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EUROPE

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November 2000

**Life
vs
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the
capital
punishment
debate

**European
Affairs**

- Yugoslavia
- Danish Euro Vote
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AT 126

EUROPE

MAGAZINE OF THE EUROPEAN UNION



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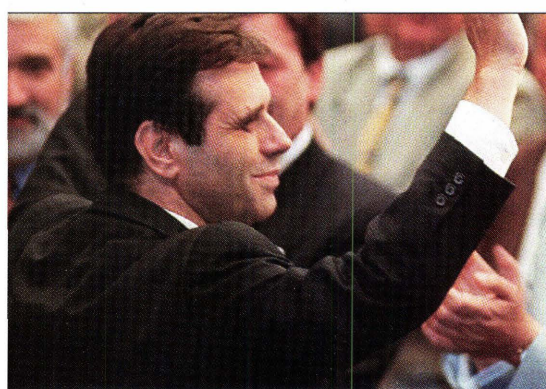
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LETTER FROM THE EDITOR

For humanitarian reasons and convinced it does not deter violent crime, Western European governments and institutions remain steadfastly opposed to the death penalty and not only at home. Increasingly, European Union leaders are actively pressing the abolitionist cause outside their borders, particularly in the United States," writes Axel Krause from Paris. In his article, "Life vs. Death," Krause describes how the EU nations abandoned the practice of capital punishment, but he reports that it still has European supporters.

In our new Point/Counterpoint discussion series, we look at both sides of the death penalty debate. The president of France's National Assembly, Raymond Forni, speaks out against capital punishment, and John Townend, a member of the British House of Commons, defends it.

In our foreign affairs section, we profile Yugoslavia's new president, Vojislav Kostunica, and his efforts to transform his beleaguered nation into a peaceful, functioning market economy and, he hopes, a member of the European Union in the near future.

Meanwhile, the violent clashes between Israelis and Palestinians remind us of the tenuous nature of the Middle East peace process. David Lennon, who spent a decade reporting from Cairo and Tel Aviv for the *Financial Times*, provides an historical perspective on the conflict.

On the European affairs front, the Danes voted not to replace their national currency, the krone, with the euro, in a recent referendum. Leif Beck Fallesen, publisher of the Copenhagen daily *Børsen*, reports that the 'no' vote "appears as if it could entrench the move toward a two-speed, or multi-speed European Union." Alan Osborn, writing from London, looks at how the Danish 'no' will affect upcoming referendums in Sweden and the United Kingdom.

Last month, the French, who currently hold the rotating presidency of the European Union, hosted an EU summit in the southern French town of Biarritz to discuss events in Yugoslavia and the Middle East as well as reforming the European Commission and EU enlargement. John Andrews, Paris bureau chief of the *Economist*, offers insight into what the meetings accomplished.

Niccolò D'Aquino, writing from Rome, reports that media magnate Silvio Berlusconi is "the prohibitive favorite to become Italy's next prime minister as the April deadline for elections approaches." D'Aquino looks at the various issues and candidates in the upcoming campaign.

From her Paris vantage point, Ester Laushway investigates the haute couture scene during the busy fall fashion season. She presents a partly historical and partly whimsical look at the European fashion industry from London to Paris to Milan, venturing behind the glitz to discover what really makes the top houses tick.

Next month, we provide exclusive excerpts from our new book to be published in December entitled *Europe in the New Century: Visions of an Emerging Superpower*.



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EUROPE, Magazine of the European Union (ISSN 0191-4545), is published on the 15th of each month, except January and August, by the Delegation of the European Commission, 2300 M Street, NW, Washington, DC 20037. © The European Commission, 1999. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. *EUROPE*, published 10 times per year, is available by subscription for \$19.95 per year; \$34.95 for 2 years; \$46.95 for three years. Add \$10.00 to non-U.S. subscriptions for postage and handling. Student rate (with proof of enrollment): \$14.95 per year; \$25.95 for 2 years; \$35.95 for 3 years. Bulk rate also available. **Editorial, permissions, advertising, and circulation offices:** 2300 M Street, NW, Washington, DC 20037; Telephone (202) 862-9555. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

World Wide Web: www.eurunion.org

Newsstand distribution: Eastern News
1-800-221-3148

Subscriber services: 1-800-627-7961.

(In Canada call 303-604-1464.)

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

Postmaster: Please send change of address forms to *EUROPE*, P.O. Box 55935, Boulder, CO 80328-5935.

PRINTED IN THE U.S.A.

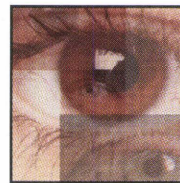
The magazine is a forum for discussion, and therefore its contents do not necessarily reflect the views of European Union institutions or of the member states.



In this issue, we inaugurate our new Point/Counterpoint series with a discussion of the death penalty.

EYE ON THE EU

Profiling personalities
and developments
within the European
Union



FORECASTING THE EU'S FAR FUTURE

It is time to look to the future of the European Union. Not just to the near future, which should be settled by next month's Nice summit that is expected to approve changes proposed by the current intergovernmental conference to facilitate the entry of the twelve candidate countries currently involved in the enlargement negotiations. More distant horizons should now be contemplated, as German Foreign Minister Joschka Fischer and French President Jacques Chirac suggested in recent speeches, which were analyzed in the September issue of *EUROPE*.

Now an influential British writer has joined the discussion, with a much more detailed account of what he hopes the EU will look like in ten years' time. Charles Grant, formerly a journalist for the *Economist* and the author of a widely praised biography of Jacques Delors, took the lead in 1997 in setting up a new think tank and lobby group, the Center for European Reform (CER). Since then, it has produced a steady stream of well-researched publications pointing the way to closer European integration.

The CER has a distinguished international advisory board, including former US undersecretary of state Robert Zoellick. However, its main focus of activity is in the United Kingdom, where it enjoys powerful cross-party support but is known, in particular, to have greatly influenced Tony Blair and other 'New

Labor' figures.

Last month, Grant issued his own personal manifesto, entitled *EU 2010: An Optimistic Vision of the Future*. It immediately provoked a hostile reaction from British euro-skeptics, but he was encouraged to see many of his ideas reflected in the major speech Blair made in Warsaw on October 6.

The EU that Grant visualizes in 2010 will have twenty-six members, with four others (Bulgaria, Romania, Norway, and Switzerland) close to completing their membership negotiations, and Turkey just beginning, with six Balkan states lining up behind. Perhaps even more significantly, Grant foresees that Russia and Ukraine will have become members of the European Economic Area, giving them most of the economic benefits of membership, without the right to participate in decision-making.

Unlike Fischer, who looks forward to the development of a fully-fledged federal system, he suggests that the EU will remain "more a quasi-federation of nation states than a quasi-federal state, even if it has some of the characteristics of the latter, such as a supranational central bank."

The main institutional change that Grant foresees is that the European Council (the periodic summit meetings of heads of state and government) will have become the EU's strategic authority, meeting every two months instead of twice a year and setting out a work program for various councils of ministers and the European Commis-

sion to follow. The old antagonism between supranational institutions and intergovernmental decision-making will, he believes, have become outdated. The Commission, the Council of Ministers' secretariat, and a new EU diplomatic service will all have become part of an integrated European administration.

The many councils of ministers will, he predicts, have been simplified and consolidated. A new General Affairs Council (GAC), consisting of senior politicians appointed

The EU that Grant visualizes in 2010 will have twenty-six members, with Bulgaria, Romania, Norway, and Switzerland close to completing their membership negotiations, and Turkey just beginning, with six Balkan states lining up behind.

by prime ministers and meeting on a weekly basis, will coordinate the work of a series of sub-councils (single market, farming, transport, trade, and so on). The only full councils, apart from the GAC, will be for justice and home affairs, foreign policy, defense, and finance.

The rotating six-monthly presidency of the Council of Ministers will have been abolished to attain better continuity and enhance the role of the Council Secretariat. Alongside the so-called "Mr. Common Foreign and Security Policy (CFSP), currently Javier Solana of Spain, a new "Mr. (or Ms.) Euroland" will have been appointed to oversee the economic policies of the euro zone, as well as a "Mr. or Ms. Justice and Home Affairs. They would double up as vice-presidents of the Commission, as well as chairing the Council of Ministers meetings in their own

fields. In each of the other councils, the ministers would elect one of their own number for a two-year term.

For international financial negotiations, Grant suggests a new G8. This would consist of the US, Russia, China, Euroland, Canada, Brazil, India, and Japan, and he sees the world economy as being dominated by a triarchy—the US, the enlarged EU, and a new East Asian grouping, including China, Japan, Korea, and the ASEAN countries. He does not believe that every-

thing will be sweetness and light between the EU and the US. He does think, however, that negotiations may well be underway between NAFTA and the EU to create a Transatlantic Single Market (TSM) and that—with the blessing of the WTO—other countries, whatever their geographical location, will be invited to join so long as they are able and willing to comply with TSM rules.

Grant goes on to make further predictions concerning developments in the defense and juridical fields, concluding that the end result will be a pragmatic, outward-looking community that will play a highly constructive role in international affairs. It is certain that the future will not map out precisely according to his prescriptions, but if he is correct in his general assumptions, the long-term outlook is bright.

—Dick Leonard

EURO NOTES

Reporting news,
notes, and numbers
from Europe's
financial centers



POTENTIAL EFFECTS OF THE DANISH 'NO'

The Danes have done it again. Their decision to say 'no' to the euro in a referendum, though not entirely unexpected, has forced policy-makers to consider a new balance of power in the European Union.

At first glance, the Danish vote does not affect the status quo. Whatever the doubts about the performance of the euro in the foreign exchange markets, the single currency is a fact; it has established institutions (the European Central Bank); and it will shortly increase its membership from eleven to twelve with the entry of Greece early next year.

But the Danish 'no' has triggered renewed calls for a "two-speed" Europe that would allow countries interested in deeper political integration to push ahead without being held back by the laggards. These calls will grow even louder if the British and the Swedes delay their own planned referenda on the euro because of fears of "Danish contagion" spreading among their own euro-skeptic electorates.

In Sweden, Prime Minister Göran Persson immediately reacted to the Danish result by saying that he would hold a referendum by 2004. The good news was he was prepared to fix a date; the bad news is that this is a delay of two to three years from the timetable on which the euro-enthusiasts in his Social Democrat government had pinned their hopes.

Before the Danish result, UK Prime Minister Tony Blair

hinted strongly that he favored a referendum early in the next Parliament. Of course, he declared, this would depend on whether the United Kingdom had met the five economic tests for membership, which include the impact on jobs, foreign investment, inflation, and "convergence" with the continental economies. But most commentators were putting the smart money on a UK referendum in autumn 2002, just after the euro notes and coins are due to circulate.

Now, all bets are off. One senior administration official reckons he would not place any money on a referendum before 2005. He pointed out that in Denmark all the major political parties, the press, and the business establishment overwhelmingly supported joining the single currency. In the UK, the reverse is the case: the press are overwhelmingly negative, the business community is split and so is the opposition Conservative Party. Even some figures in the Labor government harbor doubts.

If the British, Danes, and Swedes stay out of the euro zone for the foreseeable future, the balance of EU power will shift toward those in favor of deeper integration in fiscal and budgetary policymaking in the euro zone. In any case, these pressures were building up, largely because of concerns that weak governance and a lack of political direction have been a contributory factor to the feeble performance of the euro against the dollar and yen.

Laurent Fabius, French finance minister, has drawn up proposals for a more inte-



grated approach to the business and financial markets. The French-inspired working group led by Alexandre Lamfalussy, the Belgian central banker and a driving force behind the euro, is working on a report on stock market regulations. From January 2001, for the first time, the euro group will be chaired by a finance minister for more than just six months, when Didier Reynders, the Belgian finance minister, takes over from Fabius.

These changes may help to produce a clearer line on who speaks for the euro. In recent months, foreign exchange markets have been confused by ex cathedra statements by political leaders such as Gerhard Schröder of Germany and Giuliano Amato of Italy, who have pointed out the benefits of a weak euro for their own exporters. These statements have undone at a stroke all the efforts of central bankers to persuade markets that they are committed to a stable euro.

