

STOCKHOLM • WTO'S RUGGIERO • ROXETTE



EUROPE

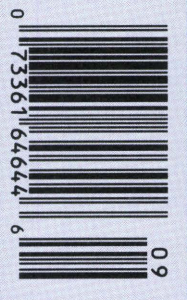
\$2.95

September 1995

Sweden Means Business



Leading Investor
Peter Wallenberg





If business takes you from the U.S. to Helsinki or beyond in the next few weeks, take the opportunity to fly Finnair through Helsinki, and we'll reward you with a

Get this Sony Watchman® TV

free Sony Watchman Color TV for each and every full-fare, roundtrip, transatlantic Business Class trip you take between Sept. 1 & Oct. 31, 1995.*

free when you fly Finnair

The Sony Watchman Color TV is battery operated and features a 2.2" color LCD screen, Straptenna™ neck-strap/antenna combination, built-in speaker and headphone output.

Business Class to Europe.

For reservations or more information, call your travel agent or Finnair at **800-950-5000**.



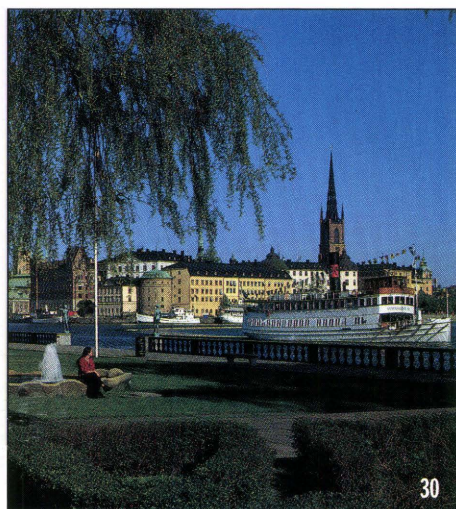
Uncommon Concern For The Individual



*Does not include 50% spouse fare and cannot be combined with any other discounts or offers, including barter tickets. Tickets must be purchased in the U.S. To receive your Sony Watchman TV, send your name, address and copies of your ticket(s) and your actual boarding passes to Finnair, Dept. NYCSH, 228 East 45th Street, NY, NY 10017 by 12/31/95. Your Sony Watchman TV will arrive in 4 to 6 weeks.

EUROPE

MAGAZINE OF THE EUROPEAN UNION



30

SWEDEN

EU Country Report. Sweden Solving the Four E's. Economics, Employment, Environment, and Energy. *Jonas Weiss* 6

New EU Member Seeks Influence. Sweden is quickly establishing its voice in the European Union. *Robert J. Guttman* 9

Swede Named Negotiator. Carl Bildt, the former Swedish prime minister, has his hands full as the EU's mediator in the former Yugoslavia. 11

BUSINESS

Sweden Means Business. From A (Asea) to V (Volvo), many Swedish businesses are tough international competitors. *Robert J. Guttman* 12

Interview. Peter Wallenberg, chairman of Sweden's Investor Group, discusses his business philosophy, doing business in Sweden, and his country's new role as a member of the EU. 16

Swarovski Crystal. Austria's clear-cut success. *Fred Hift* 20

ECONOMICS

Interview. The World Trade Organization's new director-general, Renato Ruggiero, discusses the WTO's agenda, revamping the G7, and what's ahead for Europe. *Niccolò d'Aquino* 22

Interview. Peter Sutherland, former head of GATT and the WTO, discusses the future of world trade. 26

WTO. The world trade watchdog has a big bark. *Bruce Barnard* 28

TRAVEL

Stockholm. Beyond the stereotypes in Sweden's capital city. *Robert J. Guttman* 30

CULTURE

Crash! Boom! Bang! Swedish pop music takes the world by storm. *Jonas Weiss* 33

DEPARTMENTS

2 Letter from the Editor

4 Eye on the EU

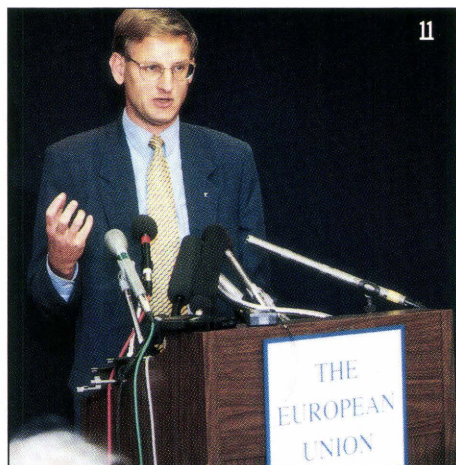
35 Letter from the Arctic Circle & Capitals

42 Newsmakers

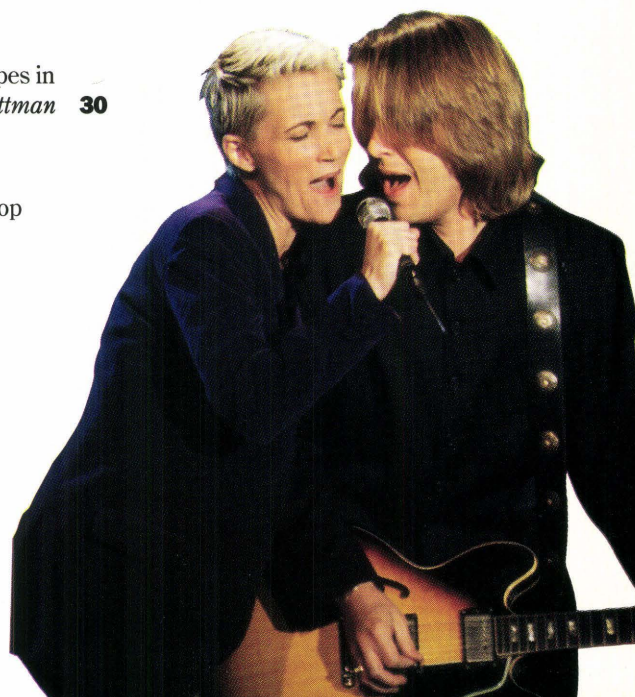
45 Arts & Leisure



22



11



Letter from the Editor

From Ericsson and Electrolux to Volvo and Orefors, Swedish brand names are well known throughout the United States and the world.

EUROPE looks at how this small nation on the upper reaches of Europe with a population of less than 9 million people has made its mark on the global business community.

In a rare and very forthcoming interview, Peter Wallenberg, head of one of Europe's leading industrial dynasties discusses Swedish industry and the role it plays across Europe and the world. Wallenberg, the chairman of Investor Group, profiles his numerous investments, talks about Sweden joining the EU, and the role of the Wallenberg family in Sweden and Europe today.

Bert Svanholm, the chairman of Volvo and president of Asea Brown Boveri AB Sweden, in an exclusive *EUROPE* interview, speaks out on Volvo and the auto industry around the world.

Svanholm also talks about ABB's large operations in the United States, the testing of the Swedish X2000 high-speed train and the company's large robotics operation.

Swedish Foreign Minister Lena Hjelm-Wallen comments that "Sweden has felt very isolated. Now, as members of the EU, we are together with the others and can influence decisions."

Along with the foreign minister, *EUROPE* interviews other leading policy-makers in Stockholm to find out what EU membership means to Sweden and what Sweden brings to the EU.

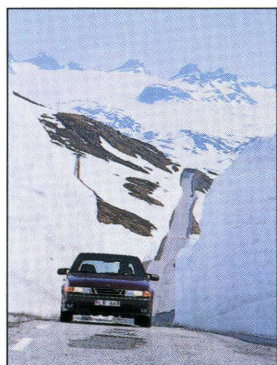
"We definitely need to enlarge the WTO (World Trade Organization) because the world economy is heading toward total globalization," states Renato Ruggiero, the new director general of the WTO, based in Geneva. In an exclusive *EUROPE* interview, Ruggiero speaks out on the leading trade and economic problems facing the world today, answers critics of the WTO, and comments on the enlargement of the EU.

Peter Sutherland, the first director general of the WTO, former head of the GATT, and former EU commissioner, presents his views on the state of the world economy, the WTO, and the EU enlargement.

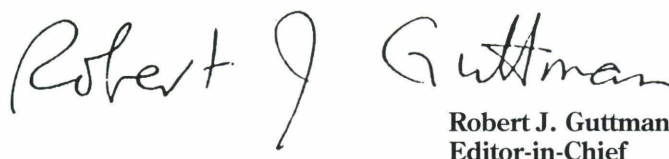
Carl Bildt, the new EU negotiator for the former Yugoslavia, discusses his tough role in finding peace in this troubled area. The former prime minister of Sweden gives his candid opinions on when and how peace might actually come to Bosnia, Croatia, and Yugoslavia.

On a lighter note, *EUROPE* looks at the new rock bands bursting out on the world stage from Sweden and gives details on how our readers can line up a fishing expedition to northern Finland where the fish are always biting but the expenses are rather steep.

As usual, *EUROPE* provides our monthly travel tips for visiting cities across Europe. This month we present travel guides to Stockholm and the beautiful city of Graz in southern Austria.



Sweden Means Business


Robert J. Guttman
Editor-in-Chief

EUROPE

Publisher

Soren Sondergaard

Editor-in-Chief

Robert J. Guttman

General Manager

Anne Depigny

Managing Editor

Peter Gwin

Editorial Assistant

Susan J. Burdin

Contributing Editors

Lionel Barber

Reginald Dale

Axel Krause

Design

The Magazine Group, Inc./Glenn Pierce

EUROPE, Magazine of the European Union (ISSN 0191-4545), is published by the Delegation of the European Commission, 2300 M Street, NW, Washington, DC 20037. © The European Commission, 1995. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. *EUROPE*, published 10 times per year, is available by subscription for \$19.95 per year; \$34.95 for 2 years; \$46.95 for three years. Add \$10.00 to non-U.S. subscriptions for postage and handling. Student rate (with proof of enrollment): \$14.95 per year; \$25.95 for 2 years; \$35.95 for 3 years. Bulk rate also available. **Editorial, permissions, advertising, and circulation offices:** 2300 M Street, NW, Washington, DC 20037; Telephone (202) 862-9555. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

Subscriber services: 1-800-627-7961.

(In Canada call 303-678-0439.)

Second class postage paid at Washington, DC and additional entry.

Postmaster: Please send change of address forms to *EUROPE*, P.O. Box 55935, Boulder, CO 80322-5935.

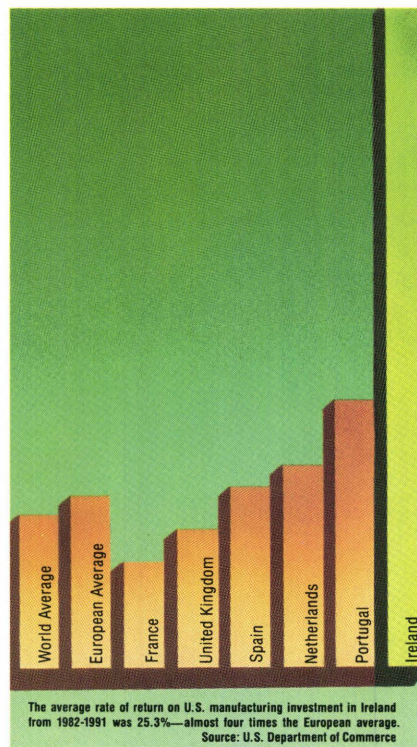
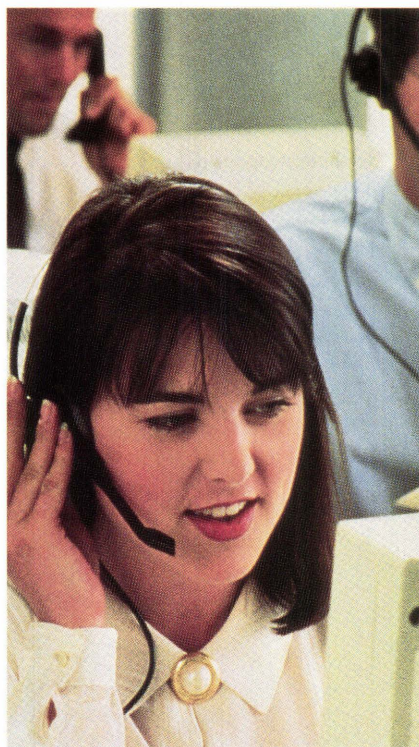
PRINTED IN THE U.S.A.

The magazine is a forum for discussion, and therefore its contents do not necessarily reflect the views of European Union institutions or of the member states.

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

IRELAND

FOR TELESERVICES



THE PLACE

THE PEOPLE

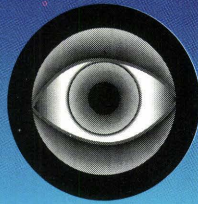
THE PROFITS

American teleservice operators are reaching Europe in a big way—from Ireland. By locating in Ireland, companies like Best Western, Dell and Gateway 2000 enjoy the best of all worlds: lower costs, higher productivity, access to all those European markets and, of course, superior telecommunications. What's more, they benefit from a well-educated, multi-lingual young Irish workforce. For lots of good reasons, Ireland is the place for profitable American teleservice operators. You can profit too, by joining them.

Profit by us.



EYE ON THE EU



Profiling
Personalities and
Developments
Within the
European Union

Francisco Javier Elorza Cavengt is his full name, but for everyday purposes he is known as Javier Elorza. The Spanish ambassador and permanent representative to the European Union will become an increasingly familiar and authoritative figure during Spain's presidency of the EU Council of Ministers. It is his job to handle the presidency in Brussels, to deal with day-to-day negotiations on a host of issues, and to preside over meetings of COREPER, the Committee of Permanent Representatives, the powerful body which settles the nitty-

gritty of ministerial councils, leaving only the most politically sensitive points for their masters to decide.

What sort of preparation did this 49 year old diplomat have for his present post? As he tells it, it was the experience of dealing with the whole of the rest of the world, apart from the EU. This was as deputy director general of bilateral economic relations in the Spanish foreign ministry, where he was responsible for trade agreements of every kind with a large number of governments. When Spain finally made it into the EU in 1986, after "much too lengthy negotiations," most of the

Spanish diplomats concerned had become too saturated by the details to preserve a fresh outlook. Elorza was drafted in by Carlos Westendorp, then the minister for European Affairs, as the Spanish number two in Brussels. He stayed for five years, before returning to Madrid to become secretary general for European Community affairs, and came back to Brussels last year as permanent representative.

Born in Madrid in 1945, the eldest of four boys, Elorza's earliest memories are of the United States, where he was taken at six months' old when his father, and namesake, was posted

there as a diplomat. It was only as a 12 year old that Elorza returned to Madrid, where later he studied law and economics before following his father into the diplomatic service in 1971. For the first four years he labored in the ministry on international trade affairs but longed to get out into the field. "I would go to hell if you made me chief of a commercial or economic section," he told his superiors, and in 1975 his "big opportunity" came when an unexpected vacancy occurred in Rabat. "I had a lovely experience there. Moroccans can be very difficult, but when you become their friend you



AUSTRALIA



FRANCE



RUSSIA



GERMANY



TAIWAN



SCOTLAND

No matter what part of the world is

At United Van Lines International, we fit the special transportation needs of our customers, no matter what hat they wear. And our commitment to quality service isn't limited by any nation's borders. . . or to a single type of business. United's worldwide family of 1,000 experienced agents provides personalized, professional attention to a wide range of shipments: . . . services to help the **Human Resources Manager**

smooth the transition of employees to new assignments.

. . . services to assist the **Traffic Manager** in making certain that a trade show exhibit arrives intact and on time, ready to start generating new business.

. . . services for a **Project Manager** who is looking for a better way to forward general commodities to the port of entry or project cargo to a remote job site.

can do anything you like.”

Elorza's biggest coup during his four years in Rabat was to conclude the first Spanish-Moroccan fishing agreement, the renegotiating of which is now causing major difficulties between Morocco and the EU. The consequence for Elorza was that he was put in charge of all Spain's fishing negotiations and struck a series of deals with mainly African countries, buying up fishing rights in their territorial waters.

A large, humorous man, Elorza lives on the edge of Brussels' Foret de Soignes with his wife, Ana, and youngest daughter, Teresa, who is attending the nearby European School. Her two elder sisters are studying in Madrid. The deadlock over a Moroccan fishing agreement is only one of several hot potatoes with which he will have to grapple in the coming months. His government has

identified six priority areas for action during its presidency. Top of the list is the Euro-Mediterranean conference scheduled for Barcelona in November. This is intended to introduce a new dynamic into relations between

In recent EU controversies, Elorza and his government have proved extremely tough bargainers in defense of their own national interests.

the EU and, in particular, the North African countries, with the burgeoning demographic and economic problems they currently face. Number two is the work of the reflection

group, chaired by Carlos Westendorp, which is due to report to the Madrid summit in December, and whose objective is to set out clear options for next year's intergovernmental conference.

The third priority is the liberalization of trade relations with Latin America, though Elorza feels that talk of free trade agreements is probably premature by several years. Fourth comes defense and security, with the emphasis on carrying forward the French proposals for a new stability pact, on which a meeting is planned in Madrid of the defense ministers of 27 countries.

The fifth concern is relations with the United States, a complex issue but with both sides seeming ready to edge forward to a closer, but as yet undefined, association. Number six, which he describes as being more a matter of good management rather

than devising new initiatives, is Eastern Europe. Elorza also referred to the preparations for the forthcoming summit with East Asian countries, which should be held in Bangkok early next year.

In recent EU controversies, Elorza and his government have proved extremely tough bargainers in defense of their own national interests. Their role is different: to seek compromise agreements on a wide range of issues where other governments are at odds. Will they be subtle, objective, and persistent enough to succeed? Elorza is confident that they will, pointing out that during the only previous Spanish presidency—in 1989—a record number of decisions was reached under the EC's internal market (1992) program, which was then the overriding priority.

—Dick Leonard



ENGLAND



MEXICO



CHINA



NETHERLANDS



AFRICA



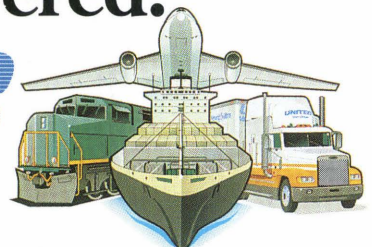
ARGENTINA

important to you, we've got it covered!

Let United, the total transportation expert and the largest household goods carrier in the U.S., be your link to any of more than 200 countries around the world. For complete details, contact your local agent. . . or call the International Department at United's World Headquarters (800-325-3924).

United Van Lines. . . providing service that's always the perfect fit.

**UNITED
UNITED
UNITED**
Van Lines



the QUALITY SHOWS in every move we make.™

SWEDEN

SWEDEN

ECONOMICS ■ EMPLOYMENT ■

Swedish Prime Minister
Ingvar Carlsson



SOLVING THE FOUR E'S

ENVIRONMENT ■ ENERGY

By Jonas Weiss



Every year, the Swedish political elites gather for one week in July on the Baltic island of Gotland to discuss the pressing issues of the day. It is not always a discussion between the leaders of the political parties but often rather a series of political harangues hurled at each other with journalists as the intermediaries. Nevertheless, the "Visby Week" (named after Gotland's main city) usually gives an indication of what issues may come to dominate Swedish politics for the foreseeable future.

Last year's discussions, which took place just two months before a general election, were dominated by the budget deficit and public debt, which at the same time was the overriding concern of most parties. But with the state finances slowly improving (a recent OECD-report credited the government for making some progress on bringing down the public debt) this year's discussions focused on the problem of unemployment. The above mentioned OECD report painted a bleak picture of Sweden's economic development in the next few years, with low rates of growth and increasing interest rates and inflation. The question then, for this year's meeting of minds in Visby, was how to get the economy moving while tackling unemployment, a new problem for the welfare state which traditionally provided almost everyone with a steady job.

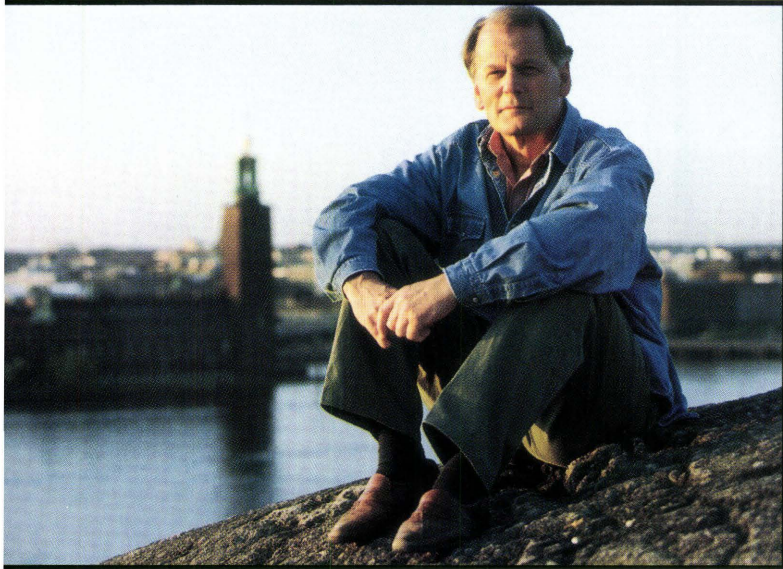
Employment has been one of Prime Minister Ingvar Carlsson's pet projects during Sweden's short time so far in the European Union. While launching the idea of large-scale investments to create what he calls a European "employment union," Carlsson is also trying hard to fight this and other problems. As a part of this consensus-building, the Social Democratic government last spring made a cooperation pact with the opposition Center Party, traditionally a member of the center-right bloc.

This informal coalition, if it holds (and there are plenty of reasons why it might not), may turn out to be the political masterpiece of Carlsson's tenure. By allying with the Center (traditionally an environmentally conscious, farmer-oriented party of the moderate right), Carlsson may solve two of his most important political problems. First, he will achieve the parliamentary majority needed to pursue not only the policies he wants, but also to create a reasonable level of confidence in the government's stability, which Sweden has been sorely lacking in the past few years. (Neither the present Social Democratic nor the last center-right coalition governments commanded a par-

liamentary majority.) Second, if he can maintain the cooperation until the next election in 1998, he will effectively block prospects of a new center-right majority government, which could never happen without the Center Party.

Carlsson does, however, face some formidable challenges on the road to 1998:

On September 17, Swedes go to the ballot boxes again, this time to elect their representatives to the European Parliament. This will be the Swedish voter's first experience with EU democracy, and it has so far been most notable for the utter lack of interest shown by the electorate. The downward trend in Swedish euphoria which was so apparent in the clear but narrow referendum that brought Sweden into the EU this year has continued. Recent polls put the euroskeptics at an overwhelming majority, above 60 percent. While the Social Democratic leadership is firmly in favor of the EU, half of the party's rank and file are against it. The would-be coalition partner, Olof Johansson's Center Party, faces a similar dilemma, but more difficult: Johansson has a substantial and vocal anti-EU leadership wing, and his rank and file are mostly euroskeptics. The government party could be in for a humiliating election, as die-hard EU supporters tend to stick with the Liberal Party and, above all, the Moderate (conservative) Party of opposition leader Carl Bildt. Bildt, of course, is busy attempting to negotiate a peace settlement in the Balkans and has been unusually but understandably quiet on the domestic political scene since accepting the EU mediation mission in June. His party, however, has built a firm pro-EU base for the elections. Among the euroskeptics, the Greens and the Party of the Left (the reformed communist party) have made large inroads into the Social Democratic electoral base. The Left, in particular, has been this year's political sensation, scoring up to 15 percent in recent polls (as opposed to 4 percent just a few years ago.) Its leader, Gudrun Schyman, has rapidly risen to become one of Sweden's most popular politi-



Sweden's Center Party, led by Olof Johansson (above), has a substantial anti-EU leadership wing. Gudrun Schyman (below), leader of the Party of the Left, has become one of the country's most popular politicians.

icians, erasing the party's communist image.

The next hurdle to overcome for the Social Democrats is the stimulus package which must be presented before the Riksdag (parliament) before the end of October. This package will spell out the policies needed to generate economic growth, create jobs, fight inflation, and keep interest rates down. As already mentioned, Carlsson is busy building solid parliamentary support for his proposals, engaging in some horse trading on the way. Not only the Center Party is courted here, but the Greens and the small Christian Democratic Party as well.

