April 5, 1999

MEMORANDUM FOR RECORDS MANAGEMENT

FROM: MICHAEL WALDMAN
ASSISTANT TO THE PRESIDENT AND DIRECTOR OF SPEECHWRITING

Box 2A, 2B:

I. Dartmouth:
    Commencement address-info

II. News clips:
    Term limits; 1994 election; Voter Turnout; Japan and campaign

III. Reform
    News release on regulatory reform
    Lobby reform fact sheet
    Notes
    Comprehensive Congression Reform act, 1995
    SOTU and political reform agenda
    Lobby Stats
    Political, congressional, government reform papers
    Tax Act of 1999, hearings on lobbying disclosures, line item veto act

IV. Report on 1993 defense base closings
V. Drafts of remarks to small business conference
VI. Foreign agents registration enforcement
VII. Post-1994 Clinton strategy & memo
VIII. Spending limits bill in 1995
IX. Memo on Congressional turnover
X. Natl Referendum, youth learning; Sperling, long-term planning, Newtites
XI. Notes for DPC meeting 10.12.94
Box 3:

I. Memos: marked not to be pulled:
   - Reinventing gov., natl Referendum
   - Goals 2000
   - GATT (3)
   - OSHA (2)
   - Contract’s regulatory provisions
   - Earth Day
   - Acc. Write-up
   - Event to honor working women
   - Tranp. Proj. event
   - Commerce event, routing slip
   - Eastern and Central Europe conf.
   - Vietnam trade embargo
   - Civil rights working group
   - Econ. Pitch, 5/4/94
   - JFK’s nat’l leadership forum
   - DOJ whistle blowing, signing of performance agreements
   - New Worker
   - Cong

II. Info on Congress, special interest

III. Speeches: McLarty

IV. Commission on political reform acts (7)

V. Lobby reform clips

VI. POTUS letters to Gingrich, Medicare record, pollution disc.

VII. News clips about Joseph Asaro

Box 4A, 4B:

I. Copy of Lobbying Disclosure Act

II. SOTUs from selected election years

III. 104th Congress regulatory reform bills

IV. MW personal calendar (April 1994-Feb 1995)

V. DOL regulatory reform

VI. Legal Reform Binder

Box 5A, 5B:

I. Briefing Books (NAFTA, POTUS trips, Health Care, Census)

II. Clinton (public papers, economic growth plan)
Box 7A, 7B, 7C:
I. Affirmative Action (articles, briefing book, etc.)
II. NAFTA (briefing books, speeches, etc.)
III. Speech transcripts; SOA, POTUS comments
IV. G-7 Jobs conference
V. Education training program, briefing book
VI. FEC binder
VII. Reemployment Act 1994 (book)

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II. Center for New Democratic Binder
III. POTUS Records (Binder)
IV. CFR Binder

Box 12A, 12B:
I. CRS Reports
II. List of Donors $25,000+
III. FEC Reports

Box 15:
I. Summit of the Americas files-1994

Box 16:
I. GATT
II. G7 Naples
III. Summit of the Americas
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Box 17:
I. 1994-trade communications
II. Political Reform
III. Republicans in Congress
Box 18:
I. REA

Box 19:
II. Campaign Finance Reform
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IV. Info on Reagan, Carter, and Truman Presidencies
V. Op-ed statement

Box 20:
I. NAFTA
II. FBI-Freeh Appropriations

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I. NAFTA
II. Crime
III. Medicare
IV. Lobby reform
V. Campaign Finance Reform
VI. Regulatory Reform
VII. Quotes
VIII. Re-Go
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X. Teen Smoking

Box 24A, 24B:
I. REA-binders
THE TRIP OF
THE PRESIDENT
TO RIGA, WARSAW,
NAPLES, BONN,
AND BERLIN

July 5 - 12, 1994
The Trip of the President to Riga, Warsaw, Naples, Bonn, and Berlin

July 5 – 12, 1994
PRESIDENT WILLIAM CLINTON'S TRIPS ABROAD
DURING HIS PRESIDENCY

- 1993 -

April 3 - 4
Vancouver, British Columbia

July 5 - 11
Tokyo, Japan
Seoul, Korea

September 26 - 27
New York, New York

November 18 - 20
Seattle, Washington

- 1994 -

January 8 - 16
Brussels, Belgium
Prague, Czech Republic
Kiev, Ukraine
Moscow, Russia
Minsk, Belarus
Geneva, Switzerland

June 1 - 8
Rome, Italy
Nettuno, Italy
Cambridge, UK
Portsmouth, UK
Normandy, France
Paris, France
Oxford, UK
The Trip of the President to
Riga, Warsaw, Naples, Bonn, and Berlin
July 5 - 12 1994

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2789 6-94 STATE (INR/GGI)
## Time Conversion Table

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+1 day
Notes on Gifts and Customs

Gifts
As set forth in 22 CFR Part 3, the Foreign Gifts Act specifies that employees and members of their families may accept and retain a gift tendered as a souvenir or mark of courtesy from foreign governments or their representatives if it is of “minimal value,” which is currently defined as a retail value in the United States, at the time of acceptance, of $140 or less. However, an employee may accept a gift valued at over $140 only if to refuse it “would likely cause offense or embarrassment or otherwise adversely affect the foreign relations of the United States,” and even then such a gift is deemed to have been accepted on behalf of the United States, and, upon acceptance, becomes the property of the United States. Any such gift must, within 60 days after acceptance, either be deposited for disposal with the recipient’s employing agency, or, subject to the approval of the employing agency, deposited with that agency for official use. For Department of State employees, the depositary is the Office of Protocol.

The Attorney may bring a civil action in the U.S. District Court against any employee who knowingly has solicited or accepted a gift from a foreign government not consented to by the revised statute, or who has failed to report such a gift as the law requires. A penalty may be assessed in such a case in any amount not to exceed the retail value of the gift improperly solicited or received plus $5,000.

Customs
Everyone will be expected to fill out a customs declaration form to be returned to the steward just prior to returning to a U.S. point of entry. You will need to note on the declaration when:

• The total fair retail value of articles acquired abroad exceeds $400, or if acquired in American Samoa, Guam, or the U.S. Virgin Islands, $800.

• More than 1 liter (33.8 fl. oz.) of alcoholic beverages, 200 cigarettes, or more than 100 cigars are included. Or if returning from American Samoa, Guam, or the U.S. Virgin Islands: more than 4 liters (135.2 fl. oz) of alcoholic beverages, 100 cigars, and 1,000 cigarettes.

• Some of the items are not intended for your personal or household use, such as commercial samples, items for sale or use in your business, or articles you are bringing home for another person.

• Articles acquired in the U.S. Virgin Islands, American Samoa, or Guam are being sent to the United States.

• A customs duty or internal revenue tax is collectible on any article in your possession.

Note: “Courtesy of the Port” does not mean you do not have to fill out a declaration or that you will not have to pay customs duty. Your declarations will be reviewed by customs officials at the U.S. point of entry and you will be billed for any dutiable items purchased.
Prohibited and Restricted Articles

Some items must meet certain requirements, require a license or permit, or may be prohibited entry. Among these are:

- Absinthe
- Biological material
- Books protected by American copyright if unauthorized foreign reprints
- Candy, liquor-filled
- Copies of gold coins if not properly marked
- Electronic products subject to radiation emission standards
- Firearms & ammunition
- Food, drugs, and certain other items not approved by FDA
- Fruits, plants, vegetables & their products
- Hazardous articles (e.g., fireworks, dangerous toys, toxic or poisonous substances)
- Lottery tickets
- Meats, poultry, & products (e.g., sausage, pate, canned items)
- Motor vehicles not conforming to safety and emission standards
- Narcotics & dangerous drugs including medicine containing same
- Objects of Central and South American pre-Columbian Indian cultures
- Obscene articles & publications
- Pets (e.g., dogs, birds, turtles, monkeys)
- Seditious or treasonable matter
- Trademarked items (e.g., certain cameras, watches, perfumes)
- Switchblade knives
- Wildlife (birds, fish, animals) & endangered and protect species (e.g., pheasants; furskin; feathers, eggs, or skins of wild birds; articles from reptile skins, ivory, and whalebone).
Lativa Conversion Table at Lat 0.5620 = U.S $

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**NOTE:** All U.S. dollar values are rounded to nearest U.S. cent. Value of the Lat may vary due to currency market conditions.

June 1994
Official Name: Republic of Latvia

PROFILE

Geography

Area: 64,100 sq. km. (25,640 sq. miles); about the size of West Virginia.

Cities: Capital—Riga (1989 pop. 910,500); Daugavpils (125,000); Liepaja (114,500); Jelgava (74,100); Jurmala (60,600); Ventspils (50,600); Rezekne (42,500).

Terrain: Fertile low-lying plains predominate in central Latvia, highlands in Vidzeme and Latgale to the east, and hills in the western Kurzeme region.

Climate: Temperate, with four seasons of almost equal length.

PEOPLE

Nationality: Noun and adjective—Latvian(s).

Population: 2.6 million. Growth rate—0.6%. Birth rate—14/1,000.

Ethnic groups: Latvian 52%, Russians 34%, Belorussians 4.5%, Ukrainians 3%, Poles 2%.

Religions: Lutheran, Russian Orthodox, Roman Catholic.

Official language: Latvian. Russian also is widely spoken.

Education: Years compulsory—9. Literacy—99%.

Health: Infant mortality rate—16/1,000. Life expectancy—65 years male, 75 female. Work force (1.4 million): Industry—30%. Agriculture/forestry—16%. Trade/Dining—9%. Transport/Communication—7%. Construction—10%. Financial services/Other—27%.

Government

Type: Parliamentary democracy.

Constitution: The 1922 constitution, the 1990 declaration of renewal of independence, and the 1991 "Basic Law for the Period of Transition" serve until a new constitution is ratified.

Branches: Executive—chairman of parliament (head of state), elected by parliament every five years; prime minister (head of government). Legislative—Saeima (100-member body).

Judicial—Supreme Court.

Administrative regions: 26 rural districts and 6 districts in Riga.


 Suffrage: Universal at 18.
Flag: Two horizontal, maroon bands of equal width divided by a white stripe.

Economy

GDP: $2.6 billion.

Growth rate: -3.3%.

Natural resources: Peat, limestone, dolomite, gypsum, timber.

Agriculture/forestry (24% of GDP): Products—cattle, dairy foods, cereals, potatoes.

Manufacturing/electricity (45% of GDP): Light electrical equipment and fittings, textiles and footwear, technological instruments, construction materials, processed foods.

Trade: Exports—$803 million: transshipment of crude oil; metals, timber and paper products; furniture; dairy and fish products; light industrial products and machinery; chemical products; textiles and clothing. Major markets—Russia 43%; Netherlands 12%; Germany 10%; Sweden 10%; Ukraine 9%; Belarus 7%.

Imports—$1.1 billion: fuel, food, raw materials, machinery. Partners—Russia 29%; Germany 10%; Lithuania 10%; Sweden 5%; Belarus 4%. 

United States Department of State
Bureau of Public Affairs
Office of Public Communication
PEOPLE

Latvians occasionally refer to themselves by the ancient name of “Latvija,” which may have originated from a “Latve” river that presumably flowed through what is now eastern Latvia. A small Finno-Ugric tribe known as the Livs settled among the Latvians and modulated the name to “Latvis,” meaning “forest-clearers,” which is how medieval German settlers also referred to these peoples.

The German colonizers changed this name to “Lette” and called their initially small colony “Livland.” The Latin form, “Livonia,” gradually referred to the whole of modern-day Latvia as well as southern Estonia, which had fallen under German dominion. Latvians and Lithuanians are the only directly surviving members of the Baltic peoples and languages of the Indo-European family.

Latvians consider themselves to be Nordics, evidenced through the strong cultural and religious influences gained over centuries during Germanic and Scandinavian colonization and settlement. Eastern Latvia (Latgale), however, retains strong Polish and Russian cultural and linguistic influences. This highly literate society places strong emphasis upon education, which is free and compulsory until age 16. Most Latvians belong to the Evangelical Lutheran Church. A sizeable minority are Russian Orthodox. Eastern Latvia is predominantly Roman Catholic.

Historically, Latvia always had fairly large Russian, Jewish, German, and Polish minorities, but postwar emigration, deportations, and Soviet “Russification” policies from 1939-89 reduced the percentage of ethnic Latvians in Latvia from 73% to 58%. Latvia’s strict language law and draft citizenship law have caused many non-citizen resident Russians concern over their ability to assimilate, despite Latvian legal guarantees of universal human and civil rights regardless of citizenship.

Written with the Latin alphabet, Latvian is the language of the Latvian people and the official language of the country. It is an inflective language with several analytical forms, three dialects, and German syntactical influence. The oldest known examples of written Latvian are from a 1585 catechism.

The Soviets imposed the official use of Russian, so most Latvians speak Russian as a second or first language, while the resident Slavic populace generally speaks Russian as a first language.

HISTORY

From about 9000 B.C., ancient peoples of unknown origin inhabited Latvia. By 3000 B.C., the ancestors of the Finns had settled the region. A millennium later, pre-Baltic tribes had arrived and, within time, evolved into the Baltic Couranian, Latgallian, Selonian, and Semigallian groups. These tribes eventually formed local governments independent of the Finno-Ugric Livian tribe. In the 1300s, they were conquered by the Germans, who renamed the territory Livonia.

German sailors shipwrecked on the Daugava River in 1054 had inhabited the area, which led to increasing German influence. Founded by the Germanic Bishop Alberth of Livonia in 1201, the city of Riga joined the Hanseatic League in 1285 and shared important cultural and economic ties with the rest of Europe. However, the new German nobility enslaved the peasantry and accorded non-Germanic peoples only limited trading and property rights.

Subsequent wars and treaties ensured Livonia’s partition and colonization for centuries. The commonwealth’s successes during the Livonian Wars (1558-1563) united the Latvian-populated duchies of Parnawa, Kurzeme, and Zemgale, but the Polish-Swedish War (1600-1629) granted Sweden acquisition of Riga and the Duchy of Parnawa, minus Latgale, leaving Latvia again split ethnically.

In turn, victory over Sweden in the Great Northern War (1700-1721) gave Russia control over the Latvian territories. From 1804 onward, a series of local decrees gradually weakened the grip of German nobility over peasant society. In 1849 a law granted a legal basis for the creation of peasant-owned farms.

Until the 1860s, there still was little sense of a Latvian national identity, as both serfdom and institutional controls to migration and social mobility limited the boundaries of the peasants’ intellectual and social geography. The large baronic estates caused a lack of available farmland for an increasing population, creating a large landless, urban class comprising about 60% of the population.

Also, in the face of stricter Russification policies, the Baltic German clergy and literati began to take an interest in the distinctive language and culture of the Latvian peasantry. These patrons (with such Lettish names as Alunana, Barons, Krastins, Kronvalds, Tomsons, and Valdemars) soon formed the Young Latvian Movement, whose aim was to promote the indigenous language and to publicize and counteract the socioeconomic oppression of Latvians.

By 1901 “Jauna Strava” had evolved into the Latvian Social Democratic Party. Following the lead of the Austrian Marxists, the LSDP advocated the transformation of the Russian empire into a federation of democratic states (to include Latvia) and the adoption of cultural autonomy policy for extra-territorial ethnic communities.

In 1903, the LSDP split into the more radically internationalist Latvian Social Democratic Worker’s Party and the more influential Latvian Social Democratic Union (LSDU), which continued to champion national interests and Latvia’s national self-determination, especially during the failed 1905 revolution in Russia.

The onset of World War I brought German occupation of the western coastal province of Kurzeme, and Latvians countered the invasion by establishing several rifle regiments commanded by czarist generals. As a defensive measure, Russia dismantled over 500 local Latvian industries, along with technological equipment, and moved them to central Russia.

The sagging military campaign generally increased Latvian and LSDU support for the Bolsheviks’ successful October Revolution in 1917, in hopes of a “free Latvia within free Russia.” These
circumstances led to the formation of the Soviet "Iskolat Republic" in the unoccupied section of Latvia. In opposition to this government and to the landed barons' pro-German sympathies stood, primarily, the Latvian Provisional National Council and the Riga Democratic Bloc. These and other political parties formed the Latvian People's Council which, on November 18, 1918, declared Latvia's independence and formed an army.

The new Latvian army faced rogue elements of the retreating German army and engaged in civil war against the Soviet Red Army, composed largely of former Latvian Riflemen. Soviet power resumed in Latvia one month later, on December 17, by order of the Latvian Soviet Socialist Republic, which forcefully collectivized all land and nationalized all industries and property.

By May 22, 1919, the resurgent German army occupied and devastated Riga for several days. The Latvian army managed to win a decisive battle over the combined German-Red Army forces and, thereafter, consolidated its success on the eastern Latgale front.

These developments led to the dissolution of the Soviet Latvian Government on January 13, 1920, and to a peace treaty between Latvia and Soviet Russia on August 11 later that year. By September 22, 1921, Latvia was admitted to the League of Nations.

Having obtained independent statehood in which Latvians were an absolute majority, the government headed by Prime Minister Ulmanis declared a democratic, parliamentary republic. It recognized Latvian as the official language, granted cultural autonomy to the country's sizeable minorities, and introduced an electoral system into the Latvian constitution, which was adopted in 1922.

The decade witnessed sweeping economic reform, as war had devastated Latvian agriculture and most Russian factories had been evacuated to Russia. Economic depression heightened political turmoil, and on May 15, 1934, Prime Minister Ulmanis dismissed the parliament, banned outspoken and left-wing political parties, and tightened authoritarian state control over Latvian social life and the economy.

The effects of the infamous Molotov-Ribbentrop agreement steadily forced Latvia under Soviet influence until August 5, 1940, when the Soviet Union finally annexed Latvia. On June 14 of the following year, 15,000 Latvian citizens were forcibly deported and a large number of army officers shot. The subsequent German occupation saw the mobilization of many Latvians into German Waffen SS legions, while some Latvians joined the Red Army and formed resistance groups; others fled to the West and East. By 1945, Latvia's population had dropped by one-third.

After the war, the U.S.S.R. subjected the Latvian republic to a scale of social and economic reorganization which rapidly transformed the rural economy to heavy industry, the Latvian population into a more multiethnic structure, and the predominantly peasant class into a fully urbanized industrial worker class.

As part of the goal to more fully integrate Latvia into the Soviet Union, on March 25, 1949, Stalin deported another 42,000 Latvians and continued to promote the policy of encouraging Soviet immigration to Latvia. The brief "Krushchev thaw" of the 1950s ended in 1959, when the Soviets dismissed Latvian Communist Party and government leaders on charges of "bourgeois nationalism" and replaced them with more aggressive hardliners, mostly from Russia.

Perestroika enabled Latvians to pursue a bolder nationalist program, particularly through such general issues as environmental protection. In July 1989, the Latvian Supreme Soviet adopted a "Declaration of Sovereignty" and amended the constitution to assert the supremacy of its laws over those of the U.S.S.R. Pro-independence Latvian Popular Front candidates gained a two-thirds majority in the Supreme Council in the March 1990 democratic elections.

On May 4, the Council declared its intention to restore full Latvian independence after a "transitional" period; three days later, Ivars Godmanis was chosen Council of Ministers Chairman, or Prime Minister.

In January 1991, Soviet political and military forces tried unsuccessfully to overthrow the legitimate Latvian authorities by occupying the central publishing house in Riga and establishing a "Committee of National Salvation" to usurp governmental functions. Three-fourths of all Latvian residents confirmed support for independence on March 3 in a nonbinding "advisory" referendum. A large number of ethnic Russians also voted for the proposition.


GOVERNMENT AND POLITICAL CONDITIONS

Latvia emphatically states that the Russian troop withdrawal issue remains its highest priority and that its resolution will exponentially speed economic and political reform. Estimated Russian troop strengths now are less than 7,000. In October 1991, the Latvian Supreme Council began deliberations on a citizenship law, which remains to be finalized. Under the accepted guidelines, those who were Latvian citizens in 1940 and their descendants can claim citizenship. Almost half of Latvia's population is ethnically non-Latvian, yet perhaps more than 85% of its ethnic Slavs can pass the residency requirement. The guidelines set naturalization criteria for conversational knowledge of Latvian, a loyalty oath, renunciation of former citizenship, a 16-year residency requirement, and a knowledge of the Latvian constitution.

Dual citizenship is allowed for those who were forced to leave Latvia during the Soviet occupation and adopted another citizenship. In addition, the resolution calls for excluding criminals, drug addicts, members of the Soviet army, and certain other groups from becoming citizens.

On March 19, 1991, the Supreme Council passed a law explicitly guaranteeing "equal rights to all nationalities and ethnic groups" which "guarantees to all permanent residents in the Republic regardless of their nationality, equal rights to work and wages." The law also
prohibits "any activity directed toward nationality discrimination or the promotion of national superiority or hatred."

Significant portions of the 1922 constitution were temporarily reinstalled in autumn 1991. The government took a census in spring 1993 to determine eligibility for citizenship. Parliamentary gridlock in the former Supreme Council had halted passage of any substantive political or economic legislation.

The Saeima, a unicameral legislative body, is the highest organ of state authority. It initiates and approves legislation sponsored by the prime minister. The prime minister has full responsibility and control over the cabinet, and the president holds a primarily ceremonial role as head of state.

In the June 5-6, 1993, elections, in which over 90% of the electorate participated, 8 of Latvia's 23 registered political parties passed the 4% threshold to enter parliament. The Popular Front, which spearheaded the drive for independence two years ago with a 75% majority in the last parliamentary elections in 1990, did not qualify for representation. The centrist "Latvia's Way" party received a 53% plurality of votes and joined with the Farmer's Union to head a center-right-wing coalition government.

Led by the opposition National Conservative Party, right-wing nationalists won a majority of the seats nationwide and also captured the Riga mayorality in the May 29, 1994, municipal elections. Correctly anticipating that it would do poorly, the governing party, "Latvia's Way," spent few resources to contest the elections. Its coalition partner, "Farmers' Union," did well in the countryside while former Foreign Minister Jurkans' left-leaning "Concord for Latvia" took eastern Latvia. European observers pronounced the elections free and fair, and turnout averaged just under 60%.

The popular and effective Foreign Minister, Geigurs Andrejevs, resigned in early June due to poor health and because of accusations that he and four other members of parliament had cooperated with the Soviet KGB prior to Latvia's independence. The Saeima recently passed a law on naturalization. It is unclear whether the president will approve the bill, which is widely based on recommendations by the Council of Europe but which contains a controversial small and strict quota system for those prospective applicants not born in Latvia.

National Security
Latvia's defense concept is based upon the Swedish-Finnish rapid response model force. The armed forces consist of border guards, mobile infantry, special units, and an air force and navy whose status has not fully been determined financially or administratively. The zemessardze, or home guard, is an autonomous, volunteer paramilitary organization which also performs traditional national guard duties and assists the border guards. Special independent interior ministry, intelligence, and civilian defense units also exist. Active-duty defense forces stand at 9,000. There is a mandatory one-year draft period of active duty, and alternative conscription for conscientious objectors is available.

Principal Government Officials
President—Karlis Ulmanis
Prime Minister—Valdis Birkavs
Minister of Foreign Affairs—vacant

Latvia maintains an embassy in the United States at 4325 17th Street, Washington DC 20011 (tel: 202-726-8213).

ECONOMY

For centuries under Hanseatic and German influence and then during its interwar independence, Latvia used its geographic location as an important East-West commercial and trading center. Industry served local markets, while timber, paper, and agricultural products comprised Latvia's main exports. Conversely, the years of Russian and Soviet occupation tended to integrate Latvia's economy to serve those empires' large internal industrial needs.

Today, Latvia's economy still remains heavily dependent upon the markets of the states of the former Soviet Union. Other than in peat, timber, and gravel, Latvia is deficient in most natural resources and relies upon trade with its former Soviet neighbors to provide 91% of its energy needs. Freed prices, including once-rationed food items and fuel, are now reaching market levels, and most small businesses and farms have been formally privatized or are operating as such. Industrial production dropped 35% in 1992, and the urban, resident non-citizen Russian work force—which dominates Latvia's highly diversified but inefficient industrial sector—may face significant unemployment and economic displacement once Latvia undertakes deeper necessary reforms.

As a result, Latvians' standard of living and purchasing power has fallen catastrophically. As a new member, Latvia received critical loans from the IMF and World Bank, as well as from G-24 nations, in order to stave off critical energy, medicinal, and feed grain shortages and financial shortfalls caused by the disruption of traditional Soviet markets.

The monetary situation has stabilized, with monthly inflation less than 2% in accord with IMF plans and hard currency reserves in excess of $320 million. Last year, Latvia began issuing its own freely convertible currency, the lats, which replaced the interim currency, the Latvian ruble.

In 1993, Latvia exported to the U.S. $23 million worth of goods and imported $90 million of goods and services. American firms registered $35 million out of a total $110 million in foreign investment. The U.S. is the largest Western investor in Latvia. Private businesses are booming, with over $75 million in foreign investment last year, and the government has recreated over 50,000 private farms. With 48% of the populace, ethnic Slavs control about 80% of the economy.

FOREIGN RELATIONS

Latvia became a member of the United Nations on September 18, 1991, and is a signatory to a number of UN and other international organizations and relationships. It also is a member of the Conference on Security and Cooperation in Europe and of the North Atlantic
Cooperation Council. Latvia is unaffiliated directly with any political alliance but welcomes further cooperation and integration with NATO, the European Union, and other Western organizations. It also seeks more active participation in United Nations peace-keeping efforts worldwide.

Latvia maintains embassies in the United States, Belarus, Belgium, Denmark, Estonia, Finland, France, Germany, Lithuania, Sweden, the United Kingdom, and Russia. It also operates missions to the United Nations in New York City and a consulate general in Australia. Honorary consuls are located in Australia, Austria, Belgium, Canada, Greece, India, Israel, Italy, South Korea, Moldova, Norway, Switzerland, Taiwan, and Venezuela.

Relations with Russia are improving, primarily because Latvia and Russia signed a troop withdrawal agreement on April 30 calling for the withdrawal of Russia's remaining 7,000 troops from Latvia no later than August 31, 1994. Latvia has agreed that Russia may continue to operate the Skrunda radar facility under CSCE supervision strictly for a four-year period.

Latvia lacks a citizenship law, and Russia expresses concern over how Latvia's language law and proposed citizenship law may affect Latvia's ethnic Slavs, who comprise 48% of the population. In turn, Latvia is interested in the welfare of over 210,000 ethnic Latvians still resident in Russia. Neither country allows dual citizenship.

The United States established diplomatic relations with Latvia on July 28, 1922. The U.S. legation in Riga officially was established November 13, 1922, and served as the headquarters for U.S. representation in the Baltics during the interwar era. The Soviet invasion forced the closure of the legation on September 5, 1940, but Latvian representation in the United States has continued uninterrupted for over 70 years. The U.S. never recognized the forcible incorporation of Latvia into the U.S.S.R. and views the present Government of Latvia as a legal continuation of the interwar republic. Latvia has enjoyed most-favored-nation (MFN) treatment with the U.S. since December 1991. It annually receives approximately $6 million in humanitarian and medical aid, technical assistance, and professional training, along with having received about $38 million in feed grain credits from the U.S. since 1991.

Principal U.S. Embassy Officials

Ambassador—Ints Silins
Economic Officer—Constance Philpot
Political Officer—Douglas Wake
Administrative Officer—Susan Pazina
Consular Officer—Ellen Conway
AID Director—Baudouin de Marchen
Public Affairs Officer—Philip Ives

The U.S. embassy in Latvia is located at Raina Boulevard 7, Riga, (tel. 371-2-213-962).
Riga was founded some 800 years ago on the Daugava River about 4 miles upstream from the sea. From the beginning, trade and banking were principal occupations of the city. In 1201, the Teutonic knights captured the town, imposing German political domination and Christianity on the tribes of Livs and Latvians living here. Not until the 20th century, did the Latvians regain political control of the city.

During the 16th and 17th centuries, Riga fell under Polish, then Swedish occupation. Russian power was established here by Peter the Great in 1710, and lasted until the fall of the Romanov dynasty. In the last decades of the Russian Empire, Riga was an important seaport and rail center, and was the third largest city in the empire. The wealth of that period shows in the many art nouveau and Italian renaissance buildings of the city center.

Latvian independence was declared in Riga on November 18, 1918, and after a year of fighting against both German and Russian forces, the Latvian Republic was firmly established. During its 21-year existence, Riga flourished as one of the busiest and richest ports on the Baltic Sea. But, the country's fate was sealed by the Ribbentrop-Molotov Pact of August 23, 1939.

In June 1940, Riga was occupied by the Red Army. A year of deportations and killings began. From 1941 to 1944, the city was occupied by the German Wehrmacht by 1943, the Eastern front ran through Latvia. Latvian youth were conscripted by both German and Soviet armies. Fighting continued in Latvia's western province until the capitulation of Germany. Soviet forces reentered Riga on October 15, 1944. The last Russian soldier is due to leave on August 31, 1994.

Riga's old town covers some 80 acres along the Daugava River. A remnant of the wall which surrounded the town in the 17th century can be seen in the round brick powder tower, constructed by the Swedes, and in the Swedish Gate which opens onto Torna Iela (Tower Street). Notable structures in the old town include the Dom Church (1211), St. John's Cloister (1234), St. Peter's Church (13th century), and St. Jacob's Church (1225). A number of medieval streets in the old town have been restored in the 1980s and 1990s, including Jana Iela (St. John's Street), Kamu Iela (Shingle Street), and Amatu Iela (Crafts Street).

Since 1991, Riga has undergone a rebirth of commerce and tourism. Many new restaurants, bars, cafes, and shops now occupy the old buildings and squares, breathing new life into the city.

Riga Castle

Riga Castle is situated at the north end of the Old Town with one side on the Daugava River and the other side facing Castle Square.

The original castle was built in 1330 by the Teutonic Knights. It was extensively rebuilt by the Swedes in the 17th century, and by the Russians in the 18th. It is a four-story building, with an inner courtyard and two round towers. During the 1920s and 1930s, the Castle served as the President's residence. Under Soviet power, it was turned over to the Communist Party's children's organization, the Pioneers. Currently, the south wing of the building houses several museums (including the Museum of Foreign Art) and the north wing has been returned to the Office of the President. There is a plan to rebuild the President's residence in this wing. Meantime, it contains several rooms which are used for ceremonial purposes. President Lech Walesa of Poland had meetings here with President Ulmanis in March 1994.

There are two entrances to the President's wing: through the central courtyard, or from the garden on the north wall. On the second floor is the Green Room (1,000 square feet), which connects by an internal staircase to the large White Banquet Hall on the third floor. The Banquet Hall was the site of
a press conference for President Walesa. Adjoining the Banquet Hall is the Reception Room (700 square feet) where foreign ambassadors presented their credentials in the 1920s and 1930s. It is gaily decorated in the style of the period.

On the fourth floor, above and to the right of the Reception Room, is a large theater room known as the Red Hall (5,000 square feet). It seats more than 300, and can also be used for press conferences. It can be accessed by an internal staircase so as not to interfere with activities taking place in any of the other ceremonial rooms.

**Freedom Monument**

The square (500 feet by 150 feet) at the end of “Freedom Street,” near the entrance to Riga’s Old Town, is an historic location. In Czarist times, a statue of Peter the Great stood there, and the square was named “Peter’s Square.” This statue was removed during the First World War, as the Latvian people organized their struggle for freedom.

In the 1920s and 1930s, the square was the site of many fairs, festivals, and public meetings. The Freedom Monument was erected in 1935 as the symbol of Latvia’s independent statehood and liberty. Money for the monument was donated by people all around the country. The 146-foot high stone obelisk is topped by a bronze statue of Liberty holding three stars, symbolizing the unity of Latvia’s three regions. Around the base of the monument are four stone sculptures depicting national and cultural themes. The inscription reads “For Fatherland and Freedom.”

When the “Latvian Awakening” began in 1987, the Freedom Monument was a natural point for rallies called by the Popular Front and other opponents of the Communist regime. Since 1989, the square has often been the site of public gatherings in support of freedom, and is especially visited on the occasion of Latvian Independence Day (November 18). Visiting foreign dignitaries usually stop to lay a wreath at the monument.
Ints M. Silins
U.S. Ambassador to Latvia

Mr. Silins, the current Ambassador to Latvia, was confirmed as Ambassador in March 1992. Prior to that appointment, he served as the Charge' d'Affaires in Riga, Latvia from October 1991 until his confirmation as Ambassador. He served as U.S. Consul General in Strasbourg, France, from 1989 to 1991; Deputy Director for Bilateral Political Relations, Office of Soviet Affairs from 1987 to 1989; and attended Harvard University as a Fellow in the Center for International Affairs from 1986 to 1987.

Mr. Silins was Political Affairs Counselor in the U.S. Embassy in Stockholm, Sweden, from 1983 to 1986; Deputy Principal Officer, U.S. Consulate General, Leningrad, U.S.S.R., from 1981 to 1983; and Political Section Chief, U.S. Embassy, Port au Prince, Haiti, from 1978 to 1980. He served as officer-in-charge of U.S. Relations with Romania, Department of State from 1976 to 1978; and as Staff officer in the Executive Secretariat, Department of State from 1975 to 1976. He was the Economic/Commercial Officer in the U.S. Embassy, Bucharest, Romania, from 1973 to 1975.

From 1971 to 1973, he served as aide to Ambassador Ellsworth Bunker in Saigon, Vietnam and from 1970 to 1971 was the Senior Advisor for the Duc Thanh District in the Mekong Delta.

He entered the Foreign Service in 1969, concentrating on European and Soviet Affairs and received the Department's Award for Valor in 1980; the Meritorious Honor Award in 1985; and a group Superior Honor Award in 1988.

Mr. Silins was born in Riga on March 25, 1942. He received a B.A. in Philosophy, with honors, from Princeton University in 1965, and did graduate study at University College London. He married the former Elizabeth Louise Adolphson in 1976 and they have four children.
Key U.S. Officials

Jonathan Bemis
Political/Economic Affairs Officer, Riga

Jeffrey Rathke
Consular Affairs Officer, Riga

Susan Pazina
Administrative Affairs Officer, Riga

James Kenney
Public Affairs Officer, Riga
Guntis ULMANIS
(Phonetic: OOLmanis)

**President (since 1993)**

**Addressed as: Mr. President**

**Political:** Popular figure, according to opinion polls . . . has returned citizenship law to parliament, claiming it too restrictive for nonethnic Latvians . . . signed Russian troop withdrawal accord, despite nationalists' objections . . . only member of Farmers' Union Party among top officials.

**Background:** Born 1939 . . . great-nephew of Latvian President at time of 1940 Soviet occupation . . . family exiled to Russia for six years . . . economics degree from Riga University, worked in local government.

**Languages:** Speaks Russian but not English.

**Personal Notes:** Enjoys outdoors activities, reading about history and human rights issues . . . married; has two children.

6/94
Polish Zloty Conversion Table at Z 22,570 = U.S $

(zloty = 100 groszy) = U.S. $

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**NOTE:** All U.S. dollar values are rounded to nearest U.S. cent. Value of the Zloty may vary due to currency market conditions.

June 1994
Official Name: Republic of Poland

PROFILE

Geography

Area: 312,680 sq. km. (120,725 sq. mi.); about the size of New Mexico.
Cities (1992): Capital—Warsaw (pop. 1.6 million). Other cities—Lodz (838,000), Krakow (744,000), Wroclaw (641,000), Poznan (583,000), Gdansk (462,000).
Terrain: Flat plain, except mountains along southern border.
Climate: Temperate continental.

People

Nationality: Noun—Pole(s). Adjective—Polish.
Annual growth rate: Negligible.
Ethnic groups: Polish 97%, German, Ukrainian, Belorussian, Lithuanian.
Religions: Roman Catholic 95%, Eastern Orthodox, Uniate, Protestant.
Language: Polish.
Literacy: 98%.
Health (1989): Infant mortality rate—14/1,000. Life expectancy—males 66 yrs., females 75 yrs.
Work force: 15.4 million. Industry and construction—32%. Agriculture—29%. Government and other—21%. Trade and business—18%.

Government

Type: Republic.
Constitution: Poland operates under a temporary constitution (the "Little Constitution") adopted on October 17, 1992, pending the passage of a more permanent document. The constitution allows for limited checks and balances among the president, prime minister, and parliament. Judicial review is strictly limited.
Branches: Executive—head of state (president), head of government (prime minister). Legislative—bicameral National Assembly (lower house—Sejm, upper house—Senate). Judicial—Supreme Court, provincial and local courts, constitutional tribunal.
Administrative subdivisions: 49 provinces (voivodships).
Political parties: Democratic Left Alliance, Polish Peasant Party, Democratic Union, Union of Freedom, Union of Labor, Confederation for an Independent Poland, and Non-partisan Bloc in Support of Reform.
Suffrage: Universal at 18.
Flag: Upper half white; lower red.

Economy

Growth rate (1993 est.): 4%.
Natural resources: Coal, copper, sulfur, natural gas, silver, lead, salt.
Agriculture: Products—grains, livestock, potatoes, sugar beets, oilseed.
Industry: Types—machine building, iron and steel, mining, shipbuilding, automobiles, textiles and apparel, chemicals, food processing, glass, beverages.
PEOPLE

Poland today is ethnically almost homogeneous (98% Polish), in contrast with the pre-World War II period, when there were significant ethnic minorities—4.5 million Ukrainians, 3 million Jews, 1 million Belorussians, and 800,000 Germans. The majority of the Jews were murdered during the German occupation in World War II, and many others emigrated in the succeeding years. Most Germans left Poland at the end of the war, while many Ukrainians and Belorussians lived in territories incorporated into the U.S.S.R. Small Ukrainian, Belorussian, Slovakian, and Lithuanian minorities reside along the borders, and a German minority is concentrated near the southwest city of Opole.

HISTORY

Poland's written history begins with the reign of Mieszko I, who accepted Christianity for himself and his kingdom in AD 966. The Polish state reached its zenith under the Jagiellonian dynasty in the years following the union with Lithuania in 1386 and the subsequent defeat of the Teutonic Knights at Grunwald in 1410. The monarchy survived many upheavals but eventually went into a decline which ended with the final partition of Poland by Prussia, Russia, and Austria in 1795.

Independence for Poland was one of the 14 points enunciated by President Woodrow Wilson during World War I. Many Polish-Americans enlisted in the military services to further this aim, and the United States worked at the postwar conference to ensure its implementation.