If the euro zone does forge ahead with tighter policy coordination, one area stands out

as highly sensitive: tax harmonization. As this year's row over the EU-wide withholding tax on savings showed, the British are neuralgic about any attempt to impose higher taxes in the name of tax coordination. On the other hand, they will be hard placed to stop a Franco/German-led campaign inside the euro group, should the upcoming Nice summit agree to a clause on "reinforced cooperation."

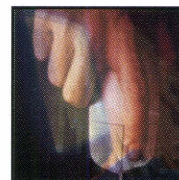
In the longer-term, the Danish rejection of the euro may therefore have consequences as profound as the Danish rejection of the Maastricht Treaty in 1992, which briefly threatened to sabotage economic and monetary union and led to a far greater (but still unrealized campaign) to bring the Union closer to the individual citizen.

It could lead to a new fault-line dividing a euro-skeptic northwestern Europe comprising Denmark, Sweden, and the UK (plus oil-rich Norway) from a continental core built around France and Germany committed to political union.

—Lionel Barber

e-EUROPE

Tracking the news
and trends shaping
Europe's technology
sector



ITALIAN INTERNET GEARS UP TO GO GLOBAL

A new player has emerged on Europe's Internet scene. Tiscali, the Italian Internet and telecommunications company, has shot through the ranks in just three years and is now in a position to take on the big fish in the Worldwide Web. Following Tiscali's acquisition this September of the beleaguered Dutch firm World Online, the Sardinian-based upstart became Europe's second-biggest Internet provider overnight and could be number one inside a year.

The agreement to purchase World Online (WOL), a \$5.5 billion all-stock deal widely seen as a further step forward in the consolidation of Europe's fragmented Internet service provider (ISP) market, catapulted Tiscali into the major league. Second only in Europe to Deutsche Telekom's Internet arm, T-Online, the new company has 6.1 million clients across Europe and counts on winning 15 million by the end of 2001.

The new-look Tiscali will cover fifteen European countries and have leading market positions in Italy, the Netherlands, Belgium, Denmark, and the Czech Republic. It will have more than 300 points of presence across the Continent, five fiber rings connecting major cities of Western Europe, and backbone connections to New York, Chicago, Washington, and the US West Coast.

Renato Soru, the charismatic founder and driving force of Tiscali, is confident

his group will become Europe's top Internet provider through acquisitions and natural growth. With business in fifteen countries and further expansion on the cards, Tiscali has the potential to grow faster than T-Online, which operates only in France and Germany, Soru says.

Financially speaking, things are looking good. After this year's estimated \$418 million in sales, revenues should surge to \$1.1 billion in 2001. The deal will generate total net cash savings in the first two years of up to \$558 million and break-even will be in the second half of next year. With a market capitalization of \$11.6 billion, Tiscali-WOL is worth more than automotive giant Fiat on the domestic front and almost as much as Spain's Terra Networks on the European stage.

To the delight of investors, Soru himself will head up the new company. He certainly has the right credentials. The forty-three-year-old Sardinian native has a knack for sniffing out business opportunities. Tiscali first rose to prominence on the back of a slick accord with Telecom Italia that allowed the Sardinian group to offer Internet access free. Since its debut on Italy's Nasdaq-style Nuovo Mercato last year, the group has been synonymous with growth. The so-called "Tiscali people," the retail investors who rushed to buy the shares when they were floated, netted astronomical gains in the early months and remain a loyal bunch.

In true Soru-style, Tiscali was able to pick up WOL on the cheap, paying only about \$1,500 per subscriber (Tiscali itself trades at four-times that



value). It is widely agreed the deal will increase Tiscali's critical mass, help it move into new markets, and provide much needed liquidity. Certainly WOL's \$1.5 billion cash pile will help Tiscali fund construction of its European network, 18,600 miles of fiber-optic cable across the continent.

It will also provide much needed cash for the so-called "third generation" mobile telephone investments. Tiscali is a founding partner of Andala, one of the seven groups bidding for the third-generation mobile phone licenses being offered by the Italian government later this year. Besides the minimum \$1.8 billion license charge, other infrastructure investments won't come cheap. Tiscali has brought in Hong Kong's Hutchison Whampoa as majority partner to finance the bulk of the operation, and reportedly, Canada's TIW might be interested to come aboard at a later date.

Not that there aren't a few problems to overcome in the months ahead. Tiscali could find it tough going in key European markets like Germany, France, and the UK where domestic heavyweights dominate the wired domain. On the do-

mestic front, when the merger between Italian yellow-page publisher Seat Pagine Gialle and Telecom Italia's on-line unit Tin.it is completed this year, home-turf competition should grow fierce.

Then there are the doubts surrounding Tiscali's content, which many see as hardly compelling. The company recently shifted its focus toward advertising, and while a bigger Tiscali-WOL may make a more appealing gateway for advertisers and merchandisers, content will have to be improved if progress is to be made on that front. In the first half of the year, Tiscali-WOL generated only 5.5 percent of its joint revenue from e-commerce and advertising, the bulk of the sales coming from Web access fees and voice telephone services, businesses whose margins are being eroded by competition and increased capacity.


That said, more fireworks can be expected in the months ahead. Soru is not the sort to lie on his laurels. While the new Tiscali-WOL will have its work cut out to justify its high price tag, no one doubts the ability of the management to deliver on promises.

—Stephen Jewkes

DEATH PENALTY

LIFE VERSUS

By Axel Krause

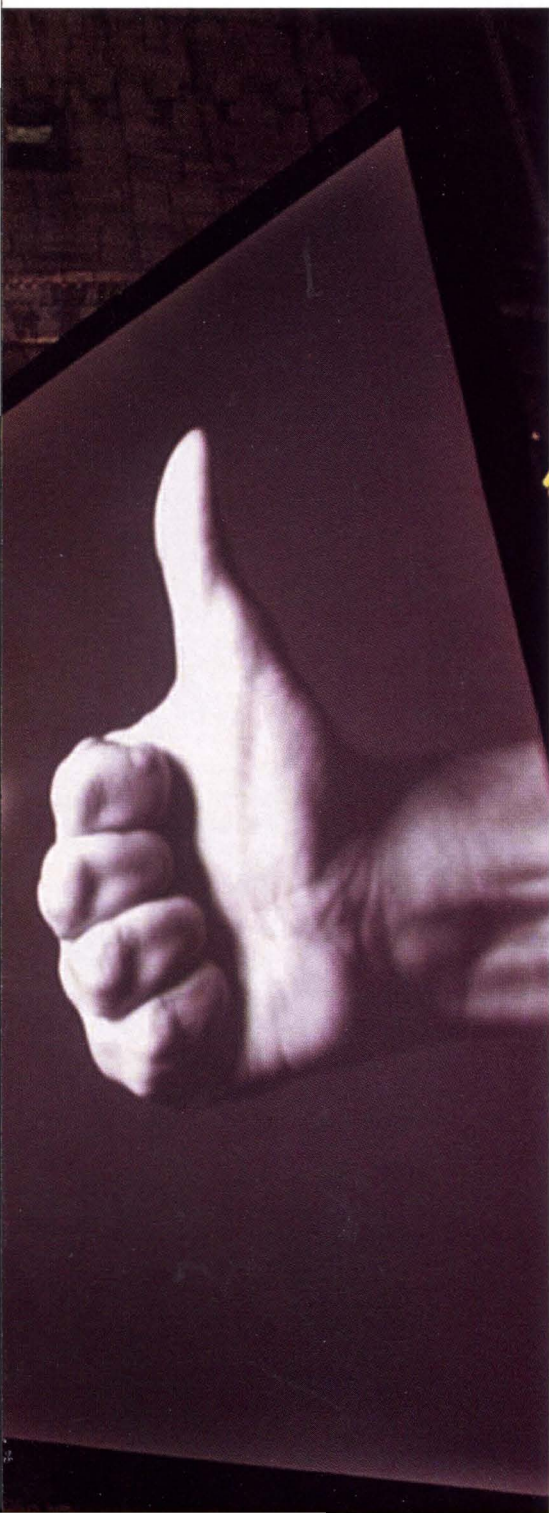


As a monument to the anti-death penalty movement, human rights groups erected a giant screen near the Colosseum in Rome that projected a thumbs up, evoking the signal emperors gave to allow a gladiator to live after a competition. The symbol has been adopted by human rights groups in their fight against the death penalty worldwide.

Il Colosseo illumina la Vita

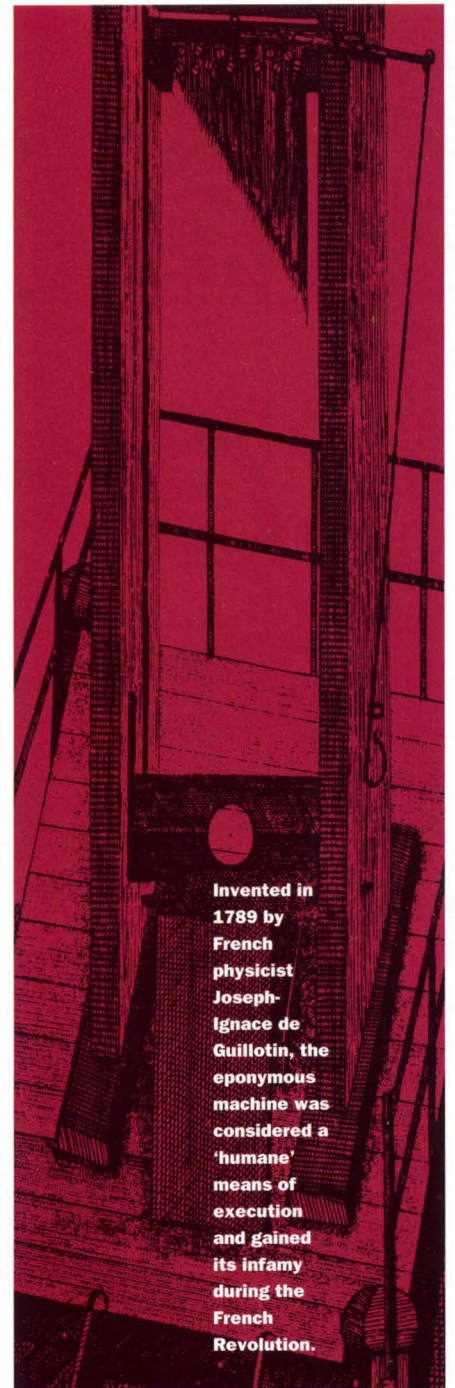
DEATH

The EU is pressing the case for worldwide abolition of the death penalty although it still has European supporters



For humanitarian reasons and convinced it does not deter violent crime, Western European governments and institutions remain steadfastly opposed to the death penalty and not only at home. Increasingly, European Union leaders are actively pressing the abolitionist cause outside their borders, particularly in the United States where more than 60 percent of Americans surveyed remain supportive of capital punishment.

What European abolitionists rarely if ever discuss in public, however, is that despite the fact that for decades all executions in Europe have stopped—the last in the European Union occurred when Hamida Djandoubi was put to death by guillotine in France in 1977—public support for capital punishment has by no means disappeared. Recent polls show that grass-roots support remains relatively high in many EU member countries. In Eastern Europe, the level of support is far higher than in the



Invented in 1789 by French physicist Joseph-Ignace de Guillotin, the eponymous machine was considered a 'humane' means of execution and gained its infamy during the French Revolution.

United States, particularly in large cities, like Prague, and among women.

"The trend to abolition seems inexorable," says London-based Eric Prokosch, who coordinates research for the influential human rights association Amnesty International, "yet the battle has to be fought over and over again." He adds that "each country (considering abolition) has to go through a process which is often long and painful, examining for itself the ar-

Badinter currently plans mounting what he terms a worldwide "cyberpetition" against the death penalty in the United States that will be presented to the incoming president next January. The former justice minister, who currently serves as a senator, said recently that he forsees a "long and difficult" battle to convince the majority of Americans who favor the death penalty to change their minds. Signatures will be solicited electronically from all those

Yet few of the European abolitionists ever openly take issue with the fact that public support for capital punishment remains high in some major European countries, notably the United Kingdom. In some eighteen Eastern European countries seeking EU membership, notably in Hungary, Poland, and the Czech Republic, support for the death penalty is close to, or exceeds, 64 percent, which was the level of support in France when the 1981 law banning exe-

Few, if any, observers are suggesting that there is any chance of reviving Europe's grim use of the guillotine, garrote, firing squad, or noose for those condemned by the courts.

guments for and against, before finally, we hope, rejecting the death penalty."