Carlsson's dilemma with the stimulus package may not be the other parties so much as his own voters. Because the package will inevitably include some bitter pills for traditional Social Democrats with cuts in social welfare, unemployment benefits, and labor regulation reform. At a seminar on jobs held in Visby, the Social Democrats invited American neo-Keynesian guru Paul Krugman to give his views on the subject. And some of those views were quite disturbing to his hosts. First of all Krugman questioned the need for a European monetary union, which the Social Democrats back. The EMU, Krugman argued, would deprive national governments of a valuable tool for growth stimulus and combating unemployment: devaluation. (Sweden currently has a substantial trade surplus and export growth, in part, due to a 30 percent real drop in the krona over the last few years.) Second, Krugman argued that labor deregulation was necessary to create the kind of flexible labor force necessary to counter unemployment. This

would mean lower unemployment in the long run, but also more uneven income distribution, not unlike the American labor market. Finance Minister Göran Persson nodded his head and called Krugman's suggestions "interesting." But this is not medicine that the government is ready to give to the people. Everybody agrees that some labor reform is necessary. The question is how much reform can be sustained politically.

Carlsson's third great test involves two decisions which may put him completely at odds with the Center Party. Party leader Olof Johansson, then environment minister, walked out of Carl Bildt's center-right government last year over a decision to build the bridge between Sweden and Denmark at Öresund. On this bridge, Carlsson and his archrival Bildt for once are in agreement, but it leaves Carlsson vulnerable to threats from Johansson to break off cooperation. The Center Party has raised serious environmental objections to the bridge and the matter has become one of great symbolic importance to Johansson. As decision time draws close, the political temperature will rise over this bridge, as it has on several previous occasions.

The second potentially divisive issue between the Center and the Social Democrats also involves a decision of great environmental and symbolic importance: the future of nuclear power. Recent polls suggest a majority of Swedes could live with nuclear power, but a 1980 parliamentary decision which followed a referendum on the issue calls for nuclear power to be phased out completely by 2010. The phasing out has not yet begun, but in order to keep to the timetable, the government will have to shut down the first reactors during the current term of office. It is clear that the Social Democratic government is reluctant to do so, and it



probably has the necessary parliamentary support to keep the reactors running. This situation, however, raises an important constitutional dilemma—although referenda are technically only advisory in Sweden and parliamentary decisions can be reversed, what type of dubious precedent would one set by overriding the will of the people? (At least the will of the people as expressed in 1980.) For Prime Minister Carlsson, the issue raises a less philosophical and more immediate problem—the Center Party is as firmly against nuclear power as it is opposed to the bridge to Denmark. A possible outcome is a new referendum, but this might still not save the fragile coalition.

This year may not, unlike 1994, be a year of historic decisions. But as Sweden slowly adjusts to life within the European Union and looks forward to the intergovernmental conference of 1996 (already the most fashionable type of discussion in political and diplomatic circles), it will also have plenty to do in its own backyard for some time to come. ☺

Jonas Weiss is EUROPE's Stockholm correspondent.

New EU Member Seeks Influence

Sweden No Longer Isolated

By Robert J. Guttman

“**T**he advantages for Sweden and Swedish business by being in the European Union are great,” declares Bert Olof-Svanholm.

Certainly if anyone in Sweden sees the advantages of the country's EU membership it is likely to be Svanholm, whose titles include chairman of the board of Swedish car maker Volvo, president and CEO of Asea Brown-Boveri AB Sweden, and chairman of the Federation of Swedish industries.

“[Membership] gives us stability, predictability, influence, and, of course, accessibility to the EU market, which is crucial because 75 percent of Swedish exports go to the EU market,” says Svanholm.

During a recent visit to Stockholm, I spoke with various Swedish policy makers, businesspeople, and people on the street regarding the advantages of Sweden joining the European Union. Many noted that linking Sweden to the rest of Europe made the Nordic country less isolated and gave Swedes a say on wide-ranging environmental and security issues. Most of the businesspeople stressed access to markets and the possibility of new foreign investment in Sweden as key advantages to joining the EU.

Ulf Dinkelspiel, previously the minister responsible for Swedish negotiations with the European Union and now the president of the Swedish Trade Council, said that as a result of membership “Sweden has improved its ac-

cess to the European market. As members of the EU we now get the possibility to compete on equal terms, and we join a market of nearly 400 million inhabitants. It also makes Sweden more attractive in terms of getting more foreign investment. Foreigners investing in Sweden now know they will be investing in the single market.”

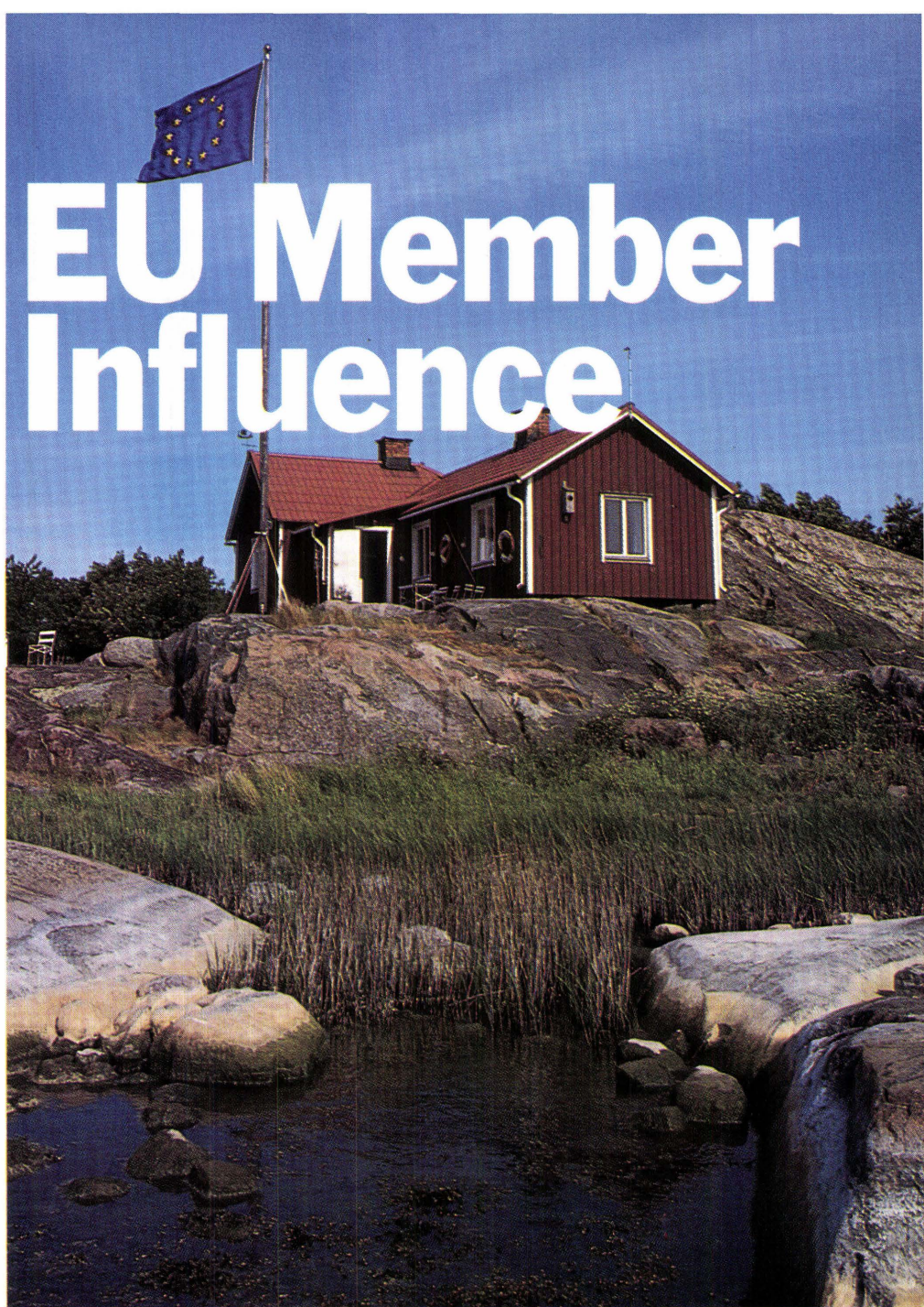
Dinkelspiel also believes that the larger EU with Sweden, Finland, and Austria as members will “provide closer cooperation among European countries, will increase Europe's competitive power, add to our welfare, and make our continent stronger.”

Foreign Minister Lena Hjelm-Wallén agrees. “Sweden has felt very isolated. Now, as members of the EU, we are to-

gether with the others and can influence decisions,” she says. “I look at the EU as a peace project. War among countries within the EU today is unthinkable. The EU's major accomplishment has been keeping the peace.”

The foreign minister remarks that the EU has now become much more than just a peace project, with initiatives like the single market. In her view the Union should continue to evolve. “For the stability of Europe,” she argues, “we also have to look for the enlargement of the EU.”

All of the Swedes interviewed for this article agreed that the European Union needs to enlarge and will enlarge in the next decade. They all believe that enlargement will provide for a more



peaceful and a stronger economic Europe.

Former Swedish Prime Minister Carl Bildt [in an interview just prior to his appointment as new EU negotiator in Bosnia] predicted that the EU in 10 years is “going to be significantly larger. It is going to be an organization of 25 members, including Malta, Cyprus, the Central Europeans, including Slovenia, and the three Baltic countries.”

Mr. Bildt stressed the advantages for Sweden in being a part of the EU. He explained that Sweden is “now able to influence the development of Europe because the development of Europe is going to influence Sweden’s development. To some problems there are only European solutions, ranging from the building of enduring security structures to the nitty-gritty details of how to upgrade the single market. We will now have a say in these key decisions.”

Contrary to the pro-EU views of most policy-makers in Stockholm, most Swedes currently appear to be dissatisfied with the country’s membership in the Union. According to a recent poll, 62 percent of Swedes would reject EU membership if a referendum were held now, and only 28 percent would vote in favor. Although Sweden only became a member in January, voters were obviously looking for the immediate benefits of EU membership and are now disappointed that they don’t see such benefits forthcoming.

However, it should be remembered that the Swedish economy is coping with high unemployment and a large budget deficit.

Responding to the poll, Mr. Dinkel-spiel says, “[Attitudes] are going to change for two reasons. One is the very fact that there are those who are disappointed by our membership. There were a lot of extreme exaggerations and allegations made before the referendum. There were those who painted membership in bright colors, and this leads to a certain backlash. If you add to that the difficulties inherent in every transition, you get some critical reac-

tions. That is natural.”

He goes on to say that “The somber mood of the country that is reflected in the polls relating to the EU reflects the high rate of unemployment. People relate one thing to the other. Whereas I would say that had we not been members of the EU, the situation would have been more difficult. No doubt about that. When there is an upturn in the economy and we bring down the rate of unemployment, this will also be reflected in the polls relating to the EU.”

Several young people working for large Swedish firms in downtown Stockholm had a more succinct message with regard to Sweden and the EU: “Why worry about whether or not we are members. We *are* members so let’s get on with participating in the affairs of Europe and make sure we have people listening to our views in Brussels.”

“[Sweden] brings resources to the European Union,” explains Foreign Minister Lena Hjelm-Wallen. “We are net resource givers to the Union. But, we also come with our values. I have a vision of the Union as a union of peaceful development and solidarity.”

Mats Helstrom, minister for foreign trade, Nordic cooperation, and EU affairs, says Sweden will work toward making Europe an even more progressive force in the world. “Openness and participation should be the key words,” he says. “We will stress employment, equality between men and women, the environment, consumer rights, and agricultural reform.”

“Sweden, along with fellow new member Finland, will also bring closer ties to the Baltics and, as such, attaches special importance to the entry of Estonia, Latvia, and Lithuania into the Union. The rapid economic integration of the countries in Central and Eastern Europe is important in order to safeguard their stable and democratic development.”

Olof Johansson, chairman of the Center Party which is in the current governing coalition along with the Socialist Party, states “Sweden can pro-

vide the Nordic model to the EU. We are very democratic, stable, and cooperate well with one another. We solve problems in a peaceful way and provide a good economic level in our country. It is very important to bring Central European countries into the EU.”

On foreign and security policy matters, Hjelm-Wallen says her country supports the idea of a common foreign and security policy (CFSP) within the EU and says, “Of course, as EU members we participate in that.” However, on the question of NATO she emphatically states, “We are determined not to join NATO as it is now.” Even though Sweden is a member of NATO’s Partnership for Peace, she says that the initiative is “not a stepping stone to NATO for Sweden.”

Most of those Swedes interviewed agreed that the so-called “Swedish model” for the welfare state was no longer viable and was a thing of the past.

As Mr. Svanholm stressed, “What you see today in Sweden just proves that the Swedish model has not survived.” Or as Swedish investor Peter Wallenberg says, “The Swedish model has had its day. There was too much in the model and times have changed.”

Sweden still has to work out several difficult domestic issues, but on the whole the country appears ready to make a significant contribution to the Union. As Bruce Barnard wrote recently in the *Journal of Commerce*, “The newcomers, particularly the Nordic duo, are noticeable because they punch above their weight.” Barnard also points out that Sweden is very engaged and active in EU affairs and that “Sweden has adopted more single market laws than any other country.”

By all accounts Sweden will be a productive, active, and responsible member of the European Union. They will stress issues such as the environment, openness, and equality, and they will insert their views forcefully into EU debates. When the economy and employment pick up and the feelings stirred on both sides of the referendum recede, people will see that being in the EU is a win-win situation not only for Sweden but for all the other members of the Union. ☺

Robert J. Guttman is EUROPE’s editor-in-chief.

“Sweden has adopted more single market laws than any other country.”

CARL BILDT, FORMER PRIME MINISTER OF SWEDEN (1991–1994), has been named by the European Union to be their chief envoy to the former Yugoslavia.

Bildt, born in Halmstad, Sweden in 1949, was the first conservative prime minister in this century to have served a full term in office. Bildt, who became chairman of the Moderate Party in 1986 turned Sweden away from many of its socialist policies of the past decade.

Although his background has not specifically focused on Balkan affairs, the former prime minister has had quite a bit of foreign policy experience.

Before becoming prime minister, he was a member of the Parliamentary Standing Committee on Foreign Affairs and held the position of being a member of the Submarine Defense Commission and of the Defense Committee.

Considered an expert on military affairs, he worked on the submarine committee investigating Soviet submarine incursions in the Stockholm archipelago area.

The former prime minister has been a member of the International Institute for Strategic Studies in London since 1981 and a member of the Swedish Advisory Council on Foreign Affairs since 1982. Bildt has also written numerous articles for magazines and newspapers and has written several books, including *The Country That Stepped Out Into The Cold* in 1972 and *A Citizen of Halland, Sweden and Europe* in 1991.

Bildt, who earlier this year was on a speaking tour in the United States as a guest of the European Union, knows his way among the corridors of power from Washington to Brussels to Berlin.

In an interview with *EUROPE* before being appointed to his new position, Bildt was asked if he saw the war spreading in Bosnia in the near future. "There is a risk of that. I'm especially worried about the long-term development of the situation in and around Macedonia," he said, adding "There is tension that has to do with the minority situation for the Albanians in Macedonia as well as the Albanians in the southern part of Serbia and Kosovo. This has produced a very volatile and dangerous situation. So there is a risk."

EUROPE also asked Bildt if the EU had done some positive things in Bosnia. "But for all the failures that are often highlighted," the former prime minister said, "one should not forget that so far we have managed to both contain the

conflict, prevent it from spreading, and a couple of years ago, there was a very serious threat that the war was going to spread toward the south. That has so far not happened. We also managed to undertake very significant humanitarian operations in Sarajevo so it is surviving, which would not have been possible without the efforts, primarily of the European Union countries.

Bildt has been unusually blunt before the press in his assessment of the war in Bosnia. At the EU summit in Cannes, France in June he remarked, "We are more likely to head for

Sweden Named Negotiator



Carl Bildt: The EU's Man in the Middle

war than for peace in the immediate period ahead." Bildt sounded discouraged when he remarked that "There's nothing really that points to a possible success. But we have a duty as Europeans to do our utmost to achieve something, however slim the chances might be."

Speaking at a press conference at the EU office in Washington, DC in August, Bildt condemned a Croatian invasion of the Krajina region, by saying "A Croatian invasion is a substantial step in the escalation process. We have to break this escalation process. There are no purely military solutions. There has to be a political solution."

Bildt replaces former British Foreign Secretary Lord Owen and will be working with UN envoy Thorvald Stoltenberg and with representatives from the five nations (US, UK, France, Germany, Russia) who make up the Contact Group. ☎

—Robert J. Guttman


By Robert J. Guttman

Volvo. Ericsson. Saab. Electrolux. Asea and ABB. Pharmacia. SKF. Stora. Astra. Scania. Orefors. These are some of the well known Swedish firms doing business around the globe.

According to *Fortune* magazine, 13 of the world's biggest companies are Swedish. And in Europe only the United Kingdom, Germany, and France have more major companies than Sweden.

How does a small country on the northern edge of Europe with a population of only 8.8 million people have so many profitable and well recognized global firms? What makes Swedish business unique, and why have Swedes become such well known international businesspeople?

SWEDEN Means Business





"The main reason Swedish firms have had to become global is to find new customers, as their domestic market is so small," says Mats Ringesten, senior vice-president for corporate strategy for Volvo. "Sweden has such a small domestic market that our companies need to export to survive. Our small market forced Volvo to become a global company."

As Peter Wallenberg, head of Sweden's leading business family, explains, "To be very frank we have had to go abroad because of our own very limited market. It has meant that we have been fortunate in having commercial leaders that have had the foresight to go abroad. One must realize that some of these companies spent decades developing their foreign markets. You might say that the smaller market combined with ingenuity and entrepreneurship of the Swedes together made out for this concentration on foreign markets."

VOLVO. Volvo is probably one of the best-known Swedish companies around the globe and especially in the United States. Last year Volvo, a car, bus and truck company, sold more than 80,000 automobiles in the United States, its second largest market after Europe.

Volvo is a niche car. It appeals to a higher income, safety-minded consumer around the world. Volvo Chairman Bert Svanholm describes the company's typical customer as an "affluent progressive." By that he means, "It's mainly families. People who are well-educated and well-off. They are good customers. The typical Volvo buyer is not ostentatious. Our customers want quality and safety. We provide that plus luxury and comfort."

The image Volvo conveys in its advertisements in the United States is of a safe, dependable car. Svanholm states that "safety and dependability have been the image of Volvo since the year we started. Safety, quality, and also to be environmentally (friendly)—these are the three values which we share in all areas. That is very important."

Volvo, which sold more than 300,000 automobiles around the world last year posted a net income of \$1.9 billion, up 40 percent from a year before.

In 1993 after Volvo pulled out of a proposed merger with France's Renault, the company began to concentrate its efforts around the core businesses—automobiles, trucks, buses, and construction equipment. Volvo plans to sell off all of its other non-transportation related properties by the end of 1996.

While Volvo will not be merging with any company in the near future, Svanholm says, "We are seeking cooperation with different companies, the most suitable ones for certain components or subsystems or what-



Volvo is well known in the US as a car manufacturer, but the company is a major player in the world truck market. SKF (right) exports ball bearings worldwide.

SKF



VOLVO

ERICSSON

ABB



Electrolux



ever. One big project we now have is with Mitsubishi in Holland."

Although Volvo is probably best known for its automobiles, the chairman points out that the company is the world's second largest heavy truck supplier. "We have growing market shares substantially in the last two years," and he adds, "We are also number two in the construction business with our Volvo Construction Equipment Company, which bought out an American firm, Clark Equipment Company. Volvo Bus is the world's second largest manufacturer of heavy buses. We also have Volvo Penta in the marine business and Volvo Aero in the aviation field."

As far as following in the footsteps of other European car makers, such as BMW and Mercedes, who have built plants in the US, Volvo's chairman says, "There are no immediate plans for building any plants in the United States."

While Volvo will continue to stress safety, durability, and environmentally strong values the company is also hoping to build sportier cars in the near future. Svanholm emphasizes that "Volvo is one of the few car companies which sells the same models around the world. We are very much a global car company."

Asea Brown Boveri. ABB is well known around the world but many people are confused about its corporate structure and what exactly it produces. According to its annual report "Asea Brown Boveri is a global electrical engineering group owned in equal parts by Asea AB, Sweden, and BBC Brown Boveri Ltd., Switzerland. The ABB Group is a federation of national companies, where the international operations comprise the individual companies present in each country."

Don't go out and try to buy stock in ABB because the "shares of ABB are not publicly traded. However, the shares of the two parent companies, Asea AB and BBC Brown Boveri, Ltd. are listed on various stock exchanges around the world," according to the ABB annual report.

Bert Svanholm, who serves triple duty as chairman of

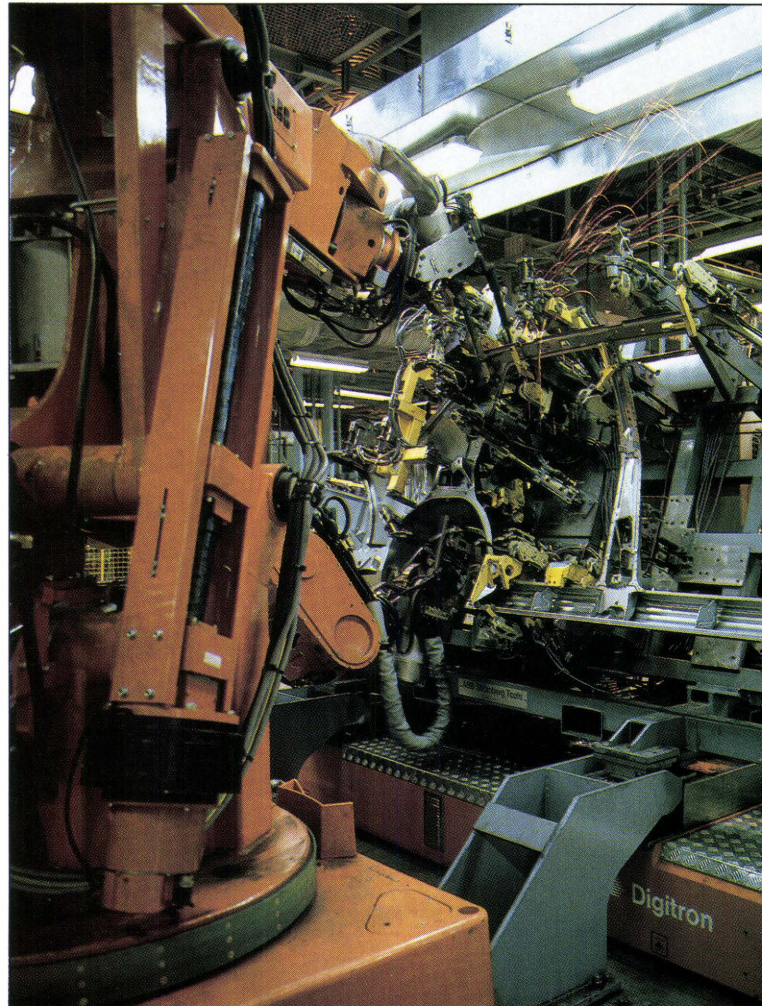
Amtrak is considering Asea Brown Boveri's X2000 high-speed train for use in the US. (Below) ABB is the largest robotics manufacturer in the world.

Volvo, president of Asea Brown Boveri AB Sweden, and executive vice-president of ABB Asea Brown Boveri, points out that ABB "is a European business starting to become truly global. We call ourselves, partly serious, multi-domestic."

"The difference between ABB and Volvo," Svanholm says, "is that in principle you can make passenger cars for the whole world in one country. But in the case of ABB, our customers are state power boards and railways with their own special demands. They want service and maintenance and installation so we have to adjust to the customer's specifications."

ABB, with more than 20,000 employees in the United States and its US headquarters in Stamford, Connecticut has annual US sales of more than \$4 billion. The Swedish X2000 high-speed train manufactured by ABB is being tested in the United States for possible sale to Amtrak along the northeast corridor. ABB has just created a new joint venture for railway transportation systems with Germany's Daimler Benz.

In discussing the major products of ABB around the globe Svanholm describes ABB as being broadly based in the electricity business. "ABB is in the business of power generation and power plants. We also transmit and distribute that power. We are involved in building industrial equipment and in building systems. We are in transportation that is electrified, and we are in railway transportation. We are also strong in financial services. We are big in HVDC-high voltage direct current, and we are the largest robotics manufac-





Orrefors is known worldwide for its elegant blown glass designs. (Below) Ericsson has jumped to the forefront of the telecom boom with its advancements in digital switching.

turer in the world, having 50 percent of the US market.”

He also stresses that “The ABB Group’s goal is always to achieve the smallest possible impact on the environment. ABB ranks among the leading suppliers of modern, efficient and environmentally friendly power plants.”

