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MARCH 1992 NUMBER 314

MAGAZINE OF THE EUROPEAN COMMUNITY



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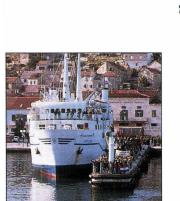
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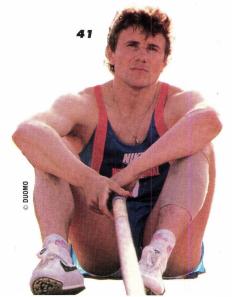
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#### Letter From The Editor

rans Andriessen, Vice President of the Commission for External Relations and Trade Policy, in an exclusive interview speaks out on the role the E.C. has played in assisting the eastern European countries in their dramatic move to market economies. Andriessen also discusses the new Commonwealth of Independent States and the role the E.C. is playing in helping the republics of the former Soviet Union.

EUROPE analyzes the transition to market economies in eastern Europe and discusses how these fragile economies are making the painful transition from a planned to a free market economic system. Bruce Barnard shows how the E.C. has taken the lead role in assisting eastern Europe. Robert Haslach looks at American and European firms who are investing in eastern Europe, and Barry Wood explains, country by country, how each nation is progressing on the road to a market economy.

Géza Jeszenszky, the Hungarian Minister of Foreign Affairs, discusses Hungary's foreign policy toward the E.C. and tells why Hungary is attracting the most foreign investment of any of the former Communist countries.

The conflict in Yugoslavia appears on our television screens and in our newspapers every day, but most of us suffer from a lack of understanding about this region and its history of conflict. Kenneth Danforth, who has written extensively about Yugoslavia, discusses the history of this troubled area and presents the various circumstances that have brought the country to war. Charles Goldsmith discusses E.C. recognition of Croatia and Slovenia and explains how the Community arrived at this common decision on recognition.

In our Member Country Report, Peter Thompson, reporting from Athens, looks at the Greek economy and at the special concerns Greece has regarding the turmoil in Yugoslavia. The beauty of Greece is explored as we profile the island of Sifnos. We begin our monthly coverage of the European sport scene with a new department appropriately titled, "Sports." Each month, we'll highlight the best of upcoming European sporting events and profile Europe's top athletes. Look for our updates on the athletes headed for Barcelona. And rounding out the new additions, the Books department includes a list of the best—selling books in each of the E.C. countries.



The phrase "going to market" takes on a whole new meaning in eastern Europe.
Photograph:
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Conklin

### EUROPE

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

Robert J. Guttman
Editor-in-Chief



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### EUROPEAN

#### WHAT THEY SAID

#### "So what are you waiting for, an invitation from the President?

—George Bush, joking in a television commercial, urging Britons to vacation in the U.S.

#### "When you have to go, you have to go."

—Mikhail Gorbachev, shortly before officially announcing his resignation

"Now that I have crossed the Atlantic, and with some advantage over Columbus, I can say that what they did is something unbelievable. I can't imagine how they did it with their conditions."

—Manuel Beldea, a crew member who
participated in the re-creation of
Columbus' first crossing of the Atlantic.

#### "We have to hold on tight, because the wind can still blow us down. The danger isn't over yet."

—Stasys Lozoraitis, Lithuania's ambassador to the U.S., upon his first visit to Lithuania in 50 years.

#### "Every Dutchman knows that the time when the dikes are in greatest danger of bursting is the thaw."

—Max Khonstamm, former Dutch Diplomat, on the present state of the former Soviet Union.

"There is a system, even if it means standing in line, or waiting for a phone that doesn't work. It may be chaotic, but it is a system."

—Sven-Erik Ljungholm, Russian Salvation Army captain.



#### **Traveling**

Americans are traveling abroad in record numbers to the delight of travel agencies everywhere. The top five European countries visited by U.S. travelers:

- 1. **United Kingdom** 2,943,000 visitors
- 2. **Germany** 1,877,000
- 3. **France** 1,681,000
- 4. **Italy** 1,166,000
- 5. **Switzerland** 751,000

\*figures reflect 1990 travel.

#### "Let there be a free interaction of suspicions and mistrust."

—Carlos Menem, President of Argentina, misquoted in a recent address to the E.C. Parliament. The president's Spanish version actually calls for "interaction free of suspicions and mistrust."

#### "Here people know about me. I'm like a legend, so the other guys respect me more and that helps a lot."

—Adrian Dantley, American basketball player, on why he prefers playing for the Italian team Breeze Milano over his time in the NBA.

### "Only a fool would say America is on the decline... Every time, when responsibility has to be assumed, one calls for the Americans."

—Helmut Kohl, German Chancellor.

#### Unity is All Fun and Games

Forget Maastricht! There's already a single currency, the mighty ECU, and Euro-citizens merrily criss-cross the continent to the tune of the E.C. anthem "Ode To Joy."

Such is the way the European Community looks in a full-color computer game Guenther Koenig developed for the German foreign ministry called On The Road To Europe.

Designed to make even schoolage computer buffs into European federalists, the travel and trivia game guides players around the 12 E.C. countries and tests their knowledge of the European Community.

Players travel around E.C. countries answering questions like "Who or what was the Iron Lady? A British rock band, a potent cocktail, or Margaret Thatcher?"

Germany has been in the vanguard of E.C. members pushing for wide-ranging European integration, so it should be no surprise that Bonn wants Germans young and old to understand what it's all about.

"On The Road To Europe" has been such a hit that the foreign ministry plans versions in English and French and wants to put it on electronic bulletin boards so anyone with a home computer can call in and copy it for free.

But despite it's popularity at home, the German delegation did not bring the disc to Maastricht to distribute to other members or play during a lull in the crucial summit.

"Maastricht is not a game," Koenig explained. "One must work for Europe, not play..." —Compiled by Julia Nasser

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# Going to Market

he European Community is facing one of its toughest challenges ever as its east European neighbors brace for a make or break effort to pull off their unprecedented move from a Communist planned economy to a market economy.

The Community is already deeply involved in helping eastern and central Europe's transition to capitalism through a mixture of financial aid packages, technical assistance and trade agreements. But the sheer scale of the economic and political transformation means that the E.C. will have to deepen its commitment to the fledgling democracies during the rest of the decade.

Brussels will be distracted by other events, not least the economic rescue of the former Soviet Union. And after two years of

intense contacts with its east European neighbors, the E.C. is turning to more domestic matters like completion of its single market program, reform of the Common Agricultural Policy, and agreeing on a new budget.

Meanwhile, the east Europeans themselves fear they will be overlooked as the West becomes preoccupied with bailing out the former Soviet republics. "The legitimate economic and trade interests of the fragile...east European

states should be duly taken into account" in working out aid for the former Soviet republics, the foreign ministers of Czechoslovakia, Hungary, and Poland said in a joint statement to a recent 47-nation conference in Washington on emergency aid to Russia and the other republics.

The E.C. can boast a credible track record in responding to the quicksand collapse of European Communism. The former eastern Germany is now just another region in the Community like southern Italy or Northern Ireland. The E.C. recently signed trade agreements with Hungary, Poland and Czechoslovakia involving a 10-year transition to free trade. Now the Community is moving to establish a closer trading relationship with the less developed economies of Bulgaria and Romania as well as the three Baltic republics.

The E.C. has taken overall charge of the West's assistance to eastern and central Europe through its coordination of the so-called Group of 24.

The total commitments of the G-24 nations for aid and investment in Eastern Europe now totals some \$45 billion, of which the E.C. accounts for the lion's share.

The Community also played a pioneering

BY BRUCE BARNARD

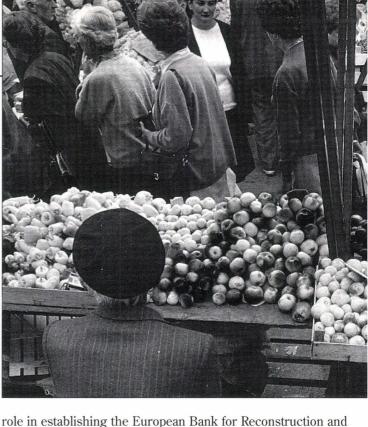
**Eastern** 

**Europe Forges** 

**Ahead With** 

**Market** 

**Economies** 



role in establishing the European Bank for Reconstruction and Development (EBRD) which opened its doors in London last April.

However, while the numbers look impressive they may only have a marginal impact on long-term prospects of the recipients. And the volume of the handouts, pledges, and commitments has already peaked. The day of massive transfers from West to East is over. Sir Leon Brittan, the E.C. Competition Commissioner,

put it quite bluntly: "There is an erroneous belief in some quarters that when the going really gets tough, money will be miraculously forthcoming."

But east European leaders say they aren't looking for handouts but simply the chance to break into the huge E.C. market of 345 million consumers.

The "Europe Agreements" signed in Brussels last December have thrown a lifeline to

Czechoslovakia, Hungary, and Poland as they struggle to break into the global trading system via the European Community. Just as important as the 10-year transition to free trade with the world's biggest single market was a reference to their eventual membership in the Community.

"The short-term benefit will be better access to E.C. markets, while the long-term benefits will include stable and predictable policy as we work to adapt our regulations to those of the E.C. over 10 years," said Jaroslav Mulewicz, Poland's chief trade negotiator.

The agreement will open up Hungary to foreign investment as well as trade, according to Endre Juhasa, director general of the Ministry of International Economic Relations. Czechoslovakia's Deputy Foreign Minister Zenon Pirek said the accord would help his country to rejoin Western democracy.

The agreements were forged after a year of tortuous negotiations that pitted the east European's desire for improved market access for their most competitive exports (steel, textiles, and farm produce) against several E.C. industries. Portugal tried to

delay a decision on ending textile quotas until the GATT trade talks were con-



cluded. Spain and Italy pushed for a safeguard clause to block steel shipments, and France rejected proposals for more market access for Polish beef.

These rows led to clashes within the E.C. and prompted a Polish threat to walk away from the talks. Negotiators were bogged down in the most unseemly hag-

gling right up to the very last minute.

The agreements could yet renew tensions between E.C. and east European producers in sensitive sectors. Eurofer, the E.C. steel producers' organization, which lobbied against improved market access for East European imports, is poised to launch an anti-dumping complaint against Polish steel beams. It has also warned that east European producers

may interpret the trade agreements as a carte blanche to flood the Community market with cheap steel.

The agreements will provide an export lifeline for the east European trio following the collapse of the Soviet Union, which had accounted for about half of their total trade. Their exporters are raring to go. The E.C.'s decision to abolish scores of quotas on manufactured goods in 1990 triggered a 40-50 percent leap in Hungar-

ian and Polish exports to the Community last year.

E.C. leaders are sure to face a test of political courage later this year when protectionist lobbies demand curbs on competitively-priced east European imports. The less developed, southern E.C. states, like Spain and Portugal, fear that funds will be diverted to the eastern "outsiders" and that private investment also will be funneled eastward.

Yet apart from the sensitive sectors, east Europe represents a minor irritant to E.C. firms which face a massively greater threat from Asia. And apart from the auto industry and a few other isolated instances, inward investment in eastern Europe has been at very modest levels, though there are encouraging signs of an increase.

Eastern Europe is a minnow in world trade. Czechoslovakia, Hungary, and Poland had a combined share of world trade in 1988 that was below the 1970 levels of any of the Asian tigers, Hong Kong, South Korea, Singapore, and Taiwan.

Under Communism, east European exporters were sealed off from the giant mar-

ket on their doorstep. In 1988, 74 percent of western Europe's manufactured imports came from other west European countries, while eastern Europe, accounted for only 1.3 percent of their purchases.

Jacques Attali, president of the EBRD, says the Europe Agreements are "not enough and too slow" and should give way to an agreement incorporating the E.C., the seven-nation European Free Trade Asso-

ciation, eastern Europe, and the former Soviet republics. This would be complemented by a trade financing organization to help countries through hard currency shortages.

The EBRD intends to hold a conference in London in March to float its plans, though most observers say it is too far ahead of its time to succeed.

However events are proceeding at such a pace that nothing can be ruled out.

A year ago, President Mitterrand of France said it would take "tens and tens of years" before the east Europeans would be ready to join the Community. But by January, Douglas Hurd, the British Foreign Secretary, said he hoped Czechoslovakia, Hungary, and Poland would be E.C. members by the year 2000. "Enlargement of the European Community toward the East will be a priority of the British presidency of the E.C." in the second half of the year, Hurd said.

Meanwhile, west European companies are building up their investments in eastern Europe, though the pace of spending has been held back by political and legal uncertainties. Front-runners like the car manufacturers Volkswagen, Fiat, and Opel; Ikea, the furniture concern; Asea Brown Boveri, the Swiss-Swedish electrical engineering group, have captured the headlines. But a host of smaller deals are cut every day that never make the headlines. Austrian firms, for example, have pumped \$300 million of direct investment into Hungary alone and the Vienna stock exchange trades in the shares of more than 20 Hungarian companies.

Dow Europe's recent announcement that it will invest around \$150 million in a Czech chemical company to serve as its eastern European distribution and marketing unit underlines the growing attractiveness of the region.

The EBRD says it expects a rise in major equity investment in eastern Europe in the coming months. The bank has been involved in several key transactions, including Air France's purchase of a 40% stake in CSA, the Czech airline, and investment by BSN of France and Nestle in the Czech food industry.

The bank says it is reviewing 15 Czech investments in the petrochemicals, pulp, paper, and aerospace sectors and studying a further 150 projects elsewhere in eastern Europe.

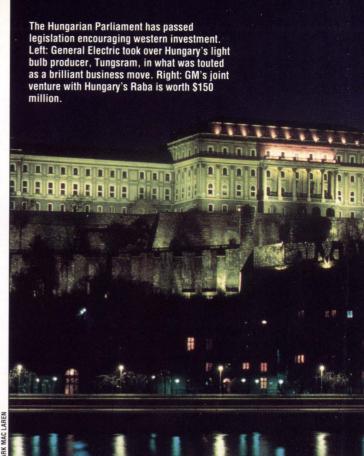
Meanwhile the outlook for eastern Europe, though still menacing, seems to be getting brighter. The Organization for Economic Cooperation and Development reckons output will still fall this year but at a slower rate of 2.2 percent overall compared with nearly 10 percent in 1991.



The European Agreements will help bridge the economic gap between East and West.

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





**BUSINESS** 

# The Bright Lights of Eastern Europe

landscape east of Berlin and Vienna since the autumn of 1989, has left Western observers grasping at history for metaphors.

"Central Europe is emerging from a form of feudalism," Austrian Ambassador Dr. Friedrich Hoess pronounced in October 1990. "The situation is the same as in mid-19th century Russia: you liberate these people and overnight they need machinery, organization, marketing, rural banking, all these things."

he torrent of change that has swept the European

**BY ROBERT D. HASLACH** 

"It's the frontier, or the wild West," an American business consultant exulted.

What now? The people of Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia are muddling through the transition from predictable, top-down command relations, to uncertain free market opportunities for success and failure. But that future looks bright, according to Dr. Tessie San Martin of J.E. Austin Associates, closely involved in central European privatization. "Every time I go to Czechoslovakia and Poland I see new business, new color, new designs, new products. People are investing in their own future with entrepreneurship. That to me is going to be the way these countries pull ahead, perhaps more so than in the major wave of privatizations."

Early in the post-Iron Curtain period, General Electric took over Hungary's light bulb producer, Tungsram, in what was touted as a brilliant business move. Since that time, many other business deals have taken place.

Although many problems persist in producing energy across eastern Europe, investor confidence in economic growth is high—especially in the automobile industry. Autoworkers in Bratislava, Poland turned out their first Passatc automobiles in January, en route to a goal of 30,000 a year by 1993. Including an initial direct investment of about \$3 billion, Volkswagen AG has a \$6.6 billion total commitment to Bratislavske Automobile Zavody, its joint venture with Skoda. Ford Motor Co. pledged \$80 million for a new auto parts plant in Hungary. General Motors cut a \$150 million deal with Hungary's Raba to produce engines and cars. Suzuki of Japan has promised \$110 million investment to Hungary's Autokonzern. Mercedes-Benz AG signed a letter of intent with Avia Praha to turn out 30,000 transporters and light trucks near Prague. Links that Mercedes-Benz forged in 1990 with IFA in former East Ger-



many remain key to the German company's truck program, including a new plant outside of Berlin.

In the airline industry, Air France and CSA (the Czechoslovak national air carrier) have jointly operated the Paris-Prague route. Air France is now forming a French consortium to take a 40% stake in

Supermarkets

and

convenience

stores have

already come

to central

Europe.

CSA. At a cost of \$5 million Air France would get a foothold in a completely untapped European air travel market in an airline valued at considerably more.

The change from bureaucrat-bosses to Western-style management is spotty. One of the truly bright spots is

Procter & Gamble's investment in Czechoslovakia's Rakona soap and detergent company. Rakona has already covered the country with colorful, westernstyle print, billboard, and broadcasting advertisements. In Poland, employees of Slaskie Fabryki Kabli (cables), Prochnik (textiles), Krosno glassworks, Tonsil (electronics), Wolczanka (textiles) and the Swarzedz furniture factory are now working for private enterprises rather than the State. Italy's Ilwa put \$25 million into the Salgotarjan Iron works in Hungary. Siemens has partnerships with Romania's Electromagnetica et Rom Post

Telecom as well as Czechoslavakia's Telsa Karin. The UK's Pilkington is still negotiating to operate Poland's HSO Sandomierz glass factory.

Modernization follows foreign investment. Nowhere is that more evident than in the glass industry, a necessary component of construction and transportation. In Hungary, the U.S.-based glass manufacturer Guardian Industries' new 80%-owned venture, Hunguard Float Glass Co., was the first float gas furnace to come on line in eastern Europe. Initial plans reportedly called for 55% of production to be sold directly to customers, in eastern Europe. But with the loss of home market purchasing power in the wake of transition to a free market, Hunguard is looking to sell in nearby Austria, Italy and Switzerland.

Improved road transportation feeds into more efficient distribution of food and other retail goods. Western-style supermarkets and convenience stores have already come to central Europe. Last fall Belgian food retailer, Delhaize Le Lion (Food Lion in the U.S.) teamed with

the Czech Parik Group to open its first supermarket in Prague under the name DELVITA. The Belgian firm intends to develop a chain of stores, starting with a dozen in the Prague area. The Netherlands-based food retailer, Koninklijke Hold NV, also opened its first store in Czechoslovakia, under the name MANA. Austrian food retailer, Julius Meinl, is determined to regain its pre-World War II positions in central and eastern Europe. Meinl formed a Czech and Slovak subsidiary with food stores in Prague and Bratislava, and plans for 20 more. Meinl has four franchises in Poland, two in Hun-

gary and six in Yugoslavia. In November, Meinl announced plans to open a store in Moscow as well.

The shops may have improved goods to sell, as well. A joint-venture of Switzerland's Nestlé SA and France's giant food manufacturer BSN SA, are taking 43% of Czechoslovakia's largest candy and cookie manufacturer, Cokoladovny. The deal also involved the European Bank for Reconstruction and Development (EBRD) which recently approved an investment of \$32.2 million for a 15% share. Cokoladovny expects total domestic and foreign investment to help it privatize and restructure.

Hungary, which got the earliest start on the shift to a private economy, is the brightest spot. Its trade balance went into the black in 1991, a year in which Austria replaced the former USSR as Hungary's major trading partner. Most of the growth in Hungary's agriculture sector has come from new private companies. The expectation of a net inflow of \$1 billion in new, western investment in 1991 was easily achieved.

That is crucial for the resolution of remaining key obstacles. The West seems to have underestimated the difficulty of doing business in central Europe and turning around these economies. There remain serious problems, especially in the areas of communications, financial transactions, and transferring information.

The good news from central Europe is that training workers will be far easier there than in other underdeveloped regions of the world. The very educated labor force, skilled and professional at every level, are seizing the moment to make their own world brighter.

Robert D. Haslach is a freelance writer in Washington, D.C. His article, Regional Strategies for Success, appeared in *EUROPE*'s October 1991 issue.