Few, if any, observers are suggesting that there is any chance of reviving Europe's grim use of the guillotine, garrote, firing squad, or noose for those condemned by the courts. Most EU member states stopped executions decades ago; Portugal last executed a condemned prisoner in 1849, Sweden in 1910. Nearly forty European states have signed or ratified Protocol 6, the provision in the European Convention on Human Rights that outlaws the death penalty. Signing and ratification of the protocol is now a prerequisite for membership in the EU and the Council of Europe, which now comprises forty-one nations, including Russia which signed, and Turkey which declined.

Nearly one-hundred countries, mainly in Asia, Latin America, and Africa, continue to impose death sentences or have kept the death penalty on the books. European heads of state and government, parliamentarians, and human rights groups regularly press the case for abolition in these nations, often in specific cases and particularly in the United States. According to Amnesty International, the number of executions in the United States last year reached ninety-eight, compared to 1,077 executions in China, and 165 in Iran, out of a total of 1,813 executions in thirty-one countries. In the view of Robert Badinter, who in 1981 as Socialist justice minister successfully led the legislative battle for ending capital punishment in France, the United States is "the terrible counter-example."

who support ending what he terms "killing the innocent, preferably miserable, and poor."

As part of a French-led lobbying effort, Raymond Forni, president of the National Assembly, warned in an interview with *EUROPE* that he plans calling for a revocation of the United States' observer status in the Strasbourg-based Council of Europe, a role Washington considers useful and will defend.

Forni and other leading EU parliamentarians, heads of state and government, their ambassadors, non-governmental human rights and religious groups regularly call—and demonstrate—for a reversal of US policy that, since a Supreme Court ruling in 1976, allowed states to resume capital punishment. Often they appeal directly to President Bill Clinton and other US leaders and regularly visit condemned prisoners. At the end of August, Forni led a French parliamentary delegation to visit convicted killer and former journalist Mumia Abu-Jamal, awaiting execution in prison at Waynesburg, Pennsylvania. Later, Forni, a Socialist and longtime abolitionist, told reporters that he was "indignant" over the absence of any discussion of the death penalty in the presidential campaign.

He and many other Europeans, particularly leftists, say they are pained and baffled by American attitudes and particularly those of President Bill Clinton and Vice-President Al Gore, who for decades have supported the death penalty.

cutions was approved by the National Assembly 363 to 117 and in the Senate 160 to 126.

These opinion results are contained in a poll conducted late last year by Gallup International, a British-based firm, founded by the American George Gallup, independently of the US firm that also bears his name. EU officials in Brussels told *EUROPE* that they were not aware of any other surveys conducted by their official polling organizations.

In his poll, Gallup asked participants: Are you in favor of the use of the death penalty? Throughout Western Europe, including all EU members, the average of those who said they were in favor, averaged 34 percent. Roughly 60 percent replied they were opposed, while 6 percent said they were undecided. In the United Kingdom, 68 percent of those surveyed said they were in favor; 42 percent in France; 40 percent in Belgium; 31 percent in Germany; 28 percent in Italy; and 19 percent in Spain.

Nearly half of those surveyed in Western Europe also said they believed crime was rising in their areas, while in Eastern Europe 55 percent expressed the same fears, which, along with terrorism, are often cited for the continuing support of the death penalty.

However, as assassinations of prominent political figures and journalists increase in Spain's Basque region, Spanish support for the death penalty also surges. "Every time the ETA (the terrorist group that advocates Basque independence) strikes, or there are violent crimes committed against women

and children, there are calls for reviving the death penalty," comments Jordi Ferrerons, a Paris-based correspondent for TV3, Catalonia's leading television network. "Then it dies down," he says, noting Spain abolished capital punishment in 1995 and that the last execution took place twenty years earlier.

Earlier this spring in Warsaw, the Polish parliament voted to ratify Protocol 6 of the European Convention, which government officials said was

mainly symbolic, reflecting Poland's commitment to EU values. Yet, like France in 1981, opinion surveys showed that a majority of Poles continued to support the death penalty, although it was abolished in favor of life imprisonment two years ago.

At about the same time, a survey released in Prague showed that 66 percent of Czech Republic citizens favored reviving the death penalty, which was abolished ten years ago. The percent-

age was 69 percent in favor among women and 80 percent among residents of the capital. Nevertheless, the figures reflect a softening in revival attitudes, according to the Czech News Agency, which reported that in 1992 and 1994, the level of support for the death penalty among Czechs averaged 75 percent. ☹

Axel Krause is a EUROPE contributing editor based in Paris.

More than 1,000 people gathered for a vigil of hope in front of the Colosseum in Rome asking for clemency for US death row inmate Derek Rocco Barnabei, who was later executed by lethal injection in Virginia.



The 'End Execu

EU officials lobby the US to stop

If I can prove that this punishment is neither useful nor necessary," Cesare Beccaria wrote in 1764, "I will have furthered the cause of humanity." A little more than two centuries after the Italian philosopher published his controversial treatise against the death penalty, all the member nations of the European Union had eliminated the practice of capital punishment. Now, facing the start of a new millennium, they have joined with several international human rights organizations to spread Beccaria's ideal through a worldwide campaign aimed at abolishing all executions by the end of 2000.

China, Russia, and several countries in Africa are among those nations still practicing capital punishment, but the biggest target of the campaign is the world's largest democracy, the United States, where laws allow for the death penalty in thirty-eight states as well as for certain federal crimes. From January 1 to October 1, ten US states executed seventy prisoners, with Texas accounting for almost half that number. By the end of the year, the federal government is expected to break a thirty-seven-year moratorium on putting to death condemned federal inmates.

In response, the EU has stepped up efforts to convince the US to abandon its practice of the death penalty. Since January, the EU, represented by officials from the European Commission, the

European Parliament, and the EU presidency (which is headed by one of the fifteen member nation's governments for six months at a time) have lobbied the Clinton administration, state governors, and the US public to abolish capital punishment and, at least, eliminate its application in certain cases.

In February, representatives of the EU presidency presented a demarche to US Undersecretary of State for Human Rights Frank Loy, outlining special concerns regarding certain executions carried out in the United States. These include cases involving individuals who were younger than eighteen years old when they committed their crimes, those who suffer from mental illness, and those who were unable to prove their innocence due to the lack of adequate legal assistance. As of last month, EU representatives had appealed for the commutation of eleven such death sentences, eight in Texas, two in Virginia, and one in Georgia.

The EU presidency followed the demarche with an appeal to state governors, asking them to emulate the example of Illinois Governor George Ryan, who imposed a moratorium on the use of capital punishment after questions arose over the guilt of some Illinois death row inmates. In its letter, the EU pointed out that "while more than 600 people have been executed [in the US] since the reinstatement of the penalty in 1976, as many as eighty-one people in twenty-

one states have been found innocent and removed from death row." Such instances, they emphasized, reflect the inherent risk attached to carrying out a punishment that cannot be reversed.

In July, Ambassador François Bujon de l'Estang of France, representing the EU presidency, wrote to President Clinton asking him to intervene in the case of Juan Raul Garza, who was con-

victed in a federal court of drug smuggling and murder and sentenced to death. Bujon de l'Estang noted that "no federal executions have taken place since 1963." He urged Clinton "to make a decision that sets an example" and commute the sentence to life in prison.

On August 2, Clinton granted Garza, one of twenty-two federal death row inmates, a temporary re-



European officials appealed to Virginia Governor James Gilmore to stop the execution of convicted murderer Derek Rocco Barnabei, who is half Italian.

tion' Campaign the death penalty.

By Peter Gwin

prieve until December 12, allowing the condemned man to apply for presidential clemency under new guidelines recently set by the Justice Department.

In August, representatives of the EU presidency also called on Texas Governor George W. Bush to spare the life of Oliver David Cruz, who, his lawyers claimed, was mentally retarded. Cruz had been sentenced to death for the 1988 abduction, rape, and fatal stabbing of twenty-four-year-old Kelly Elizabeth Donovan, who was serving in the US Air Force in San Antonio.

Lawyers for Cruz argued that he possessed an IQ of sixty-four, six points below the level regarded by many health care professionals as mentally retarded. Prosecutors countered that tests in prison showed Cruz to have an IQ of eighty-three.

In their letter to Bush, EU officials cited a 1989 UN resolution that "recommends that United Nations member states eliminate the death penalty for persons suffering from mental retardation or extremely limited mental competence, whether at the stage of sentence or execution." The officials wrote that the EU "considers that the execution of Mr. Cruz would be contrary to these generally accepted human rights norms."

According to Texas law, the governor can only commute a death sentence on the recommendation of a majority of the state's Board of Pardons and Paroles. He can, however, grant a one-

time, thirty-day delay of the execution. With Bush campaigning for the presidency in California, Lieutenant Governor Rick Perry was empowered to perform the governor's duties and declined to delay Cruz's execution.

Through his gubernatorial communications office, Bush said he agreed with Perry's decision. "The jury heard extensive evidence regarding the mental capacity of Oliver David Cruz and agreed that his vicious and calculated crime warranted a sentence of death," said Linda Edwards, the governor's communications director.

After apologizing to the victim's family from the death chamber, Cruz was executed by lethal injection on August 9.

A month later, the state of Virginia's scheduled execution of Derek Rocco Barnabei, a US citizen who was half Italian, provoked European headlines. The EU appealed to Virginia Governor James Gilmore on behalf of Barnabei, who was convicted of the 1993 rape and murder of Sarah Wisnosky, a seventeen-year-old freshman at Old Dominion University in Norfolk.

Barnabei's family and lawyers mounted a widespread publicity campaign, which prompted protests by some members of Italy's Olympic team during the opening ceremonies of



Many regard Cesare Beccaria as the father of the anti-death penalty movement.

the Sydney Games as well as from several Italian politicians, Nobel laureate Dario Fo, and Pope John Paul II. Crowds gathered in Rome to rally against capital punish-

ment and call for clemency for Barnabei.

European Parliament President Nicole Fontaine presented an open letter to the people of the United States forty-eight hours before Barnabei was to be executed. In it she stated that "the vast majority" of the 370 million Europeans represented by the Parliament "cannot understand why the United States is the only major democratic state in the world that carries out the death penalty." She went on to say that Barnabei's case had "given rise to particularly strong reactions in Europe because there were...doubts about his guilt and because, while he is an American citizen, his family originally came from Italy."

Representatives of the EU presidency sent a letter to Governor Gilmore stating that Barnabei's case "raised many serious questions when scrutinized under the international standards governing the use of capital pun-

ishment." They appealed for Gilmore to commute Barnabei's sentence to "any penalty other than capital punishment."

The governor's office responded with a copy of a press statement in which Gilmore detailed his final considerations of the case, including his oversight of a last-minute DNA test requested by Barnabei and his lawyers. The governor said the test, which analyzed DNA found on the fingernails of the victim, provided conclusive evidence Barnabei had raped and murdered Wisnosky. "Now that the guilt of Barnabei has been confirmed," concluded Gilmore, "there remains the generalized assault on capital punishment by many in this country and foreign countries. I believe we are entitled to set a moral standard that violent murder will not be tolerated by civilized people."

Barnabei was executed by lethal injection on September 14. "I am truly innocent of this crime," he said in his final statement. "Eventually, the truth will come out."

Of the eleven condemned inmates for whom the EU has intervened so far this year, Garza is the only one who is still alive. Nevertheless, European officials say they remain undaunted and will keep pressing the case against the death penalty in the United States, continuing the campaign begun by Cesare Beccaria. ☹

Peter Gwin is EUROPE's managing editor.

United Colors of the Condemned

Benetton's death row ads ignite controversy

Italian clothier Benetton, widely known for its United Colors line of casual wear, ignited controversy earlier this year when it launched a worldwide advertising campaign using US death row inmates.