Ericsson. When people think of the telecommunications revolution sweeping the world today, they have to consider

“You can be a global player and be based in Sweden. Ericsson is active in more than 100 countries around the world.”

LM Ericsson based in Stockholm and one of the leading players in this revolution. Ericsson is the world’s largest supplier of infrastructural system equipment and the world’s third largest supplier of digital telephone exchanges. Sweden accounts for only about 13 percent of Ericsson’s sales.

According to Nils Ingvar Lundin, senior vice president of corporate relations for Ericsson, “You can be a global player and be based in Sweden. Ericsson is active in more than 100 countries around the world.”

The United States is the largest single market for Ericsson. The day I visited Ericsson in Stockholm, everyone was excited about a five-year deal worth \$300 million with Pacific Telesis in California. Pacific Telesis has hired Ericsson to develop the next generation of wireless communications systems for them in California and Nevada. This is the largest contract in Ericsson’s history, which dates back to 1876 when Lars Magnus Ericsson and a partner started a company which began manufacturing telephones in 1878. As early as 1890 Ericsson had established subsidiaries abroad.

Ericsson, which already has about 1,000 employees in California, will be adding hundreds of new workers to its payroll in the United States as a result of this contract.

Mr. Lundin points out that Ericsson “started in the United States in 1984 with ARCO in the cable business. We are now in over 100 locations in the United States with over 5,000 employees. Last year our revenue from the US was \$1.2 billion. The American consumer is very eager for pocket phones.”

Ericsson is involved in all aspects of telecommunications. As their annual report states, “Ericsson is the undisputed world leader in cellular systems. The AXE switch was the world’s most sold digital switching system in 1994.” As part of its strategy to remain among the technology leaders, the company has established joint ventures with Texas Instruments, Hewlett-Packard, Microsoft, IBM, and Intel in the United States.

Peter Wallenberg, deputy chairman of Ericsson, says that “You walk around Stockholm and see practically everyone on a mobile phone. Ericsson is more into [developing] systems than the actual telephone, but they make a couple million of those anyway.”

People I spoke with in Stockholm were calling the Eric-



son cellular phones “the yuppie’s teddy bear” because all the young Swedish professionals were hugging phones to their ears.

Ericsson appears to be committed to remaining at the forefront of the booming telecommunications revolution. Nothing points to this more clearly than a statement by Ericsson’s CEO Lars Ramqvist who says, “More than 60 percent of net sales are attributable to products which did not exist in the market three years ago.”

Others. Two Swedish brothers, Hans and Gad Rausing of the Tetra Laval Group, which is the world’s leading manufacturer of packaging that preserves perishable liquids, are listed in the July issue of *Forbes* as being worth \$9 billion and being among the 10 richest people in the world. *Forbes* also lists Ingvar Kamprad, the founder of the Swedish home furnishings chain Ikea, as being worth \$1.6 billion.

From A (Asea) to V (Volvo), it is quite obvious that Sweden means business around the globe. ☺

Robert J. Guttman is EUROPE’s editor-in-chief.

EUROPE INTERVIEW

Peter Wallenberg, chairman of the Investor Group, was interviewed at his office at the Skandinaviska Enskilda Banken (SE Bank) in Stockholm earlier this summer by *EUROPE* Editor-in-Chief Robert J. Guttman.



Peter Wallenberg

CHAIRMAN OF INVESTOR GROUP

In a wide-ranging and rare interview, Mr. Wallenberg speaks out on the Investor Group and its impressive list of holdings, the Swedish economy, joining the European Union, the single market, the post cold war era, and future investments.

In addition to his title as chairman of the Investor Group, Wallenberg, 69, wears many other important hats, including first vice-chairman of SE Banken; chairman of Asea; co-chairman of ABB; vice-chairman of Ericsson; honorary chairman of STORA; chairman of the Knut and Alice Wallenberg Foundation; a member of the Nobel Foundation; and member of the board of the General Motors Advisory Council.

"Mr. Peter Wallenberg, doyen of its fourth generation, has extended its

dominance of Swedish industry to unprecedented levels and entrenched the family as Europe's most powerful industrial dynasty. The core companies in the Wallenberg 'sphere' together make up about 40 percent of the market capitalization of the Stockholm stock exchange," according to a recent article on the Wallenberg empire in the *Financial Times*.

Although the Wallenbergs are best known for their business accomplishments through the decades probably the most famous member of the family, Raoul Wallenberg, was not a businessman but a Swedish diplomat during World War II. Raoul Wallenberg was one of the true heroes of the war having helped save thousands of Jewish lives before disappearing somewhere in the

Soviet Union at the end of the war.

In *Wallenberg: Missing Hero*, author Kati Marton describes the Wallenberg family. "In Sweden the name is synonymous with capitalism, power, and service. The Wallenbergs are, and have been for over a century and a half, the Swedish Establishment. It was in the middle of the 19th century that they began to carve out a place for themselves as one of the most successful capitalist dynasties in history, to rank alongside the Medicis, the Rothschilds, and the Rockefellers."

Ms. Marton continues, "The wealth they amassed along the way was never displayed. They preferred to hold it in reserve, quietly, unostentatiously. 'To be, and not to seem' is the family motto. For the past five generations they have

not really departed from its message.”

The Investor Group which came into existence in 1916 is the oldest and largest currently active Swedish investment company. According to their 1994 annual review, “Investor is a major owner of Swedish industrial companies that operate internationally. Investor’s basic business concept is best described as active ownership and active investment.”

Holdings of the Investor Group include Saab; Scania; Electrolux; Incentive (which holds 33 percent of the voting rights in Asea, which in turn owns half of the global electrical engineering group ABB); SKF; Atlas Copco; Astra; Stora; Ericsson; SE Banken; a holding company that owns three-sevenths of SAS; the Grand Hotel; and TV 4 in Stockholm; among others.

What are the main benefits to Swedish business of being a member of the EU? Are they positive?

I would say that it’s predominantly positive, perhaps in a way that many people don’t exactly realize. If Sweden had been left outside of the EU, which would have been the alternative, we would have had to face a very much more demanding situation as this nation is one of the greatest exporters in Europe. So much of what we produce in this country has its market outside of Sweden rather than in Sweden. We are members now, and that is what we will now experience the effects of. But all in all, from a business point of view, this is very important to Sweden.

My personal view has always been that I [favor] Sweden’s joining the EU.

Besides business, are there any other reasons why you think it’s important to be in the EU?

Let’s put it this way. It is a fact that Sweden isolated itself very much from the outside world over a period close to 50 years after the war for a variety of reasons, which I won’t go into here. Therefore, there was a feeling among many people that we could do well continuing in that direction. Economic actual conditions, however, created a totally different situation than before, and under the circumstances, it would have been very unattractive for us if we hadn’t joined.

Why is the Swedish economy in such poor shape?

Personally, I feel this is because we voluntarily isolated ourselves from the outside capital markets for so long. That is now definitely over. Having been faced, as we are now, by a new set of conditions with tougher requirements for a particular type of economic behavior, we’ll do it.

Is the so-called “Swedish model” going to survive—or is it going to die out?

The Swedish model has had its day. There was so much in the Swedish model. Some of those things will survive; some of them won’t. Time will tell which ones will survive, among all the social benefits that together made up the Swedish model. But no doubt, some of them we will keep as we go along.

It seems like a contradiction in terms that you have a social welfare state yet you have these huge corporations? How do they exist side by side?

It’s not altogether so complicated if you look at it this way. With 8 million people here, we clearly could never be a market big enough to create large industries for our own needs. So it was all a matter of whether we could establish ourselves internationally. But it was always so. Even when we started our industrialization back in the 1860s, 1870s, 1880s, and 1890s—those companies that started then—and of which there are very few left, but still there are a few—they started very early trying to establish foreign markets because they found that relying upon Swedish demand was no way of running a business. You might say that the smaller markets combined with ingenuity and entrepreneurship of the Swedes together made out for this concentration on foreign markets.

Could that happen today? Could a Bill Gates start a company like Microsoft in Sweden today or is it a closed society?

He could to a certain extent. But today everything is so thoroughly regulated that it’s difficult to be an entrepreneur in the sense that you do something that nobody else has done, because you’re always hauled back to

go through the channel that the legislators have already laid out for you. The conditions are different today. It’s more difficult today. Also, you have a lot of the economic interference with taxation and regulation of the labor market, pay, and conditions of service, which is regulated to such an extent today that there’s very little room for anybody to deviate.

Could you explain how your company Investor Group operates?

Basically, we’re not so very unique, except that we have holdings that give us a leading position among the owners of the companies that we are involved in. Then we follow that by assuming the responsibility of the running of the company in the wider sense of the word, meaning we will put people on the board; and we will become more or less active owners; and basically we will meet the rest of the stockholders at the annual meetings. But what we try to do is to apply the economic basics that we believe in into all these companies. It has to do with, for instance, margins of profit; it has to do with capital utilization. It has to do with growth in the market areas. And we will discuss these things with them. You might describe us as active owners, and that is not altogether common here, although much more common here than what it is in the United States until recent years when you’ve had a change of thinking, haven’t you? And via this kind of close relationship, you might say that we run these companies to a large extent on our basic philosophy. We prefer that the corporations work for their stockholders rather than the bank, which is sometimes an interesting exercise to watch.

You own truck maker Scania. How is this company doing?

Scania is doing exceptionally well. Scania is not a brand that is known in the United States because it’s not [sold] in the United States, but we understand that it’s well known among investors. We own it 100 percent. And for the last decade or more they’ve been the most profitable truck manufacturer in the world. They’re a separate company now, but we still own 100 percent. We will probably, however, put it on the market sometime next year or so.

What about Saab? Saab cars are sold in the US. Can a small company like Saab compete with the giant car companies?

Sure. Once it finds its niche and has got its market organization established the way we want it.

Why would somebody buy a Saab when they have all these other choices today?

Why do you buy a Chrysler instead of a Chevy? If I put you in a new Saab, you would like it, and you might buy it? They're all niche cars. They're forever working around the niche sort of business to see how much they can get out of it. BMW, I would have thought, together with Mercedes, are the two that have succeeded the best.

What's your deal with General Motors? Do you own Saab equally?

We own Saab 50-50.

How is it being partners with an American firm like GM?

Very good. We have no problems.

Are you on the advisory group of GM-Europe?

I'm on the advisory group. They're good people. They're serious people. It really is a big difference meeting people that are really serious businessmen with their fingers right down into the heart and soul of a business on the one hand, and those who float on top. And you get both kinds in the world.

You are vice chairman of Ericsson. Ericsson just signed a deal with Pacific Bell in California for \$300 million worth of equipment. Do you see the US as a big-growth market for Ericsson?

It has been for the past 10, 12 years. The United States is lagging behind many European countries when it comes to mobile telephones, particularly if you compare it with Northern Europeans. Here in the Scandinavian countries, the number of mobile phones per inhabitant is much, much higher compared with the United States. You walk around here and see practically everyone on a mobile phone. Ericsson is more into the systems than

the actual telephone, but they make a couple of million of those anyway.

Didn't Ericsson try to get into computers but lost money, got out, and then they became successful in telecommunications?

Right. Like so many companies in that area, they became engineering-led for a moment there, and sometimes that leads into fields that [a company] should stay out of. But they were smart. They got out of it quickly. There was minimum damage. And they had the capacity to move very strongly, even stronger than before, into the telecommunications business. They were rather clever about getting out of something that they had basically acquired without really knowing what it was. Ericsson is one of our larger growth companies.

And as vice-chairman of Ericsson, how much time do you put in with the company?

I have the chairman of Ericsson next-door to me here in the building. He's the chairman of Ericsson and the former managing director of Ericsson. We talk most days about something concerning the company.

How come Sweden has such a unique system of interlocking directorships, even more so than the US or anywhere else in the industrialized world?

That's not so surprising if you consider that this is really the country that has the highest number of international corporations for its size. These large corporations are but a handful—say about 10. And they are the ones that will develop the kind of people that you would prefer to have on a board of directors because of their wide outlook. They're accustomed to looking beyond, and they have a world view. They're into building. And that's exactly what they need. So we have this tendency, with a lot of people moving around inside this corporate world.

I notice that in America an awful lot of people are on boards after a certain age. We've been trying for a long time to reduce the age on our boards. That also, of course, means that we need to have available to us most of the acting leaders in industry. But they're a small

group. You can see it if you look at an American corporation. They have the chairman and chief executive often in one person and then come an awful lot of people on an equal level whether they are vice presidents this or that or whatever. And then they in turn have a lot of departments underneath them.

Here in Sweden we don't have all those people. We tend to have organizations that are much more pointed, with few people, and these people are in continual touch with each other. It's not a matter of sending each other memoranda and things like that. There's no time for that. You pick up the phone, you talk to the person, and you settle things over the phone. We have very much less paperwork. But of course there is a greater demand on the capacity and confidence of these people. They are a higher caliber type of person, the people who are running our corporations.

You are on the boards of so many companies. How do you have time to devote to all your companies?

I have but a few now compared to what I used to have. I used to be chairman of Electrolux and many other companies. I don't know what to do with myself.

The Financial Times wrote recently that your Investor Group owns 40 percent or more of the entire market capitalization of Stockholm's stock exchange. Is that good for the Swedish economy for one company to own that much?

Certainly, as long as it's well run. It doesn't make much difference. It's more a political question than it is an economic one, in Sweden, at least. They'll leave us to our devices as long as we run these things well.

To what do you attribute your success in business? Do you have any special secret for being successful?

I'm successful because I choose the right people. That's the secret, and if it doesn't work, it doesn't work—you do something about it.

So the secret of your business success is having the capability to choose the right people for the right job?

I would say it's one of the more important areas where you are very much left to yourself.

What's the main business success of your lifetime?

The growth and the value of Investor.

Do you describe yourself as a businessman or an active investor?

What am I? Jack-of-all-trades, I guess. I started my life in industry. I worked in industry every day of my life for 21 years.

Is the Wallenberg family Europe's most powerful industrial dynasty?

What does that mean? We go around appointing prime ministers or what? That doesn't mean a thing except that I might find one or two doors that I can open that otherwise would not be open to me. But what else? All that it means

is that I have a responsibility to run companies well. That's a responsibility. It's hardly something that can be put on the asset side.

I can't think of any other family in any other country that owns so many different companies and takes such an active part in running these firms.

I hardly ever think in those terms. I think in terms of each individual business has its own prerequisites, its own situation, its own kind of management, its own conditions. Each and every one of them is different, and yet, they have common points at the same time. I look at each one of them as a main objective, as if they didn't belong to a group, as if there were no group, as if they were just a loose association. To me, industry is something fascinating. It is fascinating to look at the opportunities of the industries, and it's fascinating to look at the risks run by industries and to try to out-guess the future. And each and every one of them is in a different business, so you have to do quite a bit of reading and understanding of how different it is.

Do you have a commitment to buying only Swedish firms. I mean if you had a great opportunity that could double everything if you sold all these firms and bought a major company in the US, would you do something like that?

I'd never say never, but it's not the first thing we're thinking of today. We



Peter Wallenberg with his son Jacob Wallenberg.

are in the process of a gradual buildup of more foreign-oriented activity in the investment area.

Many European firms are moving plants to the United States and to other countries. Can this continue?

In the old days we used to call this something else. Remember we used to call it "sourcing." We're back to it. What was sourcing? Well, you put your investments in the production of components in different places where one found it was most attractive. That was sourcing. Or you went to some outside sourcer and bought your components from him.

We're doing the same thing now. But now it's no longer the components; now it's the assembly side that's coming into the picture. Some of those are going to be successful; some of them are not going to be successful. It's the old story all over again, you know. There's no automatic road to success. If you counted all the great ideas that were killed by lousy executions, you'll see more of those as we

move along.

Is the world a safer place now since the end of the cold war? Or is it more chaotic?

I think that everybody hopes that it's safer. But at the same time one has to remind oneself that in the middle of this détente, we are seeing more local wars than we've seen for a long time. And there are many potential war areas if you look carefully, not only in Europe, but in the Middle East. It's not good. But does this mean that man cannot live without war? Somehow we have to. There are moments when we kill each other, but there is something else? Of course, one of the things is that however much we would like to see that what we most of all believe in is also true, and that is that all human beings are alike. As long as you've got a nose, two eyes, two ears, a mouth, two hands, two feet, we are all equal. But I have a feel-

ing that there is probably here something that deviates from that desire, and that is that we aren't equal. We do have different ambitions. We do have different values. We do have different beliefs. We do have different ways of seeing things. We have different tempers, for one thing. So although we have all the physical elements of being alike, there is something more to humans than meets the eye. It's not only physical. There's something else, as well.

Do you ever want to go into politics and solve any of these problems?

No, I have no ambition whatsoever. Never did.

Does a businessperson have more influence than a politician?

Sure. I mean you have more influence when you're a head of a company. You can tell people to do something and they'll do it, where a politician tells people to do something and they don't have to respond like in business. ☹



Led by steadily rising exports, Austria's economic situation looks healthy and is working its way toward an even better performance as the country heads into its first full year as a member of the European Union, which it joined last January.

Exports to the US—up by 16 percent in 1995—figure importantly, and no one knows this better than Austria's Swarovski, the world's leading manufacturer of full cut crystal, which this year marks its one hundredth anniversary. The company maintains showrooms in New York and around the US, where it is doing very well.

The crystal stones, used in a vast variety of items, from chandeliers to various types of jewelry, gift items (like those charming little animal figures popular the world over), perfume containers, and precision optical instruments, today represent one of Austria's most popular and profitable international exports. They are also appreciated by a virtual army of collectors.

The man behind it all was Daniel Swarovski, who left northern Bohemia where his father was a glass cutter and settled in the picturesque Tyrolian village of Wattens, near Innsbruck, circled by high mountains and blessed with an essential water supply.

Swarovski, who lived to the ripe old age of 94, was a perfectionist with a vision, a knack for commerce, and a sharp eye for the opportunities offered for his ingeniously cut stones by both the steadily expanding international fashion and jewelry trades. He also had a social conscience, which led him to establish decent facilities for his work force.

While he was alive, he ran the business. And he made sure that it remained in the family. Today, the executive group that rules Swarovski consists of six family members who make all the decisions. And the work force, which includes designers and others around the world, numbers an impressive 9,000, of whom some 4,000 work in Austria itself. Wattens, which had a population of 744 when Swarovski arrived and set up business in an abandoned factory, has seen a huge expan-

Swarovski Crystal

Austria's clear-cut success by Fred Hift

sion—the population is now 50,000—not only in employees working at the plant, but also in the range of the company's activities and products.

Millions of gemstones leave the Swarovski factory every day of the week, destined for all parts of the globe.

Swarovski's crystals today easily rate as among the best-known Austrian export items around the world and the graceful crystal swan, which is the Swarovski logo, has become famous along with Swarovski glasses, vases, goblets, trinkets, buttons, decorations, costume jewelry, and intricately carved little animal figures.

There is even a crystal container for perfumes which Swarovski calls "Scent Stones"—jewelry stones that can be filled with scent. Elizabeth Taylor's White Diamonds, along with Yves Saint Laurent, Lancôme, and others use the Swarovski cosmetic products. The "Scent Stones" products, including flacons and stoppers, were introduced in 1993 and were an immediate success.

In 1895, Daniel Swarovski invented an electrically-powered crystal cutting machine which had a tremendous impact on the jewelry and fashion industries, in part because it introduced mass production of the light-reflecting crystal, which, until then, had to be cut by hand.

And, in the intervening 100 years, the Swarovski company has come up with a host of new inventions, quite apart from changing the original concept of simply meeting the demand. Also, some of the world's great designers' work is being used to shape the crystal masterpieces.

The latest innovation involves the application of crystal-cutting technology to the manufacture of colored gemstones like rubies, sapphires, and emeralds, making it possible to produce these stones in very large numbers and with exact specifications as to shape and color. Sylvia Gottel, the international marketing director for Swarovski, says this invention could represent "a big revolution" in jewelry manufacturing and in other fields.

Basically, a customer orders what he wants from the selection offered by Swarovski in Wattens. The stones are then expertly cut there and shipped for assembly elsewhere. Stunning effects are achieved with light-reflecting crystal for chandeliers currently to be admired at the Metropolitan Opera in New York and at the Chateau de Versailles.

Swarovski is well aware of the value of collectible items. It set up a Swarovski Collectors' Society in 1987 to provide crystal lovers with more information about its various lines. In fact, it produces some of them just for collectors.

In 1976, Swarovski offered a mischievous little mouse, made from chandelier parts and rhodium plated brass

whiskers, as its first cut crystal animal and offered a limited edition of just 1,000 to its employees in Wattens. It sold out immediately and, in 1977, was followed by a crystal hedgehog. Exquisitely designed and carved, the crystal animal collection grew both in number and in popularity and today includes everything from birds to a superb figure of a rearing horse, inspired by the Lippizaner stallions at the Spanish Riding School in Vienna.

For its centenary, Swarovski produced another, much more ambitious and delicate version of its swan, its wings highlighted by crystal jewelry stones suggesting drops of water. There's also a handsome lion, the last in a special series of African Animals.

Also new this year is the vibrant figure of an eagle in flight, made of crystal and rhodium-plated silver. They are only producing 10,000 copies of this splendid bird of prey.

Glass making, of course, goes back some 3,500 years. The Greeks, the Romans, and eventually, the Venetians, turned out splendid glass vessels of all kinds. The Venetians invented their *cristallo*, which was colorless and widely used for precious and decorative objects.

In her book, *The Magic of Crystal*, Vivienne Becker relates that the secrets of glass making were so closely guarded in Venice that craftsmen were often forbidden to leave their city on pain of death. Today, Swarovski also jealously guards the secrets of the composition formula for its luminous and color reflective crystal material.

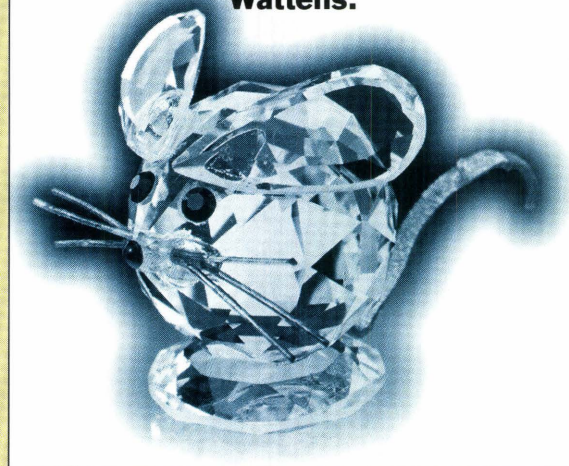
Crystal dates back to England in the 18th century when cut crystal—then still in its infancy—

became a status symbol. Ms. Becker points out that the English prismatic crystal was "the perfect partner for candlelight: faceted, jewel-like drops, tumbling in waterfalls of rainbow colored lights from chandeliers and candelabras," far more effective than mere rock crystal.

The importance of crystal in England was made evident by its use in the construction of the famous Crystal Palace for the Great Exhibition of the Works of Industries and All Nations in London. It originally stood in Hyde Park and featured, among other things, a 27-foot high glass fountain. Most parts of the structure were encased in molded and cut glass.

This fall, Swarovski plans to open its own museum—Swarovski Crystal Worlds—in Wattens. Spreading out over 6,000 square feet, the exhibition, built underground into an artificial hill, will not only expose the magic and elegant world of crystal, but will also serve to tell the unique story of the Swarovski company over the past 100 years. ☺

In 1976, Swarovski offered a mischievous little mouse, made from chandelier parts and rhodium plated brass whiskers, as its first cut crystal animal and offered a limited edition of just 1,000 to its employees in Wattens.



Fred Hift is EUROPE's Vienna correspondent.


 A close-up portrait of Renato Ruggiero, Director-General of the World Trade Organization. He is a middle-aged man with dark hair, wearing a dark suit jacket, a white shirt, and a dark tie. He is looking directly at the camera with a serious expression. The background is dark with large, faint, white letters spelling out 'WORLD TRADE ORGANIZATION'.

Renato Ruggiero

Director-General of the World Trade Organization

What is the WTO and Who is Renato Ruggiero?

The World Trade Organization (WTO) began functioning on January 1, 1995. Its headquarters are in Geneva. For now, 125 countries are members, but others are on the waiting list, including Russia and China. It replaces GATT, the General Agreement on Tariffs and Trade, created in 1948 to regulate international trade. The WTO has more power than GATT, which judicially was only a provisional accord, even though it lasted almost 40 years. The WTO is an institution on the same level with the International Monetary Fund (IMF) and the World Bank. And some observers predict that it will be even more important than

these two. For now, in any case, its role is that of supervising international trade and controlling the application of the Uruguay Round, the most far-reaching agreement in the history of world commerce, signed on April 15, 1994 in Marakesh, Morocco.