However, the Poles were largely responsible for achieving their own independence in 1918. Authoritarian rule predominated for most of the period before World War II.

On August 23, 1939, Germany and the Soviet Union signed the Ribbentrop-Molotov non-aggression pact, which secretly provided for the dismemberment of Poland into Nazi and Soviet-controlled zones. On September 1, 1939, Hitler ordered his troops into Poland. On September 17, Soviet troops invaded and then occupied eastern Poland under the terms of this agreement. After Germany invaded the Soviet Union in June 1941, Poland was completely occupied by German troops.

The Poles formed an underground resistance movement and a government-in-exile, first in Paris and later in London, which was recognized by the Soviet Union. During World War II, 400,000 Poles fought under Soviet command, and 200,000 went into combat on western fronts in units loyal to the Polish government-in-exile.

In April 1943, the Soviet Union broke relations with the Polish government-in-exile, after the German military announced that they had discovered mass graves of murdered Polish army officers at Katyn, in the U.S.S.R. (The Soviets claimed that the Poles had insulted them by requesting that the Red Cross investigate these reports.) In July 1944, the Soviet Red Army entered Poland and established a communist-controlled "Polish Committee of National Liberation" at Lublin.

Resistance against the Nazis in Warsaw, including uprisings by Jews in the Warsaw ghetto and by the Polish underground, was brutally suppressed. As the Germans retreated in January 1945, they leveled the city.

During the war, about 6 million Poles were killed, and 2.5 million were deported to Germany for forced labor. More than 3 million Jews (all but about 100,000 of the Jewish population) were killed in death camps like those at Oswiecim (Auschwitz), Treblinka, and Majdanek.

Following the Yalta Conference of early 1945, a Polish Provisional Government of National Unity was formed in June 1945; the U.S. recognized it the next month. Although the Yalta agreement called for free elections, those held in January 1947 were controlled by the Communist Party. The communists then established a regime entirely under their domination.

Communist Party Domination

In October 1956, after the 20th ("de-Stalinization") Soviet Party Congress at Moscow and riots by workers in Poznan, there was a shake-up in the communist regime. While retaining most traditional communist economic and social aims, the regime of First Secretary Wladyslaw Gomulka liberalized Polish internal life.

In 1968, a reverse trend set in when student demonstrations were suppressed and an "anti-Zionist" campaign initially directed against Gomulka supporters within the party eventually led to the emigration of much of Poland's remaining Jewish population.

In December 1970, disturbances and strikes in the port cities of Gdansk, Gdynia, and Szczecin, triggered by a price increase for essential consumer goods, reflected deep dissatisfaction with living and working conditions in the country. Edward Gierrek replaced Gomulka as first secretary.

Fueled by large infusions of Western credit, Poland's economic growth rate was one of the world's highest during the first half of the 1970s. But much of the borrowed capital was misspent, and the centrally planned economy was unable to use the new resources effectively. The growing debt burden became insupportable in the late 1970s, and economic growth had become negative by 1979.

In October 1978, the Bishop of Krakow, Cardinal Karol Wojtyla, became Pope John Paul II, head of the Roman Catholic Church. Polish Catholics rejoiced at the elevation of a Pole to the papacy and greeted his June 1979 visit to Poland with an outpouring of emotion.

In July 1980, with the Polish foreign debt at more than $20 billion, the government made another attempt to increase meat prices. A chain reaction of strikes virtually paralyzed the Baltic coast by the end of August and, for the first time, closed most coal mines in Silesia. Poland was entering into an extended crisis which would change the course of its future development.

The Solidarity Movement

On August 31, 1980, workers at the Lenin Shipyard in Gdansk, led by an electrician named Lech Walesa, signed a 21-point agreement with the government which ended their strike. Similar agreements were signed at Szczecin and
in Silesia. The key provision of these agreements was the guarantee of the workers' right to form independent trade unions and the right to strike. After the Gdansk agreement was signed, a new national union movement—“Solidarity”—swept Poland.

The discontent underlying the strikes was intensified by revelations of widespread corruption and mismanagement within the Polish state and party leadership. In September 1980, Gierek was replaced by Stanislaw Kania as first secretary.

Alarmed by the rapid deterioration of the PZPR's authority following the Gdansk agreement, the Soviet Union proceeded with a massive military buildup along Poland's border in December 1980. In February 1981, Defense Minister Gen. Wojciech Jaruzelski assumed the position of Prime Minister as well, and in October 1981, he also was named party first secretary. At the first Solidarity national congress in September-October 1981, Lech Walesa was elected national chairman of the union.

On December 12-13, the regime declared martial law, under which the army and special riot police were used to crush the union. Virtually all Solidarity leaders and many affiliated intellectuals were arrested or detained.

The United States and other Western countries responded to martial law by imposing economic sanctions against the Polish regime and against the Soviet Union. Unrest in Poland continued for several years thereafter.

In a series of slow, uneven steps, the Polish regime rescinded martial law. In December 1982, martial law was suspended, and a small number of political prisoners were released. Although martial law formally ended in July 1983 and a general amnesty was enacted, several hundred political prisoners remained in jail.

In July 1984, another general amnesty was declared, and 2 years later, the government had released nearly all political prisoners. The authorities continued, however, to harass dissidents and Solidarity activists. Solidarity remained proscribed and its publications banned. Independent publications were censored.

Roundtable Talks and Elections

The government's inability to forestall Poland's economic decline led to waves of strikes across the country in April, May, and August 1988. In an attempt to take control of the situation, the government gave de facto recognition to Solidarity, and Interior Minister Kiszczak began talks with Lech Walesa on August 31. These talks broke off in October, but a new series—the “roundtable” talks—began in February 1989.

These talks produced an agreement in April for partly open National Assembly elections. The June election produced a Sejm (lower house), in which one-third of the seats went to communists and one-third went to the two parties which had hitherto been their coalition partners. The remaining one-third of the seats in the Sejm and all those in the Senate were freely contested; virtually all of these were won by candidates supported by Solidarity.

The failure of the communists at the polls produced a political crisis. The roundtable agreement called for a communist president, but on July 19, the National Assembly, with the support of some Solidarity deputies, elected Gen. Jaruzelski to that office. Two attempts by the communists to form governments failed, however.

On August 19, President Jaruzelski asked journalist/Solidarity activist Tadeusz Mazowiecki to form a government; on September 12, the Sejm voted approval of Prime Minister Mazowiecki and his cabinet. For the first time in more than 40 years, Poland had a government led and dominated by non-communists.

In December 1989, the Sejm considered the government’s reform program to rapidly transform the Polish economy from centrally planned to free market, amended the constitution to eliminate references to the “leading role” of the Communist Party, and renamed the country the “Republic of Poland.”

The Polish United Workers' (Communist) Party dissolved itself in January 1990, creating in its place a new party, Social Democracy of the Republic of Poland. Most of the property of the former Communist Party was turned over to the state.

The May 1990 local elections were entirely free. Candidates supported by Solidarity's Citizens Committees won most of the races they contested, although voter turnout was little over 40%. The cabinet was reshuffled in July 1990; the national defense and interior affairs ministers—hold-overs from the previous communist government—were among those replaced.

In October 1990, the constitution was amended to curtail the term of President Jaruzelski. In December, Lech Walesa became the first popularly elected President of Poland.

Poland in the 1990s

Poland in the early 1990s made great progress toward achieving a fully democratic government and a market economy. Free and fair elections were held for the presidency in November 1990 and for parliament in October 1991 and September 1993. Freedom of speech, religion, assembly, and the press were instituted. A wide range of political parties representing the full spectrum of political views were established.

In November 1990, Lech Walesa was elected President for a five-year term. From 1991 to 1993, three parliamentary coalitions of post-Solidarity origin parties governed in quick succession, none longer than 14 months. Jan Krzysztof Bielecki, at Walesa's request, formed a government and served as its Prime Minister until October 1991. His government continued the Mazowiecki Government's “Big Bang” package of economic reform, which introduced world prices and greatly expanded the scope of private enterprise.

Poland held its first free and fair parliamentary elections in October 1991. More than 100 parties participated. No single party received more than 18% of the total vote. President Walesa then asked first Bronslaw Geremek—a leader of the Democratic Union—and then Jan Olszewski—the candidate of a minority coalition of five parties—to attempt to form a government. Olszewski succeeded in putting together a coalition
government that was ratified by parliament. After a vote of no-confidence in June 1992, however, Olszewski and his cabinet were forced to resign over their efforts to purge alleged former secret police informers from political life.

Five weeks later, a new minority coalition government, led by Prime Minister Hanna Suchocka of the Democratic Union, was voted into office. Deep ideological differences caused tension among the coalition partners, however, especially when a controversial anti-abortion law was passed in the Sejm. The Solidarity Union's decision to withdraw support for the Suchocka Government fatally weakened it. President Walesa dissolved the parliament on May 28, 1993, after a vote of no-confidence.

The Suchocka Government continued to govern until parliamentary elections in September 1993. These elections took place under a new electoral law designed to limit the number of small parties in parliament by requiring them to receive at least 5% of the total vote to enter the Sejm. The Democratic Left Alliance (SLD) received the most votes, with 21%, and the Polish Peasant Party (PSL), came in second with 15%. The largest post-Solidarity party, the Democratic Union, came in third with 11% of the vote. Most of the small center and right parties failed to enter the parliament, as did the Solidarity Union.

GOVERNMENT AND POLITICAL CONDITIONS

The current government structure consists of a council of ministers led by a prime minister, typically chosen from a majority coalition in the bicameral legislature's lower house. Under the constitution, the president must be formally consulted in the appointment of the ministers of foreign affairs, internal affairs, and defense and may technically reject any proposed minister. The president—elected every five years—is head of state. The judicial branch plays a minor role in decision-making.

The parliament, consisting of 460 members of the Sejm and 100 members of the Senate, was elected on September 19, 1993, in free and fair elections in which 19 political parties participated. A 1993 electoral law stipulated that only parties receiving at least 5% of the total vote could enter parliament; under this law, six parties gained representation.

In October 1993, SLD and PSL formed a government coalition with a parliamentary majority under Prime Minister Waldemar Pawlak. The Pawlak Government has maintained generally pro-market economic policies and made clear its commitment to a democratic political system.

Tensions between the parliament and President Walesa were evident early in 1994, as both sides took advantage of legal ambiguities to enhance the power of their respective branches of government. In April 1994, the two sides called a truce, agreeing to work to resolve their differences during the constitution-drafting process scheduled to begin in May.

The parliament's term of office ends in 1997, unless dissolved earlier. Poland's next presidential election is scheduled for December 1995.

Along with the parties of Prime Minister Pawlak's ruling coalition, four other parties are represented in parliament: the Union of Freedom (formerly the Democratic Union), the Union of Labor (UP), the Confederation for an Independent Poland (KPN), and the Non-partisan Bloc in Support of Reform (BBWR).

National Security

Poland's armed forces number 250,000. Career soldiers make up about one-third of the army. All males are required to serve a 12-month period of basic military service.

Poland is reducing armaments to levels agreed upon in the Treaty on Conventional Armed Forces in Europe (CFE), signed in Paris in November 1990. Warsaw Pact members met early in 1991 and disbanded the organization on March 31. Polish officials have begun to restructure the military to increase civilian control and de-politicize its ranks.

There are no Russian troops remaining on Polish territory, with the exception of a small contingent at Legnica, which is tasked to facilitate the transit of Russian troops from the former German Democratic Republic through Poland. The remaining Russian contingent is scheduled to leave by the end of 1994.

The Polish military is in the process of modernizing, restructuring, and relocating. It is looking to the West for technology and co-production to upgrade its armaments and procedures, hoping to minimize its former dependence on the states of the former Soviet Union. The military is restructuring on the Western corps-brigade model and relocating its forces (primarily from west to east) to give it a more balanced defense capability. A high priority for Poland is to integrate its military into NATO.

Principal Government Officials

President—Lech Walesa
Prime Minister—Waldemar Pawlak
Minister of Foreign Affairs—Andrzej Olechowski
Ambassador to the U.S.—Jerzy Kozinski

Poland maintains an embassy in the United States at 2640 16th St. NW, Washington, DC 20009 (tel. 202-234-3800/3801/3802); the consular annex is at 2224 Wyoming Ave. NW, Washington, DC 20008 (tel. 202-234-3800). Poland has consulates in Chicago, New York City, and Los Angeles.

ECONOMY

Poland underwent a profound transformation as the government introduced a free market system to replace the centrally planned economy. The economic reform program introduced in 1990 stopped hyperinflation, stabilized the currency, and brought an end to chronic shortages of consumer goods. However, the economy also suffered a recession, with sharp declines in industrial production and real incomes, and steadily increasing unemployment rates. In May 1992, industrial production ended its decline and began a steady recovery, but unemployment has continued to rise as state-owned enterprises are restructured and privatized to adapt to the new free-market economy.

The U.S. and other Western countries have been supporting the growth of a free enterprise economy by providing
direct economic aid, restructuring Poland's foreign debt, and encouraging private foreign investment.

**Agriculture**

Polish agriculture employs one-third of the work force but contributes only 8% to the gross domestic product (GDP). Unlike the industrial sector, Poland's agricultural sector remained largely in private hands during the decades of communist rule. Private farms occupy three-fourths of the land and account for about four-fifths of agricultural employment and production. These 2.8 million private farms, however, are small and often fragmented. In contrast, the roughly 5,000 state farms, established under communist rule, average nearly 900 hectares each. The government is currently privatizing state farms.

Production of wheat, feed-grains, vegetable oils, and protein meals is insufficient to meet domestic demand. However, Poland is the leading producer in Eastern Europe of potatoes, rapeseed, sugar beets, grains, hogs, and cattle. Attempts to increase domestic feed grain production are hampered by the short growing season, poor soil, and the small size of farms.

While the government's economic reform has generally resulted in sharp price increases to the consumer, the costs to farmers for their inputs have risen faster than the prices they can demand for their products. State monopolies still control agricultural procurement, processing, and distribution. In 1992, Polish agriculture was hit by the worst drought of the century.

Implementation of the government's privatization program in the agricultural sector—specifically the breakup of the state monopolies in procurement and distribution—will help bring the costs of inputs and production into balance, but the small size and often fragmented nature of land holdings and the large portion of the population engaged in farming will continue to limit profitability.

**Industry**

Before World War II, Poland's industrial base was concentrated in the coal, textile, chemical, machinery, iron, and steel sectors. Today it extends to fertilizers, petrochemicals, machine tools, electrical machinery, electronics, and shipbuilding.

Poland's industrial base suffered greatly during World War II, and many resources were directed toward reconstruction. The communist economic system imposed on Poland in the late 1940s created large and unwieldy economic structures operated under tight central command. In part, because of this systemic rigidity, the economy performed poorly even in comparison with other economies in Eastern Europe.

In 1989, the Mazowiecki Government began a comprehensive reform program to replace the centralized command economy with a free market system.

**Economic Reform Program**

Four years into its transition to a market economy, Poland has become the first former centrally planned economy in Central and Eastern Europe to end its recession and return to growth. Poland's transition-induced recession bottomed out in the second quarter of 1991, and for the last two years the Polish economy has enjoyed an accelerated recovery. However, incomes remain low and unemployment high (nearly 16% as of April 1994) which has strained the political consensus for continued reform.

The sweeping economic reforms introduced in 1989 removed price controls, eliminated subsidies to industry, opened Poland's markets to international competition, and imposed strict budgetary and monetary discipline. These reforms have achieved impressive results in reducing inflation—from almost 600% in 1990 to 35% in 1993—and in bringing budget deficits under control. Poland's GDP grew 2.6% in 1992 and more than 4% in 1993, making Poland one of the fastest growing economies in Europe. Four years of successful macroeconomic stabilization policies have greatly improved Poland's standing in the international financial community.

In March 1994, Poland successfully completed a standby arrangement with the International Monetary Fund (IMF) which required complying with quarterly performance criteria in five key areas of fiscal and monetary policy. Foreign investment flows also are increasing. However, the restructuring of industry to adapt to the new conditions of a market economy, a necessary accompaniment to macroeconomic stabilization, has proceeded more slowly than expected. Many state-owned enterprises continue to operate at a loss. Efforts to privatize them have encountered numerous snags, including worker apprehensions about large job losses and management fears of bankruptcy.

Government budget deficits have been brought under control, but only by means of painful spending cuts in sensitive areas such as education, health care, and public safety. Meanwhile, the burden on the budget for government debt servicing and for subsidies to the Social Insurance Fund has mushroomed.

The government's 1994 budget received a favorable evaluation by the IMF and bolstered international confidence in Poland's long-term economic prospects. It was criticized as unnecessarily austere by opposition groups—including the Solidarity Trade Union—and by some supporters of the government parties. The government's economic reform programs are likely to face continued criticism from groups in society who feel they have not received their fair share of the benefits of the transition to a market economy.

**Foreign Trade**

Poland's current account was in surplus in 1990 but fell to a deficit of $1.4 billion in 1991, due largely to the collapse of trade with the Soviet Union. The current account recovered in 1992 to a deficit of only $269 million, as exporters found new Western markets, but slipped again in 1993 to a deficit of $2.3 billion, as the recovering Polish economy created stronger demand for imports while recession in Western Europe weakened demand for Polish exports.

Poland's external debt is about $45 billion, and its debt service ratio (the ratio of hard debt service obligations to hard currency earnings) is one of the
world's highest. In 1991, most of Poland's creditor governments agreed to reduce Poland's official debt by 50%. More than $13 billion is owed to commercial banks. In March 1994, a preliminary agreement was reached with major banks to reduce Poland's commercial debt by a similar 40%-50%.

FOREIGN RELATIONS

Poland's primary foreign policy goal is integration into Western security and economic institutions, above all NATO and the European Union (EU). Poland seeks, through active engagement in the Partnership for Peace, to work toward full NATO membership. An association agreement which Poland signed in 1991 with the EU came into effect in February 1994 and provides a framework for increasing integration. Poland applied for full EU membership in April 1994; it hopes to achieve membership before the year 2000. In May 1994, Poland became an "Associate Partner" in the EU's defense structure, the Western European Union.

Developments since 1989 have radically altered regional political boundaries. Poland has been active in regional diplomacy, as its leaders from across the political spectrum stress the need for equality in relations and Poland's independence and non-association with any other state. Poland has signed friendship treaties with all of its neighbors. The last was concluded with Lithuania in May 1994.

U.S.-POLISH RELATIONS

The United States established diplomatic relations with the newly formed Polish Republic in April 1919. After Gomulka came to power in 1956, Poland appeared ready to follow policies of increased internal liberalization and greater autonomy in foreign affairs. Consequently, relations with the United States began to improve.

However, during the 1960s, erosion of internal liberalization and reversion to a policy of full and unquestioning support for Soviet foreign policy objectives caused those relations to stagnate. In 1968-69, an anti-Semitic campaign in Poland contributed to a further deterioration.

The atmosphere for U.S.-Polish relations improved significantly after Gierek succeeded Gomulka as First Secretary of the Communist Party, and the new Polish leadership expressed its interest in improving relations with the United States. President Nixon visited Warsaw in 1972 and signed a consular agreement. Visits to the United States later that year by the Polish Foreign Minister and the Minister of Foreign Trade led to the Polish Government's decision to settle the question of defaulted pre-World War II bonds with American bondholders.

Edward Gierek visited the United States in October 1974. This visit, the first by a Polish leader, signaled significant improvements in U.S.-Polish relations. During this period, several important agreements were concluded to promote cooperation in science and technology, health research, commerce, and other areas. Further improvements were reflected in visits to Poland by President Ford (1975) and President Carter (1977).

The birth of Solidarity in 1980 raised the hope that progress would be made in Poland's external relations as well as in its domestic development. U.S. policy throughout the Solidarity period had two goals: to encourage greater respect for human rights and individual freedom, while carefully avoiding interference in Poland's internal affairs. Toward this end, for example, the U.S. Government provided a total of $765 million in agricultural assistance during 1981.

In response to the 1981 imposition of martial law, President Reagan introduced a number of sanctions against the Polish regime, including suspending trade credits and food aid, refusing to negotiate the rescheduling of Poland's debt, and restricting the export of advanced technology to Poland. In October 1982, the U.S. suspended most-favored-nation (MFN) status for Poland in response to the Polish Government's decision to ban Solidarity.

The United States responded to the gradual human rights improvements in 1983-84 by easing the sanctions and opening a dialogue with Poland. After the amnesty for political prisoners was declared in September 1986, the United States began a re-engagement with Poland which led to the lifting of sanctions in February 1987, as President Reagan restored Poland's MFN tariff status. In June 1987, the United States renewed participation in the Poznan International Fair. In 1988, the U.S. and Poland agreed to upgrade their diplomatic relations, and ambassadors were exchanged.

President Bush, who had visited Poland as Vice President in 1987, paid a state visit to Poland in July 1989, shortly after the parliamentary elections in which Solidarity candidates scored an overwhelming victory. With the formation in September 1989 of a government dominated by Solidarity, relations between the U.S. and Poland entered a new phase.

Following Solidarity leader Lech Walesa's visit to the United States in November 1989, the Congress passed the Support for East European Democracy (SEED) Act, which authorized a $928 million assistance program for Poland and Hungary. Key provisions of the act were a $200 million contribution to the $1 billion international fund to stabilize Poland's currency and a $240 million grant to create an enterprise fund. These and other SEED programs were designed to support the Polish Government's economic reform program and the country's rapid transition to a free market economy.

Numerous high-level visits since 1989 reflect a deepening of bilateral relations. President Bush visited Poland again in 1992; Vice President Gore attended the commemoration of the 50th anniversary of the Warsaw Ghetto uprising in 1993; and President Clinton will visit in July 1994. President Walesa visited the United States in 1991 and 1993.

Poland continues to be the largest recipient of U.S. assistance to Central and Eastern Europe. The U.S. has contributed over $4.6 billion in debt relief. The U.S. also has an active, broad-based, military-to-military security assistance and contact program with Poland.

Commercial ties are as vibrant as political ties. American firms are the most active foreign investors in Poland. The American Chamber of Commerce in Warsaw has grown rapidly, as American
businesses are attracted by Poland’s economic growth and improving business climate.

Post-communist political parties, which won the September 1993 parliamentary elections, have continued free market reforms and support Poland’s integration into NATO and the European Union. A smooth transition after the 1993 elections dominated by post-communists demonstrated a commitment to democratic norms by all sides, which bodes will for continued close cooperation between Poland and the United States.

**Principal U.S. Embassy Officials**

Ambassador—Nicholas A. Rey  
Deputy Chief of Mission—James Hooper  
Political Counselor—Stephen D. Mull  
Economic Counselor—J. Aubrey Hooks  
Commercial Counselor—Joan Edwards  
Press and Cultural Affairs Counselor—Richard Virden

Consul General—David Hopper  
Principal Officer, Poznan—Janet Weber  
Principal Officer, Krakow—Mary Marshall  

The U.S. embassy in Poland is located at Aleje Ujazdowskie 29/31, Warsaw (tel. 628-3041-9). The consulate at Poznan is at Ulica Chopina 4 (tel. 595-86, 595-87); at Krakow, Ulica Stolarska 9 (tel. 577-93, 597-64).
A Bit About Poland

Facts and Figures

Geography. Poland is part of a continuous plain, merging with the Russian Republics to the east, marked by the Bug River (770 miles long) and Germany to the west, with its two rivers: Odra and Nysa Luzycka (285 miles long). To the north is the Baltic Sea (325) and to the south rise the Carpathian and Sudeten Mountains, with its southern borders of two countries: The Czech Republic and Slovakia. Poland's current geographic area encompasses about 120,600 square miles. This makes Poland variously the largest country in Eastern Europe, the seventh largest country in all of Europe, the 68th largest country in the world, and about the size of New Mexico.

Population. Poland's population is approximately 39.7 million. It is ethnically homogenous, with only 1.5 percent being of Ukrainian, Byelorussian, German or Jewish extraction. By contrast, the 150,000 square miles of pre-WWII Poland had a population of 35 million of which 14 percent were Ukrainian, 10 percent Jewish, 3 percent Byelorussian, and 2 percent German. Polish Jewry suffered near total annihilation during WWII. The other minorities were lost to emigration and the creation of the post-war boundaries resulting in major shifts of population.

Some 10 million Poles live outside Poland: 6.5 million of these are in the United States and about two-thirds of these call Chicago home.

Climate. Due to the long coastline, Poland's climate varies between oceanic and continental. There are four seasons: spring, summer, fall, and winter, but the length of each season may vary considerably from year to year. Summer can be hot and humid, with a little bit of rain (temperatures may reach way over 30°C (87°F)). Winter lasts 3 months, but can be very cold (temperature may drop to below minus 30°C (22°F)). Because Poland is situated so far north-east, winter sunset starts around 16:00 and the darkness lasts until late morning, producing so-called "gray days." In addition, weather conditions can change radically within a day or an hour.

Origins. The name "Polska," or Poland, comes from the six Slovanic tribes that originally inhabited the present-day Poznan area in the mid-10th century. They called themselves "Polonians," or plains people of "Wielkopolska," the Great Plain. In 1990, the official name became the Republic of Poland.

Coat of Arms. Poland's national coat of arms is a white eagle on a red background which dates back to the Middle Ages. Throughout history it has undergone several modifications, most notably with the removal and restoration of the eagle's crown. During the Period of Partitions (1772–1918), when the emblem was officially banned, it appeared for the first time with a crownless eagle on the banners of insurrectionists and emigres. With the coming of independence in 1918, the Poles adopted a white eagle with a golden crown. The crownless eagle was officially reinstated following WWII, however, and is now considered symbolic of Communist Poland. In January of 1990, the new Government of Poland restored the crown to the eagle.

National Colors and Flag. Poland's national colors are red and white, derived from the colors of the original eagle emblem. The same colors are depicted in the Polish flag consisting of a red horizontal plain below a white one.

National Anthem. Symbolic of the Poles' indefatigable struggles for independence throughout history,
her national anthem opens with the line: “Poland has not yet perished as long as we are alive.” “Jeszcze Polska ni zgineta poki my zyjemy.” The anthem emerged in 1797, during the Period of Partitions, among the Polish legions fighting with the French under General Henryk Dabrowski. It was formally adopted in 1918 with the restoration of independence.

The Parliament

Poland’s bicameral parliament consists of the Sejm (the more powerful lower house) and the (largely advisory) Senate. Parliament has occupied its current site since 1918, prior to which it served as a school for the daughters of Russian Imperial officials. A meeting hall for the Sejm was added in the late 1920’s, but the hall and most of the original buildings were destroyed during World War II. Reconstruction work was completed in 1952. The complex houses nearly all of the chambers and offices necessary for the functioning of the legislature on one contiguous site, including the main chambers of Sejm and Senate, offices of the parliamentary committees, offices for all parties represented in parliament, offices for the constitutional court, and a hotel for parliamentarians from outside of Warsaw. It also has a row of official meeting rooms along the main “columned” upper floor corridor used for committee meetings and its largest room other than the main chamber is the “Hall of Columns” on the main floor off the lobby, often used for press conferences and other large public meetings.

The New Presidential Palace
(Namiestnikowski Palace)

The Presidential Palace was built in 1643, remodeled in the 19th century, and was recently renovated to become the new official residence of the Polish President. It is often referred to as the Governor’s palace (Namiestnikowski Palace) because for many years it was the seat of the Russian governors in Poland. The Warsaw Treaty was signed here in 1955. The palace was also the site of the 1989 roundtable talks between Solidarity and the Communist government which resulted in the return of democracy to Poland. In front of the palace stands a statue of Prince Joseph Poniatowski, nephew of the last king of Poland.

The Tomb of the Unknown Soldier

The Tomb of the Unknown Soldier is located at Marshal Pilsudski Square (Plac Pilsudskiego), which is dedicated to the former Chief of State of Poland who ruled from 1920 until his death in 1935. Marshal Pilsudski is renowned for organizing Polish military units during World War I, founding the revived Polish state in 1918, and his defeat of the Bolshevik army in 1920 at the gates of Warsaw, known to Poles as the “Miracle on the Vistula.”
Monument to the Ghetto Uprising

The Warsaw Ghetto was created by the German occupying army in November 1940, and during the next 3 years over 100,000 inhabitants died of hunger or illness. Hundreds of thousands of others were transported to the death camps from the Umschlagplatz, 3 blocks north on Stawki Street. The ghetto uprising began on April 19, 1943, after Jewish resistance groups learned of plans to liquidate the ghetto. The fighters held out for 22 days against the Nazis, but the lopsided struggle ended with the deaths of several hundred Jewish resisters. After the uprising was quelled, the Nazis systematically rounded up the remaining occupants for transport to the death camps. The ghetto uprising was a precursor to the Warsaw uprising, which occurred the following year and led directly to Hitler’s order to level the city.

The monument is a 36-foot-high gray rectangular feldspar slab with the figures of Jewish combatants carved on one side. The monument is constructed of materials ordered by Hitler to build a Victory Memorial. The monument is located on a square city-block park bordered by Zamenhofa, Anilewicz, Karmelicka, and Lewartowskiego Streets, in the north-central district of Warsaw. The front of the monument faces the park. The park is surrounded on all sides by five- to ten-story apartment blocks erected after the war on ruins of the ghetto in typical Soviet style.

Vice President Al Gore was present for the commemoration of the 50th anniversary of the ghetto uprising in 1993, along with Polish President Lech Walesa, Israeli Prime Minister Itzhak Rabin, and the President of the World Jewish Conference Edgar Bronfman. He made a short speech during the ceremony, and watched an artistic program afterwards.

The “Little Soldier” Monument
To the Children of the Warsaw Uprising

The “Little Soldier” monument to children who died during the August-September 1944 uprising against the Nazi occupiers of Warsaw was dedicated by the Polish Scouting Federation on October 1, 1984. The monument stands in an opening of the main defense rampart surrounding the old city along Podwale Street, near the intersection with Jana Kilinskiego Street. The 8-foot tall statue of a child wearing a soldier’s army boots and helmet and holding a rifle stands on a dais atop a rounded ledge built out from the wall. A plaque reads (in Polish) “Children of Warsaw, we go into battle; for every stone of the capital we give our blood.” The Warsaw uprising began on August 1, 1944, as the Soviet army approached the eastern suburbs of Warsaw on the opposite side of the Vistula from the city center. During the uprising, which lasted 63 days, 200,000 Poles were killed, of which about 20,000 were soldiers of the Polish Resistance Forces. Germany losses during the battle amounted to about 26,000. After the suppression of the uprising, upon a direct order from Hitler, about 80 percent of the city of Warsaw, including most of the city’s historic landmarks, was demolished.

Behind the monument is a small garden in front of a fenced-off opening in the brick city wall, on the other side of which is a pedestrian street inside the old town. A short paved walkway lined by flower planters leads from the monument to the street. To the right are two trees, while on the left there is a grassy area which could accommodate up to 50 observers. There are three-story prewar buildings across Podwale Street from the monument.

Three blocks from the Little Soldier Monument, at the intersection of Miodowa and Dluga Streets, is located a massive official monument to the Warsaw Uprising, surrounded by a large paved square.
Old Town

Warsaw’s old town would be a picturesque and meaningful sight for the President to visit. Totally demolished by the Nazis during World War II, the buildings, churches, and monuments were painstakingly rebuilt after the war by the citizens of Warsaw. Each brick was matched against drawings, photographs, and the memories of the residents to recreate the medieval city.

The old town is crowned by the central market square or “Rynek Starego Miasto,” which dates to the 13th century. In good weather, the large open plaza is bedecked with canopied tables, artists’ drawings, and lots of people. Surrounding the square and in adjacent streets closed to vehicular traffic are beautiful medieval buildings housing some of Warsaw’s most popular restaurants and night spots, including the relaxed open-air Lapidarium night club.

The south entrance to the old town is marked by the Royal Castle and the distinctive Sigismund Pillar, which honors the Polish king, Sigismund III, who moved the capital to Warsaw. The Royal Castle, destroyed during World War II by the Nazis, has been witness to 700 years of Polish history, including the signing of the famous Third of May Constitution in 1791. Reconstruction started only in 1971, and the castle was reopened to the public in 1984. From the picturesque square, the outline of the red-brick medieval rampart surrounding old town can be clearly seen.

Castle Square leads onto Warsaw’s most impressive street, known simply as “The Road to Krakow” or Krakowskie Przedmiescie. Flanking this elegant promenade are several famous churches (St. Anna and Holy Cross) and palaces. Poland’s President, Lech Walesa, has recently moved to the remodeled Namiestnikowskie Palace, an easy 10-minute walk from Castle Square. Czartoryski Place, Staszic Palace, and the elegant Bristol Hotel are among the architectural jewels found on this boulevard. Among these landmarks are elegant shops, cafes, and popular restaurants and clubs, including the open-air Stara Dziekanka night club and the Irish pub, a favorite watering-hole for young expatriates. Further south, the University of Warsaw campus also fronts onto this street. Warsaw radiates out from this photogenic and vibrant center, and no visit to Warsaw is complete without experiencing it.
## Country Team, U.S. Mission in Poland

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<thead>
<tr>
<th>Name</th>
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Crime and Safety Information:
Regional Security Office
American Embassy Warsaw

I. Summary

Warsaw is designated a high threat crime post by the State Department's Threat Analysis Division. As a result, the Embassy Regional Security Office (RSO) recommends that visitors to Warsaw take the same precautions that they would in any major city in the United States.

Most crimes committed against Embassy personnel in recent years have consisted of petty thefts and pickpocketings, residential burglaries, and vandalism against vehicles. However, there have been several reported incidents of assault and battery. In this document, the RSO has attempted to briefly describe ways in which to avoid becoming a victim of crime during your stay in Warsaw. In addition, a listing of areas which have an unusually high rate of crime is provided in section three.

II. Crimes Most Frequently Reported to the RSO

A) Petty theft/pickpocketing: Most incidents have occurred while employees were either waiting for public transportation, riding on the train, bus, or tram, or shopping in Old Town or at one of Warsaw’s many open-air markets. Embassy employees and official visitors are cautioned to avoid carrying large amounts of cash, and to carry credit cards only when absolutely necessary.

Most reported petty thefts have been “snatch and grab” operations perpetrated by at least two individuals. In most instances, the assailants have proven to be “conflict avoiders” who have no interest whatsoever in a violent confrontation. That said, many otherwise law abiding Poles carry cans of CS mace as well as pocket knives for their personal protection.

Visitors should weigh their options carefully before resisting a petty theft or robbery attempt. Several Embassy contractors and TDYers have been beaten and sprayed with mace after resisting what initially appeared to be a robbery attempt by one individual only to find that the assailant had several accomplices.

Although firearm ownership is strictly controlled in Poland, members of the Warsaw criminal community have employed handguns in the commission of several serious crimes in 1992. Visitors should travel in pairs or small groups, carry wallets, money, and I.D. cards in their front pockets; avoid being hemmed in by crowds; and take taxis rather than city buses or trams.

B) Vehicle vandalism/grand theft auto/thefts from vehicles: Vehicle vandalism and the theft of personal property from personal vehicles are the most frequently reported crimes in Warsaw. Any vehicle left unattended on Warsaw city streets is likely to be vandalized and/or stolen. No items (regardless of their value) should be left unattended in a personal vehicle.

TDYERS!!!!: Please ensure that your driver stays with the rental car at any time the vehicle is parked on the street.

For permanent Embassy personnel: If your vehicle has a stereo which cannot be removed, then the car is at an added degree of risk. Vehicles should be equipped with both alarm systems and locking devices which immobilize the steering wheel.
Useful Expressions

**Hotel**
I’d Like
PROSZE
IS THERE?
CZY JEST?
What’s the price?
ILE KOSTUJE
It’s too cold/hot/dark/small/noisy
JEST ZA ZIMNY/GORACY/CIEMNY/MALY/HALASLIWY
That’s Fine
DOBREZ
Sign Here, Please
PROSZE TU PODPISAC
Please ask the chambermaid to come up.
PROSZE POPROSIC POKOJOWA
Who is it?
KTO TAM?
Just a minute
CHWILECZKE
Come in!
PROSZE!
Manager
KIEROWNIK
I’d like to talk with the manager
CHCIALBYL ROZMAWIAC Z KIEROWNIKIEM
Two coffees/A sandwich/some soda water
DWIE KAWY/KANAPKE/WODE SODMA
Can we have breakfast in our room?
CZY MOZEMY ZJESC SNIADANIE W POKOJU

**Extra blanket**
DODATKOWY KOC

**More hangers**
WIECEJ WIESZAKOW

**Needle and thread**
IGLE I NITKE

**Hairdresser**
FRYZJR

**Operator, I’ve been cut off**
PROSZE PANI, PRZERWANO MI ROZMOWE

**Can you get us a taxi?**
CZY MOZE/PAN/PANI SPROWADZIC NAM TAKSOWKE?

**Would you send someone to bring down our baggage?**
CZY MOZE PAN/PANI POSLAC KOGOS< ABY ZNIOSL NAM BAGAZE

**Breakfast**
SNIADANIE

**Dinner**
KOLACJA

**Meals**
POSILKI

**Where’s the:**
GDZIE JEST

**Bathroom**
LAZIENKA

**Cocktail Lounge**
BAREK

**Restaurant**
RESTAURACJA
Bacon and Eggs
JAJKI NA BEKONIE
Fried
SMAZONE
Scrambled
JAJECZNICA
Dessert
DESER
Appetizers
ZAKASKI
Soup
ZUPA
Entree
GLOWNE DANIE
Coffee/tea/wine/beer
KAWA/HERBATA/WINO/PIWO
Mineral Water
WODA MINERALNA
Bread
CHLEB
Salad
CHLEB
Fruit Juice:
SOK:
Grapefruit/orange/pineapple
GREJFRUTOWY/POMARANCZOWY/ANANASOWY
Tomato
POMIDOROWY
Ham
SZYNKA
Sausages
PAROWKI
Keep the change
RESZTY NIE TRZEBA
Bring me another:
PROSZĘ JESZCZE JEDNA:
The check please
PROSZĘ O RACHUNKE
Vehicles
Pick me up
ZABIERZ MNIE Z
Tomorrow morning, be at the hotel at
JUTRO RANO BADZ W HOTELU O
Take me to:
ZABIERZ MNIE DO:
Wait for me:
CZEKAJ NA MNIE
Please:
PROSZĘ
Thank you:
DZIEKUJE
Please wait for me in the lower parking
PROSZĘ CZEKC NA MNIE NA DOLNYM PARKINGU
I will contact the dispatcher on extension
SKONTAKTUJE SIE Z DYSPozytorem pod wewnętrznym
You are dismissed for the evening
JESTES ZWOLNIONY NA WIECZOR
Site Visits

Could you please show me:
CZY PAN/PANI MOGLBY/MOGLABY
POKAZAC MI:

Where is the:
GDZIE JEST:

How far is it to:
JAK DALEKO JEST DO:

What time is it?
KTORA JEST GODZINA?
Nicholas A. Rey
U.S. Ambassador to Poland

Nicholas A. Rey, U.S. Ambassador to Poland since December 1993, brings to that position experience from both the public and private sectors. Recently, Mr. Rey served as Vice Chairman and Director of the Polish-American Enterprise Fund (PAEF), a not-for-profit private corporation established by the Support for East European Democracy Act to stimulate private enterprise in Poland. In the 3 years of its existence, the PAEF had made more than 2,500 seed loans to and investments in small- and medium-sized businesses in Poland. He is a member of the Council on Foreign Relations.