From January through March in major US cities, the company ran ads in magazines and on billboards featuring condemned prisoners photographed by fashion photographer Oliviero Toscani with the stark slogan "sentenced to death" and the familiar green and white Benetton logo. The company also published a supplementary catalog entitled *We, on Death Row*, which includes photos of twenty-six inmates and interviews in which they discuss such topics as what their lives were like before prison and how they view their impending punishment. In a press statement, Benetton described the campaign, which by year's end will have run also in Europe and Asia, as "giving back a human face to the prisoners on death row."

"We duly understand the serious nature of the issue of capital punishment and understand that some people are more closely affected by it than others," says Mark Major, spokesman for Benetton USA, "but our only intention is to raise the issue."

Victims rights groups vehemently disagree, saying the ads serve only to glamorize murderers. They point out that the ads specifically do not mention the inmates' crimes nor do they refer to any of their forty-five murder victims. "While Benetton tries to improve their poor market share in the US," editorialized the non-profit, victims' rights group Justice For All, "they are causing unnecessary pain and distress to the

families of the innocent people killed by the men the campaign intends to 'humanize'."

The campaign has come with consequences. In February, Missouri Attorney General Jay Nixon filed a lawsuit against Benetton, accusing the company of gaining access to the prisoners by fraudulently misrepresenting themselves as journalists. "Instead, we find out that the project is part of a Benetton advertising campaign," said Nixon. "Clearly, our prisons are not allowed for commercial endeavors," he added, "and prison officials would have never allowed entry had they been told the truth about the project." So far, the other states that allowed their prisoners to be photographed have not vigorously pursued legal action.

A week after the lawsuit was filed, Sears announced it would cancel its agreement to sell the Benetton USA line of clothes in its 400 department stores. A Sears press release stated, "When Sears became aware of the campaign, the company immediately objected strongly to the advertising and began reviewing its legal options regarding its contract with Benetton."

The Benetton Group, which is headquartered in Treviso and is controlled by the Benetton family, boasts more than 7,000 stores in 120 countries and generated nearly \$2 billion in sales last year. The group also owns the Sisley clothing line and the Prince, Rollerblade, Nordica, and Killer Loop sporting goods brands.

The current controversy is nothing new for the flagship Benetton brand, which has

made shocking ads its trademark. Since 1984, the company has run several controversial campaigns that have focused on issues ranging from race relations to war refugees. In the 1990s, an ad that portrayed models dressed as a nun and a priest embraced in a kiss drew protests from the Vatican. In 1995, a court ruled the company had exploited human suffering in a campaign depicting dying AIDS patients and ordered it to pay damages to French citizens infected with the HIV virus.

In a company statement posted on its web site, Benetton

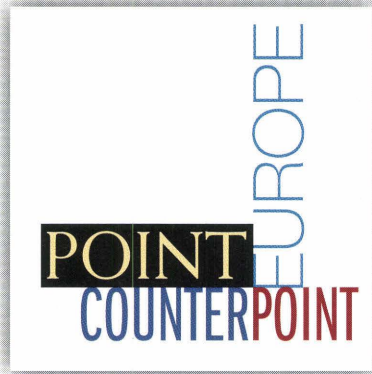
defends its approach, saying its ads "have succeeded in attracting the attention of the public and in standing out amid the current clutter of images."

Wall Street doesn't seem bothered by the negative publicity. As of last month, Merrill Lynch rated Benetton's shares, which are traded on the New York Stock Exchange, as a long-term buy, and Schroder SalomonSmithBarney released a report saying it remains upbeat about the company's plans to launch 100 new mega-stores by 2002.

—Peter Gwin



A New York City billboard bears one of the controversial Benetton ads depicting condemned murderers.



Two Views of Capital Punishment



Raymond
Forni

The president of France's National Assembly campaigns for the death penalty's worldwide abolition

Last March, Raymond Forni, fifty-nine, was elected president of the National Assembly, a post equivalent to the US speaker of the House of Representatives. Born of Italian parents, he became a naturalized French citizen at age seventeen and began his career as a worker on an automobile assembly line, studying part-time to become a lawyer. In 1973 he was elected to the National Assembly as a Socialist Party deputy, one of the youngest in the assembly. He has also served as a

member of the European Parliament and the Council of Europe.

He discussed his views on the death penalty with EUROPE contributing editor Axel Krause. The interview took place in French in his residence-office in the eighteenth-century Hotel de Lassay, adjoining the National Assembly.

The parliament here voted to abolish the death penalty in September 1981 following a long national debate. What would happen if the question were posed today?

If we had a vote today on re-establishing the death penalty, I don't believe there would be a majority in favor.

What recollections do you have of that vote?

I remember the tension in the crowded, hemicycle, the sense of gravity...that we were turning a page of our history. I have only sketchy recollections of [just-elected president] François Mitterrand's declarations in favor of abolition, the campaign of those in favor of the death penalty, a certain manipulation of public opinion, but I do have with a clear sense of the logic of the direction in which we were moving.

Why was France so late, in fact the last of the West European nations, to abolish the death penalty?

We are an old, traditional country with its habits. And we had grown accustomed to the permanent use of the death penalty as an argument with regard to the problems of security and

criminality. This was largely supported by public opinion, at least here in France.

And support is still there?

Yes, even today. But it was even more pronounced earlier. It was very popular in those earlier days, including among less-privileged working people. It was atrocious, unhealthy...those who actually enjoyed the spectacle of an execution of a condemned criminal.

What changed opinions in 1981?

The essential step was the declaration and pledge to abolish the death penalty by François Mitterrand made during the presidential campaign leading up to his election. It was exceptionally courageous, considering the presidency was at stake, and that 65 percent of the French favored keeping the death penalty. If he hadn't, the debate over the death penalty would have gone on for years.

What about Mitterrand's predecessors?

Presidents [Charles] de Gaulle, [Georges] Pompidou, [Valéry] Giscard d'Estaing...each were in favor of the death penalty.

When and why did you decide to oppose the death penalty?

While becoming a lawyer at twenty-five years of age, I had placed myself in the position of having to someday defend someone who might be condemned to death. Not that I feared this situation. It

had to do with my convictions—that capital punishment is barbaric, irreversible, leaving no possibility of correcting errors of justice...that not killing is enshrined in the Bible. For me, these had great influence, along with my conviction still today that redemption of human beings is something one can always anticipate and hope for. A condemned man who killed today is not the same fifteen years later.

Considering that nearly one-hundred countries still retain capital punishment, why do you and other abolitionist French leaders regularly target and attack the United States?

I refuse to place the United States in the same category as countries like China, Pakistan, and a certain number of dictatorships that still apply the death penalty. For me the United States is a great democracy. It is often the reference.

What about two other democracies—Japan, which last year executed five people, and India, which also retains the death penalty?

The culture and traditions in the Far East are not the same. I say this as someone who has infinite admiration and respect for the United States. Therefore, I feel justified in suggesting directly what can and should not be done. I have great difficulty understanding how, in a great democracy like the United States, this barbaric punishment continues, while having been eliminated in all the old, traditional, democratic countries, including in France, admittedly late, in 1981.

What are you and your allies in Europe trying to accomplish?

That Americans hear us, that they listen to us. One [who continues to support the death penalty] cannot participate in international bodies that have moved to abolish the death penalty, such as the Council of Europe. In that regard, I have already said that once the [US] presidential election campaign is over, I will propose that the United States' status of observer in the Council of Europe be revoked. Why? Because the Council is formally committed to the respect of human rights and to the abolition of the death penalty. If the Americans want to participate in international bodies, they must align themselves with their principles.

How do you react to the fact that President Clinton and Vice-President Gore, liberals like you, remain strong supporters of the death penalty?

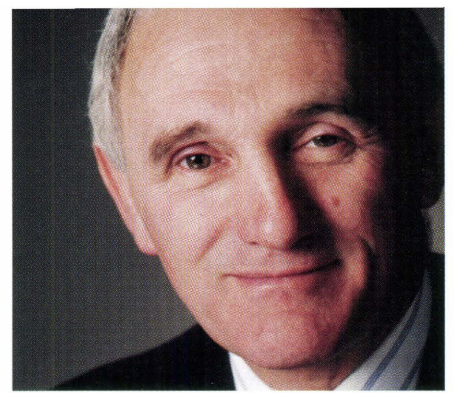
The American political system functions in such a way that politicians must follow public opinion. Violence is a habit in the United States. We see it in the heritage of conquering the West, the frontier, in the films based on *rapport de force*, the law of the jungle. What reassures me is that a portion of American intellectuals, notably writers, university professors, and some media, notably the *New York Times*, are moving against the death penalty. I am convinced opinions there will change.

Turning to Europe, where this kind of information is now scarce, a recent Gallup poll shows that 34 percent of Western Europeans and 60 percent of East Europeans favor the death penalty. Does this bother you?

I have no absolute confidence in public opinion expressed this way. Today, in France at any rate, I do not believe there is any revival or movement in favor of the death penalty. Obviously, for many, the immediate, instinctive, on-the-street reaction reflects support for the death penalty. It is perceived as an efficient way of resolving the problems of society, notably violent crime. But whatever opinion surveys show, Europe is protected...European conventions have been signed and ratified blocking any return to capital punishment. To do so, would mean renouncing these agreements. Not one country will do it...it would mean abandoning the fundamental principles justifying the European Union.

What about in Eastern and Central Europe?

What has happened in Western Europe over several decades should repeat itself in Eastern Europe. I am thinking of pressures we should be exerting...as we did in the Council of Europe with regard to the Ukraine, adopting resolutions asking the Ukraine to abolish the death penalty as a condition of membership. Their problem is they are discovering democracy, what it means to be ruled by law. We need to be wary of popular, on-the-street reactions. Not that we should ignore them, but at the appropriate time, one needs to resist them. ☹



John Townend

British Conservative remains a staunch advocate for capital punishment

John E. Townend, the sixty-six-year-old accountant from East Yorkshire, was first elected to the House of Commons in 1979. Previously, he served as a pilot in the Royal Air Force, as a business executive, and for many years as a Conservative Party leader. Eight years ago, he was appointed a member of the Council of Europe and the Western European Union, serving, respectively, on the economic affairs and defense committees.

Axel Krause asked him about his strong advocacy for bringing back the death penalty in the United Kingdom.

As the United Kingdom moves toward the next general election, Conservative Party leader William Hague has called for vigorous “populist” policies on crime and immigration. Do they include bringing back the death penalty?

No. The official policy of the party, for some time and indeed of both parties, is that this is a matter for individual conscience. So every time it is debated or voted on in the House of Commons it is a free vote and there are no party whips on.

What happens during those votes?

The last time there was a vote some five years ago, which we lost, of course, I think there was only one Labor Party vote to bring back capital punishment. However, we always suspect there is a secret Labor Party whip... (insuring opposition to reinstatement)

What would happen in the Parliament if there were a vote on reinstating the death penalty today?

Taking into account the present makeup of the House of Commons, with an enormous Labor majority, it would be overwhelmingly defeated. I regret to say. But a majority of the Conservative Party would vote for it. The Liberals would vote against (reinstatement) as well.

When the Parliament voted to abolish the death penalty in 1965 and in subsequent years, where was the support for keeping it?

Certainly among ordinary people, and it is one of the things that has always irritated people...that it was for politicians (to decide), with no freedom, no democracy on this question. There has been great demand for many years that we should have a referendum in Britain, so people would be able to vote just on the issue of the death penalty.

A recent poll shows that there remains strong, majority public support for the death penalty in Britain. Is this centered mainly in London and other big cities?

No. It is throughout the country, no doubt about that. I don't believe that at any time during my political lifetime there has ever been a majority in favor of doing away with the death penalty.

Why do people in Britain still favor the death penalty?

Murder is a terrible crime. There still is a bit of the Old Testament among men in the street...an eye for an eye, a tooth for a tooth. And there is the idea that the penalty should fit the crime. A lot of people feel (capital punishment) is a deterrent. When we did have the death penalty, and particularly flogging, unlike the United States, criminals by and large did not carry arms.

But all the studies and surveys, particularly in the United States, show that capital punishment does not deter crime.

Is that really true? I was led to believe that the restoration of capital punishment, particularly in New York, had reduced murders. And that murder in the United States was on the way down.

In the Council of Europe's Parliamentary Assembly in Strasbourg, how many members support your view?