The director-general oversees the WTO. His duties can be compared to that of the director of an orchestra, who must control the musicians' (that is, the member states') execution of the musical score (the agreements of the Uruguay Round).

Renato Ruggiero became the first director-general of the WTO on May 1, four months after the official commencement of the new organization. This delay was caused

by the lengthy negotiations and stonewalling over his nomination. He is an Italian career diplomat and was born 65 years ago in Naples. He is married, the father of three children, and has long-standing international experience. He has helped prepare seven G7 summits. In 1978 he was one of the experts who convinced Rome to join the nascent European Monetary System.

Ruggiero has a four-year mandate at the WTO. In a compromise with the Clinton administration, which supported the ex-president of Mexico, Carlos Salinas de Gortari, he will not be reelected and will leave the position to a non-European. But this doesn't disturb him since he is used to diplomatic skirmishing.

Although he has a happy personality, Ruggiero is considered a bulldog. When he was the Italian ambassador to the European Community, the *Financial Times* gave him the nickname "Rocky."

After leaving the diplomatic service he entered politics, a rare occurrence among Italian diplomats. From 1987 to 1991, he

was minister of foreign commerce. Then, with the same spirit, he moved on to the private sector, becoming an "ambassador" for Fiat and directing various companies within the automotive group, including Ferrari International. He left all these positions to head the WTO.

EUROPE INTERVIEW

EUROPE's Rome correspondent, Niccolò d'Aquino, interviewed Renato Ruggiero during a recent visit to Rome by the new director-general of the World Trade Organization (WTO).

The US Trade chief Mickey Kantor, when he communicated the American decision to accept your nomination, said, "It's in our best interest that we form a consensus around Mr. Ruggiero." And yet it was no secret that the Americans were concerned by the fact that you, as an Italian, might be more sensitive to European interests. Has this divergence been overcome?

I have pledged to represent all the countries that belong to the World Trade Organization. If the Americans, in the end, have accepted my nomination, it means they are convinced that I do not belong to any regional system. I will maintain my commitment with the utmost scrupulousness. I accepted this nomination with the one clear concept in mind: the director-general of the WTO must not hesitate to pound his fist on the table. And, if necessary, he will have to denounce, privately and publicly, every country that does not accept the undersigned obligations.

The WTO, which has already been dubbed "the UN of Commerce" has wider ranging powers and a stronger structure than GATT, from which it stems. According to a few critics, however, the long months of debate and delays concerning the choice of its director general made it start off on the wrong foot. The WTO, it is said, has inherited a few of the defects of its prede-

cessor, the quarrelsomeness and the inability to respect deadlines. Is this true?

Experience has taught me to forget the past polemics. Only the present and future count. The reality is today that the international economy can count on a very powerful instrument. As opposed to the GATT, for example, the WTO will be able to and it will *have* to resolve the controversies between the member countries. In fact, there is an automatic mechanism concerning decision-making time periods: 16 months at the most to present a dispute of a definitive appeal decision. Everyone will be obliged to respect the agreements and the provisions. And no one will be able to oppose the commencement nor will they be able to reject the conclusions of the proceedings. It will only be possible to appeal, but, I repeat, the final decisions will be binding for member states, against whom monetary sanctions may be applied. Compared to the old GATT, which was created in order to reduce the level of customs tariffs, the WTO's quality leap is fundamental. It will be the only real forum in which industrialized countries and developing countries can come together to discuss their problems, which are the problems of world growth and development.

But, among the 125 countries which now make up the WTO, a few important, or rather decisive, names are missing in the panorama of international trade and commerce. When will Russia and China be included?

It's true. Moscow and Beijing are missing. We would like to open up to China in particular, with an enormous market of more than 1 billion people. But, because of the vastness of this market, the conditions for Beijing's joining and the persistence of its ties with the statist concept of economics must be monitored. But Taiwan and other interesting countries are missing as well. We definitely need to enlarge the WTO because the world economy is heading toward total globalization. The production of a commodity or of a service is no longer strictly anchored to a single country, but rather it can be produced independently of its location. For this reason, too, the objectives of GATT were outdated. Today, about 40 percent of all the products imported by the industrialized countries are virtu-

ally duty-free and the other 60 percent have minimum tariffs compared with the past—on the average, they are no more than 3 percent.

World commerce is a business estimated at \$5 trillion which, by the year 2005, should produce a \$510 billion increase in the annual world income. How can the explosion of commercial trade be administered?

By understanding and accepting the fact that the world situation is radically different with respect to a few years ago. Up until just a few years ago the liberalization was, in fact, a request of the rich and industrialized economies. The developing countries didn't trust it, they considered it almost an instrument for conquering their markets. Today, everything is different. The developing countries are the ones which insist on the liberalization of trade while public opinion in a few industrialized countries expresses preoccupation and some resistance.

The novelty is the fact that the true locomotive for worldwide economic growth is the exchanges between industrialized and developing countries, whose roles have become so important. Let me give an example. Two years ago the European Union exported to developing countries twice as much as it imported: \$265 billion as opposed to \$135 billion. This puts an end to the fight over commerce and unemployment. We have lost jobs, it's true, but it was "unskilled labor." In the meantime, however, we created jobs for specialized workers in the export sector that involved highly paid skilled labor. On the whole, at the end of the 1980s 20 percent of industrialized countries' exports were directed toward developing countries. Today it is 25 percent. And in the year 2000, it will be 30–33 percent. This is the confirmation of the developing countries' integration in the system of world commerce and their decisive role in the growth of both industrialized countries and in world economics in general.

How will the WTO be able to regulate these new processes?

The WTO has two basic objectives. First, to regulate trade at worldwide levels in order to guarantee the absence of barriers. Second, to establish rules and discipline by assigning to an

arbitrator the duty of ensuring that these rules are respected.

If we reflect a moment, we are participating in an immense revolution: the Chinese and the Russians are only a part of those 3 or 4 billion people who are passing from state-organized economies to market economies, from poverty to the first stage of production and consumption. This revolution has only one outlet: the liberalization of the markets. This must be guaranteed.

This universal capitalism which you propose is being criticized by a few religious groups, for example, directly by the Pope. It is being objected that your proposal won't necessarily create a freer and better society. How do you respond?

I am convinced that if there were no profit there would be no economic growth. The problem isn't the profit but the distribution. In my opinion, commercial liberty means solidarity with developing countries. Therefore, it is in accordance with the justifiable anxiety of those religious movements that are worried about concretely facing the development of the poorer countries.

But, in the more industrialized countries the protectionist instinct, which puts a brake on distribution, is far from being overcome. On this front the Americans and the Europeans are continuously exchanging accusations. For example, there is the question of television programs and cinematographic production. How do you judge the proposal by the European Commission to guarantee a 51 percent share of European films and television transmissions in Europe?

This is a problem which is within WTO competence. My duty as director-general is to promote the liberty of trade and to strengthen multilateralism. Any measure that does not go in this direction will not be backed by me.

International relationships are rapidly evolving. Therefore, they require modifications in the structures and the mechanisms that until now have regulated the exchanges. For example, doubts about the G7, the summit of the seven most industrialized countries, are being raised. It is

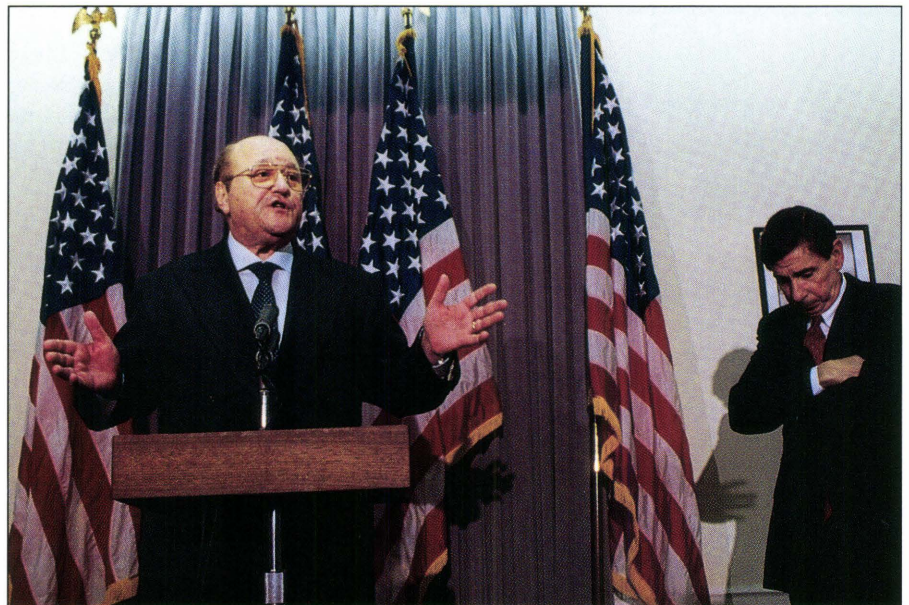
EUROPE INTERVIEW

said that the G7 no longer represents the world's economic reality, and therefore, it should be radically modified. What is your opinion?

The debate is open about how to improve the economic summits of the industrialized countries. For example, Canadian Prime Minister Chretien, before the Halifax summit, consulted the leaders of the big world organizations. Since I am convinced that today the world

Concerning Europe, isn't there the risk that it might split in two, with countries that proceed at high velocity and others that struggle to follow?

I think it is inevitable that Europe enlarges its borders, looking east. And, in order to balance the enlargement with the justifiable desire of certain members to advance as quickly as possible, which is in the best interest of everyone, there is only one method: a two-speed Europe. This need not be alarming. A two-speed Europe existed in the past, and in fact, it exists today.



Ruggiero with US Trade Representative Mickey Kantor

economy is increasingly integrated and that the markets of the developing countries are of fundamental importance to the industries of the advanced countries, I understand the needs of countries, like India, Brazil, China, and Russia. Russia, moreover, has already participated at G7 summits even if only for the political aspects. It is known that Washington isn't very satisfied with the over-representation of European regions in the G7 (Editor's Note: besides Germany, France, the United Kingdom, and Italy, the European Union, too, participates at the summits). Moreover, the growing role played by new areas of free trade must be noted, like NAFTA or APEC; these realities must be kept in mind. They are phenomena which are modifying the structure of trade exchange.

In conclusion, as an Italian, what do you think of the current political changes in your country?

Italy is not moving toward a chasm. What it has to do is find the determination and the strength to accept the new challenges of this era. It needs to make an enormous effort to reestablish a climate that will ensure its recovery. Rome has to accept to transform and modernize its own structure in order to adapt to the new revolution underway all over the world. In any case, I am optimistic. Italy has always been able to overcome moments more difficult than this one. After all, if the international community had felt that my country couldn't make it, they would certainly have never nominated me to head the WTO. ☺

Inside EUROPE

SEPTEMBER 1995

VOLUME III/NUMBER 8

EU NEWS

PAEMEN NAMED NEW EU AMBASSADOR TO US

Hugo Paemen, a 60 year old native of Belgium, will succeed Andreas van Agt as the new EU ambassador to the United States. Mr. Paemen, a senior official in the European Commission's external relations division since 1987, played a crucial role in the negotiations leading up to the 1994 Uruguay Round world trade agreements.

The new ambassador has just completed a book on the Uruguay Round negotiations entitled *From the GATT to the WTO: The European Community in the Uruguay Round*. The book, with a preface from the former GATT director-general, Peter Sutherland, will be available in the United States this fall.

Mr. Paemen is quite familiar with Washington, DC. As a career diplomat with the Belgian government before joining the EU, he served in Washington from 1974-78 as the Belgian economic minister.

"I'm delighted to come back to the United States. I was here before but for too short a period of time. I'm happy to be able to complete my diplomatic experience, which started with the Belgian foreign service before I moved onto the EU level," says the new EU ambassador.

After joining the European Commission he served as chief of staff to EU Commission Vice-President Viscount Davignon from 1978 to 1985. From 1985 to 1987 he served as the official spokesman of the first Delors Commission.

Paemen says he sees "no major problems in EU-US relations at the present time. Trade and invest-

ment are going along very well." He hopes to "bring a new, global, rejuvenated approach" to the EU-US relationship. With the changes going on in the world such as EU enlargement and possible NATO expansion, the former trade negotiator turned ambassador states, "Our overall relationship will have to adjust to the new geopolitical realities. Together, we will have to reformulate our common goals and aims."

The new EU ambassador is married to Irma Paemen and has six children. He has degrees in philosophy, classics, and political and social science. He has been a distinguished visiting professor of the Catholic University of Louvain, where he lectures in European politics. Mr. Paemen will officially begin his job



Hugo Paemen

later this month.

EUROPEANS DEMAND NEW 'WINDOWS'

Microsoft officials in Europe are reporting that early demand for the company's new Windows 95 software has exceeded the firm's expectations. Norman Wilkinson, general manager of Microsoft Ireland, told Reuters that "The advance orders now...are well ahead of our projections."

The company plans to introduce 30 local language versions of its widely anticipated new operating system, which is the third generation of Microsoft operating systems after DOS and Windows. The software will eventually be available in French, Dutch, German, Italian, Swedish, Norwegian, Finnish, Danish, Spanish, Arabic, Catalan,

EU NEWS (CONTINUED)

Japanese, Turkish, Slovenian, Basque, Hebrew, Russian, Greek, and two versions each for Portuguese and Chinese, among other languages.

Non-English software editions traditionally have yielded mixed results in Europe. In France, for example, where French language editions are mandatory in government offices, the local language version is expected to sell well. On the other hand, the English language version is expected to dominate sales in countries such as the Netherlands that have a large number of multinational companies and organizations.

SPAIN'S ACTIVE EU PRESIDENCY

Spain hopes to pursue a very ambitious program during its tenure as president of the EU Council of Ministers. Spain will host three summit meetings during its presidency, which runs until the end of December. There will be an informal heads of government summit on the island of Majorca in late September. On November 27–28 there will be a major conference on the EU and the Mediterranean countries to be held in Barcelona. The formal summit to wind up the EU presidency will take place in December in Madrid.

BALKAN REFUGEES FLEE WEST

Germany is the destination for the majority of refugees fleeing from the savage war in the former Yugoslavia. According to UN figures, more than 700,000 refugees have fled from the former Yugoslavia with

more than 350,000 settling in Germany. Germany has attracted more refugees from the Balkans than all of the other Western European nations combined.

More than 54,000 refugees have settled in Italy, and 52,000 have gone to nearby Austria. Sweden has attracted 48,500 refugees, and the Netherlands has sheltered nearly the same amount.

LOWEST COST OF LIVING

Lisbon and Athens are the EU cities with the lowest cost of living according to a recent EU study. With Brussels as the reference point of 100, both Lisbon and Athens received scores of 80. Madrid received a rating of 88, Dublin 92, and Rome 94.

Paris and Copenhagen were considered the most expensive capitals at 113. Below them were ranked Berlin and Vienna at 111. Helsinki came in at 109, and London at 107.

EU TO VIEW FRENCH NUCLEAR TESTS

The French government has agreed in principle to allow European Commission experts to observe its planned nuclear tests in the South Pacific. Commission involvement in the tests procedure stems from the requirement in the EU's nuclear treaty for countries to keep the EU executive body informed of the environmental and health effects of their nuclear tests.

The upcoming nuclear tests have been condemned by many governments around the world.

NOTEBOOK: CROATIA

In August, two-thirds of Croatia emerged with a vengeance from the shadows in which it had crouched, and pounced on the third.

In less time than it takes a group of foreign ministers to confer on yet another "negotiated settlement," the Croatian Army took back most of the territory that Serbian rebels had seized in bloody attacks four years ago. In a lightning three-day offensive, Croatia changed the dynamics of the entire patchwork of horrors that has tormented ex-Yugoslavia since the "Great Serbia" campaign got under way in 1990.

With 100,000 men, the largest force to fight in Europe since World War II, Croatia liberated the mountainous Krajina region, the geographical key to unity between the country's continental and maritime halves. Its patience worn thin, Croatia got tired of waiting for the Western powers, most visible in the person of 12,000 United Nations "peacekeepers," to make the nation whole again.

Croatia had lost not only the land, but the prosperity that should have followed from the freeing of itself

from Yugoslavia's economic millstone. Its gross domestic product fell from \$24.4 billion in 1990 to only \$16.9 billion in 1994. In addition, Croatia has had to struggle to meet the demands of feeding and housing tens of thousands of Croatian and Bosnian refugees.

The mechanized multi-pronged assault centered on the small city of Knin, which Serb rebels had declared the capital of their "Republic of Krajina." Even though the insurgents had purged Knin of most of its native inhabitants, and ruled the town with a misleading sense of permanence, they could not purge its history. In the Balkans, history, however ancient, burns with the intensity of the present.

Judging from Neolithic and Bronze Age artifacts found there, archeologists have said that Knin was the site of Arduba, where the Romans and Illyrians fought their final battle. Medieval records link the site with many early Croatian kings, including the last Croatian monarch, Petar, whose capital was at Knin.

On a hill above Knin looms one of the largest medieval fortresses in southern Europe. Over the cen-

NOTEBOOK: CROATIA (CONTINUED)

turies the fortress served as a royal castle and as a stronghold of various feudal lords. Below the fortress a settlement grew up, the origins of present-day Knin.

When Croatia regained the Krajina region, it garnered much more than territory and its own national pride. The lion's share of Croatia's foreign-exchange earnings have traditionally come from tourism on its stunningly beautiful Dalmatian Coast. Before the war started in 1991, between 8 and 10 million tourists came to Croatia every year, bringing in about \$3.5 billion. The war has cut that flow of visitors and revenue to a trickle.

With Krajina in enemy hands, the spiraling mountain highways and one particularly vulnerable bridge that link Zagreb with the coast have made passage from the capital extremely hazardous and at some times impossible.

The apotheosis of wonders on the Croatian coast is the walled city of Dubrovnik, the "Pearl of the Adriatic" cited by UNESCO as a world heritage site. Dubrovnik, which lies near the southern end of the Dalmatian littoral, with its 1,185 subtropical islands, is far from Krajina and, at this writing, still in range of Bosnian Serb artillery. This is why, in late August, some 10,000 Croatian troops were massing for an assault on the town of Trebinje, a Serb stronghold in Herzegovina only 15 miles up in the steep mountains above Dubrovnik. In the past, the Serbs have bombarded the old city of Dubrovnik and laid waste many of the luxury hotels on its outskirts. Most recently, their shells have fallen on Dubrovnik's airport, which is vital to the region's restoration as a tourist mecca.

The only sizable swath of Croatian territory still in Serb hands is Eastern Slavonia. Long before atrocities in Sarajevo took over the front pages of the world, the Serbs' utter destruction of the baroque cities of Vukovar and Osijek brought horror and disbelief. Even after Serbian forces (at the time still called the Yugoslav National Army) had seized all of Slavonia, their artillery continued to blast away until the ancient cities were reduced to rubble. The deliberate and militarily irrelevant slaughter of civilians shocked Europe.

In a mid-August interview at the Croatian Embassy in Washington, Croatian Ambassador to the US Petar Sarcevic said he clings to the hope that Eastern Slavonia will be regained peacefully. "If not," he said, "we'll use other means to reintegrate our territory."

Assuming that peace, or at least a reasonable calm, comes someday to the blood-soaked Balkans, what is the outlook for Croatia?

Even before the war, Croatia was mostly Roman Catholic. With the headlong flight from the region of the Orthodox Serbs, it will be overwhelmingly Catholic, as much so as Poland or Italy.

Just across one border, in whatever form and size Bosnia-Herzegovina assumes, will be a predominately Muslim state (though Sarajevo, at least, will try to live up to the diversity which made it famous before genocidal cleansers set out to destroy it).

Just across another border will be Serbia, as purely Serb and Orthodox as its leaders can make it.

This scenario leaves out one drastic possibility—that Croatia might conspire with Serbia to enlarge both countries by carving up most of Bosnia-Herzegovina. Strong factions in both countries favor doing just that.

Whatever lines its international borders finally take, Croatia will have little economic or cultural incentive to look to the south and east. It will inevitably seek to ally itself with the prosperous democracies to the north and west. Croatia has seen its friendly neighbor, Slovenia, succeed by turning its back on the southern republics to which it was once yoked as part of Yugoslavia. Croatia knows that only from Western Europe will come the tourists, trade, and security that can allow it to realize its economic and democratic potential.

Meanwhile the violence that was thrust upon Croatia and other parts of ex-Yugoslavia is far from over. Serbia is transshipping reluctant Krajina refugees to Kosovo, a formerly autonomous province where the tense 92 percent Albanian majority live under brutal martial repression.

And then there is Eastern Slavonia, still occupied by Croatian Serbs, just across the Danube from Serbia. Any attempt by Croatia to take back this oil-rich region could well spark an all-out invasion by the main Serbian Army, which is equipped with the massive armory it inherited from the Yugoslav federation. In such a case no one could pretend that the battles were being fought by local insurgents. It would be all-out war between two nations—with Zagreb and Belgrade themselves obvious military targets.

—Daniel Somerset

WHAT THEY SAID

"Maybe these circumstances, tragic as they are, will provide a new basis for a negotiated settlement. We're going to be working on it."

—Warren Christopher, secretary of state, commenting on the fighting in Croatia

"The close relationship between Western Europe and America has guaranteed peace, stability, and prosperity ever since World War II."

—Sir Leon Brittan, EU commissioner

"It's very hard to follow, even for people who have to follow it."

—Stefan Teloeken, spokesman for the UNHCR, in Bonn discussing the refugee problem in the former Yugoslavia

"The best homage we can render these men is to double our joint efforts for a durable solution for this terrible conflict."

—Hans van den Broek, European commissioner, writing on behalf of the Commission to Secretary of State Warren Christopher on the death of the three US envoys killed in Bosnia.

BUSINESS BRIEFS

Sweden's **Pharmacia** and **Upjohn** with headquarters in Kalamazoo, Michigan have agreed to merge forming a new drug company to be called **Pharmacia and Upjohn**. The new company, which will have its corporate offices in London, will become one of the world's largest drug companies with annual sales around \$7 billion.

•••

Ericsson, the Swedish telecommunications group, asked its shareholders for \$1.02 billion to help to consolidate its leading position in the fast-moving mobile phone market.

The mobile phone business is expanding faster than anyone had expected, according to chief executive Lars Ramqvist, and the share issue, the largest in Swedish corporate history, is needed to protect Ericsson's 40 percent of the world's cellular infrastructure market. The group, which boosted first half profits by 40 percent to \$437 million also has a 10 percent share of world handset sales.

•••

Reed Elsevier, the Anglo-Dutch publishing group, plans to go on a spending spree in the US with the proceeds from the sale of newspaper and publishing operations in Britain and the Netherlands. The group, which is expected to raise between \$1 billion and \$1.8 billion from the sale, says it has a "long shopping list" of American databases.

•••

Italy's privatization program is moving into top gear as the government readies the sale of **Eni**, the energy and chemicals giant that has transformed itself from a chronic loss-maker into the world's fourth most profitable oil company.

The government intends to sell about 15 percent of Eni, which is expected to have a stock market capitalization of between \$38 billion and \$44 billion in the biggest privatization so far.

Eni is the third biggest oil refiner in Europe and controls the sixth largest crude reserves in the world.

The upcoming sale coincides with a sudden return to profitability at Italy's 223 state-controlled firms

in 1994, only the third time in the past 10 years that their combined results have been in the black.

But political wrangling has delayed the privatization of **Stet**, the state telecoms operator, and **Enel**, the electricity utility, originally planned for the fall.

•••

French insurers accelerated their drive abroad with **Union des Assurances de Paris** (UAP) taking full control of Britain's **Sun Life Corp.** for \$817 million and **AXA** acquiring a 51 percent stake in **National Mutual**, Australia's second largest life insurer for \$800 million.

•••

The European Commission likely will seek significant changes to the planned \$5.2 billion merger between Anglo-French packaging group **Carnaud Metalbox** and Philadelphia-based **Crown, Cork, and Seal**.

The Commission's antitrust division is concerned that the merged firm, with annual sales of \$10 billion, could restrict competition in several European countries where it will have market shares of over 60 percent for some products.

•••

The relentless rise of the D-mark against the dollar and other European currencies is forcing more of Germany's leading manufacturers to mull shifting production abroad.

BMW, the luxury car manufacturer, joined **Daimler-Benz** and **Siemens** in warning that the D-mark's strength could lead to job losses and increasing investment outside Germany.

The company said its new plant in South Carolina and its **Rover** subsidiary in Britain offer "promising" potential to ease the negative impact of the strong mark.