### Géza Jeszenszky

#### Hungary's Foreign Minister Talks About Central Europe's Future

n an interview with EUROPE's editor-in-chief Robert J. Guttman, Foreign Minister Géza Jeszenszky describes investment and economic opportunities in Hungary and talks about Hungarian foreign policy toward the E.C., the Commonwealth of Independent States, and the United States.

Are you optimistic about the economic future of the Commonwealth of Independent States (the former Soviet Union)?

There is no alternative to optimism. The new problems, which are very serious, are rather small compared to the danger of nuclear confrontation that existed. It is important that [western] countries have come together to act positively and to decide on a common and immediate action.

That will enable, not only the people to survive, but will also show them that democracies—until very recently described in their propaganda as enemies—are actually their

good friends who are helping them in their hour of need. And that will be a very good argument for other countries in other regions, too. Democracies have their own problems, their own debates, and even rivalries, but democracies are not enemies of each other, and they are not enemies even of former foes. It is very important that everybody should receive this message.

In Yugoslavia as well, there are some people there who like to create enemies, to say that Germany is the new Fourth Reich being formed, and also that Hungary is in league with Germany. These are ridiculous and really very

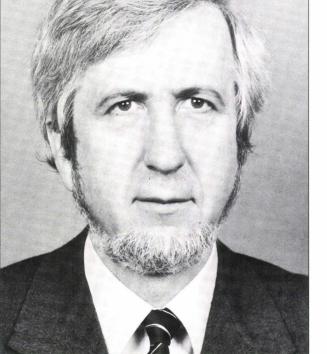
harmful charges, harmful for their own people because they create an enemy.

Now in the new democratic world, we may have rivals. We may have competitors, but we shouldn't have enemies.

#### Have you recognized Croatia and Slovenia?

Yes. A few hours after the Community did, which was not so easy for us as for others because we have half a million Hungarians in Yugoslavia.

It should be very obvious that Hungarian policy is certainly not anti-Serb. Hungary is trying to have good relations with all nations. Eventually it will become obvious, as it has already become obvious to the several parties in Serbia who are in opposition to the present government.



#### Is one of the major goals of the Hungarian government to join the E.C.?

It is a major goal and an open goal. There was an association agreement signed in December with

the E.C. And on the ratification, we have made a further step toward that goal.

But there is also a very important political side. Political cooperation is a part of that association agreement. The E.C. has taken a very positive attitude and we warmly welcome the stand taken by them.

#### Domestically, how are steps going toward a free market economy?

They are proceeding very well. We have passed all the major laws which are required for a market economy. In fact,

we have a real market. Our prices are world prices which is unpleasant for the consumer, for our citizens, but it is unavoidable.

Property rights have become consolidated and we have just recently passed a law on cooperatives.

We also have a law on national banks. Economic legislation is largely completed and that gives a good opportunity for the market to make its weight and influence felt.

In fact Hungary has reacted. Hungarian companies, many of them at least, have reacted very well to the challenges and also the opportunities.

We have quite good results as far as balance of payments are concerned. Inflation is slowing down. So all the conditions for growth have been created.

We, also, have very large new companies. Small and medium-sized ventures are abounding and many of them are looking very well. Actually, they are very much behind our successful export drive last year.

#### Are American and European firms investing heavily in Hungary or could you use more investment?

We can always use more investment although we are pleased with the relative figures—that is more than half of all foreign investment to the former Communist countries was invested in Hungary last year. And also a very considerable proportion of these investments came from the United States. General Electric, General Motors, and other international firms, Suzuki which

is well known. United Technologies is another American firm which is in Hungary and has achieved some results. European investments are also coming—much from Germany, from Austria, but also from France and also from Japan. But we would certainly like to see more and we want to have a balanced investment pattern too.

#### What would you say to American business people who want to invest in Hungary?

In business terms, Hungary is a very sound country for investment. Americans are very welcome in Hungary. There has never been a kind of anti-American feeling which you occasionally run into in some countries. Despite the fact that Hungarians, like other Central Europeans, have some reason to feel left in the lurch, especially in 1956 or even in 1945. Many Hungarians thought that the U.S. would never allow the Soviets to capture the central and eastern Europe.

But despite that, the West, and particularly the U.S. is a popular country.

What's your overall assessment for the former Soviet republics? Are some going to succeed, some not succeed? Are some going to merge with other countries? Is it go-

#### ing to be a long process?

"There is

no

alternative

optimism."

That will obviously be one of the most important situations of the coming years or decades. Obviously, some of the successor states are in a better position. They have more raw materials, many valuable products which should be developed and marketed, the production of which could be increased. Just think of the minerals of Siberia.

These countries offer much ground for practical investment. They have relatively well-educated people. They haven't been trained as they should. They haven't been trained to value or to appreciate the market.

With foreign involvement, and also with the involvement and help of their immediate neighbors like Hungary and also Poland, Czechoslovakia, Bulgaria, these countries can contribute to their success. We know the market. We know the mentality. We learned. We were forced to learn the language to some degree. These countries are very good at interpreting the mentalities, and we should play a major role channeling western interests, western resources, and

> our own know-how to the former Soviet republics.

> I am reasonably optimistic that if the world makes the right decisions and if these people don't become insane and are able to see their own interests then I think the world may be in for great prosperity.

#### Final question: You've had different "isms." You had Nazism, you had Communism. Are we now going to see a resurgence of nationalism?

I am an old student of nationalism and that was a subject I taught in America. Nationalism is an extremely complicated problem. In fact we may say nationalism was the religion of the 19th century—one of the dominant ideas and ideologies of the 19th century.

In the post-Communist world, a different version of nationalism may appear. You have to differentiate between two things. One is that nations, who have been denied independence for centuries, obviously and legitimately want to proclaim themselves. They want to have their national flags restored. They want to have their national anthem and have national sports teams. It is very legitimate, and also it is a source of energy.

What is certainly unacceptable and a danger is when nationalism is egotistical and is directed against each other and against your neighbors and against your minorities. And that exists unfortunately. It existed in the 19th century and in the early part of the 20th century.

And this type of nationalism—combined with totalitarian ideology, with dictatorship, with a lack of concern for others—that is unfortunately one of the legacies of Communism. And you see that [kind of nationalism] in the conflict

### The Eastern Bloc Two Years Later

olor is returning to eastern Europe. The dreary grays and browns of neglect are being discarded. The enforced drabness that stretched from the Baltic to the Balkans has lifted.

It is as if for survival and sanity people had retreated beneath rocks. Pale and subdued from 40 years of austerity, cautiously at first, they crept out into the sunlight. Then, convinced the change was real, they rushed out into the open. A venerable Czech journalist escorts a visitor to his central Prague apartment in a building that was probably elegant in the 19th century. Apologizing for the peeling stucco, the unlit vestibule, and primitive plumbing, he laughs, "We didn't live in

these flats, we slept in them." If you seek symbols for freedom's triumph in Old Europe, think of paint brushes and fluorescent light bulbs.

Thanks to the 1989 revolutions we now have a clearer sense of geography. Central Europe, as an entity and concept, has been resurrected. This now identifiable region includes Czechoslovakia, Hungary, and Poland, and is anchored by Germany and Austria. Aware that the word "eastern" connotes

poverty, other former East Bloc lands—particularly Romania, but also the Baltics and Ukraine-aspire to be "central." Alas, geography is not on their side.

Useful for journalists, and others comfortable with neat categories, it is the three central Europeans—Hungarians, Czechoslovaks, and Poles (in that order)—who are well in the lead in the race to build democracy and free markets. Regrettably, Klaus Friedrich, the incoming chief economist at Dresdner Bank, is right. "Economically and politically," he says, "it gets worse the further east you go.'

Looking back to 1990, it was the joy of freedom and the hope for better lives, that sustained people in these emerging democracies through the first difficult months of electoral politics and economic shock therapy. That exhileration and optimism are still alive but being severely tested. The fruits of reform are not ripening as fast as promised. But as a Prague housewife observes, "Yes, it is hard. But we are free. And what is most important, our children have a future.'

How long can hope be sustained? With growth in the European Community slowing, 1992 will be another down year in Central and Eastern Europe. Only Hungary and Czechoslovakia are on the launch pad for economic take-off. For the region as a whole living standards continue to erode from an already low base. Industrial output is off 20 percent, trade with what was the Soviet Union has all but

mosities have sprung to the surface, revealing weak and fragile political structures. **POLAND** 

collapsed, privatization—with the notable exception of Czecho-

slovakia—has hardly begun, and long suppressed ethnic ani-

**Hungary stands** 

head and

shoulders above

in the economic

sweepstakes.

It was Poland that boldly stepped forward to be first in attempting to build democratic institutions atop the rubble of a failed social experiment. It was here in the region's most populous country where the 1980's freedom struggle was waged most vigorously. By mid-1989—before the wall was breached—there were partially free elections and there was a non-Communist

prime minister. By 1990 the Solidarity trade union ran the government and radical free market reforms were launched. Lech Walesa, electrician and recently imprisoned trade union activist, was elected president.

Poland held its breath when prices were freed, trade liberalized, and the currency stabilized beginning in January 1990. Long absent consumer goods returned to the shelves. Many private businesses flourished, but the slam on the monetary brakes

triggered a deep recession.

Last October, during a year in which the economy declined a further 7 percent, Poland held its first truly free elections in over 60 years. Apathy and political gridlock, however, seemed to emerge the winners. Retread Communists did surprisingly well. The strongest party got less than 14 percent of the vote and 29 parties gained parliamentary seats. A dejected Lech Walesa observed, "Poles do not yet know how to use their newly won liberty."

Poland, long the model student for western free market academics and technocrats, is suffering adjustment fatigue. Leszek Balcerowicz, the finance minister who presided over the economic shock therapy, has been dismissed. Foreign investment continues to lag and unemployment is still rising. Once ambitious privatization plans have been modified and delayed. Poland appears to have lost its once impressive momentum.

#### **CZECHOSLOVAKIA**

Along with neighboring Hungary, Czechoslovakia is best placed—geographically, culturally, and economically—to succeed. Historically, a kind of adjunct to Germany and wedged close to traditional western markets, Czechoslovakia seems only to have overcome its own relatively brief but fractious history.

> The fragmentation and disintegration of Yugoslavia bear grim warning of the conse-

BY BARRY WOOD

quences if Czechs and Slovaks are unable to resolve their differences and establish a consensus in favor of a federal structure.

The best hope for Czechoslovakia may be its president, playwright Vaclav Havel. He is a man of moral authority, untarnished both by the Communist past and ethnic nationalism. Elected president in the afterglow of the 1989 Velvet Revolution, Havel's vision of a unified country will be tested in nationwide elections this June.

Unique to the region is the Government's enduring commitment to market based reform. Vaclav Klaus, Finance Minister, party leader, and a Milton Friedman free market disciple, pursues reform with a steadfastness that makes Poland's reformers look weak-kneed by comparison.

A centerpiece of the Klaus reforms is voucher privatization, a controversial method in which for nominal costs (10 days wages, on average) citizens can obtain ownership shares in their choice of hundreds of large state enterprises that are being readied for sale. This attempt to make every Czech and Slovak an instant capitalist is frought with dangers. Upon its outcome—to be determined in the next few months—Klaus will emerge either a hero or villain.

The Klaus reforms began in January 1991. For the year as whole Czechoslovak output declined by up to 16 percent. A recovery would be a 4 percent decline this year.

#### HUNGARY

Hungary proves that gradualism can work-if you began in 1968. When Hungary's parliamentary elections were held two years ago, the victorious coalition appeared weak and some predicted its early demise. Fortunately for Hungarians the opposite seems to be the case. The country's 60-year-old, self-effacing prime minister Jozsef Antall, is the least known central European leader, but he is arguably the most effective. Having already traveled some distance along the free market path by 1989, Hungary has been able to avoid the big bang shock treatment that so traumatized Czechoslo-₹ vakia and Poland.

Under Antall's resolute guidance, Hungary stands head and shoulders ahead thus far in the economic sweepstakes. It has attracted fully two-thirds of all new foreign investment to the region. A unique combination of direct investment and part-

Warsaw **POLAND** Prague CZECHOSLOVAKIA Budapest **ROMANIA** Bucharest HUNGAR Sofia BULGARIA ownership has succeeded in privatizing several thousand Hungarian firms. But success is relative. The economy declined 6 percent last year and is expected to be flat this year. Con-

But success is relative. The economy declined 6 percent last year and is expected to be flat this year. Conceding that the obstacles to economic transformation are immense, Hungary's central bank chief, Akos Bod, explains that full privatization can't occur without a commercial banking system. Hungary, he says, boasts 35 banks with 500 offices—by far the most extensive network in what was the Eastern Bloc. But that, he says, is grossly inadequate and well behind the poorest west European country. "We are," he says, "from five to 20 years behind."

#### THE OTHERS: ROMANIA, BULGARIA, ALBANIA AND THE YUGOSLAV REPUBLICS

A lesson of the past two years is that market-based reform stands a chance of success only if the reformers enjoy political legitimacy. That means free elections, something that hasn't yet happened in Romania and Albania and only occurred in Bulgaria in January. Yugoslavia, destroyed by civil war, is a special case.

Romania, which after Poland has the region's largest population, embarked on rigorous economic reforms in 1990. Regrettably, they have failed to win popular support and most potential investors are staying away to see how the political situation evolves. Local elections were held in February, but international human rights groups complained they were neither free nor fair. At the national level the ruling National Salvation Front is comprised of former Communists.

Romania's industrial production plummeted by 17 percent in 1991.

Bulgaria, with only nine million people, is a sleeper and a candidate for eventual success. Zhelyu Zhelev, a 56year-old reformer, won January's presidential election over a former Communist. Zhelev's Union of Democratic Forces, which won 34 percent of the votes in earlier parliamentary elections, formed Bulgaria's first non-Communist government only three months ago. Bulgaria has a considerable distance to travel just to regain the economic losses of the past two years. In 1991, Bulgaria's Soviet dependent economy declined by a shocking 22 percent. That followed a 12 percent decline in 1990.

Albania, where Communists retain power, is by far the poorest country in Europe. In the best case scenario, Bulgaria will provide a model for Albania, whose economy is flat on its back. New elections are being planned, but economic prospects are dim for the next 12 months. Albania will be powerfully affected by what happens in the neighboring Yugoslav republic of Macedonia and Serbian-administered Kosovo province, which is inhabited by ethnic Albanians.

Barry Wood is an economics correspondent based in Washington D.C.

### Frans Andriessen

#### The E.C.'s Foreign Policy Commissioner speaks out on the Commonwealth of Independent States, Eastern Europe, Yugoslavia, and 1992.

rans Andriessen, Vice President of the European Commission for External Relations and Trade Policy, was interviewed by EUROPE's editor-inchief Robert J. Guttman while Mr. Andriessen was in Washington D.C. attending the State Department conference on assisting the new inde-

pendent states in the former Soviet Union.

How are relations between the E.C. and Russia, Ukraine and the other Republics at the present time?

I have suggested to the Council of Ministers that we explore the possibilities of a contractual relationship between the Community and the republics emerging from the former Soviet Union. I underline "explore" because we have to find out what kind of

relationship the Republics might be interested in. It's possible that some republics have a different relationship in mind than others. For instance, I would imagine that the Asian republics would eventually orientate toward the Pacific and not that much to the European situation. Whereas, the Baltics, Ukraine, and Belarus would show an inclination toward the Western relationship.

Of course all of them will get help and support. That's quite clear, but that's another story. I'm talking about a contractual relationship in the form of an agreement as we have with the countries of central and eastern Europe.

The Council has accepted that [idea] and I have indicated two elements. The first is that we would like to support—as much as we can—processes of reform and democratic elections, but also progress toward a market-oriented economy. So perhaps we should try for an agreement that is a bit more than just straight economic cooperation like those we have concluded with all the countries of central and eastern Europe, including the former Soviet Union.

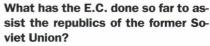
Anyhow, we have to see what [the republics] are going to do with the agreement we have with the former Soviet

I would like to explore whether these countries are ready for a kind of political dialogue as well. If that would be the case, there was a certain sympathy in the Council to go into that direction.

We have already discussed something of that kind in our negotiations with the Baltic States. From that process, started in September last year, we have concluded Agreements of Trade and Cooperation. We will, when we sign

these agreements, make a declaration in which we will express our readiness to have a political dialogue with these countries and to try to get a bit of what is happening in the rest of Europe with the integration process.

So that is what we have had.



The E.C. and its member states have given, by and large, the biggest part of

all the assistance. We've given credits for trade, credits for food purchases, and technical assistance. We've helped for the creation of housing and shelter.

The Community, from its own budget, has committed 400 million ECUs in 1991. And we have proposed 500 million ECUs for 1992. This last proposal is still under discussion. For the moment, I cannot pledge it officially because the formal decisions have to be cleared.

That money is for technical assistance. That has nothing to do with food. As far as food is concerned, we have allotted 1,250 million ECUs. We have 200 million ECUs going toward a program in Moscow and that food is now coming into the shops.

#### That's 200 million ECUs for Moscow?

Yes. These are gifts. This is a grant.

Included in these credits I would like to mention that 150 million ECUs is destined to be spent in the former COMECON countries. This means that we want to further the food exports from former COMECON countries, which goes to the former Soviet Union. This helps these countries because they provide exports and helps the former Soviet Union because they are able to purchase these exports.

Of the 1,250 ECUs set aside for food aid, 50 percent is



destined for these triangular operations.

Where there is currently some resistance, is whether we could do the same with technical assistance, whether we could match expertise which exists in Poland, Hungary, and Czechoslovakia with needs in the former Soviet Union.

Why? These countries have 40 years experience in trade and economic cooperation with the Soviet Union. Granted, it was often compulsory cooperation, but it's not impossible that these people could give information or have knowledge of the system or knowledge of the language, which we could use to make our actions as efficient as possible. That is a discussion which is going on. Decisions have not been made. But we are trying to involve not only the Community in the processes over there but other countries as well to make our actions as efficient as possible.

#### In Eastern Europe, is any country standing out? Does any country look like it would be available for E.C. membership sooner than others?

That would be difficult to assess. In fact, assessment is very often made more on the basis of political events and se-

quences than sound economic analysis. By saying that, I mean very often we take Poland, Hungary, and Czechoslovakia together. We can doubt whether that's correct in terms of economics. Quite often we put Bulgaria and Romania together. Again that can be questioned.

There will be no assurance of rapid membership in the E.C. for these countries. It will take a substantive period of time. That is the reason why, in my view, we have to look for perhaps other ways of linking these countries to the European Community.

Let's say a partial integration first without all the implications of accepting all the pressures of being exposed to our very competitive market prices, and our trading system. That is a debate which is going on and has to go on. This means that not being full members of the E.C., they would have special links to the Community. And that could, perhaps, solve the problem of being, for a rather long period of time, outside full membership in the Community.

There is a problem for the Community as well. For instance, we have at the moment, five applications for the Community: Turkey, Cyprus, Malta, Austria, Sweden. Finland and Norway are possibilities. Even in Switzerland, the debate is on. Finland will very likely apply. And then the others will follow, which means we could have eight or nine applications.

The discussion on membership in central and eastern Europe is there. When the prime ministers of these three countries signed the Europe Agreements in December last year, their speeches, focused primarily on the economic European Community. Bulgaria and Romania could apply and the new countries formed from the former Yugoslavia could also apply. I don't think there is any reason to believe

that those nations would want to be linked together even if by way of the European Community. This is also a qustion with the republics of the former Soviet Union.

So, the perspective is that we will be confronted, in a rather limited period of time, with the question of how should a community of 24 or even more countries, be shaped. Now we have an internal and an external dimension. The external dimension is negotiations with very different countries, with different economic and other infrastructures and potentialities. And an internal problem—how to shape the community?

That is what we face in the next years and that will be a very interesting issue. The Commission now is preparing a kind of orientation on how this could be done. We will come forward with it, I do hope, somewhere in the course of this year, perhaps in the first half of the year, which is what the Portuguese Presidency asked us to do but which is rather heavy task.