Very few. There might be a few British Conservatives and a few Eastern Europeans whose governments have been forced to abandon the death penalty in order to belong. The majority—the Chris-

tian Democrats, the Socialists, the Liberal groups—are overwhelmingly against reinstating the death penalty and by a far greater majority than in the British Parliament. You are looked upon as an absolute heathen if you believe in the death penalty in the Council of Europe.

Is it then generally true throughout Europe that conservative politicians and others on the right are pro-capital punishment, while Socialists and other left-wing politicians are opposed?

I think that is true at the political level. But it is quite different at the man-in-the-street level. In many areas (of Britain), there are far more Labor Party voters in favor of it (reinstating capital punishment) than Conservatives.

Why?

The fact is working people tend to be the victims of crime, in many cases more than middle-class people. People living in the bad parts of Paris or terrible places here where there is gang warfare...they see what happens. It is their children that are involved in violence, that get murdered, their daughters who get raped on the way home. People living in the smart suburbs and the countryside don't actually come in contact (with violent crime) nearly as much.

Amnesty International experts say that support for the death penalty in Europe often surges in response to media coverage of violent murders and the like but then dies down and is not consistent.

Yes, whenever you ask people that they always give you the same views. What I think happens is that the public becomes generally disillusioned with politicians and feels there is nothing they can do about it. If you don't have a referendum, and all the major parties are opposed (to reinstatement), there is no nobody you can turn to, a party that would bring back the death penalty.

Do you have some other reasons?

It's not a politically correct thing to say, but as one who favors fiscal rectitude, it (bringing back the death penalty) would also save an awful lot of money. It costs a lot of money to keep people in jail. And it also makes the jails a lot more dangerous.

What is your reaction to rehabilitation, the idea that a prisoner who killed fifteen years ago may no longer be the same person?

Perhaps, in some cases it might be true. In others, no. We have at least a dozen or twenty people a year in Britain who are murdered by people who murdered before and had been released. But I am not in favor of the death penalty for all murders. I would be reluctant to have the death penalty for crimes of passion. Yet I would favor executions for premeditated murders, those that commit treason, terrorists, and pedophiles who murder children. I am told it is impossible to rehabilitate pedophiles.

What do you believe motivates French Socialist leaders, such as National Assembly President Forni, when they protest executions in the United States?

I think it certainly reflects anti-Americanism. And I hate to say it, because I love France, it is fostered by the French as much as anyone. I have repeatedly argued against the way the human rights discussion has gone in Europe. How can we say that the greatest democracy in the world, the United States, which saved Europe on two occasions, is a country without human rights because its people decided, democratically, to execute murderers?

Don't recent French protests and those in Italy against executions in the United States reveal a big gap in public opinion between Britain and Continental Europe?

My government does not like to accept it, but the fact is we are Anglo-Saxons. We do not have a continental outlook, and we are a lot more like the US. And although our political class is getting to be a lot more and more European, the general population is not.

In years past, Europe used harsh methods for executing—the guillotine, the garrote, hanging. Do you have a preference?

I believe in capital punishment. I don't necessarily believe in hanging. And I will be quite happy to have the most humane way of doing it. The thought of hanging, or electrocution, is not very nice.

Mr. Forni, speaking as president of France's National Assembly, has suggested that the US observer status in the Council of Europe should be revoked. What do you think?

I do not think this will worry the United States. But the proposal is just plain barmy. If we disagree in a democratic environment, we should talk, not start excluding. ☹

DANES SAY NO to Euro

Voters elect not to adopt single currency for now

By Leif Beck Fallesen

The Danes gave the thumbs down to the euro in an attempt to slow the political integration of the European Union. But the Danish 'no' may have the exact opposite effect, instead speeding the deepening of European integration desired by Germany and France, notably expressed earlier this year in Berlin by German Foreign Minister Joschka Fischer and French President Jacques Chirac.

The 'no' appears as if it could entrench the move toward a two-speed, or rather a multi-speed European Union, which is anathema to the position held by the Danish government and others outside Euroland, including the Central and East European countries applying for membership.

Swedish Prime Minister Göran Persson tried to play down the Danish referendum's impact on Sweden, but the government-appointed economist responsible for the official report on Sweden, Lars Calmfors, said the influence of the Danish vote would be pro-



The 'no' vote was a personal defeat for Danish Prime Minister Poul Nyrup Rasmussen.



Pia Kjaersgaard, leader of the right-wing Danish People's Party, which opposes joining the euro, celebrates with her supporters after the 'no' vote.

found. A delay of Swedish entry is a very likely result.

A majority of the Swedes oppose euro participation, although the prime minister has indicated that he may call a referendum before 2004. In the United Kingdom, the euro is even less popular, with polls running three to one against the euro, and the tabloid the *Sun* eulogizing the Viking Danes in a rerun of the Danish 'no' to the Maastricht Treaty in 1992.

In the United Kingdom, a delay of a decision on the euro is also likely. Despite the insistence of a government spokesman that the Danish outcome

would not change the British government's position, that a referendum may be held after the next general election. Chancellor of the Exchequer Gordon Brown said that this depended on the assessment of the five economic tests on euro membership early in the next Parliament. Sweden also has set economic tests for joining, but like in the UK, the essential determinant is likely to be political, not economic.

The fact that economics are less important than politics in the present phase of European integration is the real lesson of the Danish 'no'. Sweden

and the United Kingdom will ignore it at their peril if they proceed with their referendums. But polls in many EU countries, certainly in Germany, indicate that the euro would not survive electoral scrutiny, and the Danish 'no' should perhaps inspire EU leaders to worry more about popular support for European integration henceforth. The low rate of participation in the elections for the European Parliament is a similar warning sign even to the core EU countries that don't intend to hold euro referendums.

The pollsters had prepared the European Union and the Danes for a 'no' at the September 28 vote. However, they had not forecast that the 'no' side would win by more than 6 percent—53.1 percent versus 46.9 percent for the 'yes' camp. When Poul Nyrup Rasmussen, Denmark's Social Democratic prime minister, announced the referendum in March, he had hoped that the issues would be predominantly economic, like the referendum that endorsed Danish membership of the then European Communities in 1972 and the referendum on the Single European Act in 1986.

This year, however, the campaign almost immediately turned into a dispute on the future of political integration in the European Union. The 'yes' side was never able to dispel convincingly the 'no' camp's claim that the euro is part of a master plan to make the EU a federal super state.

When the Danes voted in 1972, 1986, and 1993, the Danish economy was weak, and the economic arguments in favor of closer union with its European neighbors were potent. This year, the strength of the Danish economy and the image of the euro as a weak currency blunted the economic arguments for joining the currency.

The 'no' side also successfully introduced harmonization of EU fiscal and social policies as a threat to the Danish welfare state. The 'yes' campaign, however, was marred by tactical blunders and a lack of enthusiasm, and a joint statement by the 'yes' parties that pensions were not in danger and an attempt to procure support from other EU countries with a similar statement made little impression on the voters.

National sovereignty was a major issue in this year's referendum, and this is the principal explanation of the

difference between this and earlier referendums.

Almost a fifth of liberal and conservative voters cast ballots against the euro—more than twice the number that voted ‘no’ to the Maastricht Treaty in 1992 and almost certainly the single-most important demographic determining the outcome. Otherwise, little has changed in Danish voting patterns on EU issues since 1972.

The archetypal ‘no’ voter is still a low-paid, female public sector employee with minimal education. The archetypal ‘yes’ voter is an educated male earning an above average income. The typical ‘no’ voter is older than the typical ‘yes’ voter, but gender is the best predictor. During the 1990s, young Danes have tended to vote pro-European, but in the euro referendum, it appears that a majority of young voters sided with the anti-euro forces.

The ‘no’ victory was a personal defeat for Prime Minister Poul Nyrup Rasmussen, a strong pro-European in a historically deeply divided Social Democratic Party. Nevertheless, the vote will have no immediate parliamentary repercussions.

A poll conducted on referendum day showed a marginal decline in support for the prime minister’s party and a marginal increase in support for the Liberal Party, which joined the government in campaigning for the euro. The same polls showed the five parties that sided with the ‘no’ camp (which together control less than a quarter of the seats in the Danish parliament) saw only minimal gains from the outcome. These

numbers seem to confirm the historical evidence that Danish voters separate domestic party preferences from their European preferences.

The ‘no’ side has demanded that Danish EU policies be redefined in a more euro-skeptic stance. However, apart from not joining the euro, this will not happen in any formal sense. There is no change in the parliamentary majority supporting the Danish position at the Nice Summit, which will debate and perhaps decide on the institutional changes necessary for the EU to add new member nations.

Currently, no transfer of sovereignty to the European Union is envisaged, allowing the Danish government to ratify a new treaty. EU leaders will almost certainly tread warily to avoid a situation where the Danish voters will be in a position to reject a treaty, like they did in 1992. However, if the Nice Treaty is ratified, there will be more treaties or constitutional amendments. The Danish government unofficially hopes that a new referendum will allow Denmark to join the euro in four to six years’ time, but before that can happen, there must be a fundamental positive shift of Danish attitudes toward political integration. That is a daunting prospect, and success is by no means guaranteed. By that time, a pioneer group of EU countries may have moved so far ahead that the Danes probably would not dare try to catch up in one fell swoop. ☹

Leif Beck Fallesen, EUROPE’s Copenhagen correspondent, is publisher of the Børsen newspaper.

Brits Scruti

The UK’s pro and anti-euro

The Danish thumbs-down to the euro astonished observers in the United Kingdom as it seemed to in many other EU countries. But did it

matter very much? That depended on whether you were for or against membership in the single currency. In the United Kingdom, this is currently a high-voltage issue and will become even more so as the next general election—which could be called as early as next spring or, at the latest, by the spring of 2002—approaches.

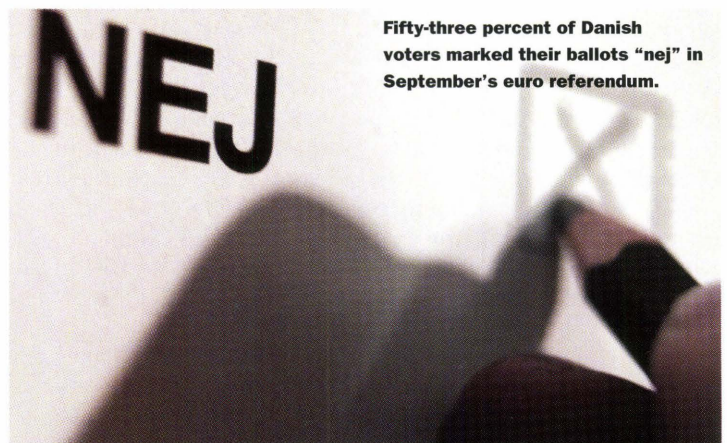
Certainly in London, the predominantly anti-euro newspapers rejoiced, hailing the Danish vote as a crushing blow to prospects for a UK referendum on the euro in the near future. “The Mighty Danes” read the headline over an editorial in the euro-skeptic *Daily Telegraph*, which went on to describe the vote as of “historic importance” and said the Danes had struck a blow for national sovereignty. More ponderously, the *Times* opined that the “momentous” vote had

“repealed the rehashed Marxist doctrine of historical inevitability that, until now, has been held by European politicians of almost every stripe to apply ineluctably to the adoption of the euro throughout the European Union.”

Readers may wish to be reminded that the Labor government of Prime Minister Tony Blair “supports the principle of membership in a successful single currency provided that the economic case for the UK joining is clear and unambiguous.” It is making preparations to ensure that the United Kingdom has the option of joining “early in the next Parliament,” adding that the British people “will have the final say in a referendum.”

By contrast, the opposition Conservative Party says that if it comes to power, it will rule out joining the euro during its first Parliament—a period as long as five years.

Not surprisingly, the Danish vote put new heart into the Conservatives and may now encourage them to step up their anti-euro rhetoric. At the party’s annual conference in



Fifty-three percent of Danish voters marked their ballots “nej” in September’s euro referendum.

nize Danish Vote

camps attempt to spin Danish vote

By Alan Osborn

October several delegates were cheered when they appeared in horned Viking helmets as a tribute to the Danes.