DASA, the aerospace manufacturer, may move production to Asia, according to a leaked internal report which said the firm, a unit of Daimler-Benz, is planning 15,000 layoffs—25 percent of its payroll—by 1998.

DASA, which sells most of its planes in dollars but incurs the bulk

of its costs in D-marks, has identified Russia, India, and Indonesia as potential production locations.

•••

BAA, the British airports group, will take over the management of Indianapolis airport in October and expects to be running an Australian airport in 1996.

BAA, which owns seven British airports including London Heathrow, already runs the retailing operations at Pittsburgh. But Indianapolis will be the first complete foreign airport it will manage.

•••

Siemens, the German electrical engineering group, is to join forces with **GEC-Alsthom**, its Anglo-French competitor, to market high-speed train projects.

A sales merger would create a powerful force on the world market as GEC Alsthom builds the TGV (Train a Grand Vitesse) and a Siemens-led consortium manufactures Germany's Inter-City Express (ICE) train. Their major rivals are the Japanese firms that build the Shinkansen, or bullet trains.

Heinrich von Pierer, Siemens' chief executive, said the idea of the alliance was based on Airbus, the four-nation European aerospace consortium.

The plan for an "Airbus on Rails" follows the merger earlier in the year of the railway equipment operations of **ABB**, the Swedish-Swiss group, and **Daimler-Benz**, the German industrial group.

—Bruce Barnard

INSIDE EUROPE Correspondents

Bruce Barnard
Daniel Somerset

Photo: Sandra Auman
Reuters contributed to news reports in this issue of
Inside Europe.

Inside Europe is published by the Delegation of the European Commission, 2300 M Street, N.W., Washington, DC 20037.

The contents of this newsletter do not necessarily reflect the views of the European Union institutions or the member states.

Please note there is a \$4.00 shipping and handling charge per shipment of free publications requested from the Bookshelf. Payment must be in the form of a check or money order payable to: E.C. Delegation.

EU BOOKSHELF

SEPTEMBER-OCTOBER 1995

To order these publications, please check the desired items, fill out the order form and enclose a self-addressed mailing label.

European Integration: The Origins and Growth of the European Union. *European Documentation, Commission, Brussels, 1995, 80 pages.* Basic brochure on the history, institutions, and policies of the Union. **Free**

The Single Market. *Europe on the Move, Commission, Brussels, 1995, 44 pages.* Outline of the policies for the free movement of people, capital, goods and services. **Free**

The European Union's Cohesion Fund. *Europe on the Move, Commission, Brussels, 1995, 8 pages.*

Commission's Programme for 1995. *Bulletin of the European Union, Supplement 1/95, Commission, Brussels, 1995, 69 pages.* Policy framework for 1995 and related speeches by Commission President Jacques Santer. **Free**

European Community Competition Policy 1994. *Commission, Brussels, 1995, 47 pages.* Summary of the 1994 policy report. **Free**

The Application of Competition Rules in the Telecommunication Sector: Strategic Alliances. *Competition Policy Newsletter, Vol. 1, No. 4, Commission, Brussels, 1995, 68 pages.*

The European Investment Bank: The European Union's

Financial Institution. *European Investment Bank, Luxembourg, 1995, 21 pages.* 1995 edition. Basic brochure on the EIB. **Free**

The European Investment Bank Annual Report 1995. *European Investment Bank, Luxembourg, 1995, 131 pages.* **Free**

Close on ECU 20 Billion Lent in 1994. *EIB Information No. 83, February 1995, 16 pages.* **Free**

Humanitarian Aid of the European Union: Annual Report 1994. *Commission, Brussels, 1995, 44 pages.* **Free**

Publications 1995. *Office for Official Publications, Luxembourg, 1995, 291 pages.* Cumulative catalogue of publications 1985-1994. **Free**

Agriculture Statistical Yearbook, 1995. *Statistical Office, Luxembourg, 1995, 238 pages.* Contains the most important statistical data dealing with the EU agriculture, forestry, and fisheries sectors for the most recent year. \$20.

Causes of International Migration: Proceedings of a Workshop, Luxembourg, 14-16 December, 1994. *Statistical Office, Luxembourg, 1995, 274 pages.* Considers the factors that influence the growth, continuation, composition, and direction of international migration to the countries that make up the European Union. \$25.

Demographic Situation in the European Union, 1994 Report. *Commission, Brussels, 1995, 86 pages.* Presents detailed demographic data on the European Union. Covers: age structures; households; population; migration; and much more. \$18.

Digest of Statistics on Social Protection in Europe, Volume 5: Sickness. *Statistical Office, Luxembourg, 1995.* Gives comparable statistics on sickness and brings together data on different types of benefits specific to each of the Member States. \$30.

Europe in Figures, Fourth Edition. *Statistical Office, Luxembourg, 1995, 255 pages.* Featuring lavish color diagrams and photographs, this work presents information on more than 30 subjects covering the entire socio-economic situation in the EU. With comparisons to the United States and Japan. \$20.

European Communities, Economic and Social Committee Annual Report, 1994. *Economic and Social Committee, Brussels, 1995, 117 pages.* Analyzes the work of the Economic and Social Committee in 1994. It looks in particular at the Committee's influence within the Community's decision-making process, the Committee's image in the media, and the role played by the groups on the Economic and

Social Committee. \$35.

Handbook on Equal Treatment for Men and Women in the European Community. *Commission, Brussels, 1995, 243 pages.* Examines equal treatment for men and women throughout the Union, and discusses relevant legislation, the jurisprudence of the Court of Justice and other references. \$75.

Information Exchanges Among Firms and Their Impact on Competition, June 1994. *Commission, Brussels, 1995, 119 pages.* Looks at the incentives for information exchange among firms and their consequences for welfare with a view toward the design of competition policy. \$30.

National Accounts ESA-Aggregates, 1970-1993. *Statistical Office, Luxembourg, 1995, 227 pages.* Highlights main aggregates of the national accounts for the EU, the United States, and Japan. Shows both current and constant prices. \$20.

Labor Force Survey Results, 1993. *Statistical Office, Luxembourg, 1995, 259 pages.* Presents the main results of the labor force survey. Covers: total population; unemployment; professional status, weekly working hours; and persons seeking employment. \$35.

ORDER FORM-FREE PUBLICATIONS

Mail to Bookshelf Orders, European Union, 2300 M Street, N.W., Washington, D.C. 20037.

Please send me the free items I have checked. Enclosed is a self-addressed mailing label.

Enclosed is \$4.00 check or money order for shipping and handling payable to E.C. Delegation.

Orders accepted for shipment to U.S. addresses only. Please allow 3 weeks for delivery.

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

ORDER FORM-PRICE PUBLICATIONS

Mail to UNIPUB, 4611-F Assembly Drive, Lanham, MD 20706-4391. 1-800-274-4888 (US), 1-800-233-0504 (Canada), 1-301-459-7666.

Please send me the price publications I have checked above. NOTE: Add postage and handling as follows: US, 5% or \$3.00 min. Outside US, 8% or \$4.00 min. State and local taxes: MD-5% and NY-varies.

_____ My check for \$_____ is enclosed. (Orders from individuals MUST BE PREPAID before publications are sent.)

_____ Please send me the free European Community Catalog of Publications.

VISA MasterCard Number _____

Expiration date _____ Signature _____

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____



Then GATT Director-General Peter Sutherland at the Uruguay Round signing ceremony last year in Marrakech.

FORMER GATT AND WTO DIRECTOR-GENERAL

Peter Sutherland

EUROPE INTERVIEW

Peter Sutherland, the former director-general of the WTO and GATT, spoke with *EUROPE* Editor-in-Chief Robert J. Guttman in Dublin recently. Sutherland, formerly an EU Commissioner has now become general partner and head of the international arm of Goldman Sachs. He is also on the boards of British Petroleum in London and Investor Group in Stockholm.

What's your feeling now that you've left Geneva? Are you satisfied that your successor Renato Ruggiero and the WTO are off to a good start? Do you see any major problems?

He is off to a good start, and he will be a very effective director-general of WTO. I was happy to be the first one, albeit for a short period. Looking at the WTO as a sort of court is the wrong way to look at what the WTO's meant to be doing. It's meant to be finding solutions to problems

rather than acting as a policeman. If it comes to that, I believe the construction is sufficiently robust and strong to be able to deal with the issue by making a decision, but I hope that it can be recognized that the correct way is to do it in a different way.

The topic now being discussed in the US and Europe is TAFTA, a transatlantic free trade agreement. What do you think of such an agreement?

I've heard a little talk about a free trade area across the North Atlantic, but I've heard no one describe exactly what they mean by it. I can make two observations about it. First of all, if that's intended to be a cozy club of the rich to keep out the poor, it's a pretty bad idea, and I'm absolutely opposed to it. If, on the other hand, what you're talking about in terms of free trade areas across the North Atlantic is the reduction of tariffs and other inhibitions to trade across the Atlantic but which will also be available to everybody else in the world, including the poor of the world, then I'm in favor of it. But I rather suspect that the people who are talking about a North Atlantic free trade area are talking about the former. And if they are talking about the former, they're talking about a type of protectionism which is unacceptable.

How would you define the EU and what would you say have been its major accomplishments?

First of all, I would say it's the most noble political experiment of this century. It is an attempt to deal with the most recurring difficulty in political society, which in my mind is extreme nationalism. It is to recognize that people can live together with structures which are overarching and which involve the sharing of sovereignty, which means that the decision-making is not exclusively made within the borders by any state when it has an impact on other states. So, therefore, to me, the European Union is the thing that politically moves me most and gives me the greatest sense of having been a participant. I have the greatest sense of achievement in terms of political institutions.

As I said at the outset, I think it is a truly noble idea, and anybody who's

read the history of France and Germany over the last two centuries will see that the peace we've had in Western Europe now seems to be firmly entrenched to such an extent that people can't conceive of it being otherwise. That peace has been achieved largely as a result of the magnanimous attitude, first of all from the United States in recreating Europe through the Marshall Plan. I would also say it has been achieved through the significant, constant support of the United States for the idea of European Union, because they recognized how important it could be.

How important is it for the EU to bring in Central European countries? Do they need to do it quickly?

It's highly desirable that Central European countries should be brought into the European Union as quickly as the institutions that they are joining can handle them, but neither they nor anybody else wish that they should join the European Union and destroy the very thing that they wish to join. So it's a question, therefore, of a willingness on the part of the existing members of the European Union to modify the structures without diluting the shared sovereignty which exists in order to facilitate the accession of these countries. Once those countries are ready and willing to accept the disciplines that this entails, and that's a difficult conundrum, [the enlargement should then proceed]. But we have to recognize that this enlargement should not be used as a means to destroy the core principles the EU is about, because that would be self-defeating.

Are we going to see economic and monetary union (EMU) in this century?

Anybody in the business of forecasting the future would have to do it frequently and at short intervals in the present environment. So I'm not going to give you an absolute prognosis as to when it's going to or how it's going to happen. All I can say is what I want to happen. I want [EMU] to happen. I want it to happen quickly. I don't believe it's going to happen before 1999. I'm hopeful that it will happen. I hope that it isn't going to be allowed to wither on the vine.

Is there an entity called "Europe?" Do you believe there's something called Europe that exists today?

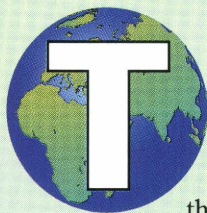
I'm an Irishman. I'm proud to be an Irishman, and I wouldn't want to be anything else, but I'm also proud to be European. I don't see any contradiction between the two. Nobody talks about homogenized Europeans. Anybody who thinks you can convert an Irishman to an Esperanto-speaking nonentity or a Spaniard or an Italian or an Englishman or whatever is living in cloud cuckoo land. So I don't believe there's a contradiction. I'm Irish, proud to be Irish, proud to be European, and quite happy to work for both, which I think are complementary.

What do you think is the major economic problem facing Europe today?

Unemployment.

How's it going to be solved?

It's not going to be solved by turning pictures of the portraits to the wall. I mean you can't ignore the realities of the world we're living in. We have to be competitive, and it's only going to be solved by working harder on investment, and it's only going to be handled by relying on the skills that we have, which are the areas of developing high-tech industries, and using the educational and infrastructural abilities that we have. There's no reason why Europe should have an unemployment rate touching 12 percent to the United States' 5 percent. There's no reason why we can't compete. We're not in a negative situation. I think Europeans are the great manic depressives of the world. I really think that Europe is determined to ride the crest of the wave. Up until 1992, everybody thought Europe was really taking off, and now we're entirely depressed; it's either one thing or the other one. We face challenges like everybody else. Our main one's unemployment. But we have great strengths, and not the least of those are cultural strengths and strengths relating to basic beliefs and human rights and core values of that kind. We can contribute to the world. ☺



The fledgling World Trade Organization (WTO) has hit the ground running, confronting the challenge of running the new world trade order that is emerging after the successful GATT agreement and the absorption of the former communist bloc into the global trading system.

It will be some time yet before the WTO earns its place alongside the other major international economic institutions, notably the International Monetary Fund and the World Bank.

But, in its short life, the Geneva-based body has attracted more headlines than its counterparts in Washington, following a series of high profile trade spats between its key members, the United States, Japan, and the 15-nation European Union.

The WTO, officially established on January 1, had an inauspicious start with a protracted and acrimonious row over who should be its first director-general. The eventual winner, the EU's candidate and former Italian trade minister Renato Ruggiero, was immediately plunged into controversy as the US sidestepped the WTO and locked horns with Japan over alleged restrictions on import of American car parts. The EU was sucked in from the sidelines, warning it wouldn't tolerate any deal that gave US exporters preferential treatment in Japan.

But the WTO got a welcome break at the end of July when the European Union, Japan, South Korea, and 30 other countries, signed a global agreement to liberalize trade in financial services. The interim pact that will run until the end of 1997 was engineered by the EU after the US walked out of the negotiations at the WTO's Geneva headquarters.

The agreement will "unclog the financial arteries of the global market by providing cheaper, higher quality capital for companies," said Sir Leon Brittan, the EU's trade commissioner.

"It shows the WTO has earned its colors after just seven months," Sir Leon added.

However, there are increasing signs of protectionist sentiment in Congress and even in the EU where trade tensions have been exacerbated by the slump in the value of several key currencies which has given a competitive boost to exporters in Britain, Spain, and Italy at the expense of their hard currency rivals in Germany and France.

Against this is the fact that Russia and China, which once shunned international trade, are clamoring to join the WTO. They are now big players: China is ranked eleventh in the WTO's world merchandise export league and Russia is twentieth.

WTO diplomats say talks with Moscow and Beijing could take up to three years, with China most likely to join first. Minoru Endo, Japan's ambassador to the WTO, says there are "mountains and oceans to be crossed" before Russia can be accepted as a member.

But can the WTO deliver on GATT's promise to create a more open prosperous trading environment? It's too early to

judge. But at the end of the day, the success or failure of the WTO lies in the hands of the world's three big trading powers, the US, the EU, and Japan.

And despite the undoubted success of the Uruguay Round and the worldwide move toward liberalization, hastened by the end of the cold war, there are real dangers of slippage.

Sir Leon Brittan detects a lack of political will to maintain the momentum toward freer trade. "After the success of the Uruguay Round...too many countries seem to want a fallow period in the liberalization process. Consolidation is their slogan and the result is apathy."

Fortunately, the WTO has got some useful weapons to carry out its job as the world trade watchdog. It has the power to sanction offenders, including the ordering of compensation, and nations that refuse to comply will face authorized trade reprisals.

The WTO's rules are much stricter than the GATT's. The settlement procedure in trade disputes, for example, is automatic and only a consensus can block it. This contrasts with the GATT where a consensus was needed to move a disputes procedure forward, in other words, allowing the guilty party to block it.

The WTO is already involved in nitty-gritty negotiations over key sectors that were excluded from the Uruguay Round, notably financial services, maritime transport, basic telecommunications, and labor issues.

These sectors represent an estimated 10 percent of total world trade in commercial services of more than \$1 billion.

The negotiations aimed at reaching agreement to liberalize telecommunications by April 1996 are taking place against a background of frantic activity around the world as telecom monopolies are being dismantled and privatized and telephone services liberalized.

The chances of striking an agreement to liberalize global shipping by a June 1996 deadline seem remote because of US opposition.

The WTO is also tackling fresh areas, for example, the legal protection of intellectual property—through patents, copyrights, and trademarks, which will become a key part of world trade rules.

One of the WTO's three councils will oversee the Uruguay Round agreement on the trade related aspects of intellectual property which obliges WTO members to grant and enforce patents lasting at least 20 years and copyright normally lasting 50 years.

The WTO will thrive because no one can do without it. The world's trading nations, even the big players, need a multilateral body like the WTO to create new opportunities for their industries. "It is a profound mistake to believe that even the most powerful countries can effectively open up markets on a bilateral basis," said Sir Leon Brittan.

There are signs that the US may rejoin the financial services negotiations at a later date, signaling that Washington realizes the limitations of a unilateral approach, even for the world's biggest economy. ☺

The World Trade Watchdog Has a Big Bark

By Bruce Barnard

Your Essential Guide to the European Union

EUROPE IN FIGURES

FOURTH EDITION

Published by the Office for Official Publications
of the European Communities (EUR-OP)

THROUGH THE USE OF DETAILED GRAPHS AND CHARTS,
THIS WORK PROVIDES YOU WITH A COMPREHENSIVE

REVIEW OF EUROPE'S MOST
IMPORTANT ECONOMIC AND
SOCIAL FIGURES FOR THE
LAST YEAR. FULL COLOR
MAPS AND PHOTOGRAPHS
SHOW COUNTRY COMPARI-
SONS ON A WIDE RANGE OF
TOPICS, INCLUDING:

Complete break from the
traditional and often
very dry
presentation of
statistics

- MONEY AND FINANCE
- STANDARD OF LIVING
- RESEARCH AND DEVELOPMENT
- AGRICULTURE
- EDUCATION
- TRADE

A MUST-BUY FOR LIBRARIES, RESEARCHERS, AND ANY-
ONE INVOLVED IN INTERNATIONAL BUSINESS.

1995, 256PP, PBK, ORDER NO. CA-87-95-701-EN-C,
\$20.00, STANDING ORDER NO. 814.00245



Sole Official North American
Agent for EC Publications
4611-F Assembly Drive
Lanham, MD 20706
Call Toll-free 800-274-4888
Fax Toll-free 800-865-3450
Internet: query@kraus.com

STOCKHOLM

By Robert J. Guttman

BEYOND THE STEREOTYPES

Looking out the window of the plane as we started our descent into Stockholm, I felt as if I was getting ready to land in Northern Michigan where my family has a summer house. The scenery is very similar.

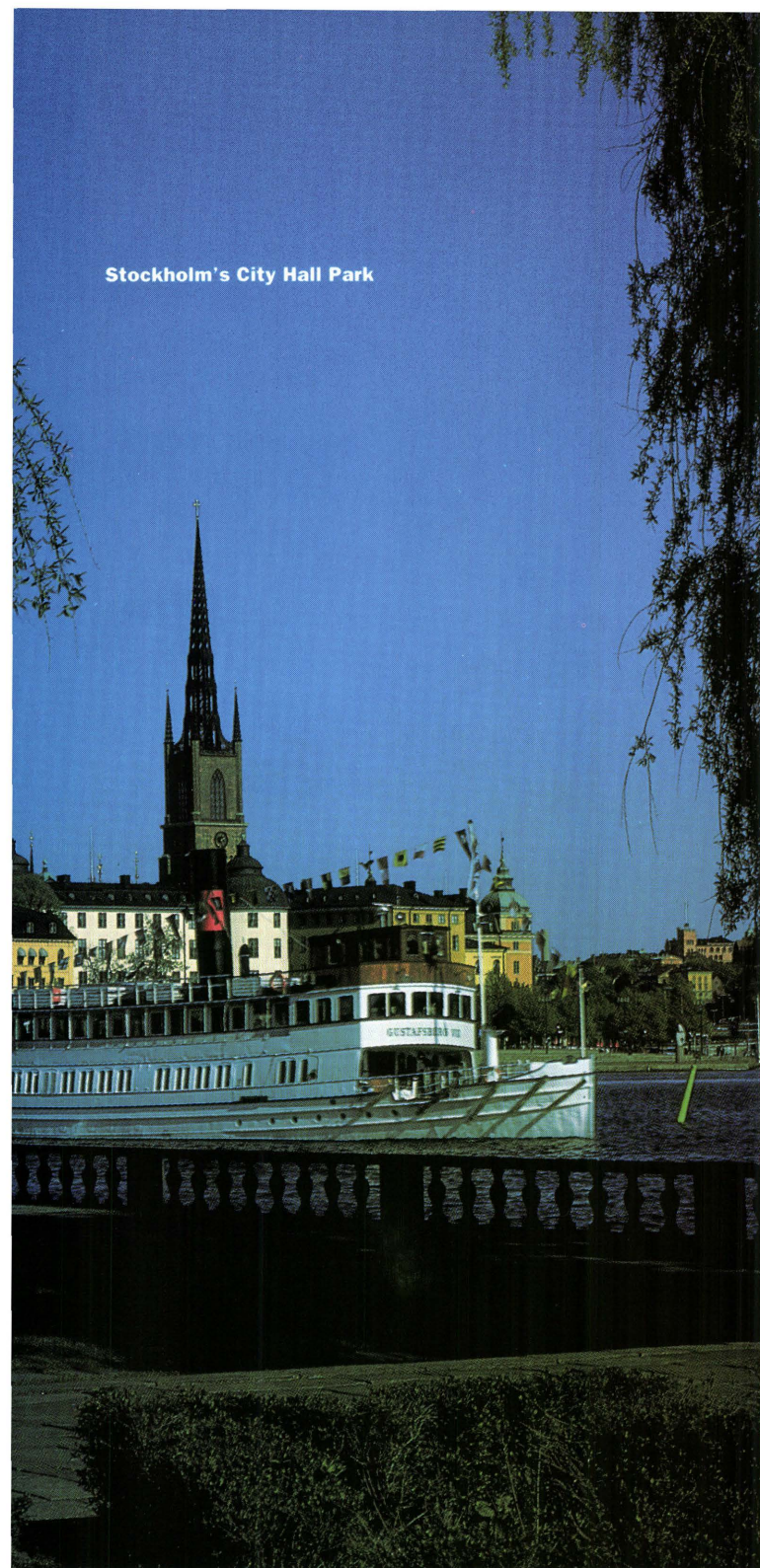
The capital of Sweden is one of the most beautiful capital cities in all of Europe with some of the cleanest air and water of any capital I have ever visited.

Stockholm, calling itself “Beauty on Water” and the “Venice of the North,” is built on 14 islands where Lake Malaren meets the Baltic Seas. Water covers one-third of the city area. It is an ancient city, with its first official written history beginning approximately 700 years ago.

Its long history, however, has not prevented the Swedish capital from becoming a modern and progressive city and one that enjoys showing off its beauty and innovative spirit. Stockholm is currently preparing to host several major international events by the end of the century.

Two years from now the city will host “Exposition 1997 Stockholm,” which will focus on technology, science, and environmental topics. The Expo, with the theme “The Creative

Stockholm's City Hall Park



Human Being," comes exactly 100 years after the Stockholm Art and Industrial Exhibition in 1897. Parts of the expo will take place in the beautiful Ecopark, a large, nature reserve area located east of the city which is set to become the world's first national trust city reserve this fall.

Stockholm is also getting ready for its stint as the European Cultural Capital in 1998. A company has been established by the city to plan the events for 1998. Stockholm will promote itself as the cultural center of the entire Baltic region. Work has already begun on new buildings for the Museum of Modern Art and the Swedish Museum of Architecture, both of which will be key parts of the city's celebration.

Additionally, Stockholm, which hosted the Olympics in

1912, is preparing a bid to host the Olympic Games in 2004. Planning for an Expo, the Olympics, and a year as Europe's Cultural Capital is certainly a handful for this city on the move.

How often do you get to see an intact ship from the year 1628? The city of Stockholm salvaged the *Vasa*, "the pride of the Swedish fleet," in 1961, restored the ship and made it into an informative and entertaining museum. *Vasa* actually sunk on her first journey out to sea only about a mile from shore.