#### How much assistance has the E.C. been giving Eastern Europe? Is the E.C. the leading organization that's giv-

ing the most aid to Eastern Europe? You can say, roughly, that about 75-80 percent of the assistance comes from Europe as a whole. And of that amount of money, by far the majority is from the E.C. and its member states.



We have concluded what we call the "Europe Agreements," which are a very special form of association with three different countries, Poland,

Hungary, and Czechoslovakia. We now have finished explorations with Bulgaria and Romania, and we have completed trade and economic cooperation agreements with the Baltic states.



Delors, Walesa, and Andriessen: Through the Europe Agreements, the E.C. hopes to strengthen the East's new economies.

#### Are you satisfied with the E.C. recognition of Croatia and Slovenia? Do you think it will bring a lasting peace?

There are different possibilities. My personal view has always been that we shouldn't obstruct—too long—the unity of an entity, which is destined to be dissolved. The risks remain very substantial. Due to the war, so much hatred, so much antagonism has developed between, now sovereign entities, that it would be very difficult to establish something which would make coexistence and peace and a normal relationship—not friendship but a normal relationship—possible. And I think the E.C. will. have to work on that as well.

#### Are things on track for the 1992 single market?

Basically, yes. But one shouldn't say it is a failure if here and there some small thing has to be delayed. But basically, I would say yes, we are on track for the single market.

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### GRECE

reece went to Maastricht with much the same shopping list as it had when applying for full E.C. membership in 1975. Political needs came first followed closely by hopes for economic gain. The political need then, was to underpin a still fragile democracy after the seven-year military dictatorship; today, Greece is looking to reinforce its national security in an increasingly turbulent part of the world.

After years of comparative predictability, Greece's relations with its three northern neighbors—Albania, Yugoslavia and Bulgaria—are uncertain, while differences with Turkey are as acute as ever. Prime Minister Constantine Mitsotakis, therefore, tied approval of the Maastricht agreements to Greek admission to the nine-member Western European Union

(Ireland and Denmark are the other two

E.C. countries not in the WEU), which Greece and others would like to become the Community's defense arm.

The WEU did open its doors to the remaining E.C. member states but also emphasized its NATO connections by offering "associate" status to NATO countries not in the E.C., including Turkey. Some E.C. members, notably Britain, are unhappy about the apparently binding military commitment to Greece's defense entailed by the WEU Charter. Athens now says that the Greek parliament will ratify Maastricht only after the WEU negotiations are satisfactorily concluded.

As a result, Greece finds itself in the maximalist lobby on most aspects of European union. Though disappointed by some of the Maastricht compromises, officials were happy with the Treaty's

target of "a common defense" rather than just a "common defense *policy*." Mitsotakis left

BY PETER THOMPSON



After the Maastricht summit, Greek Prime Minister Constantine Mitsotakis proclaimed that "The frontiers of Greece are now the defense frontiers of United Europe."

In the western Cyclades—a group of islands in the Aegean Sea—lies the island of Sifnos. Only five hours by boat from Greece's main port of Piraeus, Sifnos is an undiscovered pearl, relatively untouched by the mass tourist industry.

Legend has it that Sifnos was once very

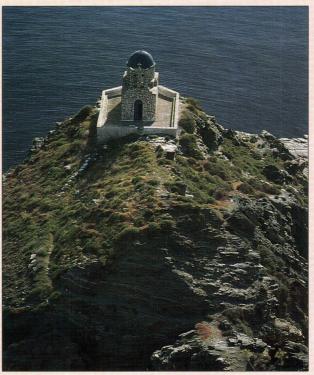
rich because of its goldmines. Each year, the inhabitants would send a golden egg to Apollo in Delphi in thanks for their prosperity. One year, they sent him a gilded one, so in revenge he destroyed the mines and robbed the town of its riches.

Regardless of the myth, the island today is still fairly wealthy thanks to local agriculture that has allowed Sifnos to avoid becoming solely dependent upon tourism. The Sifniotes are polite and hospitable and known for their cuisine. Local specialties include *stamna*, which is lamb baked with potatoes and spices. A variety of dishes are prepared with locally produced olive oil, which is said to be the lightest and best in the islands.

Getting to Sifnos from the mainland is easy. Boats leaving from Piraeus, only minutes outside of Athens, stop at the islands Kithnos and Serifos enroute to the port of Kamares, a small harbor on the western side of Sifnos. It is worth relaxing here for a couple of hours, perhaps sampling some of the local seafood recipes in the taverna Kapetan Andreas next to the beach.

Kamares is also connected to the rest of the island by a good bus system. Since most of the island is within reach in one hour (except the north which is mountainous and not traversable), it could be worth renting a moped. For the less adventuresome, cars can also be hired at fairly reasonable prices.

Apollonia, the capital, is on the northeastern side of the island. Named after the Greek god of the sun, this town of about 500 people features small, cube-like, whitewashed houses resplendent against the deep blue Aegean. One can easily spend a day rambling through the town's narrow, white paths, stopping at the small, family-run cafe, Tris Angeli (Three Angels), for a helping of tiropitta (cheese pies) and koulouria (small round pastries) with cinnamon, made ac-



The beach, Chrisopigi, was named for the chapel built on the cliffs.

cording to local tradition.

Of cultural interest in the vicinity of Apollonia is the monastery of Profitis Ilias (prophet Elias). Perched on a small hill to the northeast of Apollonia it is a splendid place to watch the sun set over the Aegean Sea. A good time to visit the monastery is on June 20th, when locals celebrate the name-day for the Profitis Ilias by hiking or riding horseback to the top of the mountain. The monks are very hospitable, and the view, especially at sunset, is worth the trip.

To the south of Apollonia lies Artemonas, a small town which is characterized not only by the typical clusters of whitewashed, square houses, but also by the huge neo-classical mansions built by wealthy Sifniote traders. The taverna Maganas in the heart of Artemonas is covered by huge grape

vines. The family-run taverna offers many island specialties and an intimately Greek atmosphere. For dessert take a stroll through town and sample some of the local almond pastries.

The small village of Platis Gialos offers the island's largest beach and rooms by the sea. Not far away is the beach, Chrisopigi, named for the striking, white chapel built on the cliffs overlooking the end of the beach.

My favorite place on the island is Castro, a small, all-white medieval village built village built on the cliffs on the eastern coast. It was the capital while the island was occupied by the Venetians in the 13th century. Barely a kilometer away is the small, cove-like beach of Gialiskari which is safe for swimming. There is a particularly dramatic view of Castro, and in the distance one can see the island of Paros. The Taverna of Leonidas, a family-run inn with an impressive menu of Greek specialties, is a good place to refuel afterwards.

On the other side of Castro, next to the sea are the remains of the medieval port of Seralia. Not much is left except a few stones. Today, Seralia's only attraction is a taverna run by local fishermen, who offer their day's catch at very reasonable prices.

After weathering the hustle of Athens, Sifnos is the perfect place to escape the crowds and spend a week exploring one of Greece's most beautiful islands and sunning by the sea.

-Vlassia Vassikeri

the summit proclaiming: "The frontiers of Greece are now the defense frontiers of United Europe."

A few days later he received a commitment to his frontiers from President George Bush in Washington. Last July, Bush visited Greece—the first U.S. President to do so since General Eisenhower in 1959—and threw his personal weight behind the renewed search for a settlement in the dispute between Greece and Turkey over Cyprus. The United States is no keener than the E.C. to take sides between Greece and Turkey, but Washington has been noticeably more cautious—and therefore closer to Athens—over the Yugoslav conflicts.

National security aside, preparation for economic and monetary union (EMU) remains the most important issue facing Greece today. But the road to EMU looms

long. Greeks see it is a necessary price to pay for political benefits and a welcome taskmaster that will enforce fiscal discipline. Right now, Greece has further to go than any of the other member states in cutting inflation and public deficits in order to qualify for EMU and Greeks are anxious not to be left behind when the EMU train finally begins to move.

Next month, Mitsotakis completes two years in office. But his economic stabilization plan so far has done little more than contain the explosive growth of public deficits. The terms of an emergency \$2.75 billion E.C. loan granted a year ago have not been satisfied. The E.C. Commission forecast last October that "Not only will the budgetary targets for 1991 not be met but the outlook for 1992 is difficult."

A 10 percent shortfall in anticipated revenues last year was chiefly responsible for the net budget deficit reaching 13.1 percent of GOP rather than the projected 10.4 percent. A promised crack down on widespread tax evasion yielded less than half the \$1.4 billion predicted, while programs for selling government land and privatizing public enterprises and ailing state-owned companies scarcely took off at all.

The 1992 budget, unveiled last November, puts more emphasis on restricting spending than on over-optimistic increases in revenue. But it underestimates social insurance spending and relies on a large-scale debt-rescheduling operation to reduce the net deficit to 7.6 percent of GOP—still overshooting the five percent E.C. mark.

Nevertheless, officials are encouraged by an underlying 2 percent annual improvement in the tax revenue share of GOP, and by the likely elimination of the primary deficit—debt-servicing apart—this year.

Inflation fell from 22.6 percent in 1990 to 17.8 percent last year, still over three and a half times the E.C. average and above the 17 percent government target.

Despite government hiring, overall public sector employment fell slightly last year. If the trend continues and if privatization forges ahead, Greece could clear an important E.C. hurdle—a 10 percent reduction by December 1993 in the public sector workforce. But overall unemployment is likely to rise above the 9.3 percent E.C. average this year.

On the tax front, a reform package of measures was announced in January, including a simplification and reduction of most income tax rates, a special property tax, and yet more public utility price hikes.



Tourism remains the biggest industry for Greece. The island of Hydra is a favorite among visitors to the Greek islands.

Real public sector wages will continue to fall, and a net budget gain is expected. Punitive measures against tax evasion, long overdue, are also under consideration.

The drachma is set to enter the Exchange Rate Mechanism next year, but the criteria for transition to the final stage of EMU by December 1996 are awesome. Inflation must fall at least another 13 points, while the three percent target for the general government deficit is 12 points below the Greek average for the last seven years. General government debt (target 60 percent of GDP) shot above 100 percent in Greece during 1991.

Officials are hoping that the European Council will take into account trends in performance and give credit for steady progress in the right direction. It is unlikely, however, that there will be much room for maneuvering when the time comes.

Net transfers from the E.C. to Greece rose to almost \$4.5 billion last year—substantially above 1990. This year will not see another sharp increase, but the Greeks are arguing that, in addition to the "cohesion fund" agreed at Maastricht to help prepare the four poorer members for EMU, resources for the structural funds should again be doubled in the so-called

"Delors second package" now being nego-

The government's critics accuse it of an indecisive and piecemeal approach to Greece's chronic economic problems, and demand greater emphasis on development and investment incentives from one side, or on radical structural reforms from the other. Officials, however, are concerned more by the risk that such fiscal discipline as has been achieved may be relaxed for political reasons before it has done its job.

Mitsotakis, despite his slender parliamentary majority, does not need to call an election for another two years. Meanwhile, he has little to fear from Andreas Papandreou, former Socialist Prime Minister, who was recently acquitted of corruption charges in January after a trial lasting 10 months. His acquittal brought to an end one of the more spectacular aberrations of post-war Greek history, which both paralyzed and polarized the Greek political scene for almost three years.

Peter Thompson is the Athens correspondent for *The Independent*, and a contributing editor to *EUROPE*.

In the Jan./Feb. issue of EUROPE the photo credit on page 38 should have read: REUTERS/BETTMANN

### Around Greece

#### **Ski Greece!**

For years, Greek mountain resorts such as Arahova, Karpenissi, and Pilio have attracted skiers from around Greece and its neighboring countries. Although these towns in central Greece do not share the notoriety of posh European resorts like St. Moritz and Val d'Isère, Greece's mountain towns do offer a refreshing winter

escape. Furthermore, in recent

years Greek resorts have been

graced with an abundance of snow while many Alpine towns have

struggled to keep their runs open.
Staying in the town of Arahova, situated at the base of Mount Parnassos, tourists are never far from challenging ski runs and

breathtaking scenery. Fortunately for the budget-minded vacationer, lift tickets, meals, and accommodations are not breathtakingly priced—especially when compared to prices in some of Europe's glitzier locations.

Arahova has plenty to offer those who don't want to ski. The town, itself, is only minutes from the ancient city of Delphi and tours can be arranged from Arahova.

Central Greece will not soon unseat the Alps as Europe's skiing capital, but it may be one of Europe's best winter travel bargains.

—Leo Charitos



#### Athens Opens Concert Hall

The recent inauguration of the Athens Concert Hall marked an important cultural achievement for Greece.

Until 1991, the Hall was a 30-year-old work in progress. In 1956, the State donated a site in the heart of Athens, but work stoppages, funding problems, and



construction difficulties delayed the project at various stages until its completion early last year.

The facility includes the grand 2,000-seat Main Hall and a smaller 500-seat auditorium. The Main

Hall is lined with special wood panels, imported from Germany, that are suspended from the ceiling and give the Hall state of the art acoustics. Also, a "movable" roof allows production crews to customize the space for various performances.

Eventually the Concert Hall will include its own recording studio. In addition it will house a small museum of Greek music, a music library, and a music research center.

Many in Greece's performing arts community hope that the success of the Hall can be duplicated through smaller facilities throughout Greece. Plans are already in the works for a similar center in Greece's second largest city, Salonica.

—Vlassia Vassikeri



#### Onassis Awards

CNN, Norway's Prime Minister, Mexico's National Museum of Anthropology and History, and E.C. President Jacques Delors were chosen to receive the 1992 Onassis International Prizes.

The prizes, which carry a \$100,000 stipend each, are awarded each year by the Alexander S. Onassis Foundation to individuals and organizations whose contributions to society are characterized by values "conceived in Greek philosophy and culture."

President Delors was awarded the prize for "Man

and Mankind" for his contribution to the European idea and for his personal commitment to building a Europe of citizens." Delors thanked the Foundation and said, "In this award I see the sign of interest shown in the progress of the European construction..."

### PR O FILES

**VIRGINIA** TSOUDEROS, 67, was appointed Foreign Under Secretary in a government reshuffle last August, and is one of only two women in Constantine Mitsotakis' New Democracy administration. Had she made a career out of party politics, she would undoubtedly have achieved office much earlier. As it is, she occupies a crucial ministerial post, with re-



sponsibilities that include Greece's relations with the rapidly changing states of the Balkans, eastern Europe and the former Soviet Union.

Originally from Crete, Mrs. Tsouderos comes from a family of politicians. Her father, Emmanuel Tsouderos, became Prime Minister days before German forces overran Greece in 1941 and subsequently headed a government-inexile. After the war, Virginia Tsouderos graduated in Philosophy, Politics and Economics from Oxford University in England and continued her studies at Harvard, returning to Greece in 1956. She worked as a journalist for several years, concentrating on social issues,

THEO ANGELOPOULOS, 66, Greece's leading film director, is no stranger to controversy. Although a winner of a string of international film awards, he is better known in Europe than the United States, despite a retrospective season at New York's Museum of Mod-

ern Art two years ago. His ninth feature film, "The Suspended Step of the Stork" starring Marcello Mastroianni, opened to packed houses in Paris.

Along with cinematographer Vassilis Arvanitis, Angelopoulos' style relies heavily on a unique sensitivity toward im-

ages. He captivates his audience with action and drama at the same time portraying a deep thoughtfulness of Greek history. His films have touched on some

of the most controversial issues of Greek politics especially regarding the Greek civil war.

Born in Athens, Angelopoulos was a teenager when the Greek civil war ended, leaving deep scars on his family. He studied law and later studied in Paris, where he became immersed in the French cinema. Returning to Greece in 1964, he became film critic for the left-wing newspaper Dimokratiki Allaghi (Democratic Change), closed down by the Colonels after the 1967 military coup.

During the dictatorship Angelopoulos refused exile and made his views clear through the films like "Days of '36" (1972), which dealt with an episode before the Metaxas dictatorship and "The Travelling Players," a powerful treatment of the years of occupation and civil war.

But it is his latest film, "The Suspended Step of the Stork," which caused controversy even before it was

completed. The film combines two themes: refugees caught in a limbo between one country and another, and the individual moving beyond his own physical and spiritual limits. Shot in and around the northern Greek town of Florina, 10 miles from the Yugoslav border, "Steps" makes liberal use of the symbolism of frontiers.

This aroused the nationalist wrath of 84-year-old Bishop Avgoustinos of Florina. He denounced the film as "anti-Greek", saying it proposed the abolition of Greece's frontiers. He first threatened to burn down the film set, then bussed in right-wing fanatics from neighboring villages for a protest rally, and finally excommunicated Angelopoulos "and all those men and women who take part in making this disgraceful anti-national film."

Despite Avgoustinos opinion, the majority of Greece's intellectual community regard Angelopoulos' contribution to Greek cinema—and to Greece as a whole—as undisputable and priceless.

—Peter Thompson and Vlassia Vassikeri

and was an adviser to former Premier Andreas Papandreou when he was Minister of Economic Coordination in 1964.

Following the 1967 military coup she actively opposed the seven-year military dictatorship and helped start the Society for the Study of Greek Problems, a public discussion group which tested the limits of criticism tolerated by the government. In 1973, she was arrested and held without charges for several months at the noto-

rious military police headquarters.

Tsouderous was elected to parliament on centrist tickets in 1974 and 1977. However, in 1985 she joined New Democracy, which she has represented ever since. Soon after the election that brought Mitsotakis to power in 1990, she became chairman of the Committee for the Development of Thrace, an underdeveloped and politically sensitive region in northeastern Greece that is home to a strong Muslim minority.

She launched a policy of integration into mainstream modern Greek life through economic incentives for all Thracians, Christian and Muslim alike, and has guided both private and public investment into the region, including substantial sums under the Community's Regional Development Plan. Mitsotakis has since asked her to spearhead similar development drives in Epirus and western Macedonia.

Tsouderos' ministerial duties range from build-

ing links with the independent states emerging from the former Soviet Union, through overseeing food aid to newly democratic Albania, to keeping in touch with the huge Greek diaspora. Add to the list the responsibility for bilateral cultural relations, overseeing Orthodox church affairs, and all international organizations, and it is no surprise that the Foreign Ministry lights are burning late at night.

—Peter Thompson

## YUGOSLA

#### E.C. Recognizes Croatia and Slovenia

wo new countries have emerged from the former six-republic Yugoslavia as a result of the European Community's recent recognition of Croatia and Slovenia.

The E.C., in the first test of its closer foreign policy ties since the summit of Community leaders in Maastricht last December, jointly recognized the new repub-

New signs went up in the Croatian and Slovenian capitals to mark fresh diplomatic missions set up by Community countries, and E.C. officials welcomed the new nations to the European fraternity.

lics on January 15th in a show of unity.

"We pray that this day will go down in our history as the starting point of a better and happier future," said Cardinal Franjo Kuharic of Croatia.

Behind the celebrations and the united E.C. front, however, most everyone realized that it was Germany that persuaded its E.C. colleagues to recognize the two republics' independence.

At a highly charged December 16th meeting of Community foreign ministers in Brussels, Germany made clear that it would go ahead and recognize the two republics on its own. Britain and France urged a go-slow approach, fearful that recognition would encourage similar displays of independence in other ethnic enclaves throughout Europe.

Faced with the prospect of a divided E.C., Community ministers decided that they would recognize Yugoslav republics that met certain conditions, including stable borders, protection of minority rights, and respect for democracy.

On December 23rd, the first day E.C. members could state whether such conditions had been met, Germany said: "In the view of the German government, the republics of Slovenia and Croatia fulfill the conditions set by the European Community."

German Chancellor Helmut Kohl dismissed charges that he was seeking to expand German influence, declaring that Germany was "concerned about the fate of these people and about their future in democracy—nothing else."

There are many Slovenes and a lesser number of Croats living in Germany, so Kohl was under intense diplomatic pressure to recognize the two republics, which declared their independence from Yugoslavia last June.

Tension within the E.C. quickly subsided after the recognition became official on January 15th, due in large part to the fact that the latest in a series of cease-fires was holding firm.