Meanwhile, on the other side of the aisle, Labor ministers have been on the defensive. Robin Cook, the foreign secretary, argued that the vote "changes nothing" in the United Kingdom. "It doesn't alter the fact that it is in [the UK's] interest to keep our options open," he said. However, most Labor politicians accepted that the Danish decision would force the government to tread a great deal more cautiously on the matter.

The uncomfortable truth for Tony Blair is that, according to opinion polls, 70 percent of the British people at present oppose UK membership in the euro and that the printed media, especially at the popular end of the market, is almost savagely hostile to it. Given that in Denmark, the government, all the main political parties, the press, and the business community all campaigned for a 'yes' vote, shouldn't Blair be worried?

Not necessarily. The prime minister may want the United Kingdom to join the euro but not to the extent that he loses an election over it. If the prospects for a 'yes' vote on the euro look grim, he will simply put off the referendum on the grounds that the economic tests for membership have not been met. The charm of these tests, from Blair's viewpoint, is that they are unspecific. They are a judgment call and so could be plausibly "passed" or "failed" at almost any time.

Some observers have argued, in fact, that the Danish 'no' vote has helped Blair. Had it gone the other way the Labor government might well have come under relentless pressure from euro supporters in both the UK and other EU countries to hold an early referendum.

A third factor: it is not fanciful to speculate that the Danes might have

voted 'yes' had the anti-euro movement in that country not had such lavish financial, practical, and moral support from British euro-skeptics. One UK businessman is said to have paid the equivalent of more than \$700,000 to run anti-euro advertisements in Danish newspapers. Several British euro-skeptic members of Parliament spoke at rallies in Denmark. Of course, those same people would be active in a UK euro referendum, but their influence would be relatively much slighter and easier to address.

What is clear, both from the Danish result and its repercussions in the United Kingdom—and indeed the rest of the EU—is that people give short shrift to the economics of the issue. For many, it is all about sovereignty. To

most people in the UK, "giving up the pound" amounts to handing over to Brussels responsibility for handling a whole range of vital national policies.

It may be that the United Kingdom and Sweden (which has also promised a referendum on euro membership) will join Denmark in a permanent grouping outside the euro and that a two-tier Europe will evolve. That could be economically unhelpful to the outsiders in the long run. However, few people in the United Kingdom at present seem to fear that it might be too harsh a price to pay for preserving their country's sovereignty. ☺

Alan Osborn is EUROPE's Luxembourg correspondent.

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Europe in the Middle East

An Historical Perspective

From the Balfour Agreement to the negotiations at Sharm el Sheikh, Europe has played a complex role in the region.

By David Lennon



Left to right: At a crisis summit in Sharm el Sheikh, Egypt, EU foreign and security policy chief Javier Solana, UN Secretary General Kofi Annan, Israeli Prime Minister Ehud Barak, President Clinton, Palestinian leader Yasser Arafat, Egyptian President Hosni Mubarak, and King Abdullah of Jordan met to discuss measures to end the current violence.

Europe has a long and complex history of contact with the Middle East, from the Crusades to the current conflict that engulfs the Israeli and Palestinian peoples. As the violence in the West Bank has mounted during the last several weeks, the European Union has joined international efforts to bring calm to the troubled region. Last month, the EU's foreign policy representative Javier Solana participated in the negotiations at Sharm el Sheikh, Egypt. And at the

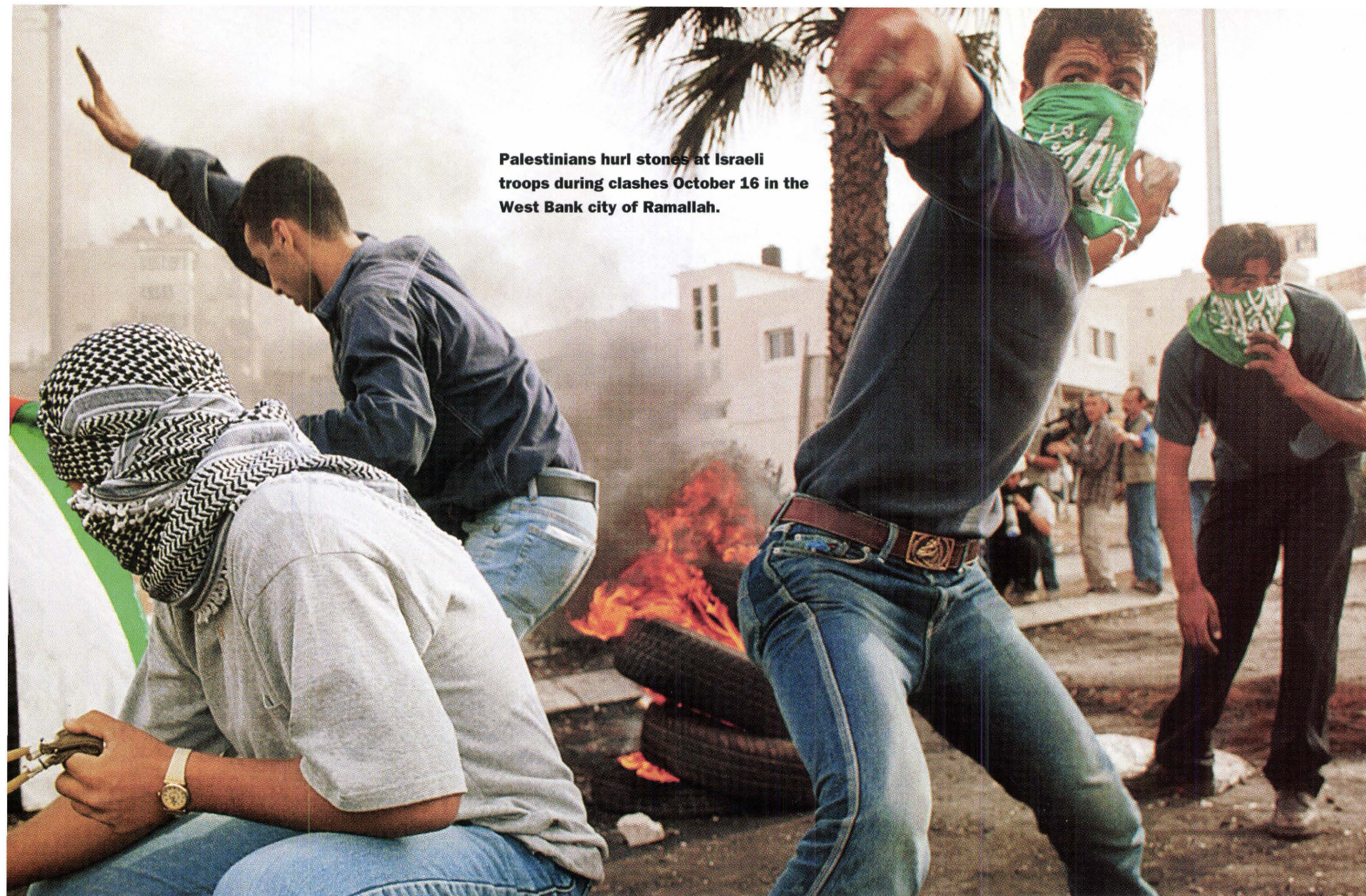
Biarritz summit in France, the EU heads of government issued a "solemn appeal to the Israeli and Palestinian leaders and peoples to stop the escalation and bring an immediate end to all violence," adding that "the peace process must be saved." It was a sentiment shared by all people of goodwill, but unfortunately did not appear to have any immediate impact on the violence.

Europe's power in the region was once quite different. With the defeat of the Ottoman Empire in the First World War, Britain and France carved out two spheres of influence in the Middle East.

Britain became the dominant power in Jordan, Iraq, and Palestine, while the French took control of Syria and Lebanon.

At roughly the same time, 1917, British Foreign Secretary Arthur Balfour sent a letter to the Jewish leader Lord Rothschild declaring Britain's support for "the establishment in Palestine of a national home for the Jewish people," adding, "it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities." This undertaking conflicted with

Palestinians hurl stones at Israeli troops during clashes October 16 in the West Bank city of Ramallah.



the promises of independence that the British had made to the Arab leaders who helped the Allies defeat the Turks.

Encouraged by the Balfour Declaration, which was enshrined in the League of Nation's 1920 mandate confirming Britain's control of Palestine, Jewish immigration increased, and rioting erupted as the indigenous population feared they would be swamped by the new arrivals. By 1936 the fighting had become so serious that a commission headed by Lord Peel recommended partition. The fighting intensified after the Second World War, and in 1947, the United Nations accepted the idea of the partition of Palestine.

Faced by attacks on its own troops and deadly inter-communal fighting, the British decided to give up the mandate, withdraw its troops, and let the Jews and the Arabs fight it out. Consequently, the State of Israel was born in 1948 amid bloody battles, as the armies of the Arab nations attacked it in an attempt to prevent the partition of their land.

The British withdrawal from Palestine did not mean the end of Europe's role in the region. Britain maintained tremendous influence in Egypt and controlled the Suez Canal. In Iraq, its influ-

ence continued to be strong as it provided the bulk of technical, economic, and military aid. Jordan, which was created under British auspices in 1921, remained dependent on British protection and support.

Though it had effectively lost Syria after World War II, France still held its sphere of influence in Lebanon, whose political structure to this day is based on the French-designed distribution of seats in parliament and the cabinet on a basis of religious persuasion.

The last half century, however, has seen British and French power in the region steadily decline. The Anglo-French attack on the Suez Canal in 1956 was the last hurrah of the former colonial powers. However, oil, arms sales, and general trade ensured that links remained strong. France was the main supplier of military aircraft and armor to Israel until 1967, while British arms sales to the Arab states flourished.

It was the Arab-Israeli war of 1967 that decisively shifted the balance of Western influence to the US, and the Israeli defeat of the Soviet-supplied and trained armed forces of Egypt and Syria in 1973 effectively left the US as the dominant power in the region. The col-

lapse of the Soviet Union nearly a decade ago further reinforced this trend.

The fact that the EU provides the biggest international program of economic assistance to the Israel-Palestinian peace process means that its voice is heard. Moreover, Europe supports Washington's efforts to restore calm and find ways to rebuild the shattered trust between Israelis and Palestinians that had been the basis of the peace process.

Where European diplomats and leaders have played an important role has been in providing locales and support for meetings between the sides to the conflict. The most notable of these locales being Madrid in 1991, where all-party peace negotiations were initiated, and Oslo, where the Israelis and Palestinians met in secret in 1993 to begin the peace process that led to the Israel-Palestinian accords, which now appear to be in shreds following the bloody explosions of anger which began last month. ☹

David Lennon, EUROPE's London correspondent, reported from the Middle East for fifteen years and is a former Financial Times Tel Aviv correspondent.

Milosevic era ends, Kostunica era begins

Yugoslavia

Thousands of protesters gathered in Belgrade's squares and scaled government buildings in the uprising that ousted Slobodan Milosevic.



via's Revolutionary Election

By Martin Walker

It was an emotional moment when Yugoslavia's newly elected president, Vojislav Kostunica, arrived at the European summit in Biarritz to declare that his presence marked his country's return to the "democratic family of Europe." He vowed that henceforth Yugoslavia would become a force for peace and stability in the Balkans, promised Montenegro a referendum on independence, and added that he was pondering a change of Yugoslavia's tarnished name.

The fifteen European democracies responded with an emergency aid package worth 200 million euros (\$172 million) to tide Serbia through the winter. EU officials said it would comprise credits for fuel, medicines, food, and other urgent needs, and the goods should start to arrive by late November. In the meantime, EU officials under External Relations Commissioner Chris Patten are working on the outlines of a long-term aid and trade package with Yugoslavia aimed at preparing it for eventual accession to the EU, as envisaged in the 1999 Stability Pact for the whole Balkan region.

"This region continues to be the central test for the effectiveness of the Union's foreign policy. And this precisely because the Western Balkans are not 'foreign' to us but, on the contrary, intrinsically linked to our own destiny," said Javier Solana, the EU's high representative for the Common Foreign and Security Policy. "Our societies will not be truly secure as long as the people of the western Balkans do not enjoy durable stability. Our overall economic potential will not be fully realized as long as the whole of the western Balkans is not firmly on the road to eco-



economic reform and prosperity. And the vision of a genuinely united Europe will remain unfulfilled as long as the countries of this region have not joined the European mainstream.”