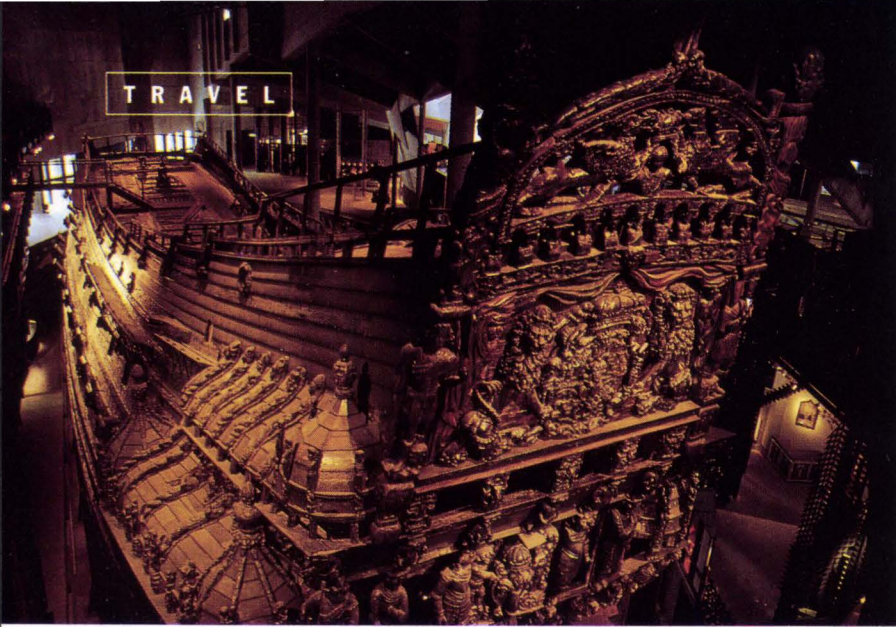
The Vasa Museum is one of the most popular tourist spots in Stockholm. It is built in a modern building near the site where the *Vasa* was actually constructed more than 300 years ago.

As the Vasa guidebook states, "The *Vasa* was so well preserved that, after being salvaged, she was able to float unaided." When I asked a guide why the ship just didn't rot away after all these hundreds of years I was told that "the Baltic Sea is unique in that there are no ship worms that destroy all wood as there are in saltier seas. Wooden vessels that sink in the Baltic are therefore preserved for centuries, indeed millennia."

In my opinion, this is one of the best and most interesting sites to see in Stockholm. To once again quote the guide-

Stockholm's annual August Water Festival





The *Vasa* was left remarkably intact after more than 300 years under the sea.

book, "The *Vasa* is a time machine that witnesses to life on board ship and on land in the early 17th century." You really get a feel for how people lived back in the 1600s by viewing the restored ship and all the other exhibits in the colorful museum.

Even though the Swedes promote their 17th century Drottningholm Palace as "Sweden's Versailles" the comparison is not necessary as this charming palace stands out entirely on its own merits. Located outside of town on the river this is the actual residence of the royal family. The Drottningholm Court Theater located on the grounds of the palace is still in use today. The theater in its original setting puts on operas and concerts throughout the summer.

The Royal Palace located on one of the downtown islands near the Old Town area is the place to view the changing of the guard. Tours of the castle are a must. It is very impressive and very opulent. The palace is still used for essential monarchic functions such as receiving new ambassadors. All new ambassadors who meet with the king are driven by horse and carriage to the palace.

Unlike most city halls, Stockholm's is world famous. All of the Nobel prizes, except for the peace prize which is awarded in Oslo, are presented to the laureates every December 10 in the ornate Blue Room, where the Nobel banquet is held every year.

Gamla Stan, the original old town of Stockholm, has today become the tourist center of the city. Gamla Stan features numerous restaurants and crystal shops. I ate at one of the Old Town restaurants called *Fem Sma Hus* (Five Small Houses) and felt as if I were in an old castle. I had excellent fish and even sampled some reindeer meat.

Walking back to my hotel I strolled through *Kungsträdgården* (the King's Garden) which is one of the city's most popular meeting places...in warm weather. It is a gorgeous park alive with lots of activity, including people playing chess on gigantic chess boards.

Located near the park is the Opera House of Stockholm. It is yet another of Stockholm's impressive buildings. An excellent place to have lunch is the Opera Cafe.

Other sites to visit in Stockholm include Skansen, the oldest open-air museum in the world featuring buildings from all over Sweden; the Medieval Museum; the Historical Museum; and the tallest building in town, Kaknas Tower.

If you have enough time you should take a boat ride along the Stockholm archipelago. There are more than 24,000 islands you can cruise by, stay overnight on, or take a picnic for a half-day visit.

I would like to return to Stockholm to attend the annual Water Festival held downtown during August. Although the main aim of the Water Festival is to promote the conservation of the Baltic Sea, I'm told that most people seem to view the festival as just a good time, participating in water sports and enjoying a city-wide party.

The **Grand Hotel** is considered one of the premiere first-class hotels in town. Even if you don't stay there it is worth stopping by for a drink and looking out over the sea from their bar and restaurant.

My recommendation for a centrally located hotel in the middle of Stockholm would be the **Sheraton Stockholm Hotel and Towers**. It was convenient for all my appointments downtown and in walking distance to the Opera and the Old Town area.

The expansive view from my room at the Sheraton Stockholm included the harbor, city hall, and the Old Town. The hotel can rightly boast of some of the largest rooms in town. And the staff is very children friendly as well as being attentive to business travelers. I had several wonderful Swedish smorgasbords and sat outside for dinner several evenings while staying at the hotel.



The Nobel Laureates, except for the Peace Prize winner, are recognized in the ornate Blue Room of Stockholm's City Hall.

The Sheraton is actually two hotels in one with the Towers being the more elegant place to stay. At check-in at the Towers, guests are offered a glass of champagne. Also, all the Towers rooms have their own balconies.

The Rolling Stones stayed at the Stockholm Sheraton when they began their *Voodoo Lounge* tour this summer.

When I asked a longtime Swedish cab driver what he did to survive the long winters he responded that he had the perfect answer to Sweden's cold winter months. He keeps a place in Italy and spends the winters there. ☺

Robert J. Guttman is EUROPE's editor in chief.



Crash! Boom! Bang!

Swedish pop group Ace of Base hopes to pick up where ABBA left off.

Roxette, Ace of Base, Dr. Alban—

they may still not be household names in the United States, but to a generation of radio-listening, record-buying, and MTV-watching young Americans, they are among today's pop icons. But what do this rock duo, reggae-pop quartet, and dentist-turned-dance-house mega star have in common, besides the fact that they are selling millions of records around the world?

The answer is as simple as it is unexpected—Sweden. To speak of a “Swedish invasion” may be overstating the case a bit, but the truth is pop music is quickly becoming one of Sweden's most important export industries. And this is one export success story that cannot be explained by the sharp drop in the krona, the Swedish currency. At a time when confidence in Sweden is faltering, despite a recent

economic upturn, these pop-rock ambassadors may be welcome flashes of light in the darkness.

To ascribe this success to a particular Swedish “sound” would be to miss the mark. Swedish bands of all categories are enjoying the adoration of millions of fans around the world, from the United States to South Africa, from South America to Japan. They include all kinds of acts, from mainstream pop music to techno-house disc jockeys to progressive and hard rock bands. While MTV audiences in Europe are enjoying the offbeat videos of progressive band Whale, club-goers in the United States are dancing to favorites such as Clubland, and for the more burlesque, Army of Lovers.

If this Swedish “invasion” is an invisible one, it is probably because most of the record-consumers contributing to the success don't realize where these bands are coming from. Indeed, there is not much in either the music, the names, or even the looks to suggest any Scandinavian link. With a load of successful artists (many of them black) like Papa Dee, Rob 'n' Raz, Jennifer Brown, and Neneh Cherry (who grew up in part in Sweden), Sweden is showing a multi-cultural side that may still be unknown to the uninitiated, shattering a myth of Swedes all being blue-eyed and blonde with a northern cold reserve.

Most people agree that the foundation for today's successes of Swedish

Swedish Pop Takes the World by Storm **By Jonas Weiss**



Black Swedish artists like Dr. Alban are breaking down the stereotypical image of Swedes all being blond and blue-eyed.

pop music was laid in the 1970s. That Swedish pop tradition can be summed up in one well-known word: ABBA. After bursting on the scene with hits such as "Waterloo" and "Dancing Queen" in the mid-1970s, ABBA enjoyed a decade of pop-superstardom before breaking up. To date, their total record sales (not counting singles) have reached 60 million, and their music is still played on dance floors around the world. But as the aging ABBA members have moved on to solo careers that have included composing musicals as well as folk tunes, their 1990s heirs are aiming for their seemingly unbeatable sales record.

Per Gessle and Marie Fredriksson grew up in the same small coastal town in southwestern Sweden and were both already well established stars in Sweden when they decided to get together and record a few songs in English, just for

fun. The project, which was meant to be a one-time effort, was named Roxette. A couple of smaller hits in 1986 preceded the release of the album *The Look* which suddenly placed them on the world map in a way unheard of for a Swedish band since ABBA. (Incidentally, the accompanying video for the single "The Look" caused quite a stir in the US, as it depicted Marie Fredriksson playing guitar while seated on top of a toilet.) Already at this time, songwriter Per Gessle displayed an uncanny talent for thinking up song titles to match the duos adventures—most notably, on this album, "Dressed for Success." Contributing the love theme for the blockbuster movie *Pretty Woman* did not exactly hurt their careers, and suddenly the one-time hobby project had become a multi-million dollar enterprise.

Roxette's next album, *Joyride*, sold 10 million copies worldwide, grossing some \$120 million. Last year, the *Joyride* led to *Crash! Boom! Bang!*, the duo's fourth album. The release of that album in April

1994 was accompanied by a promotional tour that took Gessle and Fredriksson from Stockholm through 12 other European countries and on to the United States, Canada, and Japan. The promotional budget alone was an estimated \$2 million.

To date, Roxette has sold 20 million records worldwide, after four albums, and its two members have acquired a personal wealth (placed in various companies) that reaches hundreds of millions of Swedish crowns in Sweden alone. It remains to be seen whether they can match ABBA's sales in the long run.

And if Roxette don't do it, there may be others who will. Göteborg quartet Ace of Base (consisting of three siblings, Jenny, Malin, and Jonas

Berggren plus Ulf Ekberg) just recently released its second album. The first, *Happy Nation* (a fair description of the group's dance-friendly music) has sold 16 million copies worldwide since its release in 1992. In 1993, *Happy Nation* was released in the United States, renamed *The Sign*, but real Basemania did not hit the US until early 1994. The album's American title track hit the US chart's number one spot (a feat accomplished by no other Swedish acts except ABBA, Roxette, and, in the 1970s, Blue Swede) and at that year's *Billboard* magazine music awards ceremony, Ace of Base was named Best New Band, and "The Sign" received the Best-Single Award.

For the three former university students and a chef, the classroom and kitchen are but memories. Now full-fledged professionals, Ace of Base waits to lead a new Swedish onslaught on the worldwide music market. Still, the question of what lies behind these Swedish successes has yet to be answered. Perhaps one can find a few possible clues in the names of two of Per Gessle's (of Roxette) Swedish companies: "Happy Accident Music" or "Music or Money"? ☺

Jonas Weiss is EUROPE's Stockholm correspondent.



Hit duo Roxette is well-known to music video watchers the world over.

Letter from the Arctic Circle

Wading in an icy cold river in a desolate region of Russia above the Arctic Circle is not everyone's idea of a perfect holiday. But wealthy Americans—North and South—and Europeans (and even one from South Africa) are flying to Murmansk, the bleak Russian port known best as a submarine base, and then traveling on by former Red Army helicopters to the wilderness. And they are paying around \$9,000 for what they consider a privilege.

These people are fishing nuts, always prepared to go the extra mile and pay the extra dollar in search of rivers full of salmon. Up in the Kola Peninsula by the White Sea, 150 miles from the nearest road, they have found their heaven.

The region was discovered by middle-aged Finnish fishing fanatic Eero Pettersson. Like any Finn concerned about the security of his neutral nation he has always kept an eye on this northern outpost of the ex-Soviet Union which has traditionally bristled with military bases.

The collapse of communism made him look anew. A reconnaissance trip confirmed his impression that the region was ready for a new destiny, based on wealthy international fishermen, people he describes as "practitioners of a high quality hobby prepared to pay heavily to go to the best places."

Pettersson guarantees fish galore and organizes the logistics so that the Kola wilderness is less rugged without being overly comfortable. Anglers first fly to

Helsinki before switching to charter planes for Murmansk and then the helicopter ride over unspoiled forests of pine and birch.

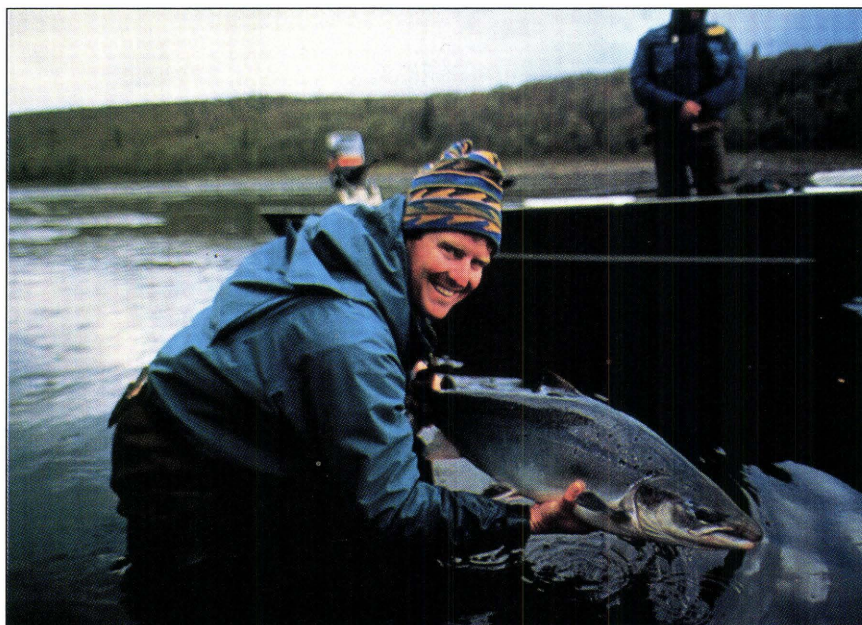
Pettersson, who originally negotiated

the sheer number of them puts the Ponoï in the world record category.

This summer, between June 2 and 9, 23 rods landed 1,016 salmon in six days, a world record. Pettersson states, "Even the slowest weeks at Ponoï has produced an average 15 fish per 6-day rod week. This takes into account

guests ranging from 10 to 85 years old, from first time fly fishermen to those who have "seen and done it all before."

Pettersson has been organizing fishing trips all his life. In the past, he sent anglers to Alaska, Northern Canada, and Africa. The change in the big neighbor next to his native land has enabled him to expand his operation—his head office is in Helsinki with a US office in Wexford, Pennsylvania, and a European office in London. A branch of



Catching Arctic salmon on Russia's isolated Ponoï River is many an angler's dream.

the concession with the staff of then President Gorbachev, has a 10-year lease on 50 miles of the pollution-free Ponoï and 50 miles of tributaries. He now flies in hundreds of anglers per season and has reached the 1,200 mark since he first opened up the Ponoï five years ago.

This is fly fishing on a catch-and-release basis and last year alone Pettersson's anglers caught some 6,600 Atlantic salmon bringing the total catch over the past three years to 20,000. Except for those eaten around the campfire or in the camp's restaurant, all the fish went back into the river.

The salmon, ranging generally from 7 to 15 pounds, may be smaller than some whoppers found in Norway, but

the concession with the staff of then President Gorbachev, has a 10-year lease on 50 miles of the pollution-free Ponoï and 50 miles of tributaries. He now flies in hundreds of anglers per season and has reached the 1,200 mark since he first opened up the Ponoï five years ago. This is fly fishing on a catch-and-release basis and last year alone Pettersson's anglers caught some 6,600 Atlantic salmon bringing the total catch over the past three years to 20,000. Except for those eaten around the campfire or in the camp's restaurant, all the fish went back into the river. The salmon, ranging generally from 7 to 15 pounds, may be smaller than some whoppers found in Norway, but

the concession with the staff of then President Gorbachev, has a 10-year lease on 50 miles of the pollution-free Ponoï and 50 miles of tributaries. He now flies in hundreds of anglers per season and has reached the 1,200 mark since he first opened up the Ponoï five years ago. This is fly fishing on a catch-and-release basis and last year alone Pettersson's anglers caught some 6,600 Atlantic salmon bringing the total catch over the past three years to 20,000. Except for those eaten around the campfire or in the camp's restaurant, all the fish went back into the river. The salmon, ranging generally from 7 to 15 pounds, may be smaller than some whoppers found in Norway, but

However, fishing up in the Arctic, even in the high seasons (June to mid-July and September) is more than getting soaked. Americans, who make up 65 percent of the anglers, are being offered increasing creature comforts for their \$8,000 to \$9,000 fishing packages. The tents have wood floors, electricity, a small sink, a wood stove, while there are proper beds with extra large sleeping bags. Toilets are outdoors but the Finns have added a sauna.

These same Finns, whose love of food and drink is second to none, have installed a central dining tent with international chefs serving—naturally—variations of salmon, but also beef tenderloin and other dishes flown in from Helsinki.

And there's the "Hammer and Sickle" bar, next to the fly-tying bench, designed, says Pettersson, "for exchanging fish stories" and vodka toasts.

—Alan Tillier

VIENNA

DON'T MISS GRAZ

Visitors to Austria tend to restrict their itinerary to Vienna and Salzburg, skipping Graz, the ancient capital of the province of Styria. That's a shame because they are missing out on a delightful and historic city surrounded by an equally pleasant and varied countryside, dotted with a whole series of medieval castles and mansions.

Graz is the second-largest city in Austria, yet it doesn't overwhelm with its size. On the contrary, it invites the most pleasant walks and offers a lot of appealing visual history, much of it a reminder of its imperial past.

Sitting on the Mur River, Graz was somehow bypassed by the Romans. It takes its name from an old fortress that once stood on the 1,500-foot high Schlossberg, the castle hill in the center of town, dominated today by the imposing Clock Tower, with its circular wooden gallery, built in 1556.

There were once fortifications up here, but they were destroyed in 1809 on the orders of Napoleon after he had defeated the Austrians. Today, one can climb the stairs to get to the top, or one takes the quaint cable railway up the Schlossberg.

In the heart of town, the most dramatic landmark is the 17th century Armory, which on its four floors houses no fewer than 30,000 exhibits, ranging from



Schlossberg is one of the many Austrian castles located near Graz.

rows and rows of shiny armor to helmets, pikes, muskets, pistols, and other accouterments of war and battle. The Armory rates as the largest historical arsenal in the world.

Walk a little further and there is the Landhaus with its imposing courtyard, flanked by magnificent three-storied arcades, considered one of the masterpieces of Italian Renaissance in Graz. They often stage plays here.

Graz's old city is ideal for sightseeing since so many picturesque old buildings are perfectly preserved, and often there are surprises. For instance, at the Saurau Palace, the huge figure of a Turkish soldier, in colorfully painted uniform, looks down on the Spargasse from a skylight, his arm raised, waving a sword. It's one of many reminders that the people of Graz were forever on the alert against attacks from the Turks.

Other Graz landmarks include the magnificent cathedral on the site of an 1174 Romanesque fortified church and

the copper-domed Mausoleum, the tomb of Emperor Ferdinand II, next to it; the impressive 17th century Eggenberg Palace, with its 365 windows, sitting in a lovely park; the double spiral staircase in the castle, which Emperor Frederick II had built in 1438; and the charming Glockenspiel, with its moving figures, on the Glockenspiel Platz.

Every summer, Graz rings to the sounds of a music festival which takes place at Eggenberg Castle and elsewhere in the city. It is under the direction of Nikolaus Harnoncourt.

One of Graz's famous attractions is outside the city, at Piber, where they breed and train the famous white Lipizzaner stallions which perform at the Spanish Riding Academy in Vienna. One can tour the stables and the coach exhibits.

The Lipizzaner tradition goes back to 1580. The horses are born mostly black and acquire their shiny white coats only after 10 years. The horses were moved

to Bohemia during World War II and literally "rescued" from the advancing Russians by US General George Patton during the end of the war.

An astonishing number of medieval castles and fortresses dot the landscape around Graz, among them Schloss Riegersburg, which features Europe's only witch museum and sits on a massive volcanic outcropping; Schloss Schielleiten, a baroque castle with a great facade; Schloss Kuelml, first mentioned in the 13th century; and Schloss Kapfenstein, now also a hotel.

A number of the castles have been converted into hotels. The most notable among them is Schloss Obermayerhofen, owned and run by a charming couple, the Count and Countess Harold Kottulinsky, and furnished with wonderfully good taste, combining the ancient with the comfortably modern. Tennis and golf facilities are nearby, and of course, there is a restaurant.

There are a number of wine routes in this area where they grow eight white and three red wines. In some cases these vineyards are planted on rocky slopes so steep that the grapes can be harvested only by men hanging on ropes. The area is dotted with lakes and woods.

—Fred Hift

ROME

TECHNOLOGY LAGGARDS

"You Italians are lucky. On the one hand you are behind us Americans in cable television technology, but on the other hand you have the advantage of being able to use more advanced technology and learn from others' errors." So says Nicholas Negroponte, director of the Media Lab of the Massachusetts Institute of Technology. The noted computer scientist participated at a convention held in Naples on the future of television and other means of communication, and his presence left its mark on the Italian specialists. In fact, even if Italy is one of the Western countries that buys and consumes the most television programs, it is remarkably behind the times technologically.

Almost 20 years ago, the need to create a network of cables connecting the homes of Italy was discussed, but the proposal foundered amid general skepticism. This was an expensive mistake for the Italian industry. Today, the country's telecom and media industries are scrambling to make amends.

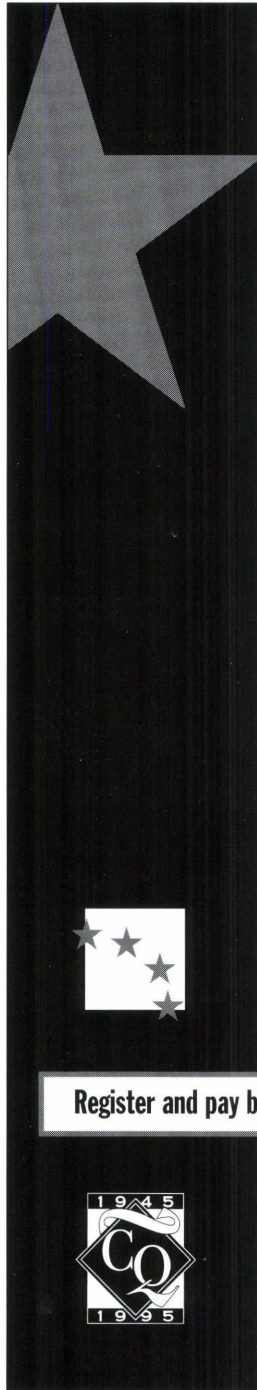
bling to make amends.

Telecom Italia, the public telephone company, is making the largest effort, not surprising since Italians have traditionally agreed that communications must be maintained firmly under public control.

The situation began to change when the television monopoly, controlled by the public company Rai, was challenged by three private channels owned by Fin-

invest, the company built by business tycoon-cum-politician Silvio Berlusconi.

But competition alone didn't go far enough to advance the Italian telecommunications market. During the past few months, various groups of political and economic powers have battled through referendums over the division of new television channels and the virtues of public service versus commercial service. The outcome is still unclear.



Congressional Quarterly and Consultancy Europe Associates present...

THE EUROPEAN UNION:
Making Business Succeed in
a Changing Environment

November 13 - 14, Washington Vista Hotel, Washington, D.C.

In a two-day forum entitled **The European Union: Making Business Succeed in a Changing Environment**, November 13-14, our experts will weigh the opportunities for the expansion of U.S. businesses in Europe.

They will assess the impact of the EU's expanded membership and its anticipated growth through the year 2000, define the structure and style of the EU's governing institutions, and show how businesses can navigate and profit both from the easing of trade restrictions and other changes in legislation.


Representatives from various European governments and the EU Delegation, corporate and legal experts will discuss competition and trade, consumer protection and product liability, and environmental health and safety.

The work and style of lobbying in Europe will be closely scrutinized, as will the GATT Procurement Treaty and the opportunities it affords U.S. businesses.

Controversies and views concerning the Economic and Monetary Union plus single currency issues will be discussed.

Register and pay by October 13 and save \$200 off the \$895 registration fee!

For more information on this important conference, call Vincent Bryant toll-free at (800) 432-2250 ext. 620. In Washington, D.C. call (202) 887-8620. Or fax him at (202) 466-5370.