During 1993, Mr. Rey was Managing Director of Integrated Control Systems, Inc. He served as Managing Director of Bear, Stearns from 1987 to 1992. Mr. Rey worked at Merrill Lynch Capital Markets from 1971 to 1987, rising to Managing Director. He was a member of the President's Commission on International Trade and Investment Policy from 1970 to 1971.

From 1968 to 1970, Mr. Rey was Vice President of Drexel Harriman Ripley, Inc. He served as Director of the Executive Secretariat and Staff Assistant to Treasury Secretary Fowler from 1963 to 1968 in the U.S. Department of the Treasury.

Mr. Rey received his bachelor of arts degree from Princeton University in 1960 and a master of arts degree in Development Economics and Latin American area studies from Johns Hopkins School of Advanced International Studies in 1962. He is bilingual in Polish/English, fluent in French, and speaks German, Portuguese, and Spanish.

Mr. Rey was born in Warsaw, Poland, on January 23, 1938. He fled that country with his parents in September 1939 and came to the United States in 1941. He is married to Louisa Machado, and they have three children.
Key U.S. Officials

Michael M. Hornblow  
Chargé d' Affaires, Warsaw

Stephen D. Mull  
Political Affairs Officer, Warsaw

J. Aubrey Hooks  
Economic Affairs Officer, Warsaw

Joan H. Edwards  
Commercial Affairs Officer, Warsaw

David T. Hopper  
Consular Affairs Officer, Warsaw

W. Douglas Frank  
Administrative Affairs Officer, Warsaw

Burley P. Fuselier  
Regional Security Affairs Officer, Warsaw

Anne M. Sigmund  
Public Affairs Officer, Warsaw
Lech WALESÀ
(Phonetic: vahWENsah)

President (since 1990)

Addressed as: Mr. President

Political: Strong role in foreign policy . . . supporters head Foreign, Defense, and Interior Ministries . . . has announced intention to seek another term in 1995.

Background: Born 1943 to poor rural family . . . founded Solidarity in 1980 while electrician at Gdansk shipyard . . . won Nobel Peace Prize in 1983.

Languages: Does not speak English.

Personal Notes: Avid fly-fisherman . . . Roman Catholic . . . married; has eight children.
### Italian Lira Conversion Table at 1595 = US$1

(Lira = 100 centesimi)

<table>
<thead>
<tr>
<th>Italian Lira to U.S. Dollars</th>
<th>U.S. Dollars to Italian Lira</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIRA</strong></td>
<td><strong>U.S. $</strong></td>
</tr>
<tr>
<td>100</td>
<td>0.06</td>
</tr>
<tr>
<td>500</td>
<td>0.31</td>
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<tr>
<td>800</td>
<td>0.50</td>
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<tr>
<td>1,250</td>
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<tr>
<td>1,595</td>
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<tr>
<td>3,000</td>
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<td>5,000</td>
<td>3.13</td>
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<td>10,000</td>
<td>6.27</td>
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<tr>
<td>20,000</td>
<td>12.54</td>
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<td>50,000</td>
<td>31.35</td>
</tr>
<tr>
<td>100,000</td>
<td>62.70</td>
</tr>
<tr>
<td>200,000</td>
<td>125.39</td>
</tr>
<tr>
<td>500,000</td>
<td>313.48</td>
</tr>
</tbody>
</table>

**NOTE:** All U.S. dollar values are rounded to nearest U.S. cent. Value of Italian Lira fluctuates daily according to currency market conditions.

June 1994
Official Name: Republic of Italy

PROFILE

Geography

Area: 301,225 sq. km. (116,303 sq. mi.); about the size of Georgia and Florida combined.
Cities: Capital—Rome (pop. 2.7 million). Other cities—Milan, Naples, Turin.
Terrain: Mostly rugged and mountainous.
Climate: Generally mild Mediterranean; cold northern winters.

People

Nationality: Noun and adjective—Italian(s).
Annual growth rate (1992): 0.3%.
Ethnic groups: Primarily Italian, but small groups of German-, French-, Slovene-, and Albanian-Italians.
Religion: Roman Catholic (majority).
Language: Italian (official).
Education: Years compulsory—14.
Literacy—98%.
Health: Infant mortality rate (1992)—7.4/1,000 live births. Life expectancy—male 73 yrs; female 80 yrs.
Work force (1993): 22.3 million; unemployment 11%. Agriculture—7%.
Industry and commerce—33%. Services—60%.

Government

Type: Republic since June 2, 1946.
Constitution: January 1, 1948.
Branches: Executive—president (chief of state), Council of Ministers (cabinet), headed by the president of the council (prime minister). Legislative—bicameral parliament; 630-member Chamber of Deputies, 326-member Senate. Judicial—independent constitutional court and lower magistracy.
Subdivisions: 94 provinces, 20 regions.


Suffrage: Universal over 18

Defense (1993): 2.1% of GDP.

Flag: Three vertical bands—green, white, and red.

Economy

Per capita income (1993): $17,368.
GDP growth (1993): -0.7%.
Natural resources: Fish, natural gas.
Agriculture: Products—wheat, rice, grapes, olives, citrus fruits.
Industry: Types—automobiles, machinery, chemicals, textiles, shoes.
Trade (1993): Exports—$169.9 billion; partners—EU 53.1%, U.S. 7.8%, OPEC 4.9%; mechanical products, textiles and apparel, transportation equipment, metal products, chemical products, food and agricultural products, energy products. Imports—$148.1 billion; partners—EU 55.3%, U.S. 5.3%, OPEC 6.5%, machinery and transport equipment, foodstuffs, ferrous and nonferrous metals, wool, cotton, energy products.
Exchange rate (1993 avg.): 1,572 lira=U.S. $1.
PEOPLE AND HISTORY

Italy is largely homogeneous linguistically and religiously but is diverse culturally, economically, and politically. Italy has the fifth-highest population density in Europe—about 200 persons per square kilometer (490/sq. mi.). Minority groups are small, the largest being the German-speakers in Bolzano Province and Slovenes around Trieste. Other groups comprise small communities of Albanian, Greek, Ladino, and French origin. Although Roman Catholicism is the majority religion—99% of the people are nominally Catholic—all religious faiths are provided equal freedom before the law by the constitution.

Greeks settled in the southern tip of the Italian peninsula in the eighth and seventh centuries B.C.; Etruscans, Romans, and others inhabited the central and northern mainland. The peninsula was unified under the Roman Republic; the Empire extended Roman rule over the neighboring islands. After the collapse of the Roman Empire in the West in the fifth century A.D., the peninsula and islands were subjected to a series of invasions, and political unity was lost. Italy became an oft-changing succession of small states, principalities, and kingdoms which fought among themselves and were subject to ambitions of foreign powers. Popes of Rome ruled central Italy; rivalries between the popes and the Holy Roman Emperors, who claimed Italy as their domain, often made the peninsula a battleground.

Commercial prosperity of northern and central Italian cities, beginning in the 11th century, and the influence of the Renaissance mitigated somewhat the effects of these medieval political rivalries. Although Italy declined after the 16th century, the Renaissance had strengthened the idea of a single Italian nationality. By the early 19th century, a nationalist movement developed and led to the reunification of Italy—except for Rome—in the 1860s. In 1861, Victor Emmanuel II of the House of Savoy was proclaimed king of Italy. Rome was incorporated in 1870. From 1870 until 1922, Italy was a constitutional monarchy with a parliament elected under limited suffrage.

GOVERNMENT

Italy has been a democratic republic since June 2, 1946, when the monarchy was abolished by popular referendum. The constitution was promulgated on January 1, 1948.

The Italian state is highly centralized. The prefect of each of the provinces is appointed by and answerable to the central government. In addition to the provinces, the constitution provides for 20 regions with limited governing powers. Five regions—Sardinia, Sicily, Trentino-Alto Adige, Valle d’Aosta, and Friuli-Venezia Giulia—function with special autonomy statutes. The other 15 regions were established in 1970 and vote for regional "councils" (parliaments). The establishment of regional governments throughout Italy has brought some decentralization to the national governmental machinery.
The 1948 constitution established a bicameral parliament (Chamber of Deputies and Senate), a separate judiciary, and an executive branch composed of a Council of Ministers (cabinet) which is headed by the president of the council (prime minister). The president of the republic is elected for seven years by the parliament sitting jointly with a small number of regional delegates. The president nominates the prime minister, who chooses the other ministers. The Council of Ministers—in practice composed mostly of members of parliament—must retain the confidence of both houses.

The houses of parliament are popularly and directly elected by a mixed majoritarian and proportional representation system. Under 1993 legislation, Italy has single-member districts for 75% of the seats in parliament; the remaining 25% of seats are allotted on a proportional basis. The Chamber of Deputies has 630 members. In addition to 315 elected members, the Senate includes former presidents and several other persons appointed for life according to special constitutional provisions. Both houses are elected for a maximum of five years, but either may be dissolved before the expiration of its normal term. Legislative bills may originate in either house and must be passed by a majority in both.

The Italian judicial system is based on Roman law modified by the Napoleonic code and subsequent statutes. There is only partial judicial review of legislation in the American sense. A constitutional court, which passes on the constitutionality of laws, is a post-World War II innovation. Its powers, volume, and frequency of decisions are not as extensive as those of the U.S. Supreme Court.

Principal Government Officials
President—Oscar Luigi Scalfaro
Prime Minister—Silvio Berlusconi
Foreign Minister—Antonio Martino
Ambassador to the United States—Boris Biancheri

Italy maintains an embassy in the United States at 1601 Fuller Street NW, Washington, DC 20009 (tel. 202-328-5500).

**POLITICAL CONDITIONS**

There have been frequent government turnovers since 1945. However, with the Christian Democratic (DC) party as the majority party, there had been continuity and comparative stability in Italy's political situation. Italian governments consistently formed around the DC, which governed either in coalition with other parties or alone through 1994. From 1992 to 1994, Italy faced significant challenges as voters—disenchanted with past political paralysis, massive government debt, extensive corruption, and organized crime's considerable influence—demanded political, economic, and ethical reforms. In 1993 referendums, voters approved substantial changes, including from a proportional to majoritarian electoral system, stiff campaign reforms, and abolition of some ministries.

Major political parties that were bestridden by scandal and loss of voter confidence underwent far-reaching changes. New political forces and new alignments of political power emerged. In March 1994 elections, the “Freedom Alliance” of the new Forza Italia party, the federalist Northern League, and the National Alliance (which traces its roots to fascism) won an absolute majority in the Chamber and a plurality in the Senate. Prime Minister Silvio Berlusconi formed a coalition government based on the Freedom Alliance, small centrist parties, and independents. There was a major turnover in the new Parliament, with 452 out of 630 Deputies and 213 out of 315 Senators elected for the first time.

The Berlusconi government program emphasizes economic reforms and continuity in Italy's foreign policy. It aims to continue former Prime Minister Ciampi's privatization program, reduce the debt and deficit, reform the fiscal system, and improve economic competitiveness. Further institutional reforms—additional changes in the electoral system and possible direct election of the president and/or prime minister—are issues of ongoing political interest; so too is the possibility of reducing central government control while introducing greater federalism.

**Political Parties**

Italy’s dramatic self-renewal transformed the political landscape between 1992 and 1994. Scandal investigations touched thousands of politicians, administrators, and businessmen; the shift from a proportional to majoritarian voting system (with the requirement to obtain a minimum of 4% of the national vote to obtain representation) also altered political ground rules.

Party changes were sweeping. The Christian Democratic party dissolved; the Pact for Italy, the Italian People’s Party, and the Christian Democratic Center emerged. Other major parties, such as the Socialists, saw support plummet. New parties such as Forza Italia, led by media magnate Silvio Berlusconi, emerged; others, such as the National Alliance, formed by the Italian Social Movement (MSI) and conservative former Christian Democrats, picked up strength.

Since Italy has slightly differing electoral systems in Senate and Chamber races for the 25% of seats allotted on a proportional basis (in the Chamber based on individual parties but in the Senate based on multi-party coalitions), it is difficult to judge increase or decline of party preferences compared to earlier elections. Moreover, because of considerable political realignments, some parties do not bear resemblance to their earlier iterations.

The largest parties in the Chamber are: Forza Italia (21%); Democratic Party of the Left—moderate successor to the Italian Communist Party—(20.4%); National Alliance/Italian Social Movement (13.5%); Italian People's Party—primary successor to the DC—(11.1%); Northern League (8.4%); and Communist Renewal—hard-line successor to the Italian Communist Party—(6%). In the Senate, the largest groups were: Forza Italia–Northern League (19.9%); Forza Italia-National Alliance (13.7%); Progressive Alliance—PDS and others—(32.9%); Pact for Italy (16.7%); National Alliance/Italian Social Movement (6.3%). Several other smaller parties are also active. In municipal and regional elections, such parties, including the Greens and La Rete (the Network), drew well.
ECONOMY

The Italian economy has changed dramatically since the end of World War II. From an agriculturally based economy, it has developed into an industrial state, and, with a total GDP of more than $992 billion in 1993, it ranks as the world's fifth-largest industrial democracy. Italy belongs to the Group of Seven industrialized nations; it is a member of the European Union and the OECD.

Italy has few natural resources. With much of the land unsuited for farming, Italy is a net food importer. There are no substantial deposits of iron, coal, or oil. Natural gas reserves, mainly in the Po Valley and offshore Adriatic, have grown in recent years and constitute the country's most important mineral resources. Most raw materials needed for manufacturing and more than 80% of the country's energy sources are imported. Italy's economic strength is in the processing and the manufacturing of goods, primarily in small and medium-sized family-owned firms. Its major industries are precision machinery, motor vehicles, chemicals, pharmaceuticals, electrical goods, and fashion and clothing.

In 1993, Italy, caught in Europe's economic doldrums, experienced 0.7% negative growth, one of the largest drops in the postwar period. Investment, consumption, and industrial production fell; the services sector grew modestly. Italian economic performance is expected to improve modestly in 1994 and 1995, with real growth projected at 1.4% and 1.9%, respectively, based on strong exports and increased domestic demand.

The 1992 floating of the lira led to a 1993 export boom. Italy posted a 1993 trade surplus of $32.4 billion, compared to $3 billion in 1992; and a current account surplus of $9.5 billion, compared to a 1992 deficit of $27.9 billion. Continued competitive lira exchange rates should assist further export-led growth.

Government economic reforms, sluggish domestic demand, and a landmark 1993 wage accord all helped keep inflation in check despite the lira's 1992 depreciation. Inflation was at 4.2% in 1993 and should remain moderate, at 4%-5%, in 1994-95.

Italian Government efforts to reduce the relative sustained size of the public sector budget deficit met some success. The public sector deficit dropped to about 10% of GDP in 1993 and should decline slowly to 9.6% of GDP in 1994 and 9% of GDP in 1995, assuming continued reform. The gross public debt fell in 1993 but still remains greater than 100% of GDP. These deficit/GDP and debt/GDP ratios remain well above the rest of the group of major industrial economies and complicate efforts to coordinate Italy's economic policies with those of its major European partners.

In coordination with the EU's planning for an eventual single market, Italy aligns its economic policies with those of the other major continental economies and to privatize large state-owned holding companies in a number of sectors. Italy faces a number of economic and political hurdles in achieving both goals while maintaining social cohesion. Moreover, under terms of the Maastricht Treaty, a convergence target of 3% has been set for public sector deficit as percentage of GDP—far below Italy's present rate. Italy's public debt/GDP ratio does not put it realistically within reach of the Treaty's target of 60%. Still, Italian officials stress Italy is making progress in meeting these goals.

Foreign Trade

Italy's closest trade ties are with the other countries of the European Union, with whom it conducts about 54% of its total trade. Italy's largest EU trade partners, in order of market share, are Germany (19.4%), France (13.6%), the United Kingdom (6.4%), and the Netherlands (5.6%).

U.S.-Italy Economic Relations

The U.S.-Italian bilateral relationship is strong and growing. The U.S. and Italy cooperate closely on major economic issues, including within the Group of Seven (G-7), which Italy chairs in 1994. With a large population and a high per capita income, Italy is one of the United States' most important trading partners. In 1993, the United States was the fifth-largest foreign supplier of the Italian market (with a market share of 5.3%) and the largest outside the EU. Total trade between the United States and Italy exceeded $21 billion in 1993; the U.S. ran more than a $5-billion deficit with Italy.

Significant changes are occurring in the composition of this trade which could narrow the gap. Increasingly, more value-added products such as office machinery and aircraft are becoming the principal U.S. exports to Italy. The change reveals the growing sophistication of the Italian market, and bilateral trade will expand. During 1993, the United States imported $13 billion in Italian goods while exporting $7.8 billion in U.S. goods to Italy. U.S. foreign direct investment in Italy exceeds $14 billion; Italian investment in the U.S. is growing fast.

Labor

A rigid labor market and protective legislation for employed workers have compounded Italy's major problem of unemployment, which held at about 11.3% in 1995—with most job losses occurring in the industrial sector. For structural economic reasons, unemployment should continue to be a problem even with economic recovery and modest wage gains following the landmark July 1993 labor accord. Although skilled labor is in short supply in some categories, inefficient use of labor, structural unemployment, and underemployment persist, as does labor unreported for tax purposes. Adult and youth unemployment are more acute in southern than in northern Italy.

Official estimates place the unionization rate of the labor force at 15%; this does not reflect union statistics, since it accounts only for dues-paying, active workers, omitting retiree/pensioner figures. Most Italian unions are grouped in three confederations, each of which has had traditional ties with a particular political party. With the collapse and near disappearance of the traditional ruling parties, these informal ties have ended, and the confederations now emphasize their autonomy from political parties. The three major confederations are the Italian Confederation of Labor Unions (CISL), the Italian General Confederation of Labor (CGIL), and the Union of Italian Labor (UIL). The approximate labor share for the three confederations is: CGIL, 42%; CISL, 37%; and UIL, 20%.
Agriculture

Italy's agriculture is typical of the division between the agricultures of the northern and southern countries of the European Union. The northern part of Italy produces primarily grains, sugar beets, soybeans, meat, and dairy products, while the southern section specializes in producing fruits, vegetables, olive oil, wine, and durum wheat.

Even though much of its mountainous terrain is unsuitable for farming, Italy has a large work force (1.6 million) employed in farming. Most farms are small, with the average farm only seven hectares.

FOREIGN RELATIONS

Italy is a founding member of the European Union—before the Maastricht Treaty, the European Community. Italy was admitted to the United Nations in 1955 and is a member and strong supporter of the North Atlantic Treaty Organization (NATO); the Organization for Economic Cooperation and Development (OECD); the General Agreement on Tariffs and Trade (GATT); the Conference on Security and Cooperation in Europe (CSCE), the Western European Union (WEU); and the Council of Europe. It chaired the WEU in 1993 and chairs the CSCE and the G-7 (Group of Seven) in 1994.

Italy firmly supports the United Nations and its international security activities. Italy actively participated in and deployed troops in support of UN peace-keeping missions in Somalia, Mozambique, and Cambodia; Italian troops provided logistical and humanitarian assistance to Albania from 1991 to 1993. It provides critical support for NATO and UN operations in Bosnia.

The Italian Government seeks to obtain consensus with other European countries on various defense and security issues within the WEU as well as NATO. European integration and the development of common defense and security policies will continue to be of primary interest to Italy.

DEFENSE

A strong NATO ally, Italy occupies an important strategic position in the Mediterranean, critical to regional security and for enhancing stability in the Balkans, North Africa, and the Middle East. To meet challenges of the post-Cold War era, Italy has proposed a "New Defense Model" that calls for the creation of more mobile and highly trained units staffed by career professionals. The Italian military is subordinate to civilian authority, which is vested in the Ministry of Defense. Under the authority of the Defense Minister, the armed forces have also been used in Italy for emergency relief and combating organized crime.

U.S.-ITALY RELATIONS

The United States enjoys warm and friendly relations with Italy. The two are NATO allies and cooperate in the United Nations, in various regional organizations, and bilaterally for peace, prosperity, and defense. Italy has worked closely with the United States and others on such issues as NATO and UN operation in Bosnia; sanctions against the former Yugoslavia; assistance to Russia and the New Independent States (NIS); Middle East peace process multilateral talks; Somalia and Mozambique peace-keeping; and combating drug trafficking and terrorism.

Under long-standing bilateral agreements flowing from NATO membership, Italy hosts important U.S. military forces at Vincenza and Livorno (Army); Aviano (Air Force); and Sigonella, La Maddalena, Gaeta, and Naples—home port for the U.S. Navy Sixth Fleet. Overall, the United States has about 17,000 military personnel stationed in Italy. Italy hosts the NATO War College in Rome.

Italy remains a strong and active trans-Atlantic partner which, along with the United States, has sought to foster democratic ideals and international cooperation in areas of strife and civil conflict. Toward this end, the Italian Government has cooperated with the U.S. in the formulation of defense, security and peace-keeping policies.

Principal U.S. Officials

Ambassador—Reginald Bartholomew
Deputy Chief of Mission—James Creagan
Minister-Counselor for Political Affairs—Harry L. Coburn
Minister-Counselor for Economic Affairs—Kevin McGuire
Minister-Counselor for Public Affairs—Victor Olason
Minister-Counselor for Commercial Affairs—Keith Bovetti
Minister-Counselor for Agricultural Affairs—Frank A. Padovano
Treasury Attache—Gay Hoar
Defense Attache—Capt. Philip Bozzelli, USN

Consular Posts

Consul General, Florence—Sue Patterson
Consul General, Milan—Richard Shinnick
Consul General, Naples—Richard N. Dertadian

The U.S. embassy in Italy is located at Via Veneto 119, Rome (tel. (39)(6) 46741).
PROFILE OF ITALY

Italy is a land of antique beauty. Its formation in the depth of the sea created its contours, plains and mountains, as well as its variety of soils and climates. Italy has a total land surface of about 301,000 square kilometers. The Apennine mountain range separates the eastern and western coasts of the peninsula. The Alps line Italy's northern border. Northern Italy has a continental climate similar to its neighbors north of the Alps. Winters there are cold, and rain falls in the spring and summer. Central and southern Italy, on the other hand, enjoy a Mediterranean climate. Winters range from cold to very mild, with short cold spells, and are often rainy. Summers tend to be fairly hot.

Italy bases its economy primarily on industry in the north and agriculture in the south. The north also has rich agricultural areas, including the Po River valley. Leading industrial products are, inter alia, cars, cement, iron, steel, textiles, leather goods, shoes, electric appliances, computers and electronic equipment, ceramics, aerospace and avionics, machinery and machine tools. Tourism also contributes significantly to Italy's economy. Important agricultural products include: wine, olive oil (38 percent of Europe's total production), dairy products, vegetables, citrus fruit, grains, and wool.

Italy has retained many of its ancient regional characteristics, making it a land of many contrasts. The sharpest contrast exists between the industrial, more modern north, and the agricultural "forgotten" south. The north also serves as the center of banking and corporate finance, with one of Europe's most active stock markets located in Milan. The migration of many southern workers to the north after World War II compounded the problem of the less developed south. Efforts have been made in recent years to rectify the situation by attempting to attract industries to the south. Increased tourism has also added to the economy of the south. (Further details are provided in the section on the economy of the Mezzogiorno.)

Italy proclaimed unification in 1861. Under Mussolini, it was a Fascist government from 1922 through 1945. After World War II (in 1946), Italy became a Republic. In 1948, Italy's new constitution made it a democracy with a parliament, a prime minister and a president.
There are fourteen political parties currently represented in Italy's parliament, of which six may be considered "major" according to Italian journalists. The national government is run by a coalition of several parties; the leader of the coalition serves as prime minister. Since World War II, there have been more than forty national governments. All of these post-war governments had Christian Democrats as the senior partner, until the March, 1994 national election when a right-of-center coalition won an effective majority of the parliamentary seats. The present coalition includes Forza Italia, the National Alliance, Lega Nord (the Northern Leagues) and the Center Christian Democrats.

BRIEF HISTORY OF THE NAPLES AREA

Naples, with a population of 1.2 million inhabitants (3.5 million in the province of Naples), is one of Italy's three most important metropolitan areas along with Rome and Milan. Long regarded as the unofficial "capital" of the Mezzogiorno, Naples serves as the most important hub of South Italy's business, transportation, and banking networks. Behind its modern image, Naples also has a fascinating history.

Naples, the new city (called Neapolis in Greek) was founded around 600 B.C. by the Greek colony which previously settled around the Cuma area. This new city sprang up overlooking the beautiful natural bay near the site of the tomb of the siren Parthenope. This city area, now referred to as the "centro antico" of Naples, is the only surviving example of a "readable," (i.e. recognizable on the map) classic Greek town plan outside of Greece. The "centro antico" is found between Via Floria and Corso Umberto, and between Via Roma and Via Carbonara. The area contains the two traditional decumani (transversal streets), which today are named Via San Biagio dei Librai and Via dei Tribunali (these two streets together are nicknamed "Spaccanapoli" since they divide old Naples in two). The churches in this area were constructed with "recycled" Greek materials and sit on raised holy grounds previously occupied by Greek temples.

As Greek power in the area began to ebb in the 4th century, the Romans conquered Naples and the surrounding area. The culture of the area continued, however, to be dominated by the Greeks for several centuries. The beautiful bay, natural hot springs (fed by volcanic venting), and rich agricultural fields attracted Roman emperors and the affluent class who built palaces and villas on the hills of Naples and the surrounding areas. Over time, Naples became one of the Roman Empire's cultural capitals, famous for its blend of Greek and Roman heritage. (FYI: Virgil's tomb is a short walk from the Consulate General.)

Naples' subsequent history was marked by numerous periods of foreign domination which some pundits claim provided the historic roots of the Neapolitans' generalized distrust of government. Naples suffered a series of invasions by Goth and Byzantine forces after the fall of the Roman Empire (5th Century). Following a chaotic period of warlord warfare, the Dukes of Naples established an era of local government
lasting from 763 to 1139. Naples was then governed by Norman-Swabian kings from 1140 to 1266. This was followed by the rule of the Angevins which lasted until the Aragons ousted them in 1441. The Spanish King's forces conquered the area in 1503, and made it one of the Spanish provinces. The Borbons (a mix of Spanish, French and Austrian royalty) displaced the original Spanish rulers in 1734. The era of Borbon domination continued almost uninterrupted until 1860. (Italy was unified between 1860 and 1870). (The brief interruptions in Borbon rule were the short lived populist Partenopean Republic of 1799 and the regional French state run by Giuseppe Bonaparte and Gioacchino Murat, 1806-1815.)

Naples' mixed ancestry has combined to leave the city and surrounding area with a rich mix of art, castles, palaces and cultural treasures. The local dialect is spiced with Spanish and adds a special touch to Naples' famous musical heritage. The spectacular buildings and monuments invite artists and photographers to capture their charm.

Many local historians refer to the 16th through the 18th centuries as the golden ages of Naples history, when most of its vast central area was constructed. In the 17th century Naples had a population of 400,000, making it the second largest city in Europe after Paris. (By way of comparison, the historic center of Naples is ten times as large as that of Milan.) The dominance of Baroque architecture in Naples bears witness to this part of its history.
Southern Italy has historically been an agricultural area, although this has changed considerably during the past 40 years. A network of large, medium and small industries (mainly concentrated in Campania, Puglia and some eastern areas of Sicily) have drastically changed the socio-economic scenario of these areas of the Mezzogiorno.

Large industries (500 employees or more) now account for nearly 15 percent of total industrial employment. Many of these industries belong to the three public sector holding companies: IRI, the Institute for Industrial Reconstruction; ENI, the National Energy Board; and EFIM, the state holding company for manufacturing industries. In accordance with recent legislation, IRI soon will become a private sector entity. In the meantime, industries belonging to this group, but not considered "strategic," are in the process of being sold to private investors or firms under a national plan commonly known as "privatization."

Medium-sized industry (firms with 200-500 employees) accounts for a further 30% of industrial employment. Small firms, many with less than 25 employees, comprise the remaining 55 percent of the jobs in the industrial sector. Food processing has traditionally ranked as one of the leading industrial activity in the Southern regions.

The key industrial sectors in the South include: a steel plant near Taranto (8,000 employees); the oil and petroleum products sector with refineries in Campania, Puglia and Sicily; large oil and gas fields off the coast of South Sicily and in the Adriatic Sea; textiles, primarily in Campania, Puglia and Sicily; large energy plants near Naples, Brindisi and in Sicily; and the aerospace industry located in Pomigliano d'Arco near Naples, mechanical plants (e.g., Alfa Romeo and Ansaldo), shipyards (e.g., Castellammare di Stabia). Medium to small-sized paper mills and wood products industries, the cement and construction industry, fishing, and chemical and petro-chemical industries are scattered throughout the South.
THE ECONOMY OF THE MEZZOGIORNO

Area and Population

Italy's South, commonly referred to as the Mezzogiorno, includes the regions of Basilicata, Calabria, Campania, Molise, Puglia, Sicily, Abruzzi and Sardenia. The U.S. Consulate General in Naples has responsibility for promoting U.S. economic, commercial, political and cultural relations in this area, with the exceptions of Abruzzi and Sardenia. The consular district covers an area of nearly 88,000 square kilometers with some 19 million inhabitants (roughly 1/3 of Italy's total terrain and population).

The South — Less Industrialized than the North

The Mezzogiorno, differs substantially from Italy's highly industrialized North. The economic structure of the South is characterized by "leopard spot" industrial development. Some areas remain primarily agricultural while others contain a wide variety of small and medium-sized firms and, still other areas have local economies based primarily on a few large state-owned industries. Naples and the region of Campania, Bari and Palermo are the areas with relatively diversified industrial sectors.

Southern Per Capita Income

Southern incomes have lagged behind those of the North as a consequence of its different rate of industrialization. According to 1993 figures, the annual per capita income in the South was U.S.$10,100 - roughly a third less than in the North where the per capita income was U.S.$14,900. The lack of diversity in the structure of the economy the South also makes it much more vulnerable than the North to economic downturns. The recent period of stagnation in the Italian economy, 1990-1994, has been particularly painful for the South. In January 1994, the nationwide unemployment rate rose to 11.3 percent with a whopping rate of 20.1 percent in the Mezzogiorno, according to ISTAT (national agency for statistics) statistics. Historically, the economy of the South has lagged behind developments in the North by six months. Signs of an economic recovery (led by exports) began to appear in the North towards the end of 1993; in the South, exports are also picking up significantly, but most other areas of the economy have not yet begun to rebound.
Antonio Bassolino, whose term as mayor of Naples began on December 10, 1993, heads a left-of-center coalition comprised of his Democratic Party of the Left (PDS), the Refounded Communist Party (RC), the Greens, La Rete, Alternativa Napoli and the Rinascita Socialista, a new party formed by former Socialist Party reformers. Under the new electoral law, Bassolino's "progressive" coalition received 60 per cent of the city council seats, i.e. 36 of 60 seats.

Highlights of the new city administration's outlined program are: intensification of the city's cultural and tourism sector activities; reorganization of the municipal bureaucracy (which reportedly has 2,000 excess workers); and, cuts in the city's budget deficit (Naples was one of a hoard of Southern cities that were declared bankrupt last fall).

Personal Biographic Background

Bassolino, born at Afragola (in the province of Naples) in 1947, is divorced and has two children. Bassolino started his political career in 1962, as a member of the PCI's youth federation. In 1965, he joined the Partito Comunista Italiano (PCI). Bassolino served as city secretary of the Avellino PCI from 1972-1975. In 1972, he was appointed a member of the party's Central Committee. From 1976 to 1983, Bassolino was Regional Secretary for Campania. In 1987, Bassolino won election to the Italian Parliament as a member of the national Chamber of Deputies from both the Naples-Caserta electoral district (in the Campania region) and from the Catanzaro-Cosenza-Reggio Calabria constituency. He opted to represent the latter. In April 1992, he was re-elected to the Chamber of Deputies from the Naples-Caserta district. Bassolino chose to remain the mayor of Naples and declined to run for parliament in the March, 1994 national election.
THE CITY OF NAPLES

Founded about 600 B.C. as Neapolis (new city) by Greek colonists, Naples preserved Hellenic language and customs during its first millenium. Under the Roman republic and empire, Naples served as a center of erudition and culture and a pleasure resort. In AD 79 the great eruption of Vesuvius buried neighboring seaside towns Pompeii and Herculaneum -- now excavated extensively. From the 4th through 12th centuries, Naples was under Goth, Byzantine, Lombard, Norman, Swabian, and Holy Roman Empire domination. The Angevin and Aragonese kings who reigned during the next three centuries attracted great figures of art and science to the city. The Spanish Habsburgs ruled Naples with aristocratic severity during the 16th-17th centuries, when it was one of Europe's largest cities. The succeeding Spanish Bourbons made Naples the capital of the inpenetrably titled "kingdom of the two Sicilies."

During the Napoleonic era, a brief Parthenopean Republic was following by French rule. The Bourbons retook Naples in 1815; though weak and corrupt, they ruthlessly suppressed progressive ideas. Captured by Giuseppe Garibaldi in the wars of Italian unification, Naples joined the Kingdom of Italy in 1860. During the Second World War, Naples was heavily bombed and damaged; its recovery since has been painful and incomplete.

Situated on a magnificent deep bay, flanked by two smaller gulfs, Naples sits astride two areas on volcanic activity. Three fortified castles, two on the waterfront, define the city's heart. The seaside sweep is flanked by a long public park housing the Zoo and Europe's oldest Aquarium, founded in 1872. Naples's two great museums have unsurpassed collections of Greco-Roman antiquities, Renaissance and 18th-19th century art, tapestries, and ceramics. Naples's importance as a port has recently declined; main industries are textiles, winemaking, food processing, electronics, petroleum refining, and auto assembly. With 1.3 million inhabitants, Naples is the largest city and industrial center of southern Italy (Mezzogiorno); despite huge infusions of government capital, unemployment runs over 20 percent. Poor public infrastructure and pervasive organized crime persist.

Naples has been described as a vast popular theater, thanks to its hill-tiered arena setting and its animated street life. The local dialect is spiced with Spanish, adding a special touch to Naples's rich musical heritage. Goethe's observation that "Neapolitans wish even their work to be recreation" remains valid, however incompatible with modern economic and administrative realities. Despite a wealth of impressive Greek, Roman, Renaissance, Baroque, and neo-Classical buildings, tourists largely bypass Naples. Industrial pollution obscures the wondrous island of Capri from the mainland. Naples's decor is predominantly one of moldering palaces and churches in ochre or red; teeming, crime-ridden, traffic-congested streets and urban decay add to color if not to efficiency. Neapolitans are noted for resourcefulness; when a police crackdown caused street vendors of contraband cigarettes to strike, public outrage over zooming prices and increased unemployment caused a relaxation of efforts.
Palazzo Reale (Royal Palace), situated south of the Piazza del Municipio and beyond the Castel Nuovo, is set in a small park. The palace houses the great collections of the National Library of Naples. The main facade of the palace grandly faces, across from the vast Piazza del Plebiscito, the basilica of San Francesco di Paola -- erected in 1815 to celebrate the restoration of Bourbon rule in Naples. Adjacent to the palace on the north is the San Carlo opera house which has inspired and hosted most of the great artists of the bel canto.

The Palazzo Reale rises from the site of an older palace begun in 1553. In 1600, the viceroy laid the foundation for the Royal Palace, designed by the brilliant architect Domenico Fontana. Kings of Naples resided in the palace only after 1734. Though the palace has been extensively remodelled over the centuries, the facade retains more or less its original appearance. Later additions include the chapel, court theater, and opera house. At the foot of the staircase is a bronze door designed by a Parisian monk in 1468 and brought there from the Castel Nuovo. Six bas-reliefs on the door depict the struggle of Ferdinand of Aragon against Rene of Anjou; the door was taken away by Charles VIII during his late Renaissance campaigns in Italy, but were subsequently returned. The palace houses impressive Gobelin tapestries, Sevres porcelain, and extensive 19th century paintings.

During the French Revolutionary wars, the palace was the seat of the short-lived Parthenopean Republic. The Napoleonic successors refurbished the palace, adding numerous French pieces. In 1837, a fire devastated the palace, requiring major renovation, including to the huge 17th century central staircase and its twin ramps crowned by a coffered dome. As part of the make-over, 19th century architects added a new east wing and the Belvedere to the second floor. The upper floors became the residence for the Bourbon royal family, with the ground floors used as reception rooms. After Garibaldi took Naples in 1860 and the city joined the Kingdom of Italy, the palace lost importance though the ruling House of Savoy occasionally used the structure. In 1889, Neapolitan sculptors donated the eight statues of the most famous of the Kings of Naples, now housed in niches in the facade.
Castel dell'Ovo

The 11th century Castel dell'Ovo (Egg Castle) towers over the Borgo Marinaro (fishermen's village) on the seafront of Santa Lucia -- a small Neapolitan suburb that juts out into the bay. Though differing explanations abound, a common story is that Castel dell'Ovo got its name from a rookery on the site. The castle has sparked numerous legends regarding maidens imprisoned within its walls.

The original Norman keep of the castle was built on the remains of a Roman villa, parts of which are still visible. The last Roman emperor, Romolo Augusto, was imprisoned here by Huns in the fifth century. The castle's many turrets and bastions were added over the centuries, but date primarily from the Middle Ages. Castel dell'Ovo's cannons point not towards the sea, but landward -- attesting to Naples's turbulent foreign domination.