"For the first time we have a cease-fire that has held for some time," the German Foreign Minister Hans-Dietrich Genscher said of the January 3rd cease-fire.

The Community's role in Yugoslavia did not by any means end on January 15th.

The E.C. peace conference, chaired by former NATO Secretary General Lord Carrington, resumed work in Brussels after beginning its duties in The Hague under the Dutch E.C. presidency during the second half of 1991. The shooting down of a helicopter over Croatia, killing five E.C. truce observers, did not derail the Community's peace efforts.

At a February 3rd meeting of E.C. foreign ministers, the Community said it was committed to a "twin track" approach to Yugoslav peacemaking, through the E.C. conference and the United Nations. The foreign ministers also reaffirmed intentions to lift economic sanctions against all Yugoslav republics except Serbia. In addition, the U.N. was optimistic that by early March they would be able to place approximately 14,000 U.N. peace-keeping troops in Croatia and Slovenia. —Charles Goldsmith

#### **A Bitter Heritage**

he illusion of perpetual peace in Europe was shattered last year when ethnic hatred and territorial ambitions that had been suppressed by Yugoslav Communism for 46 years erupted in

violence shockingly reminiscent of World War II.

Real war had not been known on the Continent since the destruction of Berlin in 1945, and there was good reason to hope that new generations would never know it.

Perhaps the most horrifying feature of

BY KENNETH C. DANFORTH

the Serbo-Croatian War is the deliberate slaughter of thousands of civilians by artillery bombardment. It is not a civil war, but aggression by well-armed military units operating free of any political or constitutional control.

In January a team of human rights monitors issued documented examples of what they call "barbaric" violations of the

Geneva Conventions by the Serb-



Croatia has incurred tremendous destruction and loss of life since fighting broke out last June.

Yugoslav military team. Their findings include deliberate destruction of churches and hospitals and massive looting of personal property. Videotapes prove what Croats have been saying for months, that the Serbs are mutilating their victims.

To seasoned Yugoslav observers, what is surprising is not that nationalistic regulars are shooting each other, but that such a degree of brutality has been unleashed against innocent civilians and historical monuments. The secession of Croatia turns out to have been no more than the excuse to draw out blades that were already sharpened and fire cannons that were already aimed.

Serbs in Croatia, citing an anti-Serb reign of terror and genocide by Zagreb's Nazi regime in World War II, say they fear for their lives in the new Croatia. They charge, correctly, that Croatian President Franjo Tudjman's public statements have done little or nothing to reassure them.

However, the roots of Serb-Croat hatred extend centuries deeper than World War II. They are almost impossible to explain objectively, for they are not intellectual, but visceral. An example of the wildness of the hatred can be found in a Serbian rally that took place in 1989.

("Slobo" in the following sentences is the popular nickname of Slobodan Milosevic, who rose to the presidency of Serbia on one issue—exploiting Serbian resentments and anxieties about Croatians, Slovenians, and Albanians.)

At the rally the Serb crowd cried: "Comrade Slobo! Send us salad! Send us salad! We have meat: We kill Croatians!"

Milosevic ignored pleas that he denounce the sentiment.

Given the unreasoning bitterness of their relationships, it is hardly surprising that non-Serb republics want to secede.

The first sentence of the Yugoslav constitution states: "The nations of Yugoslavia, proceeding from the right of every nation to self-determination, including the right to secession..."

Yet, the Serb-controlled Yugoslav army attacked as soon as Slovenia and Croatia seceded last June. Ground and air forces first invaded Slovenia, but were humiliated and repulsed in only a week. Then the full fury of the national army was turned on Croatia, in a cataclysm of brutality that has continued to the present United Nations cease-fire. It is not army against army, but artillery, airplanes, and warships against civilians and targets—

like the ancient walled city of Dubrovnik—that are devoid of military purpose.

"These are war crimes," says Adam Benovic, a renowned marine biologist who has managed to keep working among the ruins of Dubrovnik. "The people of Dubrovnik are unarmed and defenseless and we posed no threat to anyone, yet we were bombed, our electricity, food, and water were cut off, and our homes have been robbed and defiled. I have seen soldiers going up a hill with tables and televisions on their backs, like ants. It is a return to the Middle Ages, when soldiers assumed the right to pillage. But these are supposed to be our fellow citizens!"

More than 10,000 people have already been killed in the Yugoslav war. An estimated 400,000 Croatian homes have been looted, then destroyed or seized by Serbs. More than half a million people are refugees. Monitors for Helsinki Watch, a respected human rights organization, say they have evidence of war crimes and attrocities committed by both Serbs and Croate

The first question—When will the bloodshed stop?—cannot be answered. The second may be approachable: What led to this unspeakable tragedy?



### THE







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### Inside FIROPF

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#### THE URGE TO MERGE

### COMPANIES AIM TO GROW AS THE 1992 DEADLINE NEARS

With the post-1992 European single market nearing, "big is beautiful" appears to be the new motto of global business firms. Joint ventures, buyouts, and even American-style hostile takeovers are accelerating.

Computers, autos, food, and airlines are the main fields where the new corporate battles for position and control are being fought. They involve such well-known names in the international marketplace as IBM, Volvo, Phillip Morris, Perrier, and Air France. At stake is dominance in the new barrier-free E.C. business environment.

Carlo De Benedetti made a splash with his pioneering, but ultimately unsuccessful, attempt to take over the huge Belgian firm Société Générale de Belgique in the late 1980's. And Italian tire manufacturer Pirelli failed last year in its bid for German rival Continental. But Krupp, the German steel and engineering giant, mounted the closest thing to a hostile takeover that country has known with its acquisition of rival Hoesch late last year. Current attention revolves around the battle between Nestlé of Switzerland, aligned with French investment bank Indosuez, and the Agnelli family of Italy in their struggle for control of Source Perrier, the French mineral water company. The spoils for the victor will also include two prestige names in French wine and cheese: Château Margaux and Caves de Roquefort. The Agnellis, the power behind the Fiat auto concern, are motivated in part by a desire to diversify into the food industry.

Volvo, the Swedish carmaker, is also hoping that hungry appetites will help it weather possible future hard times. It is seeking to become majority share-holder in Procordia, a large state-owned food and pharmaceutical firm that is one of the first in line to be sold off under the Swedish government's new privatization program. However, the outcome is uncertain as the government's official privatization committee has rejected the original bid. Volvo already has one alliance with state-owned Renault of France that includes cross-shareholdings and joint manufacturing agreements.

U.S. firms are also experiencing the urge to merge in Europe. Philip Morris bought Swiss confectioner Jacobs Suchard two years ago as a cushion against declining profits resulting from the rise in anti-smoking sentiment. IBM and the French computer firm, Bull, agreed recently to a new joint venture which will involve sharing technologies and product marketing. IBM has also signed a cooperation pact with semiconductor manufacturer SGS-Thomson, which is itself an alliance of Italian and French companies.

In the airline industry, Air France is the most active player of the European carriers. It is involved in talks with the Belgian airline Sabena, in the hopes of turning Brussels into a new European hub. The French flag carrier has already scooped up two rivals at home, UTA and Air-Inter, and has purchased a stake in the Czech airline CSA. Air France is also planning a new joint terminal at New York's Kennedy Airport with Lufthansa and JAL. Speculation is also centered on a possible alliance between British Airways and the Dutch airline KLM. Such a merger would follow well-established tradition: two of the most successful enterprises, Royal Dutch/Shell and Unilever, are the result of Anglo-Dutch mergers.

—Peter Rashish

### E.C., BALTIC STATES CONCLUDE COOPERATION PACT

The European Community recently initialed trade and economic cooperation agreements with Lithuania, Latvia, and Estonia, giving the Baltic states easier access to the Community market. The accords, modeled on trade pacts signed with several eastern European countries, provide for the removal of quantitative restrictions on imports from the Baltic states and reciprocal most-favored-nation status on trade-related issues. The agreements, seen as a first step in building closer ties between the Twelve and the Baltic states, also call for the establishment of joint committees encouraging bilateral economic cooperation.

### EIB SEES GREATER ROLE AFTER MAASTRICHT

The European Investment Bank (EIB), the E.C.'s development arm, sees its role in financing long-term projects both inside and outside Europe enhanced as a result of the Maastricht Treaty on European Union. EIB President, Ernst-Günther Bröder, believes that Economic and Monetary Union, resulting in a single currency, would facilitate the Bank's borrowing and lending activities and lead to further expansion of its role within the Community.

According to officials at the Luxembourg-based institution, the Bank's lending operations increased by 14.5 percent in 1991, while borrowing rose by 24 percent. The EIB's turnover rate was greater than any other international institution including the World Bank last year. Some 44 percent of EIB loans went to Italy and Spain, while a small percentage of the funds were directed toward eastern Europe. The Bank suspended lending to Yugoslavia last year because of the out-

break of war. Bank officials, asked about extending EIB loans to the former Soviet republics in the near future, did not rule out the possibility

### KLEPSCH VOTED PARLIAMENT PRESIDENT

Egon Klepsch, the German leader of the European People's Party (EPP) and former European Parliament vice president, won an overwhelming majority of the vote in the European Parliament to replace Enrique Baron Crespo as president of the European Parliament. Klepsch, a CDU member since 1951 and a European Parliament member since 1973, defeated Roberto Barzanti of Italy, Jean Defraigne, and Karel Dillen of Belgium in the election held during the Parliament's first plenary session in January.

The new president, whose term lasts two and a half years, paid tribute to outgoing President Enrique Baron Crespo for promoting the parliament's cause at the inter-governmental conferences. Crespo will continue to work in the European Parliament as

chairman of the influential Committee on Foreign Affairs and Security.

Born in Bodenbach, Germany, Klepsch has been active in the German and European political scene for over four decades. He was president of the European Union of Young Christian Democrats from 1964 to 1970 and was a CDU member of the Bundestag from 1965 to 1980. Klepsch led the EPP from 1977 to 1982 and was a parliamentary vice president from 1982 to 1984.

### THE TWELVE SIGN MAASTRICHT TREATY

The Treaty on European Union negotiated last December in Maastricht, establishing political and monetary integration between E.C. member states, was signed by Community ministers in the Netherlands on February 7. The treaty, a 189-page document, provides for the creation of a single currency, gives new powers to the European Parliament, and allows the E.C. to forge common foreign and defense policies for the first time. Hailed by

#### Davos Notebook

At the World Economic Forum in Davos, Switzerland making choices was a major problem. Which would you choose for 8:30 on Saturday morning? The panel discussion on economic trouble spots with Paul Volcker; the session on refugees with Gianni De Michelis; the new Russia with the mayors of Moscow and St. Petersburg; or the plenary session on Turkey with Suleyman Demirel, the Turkish Prime Minister, and Henry Kissinger? This year's meeting at the beginning of February attracted over 30 heads of state and government, including leaders of nine of the new republics that used to comprise the Soviet Union. There was a 40-strong group from Russia alone, including most of Moscow's economic policy makers. Anatoly Sobchak, St. Petersburg's mayor, said the reforms that took effect in January "were doomed from the start." The crisis in the new, former Soviet republics weighed heavily on the minds of over 1,000 industrialists who paid \$12,000 a piece to ski and shmooze with an array of government and business leaders.

Forum co-chairman, retired Bundesbank president Karl Otto Pöhl, looked soulfully at the problems of Russia and observed,"Now that Maastricht's behind us, we can get on to the real challenge." That, of course, is helping to build democracy and free markets in Russia and

#### BUSINESS BRIEFS

many European leaders as a landmark in Europe's history, the pact must be ratified by the national parliaments of all member countries before the end of the year in order for it to come into effect.

#### Commission Expands Copyright Laws

The European Commission adopted a proposal on February 5 to expand existing copyright protection laws. The proposal, which must become law in E.C. member states before January 1, 1993, affects both copyright protection and neighboring rights.

The Commission proposed that copyright protection for books, musical compositions, films, and other original works be extended to 70 years after the author's death. This is an expansion of the Bern Convention, which provides for a minimum of 50 years of copyright protection for literary and artistic works. Computer software is also covered by this 70 year limit.

The Coca Cola Company, the world's largest soft drink manufacturer, announced the formation of Coca-Cola Refreshments-Moscow, the first fully private, joint stock company in Russia. The Moscow company will manufacture soft drink syrup and establish up to 2 000 retail outlets over the next few years. Up to 200 people will be employed at the new production facility, which will initially produce Coca-Cola and Fanta. Gavriil Popov, the Mayor of Moscow, hailed the venture as a signal to others that "the city of Moscow is ready to do business". The move by the Atlanta-based company, which is rapidly expanding in the former Soviet bloc, follows an earlier decision to establish a joint venture in Ukraine with the Rosinka Bottling Company.

In contrast with the heavy losses suffered in the North American market, **General Motors** and **Ford**, the two leading U.S. automakers, announced record sales in western Europe in 1991. Ford outperformed GM, its sales increasing by 4 percent, while GM's sales went up by only 1 percent. Ford's biggest sales increase, in per-

centage terms, came not from its European-made models but from models manufactured in the U.S.

Levi Strauss, the San Francisco-based garment manufacturer, recently set up a technologically advanced blue jean factory in Plock, Poland to serve the 38 million consumers in the Polish market. The \$20 million factory, a renovated warehouse, will create 1000 relatively high-paying jobs in a city where the unemployment rate has reached 15 percent. The investment decision was mainly influenced by cheap rents and a tax holiday offered by Polish authorities.

The *European*, the pan-European weekly newspaper founded by the late Robert Maxwell, has been bought by two British businessmen, the Barclay brothers, following a period of uncertainty after the recent collapse of the Maxwell empire. Launched in May 1990, the *European* has been consistently unprofitable and is estimated to have lost \$34 million last year.

European, American, and Japanese automobile manufacturers have all stepped up their investment activities in Eastern Europe, particularly in

other republics. Both Mr. Pöhl and former Federal Reserve Board chairman Paul Volcker stopped short of agreeing with EBRD chief Jacques Attali's appeal for Russia to be admitted to the Group of Seven. "I think that may be a little premature," said Mr. Volcker. Mr. Attali said he liked to refer to the former Soviet Union as "Far-Eastern Europe." A new architecture, he said, is needed for a Europe now comprised of 50 nations.

Aside from Russia the big topic was building a new world order in the wake of the collapse of communism. Italian Foreign Minister Gianni De Michelis said the new order will be multi-polar and based on increasing integration at both regional and global levels. NATO Secretary General Manfred Woerner pointed to NATO and the European Community as successful models of supra-national cooperation. Today's political imperative, he said, "is to strengthen the international organizations, starting with the United Nations, C.S.C.E., NATO, and the European Community."

For many the highlight of the seven—day meeting was the stirring closing address of Czechoslovak President Vaclav Havel. Havel, with Britain's Prince Charles at his side, spoke in English and said the implosion of Communism is a powerful warning that man must change his ways. Havel said, "the fall of communism can be regarded as a sign that modern thought based on the premise that the world is objectively knowable...has come to a final crisis." If the planet is to be saved, said the playwright president, there must be a revolution in human thinking.

Prince Charles said the Cold War," has not been won by any particular country or alliance, but by the human spirit," which had "resisted the debilitating apparatus of state communism in favor of life in a pluralistic, civil, free society."

-Barry Wood

#### **B**USINESS BRIEFS

Czechoslovakia, Hungary, and Poland. Among the Europeans, German automakers are leading the way with two important ventures in Czechoslovakia, Volkswagen teaming up with Skoda to build cars and Mercedes-Benz joining Liaz-Avia Praha in truck manufacturing. Fiat, the Italian automaker, and Volvo, the Swedish car and truck group, have both formed joint ventures in Poland. GM and Ford, far behind the German's in overall investment in Eastern Europe, both set up spare-parts factories in Poland and Hungary. Plans for establishing American automobile plants in both those countries are still being negotiated. The leading Japanese car maker in Eastern Europe has been the Suzuki Motor Corp., which is building a \$265 million plant in Hungary, the first major Japanese investment in Eastern Europe.

The Dutch electronics giant, **Philips**, will buy 25 percent of **Whittle Communications**, the U.S. media company that produces the educational television news program "Channel One." In a deal worth \$175 million, Philips will acquire most of its shares from Time Warner and Associated Newspapers of the UK, whose holdings in Whittle will fall from 50 to

37 percent and 33 to 24.6 percent, respectively. Philips also announced that it plans to increase its holdings in Whittle to 33 percent by the end of 1994. The Dutch company wants to work with Whittle, which also produces magazines and video cassettes for hospitals and doctors' waiting rooms, to evaluate the feasibility of expanding Whittle's network of new schools in the United States.

U.S. baby food manufacturer,

**Gerber** is to become 60 percent owner of central Europe's largest infant food and juices company. The deal, announced October 1 by Gerber and Poland's Ministry of Privatization, states Gerber will pay \$11.3 million and invest more than \$14 million to expand the existing business and begin production of Gerber brand food at the Alima S.A. factory in Rzeszow, Poland.

#### **UPCOMING EVENTS**

**MARCH 13:** 'The Executives' Club of Chicago and the Commission of the European Communities host a conference entitled *European Community* 1992 and Beyond—Trade and Investment Opportunities for U.S. Business in Chicago.

**APRIL 8-12:** The Greek Foreign Ministry sponsors a conference on *Europe and the Mediterranean in the New World Context* in Athens.

**APRIL 21-22:** President Bush meets with President Delors and Prime Minister Cavaco Silva in Washington, D.C.

**MAY 8-9:** Economics Ministers from the E.C., the G-7, Eastern Europe, and the C.I.S. will meet in Münster, Germany to discuss Western aid to the C.I.S. and Eastern Europe.

**JUNE 5-12:** Rio de Janeiro will host an international conference on the environment and development.

#### Names in the News

Albert Reynolds is Ireland's new Taoiseach (Gaelic for Prime Minister). His appointment might have been a quiet affair had it not been for a bitter controversy, involving a 14 year-old rape victim, who was denied permission to leave the country for a legal abortion in England. A true baptism of fire for Reynolds, the case attracted enormous international attention. When it was finally settled in favor of the girl, supporters and skeptics alike felt confident their

new leader could handle almost any situation.

The 56 year-old, former finance minister succeeds Charles Haughey, who served eight years. Reynolds is described by most Irish commentators as affable and a pragmatic politician who knows how business works. Some say his common touch comes from owning several big-band dance-halls around Ireland in the 1960s. Reynolds later established a pet-food business and bought the

newspaper in his native Longford before being elected to the Irish Parliament, the Dail, in 1977.

Although he led the latest bid to oust the former Taoiseach, Reynolds was a loyal supporter of Haughey's for many years. He served in all Haughey Governments as minister for posts and telegraphs, industry and commerce, transport, and most recently as Finance Minister, from 1988 to November 1991, when Haughey dismissed him

from the cabinet.

-Maeve O'Beirne

#### INSIDE EUROPE

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First, it is necessary to understand that the peoples of northern and western Yugoslavia draw on dramatically different histories than their compatriots to the south and east. The Turks ruled most of what is now Serbia, Macedonia, Bosnia-

Hercegovina, and Kosovo for 500 years. The legacy of Croatia and Slovenia is largely a mixture of Venetian, Austrian, and French.

Montenegro is a case unto itself, having managed, with the help of its forbidding mountains, to keep the Turks at bay. The Montenegrins are closely allied with the Serbs through their shared Orthodox religion and hatred of Albanians. In a demonstration two years ago, 100,000 Montenegrins, many of them firing guns into the air, rallied in Titograd to demand weapons so they could go fight Albanians in Kosovo.

A historical turning point came at the end of the 1912 and 1913 Balkan Wars, when the Turks finally pulled out of Albania and Macedonia. The peoples in what was to become Yugoslavia were free to choose their own destiny, but they remained prisoners of their history. The cultural and economic faultline the Turks left behind struck right across Yugoslavia. Besides that, the land was a hodgepodge

MAP ILLUSTRATION BY MARCIA STAIMER

of kingdoms and shards of empires.