Sponsored by 

5NW114

The daily newspaper *La Stampa*, which is owned by the industrial giant Agnelli family, editorialized that all the debating lost sight of the fact "that around the corner there are technological changes that make all these ongoing quarrels seem anachronistic."

Ernesto Pascale, managing director of Stet, the public company controlled by Telecom Italia, agrees. "Within three years, fiber optic networks will have reached 10 million of the 25 million consumers who make up the Italian market," he says.

The technological forecasting and philosophizing is all well and good, says Negroponte, but the real problem is programming. Too often, he says, television programs, not just Italian ones, are stupid and boring. In short, investments should be made in the contents, too, not just in the "containers."

Italian sports fans are hoping that one answer to this dilemma is more soccer broadcasts. The dream of every Italian fan may become reality, says Ernesto Pascale, who could sign a contract with the Lega Italiana Calcio for the live broadcasting of all major professional soccer games, which traditionally have been strictly limited. In every city, fans could stay at home and still see their favorite team play. It still may not be much as far as "contents" go, but it's always better than nothing.

—Niccolò d'Aquino

PARIS

EXPLORER CRUSADER

Forty years ago, Jean Malaurie, a young French geographer and naturalist, went to live among the Inuits of Thule in the far north of Greenland. He dressed in animal skins like they did, hunted with them, and learned their language. He felt at peace among them until one day he heard the drone of American fighter planes overhead. The US army was coming to establish a top secret atomic base in the frozen north, a base which threatened to wipe out the way of life of the native people.

Malaurie voiced his indignation and alarm at their plight in a book, *Les derniers rois de Thulé* (The Last Kings of Thule), published in 1955 by the French publishing house Plon. It was the first volume of an ethnological collection which Malaurie has built up over the last

four decades into a veritable monument of the French publishing industry. With total sales of 8 million copies of its 70 titles so far, the collection known as *Terre humaine* is an eclectic encyclopedia of mankind, of those communities and individuals who are forgotten and often in danger of being destroyed by the relentless march forward of the rest of the world.

Under the distinctive black dust jacket of the collection, Malaurie has gathered together an astonishing series of true stories. The social life of the Indians of the Amazon, the memoirs of a French country priest, the rituals of the Sara tribe of Tchad, the thoughts of those on death row in Huntsville prison in Texas, the testimony of an old Hun-



The man behind this unique, richly diverse collection is a force to be reckoned with. Strikingly handsome, with the craggy features and physique of a Marlboro cowboy, Malaurie strides restlessly around his Paris office on the one day a week he spends in it. At 72, he still crackles with energy.



garian peasant woman—the universal link between the many different voices which speak out of these books is their human dignity.

Not all are original works specially commissioned for the collection. Malaurie has brought out new editions of some old titles and French editions of some foreign-language classics, such as American ethnologist Margaret Mead's celebrated study of the sexual customs of the peoples of Oceania.

He has hired writers who were unknown until he discovered them, like the now-famous French anthropologist Claude Lévi-Strauss. Others will never write any other book except the one he

coaxed out of them, like the French railroad worker he tracked down through a newspaper ad.

Some of the "authors" in the collection are illiterate and told their stories to someone else who transcribed them. Such is the case of the latest title to be published: *Une vie paria* (A Pariah's Life). It is the autobiography of Viamma, one of India's Untouchables, who describes her existence, with its joys and sorrows and its quiet acceptance of being one of life's outcasts. French ethnologist Jean-Luc Racine and his Indian wife Josiane recorded and edited Viamma's story.

The man behind this unique, richly diverse collection is a force to be reckoned with. Strikingly handsome, with the craggy features and physique of a Marlboro cowboy, Malaurie strides restlessly around his Paris office on the one day a week he spends in it. At 72, he still crackles with energy.

He is writing a new book called *Hummocks*, which he says will be fragments torn from his memory, "like the hummocks, the blocks of ice which float along the waters of the Arctic." He goes back periodically to the far north to visit the Inuits, who have become his lifelong friends, and has even set up a business school for them, a college for Eskimo executives which is known as the Polar Academy. Another project he is working on is a CD-ROM which will be an audiovisual synthesis of his 30 expeditions, 5 books, and 10 films.

Always the explorer, Malaurie keeps his eyes fixed on the horizon, and after 40 years as the director of *Terre Humaine*, he is already looking forward to the day when the collection will contain 100 titles.

—Ester Laushway

AMSTERDAM

FOREIGN RELATIONS RENOVATION

The Netherlands is reevaluating its foreign policy. Nothing revolutionary is expected, but after a year of internal debate and studies, Foreign Affairs Minister Hans van Mierlo has finished a thorough review of the fundamentals of Dutch foreign policy. More emphasis will be put on the "enlightened self interest" of the Netherlands in its foreign relations, and more attention will be given to economic considerations and to Europe, while streamlining decision-mak-

ing will diminish the often scattered Dutch views on international relations that prevail at present.

The decision to review foreign policy was taken last year when the new cabinet was formed in an unusual three-party coalition of Social Democrats, Liberals, and Conservatives. At that time no agreement could be reached about the size of the cuts on the defense budget and on the aid to developing countries. Development aid traditionally enjoys a broad political support in the Netherlands and is substantial, compared to other OECD countries. Recently, it has come under increasing attacks.

But the soul-searching was not just about money. The deeper roots were the uneasiness about the position of the Netherlands in the post-cold war period and in the European Union after German unification. Historically, the Netherlands has been a staunch "Atlanticist," relying heavily on the European security links with the US and NATO. But with the US more inward looking and with the demise of the Soviet Union, a stronger orientation on Europe became an obvious necessity.

But at which country should the Netherlands look as its European ally? Keeping a balanced distance from the larger European countries has roots going back to the 17th century. At the same time, keeping a distance from Germany, France, and the United Kingdom, was increasingly seen as an anomaly. Also, being a federalist in European affairs, the Netherlands has for long aimed at a political approach that now seems further away than ever.

So something should change. First of all the money question was resolved, largely thanks to economic growth which facilitated the spending cuts on defense and helped maintain a high proportion of GDP for development aid.

But the exercise didn't stop there. First of all, the position of the prime minister in foreign affairs was strengthened, particularly because government leaders play an increasingly dominant role in overall European matters. Also, the many, often contradictory, voices from different departments speaking on foreign relations will be streamlined through better coordination. And more emphasis will be given to European affairs, seeking closer ties to Germany (long disliked because of the war history), France (long neglected by mutual distrust), and Belgium (long treated with disdain).

Finally, instead of preaching moral principles in foreign relations, more attention will be given to economic and national interests. It may sound incredible for outsiders, but the very notion that foreign relations should be an expression of national interests came as the biggest political change.

The new orientation of foreign relations was put into practice even before the policy document was finished. In June, Prime Minister Wim Kok and Foreign Affairs Minister Hans van Mierlo visited China, spending development money on fostering economic relations. And of course they mentioned human rights in their bilateral talks with the Chinese leaders. But accompanying them was a large mission of leading Dutch bankers and entrepreneurs—doing business.

—Roel Janssen

BERLIN

EXCHANGE RATE TRAVELERS

In the midst of the present exchange rate turbulences, German tourists

come out as winners. But there is also a loser: German travel destinations. This year, the countries with weak currencies will be flooded with German tourists, in particular the United States and Italy, where the purchasing power of the D-mark has risen considerably. That same low exchange rate, however, has just the opposite effect on tourism in Germany. Gottfried Linke, secretary-general of the Bavarian Tourists Association, speaks of a "boomerang effect." He fears that 1995 will be even worse for tourism than 1994.

While German travel agencies report growth of up to 30 percent in travel to other countries, the number of foreign visitors to Germany has dropped since 1990 by 16 percent. In 1994 the number of Italian tourists visiting Germany, for example, dropped by 25 percent. The situation is just as bad for travel from the US. According to the Statistical Office in Wiesbaden while 2,428,067 American visitors stayed in Germany in 1990, their number plummeted to 1,454,057 in 1994. A significant role in the fallen visitor figures is also played by the Benelux states. The Dutch and Belgians are traveling increasingly to southern Europe instead of



Germany. The currency devaluations in Spain and Italy are responsible for the tourist flows.

"We are deeply worried," says Joachim Scholz, market researcher of the German National Tourist Board (DZI) in Frankfurt. Foreign visitors are not the only vacationers who find Germany too expensive. It is often cheaper for Germans to spend their vacations in the Caribbean than in Germany. Abroad, Germany's image as a highly priced holiday place is now well established. With its "Value for Money Germany" campaign the DZI wants to combat the prejudice that a holiday in Germany is too expensive. The DZI has produced a new brochure titled "Germany—wherever you go, prices are low" in several languages. It lists some 1,100 inexpensive hotels, guest-houses, and boarding houses throughout the country which offer bed and breakfast for no more than \$35 a night. "We must react quickly," says Scholz.

Business in tourism cannot be changed overnight, experts warn. It will be difficult to persuade Germans to stay in Germany to offset the decrease in incoming tourism. In 1994 German tourists spent \$50 billion abroad—four times as much as foreign tourists spent in Germany. A recent study by the Leisure Research Institute in Hamburg has examined the motives for the German mass exodus on weekends and vacations. "Neither the urge to flee to the countryside, nor the desire to roam, nor the wish for a change of pace motivates the mass exodus," the report says. Researchers found out that 28 percent of Germans are afraid they will miss out on something if they aren't constantly on the move. Every fifth German citizen has the feeling that if he stays put, the walls will close on him. The flight from a television existence and from the trivialities of everyday life are a driving force. The destination is of secondary importance; the main thing is to get out of your own four walls.

The need to get away and the hunger for adventure are much stronger than the attraction of a comfortable home and surroundings. Professor Horst Opaschowski, director of the institute, concludes that leisure, prosperity, and mass motorization, together with the lure of the vacation-adventure industry make people restless and deprive them of their peace and quiet. "I love traveling in the United States," says a young official in the German president's office. "People

are so friendly, and it is a huge country which offers peace and quiet, and it is also cheaper than at home."

—Wanda Menke-Glückert

MADRID

WANDERING DOGS

Once again this summer, on the outskirts of cities and towns across Spain one could see stray dogs wandering about perplexed, hungry, and scared after being abandoned by their owners at the start of the annual vacation.

This is the fate of tens of thousands of pets whose masters either don't have the money to put them up at kennels for the duration of the traditional one-month holiday, or just don't want to bother.

Inevitably, most of the dogs, and cats as well, weakened by hunger, succumb to traffic, disease, or other animals, and it is relatively few which are lucky enough to find a new home or go to a humanitarian death in the local pound.

But things are changing and have been over the past several years as the government, local humane societies, and even pet food companies mount campaigns urging pet owners to spare a thought for man's best friend before dumping Fido by the side of the road on the way out of town.

At the forefront of the campaign has been the Fundacion Purina, which since 1988 has put up billboards and paid for a newspaper and magazine ads featuring the photograph of a sad-eyed Saint Bernard with the caption "Don't Abandon Him, He'd Never Do It To You."

There are an estimated 3.5 million dogs in Spain, or one in every three families, and some 2.6 million cats, and the number of domestic animals is increasing due to a growing middle class.

According to the Fundacion Purina, its campaign just may be working. In 1992, 100,000 dogs were abandoned in Spain, with the figure dropping to 75,000 in 1993 and 70,000 last year.

Besides the ad campaign, the foundation has put together a guide to hotels which accept pets and has published a booklet on how to travel with domestic animals whether by plane, train, or boat. There is also information on kennels around the country.

This is all fine and good for the animals. But there is another summertime trend which is more disturbing. Every August there are accounts in the newspa-

pers of families who take their aging grandparents to local hospitals, tell the staff granny or grandpa is feeling poorly and then disappear, returning to reclaim the relative only after their holidays are over.

—Benjamin Jones

LISBON

RACIAL DIVIDE

In the early hours of Sunday, June 11, some 50 skinheads emerged from a bar in Lisbon's Bairro Alto district, where the capital's own enjoy their nights out. They then began charging through the narrow streets of the quarter, attacking any black person in sight. The police took an agonizingly long time to arrive on the scene. By that time, more than a dozen black victims had been left injured. One of them, a 27 year old Portuguese of African origin, was taken into intensive care. He never awoke from his coma and died the next morning.

The skinhead attack put a dramatic end to the popular myth that there is no racism in Portugal. Visitors are often proudly told that Portugal treated those that it colonized better than other countries treated their colonies, that the races mixed, and that the Portuguese are more tolerant than other nations. Portugal certainly is not a violent country and the races did mix, not least because the Roman Catholic Church encouraged marriage between white male colonizers and the local women. The fondly remembered racial harmony may have worked in the colonies, where everybody knew their place. This idea was strengthened by the extreme right-wing dictatorship's myth that Portugal and its colonies were a single large nation. But in 1961, the liberation wars erupted in Africa, and the colonies gained independence after Portugal's 1974 revolution.

Now, tens of thousands of citizens from the former colonies began arriving in Portugal, often as welcome construction workers, replacing the Portuguese who had emigrated to Central Europe. Because of acute housing shortages, many settled in shantytowns around Lisbon. Because of this and the absence of any kind of integration program, they have been increasingly marginalized, often lacking access to social services and schooling. As unemployment rises and social tension increases, a growing

number of Portuguese have begun identifying immigrants as the cause of their problems. The sense of a racial divide has also been heightened by what opposition parties see as an alarmist discussion about internal security. This has come at a time when Portugal, in line with EU-accords, has introduced tougher immigration and asylum laws. In the eyes of many, this has transformed people who for years were treated as special friends of Portugal into unwelcome claimants, knocking on Europe's door.

To many, the cracks had been visible for a long time. But June's skinhead rampage finally confronted the whole of the country with the painful awareness that Portugal may be facing similar problems that have long emerged in other former colonial powers.

—Peter Miles

BRUSSELS

DUBIOUS HONORS

A row broke out in Belgium this summer over a mere bauble—or, rather, 150 of them. These were the decorations—mostly of the Order of Leopold—handed out to parliamentarians after the May election.

The press revealed that among the recipients were eight past or present MPs whose names had been associated with the Agusta arms affair, or with other scandals, as well as an MP who had just received a suspended prison sentence for using undue influence on behalf of his relatives. Another recipient, who rejoiced in the name of Count Thierry de Looz-Corswarem, was a member of the extreme right-wing and racist National Front. As King Albert II, in whose name the decorations are awarded, has always refused to meet representatives of the extreme right, this was regarded as inexplicable.

There was muted criticism of Albert, but more openly of Interior Minister Johan Vande Lanotte, who had counter-signed the decree, and whom it was presumed had advised the king about its contents. Vande Lanotte defended himself strongly in an interview in a Brussels newspaper, denying that he had offered advice and saying that the awards were “quasi-automatic,” depending entirely on the length of service of parliamentarians. The only people who were in a position to object, he said, were the presidents of the assemblies concerned, but this had

never happened since the 19th century.

A more pertinent question is what is the purpose of such decorations which have no contemporary relevance. One of the most distinguished of British painters made an apt comment some years ago, when he turned down an offer of an OBE (Order of the British Empire). What was the point, when the British Empire no longer existed?

Not many Belgians appear to take the same clear-headed view. Between 15,000 and 20,000 of them accept honors (there are 23 different grades) every year, and relatively few say no. The country is evidently not yet ready for a bonfire of the vanities.

—Dick Leonard

DUBLIN

PAINFUL PERIOD

The Catholic Church, once such a powerful and well-loved part of Irish life, is going through a painful period. The Church had successfully weathered the scandal caused by the revelation that Bishop Eamon Casey had secretly fathered a child in the 1970s, but now it is racked by a series of highly publicized court cases of sexual abuse of children by clerics.

The most notorious has been that of Brendan Smyth, now serving a jail sentence in Northern Ireland. The delay in processing his extradition warrant helped bring about the fall of the previous government last year. The publicity the case aroused has led to other victims coming forward to reveal cases of clerical abuse occurring many years ago.

The Catholic bishops have now set up new methods of dealing with allegations of abuse against clerics and have pledged that the police will be informed at an early stage. In previous times, as in the case of Smyth, such cases were often covered up and the offender moved to another post. But the bishops acknowledge that there may be a backlog of cases yet to be revealed.

The damaging publicity about the crimes of a small number of clerics has led to renewed debate about the merits or otherwise of the rule of obligatory celibacy for Catholic priests. While the bishops dismiss the idea of a link between celibacy and the small percentage of priests who became pederasts, opinion polls show that a majority of lay people believe that priests should be allowed

to marry. There are also indications that a substantial number of priests themselves believe that the celibacy rule should be changed.

When Bishop Brendan Comiskey said recently in a newspaper interview that celibacy was a disciplinary rule but not a matter of doctrine and that the shortage of priests in some parts of the world might eventually result in the rule being changed, he was supported by two other bishops. To illustrate his argument, Bishop Comiskey pointed to the fact that Rome was now allowing the ordination of married former Anglican clergy who were joining the Catholic Church because of their opposition to women priests in the Church of England.

There was widespread surprise when the head of the Catholic Church in Ireland, Cardinal Cahal Daly, publicly rebuked Bishop Comiskey and his supporters for raising the celibacy issue. Bishop Comiskey defended his position in an article in the *Irish Times*, and Bishop Murphy of Cork called for a national synod of the Church in Ireland in which all pastoral matters, including celibacy, could

THE EUROPEAN SPECIALISTS

★ Language ★

★ **EURONET** ★

★ Services ★

YOUR BRIDGE TO EUROPE

★
*translation
 interpreting
 desktop publishing
 consultation
 a/v narration*

★
**54 West 39th Street
 New York, NY 10018
 212-768-8409 fax 212-869-7885**

be debated. Bishop Comiskey was also summoned to Rome to explain his position on celibacy to Vatican officials.

In the last century, Irish bishops used to have public battles over education and nationalism, but since independence from Britain in 1921, the bishops have always closed ranks in public whatever they may say behind the closed doors of their meetings in Maynooth College.

This new readiness of bishops to air their differences in public is a sign of the strains felt in the Church as falling vocations, smaller Church attendance, and the revelations of sexual abuse by a small number of clerics take their toll. The recent legalization of abortion information to facilitate women seeking abortions in Britain and the upcoming referendum on divorce are also putting the Church on the defensive in what is still probably the most Catholic country in the world.

—Joe Carroll

LONDON

SUSPICIOUS SHOPKEEPERS

The shopkeepers of the nation have developed a rather unnerving habit

of late. Each time you pay them with a bank note, they hold it up to the light and peer at it intently before reluctantly ringing up the cash register.

I used to joke with them that it's a perfectly good note, that I made it myself only yesterday, but soon began to realize that this brand of humor was not being very well received.

The reason they are not amused, and the reason why they hold the notes up to the light, is that there has been a serious increase in the number of people who have taken to the habit of making their own money.

One British bank note in a hundred is a forgery, says the British Retail Consortium, but many believe that this is a very conservative figure.

There are areas of Britain today where because of the high incidence of forged notes you would have a very hard time indeed persuading a retailer or service provider to accept a 50 pound note as payment for anything.

The problem for anyone who has a dud note passed off on them is that he or she cannot take it to a bank and exchange it for a good note.

If shopkeepers unwittingly accept counterfeit cash they lose out because if

the bank detects it as false, all the unlucky payer-in will get is a receipt, a firm handshake, and the bank's apologies.

The police recently broke into a lock-up garage in the east end of London and discovered the biggest haul of forged bank notes ever seen here. It included not only \$16 million in 50 pound notes, but also \$12 million in \$100 bills.

These notes had been laser printed to an exceptionally high standard according to police forensic scientists and would have been very hard to detect as forgeries once released to the market.

The improvements in laser copiers is one of the reasons for the increase in forgery. Last year Anthony Chalk and Kurt Sandberg from Wales were jailed for having run off \$2.25 million fake notes on an ordinary Canon copier, adding the watermarks with spray on correcting fluid.

It is now admitted that the hologram, once considered the ultimate anti-copying weapon, is a plaything in the hands of the expert forgers and the ultra-violet tests for dodgy paper has been overcome by the use of paper which doesn't glow when tested.

The printed elements of bank notes will always sooner or later become dupli-

NEWSMAKERS

This month the environmental pressure group Greenpeace is welcoming a new international business manager to its headquarters in Amsterdam. The financially troubled agency is hoping that **Thilo Bode**, 48, will be as much of a miracle worker in his new position as he was in his previous one as head of Greenpeace Germany.

When he took over in 1989, he transformed the German section of Greenpeace from just another well-meaning, but badly organized eco-pressure group into a streamlined, efficient, and powerful fighting machine. His methods—cutting staff, restructuring the 2,000-strong volunteer force, concentrating on high profile issues such as climate, nuclear power, water, and whales—did not go down well with everyone. He was accused of having too much of a "corporate mentality." But under his leadership Greenpeace Germany became the agency's biggest and richest branch.

Spectacular proof of just how big a political punch Bode's branch of Greenpeace could pack came in June. Green-

peace Germany spearheaded the campaign which forced the oil giant Shell to drop its plans to scuttle the Brent Spar oil platform 6,000 feet below the surface of the North Atlantic. Bode masterminded the coup, managing to create such a forceful alliance out of the German public, the Protestant Church, and the main political parties that Shell had no choice but to back down.

Bode enjoys beating big business at its own game, all the more so because he was once part of it. Before joining Greenpeace he worked as an economist for a German metals and engineering company. Before that, he was a project consultant to the World Bank in Africa. He denies any sudden "missionary conversion" to the environmental cause. "I was always fascinated by the idea of Greenpeace," he says, "because I

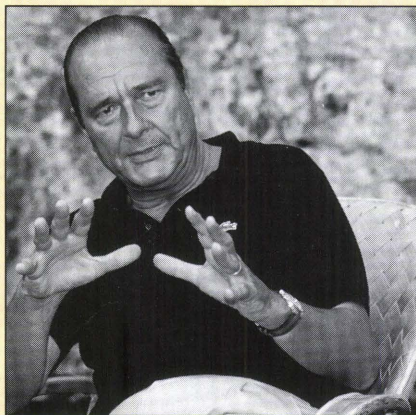
thought it could change things. That has now come true."

•••

Now that he is president of France, everything **Jacques Chirac** does, from what he wears to what he eats, has suddenly taken on national importance.

Gerard Lacoste, who owns the shirt company that is famous for its crocodile

A patriotically attired President Chirac.



logo, was deeply distressed by the way Chirac was dressed in a photo featured on the cover of the celebrity magazine *Paris Match*. There was no toothy reptile emblazoned on the president's light blue sports shirt; instead, it featured—a miniature polo player, the emblem of the American

arch-rival, **Ralph Lauren**. Lacoste fired off a stinging letter to the Elysée Palace, chiding Chirac for his unpatriotic

cable, according to experts specializing in combating forgery. The rule is: what one can print, another can copy.

The police say that it is the feel of genuine British bank notes which is the users' surest guide. The paper is made from cotton fibers and very difficult to reproduce without the most sophisticated technology. But not impossible.

There is really only one way to stop your shopkeeper from eyeing you suspiciously when you go to the checkout—pay with a credit card.

—David Lennon

ATHENS

NEW CONCERT HALL

Not even the unusual prospect of Willy Claes, the secretary-general of NATO, conducting a major symphony orchestra from Romania, could fill the open-air Herod Attikos theater in Athens on a hot weekend evening this summer.

Attendances at the Athens Festival, where performances are staged in a Roman amphitheater beneath the Acropolis, have fallen sharply in recent years as more Athenians escape the capital's

high pollution levels in July and August and fewer tourists make stopovers in the Greek capital.

Part of the problem is the rising popularity of rival cultural festivals in provincial Greek cities and on resort islands in the Aegean, which are also equipped with handsome ancient theaters.

Local mayors, assisted by culture ministry grants for staging events outside the capital, seem to have little difficulty in attracting renowned performers from abroad to add an international touch to the lineup of offerings by local musicians and theater groups.

But another factor contributing to the festival's decline is the unexpected success of the Megaron Mousikis, the first purpose-built concert hall in the Greek capital, both in establishing itself as a first-rate European arts center and transforming musical life in Greece.

As a Greek music critic puts it, "Everyone used to flock to the Athens festival in summer because it was the only opportunity to hear top quality classical music in Greece. Audiences put up with sitting on uncomfortable marble seats and performers with less than perfect acoustics. But now you can go to a modern concert hall with first-rate facilities

and listen to good music in winter."

However, when the Megaron opened its doors in 1991, doubts were voiced over whether it could attract a regular audience large enough to fill the 2,000-seat main hall and a smaller hall designed for chamber music and theater productions.