The seafront itself also has an interesting background. Santa Lucia, best known as the name of this tiny port and immortalized by a Neapolitan song, nestles between a rocky islet and a jetty linking it to shore. This ancient quarter was incorporated into Naples during the 19th century, after which land reclamation and monotonous modern architecture altered much of the seafront's picturesque quality. The quays of the Borgo are lined with restaurants built on piles. From the shore line there are good views of the sweep on Naples bay and the Vomero and Posillipo hillsides.

Castel dell'Ovo is only a short walk from Castel Nuovo, founded in 1279 by Charles I of Naples (Charles of Anjou). Like many Neapolitan landmarks, it bears an interchangeable name, being known locally as Maschino Angioino. In the late 14th century, King Robert presided over a brilliant court, which included Petrarch and Boccaccio; Giotto executed frescoes (now lost) for the structure. This castle was embellished by Alfonso V of Aragon (Alfonso I of Naples) whose triumphal entry in 1443 supplies the themes of magnificent Renaissance sculptures over the west entrance. Castel Nuovo contains important late Medieval and Renaissance collections.
Reginald Bartholomew
U.S. Ambassador to Italy

Reginald Bartholomew was sworn in as U.S. Ambassador to Italy on September 16, 1993. He previously served as the U.S. Special Envoy for the former Yugoslavia from February 10, 1993, and is a member of the Senior Foreign Service. He was U.S. Ambassador to NATO from 1992 to 1993, to Spain from 1986 to 1989 and to Lebanon from 1983 to 1986. Mr. Bartholomew served as Under Secretary of State for International Security Affairs from 1989 to 1992.

He served as Ambassador for Defense and Economic Cooperation negotiations between the United States and Greece from 1982 to 1983. He was the Special Cyprus Coordinator in the Department of State from 1981 to 1982. Mr. Bartholomew was Assistant Secretary of State and Director of the Bureau of Politico-Military Affairs from 1977 to 1979 to head East-West Relations, U.S.S.R., and Eastern European cluster. From 1974 to 1977, he served as Principal Deputy Director of the Department's Policy Planning Staff and then of the Bureau of Politico-Military Affairs.

From 1968 to 1974, Mr. Bartholomew was a career civil servant in the Department of Defense. He was Director of Policy Planning in the Office of International Security Affairs and Director of the DOD Task Force on Mutual and Balanced Force Reductions. Before entering Government service, he taught social sciences at the University of Chicago from 1963 to 1964 and was Lecturer in Government at Wesleyan University from 1964 to 1968.

Mr. Bartholomew received the bachelor of arts degree from Dartmouth College in 1958 and did graduate study in Political Science at the University of Chicago from 1958 to 1961. He received the master of Arts degree in International Relations in 1960. He is a member of the Council of Foreign Relations and the International Institute for Strategic Studies and was given Honorary Doctor of Law degrees by Wesleyan University in 1985 and Hobart and William Smith College in 1987.

Mr. Bartholomew was born in Portland, Maine, on February 17, 1936. He and his wife, Rose-Anne Dognin, reside in Washington, D.C., and have four children.
Key U.S. Officials

Richard N. Dertadian
Consul General, Naples

George M. White
Political/Economic Affairs Officer, Naples

Anthony C. Perkins
Consular Affairs Officer, Naples

Patricia Ann Gregory
Administrative Affairs Officer, Naples

Paul C. Leibengood
Regional Security Affairs Officer (resident in Rome)
Italy
Key Government Officials

President—Oscar Luigi Scalfaro
Prime Minister—Carlo Azeglio Ciampi
Minister of Defense—Alberto Ronchey
Minister of Finance—Gallo, Franco
Minister of Foreign Affairs—Martino, Antonio
Minister of Foreign Trade—Georgio Bernini
Minister of Treasury—Lamberto Dini
Governor, Bank of Italy—Antonio Fazio
Oscar Luigi SCALFARO
(Phonetic: SKAHLfahroh)

President of the Republic (since 1992)

Addressed as: Mr. President

Political: Serves as Italy’s nonpartisan head of state ... began political career with Christian Democratic Party in 1946 when first elected to Parliament ... has held several high-level posts over the years, including that of Interior Minister (1983-87).

Background: Born 1918 ... holds law degree; served as attorney, judge.

Languages: Does not speak English.

Personal Notes: Widower since 1946 ... has a daughter, Mariana.

6/94
Silvio BERLUSCONI
(Phonetic: bearlooSKOHnee)

Prime Minister (since May 1994); Leader,
Forza Italia (since December 1993)

Addressed as: Mr. Prime Minister

Political: Meteoric rise from media, business mogul
to Prime Minister after founding Forza Italia . . . his party in
government coalition with Northern League, National Alliance.
Background: Born 1937 in Milan . . . has law degree, was prominent in
residential construction business . . . in mid-1970s established first private
television network.
Languages: Speaks French and a little English.
Personal Notes: Has five children, three with his second wife,
former actress Veronica Lario.
Official Name: Canada

PROFILE

Geography

Area: 9.9 million sq. km. (3.8 million sq. mi.); second largest country in the world.
Cities: Capital—Ottawa (pop. 833,000). Other cities—Toronto (3.5 million), Montreal (2.9 million), Vancouver (1.4 million).
Terrain: Mostly plains with mountains in the west and lowlands in the southeast.
Climate: Temperate to arctic.

People

Nationality: Noun and adjective—Canadian(s).
Population (est.): 28 million.
Annual growth rate (est.): 1.5%
Ethnic groups: British 28%, French 23%, other European 15%, Asian/Arab/African 6%, indigenous Indian and Eskimo 1.5%, mixed background 26%.
Religions: Roman Catholic 46%, Protestant 41%.
Languages: English, French.
Literacy: 99% of population aged 15 and over have at least a ninth-grade education.
Health: Infant mortality rate—7/1,000. Life expectancy—75 yrs. male, 82 yrs. female.
Work force (13.8 million, 1992)—trade—18%, manufacturing—15%, transportation and communications—8%, finance—7%, public administration—7%, construction—6%, agriculture—4%, forestry and mining—2%, other services—33%.

Government

Type: Confederation with parliamentary democracy.
Independence: July 1, 1867.
Branches: Executive—Queen Elizabeth II (head of state, represented by a governor general), prime minister (head of government), cabinet. Legislative—bicameral parliament (104-member Senate, 295-member House of Commons). Judicial—Supreme Court.
Subdivisions: 10 provinces, 2 territories.

Economy

Annual growth rate (1992): 2.3%.
Natural resources: Petroleum and natural gas, hydroelectric power, metals and minerals, fish, forests, wildlife.
Agriculture: Products—wheat, livestock and meat, feed grains, oil seeds, dairy products, tobacco, fruits, vegetables.
Industry: Types—motor vehicles and parts, fish and forest products, processed and unprocessed minerals.
people

Of Canada's 27.3 million people, 80% live within 160 kilometers (100 mi.) of the U.S. border, and half live in the southeastern part of the country near the Great Lakes and the St. Lawrence River. The population of Canada is less than 3 people per square kilometer.

Canada's more than 6 million French-speaking citizens are primarily descendants of colonists who settled the country three centuries ago. The English-speaking community has increased mostly as a result of immigration from the United Kingdom. The largest influx from the United States occurred during the American Revolution when thousands of "Empire Loyalists" fled to Canada. Other Canadians have indigenous, other European, and Asian origins.

Four major influences have helped shape Canadian culture: a multi-cultural heritage (including aboriginal); English-French bilingualism; sustained government funding for artistic and literary pursuits; and the abundance and availability of U.S. cultural productions.

Canadians view their country as a cultural mosaic and not as a melting pot. Inuit (Eskimo), Indian nations, French speakers, English speakers, and immigrant groups have all sought to maintain their unique cultural identities. Such efforts have been encouraged by extensive government funding of the arts. The government-funded Canada Council has become the major patron of all forms of creative endeavor in Canada.

Canada has a rich literary tradition, with many influential writers in both English and French. Other prominent Canadian artists include a school of painters known as "The Group of Seven," Canadian filmmakers such as Harry Rasky and Bill Mason, who are world leaders in producing documentaries, and a number of world-class dance troupes, orchestras, and repertory theaters.

history

Canada's early history was dominated by rivalry between France and Britain. In 1497, John Cabot reached Newfoundland and claimed for Britain a large portion of the Atlantic seaboard. Cabot was followed by the French explorer Jacques Cartier, who landed at the mouth of the St. Lawrence River, on the Gaspe Peninsula, in 1534 and claimed it for France.

While the British settled along the coast, the French pushed rapidly into the interior, and for more than a century Canada was a French colony. The founder and settler of French Canada was Samuel de Champlain, who founded Quebec City in 1608 and established a number of other settlements along the Bay of Fundy and the shore of the St. Lawrence River. Explorers, traders, and missionaries, including Marquette, Joliet, and La Salle, extended the French influence in "New France."

Following the early years of settlement, the French and English pioneers engaged in the highly competitive fur trade. Canada's political shape began to emerge from the Battle of the Plains of Abraham at Quebec, where the British defeated the French in 1759 and took over the French colonies in North America. The memory of that event still has a strong emotional appeal for French-Canadians. Although New France came under British control, it was permitted to retain its religious and civil code. Canada is still attempting to find a constitutional formula that will satisfy the aspirations of the French-speaking Quebec (see POLITICAL CONDITIONS).

During the American Revolution, French and British colonists in Canada rebuffed the overtures of American leaders and chose British rule over independence in association with the United States. A U.S. raid on Quebec in 1776 was unsuccessful. In the War of 1812, U.S.-British rivalry in North America again resulted in the invasion of Canada.

Several events accelerated the union of the British colonies in Canada into a new nation. First, the political uprisings of 1837 in both English Upper Canada and French Lower Canada led to the creation of local governments and to greater citizen participation in the government. Second, at the end of the American Civil War, it was feared that the United States might turn against British North America. Finally, the expansion of the American West and the slower settlement of the Canadian West encouraged the development of a Canadian transcontinental railroad and the perception among eastern Canadian political leaders that a Canadian federation from the Atlantic to the Pacific had to be achieved if western Canada was to avoid absorption by the United States.

The British North America Act of 1867 created the new nation of Canada, comprising four provinces—Ontario, Quebec, New Brunswick, and Nova Scotia. It provided for a federal union and for a parliamentary system of government. Six other provinces eventually entered the confederation; the last was Newfoundland in 1949.

government

Canada is a constitutional monarchy with a federal system, a parliamentary government, and strong democratic traditions. Many of the country's legal practices are based on unwritten custom, but the federal structure resembles the U.S. system. The 1982 Charter of Rights guarantees basic rights in many areas.

Queen Elizabeth II, as Queen of Canada, serves as a symbol of the nation's unity. She appoints a governor general on the advice of the prime minister of Canada, usually for a 5-year term. The Prime Minister is the leader of the political party in power and is the head of the cabinet. The cabinet remains in office as long as it retains majority support in the Commons on major issues.

Canada's parliament consists of an elective House of Commons and an appointive Senate. Legislative power rests with the 295-member Commons, whose members are elected at least every 5 years but also at any time the prime minister advises the governor general to dissolve the House, which last occurred in September 1993. Senate members (104), in contrast, are appointed by the governor general on the advice of the prime minister. During the Meech Lake and Charlottetown debates, many Canadians, seeking to achieve better regional representation, called for direct election of senators and for other reforms of the Senate. This effort proved unsuccessful, however, as they were unable to reach agreement among the provinces.

Criminal law, based largely on British law, is uniform throughout the nation and is under federal jurisdiction. Civil law is also based on the common law of England, except in Quebec, which has retained its own civil code patterned after that of France. Justice is administered by federal, provincial, and municipal courts.
Each province is governed by a premier and a single, elected legislative chamber. A lieutenant-governor appointed by the governor general represents the Crown in each province.

Principal Government Officials

Chief of State—Queen Elizabeth II
Governor General—Ramon Hnatyshyn
Prime Minister—Jean Chretien
Secretary of State for External Affairs—Andre Ouellet
Ambassador to the United States—Raymond Chretien
Ambassador to the United Nations—Louise Frechette


POLITICAL CONDITIONS

In the province of Quebec in the early 1960s, Jean Lesage’s “Quiet Revolution” led to a new assertiveness and heightened sense of identity among the French-speaking Quebeckers, who make up about one-quarter of Canada’s population. Radical elements within Quebec, most notably the Quebec Liberation Front (FLQ), precipitated an urban violence campaign and the “October Crisis” of 1970, during which former Prime Minister Trudeau invoked extraordinary measures to maintain public safety and order. In 1976, the separatist Parti Quebecois (PQ) won the provincial election and began to explore a course for Quebec of greater independence from the rest of Canada.

In 1982, Queen Elizabeth ceremonially turned over full responsibility for Canada’s constitution—the amended British North America Act of 1867—to the Canadian parliament. The federal government and all provinces except Quebec had agreed on a charter of rights and an amending formula. Quebec’s status remains a serious political issue in Canada. In a 1990 referendum, the Parti Quebecois sought a mandate from the people of Quebec to negotiate a new status of “sovereignty-association,” combining political independence with a continued economic association with the rest of Canada. Sixty percent of Quebec voters rejected the proposal.

The 1987 Meech Lake Constitutional Accord, which would have brought Quebec into Canada’s federal constitutional framework while recognizing it as a “distinct society,” was another attempt to develop a constitutional formula to satisfy French-speaking Quebec. Quebec’s current Liberal government strongly endorsed the accord. However, it was not ratified by Manitoba and Newfoundland because it gave too much power to Quebec, and it expired on the June 23, 1990, deadline. Quebec subsequently announced it would negotiate constitutional issues only on a bilateral basis with Ottawa, and a special commission established by Quebec’s “National Assembly” recommended holding another sovereignty referendum by the end of 1992.

Despite the failure of the Meech Lake accord, a new constitutional deal was approved by all the premiers, as well as aboriginal leaders, at Charlottetown in July 1992. Even with a strong campaign by the government, the referendum to approve the deal failed when the voters in 7 of the 10 provinces rejected it on October 22, 1992.

Worried about high unemployment and a slowly recovering economy, most Canadians, including Quebeckers, do not wish to see constitutional issues revived in the near term. Quebec provincial elections (which must be held by November 1994) and a possible sovereignty referendum (if the separatist Parti Quebecois wins) have nonetheless provoked renewed discussion of national unity issues.

Canada’s current Liberal government was elected on October 25, 1993, when it won 178 of 295 seats in Parliament. The party’s strength is in Ontario, the Atlantic Provinces, Montreal, and urban centers in the west. This center-left party had formed the official opposition to the center-right Conservative Party, which governed Canada from 1984 to 1993. The near annihilation of the Conservative Party (it won just two seats in last year’s election) largely is attributable to the rise of two new regionally based opposition parties— the Bloc Quebecois and the Reform Party, which formed out of discontent with the government. The Bloc Quebecois advocates the independence of Quebec; it won 54 seats in that province. The Reform Party is a conservative movement largely focused on fiscal responsibility and institutional reform; it won 52 seats in western Canada (principally in Alberta and British Columbia). The socialist New Democratic Party, which has traditional ties to organized labor, was reduced from 43 to just 8 seats scattered throughout western Canada.

Federal-provincial interplay is a central feature of Canadian politics: Quebec wishes to preserve and strengthen its distinctive culture; western provinces desire more control over their abundant natural resources, especially energy reserves; industrialized central Canada is concerned with economic development; and the Atlantic provinces have resisted federal claims to fishing and mineral rights off their shores. Canadians have responded to these different regional needs by attempting to strengthen both their confederation and the fundamental democratic principles essential to a balanced federal-provincial political system, but setbacks such as the June 1990 failure to ratify the 1987 Meech Lake Accord have made this process more difficult.

ECONOMY

Canada ranks seventh in the world in gross domestic product and is one of the world’s largest producers of a wide variety of minerals. The mineral industry, forest products, and agriculture have been major factors in Canada’s economic development. Canada’s lakes have more than 50% of the world’s surface fresh water, and 75% of Canada’s power needs are met by hydroelectric energy. The spectacular growth of Canada’s manufacturing segment, particularly since the 1950s, has transformed the nation from a rural, agricultural society into one primarily industrial and urban. Industry is now the leading segment of the nation’s economy, employing one-third of the work force.

Following rapid expansion in 1985-89, the Canadian economy slipped into recession in the first half of 1990. Although the recession technically ended in the first quarter of 1991, growth did not resume until the first quarter of 1992. Growth in 1993 was 2.5%-3%. Employment has been slower to recover, and the jobless rate has remained above 10% since 1991. Inflation remained at about 1%.

A 10% devaluation of the Canadian dollar in 1992, followed by further devaluations in 1993 and 1994 caused by concern about debt and public finances, boosted exports. The most serious macro-economic concern now is the high public debt burden—the legacy of generous govern-
Agriculture's contribution to the Canadian economy averages less than 4% of both GDP and employment. Agricultural exports, led by wheat, barley, pork, and horticultural products, are less than 10% of all trade. The U.S. is Canada's leading market, taking nearly one-third of all food exports. Conversely, Canada is the second-largest U.S. agricultural market (after Japan), primarily importing fresh fruits and vegetables and livestock products.

Forest covers about half of Canada's total land area. Forest product exports, including pulp and paper, represent 15% of Canada's total export trade; nearly two-thirds is exported to the United States. Canada is the world's leading producer of newsprint, accounting for 40% of global output; almost 75% of Canada's total newsprint production is exported to the United States.

Commercial fisheries provide an annual catch of about 1.4 million metric tons (1.5 million tons), of which about 70% is exported.

Canada ranks first in the world in mineral exports and third in mineral production after the U.S. and the states of the former Soviet Union. It is the world's largest producer of zinc, potash, uranium, and nickel; the second-largest producer of asbestos, silver, titanium, gypsum, and sulfur; and a leading producer of molybdenum, aluminum, cobalt, gold, lead, copper, iron, and platinum. Every region has significant mineral resources.

Canada is a major producer of hydroelectricity, oil, and gas; unlike most of its industrial partners, it is a net exporter of energy (primarily gas and electricity). Canada's exports and imports of oil are currently in approximate balance. Crude petroleum is the largest single component of Canada's minerals output. Canadian oil reserves are about 6.8 billion barrels. Canada annually produces more than 500 million barrels of oil and about 3.5 trillion cubic feet of natural gas. The United States imports about 2 trillion cubic feet or 10% of its natural gas requirements from Canada. Canada is the fourth-largest energy supplier for the U.S.

In total volume of trade, Canada ranks seventh in the world, after the United States, Germany, France, United Kingdom, Japan, and Italy.

The value of U.S.-Canadian merchandise trade for 1992 was $192 billion, more than that between any other two countries in the world. U.S. exports to Canada were $91 billion, and imports were $101 billion. Also in 1992, about 22% of all U.S. merchandise exports went to Canada which supplied about 19% of total U.S. merchandise imports. U.S.-Canada trade increased by about 50% between 1989—when the Free Trade Agreement (FTA) came into effect—and 1994, when the North American Free Trade Agreement (NAFTA) superseded it. Growth trends are expected to continue under NAFTA, which continues FTA liberalizations while extending trade openings to new areas such as financial services.

Almost one-third of U.S.-Canadian trade is in the automotive sector. Under the 1965 U.S.-Canada Automotive Agreement (Auto Pact), which provided for free trade in cars, trucks, and auto parts, two-way trade in automotive products rose from $715 million in 1964 to $22 billion by 1978. In 1980-81, it declined to about $18 billion, but it rose to $58 billion in 1992. Auto Pact benefits continue under NAFTA.

The U.S. is Canada's largest foreign investor; at the end of 1993, the stock of U.S. direct investment in Canada was $69 billion, or about 65% of total foreign direct investment in Canada.

U.S. investment is primarily in Canada's mining and smelting industries, petroleum, chemicals, the manufacture of machinery and transportation equipment, and finance.

Canada's investment exposure in the United States is substantial. At the end of 1993, the stock of Canadian direct investment in the United States was $47 million or 6% of total foreign direct investment in the United States. Canadian investment in the United States is concentrated in manufacturing, wholesale trade, real estate, and petroleum, with recent growth in investment in services.

FOREIGN RELATIONS

In Canada's early days as a nation, its foreign affairs were conducted by the U.K. By 1909, the Canadian drive for autonomy led to the creation of a department of external affairs. After World War I, Canadian representatives signed the Treaty of Versailles and began to conduct an independent foreign policy.

World War II gave considerable impetus to Canadian participation in world affairs. In the early post-war period, Canada embarked on a foreign policy that has become its trademark—multilateralism. The country was a charter signatory to the United Nations, the North Atlantic Treaty Organization (NATO), and the General Agreement on Tariffs and Trade (GATT).

Canada has continued to take an active role in the creation of the UN, contributing troops to UN forces in Korea, the Middle East, the Congo, Yemen, Namibia, Cyprus, former Yugoslavia, Cambodia, and Somalia. Canada also contributed naval vessels and fighter aircraft to the multinational force during the Persian Gulf crisis. In addition to its peace-keeping activities, Canada has assumed a prominent role in UN disarmament discussions, environmental activities, law of the sea negotiations, human rights issues, North-South issues, and world food problems. For example, in 1956, Canadian Secretary of State Pearson mediated in the Suez Canal crisis, for which he was awarded the Nobel Peace Prize. Canada also continues to be a strong supporter of the nuclear Non-Proliferation Treaty.

Canada shares responsibility with the United States and other allies for the North Atlantic Treaty area. Due to its membership in NATO, Canada is an active participant in discussions stemming from the Conference on Security and Cooperation in Europe (CSCE).

Two other international organizations of special interest to Canada are the Commonwealth, an association of former British colonies that share similarities of language, customs, and institutions, and La Francophonie, an association of French-speaking countries that includes France and former French colonies. Since about 24% of all Canadians regard French as their mother tongue, Canada has sought to broaden and strengthen ties with La Francophonie.

Canada joined the Organization of American States in 1990 and has been an active member.

Canadian economic assistance to developing countries totals more than $2 billion annually. The official channel for government overseas aid programs is the Canadian International Development Agency. Canada also contributes substan-
U.S.-CANADIAN RELATIONS

Canada views its relationship with the U.S. as crucial to a wide range of interests. The bilateral relationship is varied and complex. While Canada has worked to remain anchored in the West, it also has pursued policies designed to accentuate its independence from the United States. These include Canada's early "normalization" of relations with Fidel Castro's Cuba and the People's Republic of China, as well as strong Canadian opposition to U.S. involvement in the war in Vietnam. Although occasional differences occur, U.S.-Canadian relations are close and cooperative.

Investment and trade issues are a major feature of U.S.-Canadian relations. There are a number of cooperative economic efforts such as the Auto Pact, which created a largely integrated two-country market for automobiles, and defense economic arrangements, which diminish obstacles to trade and technology exchange and encourage a balance of trade in defense-related areas.

The U.S.-Canada trading relationship has been enhanced by the 1988 U.S.-Canada Free Trade Agreement (FTA) and further expanded by NAFTA—the North American Free Trade Agreement—which came into effect January 1, 1994. NAFTA continues the FTA's moves toward removing all tariffs and virtually all import and export restrictions. It also resolves some long-standing bilateral irritants and liberalizes rules in several areas, including agriculture, services, energy, financial services, investment, and government procurement. NAFTA forms the largest trading area in the world—embracing the 370 million people of the three North American countries.

Canada is further expanding its economic ties across the Pacific through membership in the Asia-Pacific Economic Cooperation forum (APEC).

The United States and Canada have resolved several major issues involving fisheries. By common agreement, the two countries submitted a Gulf of Maine boundary dispute to the International Court of Justice in 1981; both accepted the court's October 12, 1984, ruling which demarcated the territorial sea boundary. In 1990, the United States and Canada signed a bilateral Fisheries Enforcement Agreement which has served to deter illegal fishing activity and reduce the risk of injury during fisheries enforcement incidents. Their success in achieving a Pacific salmon treaty in 1985 has been tempered by difficulties in negotiating multi-year extensions of its constituent fisheries regimes.

The two countries work closely to resolve transboundary environmental issues, an area of increasing importance in the bilateral relationship. A principal instrument of this cooperation is the International Joint Commission (IJC), established in 1909 to promote international environmental cooperation. The Great Lakes Water Quality Agreement of 1987, aimed at preserving and enhancing the water quality of the Great Lakes, is a historic example of joint cooperation in controlling trans-boundary water pollution.

The two governments also consult semi-annually on trans-boundary air pollution. Under the Air Quality Agreement of 1991, both countries have made substantial progress in coordinating and implementing their acid rain control programs.

Energy and transportation problems, such as natural gas trade and trucking regulations, can be nettlesome, though such issues usually have been successfully resolved or managed through bilateral consultative forums. Canada and the United States have sought to negotiate an "open skies" regime in civil aviation, thus far without success.

U.S. defense arrangements with Canada are more extensive than with any other country. The Permanent Joint Board on Defense, established in 1940, provides policy-level consultation on bilateral defense matters. The United States and Canada share NATO mutual security commitments. As the only other non-European ally, Canada contributes forces to NATO commands in Europe and the North Atlantic. In addition, U.S. and Canadian military forces have cooperated since 1958 on continental air defense within the framework of the North American Aerospace Defense Command, an integrated, bilateral military command that exercises operational control over U.S. and Canadian air defense forces and also provides early warning information on possible air and missile attacks on North America. Canada and the U.S. work closely in defense research and production.

Like the United States, Canada enjoyed significant post-war economic growth and prosperity, which was reflected in World Exposition '67 in Montreal. However, concerns about foreign (particularly U.S.) investment in Canada mounted and contributed to a cooling of the U.S.-Canada relationship during the Diefenbaker and Trudeau Administrations.

Principal U.S. Officials

Ambassador—James Blanchard
Deputy Chief of Mission—James Walsh
Minister-Counselor for Political Affairs—David Jones
Minister-Counselor for Economic Affairs—Marshall Casse
Minister-Counselor for Public Affairs—Dell F. Pendergrast
Minister-Counselor for Commercial Affairs—Robert Marro

The U.S. embassy in Canada is located at 100 Wellington Street, Ottawa, (tel. 613-238-5335).
Official Name: French Republic

PROFILE

Geography

Area: 551,670 sq. km. (220,668 sq. mi.); largest West European country, about four-fifths the size of Texas.
Terrain: Varied.
Climate: Temperate; similar to that of the eastern U.S.

People

Nationality: Adjective—French.
Population: 57.6 million.
Annual growth rate: 0.5%.

Ethnic groups: Celtic and Latin with Teutonic, Slavic, North African, Indochinese, and Basque minorities.
Religion: Roman Catholic 90%.
Language: French.
Education: Years compulsory—10. Literacy—95%.
Health: Infant mortality rate—7/1,000.
Work force (25 million): Services—66%. Industry and commerce—28%. Agriculture—6%.

Government

Type: Republic.
Branches: Executive—president (chief of state); prime minister (head of government). Legislative—bicameral parliament (577-member National Assembly, 319-member Senate). Judicial—Court of Cassation (civil and criminal law), Council of State (administrative court), Constitutional Council (constitutional law).
Subdivisions: 22 administrative regions containing 96 departments (metropolitan France). Four overseas departments (Guadeloupe, Martinique, French Guiana and Reunion); five overseas territories (New Caledonia, French Polynesia, Wallis and Futuna Islands, and French Southern and Antarctic Territories); and two special status territories (Mayotte and St. Pierre and Miquelon).

Political parties: Socialist Party; Rally for the Republic (Gaullists/Conservatives); Union for French Democracy (Center-Right); Republican Party (center right); Communist Party; National Front; Greens; Ecology Generation; various minor parties.
Suffrage: Universal at 18.
Flag: Three vertical stripes of blue, white, and red.

Economy (1993 figures)

GDP: $1.3 trillion.
Avg. annual growth rate: 0%.
Per capita GDP: $23,000.
Agriculture: Products—wine, cheeses, cereals, sugar beets, potatoes, and beef.
Industry: Types—Aircraft, electronics, transportation, textiles, clothing, food processing, chemicals, machinery, steel.
Since prehistoric times, France has been a crossroads of trade, travel, and invasion. Three basic European ethnic stocks—Celtic, Latin, and Teutonic (Frankish)—have blended over the centuries to make up its present population. France’s birth rate was among the highest in Europe from 1945 until the late 1960s. Since then, its birth rate has fallen but remains higher than that of most other West European countries. Traditionally, France has had a high level of immigration. About 90% of the people are Roman Catholic, less than 2% are Protestant, and about 1% are Jewish. More than 1 million Muslims immigrated in the 1960s and early 1970s from North Africa, especially Algeria. At the end of 1993, there were more than 3 million persons (5% of the population) of Muslim descent living in France.

Education is free, beginning at age 2, and compulsory between ages 6 and 16. The public education system is highly centralized. Private education is primarily Roman Catholic. Higher education in France began with the founding of the University of Paris in 1150. It now consists of 69 universities and special schools, such as the Grandes Écoles, technical colleges, and vocational training institutions.

The French language derives from the vernacular Latin spoken by the Romans in Gaul, although it includes many Celtic and Germanic words. French has been an international language for centuries and is a common second language throughout the world. It is one of five official languages at the United Nations. In Africa, Asia, the Pacific, and the West Indies, French has been a unifying factor, particularly in those countries where it serves as the only common language among a variety of indigenous languages and dialects.

France was one of the earliest countries to progress from feudalism into the era of the nation-state. Its monarchs surrounded themselves with capable ministers, and French armies were among the most innovative, disciplined, and professional of their day.

During the reign of Louis XIV (1643-1715), France was the dominant power in Europe. But overly ambitious projects and military campaigns of Louis and his successors led to chronic financial problems in the 18th century. Deteriorating economic conditions and popular resentment against the complicated system of privileges granted the nobility and clerics were among the principal causes of the French Revolution (1789-94).

Although the revolutionaries advocated republican and egalitarian principles of government, France reverted to forms of absolute rule or constitutional monarchy four times—the Empire of Napoleon, the Restoration of Louis XVIII, the reign of Louis-Philippe, and the Second Empire of Napoleon III.

After the Franco-Prussian War (1870), the Third Republic was established and lasted until the military defeat of 1940.

World War I brought great losses of troops and materiel. In the 1920s, France established an elaborate system of border defenses (the Maginot Line) and alliances to offset resurgent German strength. France was defeated, however, and occupied in 1940. The German victory left the French groping for a new policy and new leadership suited to the circumstances. On July 10, 1940, the parliament established the Third Republic, which became known as the Vichy Government. Its senior leaders acquiesced in the plunder of French resources, as well as the sending of French forced labor to Germany; in doing so, they hoped to preserve at least some small amount of French sovereignty.

The German occupation proved quite costly, however, as a full one-half of France’s public sector revenue was appropriated by Germany. After four years of occupation and strife, Allied forces liberated France in 1944. A bitter legacy carries over to the present day. A nation-wide debate has emerged over how much responsibility France should bear for the crimes and collaborations of the Vichy regime.

France emerged from World War II to face a series of new problems. After a short period of provisional government initially led by General Charles de Gaulle, the Fourth Republic was set up by a new constitution and established as a parliamentary form of government controlled by a series of coalitions. The mixed nature of the coalitions and a consequent lack of agreement on measures for dealing with Indochina and Algeria caused successive cabinet crises and changes of government.

Finally, on May 13, 1958, the government structure collapsed as a result of the tremendous opposing pressures generated in the divisive Algerian issue. A threatened coup led the parliament to call on General de Gaulle to head the government and prevent civil war. He became prime minister in June 1958 (at the beginning of the Fifth Republic) and was elected President in December of that year.

Seven years later, in an occasion marking the first time in the 20th century that the people of France went to the polls to elect a president by direct ballot, De Gaulle won re-election with a 55% share of the vote, defeating Francois Mitterrand. In April 1969, President de Gaulle’s Government conducted a national referendum on the creation of 21 regions with limited political powers. The government’s proposals were defeated, and De Gaulle subsequently resigned.


President Mitterrand is serving in the second of two seven-year terms. During his tenure, he has stressed the importance of European integration and has advocated the ratification of the Maastricht Treaty on European economic and political union. France’s electorate narrowly approved the Maastricht Treaty in September 1992.

The constitution of the Fifth Republic was approved by public referendum on September 28, 1958. It greatly strengthened the authority of the executive in relation to parliament. Under the constitution, the president is elected directly for a seven-year term. Presidential arbitration assures regular functioning of the public powers and the continuity of the state. The president names the prime minister, presides over the cabinet, commands the armed forces, and concludes treaties.

The president may submit questions to a national referendum and can dissolve the National Assembly. In
curtain emergency situations, the

president may assume full powers.

Besides the president, the other main component of France's executive branch is the cabinet.ヘd by the prime minister, who is the nominal head of government, the cabinet is composed of 47 ministers, minister-delegates, and secretaries of state. Parliament meets in regular session twice annually for a maximum of three months on each occasion. Special sessions are common. Although parliamentary powers are diminished from those existing under the Fourth Republic, the National Assembly can still cause a government to fall if an absolute majority of the total assembly membership votes to censure.

The National Assembly is the principal legislative body. Its deputies are directly elected to five-year terms, and all seats are voted on in each election. Senators are chosen by an electoral college for nine-year terms, and one-third of the Senate is renewed every three years. The Senate's legislative powers are limited; the National Assembly has the last word in the event of a disagreement between the two houses. The government has a strong influence in shaping the agenda of parliament. The government also can link its life to any legislative text, and unless a motion of censure is introduced and voted, the text is considered adopted without a vote. The most distinctive feature of the French judicial system is that it is divided into the Constitutional Council and the Council of State. The Constitutional Council examines legislation and decides whether it conforms to the constitution. Unlike the U.S. Supreme Court, it only considers legislation that is referred to it by parliament, the prime minister, or the president; moreover, it considers legislation before it is promulgated. The Council of State has a separate function from the Constitutional Council and provides recourse to individual citizens who have claims against the Administration.

Traditionally, decision-making in France has been highly centralized, with each of France's departments headed by a prefect appointed by the central government. In 1982, the national government passed legislation to decentralize authority by giving a wide range of administrative and fiscal powers to local elected officials. In March 1986, regional councils were directly elected for the first time.

**Principal Government Officials**

President—Francois Mitterrand
Prime Minister—Edouard Balladur
Ambassador to the United States—Jacques Andreani
Ambassador to the United Nations—Jean-Bernard Merimee

**POLITICAL CONDITIONS**

France's most recent general elections took place March 21 and 28, 1993, with the result being a landslide victory for the conservative coalition led by the Gaullist Rally for the Republic (RPR) and the Center-Right Union for French Democracy (UDF). In the wake of the election's telling popular mandate for political change, a major shake-up of the seat distribution within the National Assembly transpired.

The RPR and the UDF, along with their political allies, won 484 of the 577 Assembly seats—the largest parliamentary majority in the modern history of France.

The Socialist Party, on the other hand, managed to retain only 70 of a pre-election total of 277 seats. The Communist Party held on to 23 of its previous 26 Assembly seats. The ecologists and far-right National Front failed to secure any seats.

Shortly after the final results were announced, Socialist President Mitterrand selected the RPR's Edouard Balladur, a former Minister of Finance, to succeed Pierre Beregovoy as the country's Prime Minister.

With the next presidential elections scheduled for May 1995, the conservative triumph set the stage for the first period of "cohabitation" government in France since 1986-88.

**ECONOMY**

With a 1993 GDP of more than $1.3 trillion, France is the fourth-largest Western industrialized economy. It has substantial agricultural resources, a diversified modern industrial system, and a highly skilled labor force. In 1993, France's economic growth rate was 0%. A slightly better performance is expected in 1994.

Government policy stresses investment promotion and maintenance of fiscal and monetary discipline. It seeks to ensure the franc's stability and strength within the European Monetary System. The government continues to exert considerable control over the industrial sector both through planning and regulatory activities and through direct state ownership, although a modest privatization program has been implemented. This policy has helped keep France's inflation rate (2.8% in 1993) low compared with rates among the other Group of Seven (G-7) industrial countries.

One main area of concern, however, continues to be an unemployment rate that is now 12%. France's well-developed and diversified industrial enterprises generate about one-third of the GDP and employ about one-third of the workforce. This distribution is similar to that of other highly industrialized nations. The most important areas of industrial production include steel and related products, aluminum, chemicals, and mechanical and electrical goods.

France also has been extremely successful in developing dynamic telecommunications, aerospace, and weapons sectors. With virtually no domestic oil production, France has relied heavily on the development of nuclear power, which now produces about 75% of the country's electrical energy. Nuclear waste is stored on site at reprocessing facilities.

Membership in France's labor unions accounts for about 10% of the workforce. Included in the composition of the several competing union confederations are the largest, oldest, and most powerful unions: the Communist-dominated General Labor Confederation, the Workers' Force, and the French Democratic Confederation of Labor.

**Trade**

France is the second-largest trading nation in Western Europe (after Germany). Its total trade for 1993 amounted to $385 billion. Trade with EU countries accounts for 60% of French trade.

production and testing equipment, electronic components, telecommunications, computers and peripherals, analytical and scientific instrumentation, medical instruments and supplies, broadcasting equipment, and film programming and franchising are particularly attractive to French importers.

Principal French exports to the United States are aircraft and engines, beverages, electrical equipment, chemicals, cosmetics, and pet-care products.

Agriculture

Good climate, fertile land, and modern technology have combined to make France the leading agricultural producer in Western Europe.

It is one of the world's leading producers and exporters of dairy products, wheat, and wine. Although more land is devoted to pasture and grain, some of France's best land is planted in wine grapes.

Balance of Payments

In 1993, France achieved a record trade surplus, about $15 billion. The surplus was partly attributable to the surge in exports due to greater competitiveness of French products, which, in turn, was partly due to low domestic inflation and wage costs.

FOREIGN RELATIONS

A charter member of the United Nations, France holds one of the permanent seats in the Security Council and is a member of most of its specialized and related agencies.

Europe. France is a leader in Western Europe because of its size, location, strong economy, membership in European organizations, strong military posture, and energetic diplomacy. France generally has worked to strengthen the global economic and political influence of the European Union and its role in common European defense. It views Franco-German cooperation as the foundation of efforts to enhance European security.

President Mitterrand strongly supports the Maastricht Treaty, which calls for the implementation of a single European currency along with unified defense, foreign, and economic policies in Europe by the end of the decade. France remains a firm supporter of the Conference on Security and Cooperation in Europe and other efforts at regional cooperation.

France has assumed a leading role in trying to resolve the conflict in the former Yugoslavia. Its troops represent the largest contingent of the UN Protection Force stationed in the area.

Furthermore, a number of French organizations have played an active role in providing humanitarian assistance to victims of the war.