It will be a long haul. Full international sanctions are unlikely to be lifted until Milosevic is delivered to the International War Crimes Tribunal in the Hague. Meanwhile, Milosevic continues to play an active political role, and

nounced that Texas Governor George W. Bush, if elected, would start withdrawing US ground troops from the peacekeeping missions in Bosnia and Kosovo. Numerically, this might not be a major setback, since the US provides only 11,000 of the 64,000 troops deployed. But the political symbolism of a US withdrawal could be difficult.

It has been almost ten years since Jacques Pooos, the Luxem-



EU leaders warmly welcomed new Yugoslav President Vojislav Kostunica (third from left) at their summit in Biarritz, France.

his party remains well funded and the best-organized in Serbia. Furthermore, Kostunica, who has yet to get a firm grip on the levers of power, faces pan-Albanian militants in Kosovo and a disastrous economic crisis, which is where the EU is now targeting its aid. But he does have strong popular support, after the popular uprising that forced ousted President Slobodan Milosevic to recognize his election defeat.

For a political novice, Kostunica's first steps have inspired confidence. His trip to the EU summit was a success, as was his flying visit to Sarajevo to promise “honest and good neighborly relations” with Bosnia. His next challenge will be the Balkan summit in Zagreb, Croatia, proposed by President Jacques Chirac of France, the current head of the EU's rotating presidency. France is hoping a common economic program for the Balkans will emerge, thanks to the prospect of a reopened Serbia playing its traditional role as the transport and commercial hub of the region.

Much will hinge on the outcome of the US presidential election, after the Republicans an-

bourg foreign minister, announced when the Yugoslav was broke out, that “the hour of Europe is at hand.” Over that bloody decade for the peoples of former Yugoslavia, Europe faltered, and it took the crucial injection of US diplomacy and US troops to bring cease-fires and an uneasy peace. Europe's new Security and Defense Policy, which is intended to field its own peacekeeping force of some 60,000 troops, could be in for a grueling first test if the US troops do withdraw.

Whatever happens on the ground, the rebuilding of the battered Balkan economies, which have between them received some \$16 billion in aid from the EU nations over the past decade, will be primarily an EU responsibility. The future of the Balkans, and the prospects of their eventual readiness to join an enlarged EU, is not just a weighty challenge for President Kostunica and the Serbian people, it is a challenge for the EU itself. ☺

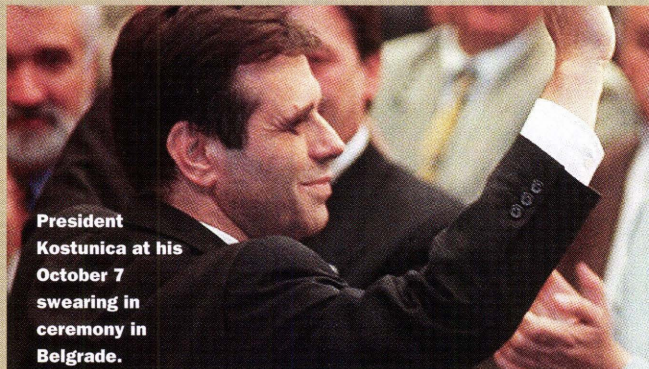
Martin Walker is a EUROPE contributing editor and a fellow at the Woodrow Wilson Center.

The New President in Profile

Vojislav Kostunica is an unlikely politician, whose speeches sound like the professorial lectures he used to give until he was ejected from Belgrade Law School for his anticommunist views. A classic liberal, he translated *The Federalist Papers* into Serbo-Croat, and his doctoral thesis analyzed opposition parties in Western democracies. Scholarly and subdued, the fifty-six-year-old Kostunica shares a modest Belgrade apartment with his wife Zorica, a law school classmate, two cats, and a dog.

“By nature he seems a melancholy loner. He does not mind being interrupted—there is no trace of politician's ego,” says an old acquaintance, Serbian writer Aleksa Djilas. “Pale, tense and worried-looking, he is courteous in an old-fashioned way. He has a pleasant smile, but it rarely appears.”

Kostunica's rumpled appearance and his famously scruffy shoes were the despair of his political allies—until they saw the tireless way he



President Kostunica at his October 7 swearing in ceremony in Belgrade.

campaign. He drove more than 3,000 miles around Serbia, making speech after speech, arguing that the country needed more reason and less emotion, more thought for the future than passionate memories of the past. “It is time for the nation to make our peace with our neighbors, with Europe, and the world,” he stressed.

Kostunica has always been a compromiser, a moderate Serbian nationalist who supported the Serbs in Bosnia and Croatia but condemned the siege of Sarajevo and ethnic cleansing. Optimists say that his belief in the rule of law and an independent judiciary are just what the country needs after years of Milosevic corruption; pessimists say he is too raw a politician and question whether he can even hold his loose coalition of eighteen opposition parties together.

For the moment, however, he has captured the imagination of his people and the attention of the rest of the world.

—Martin Walker

EUROPE

Update

NOVEMBER 2000

VOLUME VIII / NUMBER 10

WHAT THEY SAID...ABOUT YUGOSLAVIA

"I expect support from Europe for the democratic changes in Serbia and for its return to where it has always belonged—Europe."

—*Vojislav Kostunica, the new president of Yugoslavia*

"The European Union has made it very clear: democratic change in Serbia will lead to a radical change in our policy. We have said that we stand ready to reach out and welcome a democratic Serbia with open arms."

—*Romano Prodi, president of the European Commission*

"We believe we have a duty to welcome a democratic Serbia with open arms."

—*Joschka Fischer, German foreign minister*

"We want to do what we promised to do . . . to ensure that the people of Serbia can rejoin Europe as rapidly as possible."

—*Christopher Patten, European commissioner for external affairs*

"The United States is pleased to recognize a new birth of freedom and independence in Serbia and all of Yugoslavia. We look forward with our partners to providing a democratic Yugoslavia with all the help we can."

—*Madeleine Albright, US secretary of state*

"It is a very major change. It takes some time. There will be bumps in the road, ups and downs. . . . The step to take

Yugoslavia into the United Nations is extremely important because that opens the door to so many other things, including in the financial field."

—*Carl Bildt, United Nations special envoy for the Balkans*

"We want to extend the hand of partnership and friendship to the new Serbian president and people."

—*Tony Blair, prime minister of the United Kingdom*

"There is no question, Milosevic has to be held to account for his crimes, and there is no doubt that must be something we will be looking for from the new leadership in Serbia and the Serb people. How fast and how far we can

travel on the path together towards reconstructing Serbia will depend on their meeting their obligations."

—*Robin Cook, UK foreign secretary*

"Serbia's vote for democracy is a vote that confirms your country's membership in Europe. You can count on the support of the French government at this historic moment."

—*Lionel Jospin, prime minister of France, commenting in a letter to the new president of Yugoslavia*

"For more than ten years, Milosevic spread fear and death. Ousted from power, he will have to account for his crimes."

—*Jacques Chirac, president of France*

EU NEWS: THE BIARRITZ SUMMIT

There are times when the unexpected can come in handy—witness the summit on October 13-14 of the fifteen EU heads of government in the French coastal resort of Biarritz. They should have been concentrating on the nitty-gritty of institutional reform, the prerequisite of the union's project to accept as members the ex-communist countries of Central and Eastern Europe. Instead, they were able to grandstand with an unexpected visitor: Vojislav Kostunica, the newly elected president of a Yugoslavian federation that not too long ago was being bombed (at least in its Serbian part) by European air forces as well as by America's.

Moreover, the grandstanding was not simply political bombast. Kostunica may be a Serb nationalist, but he is also a democrat—and it is reasonable to argue that without EU sanctions against the regime of Slobodan Milosevic the people would never have risen against Milosevic and so would never have elected Kostunica. In other words, the EU is entitled to congratulate itself: finally, after the debacle of Bosnia in the early 1990s, its Common Foreign and Security Policy (CFSP) can claim to have been effective. Indeed, Christopher Paten, the EU commissioner for external affairs, proudly announced in Biarritz that, in order to give Kostunica a "breathing space," there would be an emergency aid package for Serbia of 200 million euros (\$172 million).

For his part Kostunica knows he needs billions more to repair the damage from NATO's attacks, but at Biarritz he decided that diplomacy was more appropriate than bitterness. He therefore shook hands with the EU's high representative for foreign affairs, Javier Solana, although the Serbs still officially consider Solana a war criminal for his previous role as NATO's secretary-general. More to the point, he obligingly told the EU heads of

government that he accepted the Dayton accords and UN resolutions on the Balkans. Finally, with a public-relations eye for the media, he answered questions from the press in English (France's President Jacques Chirac and Prime Minister Lionel Jospin had naturally introduced him in French). He even declared his willingness to give up the outdated name of Yugoslavia and to allow referendums on the federal future in Montenegro and Serbia.

In other words, Kostunica was a morale-boosting distraction. But what of the nitty-gritty? The whole point of the Biarritz summit—a supposedly "informal" meeting—was to prepare the ground for a triumphal conclusion of the intergovernmental conference (IGC) on EU reform at the summit in Nice in early December. The question is whether the path to Nice has been smoothed or whether familiar potholes remain.

The answer is a bit of both. France, as holder of the six-monthly rotating EU presidency, set the agenda, but they did so in the full knowledge that some parts of it would be easier to achieve than others. There was, for example, general agreement that to avoid paralysis in an enlarged EU, some form of "reinforced cooperation," allowing coalitions of willing and able countries to move ahead of the rest, is inevitable. Doubters such as the United Kingdom and Spain were mollified by assurances that such coalitions would never be exclusive.

Similarly, there was wide agreement on the need to restrict the use of the national veto. Of the fifty or so areas in which the French thought national vetoes could reasonably be replaced by qualified majority voting, half were accepted. The difficulty lies with the remaining half. The UK, for example, is determined not to surrender its veto on tax issues or social security policy. France is determined to protect with its veto the right to exempt culture from

trade agreements. As President Chirac pointed out, different nations have different interests that they consider vital.

But vetoes are rarely wielded in isolation; instead, they are just part of the haggling process that defines relations between the EU's member states. The greater problem is the fairness of the process in a union that within a decade could virtually double in size. For France, speaking also on behalf of the UK, Germany, Italy, and Spain (the other "big" countries), the risk is that the big nations will be dominated by an increasingly large gaggle of small countries. The risk is real, since of the likely new members only Poland has a sizeable population.

The solution, therefore, is to revise voting weights (at the moment Germany, with 80 million people, has only ten votes in the Council of Ministers while minute Luxembourg, with 400,000 residents, enjoys two). The difficulty is how to do so fairly. The French, who also have ten votes, are loath to end up with fewer votes than Germany, but they also dislike the idea of double majorities, where decisions must be approved by a majority of member states and population.

Meanwhile, the small countries fear that reweighting will simply marginalize them.

Maybe so, if the European Commission is also weakened. On the grounds that in a bigger EU, a bigger Commission will simply lead to less efficiency, one French proposal, which was supported by the other big countries, was to streamline the Commission. Currently, it has twenty members—two each from the big countries and one each from the others. Why not, asked the French, have a body of only a dozen commissioners, chosen by rotation? Because, replied the small countries, having its own commissioner is essential if a small country's interests are to be represented. A small Commission, they claim, may be efficient, but it will also be weak.

And there the argument rests: big countries against small, and with the applicant countries growing ever more impatient in the wings. Will it be resolved at Nice? Quite probably, but doubtless not until the final hours and doubtless with some items left over for another intergovernmental conference. As they say, Rome wasn't built in a day. So why should Europe be?

