question tight control over nuclear weapons.

Germany, the Western country with the closest ties to the collapsing Soviet Union, took a cautious stance on Ukraine, which contrasted with its vocal support for the breakaway Yugoslav republics of Croatia and Slovenia.

"We will wait to see the consequences...for relations to the other republics as well

as to Soviet authorities," a German Foreign Ministry spokesman said. "The German Government will take that into account in shaping its relations with Ukraine."

EASTERN EUROPEAN NATIONS SIGN E.C. PACT

Three former Communist countries, Poland, Czechoslovakia, and Hungary, have obtained associate membership in the E.C. as a first step toward full integration.

The E.C. Commission said the accords cover mainly economic subjects but also states that each country's "final objective is to become a member of the Community."

The accords come after months of negotiations on opening E.C. markets.

The three countries, which have 10 years to open their markets, will gain trade concessions and more access to information about E.C. political decision-making from the accord.

DEFENSE

TIMETABLE SET FOR JOINT ARMY CORPS

Germany and France have set a target date of 1994 for the formation of a joint army corps. The joint defense initiative was launched to help move Europe toward monetary and political union.

French Presidential spokesman Jean Musitelli said, "The corps would be phased in over three to four years, starting with a headquarters and command

structure." According to French military sources, the plan is to have a 35,000-man force based in Strasbourg.

The November NATO summit in Rome endorsed the Franco-German initiative to create a European defense identity with the help of the nine-nation Western European Union (WEU). But the key issue, the force's mission, was left unresolved.

Great Britain and NATO Secretary-General Manfred Wörner, however, have insisted that the European army should not operate within NATO territory, despite the fact that Germany's Constitution prohibits the allocation of military personnel outside that area.

TECHNOLOGY

SEMICONDUCTOR MARKET LAGS

Europe's share of the world semiconductor market is likely to slip further because its companies have not focused on advanced technologies in high-demand areas, industry analyst Mike Glennon said.

European suppliers have little presence in the critical portable personal computer market and they have a below-average share of the high-growth memory chip market. "Little of this product development or manufacturing takes place in Europe. Nor is it likely to," Glennon said.

Europe's share of the world semiconductor market fell from more than 15 percent in 1978 to less than 10 percent in 1989.

The E.C. has attempted to help the semiconductor industry with a 14 percent tariff, set to be reduced during the Uruguay Round of General Agreement on Tariffs and Trade talks, and through price agreements with Japanese memory chip producers.

BOOKS

in

REVIEW

Inside the New Europe. By Axel Krause. Harper Collins. 356 pages. \$25.00.

A generation or so ago, John Gunther produced a series of "Inside" books, which were primarily designed to explain to American readers what was going on abroad. One of them was called *Inside Europe*.

Now Axel Krause, a veteran Euro-watcher from his vantage point with the *International Herald Tribune* in Paris, has adopted the same titling and technique to perform a similar service for present-day Americans who are watching events unfold across the Atlantic.

That is not to say that his well-researched book will not be of interest to Europeans. His journalistic and anecdotal approach—examining the practice rather than the theory of European economic and political integration—is both refreshing and instructive.

He is particularly good when describing how businesses—American and Japanese as well as European—have responded to the creation of a single market in the European Community. Case studies abound.

He also points to the bandwagon effect; namely, the foreign presence in Brussels of 1,200 trade associations, 850 multinational headquarters, 120 permanent delegations, 555 accredited foreign journalists, as well as assorted lobbyists, consultants, and hangers-on.

Today's E.C. has clearly come a long way from the one described by Italian journalist Luigi Barzini. Krause quotes him as describing the E.C. in the early 1980s as "a fragile customs union, a mosaic of myopia, national, sacred egotisms badly harmonized, that any robust historical breeze or serious economic crisis could easily overwhelm."

Krause gives a lot of the credit for the intervening progress to the President of the E.C. Commission, Jacques Delors, whose tenure since 1985 he describes as a "golden exile" from domestic French politics. He is particularly insightful when he describes the influence of the French Catholic philosopher Emmanuel Mounier on Delors' political philosophy, especially his concept of social justice. In the 1930s, Mounier argued for a "third way" between the extremes of capitalism and communism.

The author has achieved something of a coup in persuading not only Delors but also German Chancellor Helmut Kohl, French President François Mitterrand, and former British Prime Minister Margaret Thatcher to contribute to his book with their personal vision of how Europe will look in the year 2000.

Although one would not expect Thatcher to share the views of her erstwhile colleagues in the European Council, there is a striking similarity in the views of the other three. Both Delors and Kohl share Mitterrand's vision of a European Confederation, a goal that the recent Maastricht summit

brought into greater focus than when they penned their contributions.

Krause clearly shares the optimism of Maastricht. He concludes: "Although Europe remains in the preliminary stages of attaining the status of the world's newest superpower, that status is slowly being attained, certainly in economic and trade terms. Politically, it may wind up taking an unusual form, probably a loose federation, more closely resembling multicultural Switzerland and Belgium than the United States. But it will occur."

Inside the New Europe



Axel Krause

Krause's book went to the printer before the Maastricht summit charted the course the E.C. will take toward the next century. This does not detract from the timeliness of this book, which gives the reader an informed picture of the process and progress that made the Maastricht result possible.