Middle East. France supports Israel's right to exist and the implementation of Palestinian political rights. It believes in the necessity of a comprehensive Middle Eastern peace settlement that would include Israel's withdrawal from all occupied territories and the establishment of a Palestinian homeland through an international peace conference. It supports direct involvement of the Palestine Liberation Organization in the peace process.

Africa. France plays a significant role in Africa, especially in its former colonies, through extensive aid programs, commercial activities, military agreements, and cultural impact. Key advisory positions are staffed by French nationals in many African countries. In those former colonies where the French presence remains important, France contributes to political, military, and social stability.

Asia. France has extensive commercial relations with Asian countries, including China, South Korea, Indonesia, and Japan (which presents serious competition in automobiles, electronics, and machine tools). France has taken a leading role in efforts to achieve a settlement to the Cambodian conflict, and, at the Tokyo Conference in June 1992, French and American leaders met to discuss Cambodian reconstruction. France is also seeking to broaden its commercial influence in Vietnam and Laos.

Latin America. France supports strengthening democratic institutions in Latin America, and it supports efforts by the Organization of American States (OAS) to restore democracy to Haiti.

Security Issues. French military doctrine is based on the concepts of national independence, nuclear deter-
policies on most political, economic, and security issues. Differences are discussed frankly and have not been allowed to impair the pattern of close cooperation that characterizes relations between the two countries.

Principal U.S. Officials in France

Ambassador—Pamela Harriman
Deputy Chief of Mission—Avis T. Bohlen
Minister-Counselor for Political Affairs—William Bellamy

Minister-Counselor for Economic Affairs—Janice F. Bay
Financial Attache—Sara Paulsen
Minister-Counselor for Commercial Affairs—Peter Frederick
Counselor for Labor Affairs—Anthony S. Dalsimer
Counselor for Scientific and Technological Affairs—Jerome J. Bosken
Minister-Counselor for Consular Affairs—James L. Ward
Minister-Counselor for Administrative Affairs—James W. McGunnigle
Minister-Counselor for Public Affairs—Robert J. Korengold
Defense Attache—Col. Daniel Larned (U.S. Army)

Consular Posts

Consul General, Marseille—Ann K. Korky
Consul General, Bordeaux—M. Alexandra Sundquist
Consul General, Strasbourg—Shirley E. Barnes

The U.S. embassy in France is located at 2 Avenue Gabriel, Paris 8 (tel. 4296-1202). The United States also is represented in Paris by its mission to the Organization for Economic Cooperation and Development.
Germany

June 1994

Official Name:
Federal Republic of Germany

PROFILE

Geography

Area: 357,000 sq. km. (137,838 sq. mi.); about the size of Montana.
Cities: Capital—Berlin (population about 3.4 million). Seat of government—Bonn (pop. 287,000). The permanent seat of government for a unified Germany will be moved from Bonn to Berlin, probably between 1998 and the year 2000. Other cities—Hamburg (1.6 million), Munich (1.2 million), Cologne (1 million), Frankfurt (647,000).

Terrain: Low plain in the north; high plains, hills, and basins in the center and east; mountainous alpine region in the south.
Climate: Temperate; cooler and rainier than much of the U.S.

People

Nationality: Noun and adjective—German(s).
Population: About 80 million (1993 est.)
Ethnic groups: Primarily German; Danish minority in the north, Sorbian (Slavic) minority in the east, 6.9 million foreigners.
Religions: Almost evenly divided between Protestant and Roman Catholic.
Language: German.
Education: Years compulsory—10. Attendance—100%. Literacy—99%.
Health: Infant mortality rate (1990, original 11 states)—6/1,000. Life expectancy (1993, Germany-wide)—women 79 yrs., men 72 yrs.

Government

Type: Federal republic.
Founded: 1949 (Basic Law, i.e., constitution, promulgated on May 23, 1949). On October 3, 1990, the Federal Republic of Germany and the German Democratic Republic unified in accordance with Article 23 of the F.R.G. Basic Law.
Administrative Divisions: 16 Laender (states).
Major political parties: Christian Democratic Union (CDU); Christian Social Union (CSU); Social Democratic Party (SPD); Free Democratic Party (FDP); Alliance 90/Greens; Party of Democratic Socialism (PDS).
Suffrage: Universal at 18.
Flag: Three horizontal bands: black, red, and gold, from top to bottom.

Economy

Annual growth rate (1993): -1.2%
Per capita income: $23,103.
Inflation rate (1993): 4.2%.
Natural resources: Iron, hard coal, lignite, potash, natural gas.
Agriculture: Accounts for 1.1% of GDP. Products—corn, wheat, potatoes, sugar beets, barley, hops, viniculture, forestry, fisheries.
Industry (35% of GDP): Types—iron and steel, coal, chemicals, electrical products, ships, vehicles, construction.
PEOPLE
The population of unified Germany is primarily German. There are almost 6.9 million foreign residents, including those granted asylum, guest workers, and their dependents. However, there has been no inflow of guestworkers since 1973. An ethnic Danish minority lives in the north, and a small Slavic minority known as the Sorbs lives in eastern Germany. Germans are well-educated and renowned for their economic productivity. Since the end of World War II, the number of youths entering universities has more than tripled, and the trade and technical schools in the original 11 states of the F.R.G. are among the world’s best.

With a per capita income level of more than $20,000, postwar Germany has become a broadly middle class society. A generous social welfare system provides for universal medical care, unemployment compensation, and other social needs. Modern Germans also are mobile; millions travel abroad each year.

With unification on October 3, 1990, Germany has started the major task of bringing the standard of living of Germans in the former German Democratic Republic (G.D.R.) up to that of western Germany. This will be a lengthy and difficult process due to the relative inefficiency of industrial enterprises in the former G.D.R., difficulties in resolving property ownership in eastern Germany, and the inadequate infrastructure and environmental damage that resulted from years of mismanagement under communist rule.

HISTORY
The rise of Prussian power in the 19th century, supported by growing German nationalism, eventually ended inter-state fighting and resulted in the formation of the German empire in 1871 under the chancellorship of Otto von Bismarck. Although authoritarian in many respects, the empire eventually permitted the development of political parties, and Bismarck was credited with passing the most advanced social welfare legislation of the age. Dynamic expansion of military power, however, contributed to tensions on the continent. The fragile European balance of power broke down in 1914, and World War I and its aftermath, including the Treaty of Versailles, led to the collapse of the German empire.

The Weimar Republic
The postwar Weimar Republic (1919-33) was an attempt to establish a peaceful, liberal democratic regime in Germany. This government was severely handicapped and eventually doomed by economic problems and the inherent weakness of the Weimar state. The inflation of the early 1920s, the world depression of the 1930s, and the social unrest stemming from the draconian conditions of the Versailles Treaty worked to destroy the Weimar Government from inside and out.

The National Socialist (Nazi) Party, led by Adolf Hitler, stressed nationalist themes and promised to put the unemployed back to work. The party blamed many of Germany’s ills on alleged Jewish conspiracies. Nazi support expanded rapidly in the early 1930s. Hitler was asked to form a government as Reich Chancellor in January 1933. After President Paul von Hindenburg died in 1934, Hitler assumed that office as well. Once in power, Hitler and his party first undermined then abolished democratic institutions and opposition parties.

The Nazi leadership also attempted to remove and/or subjugate all non-German peoples in Germany by forced migration and genocide. Hitler also restored Germany’s economic and military strength. His ambitions led Germany into World War II. For Germany, World War II resulted in the destruction of its political and economic infrastructures, led to its division, and left an embarrassing legacy.

After Germany’s unconditional surrender on May 8, 1945, the United States, the United Kingdom, and the U.S.S.R. occupied the country and assumed responsibility for its administration. The commanders-in-chief exercised supreme authority in their respective zones and acted in concert on questions affecting the whole country. France was later given a separate zone of occupation.

Although the United States, the United Kingdom, and the Soviet Union agreed at Potsdam in August 1945 to a broad program of decentralization, treating Germany as a single economic unit with some central administrative departments, these plans failed. The turning point came in 1948, when the Soviets withdrew from the Four Power governing bodies and blockaded Berlin. Until May 1949, West Berlin was kept supplied only by an allied airlift.

Political Developments In West Germany
The United States and the United Kingdom moved to establish a nucleus for a future German government by expanding the size and powers of the German Economic Council in their two zones. The program provided for a West German constituent assembly, an occupation statute governing relations between the Allies and the German authorities, and the economic merger of the French with the British and American zones.

On May 23, 1949, the Basic Law, or constitution, of the Federal Republic of Germany (F.R.G.) was promulgated. The first federal government was formed by Konrad Adenauer on September 20, 1949. The next day, the occupation statute came into force, granting powers of self-government with certain exceptions.

The F.R.G. quickly progressed toward fuller sovereignty and association with its European neighbors and the Atlantic community. The London and Paris agreements of 1954 restored full sovereignty (with some exceptions) to the F.R.G. in May 1955 and opened the way for German membership in the North Atlantic Treaty Organization (NATO) and the Western European Union (WEU).

The three Allies retained occupation powers in Berlin and certain responsibilities for Germany as a whole. Under the new arrangements, the Allies stationed troops within the F.R.G. for NATO defense, pursuant to stationing and status-of-forces agreements. With the exception of 45,000 French troops, Allied forces were under NATO’s joint defense command. France withdrew from the collective military system of NATO in 1966.

Political life in the F.R.G. was remarkably stable and orderly. The Adenauer era (1949-63) was followed by a brief period under Ludwig Erhard (1963-66) who, in turn, was replaced by Kurt Georg Kiesinger (1966-69). All governments between 1949 and 1966...
were formed by the united caucus of the Christian Democratic Union (CDU) and Christian Social Union (CSU), either alone or in coalition with the smaller Free Democratic Party (FDP). Kiesinger's 1966-69 "Grand Coalition" included the F.R.G.'s two largest parties, CDU/CSU and the Social Democratic Party (SPD). In the 1969 election, the SPD—headed by Willy Brandt—gained enough votes to form a coalition government with the FDP. Chancellor Brandt remained head of government until May 1974, when he resigned after a senior member of his staff was convicted of spying for the East German intelligence service.

Finance Minister Helmut Schmidt (SPD) formed a government and received the unanimous support of coalition members. He served as Chancellor from 1974 to 1982. Hans-Dietrich Genscher, a leading FDP official, became Vice Chancellor and Foreign Minister. Schmidt, a strong supporter of the European Community (EC) and the Atlantic alliance, emphasized his commitment to "the political unification of Europe in partnership with the U.S.A."

In October 1982, the SPD/FDP coalition fell apart and the FDP joined forces with the CDU/CSU to elect CDU Chairman Helmut Kohl as Chancellor. Following national elections in March 1982, Kohl emerged in firm control of both the government and the CDU. The CDU/CSU fell just short of an absolute majority, due to the entry into the Bundestag of the Greens, who received 5.6% of the vote.

In January 1987, the Kohl-Genscher government was returned to office, but the FDP and the Greens gained at the expense of the larger parties. Kohl's CDU and its Bavarian sister party, the CSU, slipped from 49% of the vote in 1983 to 44%. The SPD fell to 37%. Long-time SPD Chairman Brandt subsequently resigned in April 1987 and was succeeded by Hans-Jochen Vogel. FDP's share rose from 7% to 9%, their best showing since 1880. The Greens also significantly strengthened their place in the Bundestag, rising from 5.6% (1983) to 8.3% (1987).

Political Developments in East Germany

In the Soviet zone, the Social Democratic Party was forced to merge with the Communist Party in 1946 to form a new party, the Socialist Unity Party (SED).

The October 1946 elections resulted in coalition governments in the five Land (state) parliaments with the SED as the undisputed leader.

A series of people's congresses were held in 1948 and early 1949 by the SED. Under Soviet direction, a constitution was drafted on May 30, 1949, and adopted on October 7, which was celebrated as the day when the German Democratic Republic was proclaimed. The People's Chamber (Volkskammer)—the lower house of the G.D.R. parliament—and an upper house—the States Chamber (Laenderkammer)—were created. (The Laenderkammer was abolished in 1958.) On October 11, 1949, the two houses elected Wilhelm Pieck as president, and a SED government was set up. The Soviet Union and its Eastern European allies immediately recognized the G.D.R., although it remained largely unrecognized by non-communist countries until 1972-73.

The G.D.R. established the structures of a single-party, centralized, communist state. On July 23, 1952, the traditional Laender were abolished and, in their place, 14 Bezirke (districts) were established. Effectively, all government control was in the hands of the SED, and almost all important government positions were held by SED members.

The National Front was an umbrella organization nominally consisting of the SED, four other political parties controlled and directed by the SED, and the four principal mass organizations (youth, trade unions, women, and culture). However, control was clearly and solely in the hands of the SED. Balloting in G.D.R. elections was not secret. As in other Soviet bloc countries, electoral participation was consistently high, with nearly unanimous candidate approval.

Inter-German Relations

The constant stream of East Germans fleeing to West Germany placed great strains on F.R.G.-G.D.R. relations in the 1950s. On August 13, 1961, the G.D.R. began building a wall through the center of Berlin to divide the city and slow the flood of refugees to a trickle. The Berlin Wall became the symbol of the East's political debility and the division of Europe.

In 1969, Chancellor Brandt announced that the F.R.G. would remain firmly rooted in the Atlantic alliance but would intensify efforts to improve relations with Eastern Europe and the G.D.R. The F.R.G. commenced this Ostpolitik by negotiating non-aggression treaties with the Soviet Union, Poland, Czechoslovakia, Bulgaria, and Hungary.

The F.R.G.'s relations with the G.D.R. posed particularly difficult questions. Though anxious to relieve serious hardships for divided families and to reduce friction, the F.R.G. under Brandt was intent on holding to its concept of "two German states in one German nation." Relations improved, however, and in September 1973, the F.R.G. and the G.D.R. were admitted to the UN. The two Germans exchanged permanent representatives in 1974, and, in 1987, G.D.R. head of state Erich Honecker paid an official visit to the F.R.G..

German Unification

During the summer of 1989, rapid changes took place in the G.D.R., which ultimately led to German unification. Growing numbers of East Germans emigrated to the F.R.G. via Hungary after the Hungarians decided not to use force to stop them. Thousands of East Germans also tried to reach the West by staging sit-ins at F.R.G. diplomatic facilities in other East European capitals. The exodus generated demands within the G.D.R. for political change, and mass demonstrations in several cities—particularly in Leipzig—continued to grow. On October 7, Soviet leader Mikhail Gorbachev visited Berlin to celebrate the 40th anniversary of the establishment of the G.D.R. and urged the East German leadership to pursue reform.

On October 18, Erich Honecker resigned as head of the SED and as head of state and was replaced by Egon Krenz. But the exodus continued unabated and pressure for political reform mounted. On November 4, a demonstration in East Berlin drew an estimated 500,000-1 million East Germans. Finally, on November 9, the Berlin Wall was opened and East Germans were allowed to travel freely. Thousands poured through the Wall into the western sectors of Berlin, and on November 12, the G.D.R. began dismantling it.

On November 28, F.R.G. Chancellor Kohl outlined a 10-point plan for the peaceful unification of the two Germanys based on free elections in the G.D.R. and a unification of their two economies. In
December, the G.D.R. Volkskammer eliminated the SED monopoly on power, and the entire Politburo and Central Committee—including Krenz—resigned. The SED changed its name to the Party of Democratic Socialism (PDS) and the formation and growth of numerous political groups and parties marked the end of the communist system. Prime Minister Hana Modrow headed a caretaker government which shared power with the new, democratically oriented parties. On December 7, 1989, agreement was reached to hold free elections in May 1990 and rewrite the G.D.R. constitution. On January 28, all the parties agreed to advance the elections to March 18, primarily because of an erosion of state authority and because the East German exodus was continuing apace; more than 117,000 left in January and February 1990.

In early February 1990, the Modrow government's proposal for a unified, neutral German state was rejected by Chancellor Kohl, who affirmed that a unified Germany must be a member of NATO. Finally, on March 18, the first free elections were held in the G.D.R., and a government led by Lothar de Maiziere (CDU) was formed under a policy of expeditious unification with the F.R.G. The freely elected representatives of the Volkskammer held their first session on April 5, and the G.D.R. peaceably evolved from a communist to a democratically elected government. Free and secret communal (local) elections were held in the G.D.R. on May 6, and the CDU again won. On July 1, the two Germanys entered into an economic and monetary union.

**Four Power Control Ends**

During 1990, in parallel with internal German developments, the Four Powers—the United States, U.K., France, and the Soviet Union—negotiated to end Four Power reserved rights for Berlin and Germany as a whole. These "Two-plus-Four" negotiations were mandated at the Ottawa Open Skies conference on February 13, 1990. The six foreign ministers met four times in the ensuing months in Bonn (May 5), Berlin (June 22), Paris (July 17), and Moscow (September 12). The Polish Foreign Minister participated in the part of the Paris meeting that dealt with the Polish-German borders.

Of key importance was overcoming Soviet objections to a united Germany's membership in NATO. This was accomplished in July when the alliance, led by President Bush, issued the London Declaration on a transformed NATO. On July 16, President Gorbachev and Chancellor Kohl announced agreement in principle on a united Germany in NATO. This cleared the way for the signing in Moscow on September 12 of the Treaty on the Final Settlement With Respect to Germany. In addition to terminating Four Power rights, the treaty mandates the withdrawal of all Soviet forces from Germany by the end of 1994, makes clear that the current borders are final and definitive, and specifies the right of a united Germany to belong to NATO. It also provides for the continued presence of British, French, and American troops in Berlin during the interim period of the Soviet withdrawal. In the treaty, the Germans renounce nuclear, biological, and chemical weapons and state their intention to reduce German armed forces to 370,000 within three to four years after the Conventional Armed Forces in Europe (CFE) Treaty, signed in Paris on November 19, 1990, enters into force.

Conclusion of the final settlement cleared the way for unification of the F.R.G. and G.D.R. Formal political union occurred on October 3, 1990, with the accession (in accordance with Article 23 of the F.R.G.'s Basic Law) of the five Laender which had been reestablished in the G.D.R. On December 2, 1990, all-German elections were held for the first time since 1937. The CDU/CSU received 44% of the vote and the FDP received 11%, giving the governing coalition 55% of the vote and 398 of 662 seats in the Bundestag. The SPD opposition won 34% of the vote and 239 seats. Under the special provisions of the first all-German elections, parties in the former G.D.R. that received 5% of the vote in that area also were able to gain representation. The Party of Democratic Socialism (PDS) received 10% of the vote in the former G.D.R. and 17 seats in the Bundestag, and an alliance of several left-wing organizations (Alliance 90) and the Greens won 6% of the vote in East Germany and 8 Bundestag seats. However, in West Germany, the Greens alone won only 4.7% of the vote and thus did not receive any Bundestag seats.

**GOVERNMENT**

The government is parliamentary and based on a democratic constitution that emphasizes the protection of individual liberty and division of powers in a federal structure. The chancellor (prime minister) heads the executive branch of the federal government. The duties of the president (chief of state) are largely ceremonial; power is exercised by the chancellor. Although elected by and responsible to the Bundestag (lower and principal chamber of the parliament), the chancellor cannot be removed from office during a four-year term unless the Bundestag has agreed on a successor.

The Bundestag, also elected for a four-year term, consists of 662 deputies. The first elections for an all-German Bundestag were held on December 2, 1990. The Bundesrat (upper chamber or Federal Council) consists of 68 members who are delegates of the 16 Laender. The legislature has powers of exclusive jurisdiction and concurrent jurisdiction with the Laender in areas specifically enumerated by the Basic Law. The Bundestag bears the major responsibility. The role of the Bundesrat is limited except in matters concerning Laender interests, where it can exercise substantial veto power.

Germany has an independent federal judiciary consisting of a constitutional court, a high court of justice, and courts with jurisdiction in administrative, financial, labor, and social matters. The highest court in the Federal Constitutional Court, which ensures a uniform interpretation of constitutional provisions and protects the fundamental rights of the individual citizen as defined in the Basic Law.

**Principal Government Officials**

President—Roman Herzog
President of the Bundestag—Rita Suessmuth (CDU)
Chancellor—Helmut Kohl (CDU)
Vice Chancellor—Klaus Kinkel (FDP)
Minister of Defense—Volker Ruehe (CDU)
Minister for Foreign Affairs—Klaus Kinkel (FDP)
Ambassador to the U.S.—Immo Stabreit Ambassador to the UN—Detlew Graf zu Rantzau

Germany maintains an embassy in the United States at 4645 Reservoir Road NW, Washington, DC 20007 (tel. 202-298-4000).
Consulates general are located in Atlanta, Boston, Chicago, Detroit, Houston, Los Angeles, San Francisco, Seattle, and New York. Consulates are located in Miami and New Orleans.

Political Parties

Christian Democratic Union/Christian Social Union (CDU/CSU). An important aspect of postwar German politics has been the emergence of a moderate Christian party—the Christian Democratic Union—operating with a related Bavarian party, the Christian Social Union. Although each party maintains its own structure, the two form a common caucus in the Bundestag and do not run opposing campaigns. The CDU/CSU is loosely organized, containing Catholics, Protestants, rural interests, and members of all economic classes. It is generally conservative on economic and social policy and more identified with the Roman Catholic and Protestant churches than are the other major parties, although its programs are pragmatic rather than ideological. Helmut Kohl has served as chairman of the CDU since 1973; Theo Waigel succeeded the late Franz Josef Strauss as chairman of the CSU in 1988.

Social Democratic Party (SPD). The SPD is the other major party in Germany and is one of the oldest organized political parties in the world. Historically, it advocated Marxist principles, but in the Godesberg Program, adopted in 1959, the SPD abandoned the concept of a class party, while continuing to stress social welfare programs. Although the SPD originally opposed West Germany's 1955 entry into NATO, it now strongly supports German ties with the alliance. The SPD has a powerful base in the bigger cities and industrialized Laender. Rudolf Scharping, Minister President of Rheinland Palatinate, is the SPD chairman.

Free Democratic Party (FDP). The FDP has traditionally been composed mainly of middle- and upper-class Protestants who consider themselves "independents" and heirs to the European liberal tradition. Although the party is weak on the state level, it has participated in all but three postwar governments and has spent only 7 years out of government in the 40-year history of the Federal Republic. Klaus Kinkel was elected chairman of the FDP in 1993. A leading figure in the party is Hans-Dietrich Genscher, who served from 1974 to 1993 as Vice Chancellor and Foreign Minister in coalition governments with both the SPD and the CDU/CSU.

Party of Democratic Socialism (PDS). Under chairman Gregor Gysi, the PDS is the successor party to the SED (the communist party of the G.D.R.). Established in December 1989, it renounced most of the extreme aspects of SED policy but has retained much of the ideology. In the December 1990 all-German elections, the PDS gained 10% of the vote in the the former G.D.R. and 17 seats in the Bundestag. However, having won only 0.3% of the vote in western Germany, it is questionable whether the PDS will win representation in the next German election, when the 5% hurdle will apply throughout all of Germany.

Greens. In the 1970s, environmentalists organized politically as the Greens. Opposition to expanded use of nuclear power, to NATO strategy, and to certain aspects of highly industrialized society were principal campaign issues. The Greens received 8% of the vote in the January 1987 West German national election. However, in the December 1990 all-German elections, the Greens in western Germany were not able to clear the 5% hurdle required to win seats in the Bundestag. It was only in the territory of the former G.D.R. that the Greens, in an alliance with Alliance 90 (a loose grouping of left-wing political entities with diverse political views), were able to clear the 5% hurdle and win Bundestag seats.

1994 Election Issues. The year 1994 holds many important external and internal political implications for Germany. In this "super election year," Germans will vote in European Parliament, local, state, and federal parliamentary elections. On May 23, 1994, the President of Germany's Constitutional Court, Roman Herzog, was elected President of the Republic by a federal convention specially convened for that purpose. The most significant of these elections is the Federal Parliament (Bundestag) election on October 16. The new Bundestag will elect the Federal Chancellor for a four-year renewable term of office.

Many of the most compelling issues of the 1994 election are domestically oriented, with the economy dominating the political debate. External issues, however, continue to play an important role. Germans are deeply concerned with the pace and scope of European integration. They also are concerned with the circumstances under which German military forces may participate in international peace-keeping or collective security operations. Also, on July 1, 1994, Germany will assume the presidency of the European Union for six months.

ECONOMY

Germany ranks among the world's most important economic powers. From the 1948 currency reform until the early 1970s, it experienced almost continuous economic expansion, but real growth in gross national product (GNP) slowed and even declined from the mid-1970s through the recession of the early 1980s. The economy then experienced eight consecutive years of growth that ended with a downturn beginning in late 1992.

After national unification, eastern German industrial output collapsed to about 40% of its 1989 level, leading to high unemployment in the new states. Reunification strained German public finance, hurt the labor market, and exposed structural weaknesses in the German economy. Following a reunification-induced western German economic boom during 1990-92 fueled by explosive consumer demand and capital spending, growth stalled while transfer payments to the eastern states rose to $30 billion per year. In an effort to contain the inflationary pressures of these transfers, the Central Bank (Bundesbank) maintained a high (short-term) interest rate policy which further dampened economic activity.

In 1994, the German economy turned the corner on recovery, and growth rates in the eastern states are expected to be the highest of any region in Europe. Despite a growing clamor that the economy contains significant flaws, the German economy remains fundamentally strong. Abundant human capital, low corporate debt burdens, and a vibrant research and development sector characterize the German economy.

Germans often describe their economic system as a "social market economy." Competition and free enterprise are fostered as a matter of government policy. The state also intervenes in the economy through the provision of subsidies to selected sectors and the ownership of some segments of the economy, though it recently privatized.

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the railroad system and is in the process of privatizing the national airline and postal service. The German Government also provides an extensive network of social services.

The German economy is heavily export oriented, with one-third of its national output shipped abroad annually. As a result, exports traditionally have been a key element in German macroeconomic expansion. Over the past two years, however, domestic demand has been the main engine of economic growth. Germany is a strong advocate of closer European economic integration, and its economic and commercial policies are increasingly determined by agreements among EU members.

Outside the EU, the United States, Japan, and Austria are Germany's major trading partners. The United States exported about $24 billion to Germany (a 7.4% share of its import market) in 1993. In that year, Germany exported goods valued at about $28 billion to the United States, including motor vehicles, machinery, chemicals, and heavy electrical equipment. U.S. exports to Germany are concentrated in chemicals, machinery, edible fats and oils, aircraft, electrical equipment, and motor vehicles.

Germany has followed a liberal policy toward foreign investment. About 65% of U.S. capital invested in Germany is in manufacturing. Total U.S. assets in the F.R.G. amounted to $20 billion at the end of 1988. German capital has come increasingly to the United States; at the end of 1988, net direct investment was $27 billion.

With the unification of the two German states, Germany faces the complex task of rapidly introducing a market economy in the east. Because overall productivity in the former G.D.R. was less than half that in the F.R.G., closing the economic gap between eastern and western Germany is a major undertaking. The poor condition of the basic infrastructure and widespread environmental damage in the east will further complicate the process of economic integration. Private investment in eastern Germany has been slower than expected, in large part because the issue of property ownership in the former G.D.R. has proven difficult to resolve. But most observers nevertheless continue to believe that, after an initial period of economic adjustment, eastern Germany will enter into an era of rapid and sustained economic growth.

The drastic changes in the socioeconomic landscape brought about by reunification have also resulted in troubling social problems. The economic uncertainty in eastern Germany is often cited as one factor contributing to rising extremist violence, primarily from the right. Confusion about the causes of the current hardships and a need to place blame have found expression in an alarming wave of harassment and violence directed toward foreigners, particularly non-Europeans. The Federal Office for the Protection of the Constitution recorded 2,232 instances of violence committed by right-wing extremists against foreigners and others in 1993. While the number is lower than in 1992, it remains significantly higher than the pre-unification level. After a slow and indecisive start, the government has generally responded more vigorously to incidents of violence against foreigners. Thousands of Germans have formed groups and marched in demonstrations against anti-foreigner and extremist movements and the violence they often entail.

**Principal U.S. Officials**

Ambassador—Richard C. Holbrooke
Deputy Chief of Mission—J.D. Bindenagel
Minister-Counselor for Political Affairs—Robert Johnson
Minister-Counselor for Economic Affairs—Janice Bey
Minister-Counselor for Commercial Affairs—Robert Kohn
Minister-Counselor for Administrative Affairs—Donald Hays
Minister-Counselor for Consular Affairs—Norman A. Singer
Minister-Counselor for Public Affairs—Cynthia J. Miller

**FOREIGN RELATIONS**

Unified Germany continues to emphasize close ties with the United States, membership in NATO, progress toward further West European integration, and improved relations with Eastern Europe. The F.R.G. took part in all of the joint postwar efforts aimed at closer political, economic, and defense cooperation among the countries of Western Europe. Germany is also a strong supporter of the Conference on Security and Cooperation in Europe (CSCE), which seeks to reduce tensions and improve relations among the European nations, the U.S., and Canada.

During the postwar era, the F.R.G. also sought to improve its relationship with the countries of Eastern Europe, first establishing trade agreements and, subsequently, diplomatic relations. With unification, German relations with Eastern Europe have intensified. On November 9, 1990, Germany and Poland signed a treaty confirming the Oder-Neisse border. They also are negotiating a broader agreement to cover bilateral relations. Germany has concluded four treaties with the Soviet Union covering the overall bilateral relationship, economic relations, the withdrawal of Soviet troops in the territory of the former G.D.R., and German support for those troops.

**U.S.-GERMAN RELATIONS**

U.S.-German relations have been a focal point of American involvement in Europe since the end of World War II. Germany stands at the center of East-West relations, as well as of U.S. relations with the West Europeans in NATO and the European Community.

But German-American ties extend back to the colonial era. More than 7 million Germans have immigrated over the last three centuries, and today nearly 25% of U.S. citizens can claim German ancestry. In recognition of this heritage and the importance of modern-day U.S.-German ties, the U.S. Congress has declared October 6 to be “German-American Day.”

The U.S. objective in Germany remains the preservation and consolidation of a close and vital relationship with Germany not only as friends and trading partners but also as allies sharing common institutions. During the 45 years in which Germany was divided, the U.S. role in Berlin and the large American military presence in West Germany served as symbols of the U.S. commitment to the preservation of peace and security in Europe. Since German unification, the U.S. commitment to these goals has not changed. The U.S. has made significant reductions in its troop levels in Germany. American policies, however, continue to be shaped by the awareness that the security and prosperity of the United States and Germany depend—to a major extent—on each other.

As allies in NATO, the United States and Germany work side by side to maintain peace and freedom. This unity

As two of the world's leading trading nations, the United States and Germany share a common, deep-seated commitment to an open and expanding world economy. Germany is the world's third-largest trading nation. It is the fourth-largest trading partner of the United States.

Personal ties between the United States and Germany extend beyond immigration to include lively foreign exchange programs, booming tourism in both directions, and the presence in Germany of large numbers of American military personnel and their dependents.

The United States and Germany have built a solid foundation of bilateral cooperation in a relationship that has changed significantly over four decades. The historic unification of Germany and the role played by the United States in that process has served to strengthen ties between the two countries. The relationship is now a mature partnership but remains subject to occasional misunderstandings and differences. These strains tend to reflect the importance, variety, and intensity of U.S.-German ties and respective interests rather than fundamental differences.

German-American political, economic, and security relationships continue to be based on close consultation and coordination at the most senior levels. High-level visits take place frequently, and the United States and Germany cooperate actively in international forums.

BERLIN

The Final Settlement Treaty ended Berlin's special status since 1945 as a separate area under Four Power control. Under the terms of the treaty between the F.R.G. and the G.D.R., Berlin became the capital of a unified Germany. The Bundestag voted in June 1991 to make Berlin the seat of government. The Chancellory, Bundestag, Foreign Office, and other government ministries will move to Berlin by the turn of the century. Berlin is also one of the Federal Republic's 16 Länder. Its first united government since 1948 also was elected on December 2, 1990.

The opening of the Berlin Wall on November 9, 1989, was a watershed in the developments which culminated in German unity on October 3, 1990. The infamous 165-kilometer (103 mi.) wall surrounding the western sectors of the city has been torn down, and the city has been physically reunited.

Shortly after World War II, Berlin became the seat of the Allied Control Council, which was to have governed Germany as a whole until the conclusion of a peace settlement. In 1948, however, the Soviets refused to participate any longer in the quadripartite administration of Germany. At the same time, they also refused to continue cooperating in the joint administration of Berlin and drove the government elected by the people of Berlin out of its seat in the Soviet sector and installed a communist regime in its place. From then until unification, the Western Allies continued to exercise supreme authority—effective only in their sectors—through the Allied Kommandatura. To the degree compatible with the city's special status, however, they turned over control and management of city affairs to the Berlin Senat (executive) and House of Representatives, governing bodies established by constitutional process and chosen by free elections. The Allies and German authorities in the F.R.G. and West Berlin never recognized the communist city regime in East Berlin or G.D.R. authority there.

During the years of Berlin's isolation—176 kilometers (110 mi.) inside the former G.D.R.—the Western Allies encouraged a close relationship between the government of West Berlin and that of the F.R.G. Representatives of the city participated as non-voting members in the F.R.G. parliament; appropriate West German agencies, such as the supreme administrative court, had their permanent seats in the city; and the governing mayor of Berlin took his turn as president of the Bundesrat. In addition, the allies carefully consulted with the F.R.G. and Berlin Governments on foreign policy questions involving unification and the status of Berlin.

The Quadripartite Agreement on Berlin in 1971 also provided for practical improvements in the life of Berliners. It made possible unhindered civilian access to Berlin and greater freedom of movement between eastern and western sectors for a period of 20 years. In addition, it contained Soviet acknowledgment of the ties that had grown between West Berlin and the F.R.G., including the latter's right to represent Berlin abroad.

Between 1948 and 1990, major events such as fairs and festivals were sponsored in West Berlin, and investment in commerce and industry was encouraged by special concessionary tax legislation. The results of such efforts, combined with effective city administration and the Berliners' energy and spirit, were encouraging. Berlin's morale was sustained, and its industrial production considerably surpassed the prewar level. The Government of Germany asked the allies to maintain a military presence in Berlin until the complete withdrawal of the Western Group of Forces (ex-Soviet) from the territory of the former G.D.R. This withdrawal will be completed by the end of August 1994. In September 1994, ceremonies will be held to mark the final departure of Allied troops from Berlin.
Official Name: Republic of Italy

PROFILE

Geography

Area: 301,225 sq. km. (116,303 sq. mi.); about the size of Georgia and Florida combined.
Cities: Capital—Rome (pop. 2.7 million). Other cities—Milan, Naples, Turin.
Terrain: Mostly rugged and mountainous.
Climate: Generally mild Mediterranean; cold northern winters.

People

Nationality: Noun and adjective—Italian(s).
Annual growth rate (1992): 0.3%.
Ethnic groups: Primarily Italian, but small groups of German-, French-, Slovene-, and Albanian-Italians.
Religion: Roman Catholic (majority).
Language: Italian (official).
Education: Years compulsory—14.
Literacy—98%.
Health: Infant mortality rate (1992)—7.4/1,000 live births. Life expectancy—male 73 yrs; female 80 yrs.
Work force (1993): 22.3 million; unemployment 11%. Agriculture—7%. Industry and commerce—33%. Services—60%.

Government

Type: Republic since June 2, 1946.
Constitution: January 1, 1948.
Branches: Executive—president (chief of state), Council of Ministers (cabinet), headed by the president of the council (prime minister). Legislative—bicameral parliament; 630-member Chamber of Deputies, 326-member Senate. Judicial—independent constitutional court and lower magistracy.
Subdivisions: 94 provinces, 20 regions.

Suffrage: Universal over 18
Defense (1993): 2.1% of GDP.
Flag: Three vertical bands—green, white, and red.

Economy

Per capita income (1993): $17,368.
GDP growth (1993): -0.7%.
Natural resources: Fish, natural gas.
Agriculture: Products—wheat, rice, grapes, olives, citrus fruits.
Industry: Types—automobiles, machinery, chemicals, textiles, shoes.
Trade (1993): Exports—$168.9 billion; partners—EU 53.1%, U.S. 7.8%, OPEC 4.9%; mechanical products, textiles and apparel, transportation equipment, metal products, chemical products, food and agricultural products, energy products. Imports—$148.1 billion; partners—EU 55.3%, U.S. 5.3%, OPEC 6.5%, machinery and transport equipment, foodstuffs, ferrous and nonferrous metals, wool, cotton, energy products.
Exchange rate (1993 avg.): 1,572 lira = U.S. $1.
PEOPLE AND HISTORY

Italy is largely homogeneous linguistically and religiously but is diverse culturally, economically, and politically. Italy has the fifth-highest population density in Europe—about 200 persons per square kilometer (490/sq. mi.). Minority groups are small, the largest being the German-speakers in Bolzano Province and Slovenes around Trieste. Other groups comprise small communities of Albanian, Greek, Ladino, and French origin. Although Roman Catholicism is the majority religion—99% of the people are nominally Catholic—all religious faiths are provided equal freedom before the law by the constitution.

Greeks settled in the southern tip of the Italian peninsula in the eighth and seventh centuries B.C.; Etruscans, Romans, and others inhabited the central and northern mainland. The peninsula was unified under the Roman Republic; the Empire extended Roman rule over the neighboring islands. After the collapse of the Roman Empire in the West in the fifth century A.D., the peninsula and islands were subjected to a series of invasions, and political unity was lost. Italy became an oft-changing succession of small states, principalities, and kingdoms which fought among themselves and were subject to ambitions of foreign powers. Popes of Rome ruled central Italy; rivalries between the popes and the Holy Roman Emperors, who claimed Italy as their domain, often made the peninsula a battleground.

Commercial prosperity of northern and central Italian cities, beginning in the 11th century, and the influence of the Renaissance mitigated somewhat the effects of these medieval political rivalries. Although Italy declined after the 16th century, the Renaissance had strengthened the idea of a single Italian nationality. By the early 19th century, a nationalist movement developed and led to the reunification of Italy—except for Rome—in the 1860s. In 1861, Victor Emmanuel II of the House of Savoy was proclaimed king of Italy. Rome was incorporated in 1870. From 1870 until 1922, Italy was a constitutional monarchy with a parliament elected under limited suffrage.