The Albanians in Kosovo thought they were going to join a greater Albania, but the Serbs, in an expansion that has violent repercussions today, took over Kosovo, heart of their medieval kingdom. After



Cruise ships were enlisted to evacuate civilians from Dubrovnik—once Yugoslavia's most beautiful port.

doubling their territory, they even tried to absorb Bosnia-Hercegovina but were thwarted by Austria-Hungary, which had annexed the province in 1908 and had no intention of giving it up.

In 1914, Archduke Franz Ferdinand, heir to the Hapsburg throne, visited the Bosnian capital of Sarajevo, where he was assassinated by Gavrilo Princip, a young Serb. The Austrians attacked Serbia and the carnage of World War I was begun.

From the ashes of the war rose a Slavic union, the Kingdom of Serbs, Croats, and Slovenes. It included Montenegro, Macedonia, and Bosnia-Hercegovina—in

fact all of latter-day Yugoslavia except Istria, Zadar, and some of the islands, which were part of Italy. A foreshadowing of today's troubles began immediately. The new country was ruled by Serbia's King Alexander, a despot despised by the Croats and Slovenes. Croatian separatists arranged to have him shot in Marseilles in 1934. The kingdom started breaking up.

The various Yugoslav nations might eventually have gone their separate ways had not World War II intervened. Josip Broz (later known as Marshal Tito), a Croatian and dedicated pan-Slavic Communist, led the Partisans to victory not

only over the Germans and Italians, but over the rightist Chetniks, a rival Serb-led guerrilla army, and Ustasha, the Nazi quislings of Croatia, who massacred thousands of Serbs. During the war, Yugoslavs killed far more of each other than they did foreign invaders. By 1945, there was no question about who would lead the country. Tito had the royalist Chetnik leader

**Timeline of Yugoslav History** Germany invades Yugoslavia, which surrenders 11 days later. Italy, seeing a chance to grab Adriatic regions, joins in. 1929 King Alexander (a Serb and a Dec. 1, 1918 dicator) Kingdom of Serbs, Croats, decrees that and Slovenes founded World War II the country will Partisan vs. Oct. 20, 1944 be called Axis. Partisans 1912 & 1913 Yugoslavia, Partisans free vs. Chetniks. First & Second Belgrade and Land of the Balkan Wars. Serbia Partisan leader South Slavs nearly doubles it's Tito assumes territory. civilian leadership. 910 1920 1930 June 28, 1914 Archduke of Austria assassinated in Sarajevo by Serb, April 10, 1941 Alexander assassinated in Marseilles. Puppet fascist state of Croatia proclaimed. nationalist. Austria attacks Serbia, World War I begins.

shot, then ruled Yugoslavia with an iron fist until his death in 1980.

In addition to Communism and unity, Tito was driven by the need to prevent Serbian domination of the other nationalities. He took away large chunks of what Serbia considered its own: Vojvodina and Kosovo were made autonomous provinces because of the predominance of non-Serb inhabitants. It was these provinces that Serbia took over in 1989, to the dismay of Vojvodina's large Hungarian population and Kosovo's 90 percent Albanian majority.

The system under which the Yugoslav Government attempts to classify its people is hopelessly tangled. Hungarians, Turks, Albanians, Romanians, Gypsies, and 19 other nationalities are not nations. Serbs, Croats, Slovenes, Macedonians, and Montenegrins are nations; they have republics. Muslims are a nation, but they don't have a republic. Bosnia-Hercegovina is a republic, but it isn't a nation. Albanians outnumber Slovenes, Montenegrins, and Macedonians, yet are not a nation and do not have a republic.

Hardly helping the comity of the Yugoslav nations is the mixture and militancy of the three major religions—Roman Catholic (Slovenia and Croatia), Eastern Orthodox (Serbia and Macedonia), and Islam. Even the recognized majority

language is schismatic. "Serbo-Croatian" is written in the Latin alphabet in Croatia, in Cyrillic in Serbia. The term is used only by foreigners, anyway. I never heard a Serb say he spoke anything but Serbian, and the Croats always refer to their language as Croatian.

Languages are a very emotional issue. One of the outrages that led Slovenia toward secession was a trumped-up court martial in Ljubljana in which Slovene civilians were tried in Serbian.

And then there is the Albanian language. Now that most of the Croats are out of Yugoslavia, Albanians have become Yugoslavia's second-largest ethnic group, outnumbered only by Serbs. If Kosovo and Macedonia remain in the federation, it will only be a matter of time until Albanian-speaking people become a majority. Among Serbs, this is the stuff that hysteria is made of.

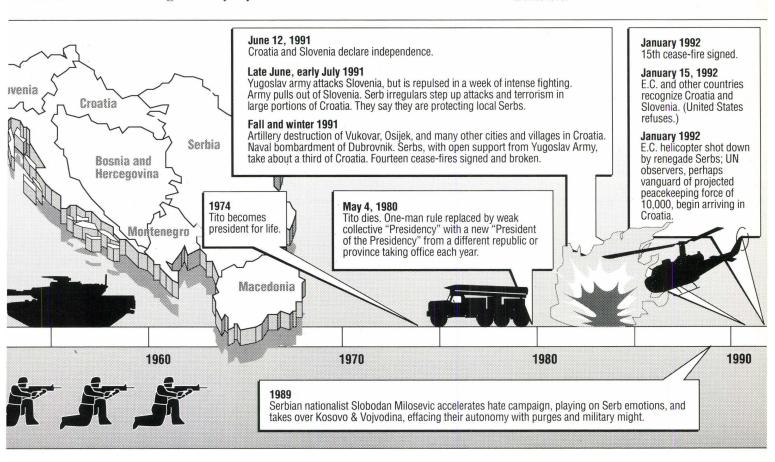
Whether or not E.C. and U.N. efforts bring a true armistice in Croatia, the Albanians in Kosovo and Macedonia will be seen by the Serbs and Macedonians as an ever-increasing threat. Until Serbia attacked Slovenia and Croatia, the military occupation of Kosovo was the most fractious thread in the unraveling mantle of Yugoslavia. Kosovo could explode any day. The wonder is that it has not already done so.

Dimitrij Rupel, the foreign minister of Slovenia, saw trouble coming as early as the summer of 1989. Then a Ljubljana sociology professor and a founder of the Democratic opposition and its newspaper, he told me: "The Serbs regard Yugoslavia as their own Serbian state. They are doing a very bad thing in Kosovo. As soon as they found out we weren't supporting them, they turned against us. I'm afraid of these strifes becoming real. I'm afraid some nasty features are coming. I'm afraid of civil war."

I traveled extensively in Yugoslavia in 1984, 1985, and 1987. Then I was away for two years. When I returned for months of exploration in 1989, 1990, and 1991, the people I had been enchanted by seemed different. Their primordial animosities had boiled to the surface. I was used to hearing about children, boats, and wine, but now it became impossible to have a conversation that didn't turn to loathsome neighbors.

The stage for today's tragedy had been set in the mists of history. The script was written in the Dark Ages. Stage and script needed only the right players to cry "Havoc!" unleash the dogs of war, and exact the blood for which they thirsted.

—Kenneth C. Danforth, a writer based in Washington, D.C. has written extensively about Europe and Yugoslavia since 1970.



#### Republics and Provinces of Yugoslavia

-Kenneth C. Danforth

SLOVENIA. Most prosperous and westernized of the republics that made up Yugoslavia. Declared independence on the same day Croatia did, June 21, 1991. Fought off attacks by Yugoslav army, trapping tank crews on mountain passes. Apparently safe from further attack while Serbia and Montenegro fight Croatia and try to cosolidate territorial gains. Capital Liubliana.



**CROATIA.** Largest rival to Serbia. During the present war, Serbs have invaded and occupied about one-third of Croatia. History and geography divide the republic into two portions, Continental and Mediterranean. There was always a rugged mountain range between them; now the one highway connecting them is controlled by Serbs. Dubrovnik, Yugoslavia's and Croatia's prime tourist center, is now surrounded by Serbs following a siege. Capital Zagreb.

BOSNIA-HERCEGOVINIA. Squeezed between Serbia and Croatia both geographically and ethnically. Population is a mixture of Serbs (33 percent), Croats (18 percent), and Muslims (44 percent). Leaders trying desperately to avoid war and division. Has applied for E.C. recognition. Capital Sarajevo.

MONTENEGRO. Smallest republic in Yugoslavia. Maintained independence from Turks with help of mountains and determined resistance. Old capital of Cetinje famous for being so small but yet having so many embassies when Montenegro was an independent nation. Today fiercely allied with Serbia as a staunch member of what may become a dramatically shrunken Yugoslavia. Capital Titograd.

#### The People in Power

Here is a brief "Who's Who" of important leaders in Yugoslavia and some of its former republics. Neither the president nor prime minister of Yugoslavia is included. Lacking real power, both resigned in late 1991. As has been the case for the last few years, power resides in the republics.

BY KENNETH C. DANFORTH



**SLOBODAN MILOSEVIC**, president of Serbia. Former bank president in Belgrade. Rose to power by convincing Serbs that Albanians in Kosovo were persecuting Serbs. Took over party and press. Engineered destruction of autonomy in legally autonomous provinces of Vojvodina and Kosovo. Widely considered to be pulling strings of Serbs operating in the other republics.



**FRANJO TUDJMAN**, president of Croatia. Former general for the Partisans, historian, and author. Imprisoned on charge of espionage in 1972; original 20-year sentence reduced to two years by Tito. Has done little to calm fears of Serbs living in Croatia. Imperious and hard to deal with. Admirers say no one in his position could please everyone.



SERBIA. Largest republic in geographical area and population. As other parts of Yugoslavia secede or attempt to, Serbia is the core of the former federation. Serbs worship at national Serbian Orthodox Church, use Cyrillic alphabet. Press controlled for years by ultra-nationalistic President Slobodan Milosevic. Democratic opposition is intimidated and weak. Economy in shambles. Capital Belgrade, also capital of former Yugoslavia.

KOSOVO. Autonomous province until 1989, when elected leaders were purged, replaced by Serbs or their puppets. Population 90 percent Albanian. Under increasingly brutal military occupation by Serbian-controlled Federal troops and militia. University of Prishtina, considered center of defiance, was closed. People want out of what they call "Serboslavia" but have nowhere to go. Serbs consider it sacred heart of their medieval kingdom. Capital Prishtina.

MACEDONIA. Another ethnic cauldron. Macedonians, Albanians, Turks, Gypsies and Greeks vie for power in the land of Alexander the Great. Greece strongly objects to the name "Macedonia", maintaining it implies territorial ambition for Greek region with the same name. Has applied for E.C. recognition. Capital Skopje.



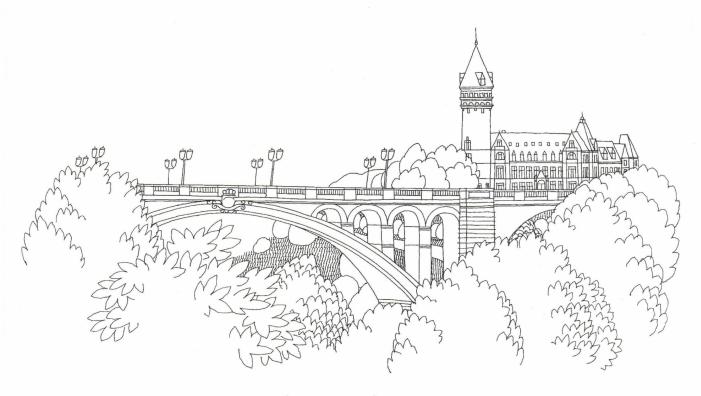
MILAN KUCAN, president of Slovenia. Outspoken liberal politician even when he was secretary general of ruling Communist Party. Did much to prepare Slovenia for full democracy. Detractors say he didn't do enough, but he's admired by a majority of Slovenes. Instrumental since early 1980s in getting Slovenes to go their separate way. Broke with Serb leadership over repression in Kosovo.



IBRAHIM RUGOVA, pacifist leader of Albanians in Kosovo and president of Writers' Union. His non-communist Democratic League has enrolled hundreds of thousands of members. Serbs consider it a secessionist movement. Its stubbornly observed policy of non-violence maddens occupying forces, who try hard to provoke rebellion.



**ALIJA IZETBEGOVIC**, president of Bosnia-Hercegovina. Muslim, never a communist. Jailed a total of almost 10 years for membership in Organization of Young Muslims and anti-communist activities. Helped establish Party of Democratic Action in May 1990, elected president in December 1990. Today performing balancing act trying to keep his republic from being attacked or divided between Serbia and Croatia.



### Success, a concept that knows no frontiers

The Banque et Caisse d'Epargne de l'Etat, Luxembourg, draws on all the experience and expertise acquired since its foundation in Luxembourg in 1856, and on an extensive range of highly diversified services which enable it to face with optimism the future

integrated European capital and financial services market.

The Banque et Caisse d'Epargne de l'Etat, Luxembourg, considers all the options the very concept of frontiers is alien to it.



#### BANQUE ET CAISSE D'EPARGNE DE L'ETAT LUXEMBOURG

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### Yugoslavia:The View From Greece

If Greece has sometimes looked at odds with its E.C. partners over the Yugoslav crisis, this is hardly surprising. No other member state sends its goods to market through Yugoslavia; no other member state once fought the dying Ottoman Empire in alliance with (Orthodox) Serbia; and no other member state feels affronted if not threat-

ened by one Yugoslav republic's use of the name "Macedonia."

Two issues must preface any discussion regarding Greek concern about Balkan turbulence. First, the squabbling nationalisms that bloodied the region as the Ottoman Turks withdrew before World War I. And second, the care Greece has given in recent years to maintaining strong ties with both Yugoslavia and Bulgaria, to offset chronic strains with Turkey.

When the E.C. imposed trade sanctions against Yugoslavia—effectively against Serbia—last November, Athens reluctantly went along with

the decision, but only after receiving guarantees of compensation for any damage to its economy. Even at the height of Serbo-Croat hostilities, half of Greece's exports to the E.C. (mainly perishable agricultural products) were still carried by road through Belgrade, though then switching via Hungary to avoid war zones.

But in dropping their threat to veto sanctions, the Greeks were influenced by other factors, among them an assurance from Serbia's president Slobodan Milosevic, that nothing short of an oil embargo—never a practical proposition—would seriously bother him. Crucially, too, Athens concluded that it could not risk isolation within Europe on the eve of the all-important Maastricht summit.

When the question of recognizing the breakaway Yugoslav republics as independent states arose, however, Maastricht was safely over. Greece was again alone in outright opposition to the proposed arrangements, and this time would certainly have vetoed them if the E.C. had not been persuaded to set additional criteria for recogni-

tion, which while couched in general terms were targeted specifically at Skopje, capital of the Yugoslav republic of Macedonia, Greece's bête noire.

A candidate for recognition had to provide constitutional guarantees that it has no territorial claims towards a neighboring Community state and used no "hostile pro-



Thessaloniki is the largest city in the Greek region known as Macedonia.

paganda." A temporary strain in relations with Serbia was a price well worth paying for formal E.C. backing on such a sensitive national issue.

For Greece, Macedonia is a purely geographical term. There is no Macedonian nation and no Macedonian language, but only a dialect of Bulgarian used by a million or so people around Skopje. A little more than half of ancient Macedonia lies within today's Greek frontiers and almost 40 percent in Yugoslavia. Marshal Tito was usurping part of Greek history when, largely to downsize Serbia, he created a separate republic called Macedonia—containing Slavs, Albanians and other Muslims in 1944.

Since then Skopje, to bolster its new identity, has bombarded the world with propaganda about an oppressed "Macedonian minority" in Greece's northern provinces. Greece says that no such minority exists. Almost all the country's once numerous Slav-speakers departed either to Bulgaria in the 1920's or to Yugoslavia after the 1946-49 Greek civil war. The few thousands mainly elderly folk in northern

Greece who still use the Slav dialect consider themselves Greek and claim no other status.

Greek insistence on rigorous E.C. criteria for recognition comes after Yugoslav Macedonia's new constitution, adopted last November, explicitly proclaimed its concern for the "state and rights of the mem-

bers of the Macedonian people in neighboring countries." It also referred to procedures for changing its borders.

When officials from Skopje came to Athens, they quoted constitutional amendments that had been drafted to meet E.C. conditions for recognition, but since these would qualify rather than replace the offending articles the Greeks were not appeased. And when the visitors said they had no mandate to discuss a change in the name, Macedonia, the Greeks terminated the discussion.

Greece has since put its diplomatic weight behind the preservation of a "mini-Yugoslavia," shorn of Slovenia and

Croatia, but including the other republics.

Bulgarian recognition of Macedonia in January was a blow to both the Serbs and the Greeks, who last joined forces to contain Bulgarian expansionism in 1913. Indeed, Greece was so incensed that Samaras told the Bulgarians they could forget about help from Athens in promoting links with the European Community. Sofia backtracked to the extent of disclaiming any territorial ambitions in the region, but the damage was already done.

In Greek eyes the Athens-Sofia "axis" had already been eroded by post-Communist Bulgaria's new found warmth towards Turkey. Several Greek apprehensions persist: from a southward extension of the Yugoslav conflict to the direct involvement of Bulgaria, from a flood of refugees to added impediments on land routes to central Europe. But Turkey's declared interest in the Muslim populations of the Balkans most alarms Athens.

—Peter Thompson

# Monsieur Mickey Arrive en France!

or months they've been painting and polishing, planting and pirouetting. By April 12, everything better be in place because at exactly 9:01 a.m.—amid glittering fanfare and media glitz-the gates to Euro Disneyland will swing open for the very first time. Disney's European debut will be 20 miles east of Paris smack in the middle of former farmland in picturesque

Marne-la-Vallée. Plans to fill all 5.000 acres of the carefully chosen site (one-fifth the size of Paris itself) will carry well into the next millennium, and begin this month with the for-kids-of-all-

ages Euro Disneyland theme park.

Five "lands"—Main Street U.S.A., Frontierland, Adventureland, Fantasyland, and Discoveryland—encircle the castle (complete with smoke-breathing dragon) of "La Belle au Bois Dor-

mant," better known as Sleeping Beauty.

Amidst the park's 29 major rides and shows, U.S. visitors will recognize Disney characters such as Mickey Mouse and Donald Duck, and favorite attractions including Big Thunder Mountain Railroad, Star Tours, It's a Small World, Peter Pan's Flight, and the Main Street Electrical Parade. In addition to the old, Disney has planned lots of new, including a future-shock ride, Orbitron, and Castle Theater, where Disney animated classics will rise from a giant fairvtale book.

In honor of Disney's new European residence, Euro Disneyland will also pay homage to many of the continent's well known characters and legends. From Time to Time, a "Circle-Vision 360" film, stars Jules Verne, who'll take visitors on a timetravel encounter from one end of Europe to the other—and from

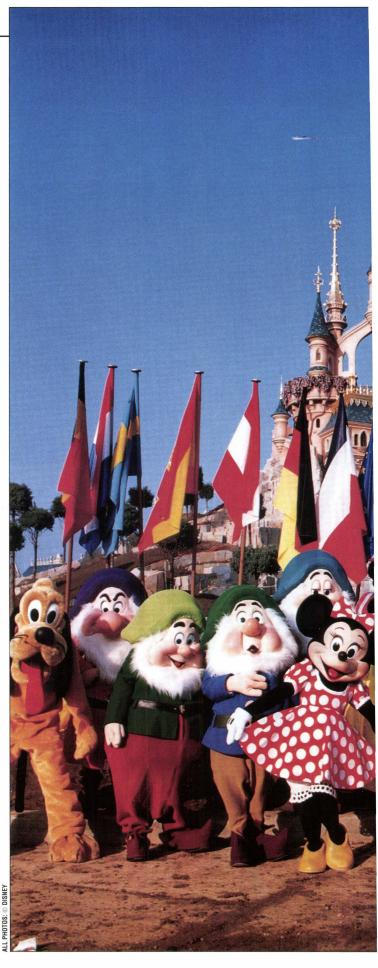
one end of time to the other.

Disney has signed up corporate sponsors for many of the attractions in exchange for high-visibility advertising promotion. Participants so far are IBM, Banque Nationale de Paris, Coca-Cola, Esso, Europear, France Telecom, Kodak, Nestlé, Philips and Renault.