—Peter Doyle is the publisher of *Europe*.

De Gaulle, The Rebel 1890-1944. By Jean Lacouture. (Trans. by Patrick O'Brian). W.W. Norton & Co. 615 pages. \$29.95.

The bibliographic record of Napoleon is still far from being threatened, but Charles de Gaulle's life and personality have produced an astounding number of biographies that keep flowing from the pens, typewriters, and word processors of historians and journalists 20 years after his death.

Now, for those still curious, comes the multivolume epic, translated from French into English, from the journalist and author Jean Lacouture. The writer is perhaps best known in the United States for his books about Vietnam, but in his own country he has produced a major body of work on such figures as Pierre Mèndes-France, François Mauriac, Léon Blum, and André Malraux.

In French, the Lacouture biography is divided into three volumes, of which *The Rebel* is the first. The American publishers have compressed volumes two and three into one due out next year under the title *The Ruler* and that will cover the years 1945-70. Perhaps in the eyes of American publishers, two more massive volumes about de Gaulle would be more than the market could bear. But the condensation was done over the author's protests, and *The Ruler* title is indeed misleading since the years 1946-58 were spent in the political wilderness.

That concept is one key to gaining some understanding of de Gaulle, not only in the post—World War II era, but in the years covered in this volume. He certainly understood and relished power, but he was ready to take it and wield it only on his terms. Such certitude or in its worst interpretation, self-righteousness, was best expressed in a conversation repeated here between de Gaulle and a junior officer:

"My dear fellow," said de Gaulle's companion, "I am going to say something that I dare say will amuse you, but I have

a curious feeling that you are intended for a very great destiny."

And after several long silent moments, de Gaulle responded slowly and in a toneless voice, his eyes gazing in the distance, "Yes, so have I."

The story of de Gaulle's life to this point and beyond is deftly woven in a way that makes the detail rich rather than tedious. Important to Lacouture's interpretation is that de Gaulle, even though he spent most of his youth in Paris, was a man of the *Nord*. When he called France to Resistance or reason, it was to the north he was speaking. When he referred to the French as clods, he was thinking of France south of the Loire.

After graduating from St. Cyr in 1911, de Gaulle decided on a military vocation. He joined a regiment of Colonel Philippe Pétain and spent much of World War I trying to escape German captivity. The years after the catastrophic war shaped the historic figure who de Gaulle would become. He alternated his field assignments with postings in Paris, at once challenging the dogma of the high command while still managing to gain promotions within it; one wonders if this feat could be repeated in the modern military bureaucracies of any Western nation. He maintained proper military rectitude while cultivating political friendships. He became the intellectual beacon and spokesman for mobilized, mechanized warfare even as the establishment grew ever more committed to static defense and the Maginot Line.

When the Nazi blitzkrieg of 1940 proved de Gaulle's con-

cepts correct and the military establishment so tragically wrong, the young brigadier was confronted with his first fateful choice. The military man who believed in its essential tenets of discipline and loyalty took upon himself to become a rebel and to set up a Free French movement in London under the then enthusiastic patronage of Winston Churchill.

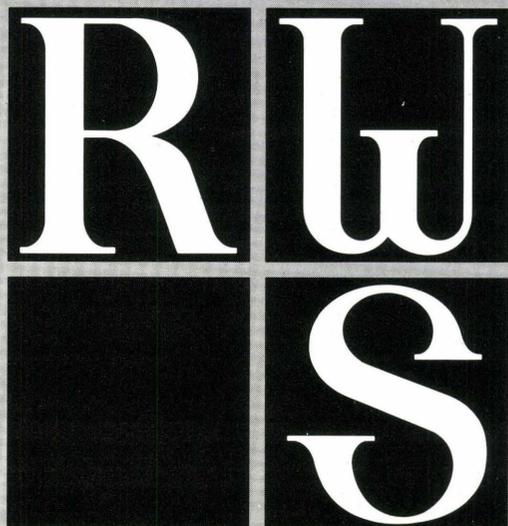
As frequently as it has been told, the story remains remarkable, all the more so in the skillful hands of Lacouture. In June 1940, de Gaulle really represented himself, a tiny entourage, and an idea, of a France other than the Bordeaux and then Vichy Governments in the thrall of the Nazi occupiers. In four years, de Gaulle molded a resistance movement, a military force, and government-in-exile that was ready to assume power after the D-Day invasion.

This was a reality, however, that the American Administration of Franklin D. Roosevelt was loath to acknowledge. To this oft-told tale Lacouture brings his interpretation of a relationship that grew ever more poisonous as Roosevelt's advisers fed his natural disdain for de Gaulle and his view that France was a conquered country to be occupied by an allied military government after the Nazis were ousted.

Indeed, this volume ends with the liberation of Paris in August 1944. How the bitterness accumulated between de Gaulle, Roosevelt, and the Americans would play itself out when de Gaulle returned to power in 1958 remains the subject for the next volume.

—Michael D. Mosettig is senior producer for foreign affairs and defense at the MacNeil/Lehrer NewsHour.

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