Apart from a handful of outstanding performers like acclaimed soprano Maria Callas and conductor Dimitris Mitropoulos, both of whose careers took off after emigrating, Greece had a weak tradition in classical music.

Contemporary Greek composers like Mikis Theodorakis and the late Manos Hadjidakis were much better known for popular songs written for the *bouzouki* than their serious symphonic pieces.

Those fears proved unfounded, thanks in part to thoughtful programming, which has included both a "great orchestra" and a "great performer" series, attracting major European orchestras and soloists, and a cycle of performances based on characters from Greek mythology—Electra, Helen, and Medea have figured so far—featured in operas, lectures, plays, and other specially commissioned events.

The Megaron has also become a focus

wardrobe. To help him mend his ways, he accompanied it with a shipment of the full range of crocodile shirts, all in the president's size.

Whereas his chest may have gone astray, Chirac's stomach is resolutely French. He is known for his hearty appetite, with a particular fondness for *tête de veau*—stewed calf's head—a dish which makes lesser men turn pale and reach for the Alka Seltzer.

Gastronomic historians, delighted to have a *bon vivant* elected as president, have been hunting for a suitable recipe to celebrate his victory. They found one—a certain *sauce Chirac*, served in 1786 by a nobleman called Grimod de la Reynière. Chirac sauce is a simple reduction of natural meat juice, with a hint of onion and garlic, a squirt of lemon and a drop of champagne: as hearty, piquant, and effervescent as the president himself.

•••

Quite by accident, Russian and French scientists have produced a substance that is harder than diamonds. The scientists, led by **Henri Swarc**, head of France's Laboratory of Physical Chemistry of Amorphous Materials, were try-

ing to repeat a 1991 experiment, which had transformed C60, a special carbon molecule, into diamonds by using high pressure. This time, what they ended up with instead was a new material which could scratch the precious stone.

The experiment took place at the Institute of High Pressure Physics in Troitsk, near Moscow, because it has a machine capable of applying the required pressure. About 2,000 atmospheres—roughly the equivalent of 200 cars piled up on a half inch square—were applied to a tiny sample of C60 held between two diamond anvils on a special press. Three times in a row, one of the very expensive anvils broke. The C60 had accidentally been converted into something even tougher than diamonds.

If enough of the super hard substance can be synthesized, it could replace diamonds in a number of industrial applications such as oil drilling, machining hard metals, and polishing diamonds.

•••

A Dutch violinist is plucking the heart strings of thousands of elderly female fans. **André Rieu**, on the wrong side of 30 himself, plays to packed concert

halls in the Netherlands where his renditions of romantic Viennese favorites have women of a certain age waltzing in the aisles, bursting into tears, and even fainting with excitement.

Not only have his live performances made him a national heart throb, his CD, *Strauss & Co*, has outsold all other recordings by a Dutch artist. "Every day (it) breaks a new sales record," says Jan Corduwener, managing director of Phonogram Netherlands. "He can hold the audience in the palm of his hand. I'm certain that he is going to be another James Last."

His wildly popular concerts are staged against gaudy backdrops of giant floral displays. Rieu swoops into view, with his elegant tails and flowing locks streaming behind him, and rouses his gray-haired groupies to near frenzy with a savory mixture of musical snatches and flirtatious chit-chat.

For next year he is planning tours through Germany, France, and Austria. "Soon I'll have the whole of Europe waltzing, then the world," he claims. Lock up your grandmothers!

—Ester Laushway

for the arts in Athens by staging exhibitions to accompany performances, encouraging sponsorship of cultural events by Greek corporations, offering scholarships for promising young musicians, and holding workshops and special performances for schools and charities.

Its small house orchestra, the Camerata, is an unusual international mixture including talented young players from Albania, Russia, and Britain in addition to a core of Greeks.

The Camerata is as keen as any orchestra from abroad to play the summer circuit of ancient amphitheaters. This summer it was allowed by the state archaeological service to stage a performance in the smaller of the two theaters at the ancient sanctuary of Epidaurus in southern Greece—possibly the first performance there since the days of the Roman Empire.

—Kerin Hope

LUXEMBOURG

TWO NEW EXHIBITS

Archeologists announced that the most significant Roman ruins unearthed in northern Europe in 30 years were found in Vichten here in late spring. A well-preserved floor mosaic will be installed and on display in the country's Natural History Museum by year-end.

Archeologists who discovered the artifact said it survived an invasion by marauding Huns in 275 AD. The Huns were fierce barbarians who pillaged Europe after the demise of the Roman Empire in the 3rd and 4th centuries.

"This is the most important find of the Roman era in the past 30 years in Europe north of the Alps," said Jean Krier, who heads the Roman Department of Luxembourg's Museum of Natural History.

The floor mural, measuring 33 feet by 19 feet, shows the Muses, who in Greek mythology were the nine daughters of Mnemosyne and Zeus, and the Greek poet Homer. Each of the Muses presides over a different artistic medium, including poetry, drama, and dance.

The discovery adds another highlight to the year-long celebration of the arts by Luxembourg, Europe's "Cultural City of the Year."

Another cultural highlight will be the opening this fall (running from October 7 to December 10) of an extensive exhibit of the Luxembourgish cabinet-

maker Bernard Molitor, whose work was sought by French aristocrats around the turn of the 19th century. About 60 pieces of furniture will be displayed in Luxembourg's Museum of History as the first retrospective of Molitor's major role in European craftsmanship.

Loans from museums and private collectors will document the evolution of Molitor's workshop amidst dramatic political changes arising after the French Revolution, between the Ancien Régime and the Restoration.

"Molitor's success was founded on the quality of his craftsmanship and the astonishing modernity of the form in his furniture," a brochure for the exhibit explains. "The great popularity of the master can also be seen from the names of his clients, the list of whom reads like a 'who's who' of the aristocratic and social elite of France."

Highlights of Molitor's work include a secretary (1816) owned by the Louvre in Paris and an upright secretary (1795) from the Daxer and Marschall Gallery in Munich.

The Museum of History will open the exhibition from 10 am to 6 pm on Tuesdays, Wednesdays, Fridays, Saturdays, and Sundays. On Thursdays, the museum will be open 10 am to 8 pm. For more information, contact the museum at (352) 22 50 45.

—James D. Spellman

COPENHAGEN

BICYCLE DIPLOMACY

Virtually all Danes own a bike, and use it for regular transportation. Special cycle paths line the streets of most cities and many national roads. And bikers have often acted as a pressure group in local politics to improve their lot at the expense of car owners. But now, for the first time, the Danish bike has become an instrument of international politics.

Young Danish Social Democrats from Aarhus, Denmark's second largest town, organized a bike protest ride against French nuclear tests in the Pacific. A small group of enthusiasts biked all the way from Aarhus to Paris, a hefty ride of more than 700 miles. Media interest focused on the first five miles, because that was the distance covered by the more prominent participants, who included the Danish Social Democratic Prime Minister Poul Nyrup Rasmussen,

his wife Lone Dybkjaer, who is a member of the European Parliament, and several other members of government.

Critics noted that in France political decision-makers do not respect bike riders unless they are competing in the Tour de France and that a Danish prime minister in a bike helmet and short pants bears little resemblance to the aces of the Tour de France. Others speculated that with support for the government slipping in the poles, the Danish politicians were not really targeting French President Jacques Chirac, but rather the Danish voters.

Nuclear politics have been especially difficult for the Danish government this year. The summer holiday season was dominated by news from former Danish workers at the US Thule Air Base who claim that they are still suffering from the aftereffects of contamination from a nuclear-armed US bomber that crashed at Thule almost 30 years ago. They have been demanding compensation, and they are now getting it, helped by the disclosure that a former Social Democratic Danish prime minister had made a hitherto secret agreement with the US that Greenland could be used as a base for bombers armed with nuclear weapons.

At the time, the Danish government had insisted that Denmark, including Greenland, was a nuclear-free zone. US confirmation that the US had received official, though covert, permission to use Greenland as an integral part of US nuclear strategy came as an unpleasant revelation to the present Social Democratic-led government despite the fact that the matter is now cold war history.

The bike ride to Paris has not been the mainstay of the attempt to influence current French nuclear policy. The prime minister remarked that perhaps he would not drink as much French wine as he used to, but declined to support a general boycott of French products. French quality wines are difficult to replace, and so far importers report little or no consumer reaction to the rather disorganized campaign to replace all kinds of French products with competing non-French ones. Hardly compatible with the EU single market, some commentators reminded the Danes that they might themselves be a future target of consumer reaction. The killing of baby seals on Greenland—and in Canada—was made such an issue by French actress Brigitte Bardot in the 1980s.

—Leif Beck Fallesen

ARTS & LEISURE

BOOKS

Twilight of the Habsburgs: The Life and Times of Emperor Francis Joseph

By Alan Palmer; Grove Press; 388 pages; \$28.

The victorious allies of World War I finished off the defeated and wrecked Austro-Hungarian Empire with the treaties of St. Germain and Trianon in 1919–20, and of their handiwork Winston Churchill was reputed to have said, “we stuck the wrong pig.”

As many British historians have written since, the old Hapsburg monarchy may have been inept and autocratic in ruling all the different nationalities within an empire that stretched from Poland to Italy. Were they using current political jargon, they would have labeled the empire one of the early failures of multi-culturalism in an era of virulent nationalism. But their general conclusion was that Hapsburg rule certainly was benign in contrast to the chaos and tyranny that proved to be the fate of much of Central and Eastern Europe in the decades since.

That view hardened in the histories written during the cold war, after many of the Hapsburg peoples had passed from the tender mercies of Hitler to those of

Stalin and his successors. In Central and Eastern Europe, only Austria itself miraculously became an independent, democratic, and prosperous nation with the State Treaty of 1955.

Since World War I and in more recent decades, the old empire has fascinated such eminent British historians as A.J.P. Taylor, Edward Crankshaw, and C.A. McCartney. Now, another prolific British writer, Alan Palmer, has added his contribution, a biography of the all-but-last Hapsburg emperor Francis Joseph, who reigned from 1848 to his death in 1916.

Palmer's book is noteworthy for being the first major work about the Habsburgs to appear in English in a post cold war context. No longer are the old domains frozen in time or nostalgia. This part of Europe especially mocks

the notion (put forward by one American analyst at the end of the cold war) of the end of history and reminds us rather more vividly of the return of history.

The reminders come in the daily headlines and news bulletins. Sadly, such place names as Sarajevo, Zagreb, and Split are current news not distant curiosities. The efforts of Poland, the Czech Republic, Hungary, Slovakia, and Slovenia to find their way into the EU and NATO come with an implicit warning of

the risks of leaving these countries unrooted in the midst of a changing Europe.

That is pretty much Palmer's concluding judgment in a basically non-judg-

●●●
With varying degrees of success, Alan Palmer pulls together these strands, though this is far more a personal and political biography than a cultural one.
●●●

mental book. In that respect, his work contrasts with many earlier ones that would criticize or support one of the several nationality groups—the Hungarians, Czechs, or South Slavs—in the internal Hapsburg struggles. Palmer cites Francis Joseph's comment of 1904 that his empire was “a refuge, an asylum for all those fragmented nations scattered over Central Europe who, if left to their own resources, would lead a pitiful existence, becoming the playthings of more powerful neighbors.” Palmer concludes that those people are still “fragmented and seek asylum.”

The judgment seems more appropriate for 1965 or 1975 or even 1985. For 1995, it appears both harsh and premature, and policy-makers

elsewhere in Europe and in Washington will have to share the blame if it comes to pass yet again. By most authoritative reckonings, the prospects still look pretty good for opportunity to knock more than once, for at least some of these countries (if not for most of the republics of the former Yugoslavia) to have a decent future.

Politics alone have not made the old empire such a treasure trove for both historians and screen writers. Francis Joseph was an almost mythical tragic figure, his beautiful and erratic empress killed by an Italian anarchist, his first heir ensnared in a passionate murder-suicide at Mayerling, the second heir shot to death by a Serb nationalist in the assassination at Sarajevo that sparked off World War I and brought down old Europe.

Furthermore, the cultural turmoil of turn-of-the-century Vienna still influences our art and thinking from Klimt to Freud and even to Robert Musil, whose newly re-translated *The Man Without Qualities* has become the literary event of this spring. The most poisonous detritus from that time and place, anti-Semitism, helped set this century apart from all others in its brutality.

With varying degrees of success, Alan Palmer pulls together these strands, though this is far more a personal and political biography than a cultural one. With so many of the old Hapsburg domains again in ferment, this history not only illuminates the past but offers some cautionary notes for the future.

—Michael D. Mossett



SPEAK A FOREIGN LANGUAGE? SPEAK IT BETTER.

If you've invested the time to learn a foreign language, you've acquired a valuable asset—an asset that can pay considerable dividends in today's global marketplace. The challenge is, how do you maintain or improve your second language after you leave school, finish the course, or move back to an English-speaking country?

Now you can continue your language study month after month with *Champs-Elysées*, *Schau ins Land*, *Acquerello italiano*, and *Puerta del Sol*, internationally acclaimed audiomagazines for intermediate and advanced students of French, German, Italian, and Spanish. Each consists of an hour-long program on audiocassette accompanied by a printed transcript with an extensive glossary. Optional study supplements with innovative listening exercises and grammar reviews also are available.

Because they're periodicals, they give you a means of honing your language skills, at your own pace, over an indefinite period of time. And their unique radio-magazine format is as entertaining as it is instructive.

Produced in Europe by professional broadcasters and journalists—all native speakers—each audiomagazine unlocks the door to a fascinating language and culture. There are news reports, interviews with interesting and influential people, and features on a wide range of topics, including current affairs, business, the arts, cuisine, cinema, and travel. With each new edition, you'll build your vocabulary, improve your listening comprehension, and increase your "cultural IQ," as though you were living abroad.

While we can't promise you fluency in 30 days, we will give you your money back if you're not delighted with your first month's edition. Find out for yourself what thousands of business people, educators, diplomats, and professionals are raving about. **Subscribe today!**



Send check or money order to Champs-Elysées, Inc., Dept. ER11, P.O. Box 158067, Nashville, TN 37215-8067

PLEASE
RUSH ME MY FIRST
EDITION OF:

- | | | |
|-----------------------------|--|--|
| Champs-Elysées: | <input type="checkbox"/> 5 monthly editions (US\$79) | <input type="checkbox"/> Study supplement (US\$20) |
| | <input type="checkbox"/> 11 monthly editions (US\$129) | <input type="checkbox"/> Study supplement (US\$44) |
| Schau ins Land: | <input type="checkbox"/> 5 monthly editions (US\$79) | <input type="checkbox"/> Study supplement (US\$20) |
| | <input type="checkbox"/> 11 monthly editions (US\$129) | <input type="checkbox"/> Study supplement (US\$44) |
| Acquerello italiano: | <input type="checkbox"/> 6 bimonthly editions (US\$89) | <input type="checkbox"/> Study supplement (US\$30) |
| Puerta del Sol: | <input type="checkbox"/> 6 bimonthly editions (US\$89) | <input type="checkbox"/> Study supplement (US\$30) |

TN residents add 8.25% sales tax. In Canada and Mexico, add US\$4 postage. All foreign checks must be in U.S. dollars and drawn on a U.S. bank.

Name _____ Check enclosed. Please charge my VISA MasterCard
 Discover American Express
 Address _____ Card no. _____
 City/State/Zip _____ Exp. date _____ Signature _____

Credit card orders may be faxed to (615) 297-3138 • Outside the U.S. and Canada call (615) 383-8534.

FOR FASTER SERVICE, ORDER BY CREDIT CARD 1-800-824-0829

FILMS

The Postman

Miramax

Ideas, ideals, love, personal relations, and a preoccupation with language—particularly poetry—are all vital elements in *The Postman* (Il Postino) a quite remarkable and most appealing Italian film which stands very much in a class of its own.

To identify what makes a picture this good, one has to look first of all at the director, Michael Radford, and then at the performers—the late Massimo Troisi, Philippe Noiret, and the attractive Maria Grazia Cucinotta. They all do absolutely first-rate jobs in making this sensitive and intensely human comedy-drama come to life with such

local post office and thus delivers the mail to the island's illustrious visitor, the Chilean communist poet Pablo Neruda (Noiret) sent here into temporary exile.

Noiret introduces the shy, slow-spoken Troisi to the wonderland of language, realizing that the uneducated younger man has natural talents as a poet. Troisi falls in love with a local beauty (Maria Grazia Cucinotta) and courts her with some of Noiret's love poems, pretending they are his own.

Troisi, who here gives one of his very best performances, was only 41 when he died of a heart attack one day after Radford had completed filming, which somehow gives the ending a special poignancy. It was in fact Troisi who had found the original novel *Burning Pa-*



Massimo Troisi, Philippe Noiret, and Maria Grazia Cucinotta in Michael Radford's *The Postman*.

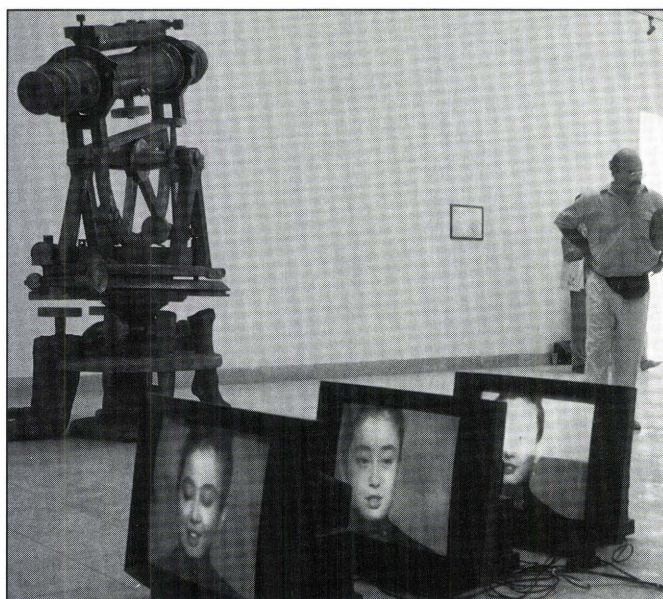
conviction and perfect understanding.

It is fair to say that *The Postman* is not an ordinary movie. It is a small story, set in a small frame, and yet it encompasses an astonishingly wide range of emotions, and it rings true every step on the way.

It all takes place in a tiny coastal village on some remote Italian island. Troisi, who rated as one of Italy's great actors, helps out at the

tience by Chilean poet Antonio Skarmeta on which the script is based.

While nothing much really happens in the film, the drama and the emotions it engenders are astonishingly intense and many of the scenes are deeply moving. There is no violence, only implied sex, and no chase scene, but there is excitement in the unfolding mind of the postman and warmth and beauty in the developing friendship between Troisi and



Yougoslavia Peace is one of the many multimedia artworks featured at the Venice Biennale.

the aging poet and their common love of language.

Radford's direction, full of delightful and revealing little touches and greatly helped by the intelligent script, is aimed at creating a unique atmosphere and to make the most of his remarkable actors. The setting of the film—a rocky little cove and its fishing village—is perfect, and the scenery generally is well chosen to underscore the mood of the film. In a year when there haven't been that many outstanding pictures from Europe, *The Postman* rates very high on the list. It richly deserves to be seen if for no other reason than that Troisi's last performance is such a brilliant and endearing one.

—Fred Hift

ART

Venice Biennale

From its birth in 1895 as a selective, "by invitation only" international art exhibition, the Venice Biennale has grown into a cultural colossus. In addition to visual arts, the exhibition held in Italy's city on the sea has sprouted separate sections for architec-

ture, music, theater, and cinema. The latter now leads a lively life of its own as the Venice Film Festival (August 30–September 9).

The main attraction still remains the international art exhibition, which is celebrating

•••
The main attraction still remains the international art exhibition, which is celebrating its one hundredth anniversary this year.
 •••

its one hundredth anniversary this year by making as big a spectacle of itself as possible. Originally housed in one pavilion in the Giardini di Castello park, it now fills 26 different national pavilions and has spilled over into places and museums all over Venice.

Visitors can try and do it all. They can marvel at the 520 tons of squashed cars presented by the French sculptor Cesar, can don 3D

spectacles, and participate in a high-tech version of the Japanese tea ceremony, then can go and see why the Egyptian pavilion won the Golden Lion award for best national exhibition. Twenty-three pavilions later they will still have a historical exhibition on Venice and the Biennale, an Italian portrait photography retrospective, plus two dozen nationally sponsored exhibitions ahead of them, not to mention a whole cluster of fringe events and not-to-be-missed "Meet the Artist" encounters.

Or they can decide just to concentrate on the centerpiece of this year's Biennale: the centennial exhibition on

"Identity and Alterity" which retraces the way the human body has been depicted in the visual arts from 1895 to 1995. It was conceived by French art historian Jean Clair, who directs the Picasso museum in Paris and is the first non-Italian to ever be visual arts director of the Biennale.

Featuring 900 works by some 300 international artists and ranging from traditional painting and sculpture to newer media like photography and video, it looks on the human form more with distaste than delight. There is not much evidence of the body beautiful. But the collection of hideous nudes, disfigured corpses, and grotesque

self-portraits is unlikely to have as much shock value in the blasé, "seen-it-all" 1990s as just one painting did a century ago.

Back in 1895, at the very first Biennale, *Il Supremo Convegno*, by Giacomo Grosso caused a full-blown scandal. Depicting five naked women draped over the body of a young man in a coffin, it aroused the wrath of the Cardinal of Venice, who ordered its removal. The organizers refused, and crowds flocked to Venice just to see it.

If you would like to join this year's hordes, the Venice Biennale runs until October 15. Tel: 39 41-521-8711.

—Ester Laushway

PHOTO CREDITS

- Cover: Courtesy of SAAB Automobile
- AB/Insert: Nikolai Jakobsen/Reportagebild/Photoreporters, Inc.
- p. 6: Urban Andersson/Reportagebild/Photoreporters, Inc.
- p. 8 top: Borge Thuresson/Reportagebild/Photoreporters, Inc.
- p. 8 bottom: Hans T. Dahlskog/Pressens Bild
- p. 9: Jeppe Wikstrom/Pressens Bild
- p. 11: Sandra Auman/European Union
- p. 12: Courtesy of Volvo
- p. 13: Courtesy of SKF
- p. 14 top: Courtesy of ABB
- p. 14 bottom: Courtesy of Saab Automobile AB
- p. 15 top: Per Larsson/Orrefors
- p. 15 bottom: Courtesy of Ericsson
- p. 16: Bjorn Tilly/Reportagebild/Photoreporters, Inc.
- p. 19: Fredrick Funck/Pressens Bild
- p. 20 + 21: Courtesy of Swarovski Crystal
- p. 22: Nascimento/REA/SABA
- p. 24: Mary Luyone/AFP/Pressens Bild
- p. 26: Jobard/Sipa
- p. 30-31: Chad Ehlers/International Stock Photo
- p. 31: Jan Collsioo/Pressens Bild
- p. 32 top: Anders Ekholm/Swedish Travel and Tourism Council
- p. 32 bottom: Pelle Adolfsson/Swedish Travel and Tourism Council
- p. 33: Peter Widning/Pressens Bild
- p. 34 top: Kenneth Jonasson/Pressens Bild
- p. 34 bottom: Nikolai Jakobsen/Reportagebild/Photoreporters, Inc.
- p. 35: Rick Lee
- p. 36: Austrian National Tourist Office
- p. 39: German National Tourist Office
- p. 42: Chaumussy/Sipa
- p. 47 top: Geeraerts Ph. News/Gamma Liaison
- p. 47 bottom: Miramax

No One Covers the New Europe Like...

EUROPE

M A G A Z I N E

Subscribe to EUROPE, the only magazine that covers timely and important business, economic, and political events not only in the European Union but throughout Europe. From Paris to Moscow, from politics to travel, EUROPE gives you the information you need to stay on top of the news. No one covers the New Europe like EUROPE.

Return this coupon to EUROPE, P.O. Box 55935, Boulder, CO 80322-5935

\$19.95 for one year (10 issues).

\$34.95 for two years (20 issues).

Name

Address

City

State

Zip

payment enclosed

please bill me.

5S95



The ins and outs



of the



ups and downs



come and go



via the



The movers and the market makers, the indices and indicators, the rates, the roller coaster rides of big business. Concisely reported, yes, but consistently enlightening.

THE WORLD'S DAILY NEWSPAPER

YOU could *spend* **BIG MONEY**
getting your **PACKAGES to EUROPE.**



OR, you COULD use RPS.

RPS announces expedited air delivery to 27 countries in Europe
for up to 50% less than express.

Call 1-800-ROADPAK® (762-3725) and save.



Delivering more than your package.™