Besides the Euro Disneyland theme park, the umbrella Euro Disney Resort will also include six hotels with a total of 5,200 rooms. Each property features a different slice of American life: the Hotel New York complete with Manhattan towers, the treeshaded Sequoia Lodge, the seaside Newport Bay Club, and the Old West Camp Davy Crockett.

Elsewhere in the resort, Festival Disney will feature Buffalo Bill's Wild West Show. The dinner show recreates the event that

> set Paris spinning a century ago when the real Buf-



BY DIANA SCIMONE



falo Bill brought his Congress of Rough Riders to town. Today's show stars sharpshooter Annie Oakley, cowboy and Indian trick riders, buffalo stampedes, and cattle drives.

### **PIXIE DUST**

Anyone who has ever set foot in one of Disney's parks knows the company's penchant for themes, and Euro Disney will be no different. Hundreds of European artisans and craftsmen have been hired to create what Disney calls "pixie dust," that magical atmosphere that seems to settle

on visitors as soon as they walk through the turnstiles.

Once the park is up and running, maintaining that image will be the responsibility of 12,000 "cast members," Walt Disney's term for his employees, whom he charged with playing a role on a giant stage where everything from Victorian parasols to brightly colored paper cups are all part of the show.

To locate this massive, multilingual work force, Disney set up casting offices in Amsterdam, Frankfurt, and London, and held job fairs in Belgium, Germany, Great Brit-

ain, Ireland, and the Netherlands. Those hired will prepare 100,000 meals each day, maintain 75,000 costumes, operate attractions, run trains, drive boats, sing, dance, parade, and play host to millions of visitors from around the world—11 million estimated for the first year alone.

### **FAIRYTALES DO COME TRUE**

Disney executives began work on Euro Disney Resort more than a decade ago, when they began criss-crossing the continent looking for the ideal site for their first European venture. They already knew the demographic profile of western Europe was ideal for a number of reasons: western Europeans were already familiar with Disney entertainment and merchandise, and historically the company's animated films have done even better in Europe than they've done in the United States.

So the question was not "if"; it was "where." After four years of searching, the company narrowed the possibilities to one site in Spain and another in France. Spain had the edge in climate, but France had

access to a better transportation network and a bigger population base. (Of the more than 350 million western Europeans, 17 million could reach the site within two hours by car.) Paris won the coin toss.

To deal with the climate factor, Disney drew on the knowledge it gained from running Tokyo Disneyland, its first cold-weather park. For the Paris site, the company added even more indoor attractions, covered walkways, and heated areas, and—just as importantly—worked with designers, architects, and landscapers to give the entire park a "warm" feel.



Left: Le Chateau de la Belle Au Bois Dormant is Euro Disneyland's version of Sleeping Beauty's castle—complete with a slumbering dragon in the dungeon. Above: Euro Disneyland will employ over 12,000 "cast members"—Disney's name for its employees.

They also considered cultural differences—eating habits (Europeans linger longer over meals than Americans do), "queuing" idiosyncrasies (Europeans are less patient about waiting in lines than their American counterparts), and even pet penchants (a special kennel was built to house dogs, whom many Frenchmen would never dream of leaving behind when setting out on a family vacation).

Last year, Disney set up special telephone reservation lines throughout Europe with multilingual operators, who have reportedly been quite busy. In addition, Disney stores in the United Kingdom (London, Glasgow, Sheffield, and Thurrock) sell Commemorative Passports for admission to the park.

In the United States, reservations can be made by calling (407) 352-3254 or by writing Euro Disney Ticket Services, B.P. 103, 77777 Marne-la-Vallée, Cedex 4, France.

Diana Scimone is a writer based in Orlando, Florida.

### Euro Disney—The View from Paris

On February 12th a giant new clock was unveiled in the St. Lazare train station in downtown Paris. From its face, Mickey Mouse beams down larger-than-life on the crowds of commuters. With one hand he points to the exact time, with the other he shows how many days are left before he of-

ficially becomes a European—60 when the clock was installed, and counting down fast, before the grand opening of Euro Disneyland.

But while Mickey is out there, like the game mouse he is, promoting his arrival in the Old World, his future home at Marne-la-Vallee, 20 miles to the east of Paris, is shrouded in secrecy worthy of a nuclear missile site. For the last six months no journalists have been allowed to take a peek at the 150-acre Magic Kingdom that lies at the heart of the 5,000 acre Euro Disney Resort. The only news coming from the site are official press releases, which give glowing progress reports: construction is

now apparently almost finished and five imaginary "lands" with a total of 30 major attractions, are nearly ready for that magic moment when the first of the 11 million visitors expected this year will come through the gates at 9:01 A.M. on April 12th.

Considering the less-than-balmy climate of the region, one might wonder why Paris should have been chosen to welcome Mickey and his friends, instead of a sunnier spot in Europe, like Spain or Italy. The reasons given by Euro Disney spokesman Nicolas de Schonen come down to numbers—of potential visitors: "First of all," he explains, "Paris is, certainly from a demographic point-of-view, the center of Europe. If you draw a circle around Paris, something like 17 million people live within a 2-hour drive, 41 million within a 4-hour drive, ... we are also in the midst of some incredible transportation means. We are within 20 minutes of two international airports; in a couple of years we will have a TGV, the high-speed train, which will link us with London within three hours, with Brussels in an hour, with Cologne in two hours,...so really we will be right in the middle of Europe."

Since even the most loyal Mousketeer

can have his ardor dampened by standing in the rain, a lot of care has gone into "weatherproofing" this Disneyland. Walkways and areas for standing in line have been covered whenever possible, and Main Street USA, the Magic Kingdom's principle thoroughfare, has two interior galleries running along



When fully completed Euro Disneyland Resort will cost \$4.4 billion, making it one of the largest American corporate ventures in Europe.

its entire length, to let shoppers spend their money in comfort all year round.

Not just the European climate, but also its languages and customs have influenced the design of this Disney park, albeit in subtle ways that will still let American visitors feel at home. No one, mercifully, has clapped a beret between Mickey's ears, or stuck a baguette under his arm! But certain rides like the "Pirates of the Caribbean," for example, have been adapted to show their European roots. Whereas in the American Disney parks they all "Yo-ho-ho!" and carouse in English, "the real pirates in the Caribbean," explains Nicolas de Schonen, "were French, English, Spanish or Dutch. So in this attraction you will be able to hear the pirates speaking French, English, Spanish and Dutch."

In Fantasyland, where most of the attractions are based on Walt Disney's animated versions of classic European fairy tales and legends, each story's origins are reflected in the architecture. The restaurants, says de Schonen, carry on the theme: "You have a pizzeria for Pinocchio, an auberge (a French country inn) for Cinderella; for Snow White you will have a German restaurant, for Peter Pan an English one." For Alice in Wonderland you may never find the restau-

rant, because of a new attraction exclusive to Euro Disneyland: a 5,000-square-meter hedge mass in the shape of a grinning Cheshire cat.

Another European exclusivity is Discoveryland, which pays tribute to the works of visionaries like Leonardo da Vinci, Jules

Verne and H.G. Wells. The "Visionarium," an immense movie theater with a 360 degree wraparound screen, will take spectators on a trip through time, with a film that stars the French actor Michel Piccoli as Jules Verne. The original idea of having a multi-lingual soundtrack was scrapped as being more confusing than cosmopolitan, and has been replaced by more practical multi-lingual headsets. A much thornier problem was the design of the castle, which is the central landmark of every Disney theme park. The castles in Calif ornia, Florida and Tokyo were all inspired by famous French castles like Chambord or Chenon-

ceau. But in France, confesses de Schonen, "we had a real challenge, because we had to build a castle in a country where there is a castle in almost every valley! We knew we couldn't do as well as the French, so we tried to create a castle that was the most fantastic fairy-castle, that had absolutely nothing to do with reality." Disney "imagineers" finally conjured up the dream castle they wanted from French midievel tapestries and the illuminated illustrations of the Duc de Berry's "Book of Hours." The result is a 150 feet high wonder with 16 gold and blue turrets, a wooden drawbridge, a waterfall, and a snoring dragon in the dungeon.

Definite proof that France is really getting excited about Euro Disneyland came recently from the French oracle for tourists, Michelin. The tire manufacturer and publisher of travel guides announced that, for the first time in its 102-year history, it will issue one of its indispensable Green Guides to a single destination: Euro Disneyland. It will include the complete life story of Mickey. No mouse could ask for more.

—Ester Laushway

# CAPITALS

### A Controversial Visit

AMSTERDAM—Rarely has there been so much bickering and squabbling over a Dutch diplomatic visit. Dutch Prime Minister Ruud Lubbers and Foreign Minister Hans van den Broek were recently planning a visit to South Africa. Even in the planning stages, the trip was surrounded by controversy.

Both South African President F.W. de Klerk and Nelson Mandela, leader of the African National Congress (ANC), paid an official visit to the Netherlands in 1990.

After hearing the plans for the Dutch visit to Pretoria, Mandela phoned van den Broek and asked him to call off the visit or at least postpone it. He made it clear that the Dutch Prime Minister should wait for a formal invitation from the future government that will include "non-whites."

When Mandela visited the Netherlands in 1990, he said, in a speech made in Amsterdam, "Let us concentrate together on building a new South Africa despite the cruelty committed against us."

A little later that year, the South African President de Klerk said the ANC would soon lose its influence abroad. Sanctions against the white minority government would soon be history despite the ANC veto, he predicted.

The Dutch-South African relations have a long history. In 1662, Dutch settlers, known



In 1990, de Klerk met with Lubbers and van den Broek in Amsterdam.

as Boers, arrived in Capetown. In 1899, the British-Boer war started. The British colonials pushed the Boers to the interior of the country. Later the British recognized the independence of the Dutch Republic's Orange Free State and Transvaal, and in 1902, these republics were annexed to the British colony. A close bond still exists between South Africa and the Nether-

lands, despite the strong "antiapartheid" position of the Dutch.

Before the end of 1992, the South African government will include all races. Mandela says that only then should the Dutch Prime Minister pay an official visit.

Discussions are now being held in the Dutch parliament as to whether Lubbers should visit while de Klerk is still President or rather wait until the new government takes over later this year.

The Dutch press has criticized the government and in particular the Dutch Foreign Affairs Ministry, claiming it has greatly underestimated the ANC's sensitivity. One member of the press wrote that "the foreign ministry should have known better since two recent precedents demonstrated that planned visits by the Canadian and Australian Prime Ministers were not welcomed by the ANC either."

The Dutch Labor Party criticized Foreign Minister van den Broek for being responsible for Mandela's stiffening opposition. The Dutch parliament meanwhile has pointed out that the ANC attitude is of major importance.

Jay Naidoo, the Secretary General of Cosatu, South Africa's most important trade union, said during a recent visit to Amsterdam that "a Lubbers visit to South Africa now would harm relations."

Meanwhile, the Dutch Economics Ministry announced that an important group of Dutch businessmen will visit South Africa this spring.

Dutch External Trade Minister Yvonne van Rooy will open a large exhibition of Dutch products on this occasion.

-NEL SLIS

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### One Solution to Traffic Pollution

ROME-Italians will remember last Christmas as the holiday season when the entire country was virtually closed down by excessive automobile pollution. Not just Milan, traditionally one of Europe's most polluted cities, but Rome, Florence, and other smaller cities adopted drastic measures to combat traffic and its pollution. A method was adopted that has been used in the past: one day cars with license plate numbers ending in an even number are allowed to circulate, the next day cars with license plate numbers ending in an odd number can drive, and so on.

Florence's civic administrators seemed the most adamant. They announced that starting in January everyone would go on foot seven hours a day, without even the loophole of alternative license plates. In essence, the entire city would become a pedestrian metropolis. Why such a severe decision? Because Florence does not have a center for testing air quality. Rome and Milan can keep their situation under control by limiting traffic when air pollution has exceeded the danger level, explained Florence's mayor. In any case, Rome considered its own drastic measures, such as forbidding automobile traffic on Sunday during the month of January. But in the end, nothing was enforced.

Elections will be held in Italy in a few months, and none of the numerous parties appears willing to upset automobile drivers. But even if electoral necessities have convinced the politicians to retreat from the hardline, the fact remains that, in the home of Fiat, it is a bad season for cars.

The problem stems from the government's delay in requiring catalytic converters

on all automobiles. Neither has the government insisted that motorists use "green gasoline," which—like the catalytic converters—would reduce the amount of noxious emissions. Both practices have been adopted in other European countries.

It was feared that the average Italian would have protested against the limitations on driving. Instead, the people seemed to accept the situation with a healthy dose of irony. Even store owners, who worried that clients would remain at home since they couldn't drive, saw their fears go unfounded. In fact, the people who went out shopping seemed to enjoy the car-less streets. The pleasure of walking along streets that are less clogged with cars was rediscovered. "It's only a matter of rehabilitating one's muscles," one local comedian guipped. "It means that we'll have to go to a few courses in specialized gymnastics." —Niccoló D'Aquino

### **Base Bids Farewell**

MADRID—Two months before the last U.S. Air Force F-16 jet is due to leave in March, the American side of Torrejon air base outside Madrid has the feel of a company town facing a shutdown.

The playground at the grade school is half empty, a sign at the shopping mall announces the final days of the crafts fair and many of the 2,000 U.S. military personnel left on the base are glum.

"You're always sad when your unit breaks up," says Capt. T.K. Moore. Moore flew one of the 72 F-16s belonging to the 401st Fighter Wing on bombing runs during the Gulf War. Soon he'll be a flight instructor in Kansas.

About 300 U.S. personnel are expected to remain on the

base after May 4, when the Air Force turns over most of the facilities to Spain and the 401st effectively disappears. That's down from 4,000 last summer, when the Fighter Wing's three squadrons still guarded NATO's southern flank.

According to U.S. Department of Defense figures, the base spent almost \$205 million in the immediate area last year. But few people outside those directly affected by the cutback will be mourning its passing.

For many, the presence of Torrejon so close to Madrid symbolized Spain's less-thanequal partnership with the United States during the dictatorship of Gen. Francisco Franco.

The base also was a focus of Spaniards who opposed their country's membership in NATO—an uncomfortable reminder to Socialist Prime Minister Felipe Gonzalez.

While in the opposition prior to 1982, Gonzalez urged the government to pull Spain out of NATO. But he changed his mind after taking office and threatened to resign if Spaniards did not approve membership in a 1986 national referendum. Fifty-two percent of the voters favored NATO.

In return for that victory, Gonzalez promised to force the United States to reduce its military presence as a condition for signing a new defense cooperation agreement in 1988.

Washington finally agreed to move the 401st after two years of tough negotiations. But the fall of Communism in the east, the breakup of the Soviet Union and budgetary worries convinced NATO to scrap plans to relocate the unit in Italy or Turkey. So the 401st, formed at the height of World War II, will likely pass into history.

—RICHARD LORANT

### A Solution to Waste Disposal

BERLIN—Waste disposal has become an issue of pressing importance for Germany. Now, it is a political issue that is being hotly discussed in municipal election campaigns. The country's household waste has increased to 32 million tons a year, half of which is packaging. Together with the industrial waste, the annual volume has risen to a staggering 250 million tons. The lack of new deposit sites means that in five years twothirds of all municipalities will be at a loss as to what to do with the growing amount of waste. Now, desperate measures are being taken, ordinances toughened, and new ways of waste disposal tried. Many hope that increased recycling will help to ease the burden.

One of the hopeful is Klaus Topfer, Germany's environment minister. He has launched a highly ambitious packaging initiative which has forced industry to recover and recycle the ever-rising proportions of packaging waste. As a first step, manufacturers and retailers have been required to take back transportation material such as crates, barrels and pallets. Later on, the new ordinance will affect all sales packaging, from beverage cartons to soup cans and glass bottles. Further sets of tough regulations will be enforced gradually and extended to electronic products and cars. By 1995, industry will have to recycle about 90% of glass, tin and aluminum and 80% of plastic

The German packaging industry was particularly hard hit by a measure to begin this spring, allowing German consumers to leave all superfluous packaging at the store. The prospect of waste piling up in the stores has caused more than 440 German companies to set up a private

waste collection and recycling system called "Duales System Deutschland" (DSD).

Packaging companies pay the DSD to have a green dot symbol attached to their products. The money raised by charging for the green dots will cover the cost of operating the system, but the companies will, of course, pass on the cost to the consumer and this will inevitably lead to higher prices.

The DSD provides yellow trash cans and yellow plastic bags and the consumer is required to throw into them milk cartons, tin cans, and other wrappings. The waste, now called "resources," is collected by DSD free of charge.

The choice of Potsdam as the headquarters for the DSD was not accidental. People in the former East Germany were accustomed to conserving

natural resources out of economic necessity. To save valuable foreign currency for raw materials, the Communist state ran a dense, statesubsidized network of buybacks and drop-off centers called "Saro" (secondary the introduction of the market economy in eastern Germany, the buy-back depots were no variety of Western products now on sale in eastern Germany and the many different sizes of tins, bottles, and packages could no longer be processed by the old system. No effort was made to improve and maintain this most effective environmental operation. Now western German waste management companies have discovered the former East German market.

The debate and the collec-

resources collection). But with longer cost-effective. The great tion of consumer packaging waste has attracted considerable attention, not only from environmental groups but also from the general public. The packaging industry is facing the biggest upheaval. Under strong pressure to redesign and standardize its packages to save resources and reduce waste, the industry is experimenting with cost-saving refilling and returnable systems. The new ordinance also stipulates that the share of returnables must not fall below 72% and, in the case of milk bottles, not below 17%.

Many problems remain. Will the other E.C. members adopt the German model, as the German supermarket chains hope? How can the concerned German neighbors be assured that the new German system will not hamper the free flow of goods across borders with the advent of a single market in 1993?

—Wanda Menke-Gluckert

### Crying Foul in the Beef Industry

DUBLIN—An unwelcome spotlight has been focused on Ireland's beef industry for the past four months and is likely to continue shining into its more unsavory aspects for months to come. The Tribunal of Inquiry into the Beef Processing Industry was set up last May by the Dail (Lower House of Parliament) following a British television program that listed a series of alleged abuses and frauds by one Irish firm, Goodman International.

The program followed a series of allegations by opposition politicians that the publicity-shy owner, Larry Goodman, had received favors from Government ministers of the Fianna Fail Party in return for financial contributions to the party at election time. One of the most important favors

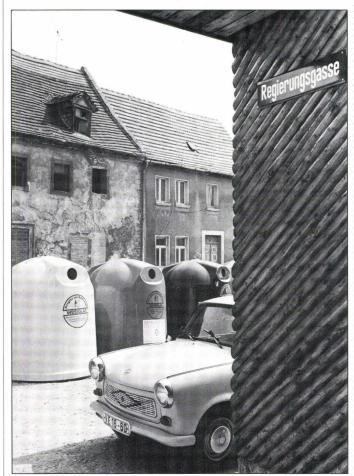
was alleged to be the decision in 1987 to grant substantial export credit insurance to Goodman International for trade with Iraq, although the previous government had canceled it because of the risks associated with the Iran-Iraq war.

One of the severest critics of the government at that time was the leader of the Progressive Democrat's Party, Des O'Malley, who is the Minister for Industry and Commerce. O'Malley is expected to be called before the beef tribunal to be questioned about his charge of "blatant favoritism" to Goodman by Fianna Fail ministers.

The British television program, World in Action, also questioned this favorable treatment for Goodman at the taxpayer's expense and quoted a former executive and meat plant workers who confessed that widespread frauds had been practiced on the E.C. meat intervention system of which Ireland is one of the largest beneficiaries. Following the program, the Government under pressure from O'Malley, reluctantly agreed to set up a tribunal of inquiry into the entire beef processing sector. It opened last October with a long list of allegations of abuse and fraud mainly in the Goodman companies, but the beef baron's high-powered legal team immediately tried to block the tribunal.

The case, which has made legal history in Ireland, went to the Supreme Court which ruled against Goodman. By that time, the tribunal had been delayed for a month and the legal costs soared.