20th-Century History

During World War I, Italy renounced its standing alliance with Germany and Austria-Hungary and, in 1915, entered the war on the side of the Allies. Under the postwar settlement, Italy received some former Austrian territory along the northeast frontier. In 1922, Benito Mussolini came to power and, over the next few years, eliminated political parties, curtailed personal liberties, and installed a fascist dictatorship termed the Corporate State. The king, with little or no effective power, remained titular head of state.

Italy allied with Germany and declared war on the United Kingdom and France in 1940. In 1941, Italy—with the other Axis powers, Germany and Japan—declared war on the United States and the Soviet Union. Following the Allied invasion of Sicily in 1943, the king dismissed Mussolini and appointed Marshal Pietro Badoglio as premier. The Badoglio government declared war on Germany, which quickly occupied most of the country and freed Musso-lini, who led a brief-lived regime in the north. An anti-fascist popular resistance movement grew during the last two years of the war, harassing German forces before they were driven out in April 1945. The monarchy was ended by a 1946 plebiscite, and a constituent assembly was elected to draw up plans for the republic.

Under the 1947 peace treaty, minor adjustments were made in Italy's frontier with France, the eastern border area was transferred to Yugoslavia, and the area around the city of Trieste was designated a free territory. In 1954, the free territory, which had remained under the administration of U.S.-U.K. forces (Zone A, including the city of Trieste) and Yugoslav forces (Zone B), was divided between Italy and Yugoslavia, principally along the zonal boundary. This arrangement was made permanent by the Italian-Yugoslav Treaty of Osimo, ratified in 1977 (currently being discussed by Italy, Slovenia, and Croatia). Under the 1947 peace treaty, Italy also gave up its overseas territories and certain Mediterranean islands.

The Roman Catholic Church's status in Italy has been determined, since its temporal powers ended in 1870, by a series of accords with the Italian Government. Under the Lateran Pacts of 1929, which were confirmed by the present constitution, the state of Vatican City is recognized by Italy as an independent, sovereign entity. While preserving that recognition, in 1984, Italy and the Vatican updated several provisions of the 1929 accords. Included was the end of Roman Catholicism as Italy's formal state religion.

GOVERNMENT

Italy has been a democratic republic since June 2, 1946, when the monarchy was abolished by popular referendum. The constitution was promulgated on January 1, 1948. The Italian state is highly centralized. The prefect of each of the provinces is appointed by and answerable to the central government. In addition to the provinces, the constitution provides for 20 regions with limited governing powers. Five regions—Sardinia, Sicily, Trentino-Alto Adige, Valle d'Aosta, and Friuli-Venezia Giulia—function with special autonomy statutes. The other 15 regions were established in 1970 and vote for regional "councils" (parliaments). The establishment of regional governments throughout Italy has brought some decentralization to the national governmental machinery.
The 1948 constitution established a bicameral parliament (Chamber of Deputies and Senate), a separate judiciary, and an executive branch composed of a Council of Ministers (cabinet) which is headed by the president of the council (prime minister). The president of the republic is elected for seven years by the parliament sitting jointly with a small number of regional delegates. The president nominates the prime minister, who chooses the other ministers. The Council of Ministers—in practice composed mostly of members of parliament—must retain the confidence of both houses.

The houses of parliament are popularly and directly elected by a mixed majoritarian and proportional representation system. Under 1993 legislation, Italy has single-member districts for 75% of the seats in parliament; the remaining 25% of seats are allotted on a proportional basis. The Chamber of Deputies has 630 members. In addition to 315 elected members, the Senate includes former presidents and several other persons appointed for life according to special constitutional provisions. Both houses are elected for a maximum of five years, but either may be dissolved before the expiration of its normal term. Legislative bills may originate in either house and must be passed by a majority in both.

The Italian judicial system is based on Roman law modified by the Napoleonic code and subsequent statutes. There is only partial judicial review of legislation in the American sense. A constitutional court, which passes on the constitutionality of laws, is a post–World War II innovation. Its powers, volume, and frequency of decisions are not as extensive as those of the U.S. Supreme Court.

**Principal Government Officials**

President—Oscar Luigi Scalfaro  
Prime Minister—Silvio Berlusconi  
Foreign Minister—Antonio Martino  
Ambassador to the United States—Boris Biancheri

Italy maintains an embassy in the United States at 1601 Fuller Street NW, Washington, DC 20009 (tel. 202-328-8500).

**POLITICAL CONDITIONS**

There have been frequent government turnovers since 1945. However, with the Christian Democratic (DC) party as the majority party, there had been continuity and comparative stability in Italy's political situation. Italian governments consistently formed around the DC, which governed either in coalition with other parties or alone through 1994. From 1992 to 1994, Italy faced significant challenges as voters—disenchanted with past political paralysis, massive government debt, extensive corruption, and organized crime's considerable influence—demanded political, economic, and ethical reforms. In 1993 referendums, voters approved substantial changes, including from a proportional to majoritarian electoral system, stiff campaign reforms, and abolishment of some ministries.

Major political parties that were beset by scandal and loss of voter confidence underwent far-reaching changes. New political forces and new alignments of political power emerged. In March 1994 elections, the "Freedom Alliance" of the new Forza Italy party, the federalist Northern League, and the National Alliance (which traces its roots to fascism) won an absolute majority in the Chamber and a plurality in the Senate. Prime Minister Silvio Berlusconi formed a coalition government based on the Freedom Alliance, small centrist parties, and independents. There was a major turnover in the new Parliament, with 452 out of 630 Deputies and 213 out of 315 Senators elected for the first time.

The Berlusconi government program emphasizes economic reforms and continuity in Italy's foreign policy. It aims to continue former Prime Minister Ciampi's privatization program, reduce the debt and deficit, reform the fiscal system, and improve economic competitiveness. Further institutional reforms—additional changes in the electoral system and possible direct election of the president and/or prime minister—are issues of ongoing political interest; so too is the possibility of reducing central government control while introducing greater federalism.

**Political Parties**

Italy's dramatic self-renewal transformed the political landscape between 1992 and 1994. Scandal investigations touched thousands of politicians, administrators, and businessmen; the shift from a proportional to majoritarian voting system (with the requirement to obtain a minimum of 4% of the national vote to obtain representation) also altered political ground rules.

Party changes were sweeping. The Christian Democratic party dissolved; the Pact for Italy, the Italian People's Party, and the Christian Democratic Center emerged. Other major parties, such as the Socialists, saw support plummet. New parties such as Forza Italia, led by media magnate Silvio Berlusconi, emerged; others, such as the National Alliance, formed by the Italian Social Movement (MSI) and conservative former Christian Democrats, picked up strength.

Since Italy has slightly differing electoral systems in Senate and Chamber races for the 25% of seats allotted on a proportional basis (in the Chamber based on individual parties but in the Senate based on multi-party coalitions), it is difficult to judge increase or decline of party preferences compared to earlier elections. Moreover, because of considerable political realignments, some parties do not bear resemblance to their earlier iterations.

The largest parties in the Chamber are: Forza Italia (21%); Democratic Party of the Left—moderate successor to the Italian Communist Party—(20.4%); National Alliance/Italian Social Movement (13.5%); Italian People's Party—primary successor to the DC—(11.1%); Northern League (6.4%); and Communist Renewal—hard-line successor to the Italian Communist Party—(6%). In the Senate, the largest groups were: Forza Italia-Northern League (19.9%); Forza Italia-National Alliance (13.7%); Progressive Alliance—PDS and others—(32.9%); Pact for Italy (16.7%); National Alliance/Italian Social Movement (6.3%). Several other smaller parties are also active. In municipal and regional elections, such parties, including the Greens and La Rete (the Network), drew well.
ECONOMY

The Italian economy has changed dramatically since the end of World War II. From an agriculturally based economy, it has developed into an industrial state, and, with a total GDP of more than $992 billion in 1993, it ranks as the world's fifth-largest industrial democracy. Italy belongs to the Group of Seven industrialized nations; it is a member of the European Union and the OECD.

Italy has few natural resources. With much of the land unsuited for farming, Italy is a net food importer. There are no substantial deposits of iron, coal, or oil. Natural gas reserves, mainly in the Po Valley and offshore Adriatic, have grown in recent years and constitute the country's most important mineral resources. Most raw materials needed for manufacturing and more than 80% of the country's energy sources are imported. Italy's economic strength is in the processing and the manufacturing of goods, primarily in small and medium-sized family-owned firms. Its major industries are precision machinery, motor vehicles, chemicals, pharmaceuticals, electrical goods, and fashion and clothing.

In 1993, Italy, caught in Europe's economic doldrums, experienced 0.7% negative growth, one of the largest drops in the postwar period. Investment, consumption, and industrial production fell; the services sector grew modestly. Italian economic performance is expected to improve modestly in 1994 and 1995, with real growth projected at 1.4% and 1.9%, respectively, based on strong exports and increased domestic demand.

The 1992 floating of the lira led to a 1993 export boom. Italy posted a 1993 trade surplus of $32.4 billion, compared to $3 billion in 1992; and a current account surplus of $9.5 billion, compared to a 1992 deficit of $27.9 billion. Continued competitive lira exchange rates should assist further export-led growth.

Government economic reforms, sluggish domestic demand, and a landmark 1993 wage accord all helped keep inflation in check despite the lira's 1992 depreciation. Inflation was at 4.2% in 1993 and should remain moderate, at 4%-5%, in 1994-95.

Italian Government efforts to reduce the relative sustained size of the public sector budget deficit met some success. The public sector deficit dropped to about 10% of GDP in 1993 and should decline slowly to 9.6% of GDP in 1994 and 9% of GDP in 1995, assuming continued reform. The gross public debt fell in 1993 but still remains greater than 100% of GDP. These deficit/GDP and debt/GDP ratios remain well above the rest of the group of major industrial economies and complicate efforts to coordinate Italy's economic policies with those of its major European partners.

In coordination with the EU's planning for an eventual single market, Italy seeks to align its economic policies with those of the other major continental economies and to privatize large state-owned holding companies in a number of sectors. Italy faces a number of economic and political hurdles in achieving both goals while maintaining social cohesion. Moreover, under terms of the Maastricht Treaty, a convergence target of 3% has been set for public sector deficit as percentage of GDP—far below Italy's present rate. Italy's public debt/GDP ratio does not reflect realistically within reach of the 'Treaty's target of 60%. Still, Italian officials stress Italy is making progress in meeting these goals.

Foreign Trade

Italy's closest trade ties are with the other countries of the European Union, with whom it conducts about 54% of its total trade. Italy's largest EU trade partners, in order of market share, are Germany (19.4%), France (13.6%), the United Kingdom (6.4%), and the Netherlands (5.6%).

U.S.-Italy Economic Relations

The U.S.-Italian bilateral relationship is strong and growing. The U.S. and Italy cooperate closely on major economic issues, including within the Group of Seven (G-7), which Italy chairs in 1994. With a large population and a high per capita income, Italy is one of the United States' most important trading partners. In 1993, the United States was the fifth-largest foreign supplier of the Italian market with a market share of 5.3% and the largest outside the EU. Total trade between the United States and Italy exceeded $21 billion in 1993; the U.S. ran more than a $5-billion deficit with Italy.

Significant changes are occurring in the composition of this trade which could narrow the gap. Increasingly, more value-added products such as office machinery and aircraft are becoming the principal U.S. exports to Italy. The change reveals the growing sophistication of the Italian market, and bilateral trade will expand. During 1993, the United States imported $13 billion in Italian goods while exporting $7.8 billion in U.S. goods to Italy. U.S. foreign direct investment in Italy exceeds $14 billion; Italian investment in the U.S. is growing fast.

Labor

A rigid labor market and protective legislation for employed workers have compounded Italy's major problem of unemployment, which held at about 11.3% in 1993—with most job losses occurring in the industrial sector. For structural economic reasons, unemployment should continue to be a problem even with economic recovery and modest wage gains following the landmark July 1993 labor accord. Although skilled labor is in short supply in some categories, inefficient use of labor, structural unemployment, and underemployment persist, as does labor unreported for tax purposes. Adult and youth unemployment are more acute in southern than in northern Italy.

Official estimates place the unionization rate of the labor force at 15%; this does not reflect union statistics, since it accounts only for dues-paying, active workers, omitting retiree/pensioner figures. Most Italian unions are grouped in three confederations, each of which has had traditional ties with a particular political party. With the collapse and near disappearance of the traditional ruling parties, these informal ties have ended, and the confederations now emphasize their autonomy from political parties. The three major confederations are the Italian Confederation of Labor Unions (CGIL), the Italian General Confederation of Labor (CGIL), and the Union of Italian Labor (UIL). The approximate labor share for the three confederations is: CGIL, 42%; CISL, 37%; and UIL, 20%.
Agriculture

Italy's agriculture is typical of the division between the agricultures of the northern and southern countries of the European Union. The northern part of Italy produces primarily grains, sugar beets, soybeans, meat, and dairy products, while the southern section specializes in producing fruits, vegetables, olive oil, wine, and durum wheat.

Even though much of its mountainous terrain is unsuitable for farming, Italy has a large workforce (1.6 million) employed in farming. Most farms are small, with the average farm only seven hectares.

FOREIGN RELATIONS

Italy is a founding member of the European Union—before the Maastricht Treaty, the European Community. Italy was admitted to the United Nations in 1955 and is a member and strong supporter of the North Atlantic Treaty Organization (NATO); the Organization for Economic Cooperation and Development (OECD); the General Agreement on Tariffs and Trade (GATT); the Conference on Security and Cooperation in Europe (CSCE), the Western European Union (WEU); and the Council of Europe. It chaired the WEU in 1993 and chairs the CSCE and the G-7 (Group of Seven) in 1994.

Italy firmly supports the United Nations and its international security activities. Italy actively participated in and deployed troops in support of UN peace-keeping missions in Somalia, Mozambique, and Cambodia; Italian troops provided logistical and humanitarian assistance to Albania from 1991 to 1993. It provides critical support for NATO and UN operations in Bosnia.

The Italian Government seeks to obtain consensus with other European countries on various defense and security issues within the WEU as well as NATO. European integration and the development of common defense and security policies will continue to be of primary interest to Italy.

DEFENSE

A strong NATO ally, Italy occupies an important strategic position in the Mediterranean, critical to regional security and for enhancing stability in the Balkans, North Africa, and the Middle East. To meet challenges of the post-Cold War era, Italy has proposed a "New Defense Model" that calls for the creation of more mobile and highly trained units staffed by career professionals. The Italian military is subordinate to civilian authority, which is vested in the Ministry of Defense. Under the authority of the Defense Minister, the armed forces have also been used in Italy for emergency relief and combating organized crime.

U.S.-ITALY RELATIONS

The United States enjoys warm and friendly relations with Italy. The two are NATO allies and cooperate in the United Nations, in various regional organizations, and bilaterally for peace, prosperity, and defense. Italy has worked closely with the United States and others on such issues as NATO and UN operation in Bosnia; sanctions against the former Yugoslavia; assistance to Russia and the New Independent States (NIS); Middle East peace process multilateral talks; Somalia and Mozambique peace-keeping; and combating drug trafficking and terrorism.

Under long-standing bilateral agreements flowing from NATO membership, Italy hosts important U.S. military forces at Vincenza and Livorno (Army); Aviano (Air Force); and Sigonella, La Maddalena, Gaeta, and Naples—home port for the U.S. Navy Sixth Fleet. Overall, the United States has about 17,000 military personnel stationed in Italy. Italy hosts the NATO War College in Rome.

Italy remains a strong and active trans-Atlantic partner which, along with the United States, has sought to foster democratic ideals and international cooperation in areas of strife and civil conflict. Toward this end, the Italian Government has cooperated with the U.S. in the formulation of defense, security and peace-keeping policies.

Principal U.S. Officials

Ambassador—Reginald Bartholomew
Deputy Chief of Mission—James Creagan
Minister-Counselor for Political Affairs—Harry L. Coburn
Minister-Counselor for Economic Affairs—Kevin McGuire
Minister-Counselor for Public Affairs—Victor Olason
Minister-Counselor for Commercial Affairs—Keith Bovetti
Minister-Counselor for Agricultural Affairs—Frank A. Padovano
Treasury Attache—Gay Hoar
Defense Attache—Capt. Philip Bozzelli, USN

Consular Posts

Consul General, Florence—Sue Patterson
Consul General, Milan—Richard Shinnick
Consul General, Naples—Richard N. Dertadian

The U.S. embassy in Italy is located at Via Veneto 119, Rome (tel. (39)(6) 46741).
Official Name: Japan

PROFILE

Geography
Area: 377,765 sq. km. (145,856 sq. mi.); slightly smaller than California.
Cities: Capital—Tokyo. Other cities:—Yokohama, Osaka, Nagoya, Sapporo, Kobe, Kyoto.
Terrain: Rugged, mountainous islands.
Climate: Varies from subtropical to temperate.

People
Population (mid-1993 est.): 125 million.
Growth rate (1980-93): 0.5%.
Ethnic groups: Japanese; Korean 0.6%.
Religions: Shinto and Buddhist; Christian 0.8%.
Language: Japanese.
Education: Literacy—99%.
Health: Life expectancy (1993)—males 76 yrs., females 82 yrs.
Work force (60 million): Services—49%; Trade, manufacturing, mining, and construction—31%; Agriculture—6%; Government—3%.

Government
Type: Parliamentary democracy.
Branches: Executive—prime minister (head of government); Legislative—bicameral Diet (House of Representatives and House of Councillors); Judicial—Civil law system with Anglo-American influence.
Administrative subdivisions: 47 prefectures.

Suffrage: Universal at 20.
Flag: Red sun on white field.

Economy
1993 growth rate: 0%.
Per capita GDP: $27,000.
Natural resources: Negligible mineral resources, fish.
Agriculture: Products—rice, vegetables, fruits, milk, meat, silk.
Industry: Types—machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment.
Imports—$241 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery and equipment. Major suppliers—U.S. 23%, Western Europe 15%, developing countries 50%.
These two events revolutionized Japanese culture and marked the beginning of a long period of Chinese cultural influence. In 538, the Japanese court officially adopted Shintoism and the sun goddess and ancestor of the Yamato dynasty were the nominal rulers, but actual power was usually held by powerful court nobles, regents, or “shoguns” (military governors).

Contact With the West
The first contact with the West occurred about 1542, when a Portuguese ship, blown off its course to China, landed in Japan. During the next century, traders from Portugal, the Netherlands, England, and Spain arrived, as did Jesuit, Dominican, and Franciscan missionaries. During the early part of the 17th century, Japan’s shogunate suspected that the traders and missionaries were actually forerunners of a military conquest by European powers. This caused the shogunate to place foreigners under progressively tighter restrictions. Ultimately, Japan forced all foreigners to leave and barred all relations with the outside world except for severely restricted commercial contacts with Dutch and Chinese merchants at Nagasaki. This isolation lasted for 200 years, until Commodore Matthew Perry of the U.S. Navy forced the opening of Japan to the West with the Convention of Kanagawa in 1854.

Renewed contact with the West profoundly altered Japanese society. In 1868, the shogun was forced to resign, and the emperor was restored to power. The feudal system subsequently was abolished, and many Western institutions were adopted, including a Western legal system and constitutional government along quasi-parliamentary lines. The Meiji Constitution initiated many reforms. Eventually, in 1898, the last of the “unequal treaties” with Western powers was removed, signaling Japan’s new status among the nations of the world. In a few decades, by creating modern social, educational, economic, military, and industrial systems, the Emperor Meiji’s “controlled revolution” had transformed a feudal and isolated state into a world power.

Wars with China and Russia
Japanese leaders of the late 19th century regarded the Korean Peninsula as a “dagger pointed at the heart of Japan.” It was over Korea that Japan became involved in war with the Chinese Empire in 1894-95 and with Russia in 1904-05. The war with China established Japan’s dominant interest in Korea, while giving it the Pescadores Islands and Formosa. After Japan defeated Russia, the resulting Treaty of Portsmouth awarded Japan certain rights in Manchuria and in southern Sakhalin, which Russia had received in 1875 in exchange for the Kurile Islands. Both wars gave Japan a free hand in Korea, which it formally annexed in 1910.

World War I to 1952
World War I permitted Japan, which fought on the side of the victorious Allies, to expand its influence in Asia and its territorial holdings in the Pacific. The postwar era brought Japan unprecedented prosperity. Japan went to the peace conference at Versailles in 1919 as one of the great military and industrial powers of the world and received official recognition as one of the “Big Five” of the new international order. It joined the League of Nations and received a mandate over Pacific islands north of the Equator formerly held by Germany.

During the 1920s, Japan progressed toward a democratic system of government. However, parliamentary government was not rooted deeply enough to withstand the economic and political pressures of the 1930s, during which military leaders became increasingly influential.

Japan invaded Manchuria in 1931 and set up the state of Manchukuo. In 1938, Japan resigned from the League of Nations. The Japanese invasion of China in 1937 followed Japan’s signing the “anti-Comintern pact” with Nazi Germany the previous year and was part of a chain of developments culminating in the Japanese attack on Pearl Harbor on December 7, 1941.

After almost four years of war, resulting in the loss of 3 million Japanese lives and including the atomic bombings of Hiroshima and Nagasaki, Japan signed an instrument of surrender on the U.S.S. Missouri in Tokyo Harbor on September 2, 1945. As a result of World War II, Japan lost all of its overseas possessions and retained only the home islands. Manchukuo was dissolved, and Manchuria was returned to China; Japan renounced all claims to Formosa; Korea was granted independence; southern Sakhalin and the Kuriles were occupied by the U.S.S.R.; and the United States became the sole administering authority of the Ryuku, Bonin, and Volcano Islands. The United States returned...
control of these islands to Japan by 1972 after the reversion of Okinawa to Japan.

After the war, Japan was placed under international control of the Allies through the Supreme Commander, General Douglas MacArthur. U.S. objectives were to ensure that Japan would become a peaceful nation and to establish democratic self-government supported by the freely expressed will of the people. Political, economic, and social reforms were introduced, such as a freely elected Japanese Diet (legislature). The April 28, 1952, treaty of peace with Japan afforded a progressive and orderly transition from the stringent controls immediately following the surrender to the restoration of full sovereignty.

GOVERNMENT

Japan is a constitutional monarchy with a parliamentary government. The country's constitution took effect on May 3, 1947. Japan has universal adult suffrage with a secret ballot for all elective offices. The government consists of an executive branch responsible to the Diet and an independent judicial branch.

Sovereignty, previously embodied in the emperor, is vested in the Japanese people, and the emperor is defined as the symbol of the state. The cultural prestige of the imperial institution remains great, however, and the enthronement of Emperor Akihito in November 1990 was a major national event.

The government is essentially patterned on the British parliamentary model, with a House of Representatives and a House of Councillors. Executive power is vested in a cabinet composed of a prime minister and ministers of state, all of whom must be civilians. The prime minister must be a member of the Diet and is designated by his colleagues. The prime minister has the power to appoint and remove ministers, a majority of whom must be Diet members.

Japan's judicial system, based on the model of Roman law, consists of several levels of courts, with the Supreme Court as the final judicial authority. The Japanese constitution includes a bill of rights similar to the U.S. Bill of Rights, and the Supreme Court has the right of judicial review. Japanese courts do not use a jury system, and there are no administrative courts or claims courts. Because of the judicial system's basis, court decisions are made in accordance with legal statutes. Only Supreme Court decisions have any direct effect on later interpretation of the law.

Japan does not have a federal system, and its 47 prefectures are not sovereign entities in the sense that U.S. states are. Most depend on the central government for subsides. Governors of prefectures, mayors of municipalities, and prefectoral and municipal assembly members are popularly elected for 4-year terms.

National Security

After World War II, the Allies disarmed and occupied Japan. Article IX of the Japanese constitution provides that "land, sea, and air forces, as well as other war potential, will never be maintained." During the Korean war, a national police reserve force was established. Before the end of the U.S. occupation in April 1952, the first steps had been taken to expand and transform the force into the self-defense force (SDF). At the same time, the Japanese Government accepted Article 51 of the UN Charter that each nation has the right of self-defense against armed attack. This doctrine was consistent with Article IX of the Japanese constitution.

In 1954, the Japan Defense Agency was created with the specific mission of defending Japan against external aggression. Ground, maritime, and air self-defense forces were established.

In recent years, the Japanese public has shown a substantially greater awareness of security issues and increasing support for the SDF. This is in part due to successful disaster relief efforts at home and peacekeeping operations in Cambodia. However, there are still significant political and psychological constraints on strengthening Japan's defense.

Principal Government Officials

Prime Minister—Tsutomu Hata
Minister of Foreign Affairs—Koji Kakizawa
Ambassador to the United States—Takakazu Kuriyama
Ambassador to the United Nations—Hisashi Owada

Japan maintains an embassy in the United States at 2520 Massachusetts Avenue NW, Washington, DC 20008 (tel. 202-839-6700). Consulates general are in Anchorage, Atlanta, Boston, Chicago, Detroit, Guam, Honolulu, Houston, Kansas City, Los Angeles, New Orleans, New York City, Portland, San Francisco, and Seattle; honorary consulates general are in Buffalo, Cleveland, Dallas, Denver, Nashville, Miami, Minneapolis, Mobile, Phoenix, St. Louis, San Diego, and San Juan; and an honorary consulate is in American Samoa.

The Japan National Tourist Organization, at 630 Fifth Avenue, New York, NY 10111, also maintains offices in Chicago, Dallas, San Francisco, Los Angeles, and Honolulu.

POLITICAL CONDITIONS

Diet Lower House elections on July 18, 1993, were a watershed event. The LDP, in power since the mid-1950s, failed to win a majority and saw the end of its four-decade rule. A coalition of new parties and existing opposition parties succeeded in forming a governing majority and electing a new Prime Minister, Morihito Hosokawa, in August 1993. His government's major legislative objective was political reform, consisting of a package of new political financing restrictions and major changes in the electoral system. The coalition succeeded in passing landmark political reform legislation in January 1994.

Under the new legislation, 300 members will be elected to the Diet's lower house in single-member districts and another 200 members on proportional slates in 11 regions. The single-member district aspect of the new system is expected to promote the creation of two major party groupings; the regional proportional slates will be relatively advantageous to smaller parties. If this system works as advocates hope, Japan will see a regular alternation in office of competing political parties. The new electoral system will also be much closer to the ideal of one-person/one-vote by reducing the number of seats in overrepresented rural areas and shifting them to some urban areas.

Prime Minister Hosokawa resigned in April 1994. Prime Minister Tsutomu Hata formed the successor coalition government, Japan's first minority government in almost 40 years.

ECONOMY

Japan's reservoir of industrial leadership and technicians, well-educated and industrious work force, high savings and investment rates, and intensive promo-
tion of industrial development and foreign trade have produced a mature industrial economy. Along with North America and Western Europe, Japan is one of the three major industrial complexes among the market economies.

Japan has few natural resources, and only 15% of its land is suitable for cultivation. The agricultural economy is highly subsidized and protected. With per hectare crop yields among the highest in the world, Japan maintains an overall agricultural self-sufficiency rate of about 50% on fewer than 5.6 million cultivated hectares (14 million acres). Japan normally produces a slight surplus of rice but imports large quantities of wheat, sorghum, and soybeans, primarily from the United States. Japan has agreed to open its agricultural markets further, including partial liberalization of the rice market, as part of the General Agreement on Tariffs and Trade (GATT) Uruguay Round.

Given its heavy dependence on imported energy, Japan has aimed to diversify its sources. Since the oil shocks of the 1970s, Japan has reduced dependence on petroleum as a source of energy from more than 75% in 1973 to about 57% at present. Other important energy sources are coal, liquefied natural gas, nuclear power, and hydro power.

Gold, magnesium, and silver meet current minimum requirements, but Japan is dependent on foreign sources for many of the minerals essential to modern industry. Iron ore, coke, copper, and bauxite must be imported, as well as many forest products.

Japan’s exports amount to less than 10% of its GDP (less than the percentage of some other major trading nations). Although small in terms of GDP, the Japanese traditionally consider this trade to be necessary for earning the foreign exchange needed to purchase raw materials for their economy.

After achieving one of the highest economic growth rates in the industrialized world during most of the 1980s, Japan’s economy slowed considerably in the early 1990s. Plummeting stock and real estate prices marked the end of the “bubble economy” of the late 1980s. However, Japan’s long-term economic prospects are considered good.

Transportation

Japan has a well-developed international and domestic transportation system, although highway development still lags. Tokyo and Osaka International Airports and the ports of Yokohama, Osaka, Kobe, and Nagoya are important terminals for air and sea traffic in the western Pacific. However, greatly increased traffic in the Pacific markets is putting a severe strain on Japan’s airports.

The domestic transportation system depends on a recently privatized rail network. National rail transportation is supplemented by private railways in metropolitan areas, a developing highway system, coastal shipping, and several airlines. The rail system is efficient and well distributed and is maintained throughout the country. The super express “bullet trains” take as little as 3 hours between Tokyo and Osaka, a distance of 520 kilometers (325 mi.).

Labor

Japan’s labor force consists of about 60 million workers, 40% of whom are women. Members of labor unions number more than 12 million (about 24% of the non-agricultural labor force).

In 1989, the predominantly public sector union confederation Sohyo (General Council of Trade Unions of Japan) merged with Rengo (Japanese Private Sector Trade Union Confederation) to form the Japanese Trade Union Confederation, also called Rengo, which has 7.8 million members.

U.S.-Japanese Trade

The United States is Japan’s largest trading partner, Japan is the second largest U.S. trading partner after Canada. Bilateral merchandise trade totaled $155 billion in 1993. Japan imported $48 billion of U.S. goods in 1993. Manufactured goods constitute 63% of U.S. exports to Japan. In 1993, the leading U.S. export to Japan was machinery and transport equipment. Japan is a major market for many U.S. manufactured goods, including chemicals, pharmaceuticals, photo supplies, commercial aircraft, non-ferrous metals, plastics, and medical and scientific supplies. Japan is also the largest foreign market for U.S. agricultural products, with imports valued at more than $5.7 billion in 1992.

The U.S. trade deficit with Japan, which grew to $59 billion in 1993, continues to be a source of significant bilateral friction. Japan’s trade surplus with the rest of the world including the U.S. swelled in the early 1990s. However, its depressed economy dampened the demand for imported goods. There remain significant barriers to foreign imports and investment in certain sectors of the Japanese economy. U.S. trade policy has concentrated on encouraging macroeconomic measures to return the country to a path of high growth; negotiating the elimination of formal and informal market barriers in specific sectors; and encouraging structural change to increase Japanese imports of manufactured products and foreign direct investment. The United States pursues these objectives through a variety of bilateral mechanisms and through multilateral forums such as the G-7, the GATT/World Trade Organization, and the Organization for Economic Cooperation and Development (OECD).

There have been some encouraging trends. Between 1985 and 1993, U.S. exports to Japan more than doubled, from $22 billion to $48 billion. In certain sectors, U.S. firms have gained a significant or even dominant market share in the Japanese market. As part of the GATT Uruguay Round agreement, Japan agreed in December 1993 to open its rice market, which had historically been closed to foreign rice. It also agreed to cut or eliminate tariffs and eliminate quotas on a wide range of other goods. Partially offsetting the massive bilateral deficit in merchandise trade is the roughly $12 billion U.S. surplus in services with Japan including tourism and education.

The United States is committed to opening Japan’s markets more fully and ensuring that competitive U.S. and other foreign exports have fair access to the Japanese market. Significant bilateral trade negotiations are taking place. In July 1993, the United States and Japan announced the U.S.-Japan Framework for Economic Partnership, which attempts to resolve the imbalance in our bilateral economic relationship by addressing its macroeconomic, structural, and sectoral causes. The framework calls for agreements in a wide range of sectors that will
lead to tangible market-opening progress that can be measured by objective qualitative and quantitative criteria. Discussions are occurring in five broad “baskets”: government procurement; regulatory reform and competitiveness; economic harmonization; implementation of existing arrangements and measures; and other major sectors (autos and auto parts). Each basket can encompass a range of working groups with a more narrowly defined agenda.

The framework follows two earlier bilateral initiatives that led to market-opening in Japan: the MOSS (Market-Oriented, Sector-Selective) Talks on specific sectors of interest, initiated in 1985 and the Structural Impediments Initiative, begun in 1989. Through these initiatives, both countries are committed to comprehensive measures to reduce impediments to competitive imports as found, for instance, in marketing and distribution systems, savings and investment patterns, and government-business relations.

In addition to these broad initiatives, the United States and Japan have over the last decade signed bilateral agreements to open Japan’s markets. These agreements cover a broad range of sectors, including computers, beef, citrus, manufactured tobacco products, paper, and semiconductors. In 1994, the United States and Japan concluded agreements to open Japan’s public works procurement and to open Japan’s cellular telephone market. Japan agreed to lift certain restrictions on the import of American apples. The U.S. also is discussing with Japan extending the framework talks to other areas, such as financial services, glass, and intellectual property.

There are considerable investment flows between the United States and Japan. U.S. direct investment in Japan was $26 billion in 1992, much of it in finance, banking, and manufacturing. The total stock of U.S. direct investment in Japan has risen from $6.4 billion in 1982 to $26 billion in 1992. Many American companies have found Japan to be a large and profitable market. Nevertheless, American firms continue to encounter a range of formal and informal barriers to investment in Japan, and Japan continues to host a far smaller share of global foreign direct investment than any of its G-7 counterparts. A working group on investment addresses these issues in the economic harmonization basket of the framework. Japanese direct investment in the United States rose dramatically in the late 1980s, then leveled off somewhat in the 1990s. Japanese investment in the United States stood at $97 billion in 1992, most of that in manufacturing, real estate, and finance.

FOREIGN RELATIONS

Japan is a major, global economic power. Japan has diplomatic relations with nearly all independent nations and has been an active member of the United Nations since 1956. Japanese foreign policy has aimed to promote peace and prosperity for the Japanese people by working closely with the West and supporting the United Nations. Although a military role for Japan in international affairs is precluded by its constitution and government policy, Japanese cooperation through the U.S.-Japan security treaty has been important to the peace and stability of East Asia. All postwar governments have relied on a close relationship with the United States as the foundation of their foreign policy. They also have depended on the mutual security treaty for strategic protection. Recently, while maintaining a close relationship with the United States, Japan has diversified and expanded its ties with other nations.

Good relations with its neighbors continue to be of vital interest. After the signing of the peace and friendship treaty with China in 1978, ties between the two countries developed rapidly. The Japanese extend significant economic assistance to the Chinese in various modernization projects. At the same time, Japan has maintained economic but not diplomatic relations with Taiwan, where a strong bilateral trade relationship thrives.

Japanese ties with South Korea have improved since an exchange of visits in the mid-1980s by their political leaders. Japan has limited economic and commercial ties with North Korea. Japanese normalization talks halted when North Korea refused to discuss a number of issues with Japan. Japan strongly supports the U.S. in its efforts to encourage Pyongyang to abide by the nuclear Non-Proliferation Treaty and its agreements with the International Atomic Energy Agency (IAEA).

Russo-Japanese relations remain cool, even after the end of the Cold War. Russia continues to claim and occupy the Northern Territories, small islands off the coast of Hokkaido occupied by the U.S.S.R. at the end of World War II. Despite the territorial dispute, Japan has pledged about $4 billion to various programs designed to bolster Russian democracy and economic reform.

Japan is pursuing a more active foreign policy in recent years, recognizing the responsibility that accompanies its economic strength. It has expanded ties with the Middle East, which provides most of its oil. Japan also increasingly is active in Africa and Latin America and has extended significant support to development projects in both regions.

After the Iraqi invasion of Kuwait in August 1990, Japan adopted tough sanctions against Iraq and strongly supported the UN effort against the aggression. Japanese financial support for the Gulf War reached $14 billion. Japan actively supported the Israel-Palestinian peace framework. In October 1993, Japan pledged $200 million to Palestinian reconstruction. Under the framework of the Middle East Peace Process, Japan chairs the multilateral working group on environment and participates in other working groups. Japanese military and police forces participate in the UN peace-keeping mission in Cambodia (two Japanese citizens were killed in that effort). Japan has also sent units from its self-defense forces to participate in peace-keeping operations in Mozambique and has had civilian personnel involved in a wide variety of other UN peacekeeping operations. Japan did not send SDF units to Somalia but financed much of the effort there with a $100 million contribution.

Development assistance is a major tool of Japan’s foreign policy. Japan has been the world’s largest aid donor since 1989, with aid levels of $9 billion. Japanese aid to other Asian countries exceeds that of the United States, and Japan is also a major donor to Central and Eastern Europe, Latin America, the Middle East, and the Philippines. Japan and the United States hold regular consultations to coordinate foreign assistance programs. The United States supports Japan’s efforts to open its markets to developing nations’ products.

U.S.-JAPANESE RELATIONS

The close and cooperative relationship with Japan is the cornerstone of U.S. policy in Asia and the basis of a strong,
productive partnership in addressing global issues. Despite different social and cultural traditions, Japan and the United States have much in common. Both have open, democratic societies, high literacy, freedom of expression, multiparty political systems, universal suffrage, and open elections. Both have highly developed free-market industrial economies and favor an open and active international trading system.

In accordance with Japan's enhanced international influence and its continued close ties with the United States, the two governments have developed a close global partnership to address shared priorities. An example of that partnership is the U.S.-Japan Common Agenda, a set of global initiatives in such areas as the environment, technology development, and health. Under the Common Agenda, the United States and Japan are coordinating $12 billion in population and H1V/AIDS assistance to developing countries, leading a program for environmental assistance to Central and Eastern Europe, and conducting joint research on advanced transportation and environmental technologies. The two governments are also cooperating closely on issues as diverse as ocean pollution, children's vaccines, narcotics demand reduction, and the protection of forests and coral reefs.

Bilateral trade problems attract significant attention and often generate considerable controversy within the relationship. The United States is working hard to achieve greater access to Japan's markets and has made progress. Trade problems may be the most visible and contentious part of an extremely broad and important relationship. Overall U.S. policy toward Japan goes well beyond the problem areas and is based on three principles:

- First, the United States has worked to achieve a close bilateral relationship with Japan as an equal partner. The past decade has brought a significant expansion of Japan's economic and technological prowess, an increase in its defense awareness and capability, and a greater interest and involvement in international political and economic affairs. Although there are still differences in their relative political, economic, and military positions in the world, both nations approach and conduct their relationship as equals.
- Second, because of the two countries' combined economic and technological impact on the world (together accounting for 40% of world GDP and 60% of the Western industrialized nations' GDP), the U.S.-Japan relationship has become global in scope. Although in the past the partnership has been measured primarily in economic and technological terms, in the future it will have a larger political dimension. Presently, Japan assumes a greater international role and associates itself more actively and closely with Western political and security goals.
- Third, Japan is becoming increasingly assertive in global matters and is forging a wider international role. The United States encourages this trend toward a broader international political and economic role by Japan, within the framework of a continued close bilateral relationship. The United States has called for a "global partnership" with Japan, in which the combined efforts of the two countries can be utilized to promote peace and prosperity throughout the world.