By Christmas, 90 witnesses had taken the stand. After the break for the holidays it was estimated that many more witnesses still had to be heard and the tribunal could run until the summer costing up to \$7 million, mainly in legal fees for the 65 lawyers representing Goodman International,



With pressure mounting to save resources and reduce waste, Germany has become a leader in recycling.

witnesses, and the State. There are fears that the costs borne by taxpayers could rise much higher if the fraud allegations are largely substantiated and the E.C. Commission then seeks to recuperate huge sums paid for beef sold into intervention and then passed on to the meat companies.

The Goodman legal team is putting up a tremendous battle to knock down the allegations by the opposition politicians and the *World in Action* program has undermined the credibility of some key witnesses. But a picture is still being built up of widespread toleration if not encouragement of attempts to get around E.C. rules by the main meat companies.

Only the final report of the tribunal will tell the full and balanced story of what has gone wrong in an industry that is of vital importance for Ireland.

—JOE CARROLL

### **Working Out Unemployment**

COPENHAGEN—A 10 percent unemployment rate is the only black mark on the otherwise impressive Danish economy. The government is now determined to decrease unemployment by bending some of the traditional rules of the Danish welfare state. The major target is a drastic reduction of youth unemployment.

Until recently, welfare payments were usually automatic when certain objective criteria were met, such as being unemployed. Now the government hopes to find support for a plan, which will force young people to perform public service, such as caring for the elderly or the environment, to qualify for welfare. If they refuse such employment, payment will be severed.

The tiny island of Bornholm

in the Baltic Sea (population 46,000) will serve as a pilot project for a plan to provide jobs for large groups. The plan could include a wage subsidy of the same size as a welfare payment to employers hiring people who had been collecting unemployment benefits. The scope of subsidies will however be limited by E.C. obligations.

The government will also try to lower subsidies paid to those with weak job credentials. Unlike a number of other E.C. countries, Denmark has no statutory minimum wage, but the maximum unemployment benefit is about \$20,000 a year, a little lower for people who have never had jobs. Even Danes seeking jobs in other E.C. countries can draw Danish unemployment benefits.

Because of these lucrative benefits, employers often have trouble hiring labor for a number of low-paid jobs in Denmark, like taxi drivers and fast food workers. As almost all new job creation has to be in the service sector this is a serious obstacle to any dramatic drop in the unemployment rate.

—LEIF BECK FALLESEN

### **Self-Appointed Prime Minister**

BRUSSELS—Few politicians in true democracies could just put themselves in power but that is exactly what has happened with Guy Spitaels last January in Belgium.

President of the Socialist
Party Guy Spitaels appointed
himself "Prime Minister" of
Wallonia, the French-speaking
region of Belgium. Spitaels,
who has led the strongest
Wallonian party for 11 years
made his surprising announcement as negotiations for a new
national government were
muddled by quarrels among
the four leading parties in
Flanders. Former Prime

Minister Wilfred Martens' CVP Party suffered a severe setback in elections last December, while small groups emerged strongly, including Vlaams Blok, a Flemish nationalist, anti-immigration party.

Long before the election day, Spitaels had infuriated Flemings by declaring that Flanders would become "barely manageable" after the elections. He was right. Martens' CVP Party remains the strongest, but it has to deal with extremists from Vlaams Blok, separatists from Volskunie, and mavericks like Jean-Pierre Van Rossen, a former multi-millionaire jailed during the election day on charges of fraud.

As leader of the strongest party in Wallonia, Spitaels' exit from a relatively obscure role on the national level is a clever political move. Because he does not speak Dutch, he had no real chance of becoming Prime Minister of Belgium or of representing Belgium on the E.C. level. But now as regional leader, Spitaels will conduct all foreign relations for Wallonia, giving him much more political maneuverability than he could have expected at his former position on the national level.

Depicted as "arrogant" by some, considered a brilliant political strategist by most, Guy Spitaels, 61, has played a leading role in bringing a new federalist structure to Belgium. He does share one common passion with his rival Wilfred Martens—bicycling. On weekends, one can often see Spitaels cycling on one of the small roads of his electoral district near Brussels.

—CHRISTOPHE LAMFALUSSY

### **Ready to Aid Republics**

LUXEMBOURG—After attending the recent Washington conference on aid to the former Soviet Union, the Foreign Minister of Luxembourg said the meeting helped coordinate actions by donor nations, and he looks forward to the conference resuming this spring in Lisbon.

"I was positively impressed by the willingness of all participants to contribute and to expand their efforts," said Jacques Poos, who attended the conference in January.

He said the "real test" still lies ahead, however, to determine whether the coordination achieved in Washington can be "turned into action."

"I may assure you that the European Community and Luxembourg as one of its member states will do their utmost to go ahead," Poos said.

The former Soviet republics were not represented at the Washington conference, but Poos said their absence "was certainly a shortcoming we are determined not to reiterate in Lisbon when the European Community organizes the follow-up conference in May."

The conference is being held in Lisbon because Portugal now holds the rotating E.C. presidency. Luxembourg was the E.C. president in the first half of 1991.

Poos said the Washington conference "sent a signal to the peoples of the former Soviet Union by demonstrating that the world is organizing to help them," but he said the peoples of the new Commonwealth of Independent States "have to be involved in the common effort" if it is to achieve maximum success.

—CHARLES GOLDSMITH

### Medical Corps Heals Injury and Injustice

PARIS—In January, a movie on the life of Dr. Norman

Bethune opened here. One franc (20 cents) of every ticket bought is being donated to the French medical corps Médicins Sans Frontières (Doctors Without Boundaries). Bethune, who died in 1939, is remembered in his native Canada as a medical pioneer and a colorful character—communism and women were two of his biggest

medical teams who were there, and watched people die because vital equipment and supplies did not reach them soon enough, it became clear that catastrophes like these require a specially trained medical "strike force" that can bring victims emergency treatment, shelter, and food almost immediately. On December, 21 1971, Médicins



MSF sends over 2,000 doctors and support staff to the needy areas of the world.

passions. He is venerated in China, where he fought tenaciously to build hospitals, train physicians, and provide medical care where there was none.

His connections with France are far less tangible; indeed, not many people here have ever heard of him. But for Médicins Sans Frontières, who have just celebrated their 20th anniversary, Bethune is a spiritual godfather, who represents the non-sectarian, in-the-field, missionary style of medicine that they have tried to practice ever since their creation.

Two major disasters at the end of the 60's led to the foundation of MSF: the war in Biafra and the floods in what was then East Pakistan, now Bangladesh. One claimed a million lives, the other 300,000. To the French

Sans Frontières came into being.

What sets MSF apart from an association like the Red Cross is that its doctors are not asked to preserve a neutral silence about the suffering they witness. Its founder Dr. Bernard Kouchner, made it clear from the start that he believed in the right to publicly denounce injustices wherever they occur.

Kouchner himself has never been one to shun the limelight. A sportsman and snazzy dresser, as well as a humanitarian, he once ran the New York marathon and then appeared, slightly flushed but impeccably groomed, to give a press conference. His highly public style of bringing help to the suffering did not win universal approval, even inside MSF. In 1979, when Kouchner wanted to send a ship, "The

Island of Light," to Vietnam to pick up the boat people adrift in the South China Sea, his critics denounced the project as a publicity stunt. The ship did sail, but the controversy surrounding it was strong enough to make Kouchner leave MSF.

Even though Kouchner is no longer around to proclaim it, the right to take a public stand in defense of basic human rights has remained a guiding principle of MSF. In 1985, for example, during the great famine in Ethiopia, MSF teams were working in the North, where 100 people were dying every day. When they saw the food supplies destined for the starving masses being diverted to the South, and witnessed the mass deportation of people barely strong enough to stand, they spoke out, loudly to the world press. The Ethiopian government immediately expelled MSF, but the following year it gave up on its wholesale population transfers.

Today MSF sends out some 2,000 doctors and support staff each year to the crisis areas of the world, on missions that last on the average six months to a year. There is no lack of sudden catastrophes like the earthquake in Armenia, the floods and famine in the Sudan, or the war in the Gulf, nor any shortage of longer-term tragedies like over-crowded refugee camps or the relentless spread of AIDS throughout Africa.

Dr. Xavier Emmanuelli, Honorary President of MSF, recently published a book in which he looks back on the past twenty years of humanitarian medicine less with pride in its accomplishments than awareness of its shortcomings. He warns that large-scale tragedies far away can make us lose sight of individual misery nearby: "Through publicizing horror elsewhere, we no longer see what is happening on our

doorstep....Injustice is everywhere, and to combat it you need a great deal of humility; you must accept to fight at the simplest level—the individual—knowing that the battle will be without end."
—ESTER LAUSHWAY

### Looking Toward EXPO '98

LISBON-Lisbon is finetuning its bid to host the last International Exhibition of the 20th Century on a theme commemorating Vasco da Gama's 15th century voyage to India—the forging of new highways between nations and civilizations. The Lisbon International Exhibition will revolve around the theme, "The Oceans—A Heritage for Future Generations," and aim at reflecting the oceans in all their diversity, and their role in the 21st century.

Lisbon's bid for EXPO '98, in competition with Toronto, coincides with the fifth centenary of Portuguese exploration to Brazil and Japan and with the rounding of the Cape of Good Hope en route to India. The exhibition will be a highlight in a decade celebrating the 500th anniversary of the first mission to the Kingdom of the Congo (1991), the 450th anniversary of the discovery of Japan (1993), the 600th anniversary of the birth of the Infante D. Henrique (1994)—Prince Henry the Navigator—and the 500th anniversary of explorer Pedro Alvares Cabral's voyage to Brazil (2000).

EXPO '98 is set to be a cultural highlight closing the century and designed to share Portugal's knowledge of and ideas on the world's oceans with future generations.

It will be the first such exhibition held in Portugal since the Bureau International des Exhibitions was established in the 1920s.

The candidature, promoted

by the government and backed by Lisbon City Council, seeks to reaffirm Portugal's historical seafaring role. For five centuries Portugal has explored the oceans, turning them into global highways carrying traffic between peoples and cultures.

The EXPO '98 program hopes to underline the need for international cooperation on ways to end ocean ecological damage and avoid a natural catastrophe.

If it wins its bid to be the host, the Lisbon International Exhibition will take place on an already selected 250,000 square mile site containing parks, avenues, buildings, restaurants, showrooms and sports facilities.

For its three month run, EXPO '98 would expect to draw some nine million visitors. It will show the best the country has to offer from science and technology and the history of various civilizations.

Portugal has already gotten the backing of Italy, Uruguay, Spain, Nicaragua, Greece and Belgium in its contest with Toronto. Officials say that success will confirm convictions of the need for debate on the future of the Oceans at the dawning of the 21st century.

—KEN POTTINGER

### **Not Just Another Talk Show**

LONDON—Desert Island Discs, the world's longest running musical radio program, celebrated its 50th anniversary this year, proving that sometimes the oldest ideas are the best ideas.

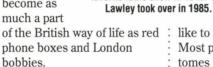
The format is simple. Each week a prominent person is invited to select the eight pieces of music which they would most like to have with them if they were castaway on a desert island, and to explain why.

In this way, some 2,000

distinguished people—including film stars, philosophers, racing car drivers, bishops, singers, and generals, to name a few—have been allowed to talk about their lives and illustrate this with selections of music which ranges from the sacred to the profane.

Conceived by Roy Plomley, an affable radio host and playwrite, the first program was aired in January 1942. He thought it might be good

enough to last for six programs. By the time of his death in 1985, he had presented more than 1,750 editions and Desert Island Discs had become as



Roy Plomley started Britain's

favorite radio show in 1942. Sue

Plomley's aim was to allow his guests to talk about themselves. He would invite his chosen guest to his club for lunch and then they would go back to the BBC gramophone library, where they spent a couple of hours selecting the music and the appropriate recording.

Essentially Desert Island
Discs was a music program, it
avoided conflict or confrontation and on occasions could be
quite soporific. Just the sort of
genteel, relaxed program the
British enjoyed before their
Sunday lunch. "Plomley was
not the world's best interviewer," admits former
program producer Derek
Drescher, "but he created a
relaxed atmosphere and so
people gave a lot, they were
very forthcoming."

The format of the program has changed very little over the five decades. A few years later after its inception guests were told they could also take one luxury item with them. The choices have varied wildly. One of the most popular items is a piano, also popular are writing and painting materials.

Actor Stanley Holloway chose a parking meter, American author Norman Mailer asked for marijuana. British wit and author Spike Milligan opted for a credit card, while composer Lionel Bart asked for Nelson's Column from Trafalger

Square.

A later innovation was an invitation to the participants to choose one book—apart from the Bible and Shakespeare, which are part of the standard castaway's survival kit—which they would

like to have on their island. Most popular are worthy tomes like the *Encyclopedia Britannica*, Tolstoy's *War and Peace*, and Gibbon's *Decline and Fall of the Roman Empire*. A few chose books they had written, among them Field Marshal Lord Mountbatten, and artist John Bratby.

When it comes to choice of music, few have distinguished themselves as did Elisabeth Schwarzkopf, who selected eight of her own recordings, though Louis Armstrong came close by picking five records which he had made.

The all time favorite is Beethoven's Choral Symphony, which has been asked for 60 times. It is followed by Debussy's Claire de Lune and Elgar's rousingly jingoistic Pomp and Circumstance. Beethoven and Elgar each appear twice more on the most popular list, while pop music doesn't make the top twenty at all. This will undoubtedly change over the next few decades.

The death of Plomley has

meant a change in tone.
Today, under new host Sue
Lawley, the program is less
clubby, and the questions are
often more pointed and
occasionally blunt.

But essentially the concept of letting people reveal a little of their inner soul through their choice of music ensures that Desert Island Discs will never become just another talk show.

—DAVID LENNON

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# MO/ STEVEN E. SUTTON

# SPORTS

### OLYMPIC UPDATE

The Flags They Are A-Changin'

BY MIKE McCORMICK

s the Barcelona Olympics approach, athletes the world over are sweating and straining with greater urgency. But for many, the biggest challenge will be overcoming the grim realities of political change.

Last July kayak racer Marjan Strukelj won a silver medal in the White Water Slalom Pre-Olympics in Seu d'Urgell, Spain and looks like the Olympic medal favorite. His moment of personal triumph, however, was overshadowed by the war in Yugoslavia. Strukelj, of Nova Goricia, Slovenia, won his medal as a member of the Yugoslavian national team.

"It was a big problem for me because Yugoslavia made a war with my country...I raced at the Pre-Olympics to explain to people what was happening," said Strukelj, who could compete only for Yugoslavia because, at the time, Slovenia wasn't permitted to take part in the Olympics or Pre-Olympics.

"At the awards ceremony

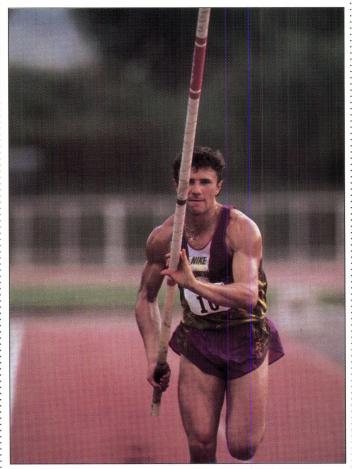
I was thinking it would be very nice to see the Slovenian flag next year. I was quite sorry to see the Yugoslavian flag. It was like I did something good for Yugoslavia, and I didn't want to do anything good for Yugoslavia anymore," he said.

Since then Slovenia and Croatia have been recognized by the International Olympic Committee (I.O.C.), the prerequisite for Olympic participation. Strukelj will paddle for Slovenia. Some of his former teammates will race for Croatia, others for Yugoslavia. But the Olympics won't be a grand reunion. The camaraderie and jocularity they once shared has vanished.

A similar, though less bitter situation, awaits athletes of the former Soviet Union. The Soviet Ministry of Sports has been abolished, gone too is an Olympic team of the best athletes from across the country. On January 25, Russian President Boris Yeltsin and Juan Antonio Samaranch, President of the I.O.C., formulated a plan which will allow all 12 of the republics of the former Soviet Union to field their own teams in the Barcelona Olympics.

By the middle of the month, each of the 12 former Soviet republics are to create their own national Olympic committee. When they do, they will receive official I.O.C. recognition. Questions regarding the possible break up of the soccer, gymnastics, or other team events that combine athletes from many republics will be resolved.

Under this plan world record holder Sergei Bubka will pole vault for the Ukraine, while Russia will retain top cyclists Bobric and Nelubin. But there are other ramifications, as well. Money will be a critical factor and the wealthier republics, Russia and the Ukraine, will most likely dominate the others. And, as separate entities, the



Sergei Bubka, the world record holder in the pole vault, will compete for his native Ukraine at Barcelona.

### **Scorched Courts**

will be surprised if I see any player from the NBA play on that Yugosalav team, because everyone knows what that country did to the Croatian people."

That sentiment belongs to Stojko Vrankovic, a 7-foot-2-inch backup center for the Boston Celtics

who grew up in Drnis, Croatia. Vrankovich, speaking in a deep voice, chooses his words carefully until he talks about Croatia, then they come in a torrent.

This summer he will play in the Olympics for the Croatian national team, which many believe will be the USA's toughest opponent. Also representing Croatia are Toni Kukoc, a 6-10 guardforward with **Benetton Treviso of** Italy and Dino Radja, a center with II Massaggero Roma of Italy. Kukoc is the highest-paid basketball player in Europe.

Drazen Petrovich, a sharpshooting guard with the New Jersey Nets, has not decided yet if he'll suit up for Croatia.

As a country, Croatia will be making its first Olympic appearance, but these men have been there before. They were members of the Yugoslavian national team which won the silver medal at the 1988 Olympics and is the current world amateur champion. However, due to the Serbian/Croatian War, that team has split along political lines and, considering the deep scars both sides

bear, will most likely never reunite.

"For us it was a dream to play in the Olympics," explained Los Angeles Lakers center and Yugoslavian national team member Vlade Divac. "Right now, they (Croatians) have changed their minds. I am against war. That war is stupid.

I am Yugoslavian, and I will play for Yugoslavia."

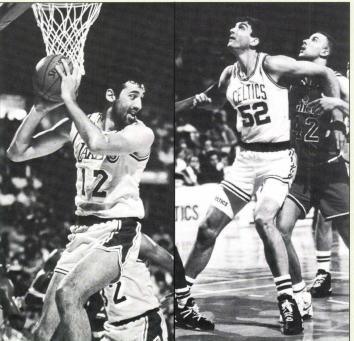
Divac, a Serb, is from Prijepolje. He said the Yugoslavian national team will be weaker without the Croatians. But he felt confident that both teams would be among the top four teams in the European qualifying tournament in late June and thus move on to the Olympics.

Vrankovic acknowledged he'd wanted to play for Croatia for many years. "If we take a medal in the Olympics, people around the world will know about Croatia. That (playing for Yugosla-

(playing for Yugoslavia) was past time. Now we are just looking to the future," he said.

"I feel happy to play in Europe," said Divac. "The Olympics is not a war, it's not fighting. It's making friendship with other athletes. If I play against my U.S. teammates, I'll be happy. When I play against the Croatian team, I'll be sad because we aren't together."

-MIKE McCORMICK



A different sort of rivalry: The Lakers' Vlade Divac (a Serb) and the Celtics' Stojko Vrankovic (a Croat).

12 former Soviet republics will never influence the international sports world as the Soviet Union once did.

The Baltic States, Lithuania, Estonia, and Latvia have already passed muster with the I.O.C., and are invited to Barcelona. Lithuanians have cause to expect a strong

performance from their basketball team which is made up of most of the players from the Soviet team that won the gold medal at the 1988 Olympics.

Athletic organizations and traditions have also taken a thumping in countries that haven't been divided. The new Germany isn't going to be the

Olympic juggernaut many expect. Apparently, the former East Germans have discovered a new word, jobs, and it's a tough concept for them to grasp.

"The struggles of daily western life have overwhelmed the east German swimmers who were used to special treatment," explained Jeff Diamond, Director of Information for U.S. Swimming Inc.

Another difficulty of the unification process was the subordination of east German coaches by west German coaches. Athletes don't respond well to sudden

changes, especially in coach/ athlete relationships. A new coach will not know how to "handle" an unfamiliar athlete and may not want to. A coach's best job insurance is good results from his or her athletes, so they'll tend to rely on their favorites.

Former East German athletes will propel Germany to medals in soccer, bicycling, rowing, canoe/kayak and track and field. But they'll no longer dominate the nonlimelight events like women's shot put and discus. Athletes from a wide variety of countries will move to the fore.

"Of all the Eastern Bloc countries that went out of business, Hungary came out on top. They have the best swimmers," said Diamond.

Hungarians will also excel in fencing, canoe/kayak, weightlifting and shooting. But that doesn't mean Hungary's athletic programs are thriving.

The economic adjustments in Hungary, Czechoslovakia, Poland and Romania have practically ended government subsidies to Olympic athletes. Corporations now sponsor high profile athletes, while those lesser known are left to fend for themselves. However, the governments continue to pump money in the vast athletic development programs that employ many

people.

This year's Olympians have much to contend with, but future Olympians have much to look forward to. The drastic changes taking place will lead to greater levels of parity. With more countries winning medals, there will be more national sports heroes, even if most of the world is not familiar with those nations.

### Commonwealth's New Soccer Association



The former Soviet national team is still intact, playing with the traditional red and white Soviet jersey.

he President of the former Soviet Soccer Federation, Viacheslav Kolosko, recently announced the replacement of the defunct federation with a new body, the Soccer Association of the Commonwealth of Independent States (CIS).

Of the former Soviet republics, only 8 have decided to participate in the new entity. The Baltic states, Georgia, Ukraine, Armenia, and Moldavia have all chosen to go their own way.

The new Association will organize an annual soccer tournament with the 22 CIS

teams. Oddly enough, however, teams that end up at the bottom of the standings at the end of the season are not necessarily knocked down into a lower division, a common practice in national soccer leagues. They either maintain their status or are replaced by another team from the same republic. This is likely to guarantee the persistence of all the republics' teams in first division, regardless of performance, and illustrates the extent to which politics and sports are entangled in the former Soviet Union.

Despite the disintegration of

the Soviet Soccer Federation and the formation of a smaller Association, the former Soviet national team is still intact, playing with the traditional red and white Soviet jersey. The CIS banner, however, has replaced the CCCP logo. The CIS team has already begun an international tour of test matches, playing against the U.S. and El Salvador teams, while getting ready for the 1992 European Championships in Sweden this June.

Alexander Tukmanov, Vice President of the CIS Soccer Association, explained that it was normal for the players who had participated in the playoffs leading to the European Championship round in Sweden to continue playing in a single CIS team, despite the republics drive for political independence.

The European Soccer Federation, counting on the presence of the CIS team in Sweden, is, nevertheless, reviewing ways of finding a replacement in case the former Soviet team is unable to attend.

—SHAHROKH MOINIAN

### Scottish Clubs Look to the East

Many top Scottish soccer clubs have decided to look to the former Eastern Bloc for new players. Originally sought after because of their competitive price, some of these players have proven to be more than just bargains.

St. Johnstone, the Scottish team that acquired Sergei Baltacha, the former Dynamo Kiev defender, has been so pleased with the Ukrainian's performance that it has completely remodeled the team's style after him.

Another star player from the East is Miodrag Krivokapic. The former Red Star Belgrade defender was purchased by Dundee United for £200,000 and is considered by soccer experts to be one of the best buys from the East, despite the fact that he is without a team at the moment, due to a personal row with the team manager.

Even though Scottish clubs are satisfied with the deals, life has not always been easy for the players involved. Krivokapic, a former Yugoslav, is currently experiencing financial hardships, while his family and country have fallen victim to a bloody civil war. He acknowledged that if it had not been for the generosity of his ex-teammates and fans, life would have been much more difficult.

-SHAHROKH MOINIAN

No Other Choice. By George Blake. Simon and Schuster. 286 pages. \$22.00.

The sentencing by a British court of Soviet spy George Blake: to 42 years in prison in 1961 was a major cause celebre of the time. The judge justified the sentence on the grounds that : Blake, who had ostensibly been working for the British secret: refreshingly candid about many of the shortcomings of daily

service, had undone most of the work of Western intelligence since the beginning of the cold war.

In the '50s and '60s, Britain was plagued by a series of spy scandals—Burgess and McLean, Philby (the so-called Third Man) and Lonsdale. Yet with the exception of the erratic Burgess, all of these were pros of the old school who attracted a certain amount of reluctant regard.

Blake's sentence seemed at the time to rank him with the best of his predecessors in their murky trade. Yet this book reveals that he was flattered by his sentence.

All he appears to have done over a period of 8 years, during which he occupied a relatively junior position in the British secret service, was to photograph any interesting documents that crossed his desk and pass them on to his Soviet contact. Hardly the high-risk stuff that lends glamour to this curious calling.

One is left with the impression that

Blake was rather a dull man who would have had a rather : mediocre career in any profession, least of all spying. His specious ideological defense of his actions reads like a high school essay on Communism. A similar attempt to justify his religious apostasy by what he presumably considered to be a sophisticated exegesis of predestination has the same elementary, hollow ring about it. At least, he didn't do it for the money, if he is to be believed.

Oddly enough, Blake is at his dullest when describing his life as a spy. On the other hand, his description of his escape from Wormwood Scribs Prison in London after five-years' incarceration is rife with tension, even though the escape itself was simple enough. The tension is somewhat relieved by the antics of one of his accomplices, a bibulous Irishman and former inmate called Sean Bourke, who subsequently joined Blake in Moscow but later defected to the West out of boredom.

I met Bourke on two occasions, when he returned to Ireland to much media acclaim, and later in a Dublin hostelry when he produced a gun to demand more drink from a reluctant barman.

Blake himself gives a flavor of life in the Soviet Union, and here the writing picks up. For a zealot, he is surprisingly and

living in Moscow, serving up many examples of shortages, suffocating bureaucracy and the like.

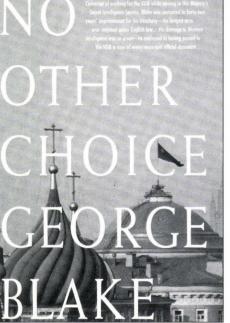
One wonders if, in the era of Glasnost and the end of the cold war, he is beginning to feel a little uneasy without the comfort of Communist invincibility. What, for example, is his current relationship with his protectors in the KGB, whose mandate in the new Russia has presumably altered? What if the British government were to demand his return in exchange for the aid it is contributing to Mr. Yeltsin?

The book contains one unexpected tidbit, concerning the atomic spy Donald McLean, whom Blake knew in Moscow. McLean, a former high-ranking Foreign Office diplomat who served in Washington, continued to work at a high level in the Soviet apparatus, a distinction which, significantly, the intellectually-inferior Blake never attained.

For more than two decades the Kremlin leadership tried to ignore the emer-

gence of a new powerful force in Western Europe, the European Community, and disclaimed all economic and political links with Brussels. According to Blake, McLean was largely instrumental in changing the mind of what was still the Old Guard. Spies, after all, have their uses.

—Peter Doyle



Eastern Europe and the U.S.S.R.: The Challenge of Freedom. By Giles Merritt. Kogan Page. 253 pages. \$17.95.

Barely two years after the Velvet Revolution and other popular uprisings swept the tyranny of state socialism away from eastern Europe, the countries of this traumatized region are coming to terms with the difficulty of dismantling their command economies and establishing modern, western market

Giles Merritt, a Brussels-based economic and political com-

mentator, has written a clear and well-structured account of : East Germany is dirtier than a hundred much bigger BMW or the problems and issues facing the countries of eastern Europe: Mercedes cars equipped with catalytic converters." This is just and the former Soviet Union and of the principal actors who: the tip of the iceberg, however. Eastern Europe and the must deal with these problems. He also describes the role the former Soviet Union are littered with Chernobyl-generation

European Community has played and can continue to play to help former East Bloc countries on the road to economic stabilization and possible E.C. member-

The author writes effectively about the prospects for eastern Europe's integration into the western economic system and the E.C., the future of industrial development, trade, foreign investment and debt, agriculture, and energy in the East.

The most striking issue he raises is that of eastern immigration to the West, primarily to E.C. countries. Droves of eastern European workers, many of whom have skills their home country sorely needs, choose to emigrate to the West (primarily to E.C. countries) in search of a better living. Not only does this create a "brain drain" in eastern Europe, but it forces E.C. countries to come up with suitable immigration policies.

Another key issue Merritt addresses is the question of cleaning up eastern Europe's environment, which he quite

waters of eastern Europe and the former Soviet Union are: to increase its financial assistance." polluted beyond belief and will indeed require a Herculean: effort to be made safe again. To illustrate:"...a Trabant from: of the recent events in Russia and the rest of the Common-

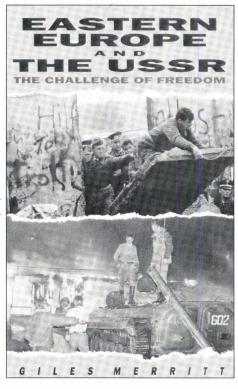
nuclear reactors and filthy rivers. In other words, the environment of the East is teetering between catastrophe and a monumental cleanup, in which the E.C., directly affected by sulfur and other emissions (which cause acid rain) from the factories of Czechoslovakia, Poland, and eastern Germany, is playing an increasingly important role.

Even though the Soviet Union no longer exists, we have come to realize that Russia, the Ukraine, the Baltic states, and other republics need the help of the E.C. as much as the other eastern European countries do. It is no longer practical to talk about the Soviet Union or the Commonwealth of Independent States as a single entity, since the independent republics will very likely break off the "marriage of convenience" of the C.I.S. provisional agreements and pursue independent economic strategies.

Merritt begins the book by pleading for an increase in E.C. activity in non-Soviet eastern Europe, justifying his plea with the argument that an unstable Soviet Union poses a grave threat to eastern European

aptly calls "Eastern Europe's Augean Stables." The land and : security and calling on the West to "redouble its efforts, and

His reasoning is not completely off the mark, but in light



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- **IRELAND:** Circle of Friends, by Maeve Binchy, Coronet.
- **ITALY:** Notte Sull'Acqua (Night Over Water), by Ken Follett, Mondadori.
- LUXEMBOURG: La Fontaine des Innocents (The Fountain of the Innocents), by Max Gallo, Fayard.
- **NETHERLANDS:** Zwemmen Met Droog Haar (Swimming With Dry Hair), by Kees van Kooter, De Bezige Beg.
- PORTUGAL: Evangelho Segundo Jesus Christo (The Gospel According to Jesus Christ), by Jose Saramago, Editorial Caminho (official publishing house of the Portuguese Communist Party)
- SPAIN: El Jinete Polaco (The Polish Horseman), by Antonio Muñoz Molina, Planeta

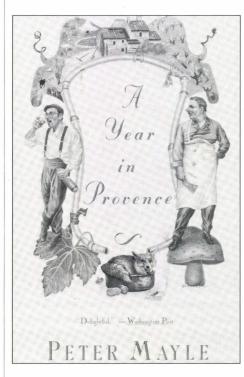
EUROPE research.

wealth, eastern Europe can pay less attention to security on its eastern flank and focus on becoming more integrated with the more lucrative western flank.

Finally, many questions have been raised by both East and West about what an assistance program to eastern Europe and the former Soviet Union should entail. The author outlines the E.C.'s options in helping eastern Europe out of its economic conundrum. He also stresses, and this point is central to the book, that any solution to the problem of reintegrating eastern Europe into a broader European market must include the former Soviet republics. Eastern European producers lost a majority of their markets when Comecon collapsed. The stronger the ex-Soviet's economies are, the easier eastern Europe's transition back into the mainstream of European life will be.

-Leo Charitos

A Year In Provence. By Peter Mayle. Vintage. 207 pages. \$10.00.



Have you ever felt: like quitting your job, leaving your country and moving to the south of France and restoring a beautiful old house?

Have you ever felt like spending your days eating wonderful French food in unique French restaurants nestled in beautiful mountain surroundings?

Apparently quite a few Americans have had these feelings because Peter Mayle's humorous account of leaving his job in England

to move to Provence has been at the top of the paperback bestseller list for the past six months.

In addition to writing about living his fantasy in the south of France with no worries about his livelihood, Mayle presents tremendous character studies of the various people he meets during "A Year In Provence."

From watching goat races in the streets to worrying about growing grapes to learning a new language to dealing with the interesting customs of the people in Provence, Peter Mayle has given us an amusing and well written book on what many of us would like to do.

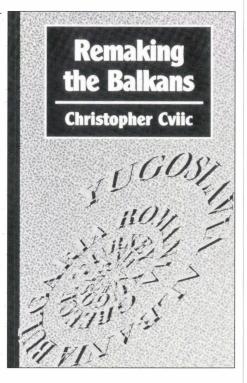
And he even tantalizes the reader with numerous recipes from Provence which makes one want to take up retirement in that region even sooner.

-Robert I. Guttman

**Remaking the Balkans.** By Christopher Cviic. Pinter Publishers. 113 pages. \$14.95.

When the idea of writing a book was suggested to Christopher Cviic last spring, he wondered if there would be enough interest in the Balkans—especially when "momentous changes" were taking place "betterknown" central Europe and the Soviet Union.

Events caught up with him. Today, this concise, readable book provides not only essential historical and regional background to the crisis in Yugoslavia



but attempts to explain why the West should care.

The collapse of the Soviet Union significantly reduced the Balkans' strategic importance for the West. Cviic also concedes that internal unrest is, with good reason, scaring off foreign investors. But pointing to the flood of Albanian "boat people" who swamped Italy's ports last year and to the disruption of overland trade and tourism in southern Europe, he argues that it is in the West's interest to promote economic and political reform.

Yugoslavia's neighbors, he writes, are like worried tenants who have lost sleep over an enormous row in one of the next-door apartments. "Humanity but also self-interest inspires them to offer cups of tea, or possibly something stronger, to the inhabitants of the disturbed apartment."

A "Croat from Yugoslavia", Cviic spent 21 years covering the Balkans for the *Economist* and now edits the Royal Institute of International Affairs' *The World Today* in England. Detractors will find numerous instances where he betrays a bias against what he refers to as "the authoritarian, anti-Western and anti-market Serbia."

But Cviic goes far toward explaining why nationalist hatreds exploded with such vehemence in the Balkans, once the "cold war corset" was lifted. Puncturing the myth that Communism was able to rise above nationalist fervor, Cviic shows how, one-by-one, Balkan Communist parties fell back on national prejudices to prop up their failing regimes. As a result, antagonisms as old as the Ottoman and Habsburg empires festered under the surface until today.

—Alice Greenway

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Committee, Brussels, 1991, 200 pages. Outlines the Committee's work in the following sectors: agriculture, forestry and fisheries; transport and telecommunications; social and educational affairs; economic, financial and monetary policy; regional development; industrial policy; trade; energy policy; and the environment. Information on the staff and the Committee budget is also provided.

☐ Review of the Foundation's Work 1985-92 and its Implications for Women. European Foundation for the Improvement of Working and Living Conditions, Dublin, 1991, 7 pages. Discusses the position and needs of women both in the workforce and in the wider community and relates them to research and other programs established by the European Foundation. Also examines issues likely to affect women in the 1990s and the implications arising from the Foundations's current \$8.00 work.

☐ Agricultural Prices 1981-1990. Statistical Office. Luxembourg, 1991, 363 pages. Contains the agricultural prices series for the Member States of the Community, covering selling prices and animal products, and purchase prices for the means of agricultural production. Includes information on development of rates of value-added tax in agriculture.

\$30.00

☐ Economic Accounts for Agriculture: Forestry, 1984-1989. Statistical Office, Luxembourg, 1991, 147 pages. Combines tables showing timeseries for final output, intermediate consumption, value-added and fixed capital formation for each of the Member States and the Community in national currencies, and in ECU at current prices and exchange rates, as well as constant \$18.00 prices.

□ Transport Communications Tourism: Statistical Yearbook. Statistical Office, Luxembourg, 1991, 300 pages. Lists the most important figures on transport statistics for the EEC and its Member States in time-series for the period 1970-1987. Looks at data for infrastructure, mobile equipment, the distances covered by various modes of transport, and selected data for traffic accidents and post telecommunications. \$25.00

☐ Employment in Europe 1991. Commission, Brussels, 1991, 168 pages. Presents a broad view covering many aspects of employment and aims to provide a sound basis for debate and discussion about the future development of employment in the Community. Specific topics include economic and employment prospects, structural employment issues and Community and national \$15.00 policies.

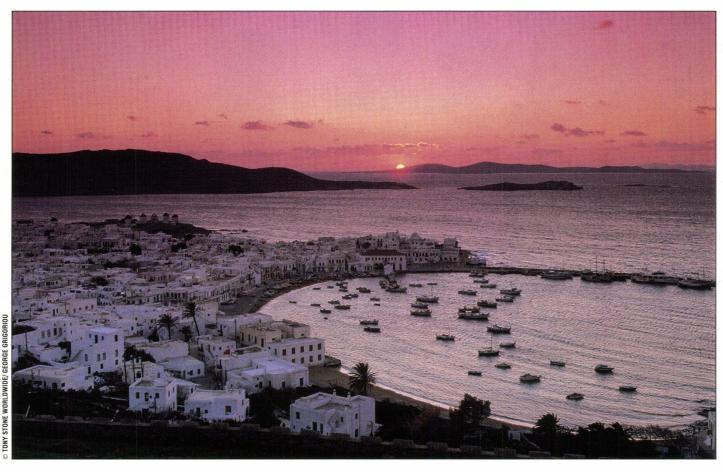
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# in closing...



Sunset on Mykonos

One of the toughest places in Greece to find accomodations during the tourist season (late April to early October) is the island of Mykonos. Located in the southern Aegean Sea among the Cyclades group of islands, Mykonos, with its white sand beaches and narrow, shop-lined streets, became a jet-set hangout in the 1960s. The island, only five hours by ferry from the mainland, has retained the glitzy image and is packed with the young and the beautiful every season.

The southern Aegean's islands, which also include tourist favorites like Rhodes and Santorini, are by far Greece's most popular vacation spots, hosting as many as 10 million visitors annually. Before the region became a tourist haven, it was famous for hosting the Knights of St. John—Medieval crusaders based on Rhodes during the time of the Byzantine Empire. Although tourists from outside Greece constitute a majority of the islands' visitors, Greeks also frequent the southern Aegean (almost one million in 1990), returning to their ancestral villages or just escaping the worries of city life.

## Changing East-West Relations in a Post Communist Environment

# **Eastern Europe and the USSR:** The Challenge of Freedom

By Giles Merritt

The changes in Central and Eastern Europe, intensified by the collapse of communism and recent dramatic events in the Soviet Union, represent a "challenge of freedom." This challenge applies not only to the region itself, but also to the West, including the European Community as it approaches the completion of the Single Market.

A fascinating and timely account, Eastern Europe and the USSR:

- examines the attempted coup d'etat in the Soviet Union
- looks at post communist Europe
- analyzes key policy areas where a new partnership is being forged between Eastern and Western Europe
- contains hitherto unpublished information on such major East-West problem areas as energy, environmental control, immigration, trade relations, agriculture and investment
- offers privileged insight into the current thinking of EC officials, politicians and industrial leaders

Immensely readable and thought provoking, this work is essential reading for anyone concerned about the future of Eastern Europe.

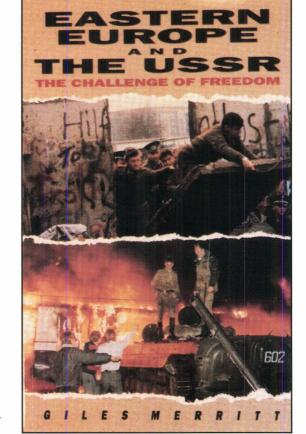
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"Persuasive, intriguing and filled with new information on trade, energy and agriculture."

\*\*Management Week, November 1991\*

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