U.S.-Japan Security Relationship

The U.S.-Japan security relationship dates from early in the 1950s, when Japan was virtually defenseless. The U.S.-Japan Treaty of Mutual Cooperation and Security came into force on June 23, 1960, and in June 1970 became subject to abrogation upon one year's notice. At the time, both governments declared their intention to extend the treaty indefinitely.

Under the treaty, Japan hosts a carrier battle group, the III Marine Expeditionary Force, the 5th Air Force, and the Army's I Corps. For Japan, the treaty provides a strategic guarantee against external attack. The bases and facilities provided by Japan under the treaty also bolster U.S. maintenance of commitments to other allies in Asia. U.S. military assistance to Japan was terminated at the end of 1967. Since 1962, U.S. military forces in Japan have decreased from more than 260,000 to about 45,000, more than half of whom are stationed in Okinawa.

As U.S. forces withdrew, the self-defense force expanded capabilities and assumed primary responsibility for the immediate conventional national defense. Japan's SDF mission, which the United States supports, is the defense of its homeland, territorial seas and skies, and sea lines of communication out to 1,000 nautical miles. Japan has increased its defense budget annually and continues to make qualitative force improvements. As a matter of policy, Japan has forsworn nuclear armaments and forbids arms sales abroad. A bilateral agreement signed in 1983, however, allows the export of Japanese defense and dual-use technology to the United States.

In addition to its own forces, Japan also provides bases and facilities to U.S. forces in Japan. In fiscal year 1993, the Japanese Government contributed over $4 billion to U.S. forces.

Principal U.S. Embassy Officials

Ambassador—Walter F. Mondale
Deputy Chief of Mission—Rust M. Deming
Economic Minister-Counselor—John H. Penfold
Political Minister—Lawrence F. Farrar
Public Affairs Minister—Paul P. Blackburn
Administrative Minister—Robert A. MacCullum
Commercial Minister—George Mu
Agricultural Minister—James V. Parker
Consul General—Wayne G. Griffith
Labor Counselor—James P. Dodd
Science Counselor—Edward Malloy
Defense Attache—Capt. John S. Fitzgerald, USN
Customs Attache—Gary W. Waugh

The street address and the international mailing address of the U.S. embassy in Japan is 10-5 Akasaka 1-chome, Minato-ku, Tokyo (107); tel 81-3-3224-5000; fax 81-3-3556-1862. The APO mailing address is American Embassy Tokyo, Unit 45004, Box 258, APO AP 96337-5004. U.S. Consulates General are in Osaka, Sapporo, and Naha, and Consulates are in Fukuoka and Nagoya. The American Chamber of Commerce in Japan is at 7th floor, Fukide No. 2 Bldg., 1-21 Toranomon 4-chome, Minato-ku, Tokyo (105).
United Kingdom

June 1994

Official Name: United Kingdom of Great Britain and Northern Ireland

PROFILE

Geography

Area: 244,111 sq. km. (94,251 sq. mi.); slightly smaller than Oregon.
Terrain: 30% arable, 50% meadow and pasture, 12% waste or urban, 7% forested, 1% inland water.
Climate: Generally mild and temperate; weather is subject to frequent changes but to few extremes of temperature.

People

Nationality: Noun—Briton(s). Adjective—British.
Population: 58 million.
Annual growth rate: 0.2%.
Ethnic groups: British, West Indian, South Asian.
Religions: Church of England, Roman Catholic, Presbyterian.
Languages: English, Welsh, Gaelic.
Education: Years compulsory—12. Attendance—nearly 100%. Literacy—99%.
Health: Infant Mortality—8/1,000. Life expectancy—males: 73 yrs; females 79 yrs.
Work force (about 29 million in 1993): Services—72%. Manufacturing and engineering—18%. Mining and energy—5%. Construction—4%. Agriculture—1%.

Government

Type: Constitutional monarchy.
Constitution: Unwritten; partly statutes, partly common law and practice.
Subdivisions: Municipalities, counties, parliamentary constituencies, province of Northern Ireland, and Scottish regions.
Political parties: Conservative; Labour; Liberal Democrats, and various smaller parties including the Greens and parties of Scotland, Wales, and Northern Ireland.

Suffrage: British subjects and citizens of the Irish Republic resident in the U.K., at 18.
Flag: The red, white, and blue Union Jack combines crosses of the patron saints of England (St. George), Scotland (St. Andrew), and Ireland (St. Patrick).

Economy

Annual growth rate (1993): 1.9% (real).
Natural resources: Coal, oil, gas (North Sea).
Agriculture (1.8% of GDP): Products—cereals, livestock, livestock products, fish.
Industry (38% of GDP): Types—steel, heavy engineering and metal manufacturing, textiles, motor vehicles and aircraft, construction, electronics, chemicals.
PEOPLE

In 1993, the United Kingdom's population was estimated at 58 million—the fifth largest in Europe after Russia, Germany, Italy, and France. Its population density is one of the highest in the world. Almost one-third of the population lives in England's prosperous and fertile southeast and is predominantly urban and suburban—with 6.9 million in the capital of London. The U.K.'s high literacy rate (99%) is attributable to the introduction of public primary education in 1870 and secondary education in 1900. Education is mandatory from ages 5 through 16. Approximately one-fifth of British students go on to post-secondary education. The Church of England is the official church, but virtually all religious sects found in the world are represented in the U.K.

A group of islands close to continental Europe, the United Kingdom has been subject to many invasions and migrations, especially from Scandinavia and the Continent, including Roman occupation for several centuries. The contemporary Briton is descended mainly from the varied ethnic stocks that settled there before the 11th century. Under the Normans—Scandinavian Vikings who had settled in Northern France—the pre-Celtic, Celtic, Roman, Anglo-Saxon, and Norse influences were blended into the present Briton. Although Celtic languages persist to a small degree in Northern Ireland, Wales, and Scotland, the predominant language has been English, a blend of Anglo-Saxon and Norman-French.

HISTORY

The Roman invasion of Britain in 55 BC and its subsequent incorporation into the Roman Empire stimulated development and brought more active contacts with the rest of Europe. As Rome's strength declined, the country was exposed to invasion, including the pivotal invasions of the Angles, Saxons, and Jutes in the fifth and sixth centuries AD, until the Norman conquest in 1066. Norman rule effectively ensured Britain's safety from further invasion and stimulated the development of characteristic British institutions. Among these institutions are a political, administrative, cultural, and economic center in London; the development of a separate but established church; a system of common law; distinctive and distinguished university education; and representative government.

Union

Both Wales and Scotland were independent kingdoms which fiercely resisted English rule. The English conquest of Wales succeeded in 1282 under Edward I, and the Statute of Rhuddlan established English rule two years later. To appease the Welsh, Edward's son (later Edward II), who had been born in Wales, was made Prince of Wales in 1301. The tradition of bestowing this title on the eldest son of the British monarch continues today. An act of 1536 completed the political and administrative union of England and Wales. England and Scotland were united under one crown in 1603, when James VI of Scotland succeeded his cousin Elizabeth I as James I of England.

In the ensuing 100 years, strong religious and political differences divided the kingdoms. Finally, in 1707, England and Scotland agreed to permanent union as Great Britain with the Union Jack as the national flag. The Anglo-Norman invasion of Ireland in 1170 began centuries of strife. Successful English kings sought to impose their will on the Irish, whose cause was finally defeated in the early 17th century, when large-scale settlement of the north from Scotland and England also began. After this defeat, Ireland was subjected, with varying degrees of success, to control and regulation by Britain. The legislative union of Great Britain and Ireland was completed on January 1, 1801, under the name of the United Kingdom. However, armed struggle for political independence continued sporadically into the 20th century.

The Anglo-Irish Treaty of 1921 established the Irish Free State, which left the Commonwealth and became a republic after World War II. Six northern, predominantly Protestant Irish, counties have remained part of the United Kingdom.

British Expansion and Empire

Begun initially to support William the Conqueror's (c. 1029-1087) holdings in France, Britain's policy of active involvement in European affairs endured for several hundred years. By the end of the 14th century, foreign trade, originally based on wool exports to Europe, had emerged as a cornerstone of national policy.

The foundations of sea power were gradually laid to protect British trade and open up new routes. Defeat of the Spanish Armada in 1588 firmly established Britain as a major sea power. Thereafter, its interests outside Europe grew steadily. Attracted by the spice trade, British mercantile interests spread first to the Far East. In search of an alternate route to the Spice Islands, John Cabot reached the North American continent in 1498. Sir Walter Raleigh organized the first, short-lived British colony in Virginia in 1584, and permanent British settlement began in 1607 at Jamestown, Virginia. During the next two centuries, Britain extended its influence abroad and consolidated its political development at home. The territorial foundation of the 20th-century British Empire, minus parts of Africa and India, had already been laid by the time of the Boston Tea Party in 1773.

Great Britain's industrial revolution greatly strengthened its ability to oppose Napoleonic France. By the end of the Napoleonic wars in 1815, the United Kingdom was the foremost European power, and its navy ruled the seas. Peace in Europe allowed the British to focus their interests on more remote parts of the world, and, during this period, the British Empire reached its zenith. British colonies, effectively managed, contributed to the United Kingdom's extraordinary economic growth and strengthened its voice in world affairs. Even as the United Kingdom became more imperial abroad, it continued to develop and broaden its democratic institutions at home.

20th Century

By the time of Queen Victoria's death in 1901, other nations, including the United States and Germany, had developed their own industries; the United Kingdom's comparative economic advantage had lessened, and the ambitions of its rivals had grown. The losses and destruction of World War I, the depression of the 1930s, and decades of relatively slow growth made it difficult for the United Kingdom to maintain its preeminent international position of the previous century.
Britain's control over its empire loosened during the interwar period. Ireland, with the exception of six northern counties, broke away from the United Kingdom in 1921. Nationalism became stronger in other parts of the empire, particularly in India and Egypt.

In 1926, the U.K., completing a process begun a century earlier, granted Australia, Canada, and New Zealand complete autonomy within the empire. As such, they became charter members of the British Commonwealth of Nations, an informal but closely knit association that succeeded the empire. After 1947, the remainder of the kingdom was dismantled. Most of its former colonies now belong to the Commonwealth. Today, almost all of Britain's former colonies have become independent members of the Commonwealth.

Although weakened by economic and political nationalism, the Commonwealth offers the United Kingdom a voice in matters concerning many developing countries. In addition, the Commonwealth helps to preserve many institutions deriving from British experience and models, such as parliamentary democracy, in those countries.

**GOVERNMENT**

The United Kingdom does not have a written constitution. The equivalent body of law is based on statute, common law, and "traditional rights." Changes may come about formally through new acts of parliament, informally through the acceptance of new practices and usage, or by judicial precedents. Although parliament has the theoretical power to make or repeal any law, in actual practice, the weight of 700 years of tradition restrains arbitrary actions.

Executive government rests nominally with the monarch but actually is exercised by a committee of ministers (cabinet) traditionally selected from among the members of the House of Commons and, to a lesser extent, the House of Lords. The prime minister is the leader of the majority party in the Commons, and the government is dependent on its support.

Parliament represents the entire country and can legislate for the whole or for any constituent part or combination of parts. The maximum parliamentary term is five years, but the prime minister may ask the monarch to dissolve parliament and call a general election at any time. The focus of legislative power is the 650-member House of Commons, which has sole jurisdiction over finance. The House of Lords, although shorn of most of its powers, can still review, amend, or delay temporarily any bills except those relating to the budget. Only a few of the 1,200 members of the House of Lords attend its sessions regularly. The House of Lords has more time than the House of Commons to pursue one of its more important functions—debating public issues.

The judiciary is independent of the legislative and executive branches but cannot review the constitutionality of legislation. The separate identity of each of the U.K.'s constituent parts also is reflected in governmental structure. Welsh affairs are handled at the national level by a cabinet minister (the Secretary of State for Wales) with the advice of a broadly representative council for Wales. Scotland continues, as before the union, to employ different systems of law (Roman-French), education, local government, judiciary, and national church (the Presbyterian Church of Scotland instead of the Church of England). In addition, most domestic matters are handled by separate departments grouped under a Secretary of State for Scotland, who also is a cabinet member.

Although the British Government retained ultimate responsibility, Northern Ireland had its own parliament and prime minister until it was suspended in March 1972. Then, in response to deteriorating security and political conditions in the province, direct rule from London was established through a Secretary of State for Northern Ireland. Northern Ireland is represented by 17 members in the House of Commons. The six counties of Northern Ireland comprise about 900,000 Protestants and 650,000 Catholics.

On November 15, 1985, the United Kingdom and the Republic of Ireland signed the Anglo-Irish agreement to diminish the divisions in Northern Ireland and to achieve peace and stability. In the agreement, both governments affirm that any change in Northern Ireland's status will come about only with the consent of a majority of its people. An intergovernmental conference was established to deal with political, security, legal, and cross-border cooperation issues and provides for possible future devolution of responsibility for some matters within Northern Ireland.

In December 1993, the British and Irish Governments adopted a joint declaration reiterating both governments' commitment that there would be no change in Northern Ireland's constitutional status unless a majority of the voters in the province so desired. All constitutional parties were invited to take part in a negotiation aimed at achieving a political solution to the conflict in the province. The British and Irish Governments also cooperate in promoting economic and social development in the unstable areas and are seeking international support for this effort.

As of 1993, the United States has given or pledged contributions totaling $210 million to the International Fund for Ireland. The Fund provides grants and loans to businesses to improve the economy, redress inequalities of employment opportunity, and improve cross-border business and commercial ties.

**Principal Government Officials**

Head of State—Queen Elizabeth II
Prime Minister—John Major
Secretary of State for Foreign and Commonwealth Affairs—Douglas Hurd
Ambassador to the U.S.—Sir Robin Renwick
Ambassador to the UN—Sir David Hannay

**POLITICAL CONDITIONS**

Prime Minister John Major's Government was elected April 1992 in a surprise win over the opposition Labour Party. The Conservatives (Tories) have now won four straight general elections since 1979. Although the Conservatives' share of the popular vote stayed steady at about 42% in 1992, their number of seats in the House of Commons fell from 375 to 336. Deaths of several parliamentarians since 1992 have reduced the Tory majority over other parties in parliament to less than 20 today compared to 100 in 1987. The official opposition, the left-of-center Labour Party, is up from 228 to 270. The remaining seats are divided among the centrist Liberal Democrats (20), the Northern Ireland parties (17), the Scottish Nationalists (3), and the Welsh Nationalists (4). The current Conservative Government is seeking to build on the 1980s legacy of former Prime Minister Margaret Thatcher.
who led a drive to curb the power of unions, privatize nationally owned industries, and reform local government, education, and the National Health Service.

Britain, like the United States, is emerging from its deepest recession since World War II, but the Tories are being hit by scandal, internal divisions over Europe, and significant losses in the May 5 local elections. The Labour party underwent its own transformation in the 1980s and early 1990s, abandoning unilateral nuclear disarmament and nationalization, and developing more moderate policies on social and economic issues. The party is now emerging as a significant challenger for general elections due no later than 1997.

Both main British parties support a strong transatlantic link but have become increasingly absorbed by European issues, as Britain's economic and political ties to the continent grow in the post-Cold War world. Upcoming European Union-wide June 9 elections for the European Parliament in Strasbourg could see huge gains by the Labour and Liberal Democrat parties at the expense of the Conservatives.

ECONOMY

The United Kingdom is one of the largest European economies and one of the world's great trading powers. London ranks with New York as a leading international financial center. Although economic growth increased markedly in the 25 years following the end of World War II, the rate of growth was much slower than that of most other European industrial countries.

Between 1960 and 1970, the United Kingdom dropped from having the highest per capita income in Europe to being ahead of only Ireland and Italy among the European Community countries when the United Kingdom joined in 1973. During the 1970s, the economic growth rate slowed even more, as did those of most industrial countries. Britain experienced its deepest post-war recession in 1979-81, with real GDP falling more than 4% in volume over five quarters between the first quarter of 1980 and the second quarter of 1981. The index of industrial production fell 8.3% between 1979 and 1981. The climb back to pre-recession levels was not reached until 1985. Manufacturing output suffered even more, falling 13% and not fully regaining its losses until 1988.

Unemployment, which stood at 5% in 1978, continued to rise even after recovery set in, reaching over 11% in 1986. Inflation, on the other hand, which was increasing at an annual rate of 18% in 1980, had fallen to 3.4% in 1986. This was the era of the "Thatcher Revolution," which focused on privatizing public sector companies and structural reform of the labor market.

The economy responded well to the reforms, with real GDP growth reaching over 5% in 1988 and averaging over 3% between 1980 and 1990. Aided by oil revenue and privatization receipts, the 1979 budget deficit became a surplus in 1987. By 1988, however, the economy was already showing signs of overheating, confidence began to falter, and the economy fell into recession in the third quarter of 1990.

In the following six quarters, GDP fell 3% in volume terms, making the recession longer but less deep than in the early 1980s. By 1987, the economy began to recover, but recovery really got underway only after sterling was withdrawn from the European Union Exchange Rate Mechanism in September 1992.

Interest rates were reduced incrementally from 10% to 5.2%, and the economy responded rapidly. GDP grew at just 2.5% in 1994. Industrial production overall has regained pre-recession levels, although manufacturing still lags slightly. Inflation, which was 11% in September 1990, fell sharply throughout the recession and remained below 2% during calendar 1993. The outlook for continued low inflation remains good, although some signs of rising wage settlements exist.

After the 1980 reforms, the U.K. labor market appears to be more flexible, with unemployment falling steadily from a high of 10.6% in January 1993 to 9.7% in April 1994. As with other developed countries, however, structural unemployment is expected to remain high throughout the 1990s.

The recession brought a quick reversal in public finances, with a small surplus in 1990 becoming a record deficit in fiscal 1993-94. Substantial fiscal tightening equivalent to about 3% of GDP is set to take effect April 1, 1994, however, and if left intact, is expected to reduce the deficit by the end of 1996-97.

Trade

After Canada, Japan, and Mexico, the United Kingdom is the fourth-largest U.S. export market. In 1983, it purchased American goods valued at $25.4 billion and accounted for a full 25% of all U.S. trade with the European Union. The U.K. is also the largest source of foreign tourists to the United States: more than 3 million British visitors are expected in 1994, spending a total of over $9 billion.

Investment

The U.K. is America's most important investment partner, with two-way direct investment valued at $172.5 billion in 1992. Major British companies such as Grand Metropolitan and SmithKline Beecham supply many household name products to American consumers. U.S. companies, for their part, play a prominent role in the British economy in such sectors as banking, finance, energy production, food products, pharmaceuticals, and retailing.

Agriculture and Industry

Agriculture in the United Kingdom is intensive, highly mechanized, and efficient by European standards but, because of climatic factors, produces only about 58% of Britain's food requirements. Only 2.2% of the work force is engaged in farming, livestock and dairy farming account for the greater part of production.

British industry is a mixture of publicly and privately owned firms. Several important industries are publicly owned, including steel, railroads, coal mining, shipbuilding, and certain utilities. Since 1979, the British Government has privatized most large state-owned companies, including British Steel, British Airways, British Telecom, British Coal, British Aerospace, and British Gas. Government agencies primarily responsible for economic policy are the Treasury and the Departments of Trade and Industry, Energy, and Employment. The Confederation of British Industry is the central body representing British industry and serving as an important communications channel between government and industry.

Energy Sources

The United Kingdom is an energy-rich nation with significant reserves of oil and gas in the North Sea and large coal...
resources. Energy production accounts for almost 5% of gross domestic product. The rapid development of North Sea oil in the 1970s transformed the United Kingdom from an importer of virtually all its petroleum requirements into a major oil producer—averaging about 1.9 million barrels per day (b/d) in 1993. North Sea oil production, currently over 2.3 million b/d, is on an upward trend expected to continue at least into 1996. U.K. offshore areas should be an important source of continued production and new discoveries for some years. U.S. oil and oil-service companies participate actively in the North Sea oil industry and consider the United Kingdom an attractive environment for future investment.

**Labor**

In September 1993, the United Kingdom's workforce was 27 million, including 21 million wage and salary earners and 3 million self-employed persons. The most significant developments in employment patterns over the preceding 25 years have been an absolute and relative decline in the numbers of (mostly male) jobs in manufacturing, and an increase in service sector work. Accompanying this development has been a rise in the female participation rate, particularly in the growing area of part-time work, where in September 1993, women wage and salary workers outnumbered men by almost 4 to 1.

The recent recession from which the U.K. is now recovering brought levels of unemployment up from an annual average of only 5.8% in 1990 to a high of more than 10% in 1992-93. The figure in May 1993 was down to 9.7%. Although joblessness is now declining, during the 16-month period beginning in August 1992, the seasonally adjusted monthly rate never fell below 1%.

More important still, during this period, the patterns of unemployment shifted. For the first time in many years, the prosperous Southeast of England was badly hit; the unemployment rate in London went from a seasonally adjusted annual average of 5.1% in 1989 to 11.2% for January 1993.

The traditionally much higher unemployment rates in areas such as Northern Ireland and the North of England, on the other hand, showed no such sharp increases (the unemployment rate for Northern Ireland actually declined somewhat from 14.6% for 1989 to 13.5% in January 1994). The rate of unionization in the U.K., although declining, remains relatively high (32%), particularly in the public sector. Most major British unions are members of the Trades Union Congress (TUC), the world's oldest continuous national labor body. However, in addition to the 68 TUC affiliates, there are 229 other trade union organizations registered with the government, most of which are small regional and single employer organizations.

Industry-wide collective bargaining has effectively disappeared in the U.K., and most agreements are limited to single firms, or categories of workers. The current contracts are providing wage increases roughly equivalent to the rate of inflation (about 3%). The contracts are not enforceable in the courts, but are usually honored.

The TUC, like its employer counterpart the Confederation of British Industry (CBI), does not itself engage in collective bargaining. However, it actively lobbies on behalf of the general interests of its members, and many (but not all) of its unions are affiliated to the opposition Labour Party. Most trade unions view the government's policy of pushing for "flexible labor markets" as regressive and are particularly unhappy with the abolition in 1993 of the minimum wages existing for low-paid industries. Now, only agricultural workers have minimum wage protection.

In recent years, the incidence of labor disputes has declined sharply, and in 1993, they reached their lowest number since records have been kept. In part, this reflects the results of the trade union reform legislation passed piecemeal over the preceding 15 years which, among other things, made the legality of strike action conditional upon a ballotting of the membership. However, economic uncertainty and the fear of job losses are widely acknowledged to contribute to a decline in labor disputes.

**Foreign Assistance**

U.K. aid to developing countries includes loans and grants, technical assistance, budgetary support, and contributions to international agencies that provide financial aid and technical assistance. Although the British aid program is global, Commonwealth countries receive special attention. The major recipients in recent years have been Africa and South Asia, particularly India, Zimbabwe, Sri Lanka, Tanzania, Pakistan, and Sudan. A growing share is channeled through multilateral institutions. Total net official development assistance in 1993 was $3 billion, or 0.3% of GDP. The British aid program is administered by the Overseas Development Administration, an agency of the Foreign and Commonwealth Office.
U.S.-U.K. RELATIONS

The United Kingdom is one of the United States' closest allies, and British foreign policy emphasizes close coordination with the United States. Bilateral cooperation reflects the common language, ideals, and democratic practices of the two nations. The relations were strengthened by the U.K.'s alliance with the United States during both World Wars, the Korean conflict, and the conflict in the Persian Gulf. The United Kingdom and the United States continually consult on foreign policy issues and global problems and share major foreign and security policy objectives.

Principal U.S. Embassy Officials

Ambassador—William J. Crowe Jr.
Minister (Deputy Chief of Mission)—Timothy E. Deal
Minister for Economic Affairs—Thomas H. Gewecke
Minister-Counselor for Political Affairs—Michael Habib
Minister-Counselor for Consular Affairs—Elizabeth A. Swift
Minister-Counselor for Administrative Affairs—Nicholas S. Baskey
Minister-Counselor for Commercial Affairs—Kenneth Moorefield
Minister-Counselor for Public Affairs (USIS)—Michael O'Brien
Counselor for Labor Affairs—John Warnock
Counselor for Scientific Affairs—Jeffrey Lutz
Prime Minister (since November 1993)

Addressed as: Prime Minister

Political: Member of Parliament since 1963 . . . has held nine Cabinet portfolios, primarily dealing with domestic issues . . . Liberal Party leader since 1990.

Background: Born 11 January 1934 in Quebec . . . holds law degree from Laval University, several honorary degrees from Canadian universities.

Languages: Speaks English and French.

Personal Notes: Enjoys waterskiing, skating, golf, squash, reading . . . author of best selling memoir Straight From the Heart . . . married to former Aline Chaine; has three children.
Francois MITTERRAND
(Phonetic: meetairRAHN)

President (since 1981)

Addressed as: Mr. President

Political: In final year of second seven-year term; has prostate cancer . . . Socialist, shares power with center-right . . . active in foreign policy arena.

Background: Born 1916 to railroad worker . . . holds degrees in sociology, literature, law . . . WWII Resistance fighter . . . entered cabinet in 1947, served in 11 governments before 1958; out of office for two decades of rightist rule.

Languages: Understands English.

Personal Notes: Avid reader; author of several books . . . wife, Danielle; has two sons, several grandchildren.

©

6/94
Boris Nikolayevich YEL’TSIN
(Phonetic: YELTsin)

*President (since 1991)*

**Addressed as: Mr. President**

**Political:** Issued numerous presidential decrees in early 1994 in support of market reforms, war on crime... publicly has left open option of running for second term in 1996.

**Background:** Former construction engineer, Communist Party apparatchik... left party in 1989 after criticizing slow pace of *perestroika*... made political comeback in Russian legislature.

**Languages:** Understands some English, German.

**Personal Notes:** Born 1931... second volume of memoirs published April 1994... swims, plays tennis... he and wife, Naina, have two daughters, eight grandchildren.
John MAJOR

Prime Minister (since 1990)

Addressed as: Prime Minister

Political: Led Conservative Party to fourth consecutive general election victory in 1992... youngest head of British Government since 1894... previously served as Chancellor of the Exchequer and as Foreign Secretary.

Background: Born 1943... career in banking before joining government... first elected to Parliament in 1979.

Personal Notes: Enjoys cricket, opera, political novels... had kneecap removed after accident; experiences severe bouts of pain, especially after long walks... married; has two children.

6/94
Viktor Stepanovich CHERNOMYRDIN
(Phonetic: chairnahMEERdin)

RUSSIA

Premier (since December 1992)

Addressed as: Mr. Premier

Political: Russia’s top day-to-day economic policy maker . . . Yel’tsin’s designated successor if President becomes incapacitated . . . publicly denies press speculation he intends to run for president in 1996.

Background: Born 1938 in West Siberia . . . spent most of career in gas industry.

Languages: Does not speak English.

Personal Notes: Likes to hunt, read, play accordion . . . had surgery for kidney stones in early June 1994 . . . has trouble tolerating cigarette smoke . . . married; has two sons, young granddaughter.
German Mark (M) Conversion Table at DM 1.62 = U.S. $

(DM = 100 pfennigs) = U.S. $

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**NOTE:** All U.S. dollar values are rounded to nearest U.S. cent. Value of the German Mark fluctuates daily according to currency market conditions.

June 1994
Official Name:
Federal Republic of Germany

PROFILE

Geography

Area: 357,000 sq. km. (137,838 sq. mi.); about the size of Montana.
Cities: Capital—Berlin (population about 3.4 million). Seat of government—Bonn (pop. 287,000). The permanent seat of government for a unified Germany will be moved from Bonn to Berlin, probably between 1998 and the year 2000. Other cities—Hamburg (1.6 million), Munich (1.2 million), Cologne (1 million), Frankfurt (647,000).

Terrain: Low plain in the north; high plains, hills, and basins in the center and east; mountainous alpine region in the south.
Climate: Temperate; cooler and rainier than much of the U.S.

People

Nationality: Noun and adjective—German(s).
Population: About 80 million (1993 est.)
Ethnic groups: Primarily German; Danish minority in the north, Sorbian (Slavic) minority in the east, 6.9 million foreigners.
Religions: Almost evenly divided between Protestant and Roman Catholic.
Language: German.
Education: Years compulsory—10. Attendance—100%. Literacy—99%.
Health: Infant mortality rate (1990, original 11 states)—6/1,000. Life expectancy (1993, Germany-wide)—women 79 yrs., men 72 yrs.
Work force: 38 million (1993). Includes 8 million workers in the former G.D.R.

Government

Type: Federal republic.
Founded: 1949 (Basic Law, i.e., constitution, promulgated on May 23, 1949). On October 3, 1990, the Federal Republic of Germany and the German Democratic Republic unified in accordance with Article 23 of the F.R.G. Basic Law.
Administrative Divisions: 16 Laender (states).

Major political parties: Christian Democratic Union (CDU); Christian Social Union (CSU); Social Democratic Party (SPD); Free Democratic Party (FDP); Alliance 90/Greens; Party of Democratic Socialism (PDS).

Suffrage: Universal at 18.

Flag: Three horizontal bands: black, red, and gold, from top to bottom.

Economy

Annual growth rate (1993): -1.2%
Per capita income: $23,103.
Inflation rate (1993): 4.2%
Natural resources: Iron, hard coal, lignite, potash, natural gas.
Agriculture: Accounts for 1.1% of GDP. Products—corn, wheat, potatoes, sugar beets, barley, hops, viticulture, forestry, fisheries.
Industry (35% of GDP): Types—iron and steel, coal, chemicals, electrical products, ships, vehicles, construction.

The population of unified Germany is primarily German. There are almost 6.9 million foreign residents, including those granted asylum, guest workers, and their dependents. However, there has been no inflow of guest workers since 1973. An ethnic Danish minority lives in the north, and a small Slavic minority known as the Sorbs lives in eastern Germany. Germans are well-educated and renowned for their economic productivity. Since the end of World War II, the number of youths entering universities has more than tripled, and the trade and technical schools in the original 11 states of the F.R.G. are among the world's best.

With a per capita income level of more than $20,000, postwar Germany has become a broadly middle class society. A generous social welfare system provides for universal medical care, unemployment compensation, and other social needs. Modern Germans also are mobile; millions travel abroad each year.

With unification on October 3, 1990, Germany has started the major task of bringing the standard of living of Germans in the former German Democratic Republic (G.D.R.) up to that of western Germany. This will be a lengthy and difficult process due to the relative inefficiency of industrial enterprises in the former G.D.R., difficulties in resolving property ownership in eastern Germany, and the inadequate infrastructure and environmental damage that resulted from years of mismanagement under communist rule.

HISTORY

The rise of Prussian power in the 19th century, supported by growing German nationalism, eventually ended inter-state fighting and resulted in the formation of the German empire in 1871 under the chancellorship of Otto von Bismarck. Although authoritarian in many respects, the empire eventually permitted the development of political parties, and Bismarck was credited with passing the most advanced social welfare legislation of the age. Dynamic expansion of military power, however, contributed to tensions on the continent. The fragile European balance of power broke down in 1914, and World War I and its aftermath, including the Treaty of Versailles, led to the collapse of the German empire.

The Weimar Republic

The postwar Weimar Republic (1919-33) was an attempt to establish a peaceful, liberal democratic regime in Germany. This government was severely handicapped and eventually doomed by economic problems and the inherent weakness of the Weimar state. The inflation of the early 1920s, the world depression of the 1930s, and the social unrest stemming from the draconian conditions of the Versailles Treaty worked to destroy the Weimar Government from inside and out.

The National Socialist (Nazi) Party, led by Adolf Hitler, stressed nationalist themes and promised to put the unemployed back to work. The party blamed many of Germany's ills on alleged Jewish conspiracies. Nazi support expanded rapidly in the early 1930s. Hitler was asked to form a government as Reich Chancellor in January 1933. After President Paul von Hindenburg died in 1934, Hitler assumed that office as well. Once in power, Hitler and his party first undermined then abolished democratic institutions and opposition parties. The Nazi leadership also attempted to remove and/or subjugate all non-German peoples in Germany by forced migration and genocide. Hitler also restored Germany's economic and military strength. His ambitions led Germany into World War II. For Germany, World War II resulted in the destruction of its political and economic infrastructures, led to its division, and left an embarrassing legacy.

After Germany's unconditional surrender on May 8, 1945, the United States, the United Kingdom, and the U.S.S.R. occupied the country and assumed responsibility for its administration. The commanders-in-chief exercised supreme authority in their respective zones and acted in concert on questions affecting the whole country. France was later given a separate zone of occupation. Although the United States, the United Kingdom, and the Soviet Union agreed at Potsdam in August 1945 to a broad program of decentralization, treating Germany as a single economic unit with some central administrative departments, these plans failed. The turning point came in 1948, when the Soviets withdrew from the Four Power governing bodies and blockaded Berlin. Until May 1949, West Berlin was kept supplied only by an allied airlift.

Political Developments in West Germany

The United States and the United Kingdom moved to establish a nucleus for a future German government by expanding the size and powers of the German Economic Council in their two zones. The program provided for a West German constituent assembly, an occupation statute governing relations between the Allies and the German authorities, and the economic merger of the French with the British and American zones.

On May 23, 1949, the Basic Law, or constitution, of the Federal Republic of Germany (F.R.G.) was promulgated. The first federal government was formed by Konrad Adenauer on September 20, 1949. The next day, the occupation statute came into force, granting powers of self-government with certain exceptions. The F.R.G. quickly progressed toward fuller sovereignty and association with its European neighbors and the Atlantic community. The London and Paris agreements of 1954 restored full sovereignty (with some exceptions) to the F.R.G. in May 1955 and opened the way for German membership in the North Atlantic Treaty Organization (NATO) and the Western European Union (WEU).

The three Allies retained occupation powers in Berlin and certain responsibilities for Germany as a whole. Under the new arrangements, the Allies stationed troops within the F.R.G. for NATO defense, pursuant to stationing and status-of-forces agreements. With the exception of 45,000 French troops, Allied forces were under NATO's joint defense command. France withdrew from the collective military system of NATO in 1966.

Political life in the F.R.G. was remarkably stable and orderly. The Adenauer era (1949-63) was followed by a brief period under Ludwig Erhard (1963-66) who, in turn, was replaced by Kurt Georg Kiesinger (1966-69). All governments between 1949 and 1966...
were formed by the united caucus of the Christian Democratic Union (CDU) and Christian Social Union (CSU), either alone or in coalition with the smaller Free Democratic Party (FDP). Kiesinger's 1966-69 "Grand Coalition" included the F.R.G.'s two largest parties, CDU/CSU and the Social Democratic Party (SPD). In the 1969 election, the SPD—headed by Willy Brandt—gained enough votes to form a coalition government with the FDP. Chancellor Brandt remained head of government until May 1974, when he resigned after a senior member of his staff was convicted of spying for the East German intelligence service.

Finance Minister Helmut Schmidt (SPD) formed a government and received the unanimous support of coalition members. He served as Chancellor from 1974 to 1982. Hans-Dietrich Genscher, a leading FDP official, became Vice Chancellor and Foreign Minister. Schmidt, a strong supporter of the European Community (EC) and the Atlantic alliance, emphasized his commitment to "the political unification of Europe in partnership with the U.S.A."

In October 1982, the SPD/FDP coalition fell apart and the FDP joined forces with the CDU/CSU to elect CDU Chairman Helmut Kohl as Chancellor. Following national elections in March 1983, Kohl emerged in firm control of both the government and the CDU. The CDU/CSU fell just short of an absolute majority, due to the entry into the Bundestag of the Greens, who received 5.6% of the vote.

In January 1987, the Kohl-Genscher government was returned to office, but the FDP and the Greens gained at the expense of the larger parties. Kohl's CDU and its Bavarian sister party, the CSU, slipped from 49% of the vote in 1983 to 44%. The SPD fell to 37%. Long-time SPD Chairman Brandt subsequently resigned in April 1987 and was succeeded by Hans-Jochen Vogel. FDP's share rose from 7% to 9%, their best showing since 1980. The Greens also significantly strengthened their place in the Bundestag, rising from 5.6% (1983) to 8.3% (1987).

**Political Developments In East Germany**

In the Soviet zone, the Social Democratic Party was forced to merge with the Communist Party in 1946 to form a new party, the Socialist Unity Party (SED). The October 1946 elections resulted in coalition governments in the five Land (state) parliaments with the SED as the undisputed leader.

A series of people's congresses were called in 1948 and early 1949 by the SED. Under Soviet direction, a constitution was drafted on May 30, 1949, and adopted on October 7, which was celebrated as the day when the German Democratic Republic was proclaimed. The People's Chamber (Volkskammer)—the lower house of the G.D.R. parliament—and an upper house—the States Chamber (Laenderkammer)—were created. (The Laenderkammer was abolished in 1958.)

On October 11, 1949, the two houses elected Wilhelm Pieck as president, and a SED government was set up. The Soviet Union and its East European allies immediately recognized the G.D.R., although it remained largely unrecognized by non-communist countries until 1972-73.

The G.D.R. established the structures of a single-party, centralized, communist state. On July 23, 1952, the traditional Laender were abolished and, in their place, 14 Bezirke (districts) were established. Effectively, all government control was in the hands of the SED, and almost all important government positions were held by SED members.

The National Front was an umbrella organization nominally consisting of the SED, four other political parties controlled and directed by the SED, and the four principal mass organizations (youth, trade unions, women, and culture). However, control was clearly and solely in the hands of the SED. Balloting in G.D.R. elections was not secret. As in other Soviet bloc countries, electoral participation was consistently high, with nearly unanimous candidate approval.

**Inter-German Relations**

The constant stream of East Germans fleeing to West Germany placed great strains on F.R.G.-G.D.R. relations in the 1950s. On August 13, 1961, the G.D.R. began building a wall through the center of Berlin to divide the city and slow the flood of refugees to a trickle. The Berlin Wall became the symbol of the East's political debility and the division of Europe.

In 1969, Chancellor Brandt announced that the F.R.G. would remain firmly rooted in the Atlantic alliance but would intensify efforts to improve relations with Eastern Europe and the G.D.R. The F.R.G. commenced this Ostpolitik by negotiating non-aggression treaties with the Soviet Union, Poland, Czechoslovakia, Bulgaria, and Hungary.

The F.R.G.'s relations with the G.D.R. posed particularly difficult questions. Though anxious to relieve serious hardships for divided families and to reduce friction, the F.R.G. under Brandt was intent on holding to its concept of "two German states in one German nation." Relations improved, however, and in September 1973, the F.R.G. and the G.D.R. were admitted to the UN. The two Germanys exchanged permanent representatives in 1974, and, in 1987, G.D.R. head of state Erich Honecker paid an official visit to the F.R.G..

**German Unification**

During the summer of 1989, rapid changes took place in the G.D.R., which ultimately led to German unification. Growing numbers of East Germans emigrated to the F.R.G. via Hungary after the Hungarians decided not to use force to stop them. Thousands of East Germans also tried to reach the West by staging sit-ins at F.R.G. diplomatic facilities in other East European capitals. The exodus generated demands within the G.D.R. for political change, and mass demonstrations in several cities—particularly in Leipzig—continued to grow. On October 7, Soviet leader Mikhail Gorbachev visited Berlin to celebrate the 40th anniversary of the establishment of the G.D.R. and urged the East German leadership to pursue reform.

On October 18, Erich Honecker resigned as head of the SED and as head of state and was replaced by Egon Krenz. But the exodus continued unabated and pressure for political reform mounted. On November 4, a demonstration in East Berlin drew an estimated 500,000-1 million East Germans. Finally, on November 9, the Berlin Wall was opened and East Germans were allowed to travel freely. Thousands poured through the Wall into the western sectors of Berlin, and on November 12, the G.D.R. began dismantling it.

On November 28, F.R.G. Chancellor Kohl outlined a 10-point plan for the peaceful unification of the two Germanys based on free elections in the G.D.R. and a unification of their two economies.
December, the G.D.R. *Volkskammer* eliminated the SED monopoly on power, and the entire Politburo and Central Committee—including Krenz—resigned. The SED changed its name to the Party of Democratic Socialism (PDS) and the formation and growth of numerous political groups and parties marked the end of the communist system. Prime Minister Hans Modrow headed a caretaker government which shared power with the new, democratically oriented parties. On December 7, 1989, agreement was reached to hold free elections in May 1990 and rewrite the G.D.R. constitution. On January 28, all the parties agreed to advance the elections to March 18, primarily because of an erosion of state authority and because the East German exodus was continuing apace; more than 117,000 left in January and February 1990.

In early February 1990, the Modrow government's proposal for a unified, neutral German state was rejected by Chancellor Kohl, who affirmed that a unified Germany must be a member of NATO. Finally, on March 18, the first free elections were held in the G.D.R., and a government led by Lothar de Maiziere (CDU) was formed under a policy of expeditious unification with the F.R.G. The freely elected representatives of the *Volkskammer* held their first session on April 5, and the G.D.R. peacefully evolved from a communist to a democratically elected government. Free and secret communal (local) elections were held in the G.D.R. on May 6, and the CDU again won. On July 1, the two Germany's entered into an economic and monetary union.

**Four Power Control Ends**

During 1990, in parallel with internal German developments, the Four Powers—the United States, U.K., France, and the Soviet Union—negotiated to end Four Power reserved rights for Berlin and Germany as a whole. These “Two-plus-Four” negotiations were mandated at the Ottawa Open Skies conference on February 13, 1990. The six foreign ministers met four times in the ensuing months in Bonn (May 5), Berlin (June 22), Paris (July 17), and Moscow (September 12). The Polish Foreign Minister participated in the part of the Paris meeting that dealt with the Polish-German borders.

Of key importance was overcoming Soviet objections to a united Germany's membership in NATO. This was accomplished in July when the alliance, led by President Bush, issued the London Declaration on a transformed NATO. On July 16, President Gorbachev and Chancellor Kohl announced agreement in principle on a united Germany in NATO. This cleared the way for the signing in Moscow on September 12 of the Treaty on the Final Settlement With Respect to Germany. In addition to terminating Four Power rights, the treaty mandates the withdrawal of all Soviet forces from Germany by the end of 1994, makes clear that the current borders are final and definitive, and specifies the right of a united Germany to belong to NATO. It also provides for the continued presence of British, French, and American troops in Berlin during the interim period of the Soviet withdrawal. In the treaty, the Germans renounce nuclear, biological, and chemical weapons and state their intention to reduce German armed forces to 370,000 within three to four years after the Conventional Armed Forces in Europe (CFE) Treaty, signed in Paris on November 19, 1990, enters into force.

Conclusion of the final settlement cleared the way for unification of the F.R.G. and G.D.R. Formal political union occurred on October 3, 1990, with the accession (in accordance with Article 23 of the F.R.G.'s Basic Law) of the five *Laender* which had been reestablished in the G.D.R. On December 2, 1990, all-German elections were held for the first time since 1937. The CDU/CSU received 44% of the vote and the FDP received 11%, giving the governing coalition 55% of the vote and 398 of 662 seats in the *Bundestag*. The SPD opposition won 34% of the vote and 239 seats. Under the special provisions of the first all-German elections, parties in the former G.D.R. that received 5% of the vote in that area also were able to gain representation. The Party of Democratic Socialism (PDS) received 10% of the vote in the former G.D.R. and 17 seats in the *Bundestag*, and an alliance of several left-wing organizations (Alliance 90) and the Greens won 6% of the vote in East Germany and 8 *Bundestag* seats. However, in West Germany, the Greens alone won only 4.7% of the vote and thus did not receive any *Bundestag* seats.

**GOVERNMENT**

The government is parliamentary and based on a democratic constitution that emphasizes the protection of individual liberty and division of powers in a federal structure. The chancellor (prime minister) heads the executive branch of the federal government. The duties of the president (chief of state) are largely ceremonial; power is exercised by the chancellor. Although elected by and responsible to the *Bundestag* (lower and principal chamber of the parliament), the chancellor cannot be removed from office during a four-year term unless the *Bundestag* has agreed on a successor.

The *Bundestag*, also elected for a four-year term, consists of 662 deputies. The first elections for an all-German *Bundestag* were held on December 2, 1990. The *Bundesrat* (upper chamber or Federal Council) consists of 68 members who are delegates of the 16 *Laender*. The legislature has powers of exclusive jurisdiction and concurrent jurisdiction with the *Laender* in areas specifically enumerated by the Basic Law. The *Bundestag* bears the major responsibility. The role of the *Bundesrat* is limited except in matters concerning *Laender* interests, where it can exercise substantial veto power.

Germany has an independent federal judiciary consisting of a constitutional court, a high court of justice, and courts with jurisdiction in administrative, financial, labor, and social matters. The highest court is the Federal Constitutional Court, which ensures a uniform interpretation of constitutional provisions and protects the fundamental rights of the individual citizen as defined in the Basic Law.

**Principal Government Officials**

President—Roman Herzog
President of the *Bundestag*—Rita Suessmuth (CDU)
Chancellor—Helmut Kohl (CDU)
Vice Chancellor—Klaus Kinkel (FDP)
Minister of Defense—Volker Ruehe (CDU)
Minister for Foreign Affairs—Klaus Kinkel (FDP)
Ambassador to the U.S.—Immo Stabreit
Ambassador to the UN—Detlew Graf zu Rantzau

Germany maintains an embassy in the United States at 4645 Reservoir Road NW, Washington, DC 20007 (tel. 202-238-4000).
Located in Miami and New Orleans.

Political Parties

Christian Democratic Union/Christian Social Union (CDU/CSU). An important aspect of postwar German politics has been the emergence of a moderate Christian party—the Christian Democratic Union—operating with a related Bavarian party, the Christian Social Union. Although each party maintains its own structure, the two form a common caucus in the Bundestag and do not run opposing campaigns. The CDU/CSU is loosely organized, containing Catholics, Protestants, rural interests, and members of all economic classes. It is generally conservative on economic and social policy and more identified with the Roman Catholic and Protestant churches than are the other major parties, although its programs are pragmatic rather than ideological. Helmut Kohl has served as chairman of the CDU since 1973; Theo Waigel succeeded the late Franz Josef Strauss as chairman of the CSU in 1988.

Social Democratic Party (SPD). The SPD is the other major party in Germany and is one of the oldest organized political parties in the world. Historically, it advocated Marxist principles, but in the Godesberg Program, adopted in 1959, the SPD abandoned the concept of a class party, while continuing to stress social welfare programs. Although the SPD originally opposed West Germany’s 1955 entry into NATO, it now strongly supports German ties with the alliance. The SPD has a powerful base in the bigger cities and industrialized Laender. Rudolf Scharping, Minister President of Rhineland Palatinate, is the SPD chairman.

Free Democratic Party (FDP). The FDP has traditionally been composed mainly of middle- and upper-class Protestants who consider themselves “independents” and heirs to the European liberal tradition. Although the party is weak on the state level, it has participated in all but three postwar governments and has spent only 7 years out of government in the 40-year history of the Federal Republic. Klaus Kinkel was elected chairman of the FDP in 1993. A leading figure in the party is Hans-Dietrich Genscher, who served from 1974 to 1993 as Vice Chancellor and Foreign Minister in coalition governments with both the SPD and the CDU/CSU.

Party of Democratic Socialism (PDS). Under chairman Gregor Gysi, the PDS is the successor party to the SED (the communist party of the G.D.R.). Established in December 1989, it renounced most of the extreme aspects of SED policy but has retained much of the ideology. In the December 1990 all-German elections, the PDS gained 10% of the vote in the former G.D.R. and 17 seats in the Bundestag. However, having won only 0.3% of the vote in western Germany, it is questionable whether the PDS will win representation in the next German election, when the 5% hurdle will apply throughout all of Germany.

Greens. In the 1970s, environmentalists organized politically as the Greens. Opposition to expanded use of nuclear power, to NATO strategy, and to certain aspects of highly industrialized society were principal campaign issues. The Greens received 8% of the vote in the January 1987 West German national election. However, in the December 1990 all-German elections, the Greens in western Germany were not able to clear the 5% hurdle required to win seats in the Bundestag. It was only in the territory of the former G.D.R. that the Greens, in an alliance with Alliance 90 (a loose grouping of left-wing political entities with diverse political views), were able to clear the 5% hurdle and win Bundestag seats.

1994 Election Issues. The year 1994 holds many important external and internal political implications for Germany. In this “super election year,” Germans will vote in European Parliament, local, state, and federal parliamentary elections. On May 23, 1994, the President of Germany’s Constitutional Court, Roman Herzog, was elected President of the Republic by a federal convention specially convened for that purpose. The most significant of these elections is the Federal Parliament (Bundestag) election on October 16. The new Bundestag will elect the Federal Chancellor for a four-year renewable term of office.

Many of the most compelling issues of the 1994 election are domestically oriented, with the economy dominating the political debate. External issues, however, continue to play an important role. Germans are deeply concerned with the pace and scope of European integration. They also are concerned with the circumstances under which German military forces may participate in international peace-keeping or collective security operations. Also, on July 1, 1994, Germany will assume the presidency of the European Union for six months.

ECONOMY

Germany ranks among the world’s most important economic powers. From the 1948 currency reform until the early 1970s, it experienced almost continuous economic expansion, but real growth in gross national product (GNP) slowed and even declined from the mid-1970s through the recession of the early 1980s. The economy then experienced eight consecutive years of growth that ended with a downturn beginning in late 1992.

After national unification, eastern German industrial output collapsed to about 40% of its 1989 level, leading to high unemployment in the new states. Reunification strained German public finance, hurt the labor market, and exposed structural weaknesses in the German economy. Following a reunification-induced western German economic boom during 1990-92 fueled by explosive consumer demand and capital spending, growth stalled while transfer payments to the eastern states rose to $90 billion per year. In an effort to contain the inflationary pressures of these transfers, the Central Bank (Bundesbank) maintained a high (short-term) interest rate policy which further dampened economic activity.

In 1994, the German economy turned the corner on recovery, and growth rates in the eastern states are expected to be the highest of any region in Europe. Despite a growing clamor that the economy contains significant flaws, the German economy remains fundamentally strong. Abundant human capital, low corporate debt burdens, and a vibrant research and development sector characterize the German economy.

Germans often describe their economic system as a “social market economy.” Competition and free enterprise are fostered as a matter of government policy. The state also intervenes in the economy through the provision of subsidies to selected sectors and the ownership of some segments of the economy, though it recently privatized
the railroad system and is in the process of privatizing the national airline and postal service. The German Government also provides an extensive network of social services.

The German economy is heavily export oriented, with one-third of its national output shipped abroad annually. As a result, exports traditionally have been a key element in German macroeconomic expansion. Over the past two years, however, domestic demand has been the main engine of economic growth. Germany is a strong advocate of closer European economic integration, and its economic and commercial policies are increasingly determined by agreements among EU members.

Outside the EU, the United States, Japan, and Austria are Germany's major trading partners. The United States exported about $24 billion to Germany (a 7.4% share of its import market) in 1993. In that year, Germany exported goods valued at about $28 billion to the United States, including motor vehicles, machinery, chemicals, and heavy electrical equipment. U.S. exports to Germany are concentrated in chemicals, machinery, edible fats and oils, aircraft, electrical equipment, and motor vehicles.

Germany has followed a liberal policy toward foreign investment. About 65% of U.S. capital invested in Germany is in manufacturing. Total U.S. assets in the F.R.G. amounted to $20 billion at the end of 1988. German capital has come increasingly to the United States; at the end of 1988, net direct investment was $27 billion.

With the unification of the two German states, Germany faces the complex task of rapidly introducing a market economy in the east. Because overall productivity in the former G.D.R. was less than half that in the F.R.G., closing the economic gap between eastern and western Germany is a major undertaking. The poor condition of the basic infrastructure and widespread environmental damage in the east will further complicate the process of economic integration. Private investment in eastern Germany has been slower than expected, in large part because the issue of property ownership in the former G.D.R. has proven difficult to resolve. But most observers nevertheless continue to believe that, after an initial period of economic adjustment, eastern Germany will enter into an era of rapid and sustained economic growth.

The drastic changes in the socioeconomic landscape brought about by reunification have also resulted in troubling social problems. The economic uncertainty in eastern Germany is often cited as one factor contributing to rising extremist violence, primarily from the right. Confusion about the causes of the current hardships and a need to place blame have found expression in an alarming wave of harassment and violence directed toward foreigners, particularly non-Europeans. The Federal Office for the Protection of the Constitution recorded 2,232 instances of violence committed by right-wing extremists against foreigners and others in 1993. While the number is lower than in 1992, it remains significantly higher than the pre-unification level. After a slow and indicative start, the government has generally responded more vigorously to incidents of violence against foreigners. Thousands of Germans have formed groups and marched in demonstrations against anti-foreigner and extremist movements and the violence they often enjoin.

Principal U.S. Officials
Ambassador—Richard C. Holbrooke
Deputy Chief of Mission—J.D. Bindenagel
Minister-Counselor for Political Affairs—Robert Johnson
Minister-Counselor for Economic Affairs—Janice Bey
Minister-Counselor for Commercial Affairs—Robert Kohn
Minister-Counselor for Administrative Affairs—Donald Hays
Minister-Counselor for Consular Affairs—Norman A. Singer
Minister-Counselor for Public Affairs—Cynthia J. Miller

FOREIGN RELATIONS
Unified Germany continues to emphasize close ties with the United States, membership in NATO, progress toward further West European integration, and improved relations with Eastern Europe. The F.R.G. took part in all of the joint postwar efforts aimed at closer political, economic, and defense cooperation among the countries of Western Europe. Germany is also a strong supporter of the Conference on Security and Cooperation in Europe (CSCE), which seeks to reduce tensions and improve relations among the European nations, the U.S., and Canada.

During the postwar era, the F.R.G. also sought to improve its relationship with the countries of Eastern Europe, first establishing trade agreements and, subsequently, diplomatic relations. With unification, German relations with Eastern Europe have intensified. On November 9, 1990, Germany and Poland signed a treaty confirming the Oder-Neisse border. They also are negotiating a broader agreement to cover bilateral relations. Germany has concluded four treaties with the Soviet Union covering the overall bilateral relationship, economic relations, the withdrawal of Soviet troops in the territory of the former G.D.R., and German support for those troops.

U.S.-GERMAN RELATIONS
U.S.-German relations have been a focal point of American involvement in Europe since the end of World War II. Germany stands at the center of East-West relations, as well as of U.S. relations with the West Europeans in NATO and the European Community.

But German-American ties extend back to the colonial era. More than 7 million Germans have immigrated over the last three centuries, and today nearly 25% of U.S. citizens can claim German ancestry. In recognition of this heritage and the importance of modern-day U.S.-German ties, the U.S. Congress has declared October 6 to be "German-American Day."

The U.S. objective in Germany remains the preservation and consolidation of a close and vital relationship with Germany not only as friends and trading partners but also as allies sharing common institutions. During the 45 years in which Germany was divided, the U.S. role in Berlin and the large American military presence in West Germany served as symbols of the U.S. commitment to the preservation of peace and security in Europe. Since German unification, the U.S. commitment to these goals has not changed. The U.S. has made significant reductions in its troop levels in Germany. American policies, however, continue to be shaped by the awareness that the security and prosperity of the United States and Germany depend—to a major extent—on each other.

As allies in NATO, the United States and Germany work side by side to maintain peace and freedom. This unity
and resolve made possible the successful conclusion of the 1987 U.S.-U.S.S.R.
Intermediate-Range Nuclear Forces Treaty (INF), the Two-plus-Four process, which led to the final settlement treaty, and the November 1990 Conventional
Armed Forces in Europe (CFE) Treaty.

As two of the world's leading trading nations, the United States and Germany share a common, deep-seated commitment to an open and expanding world economy. Germany is the world's third-largest trading nation. It is the fourth-largest trading partner of the United States.

Personal ties between the United States and Germany extend beyond immigration to include lively foreign exchange programs, booming tourism in both directions, and the presence in Germany of large numbers of American military personnel and their dependents.

The United States and Germany have built a solid foundation of bilateral cooperation in a relationship that has changed significantly over four decades. The historic unification of Germany and the role played by the United States in that process has served to strengthen ties between the two countries. The relationship is now a mature partnership but remains subject to occasional misunderstandings and differences. These strains tend to reflect the importance, variety, and intensity of U.S.-German ties and respective interests rather than fundamental differences.

German-American political, economic, and security relationships continue to be based on close consultation and coordination at the most senior levels. High-level visits take place frequently, and the United States and Germany cooperate actively in international forums.

BERLIN

The Final Settlement Treaty ended Berlin's special status since 1945 as a separate area under Four Power control. Under the terms of the treaty between the F.R.G. and the G.D.R., Berlin became the capital of a unified Germany. The Bundestag voted in June 1991 to make Berlin the seat of government. The Chancellory, Bundestag, Foreign Office, and other government ministries will move to Berlin by the turn of the century. Berlin is also one of the Federal Republic's 16 Länder. Its first united government since 1948 also was elected on December 2, 1990.

The opening of the Berlin Wall on November 9, 1989, was a watershed in the developments which culminated in German unity on October 3, 1990. The infamous 165-kilometer (103 mi.) wall surrounding the western sectors of the city has been torn down, and the city has been physically reunited.

Shortly after World War II, Berlin became the seat of the Allied Control Council, which was to have governed Germany as a whole until the conclusion of a peace settlement. In 1948, however, the Soviets refused to participate any longer in the quadripartite administration of Germany. At the same time, they also refused to continue cooperating in the joint administration of Berlin and drove the government elected by the people of Berlin out of its seat in the Soviet sector and installed a communist regime in its place. From then until unification, the Western Allies continued to exercise supreme authority—effective only in their sectors—through the Allied Kommandatura. To the degree compatible with the city's special status, however, they turned over control and management of city affairs to the Berlin Senat (executive) and House of Representatives, governing bodies established by constitutional process and chosen by free elections. The Allies and German authorities in the F.R.G. and West Berlin never recognized the communist city regime in East Berlin or G.D.R. authority there.

During the years of Berlin's isolation—176 kilometers (110 mi.) inside the former G.D.R.—the Western Allies encouraged a close relationship between the government of West Berlin and that of the F.R.G. Representatives of the city participated as non-voting members in the F.R.G. parliament; appropriate West German agencies, such as the supreme administrative court, had their permanent seats in the city; and the governing mayor of Berlin took his turn as president of the Bundestag. In addition, the allies carefully consulted with the F.R.G. and Berlin Governments on foreign policy questions involving unification and the status of Berlin.

The Quadripartite Agreement on Berlin in 1971 also provided for practical improvements in the life of Berliners. It made possible unhindered civilian access to Berlin and greater freedom of movement between eastern and western sectors for a period of 20 years. In addition, it contained Soviet acknowledgment of the ties that had grown between West Berlin and the F.R.G., including the latter's right to represent Berlin abroad.

Between 1948 and 1990, major events such as fairs and festivals were sponsored in West Berlin, and investment in commerce and industry was encouraged by special concessionary tax legislation. The results of such efforts, combined with effective city administration and the Berliners' energy and spirit, were encouraging. Berlin's morale was sustained, and its industrial production considerably surpassed the prewar level. The Government of Germany asked the allies to maintain a military presence in Berlin until the complete withdrawal of the Western Group of Forces (ex-Soviet) from the territory of the former G.D.R. This withdrawal will be completed by the end of August 1994. In September 1994, ceremonies will be held to mark the final departure of Allied troops from Berlin. ■
Helmut KOHL
(Phonetic: koal)

_GERMANY_

Chancellor (since 1982); Chairman, Christian Democratic Union (since 1973)

Addressed as: Mr. Chancellor

Political: Faces difficult 1994 election campaign for fourth term . . . optimistic despite low popularity, view that his era is over.

Background: Born in 1930 in Ludwigshafen; Ph.D. in history . . . was Minister-President of Rhineland-Palatinate (1969-76), CDU/CSU caucus chairman (1976-82).

Languages: Speaks some English.

Personal Notes: Married; has two sons . . . wine connoisseur, enjoys music, swimming, hiking, watching soccer.
Germany
Key Government Officials

President—Richard von Weizsacker
Chancellor—Helmut Kohl
Vice Chancellor—Klaus Kinkel
Minister of Defense—Volker Ruehe
Minister for Economics—Guenter Rexrodt
Minister of Finance—Theo Waigel
Minister of Foreign Affairs—Klaus Kinkel
President, German Federal Bank—Tietmeyer, Hans
BONN - A CONCISE HISTORY

The history of Bonn stretches back more than 2,000 years, from its beginning as a small Celtic fishing village to the city we know today. The Romans, recognizing the strategic advantages of the village, founded a fortress known as the "castra Bonnensia" which remained a fortified garrison until the end of the Roman Empire. Under the Franconian kings the "castra Bonnensia", which the Franconians renamed "Bonnburg", became the stage for alternating armed conflict and less violent confrontation. The mediaeval city of Bonn grew up not within the boundaries of "Bonnburg" but further away on the Roman burial ground. This later became known as "Villa Basilica", a monastic sanctuary which attracted not only the clergy but also craftsmen, merchants and other traders.

During the 10th and 11th centuries Bonn was under the control of the Archbishops of Cologne, who were not only spiritual leaders but also the land owners. During the 14th century two German kings were crowned in the Bonn Minster - Friedrich the Handsome in 1314 and Karl IV in 1340. After the Archbishops had been driven out of Cologne, Bonn became their favorite domicile. From the latter part of the 16th century onwards, Bonn was generally regarded as the residential town of the Archbishops and Electors of Cologne.

Although Bonn remained intact during the Thirty Years War (1618-48) it was completely destroyed in 1689 during Ludwig IV's wars after being besieged three times.

During the reigns of Elector Joseph Clemens and Elector Clemens August, Bonn began to flourish again. Baroque style palaces and parks were constructed which can still be seen today. It was during this period, 18th century, that Ludwig van Beethoven's family moved to Bonn.

The era of peace and prosperity in Bonn's history ended abruptly in 1794 when the French Revolutionary Forces entered the city reducing it to poverty. In 1815 the Vienna Convention gave Bonn, together with other towns along the Rhein, to Prussia. In 1818 the Prussian University in Rheinland was built in Bonn thus marking the beginning of new prosperity in the city which soon became a fashionable residential center for the wealthy. Prior to the First World War, Bonn counted as one of the wealthiest cities in Germany.

Both the First and Second World Wars caused damage and economic loss to the city. However, after the latter war a provisional capital city had to be chosen for the Federal Republic of Germany and Konrad Adenauer, President of the Parliamentary Council, suggested Bonn as a possibility due to its geographic position - other contenders being Frankfurt, Kassel and Stuttgart. On 11 May 1949, the Parliamentary Council voted by 33 votes to 29 that Bonn become the new capital.

Under the "Bonn Act" of 1 August, 1969, the surrounding towns, Bad-Godesberg, Beuel, Mehlem etc., consolidated with Bonn to produce one conglomerate city.

With the German reunification on October 3, 1990, Berlin was reinstated as the capital city and on June 20, 1991, the Bundestag voted to transfer the seat of Government to Berlin. However, Bonn will continue as seat of government until the move takes place.
BONN: CITY AND MARKETPLACE

An old university town, Bonn was originally designated as a provisional capital for the Federal Republic of Germany in May 1949. Bonn was selected by Chancellor Adenauer because he had grown up in the area and had a house across the river. In the past 40 years, it has established itself as the unquestioned center of West German political life. Bonn's history extends back to Roman times when it was the site of an army camp named Castra Bonnensia, from which the city's modern name derives. Bonn celebrated its 2,000-year anniversary in 1989. Over the years Bonn became a center of music, education and culture. It was a favorite place of residence for Archbishops from nearby Cologne. Ludwig Van Beethoven was born in Bonn and first began to play music in the city. Bonn University, founded in 1786, has occupied a leading position in German intellectual life since the 19th century. These aspects of the Bonn heritage remain today, though the spotlight is often focused on the city's government functions. The so-called "Regierungsviertel" (government quarter) contains the Bundestag (Parliament) building, the Federal Chancellery, and Villa Hammerschmidt, ceremonial home of the Federal President. Directly south of it and extending along the Rhine is a vast landscaped park built in connection with the federal garden show in 1979. On 20 June 1991, the German Bundestag voted to move the seat of government from Bonn to Berlin. Bonn received the new status of "Federal City." Bonn and its suburbs have a population of 295,000 people. There are approximately 130 diplomatic missions located in Bonn.

A daily market selling fruits, vegetables, and flowers enlivens the nineteenth century marketplace. Beethoven's birthplace (the Beethoven House) is a few steps away. City Hall dominates the marketplace. President Carter spoke to the citizens of Bonn from the steps of City Hall in 1977.
THE PETERSBERG

The first hotel was opened on the Petersberg in 1892. The establishment enjoyed an international reputation during the 1930s. After World War II, the Petersberg was the seat of the Allied High Commissioners until 1952. From 1955 to 1969, the hotel served as a residence for political guests, including the Shah of Iran and Queen Elizabeth II. After 1969, it was closed and reopened only for a few days to host Soviet General Secretary Brezhnev in 1973. In 1978, the German government acquired the hotel as a guest house for official visitors. After extensive renovations, the Petersberg was reopened in fall 1990.
VILLA HAMMERSCHMIDT

Villa Hammerschmidt is the official presidential residence and is where visitors of state are always received. Otherwise known as the "White House" of the Rhineland, the house initially belonged to the Koenig family, the founders of a Zoological Museum. The house, then as now, stood on its own well-kept grounds. In 1899, a millionaire, Hammerschmidt, bought the house and the villa bears his name to this day. The present owner of the property is the Federal Republic of Germany.

President Kennedy attended ceremonies establishing the German Peace Corps at Villa Hammerschmidt.
Oggersheim, the location of Chancellor Kohl's private home, is a small, quaint, quiet residential village. It is a suburb of Ludwigshafen, Kohl's home town, a medium-sized industrial city on the Rhine River. The countryside is flat, known for its asparagus and sugar beet production. Ludwigshafen is home of the BASF chemical company, one of the largest in Germany. Kohl began his career as an environmental affairs officer with BASF. Oggersheim/Ludwigshafen are within striking distance of some of the best wine territory in Germany. Ludwigshafen, heavily damaged in World War II, was of little significance until the twentieth century. Several cities with more historical resonance are within range of Ludwigshafen. Worms, where helicopters for Oggersheim usually land, has one of the most famous Rhineland cathedrals, and was the venue for numerous medieval diets of the Holy Roman Empire, including the famous confrontation between Martin Luther and Emperor Charles V. Speyer, the closest city of historical note, also has an important cathedral that Chancellor Kohl often takes guests to see.
Richard C. Holbrooke
U.S. Ambassador to the Federal Republic of Germany

Richard C. Holbrooke was sworn in as U.S. Ambassador to the Federal Republic of Germany on September 16, 1993. Prior to assuming his current post, he was Director of the Council on Foreign Relations, the American-China Society, the National Committee on United States-China Relations, and the International Rescue Committee. In 1992, Mr. Holbrooke served on the Carnegie Commission on America and a Changing World and was chairman and principal author of the bipartisan Commission on Government and Renewal sponsored by the Carnegie Foundation and the Institute for International Economics.

He became Vice President of Public Strategies and a consultant to Lehman Brothers in 1981, which led to his full-time Managing Directorship at Lehman Brothers. From 1977 to 1981, he served as Assistant Secretary of State for East Asian and Pacific Affairs, appointed by President Carter, who established full diplomatic relations with China during his tenure. Mr. Holbrooke coordinated National Security Affairs for the Carter-Mondale presidential campaign in 1976. From 1972 to 1976, he was Managing Editor of the *Foreign Policy* quarterly and was a consultant to the President's Commission on the Organization of the Government for Conduct of Foreign Policy and a contributing editor of *Newsweek* Magazine 1974–1975.

In 1970, Mr. Holbrooke served as the Peace Corps Director in Morocco until his resignation from the Foreign Service in 1972. He spent a year at Princeton University as a fellow at the Woodrow Wilson School from 1969 to 1970.

In 1966 he was assigned to the Vietnam Staff of President Johnson. From 1967 to 1969, he served as Special Assistant to Undersecretaries of State Nicholas Katzenbach and Elliot Richardson and wrote one volume of the *Pentagon Papers*. Also, he joined the American Delegation to the successful Paris Peace Talks on Vietnam led by Averell Harriman and Henry Cabot Lodge.

Mr. Holbrooke entered the Foreign Service in 1962, studied Vietnamese, and served first as a provincial representative for AID in the Mekong Delta and then as staff assistant to Ambassadors Maxwell Taylor and Henry Cabot Lodge.

He was born on April 24, 1941, in New York. He received his bachelor's of arts degree from Brown University. He has two sons.
Key U.S. Officials

Donald B. Kursch
Deputy Chief of Mission, Bonn

Robert D. Johnson
Political Affairs Officer, Bonn

John A. Cloud (Acting)
Economic Affairs Officer, Bonn

Robert Kohn
Commercial Affairs Officer, Bonn

Norman A. Singer
Consular Affairs Officer, Bonn

Donald S. Hays
Administrative Affairs Officer, Bonn

William D. Armor
Regional Security Affairs Officer, Bonn
REICHSTAG

Completed in 1894 as the parliament building for the new German empire, this neo-renaissance palace has been at the center of German history during its 100 years of existence. Designed by Paul Wallot, construction began in 1884 when the emperor laid the cornerstone. Its burning in 1933 was a pretext for a Nazi decree suspending basic rights. The fire thus helped the Nazis consolidate power, justify persecuting political opponents, and further discredit parliamentary democracy. The Reichstag suffered damage from bombing missions in World War II, and in particular was hit during the battle of Berlin in the final days of World War II. Bomb and shrapnel damage can still be spotted easily. Considered the most important landmark in Berlin by the Soviets, they raised the red flag over the building on April 30, 1945. After the war, the Reichstag stood just inside West Berlin. Reconstruction, minus dome and most ornamentation, was completed in 1970. The celebration of unification took place on its steps on October 3, 1990 and the all-German parliament (Bundestag) held its first meeting in the plenary chamber on October 4, 1990. The building is now used for both national and international conferences and occasional meetings of Bundestag party caucuses. Its place in the center of German politics is assured because the building will become the permanent venue of the Bundestag when the federal government moves to Berlin in the late 1990's.

Presidents Harry Truman and Ronald Reagan visited the building; the latter peered into the former East Berlin from the Reichstag balcony. In recent years, the building has been the locale for important events. Former Chancellor and former Mayor of Berlin Willy Brandt laid in state in the Reichstag. The building has also been the site of North Atlantic Assembly meetings and various European Union ministerial-level gatherings in recent years.
PARISER PLATZ/BRANDENBURG GATE

100 feet from the Brandenburg Gate is the site on Pariser Platz (Paris Square) where the American Embassy stood until destroyed during World War II. During the Cold War, the plot of land was in the Soviet sector of the city. After the wall was erected, the site lay in an inaccessible area, sealed off and patrolled by East German police. Pariser Platz is a possible future site of the United States Embassy in Berlin.

Originally a toll gate, the neo-classical Brandenburg Gate was completed in 1791 under architect Carl Gotthard Langhans for King Frederick William II. Crowned by a four-horse chariot sculpture (Quadriga), the Brandenburg Gate has seen the triumph and defeat, the joy and sorrow of German history. Napoleon's troops marched through the gate in 1806 after defeating the defending Prussians. Prussian troops reversed roles in 1815 after the battle of Waterloo. The gate and the stately Pariser Platz to its east were also at the center of the post-World War I political developments following the Kaiser's abdication and the triumphal march of Hitler's storm troopers when he assumed power in 1933.

The gate and buildings surrounding it - including the American Embassy - were heavily damaged at the end of World War II. During the post-war occupation the gate became one of the major crossing points between the Soviet-occupied east and the western sectors. The construction of the Berlin Wall in August 1961 closed the gate which stood in East Berlin, making it the greatest symbol of divided Berlin. It regained its status at the center of Berlin on November 9, 1989 when the wall opened and joyous crowds climbed on top of the wall. Brandenburg Gate and Pariser Platz will continue their important roles in unified Germany as part of central Berlin.
ORANIENBURG SYNAGOGUE

Constructed during the 19th century in Berlin's traditional Jewish quarter, the Oranienburger synagogue was built as a symbol of liberalism. It was the first synagogue to include an organ. It was a center of Jewish life and culture in Berlin. Its architecture was deemed so important that the city declared its facade an historic monument. Because of the good relationship between the Jewish community and its German neighbors, a district police commissioner was able to save it from major damage during the "Kristallnacht" (Crystal Night), the night of officially organized violence against Jews and property owned by Jewish citizens in 1938. This synagogue was one of two that were not burned on that night. The building was heavily damaged during a 1943 night bombing raid.

In the 1980's the government of the German Democratic Republic (GDR), trying to underline its denial of responsibility for Nazism and the Holocaust, chose to rebuild the synagogue and established a DM 80 million fund for that purpose. Reconstruction began in 1988 and still continues, with a target date for completion in mid-1995. The building is not used a synagogue. It is, rather, an educational and community center for the Jewish community in Berlin. The community's headquarters remain on Fasanenstrasse in the western part of Berlin. The building houses the archives of the Jewish community of former East Germany and the Jewish adult education center. The completely renovated building will include a small place of worship. There are no plans to reconstruct the sanctuary which originally seated 3500 people. The Jewish community in Berlin numbers approximately 10,000 - 3,000 of whom are Germans. The remainder are immigrants from the former Soviet Union.
McNAIR BARRACKS

The Fourth of July Square parade ground at McNair barracks has been the site for nearly every major ceremonal event held by the U.S. Army in Berlin. McNair barracks consists of 54 buildings on 90 acres in southwestern Berlin. McNair currently is home for several units, including the 4th, 5th and combat support battalions of the 502nd infantry, 42nd engineer company, Berlin Brigade headquarters company and E battery, 320th field artillery. Previous units assigned to McNair include the 6th infantry and battery C, 94th artillery. During World War II, the site was a Telefunken facility. The site was bombed by the U.S. Army Air Force during March 1944. The raid destroyed a storage building but not the production area where anti-aircraft artillery was manufactured. In 1945, the remaining buildings were requisitioned for use by the U.S. Army. The buildings from the 1920s and 30s are considered historical by the Berlin Senat as the architect, Dr. Hans Hertelein, was nationally known.

The barracks are named after General Leslie James McNair. The son of Scottish immigrants, Leslie McNair graduated from West Point in 1904. He served in the Mexican campaign and in France during World War I. As a staff officer in Washington in 1940, General McNair instituted revised training procedures. He emphasized physical fitness and simulated battle conditions. His reforms remain the basis for training today.

General McNair was killed in France in July 1944 when a bombing attack on enemy forces fell short. Fort McNair in Washington D.C. is also named after him.
OF

BERLIN

(OVERVIEW MAP)

(PLS. RETURN THIS FOLDER BACK TO POST, IF NOT NEEDED.)
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G Berlin City Hall
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I Kronprinzen Palace
J Am. Business Ctr. (for Czecho, Cha)
K Tempelhof Airport
L Berlin Command Headquarters
M JFK-School
Jock Covey
Principal Officer, U.S. Embassy Office Berlin

Mr. Covey is a Senior Foreign Service Officer with broad experience in policy matters. Prior to his appointment, he was Executive Assistant to the Deputy Secretary of State. He has also served as Deputy Assistant Secretary for Politico-Military Affairs, Deputy Assistant Secretary for Near East and South Asia, Special Assistant to the President at the National Security Council, and Deputy Executive Secretary of the State Department. His overseas service includes Cairo, Jerusalem, Beirut, and Pretoria. He was posted to Berlin with the U.S. Army.

He has received a Superior Honor Award in 1993. In previous years (1989, 1990, 1992) he has also received the Senior Performance Pay Award. He received the President’s Distinguished Service Award in 1991.

Mr. Covey was born in Connecticut on March 7, 1944. He obtained a B.A. in 1965 from St. Lawrence University. He speaks German and Afrikaans. He is married and has two sons.
Key U.S. Officials

Jock Covey,
Principal Officer, Berlin

John U. Nix
Deputy Principal Officer, Berlin

George A. Glass
Political Affairs Officer, Berlin

Lorraine Takahashi
Economic Affairs Officer, Berlin

James L. Joy
Commercial Affairs Officer, Berlin

Jeanne Schulz
Consular Affairs Officer, Berlin

Robert A. Sarofeen
Administrative Affairs Officer, Berlin