—John Andrews

Statement of Ownership, Management, and Circulation		
1. Publication Title: EUROPE		
2. Publication Number: 0191-4545		
3. Filing Date: October 20, 2000		
4. Issue Frequency: Ten times per year		
5. Number of issues published annually: 10		
6. Annual subscription price: \$19.95		
7. Complete Mailing Address of Known Office of Publication: 2300 M Street, NW Washington, D.C. 20037-1434		
8. Complete Mailing Address of Headquarters or General Business Office of Publisher: same as No. 7		
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor—Publisher: Willy Hélin, address as in No. 7; Editor: Robert J. Guttman, address as in No. 7; General Manager: Anne Depigny, address as in No. 7; Managing Editor: Peter Gwin, address as in No. 7.		
10. Owner: Delegation of the European Commission 2300 M Street NW, Washington, DC 20037-1434		
11. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities: None		
12. For completion by nonprofit organizations authorized to mail at special rates: Not applicable		
13. Publication title: EUROPE		
14. Issue date for circulation data below: October 2000		
15. Extent and nature of circulation:		
	Average No. copies each issue during preceding 12 months	No. copies of single issue published nearest to filing date
A. Total No. copies	16,638	15,339
B. Paid and/or Requested Circulation		
1. Paid/requested outside-county mail subscriptions	10,008	8,674
2. Sales through dealers, carriers, and counter sales	604	850 (est)
C. Total paid and/or requested Circulation	10,612	9,524
D. Free distribution by mail (samples, complimentary, and other free)	820	790
E. Free distribution outside the mail (carriers or other means)	2,700	2,765
F. Total free distribution (sum of 15D and 15E)	3,520	3,555
G. Total distribution (sum 15C and 15F)	14,132	13,079
H. Copies not distributed	2,506	2,260
I. Total (Sum of 15G and 15H)	16,638	15,339
Percent paid and/or requested circulation	75.09%	72.82%

REPORTER'S NOTEBOOK: GREEN EUROPE REMAINS A WORK IN PROGRESS

Europe's bid to become the "green" continent has hit trouble as business and consumers tally up the cost of its environmental crusade just as it faces a fresh clash with the US over a global effort to cut greenhouse gas emissions.

The recent Europe-wide protests against high fuel prices served notice to the politicians that voters' patience with so-called "green" taxes is wearing thin. Meanwhile, companies are constantly warning that Europe's go-it-alone stance on the environment will erode their global competitiveness.

Europe, however, has had global leadership on the environment thrust on it because several countries, notably Germany, Switzerland, and the Nordic bloc, have a deeply ingrained "green" consciousness, which has led to improving standards in their neighbors.

The European Union's environmental legislation also is having an impact across the fifteen-nation bloc. The United Kingdom, for example, is spending tens of billions of dollars to bring the quality of its water supplies up to EU standards and to clean up its polluted beaches.

The EU will play a pivotal role at a conference in the Hague in November where ministers from around the world will thrash out the details of the 1997 Kyoto agreement on cutting emissions of so-called greenhouse gases. So far, eighty-three governments and the EU have signed the Kyoto Protocol, but it has only been ratified by twenty-three nations, none of which are industrialized

economies subject to its emission reduction targets.

A successful outcome to the Hague talks will depend on whether the EU, which accounts for nearly a quarter of the world's carbon dioxide emissions, and the US, which accounts for just more than 36 percent, can settle their differences over key issues.

The main transatlantic dispute is over a system that allows industries to buy and sell the right to pollute, based on the principle that it doesn't matter where reductions in carbon dioxide are made so long as the overall target is reached. The US wants unrestricted emissions trading, while the EU believes total freedom will prevent the industrialized nations from acting to curb domestic emissions.

The European Commission has proposed that overall targets should be set for companies in the six industries that account for nearly half of its carbon dioxide emissions—including iron, chemicals, steel, and thermal power plants. Firms that come under their targets would be allowed to sell their "credits" to those that have overshot them.

Brussels and Washington also are at odds over rules that take into account the carbon stored in forest sinks. The US says carbon dioxide absorbed by its forests and farm lands would account for as much as half of its commitment at Kyoto for a 7 percent cut from 1990 levels by 2008–12. The EU, however, says there is too much uncertainty over how much carbon is absorbed by trees and land over the long term.

The EU and the US have also clashed over rules for a

"Clean Development Mechanism" under which firms can take credit for emission reduction projects in developing nations. The EU wants strict limits on whether these projects are additional to those that would have taken place anyway and wants a hefty levy on projects to help developing countries at risk from climate change. The US, however, claims this will undermine the flexibility of the CDM and turn companies away from CDM projects.

Europe prides itself on being "greener" than the US, pointing to America's obsessive love affair with the automobile and its profligate use of energy. There's no doubt Europe is more energy efficient: France and Germany use the equivalent of 190 tons of oil to generate \$1 million of gross domestic product while the US burns 330 tons to produce the same amount of wealth. But Europe has to be more environmentally conscious for a very simple reason: it is much more crowded than the US.

Europe pledged at Kyoto to cut carbon dioxide emissions by 8 percent from the 1990 level by 2012, but it risks falling far short of the target, with a recent study by the Pew Center, a US charitable trust, reckoning only the United States and Germany would make their targets.

Other green policies have flopped, notably a campaign to shift freight from Europe's clogged roads to its under-utilized railways. Trucks have boosted their share of the EU's freight traffic from less than 50 percent to more than 75 percent and rising since 1970, while rail's market share

has crashed from more than 30 percent to only 11 percent and is still falling despite a raft of pro-rail initiatives.

Europe also is divided over nuclear power. Germany plans to phase out all atomic plants by 2021, but its neighbors have different ideas: France is constantly looking for foreign markets to export its electricity, 80 percent of it generated by nuclear power, and the Czech Republic has just opened a nuclear plant.

Europe is playing a leading role in a global campaign to improve safety at sea and has called for an accelerated phase out of older oil tankers with single skinned hulls in favor of safer doubled hulled vessels. The fact is, however, that it was pushed into this action by a disaster of its own making last December. The *Erika*, a thirty-four-year-old 37,000-ton tanker, sank off the French coast, spewing 8,000 tons of heavy fuel oil into the sea, polluting hundreds of miles of beach and devastating marine life. The Italian-owned ship was flying the Maltese flag, received a certificate of seaworthiness from an Italian classification society, was on charter to a French oil company, and was denied entry to a French port during a storm only hours before it sank.

The *Erika* galvanized the green movement in France raising hopes Europe's second-largest economy will embrace a Germanic attitude toward the environment.

But the greening of Europe still has a long way to go.

—Bruce Barnard

BUSINESS BRIEFS

British firms are heading a global mergers and acquisitions boom, ousting their US rivals as the biggest foreign investors last year for the first time since 1988.

The United Kingdom accounted for \$199.3 billion of cross-border investments, helped by blockbuster deals like **Vodafone's** \$60 billion purchase of US cell phone operator **AirTouch** and **BP's**

\$48 billion takeover of US oil company **Amoco**, according to figures compiled by the United Nations conference on trade and development (UNCTAD).

The UK was also the sec-

ond-largest recipient of foreign investment, attracting a total \$82.2 billion compared with an inflow of \$276 billion into the US. The UK maintained its lead into the first half of 2000, thanks again to

BUSINESS BRIEFS (CONTINUED)

Vodafone, which took over Germany's **Mannesmann** in a record-breaking \$170 billion deal.

•••

Siemens, the German electronics and engineering giant, has launched an \$800 million investment program to put all its operations—from marketing and development to procurement—on a single Internet-based electronic network. This completes a remarkable transformation from a lumbering, "old economy" conglomerate to a US-style "new economy" leader, specializing in value-added, high technology products and services.

Siemens intends to boost the volume of electronically processed procurement from 10 percent to more than 50 percent of its total spending of \$29 billion. It also plans to use auctions in its procurement process, reflecting a development in e-commerce marketplaces in the US.

Heinrich von Pierer, Siemens' chairman said he was inspired by a recent visit to California to start grooming relationships with on-line companies. "This is not merely a question of big names. We are also aiming at partnerships with young, unknown dot-coms."

Von Pierer, chief executive since 1992, has been responsible for creating a new-look Siemens by shedding low profit businesses, floating valuable units, and revamping its management. Its **Siemens Business Services** subsidiary, already Europe's third-largest provider of IT consultancy services after **IBM** and **Cap Gemini**, is aiming to triple its revenues over the next three to four years to become one of the world's top-five information technology groups.

•••

France Telecom will build a long-haul telecommunications network linking twenty-eight cities in North America in a \$200 million investment that will sever its ties with its former US partner, **Sprint**.

The French company will buy "dark fiber"—the raw material for carrying long-distance telecommunications traffic—from **Level 3 Communications**, one of the new US carriers that has laid its own cables across the country and will use its own transmission equipment to transform this into a full-service network.

The investment follows the unraveling in February of **Global One**, a venture with **Deutsche Telekom** and **Sprint**, the US long-distance telecoms group, to carry international traffic for multinational companies. France Telecom bought the Global One business from its partners and agreed to route traffic over Sprint's network for two years.

With the completion of the network toward the end of 2001, France Telecom will become the first large European telecom operator with its own long-haul network in North America.

•••

EasyJet, one of Europe's most successful low-cost, no-frills airlines, is likely to be valued at more than \$850 million when it is floated on the **London Stock Exchange** on November 22. The IPO comes just five years after it launched flights between London and Scotland, advertising tickets that cost "less than the price of a pair of jeans."

EasyJet, founded by Stelios Haji-Ioannou, a thirty-four-year old Greek Cypriot tanker tycoon, has expanded into a medium-sized carrier, with a staff of 1,400. It carried 4.5 million passengers on twenty-eight routes in Europe in its latest financial year compared with a little more than 3 million in the previous twelve months. It made a pre-tax profit of \$32 million in the year to end September on revenues of \$377 million compared with \$1.9 million a year ago on \$200 million in revenue. The airline, based at Luton airport north of London, will use the proceeds from the offering to help finance the acquisition of

thirty-two Boeing 737-700s during the next four years.

•••

European firms are rushing into California's Silicon Valley in a two-pronged bid to narrow the transatlantic technology gap and to establish global leadership in niche sectors. The latest invader is Dutch group **ASM Lithography** (ASML), which has just acquired US rival **Silicon Valley Group** in a \$1.6 billion all-stock deal that creates the world's largest maker of machines that print circuit images onto computer chips. The takeover has given ASML access to **Intel**, the world's biggest chip maker, and boosted its share of the \$8 billion-a-year world market for lithography systems from 35 percent to 43 percent, well ahead of its Japanese competitors **Nikon** (27 percent) and **Canon** (20 percent). Previously, ASML didn't have many US clients and was not a supplier to Intel.

Other European companies have moved across the Atlantic. **Philips** of the Netherlands employs 3,000 people in chip plants in California. France's **Alcatel** has spent around \$11.3 billion in the past two years on six North American Internet-based firms, including Canada's **Newbridge Networks** and US switch builder **Xylan**. German software giant **SAP** has a development center in Silicon Valley employing 400 engineers.

•••

Nordic Baltic Holding (NBH) completed its pan-Nordic strategy with the agreed \$2.8 billion acquisition of Norway's **Christiania Bank** to create the region's biggest financial institution with a market capitalization of more than \$17 billion and total assets of around \$185 billion.

Nordic, formed by the \$10.7 billion merger of Finland's **Merita** and Sweden's **Nordbanken** in October 1997, added Denmark's **Unidanmark** for \$4.5 billion earlier this year before it swooped on Christiania.

The latest deal is expected

to trigger further consolidation in the Nordic financial markets with most attention focused on Sweden's **Svenska Handelsbanken**, which lost out to NBH in the battle for Christiania and is now tipped to seek a merger with one of its domestic rivals. **DnB Holding**, Norway's largest bank, is seen linking with **Storebrand**, the country's leading insurer, to create a "national champion."

•••

Mir Corp, an Amsterdam-based firm that is trying to turn Russia's Mir space station into a money-spinning venture, plans to list its shares simultaneously in London, New York, and Singapore early next year.

The company, which leased the fifteen-year old Mir from the Russian government, aims to raise around \$117 million by offering 9 percent of its existing equity to private investors. Mir Corp. plans to generate revenues from space tourism, corporate sponsorship, and movies and television programs—**NBC** has paid \$35 million for the rights to a Mir television show.

RSC Energia, a privatized Russian company, owns 60 percent of Mir Corp with the remainder held by private investors who paid \$40 million for their stake.

•••

Nokia, the world's biggest mobile phone maker, paid \$415 million for the 49 percent of Brazilian mobile phone manufacturer **NG Industrial** it didn't already own, boosting its presence in Latin America's largest cell-phone market.

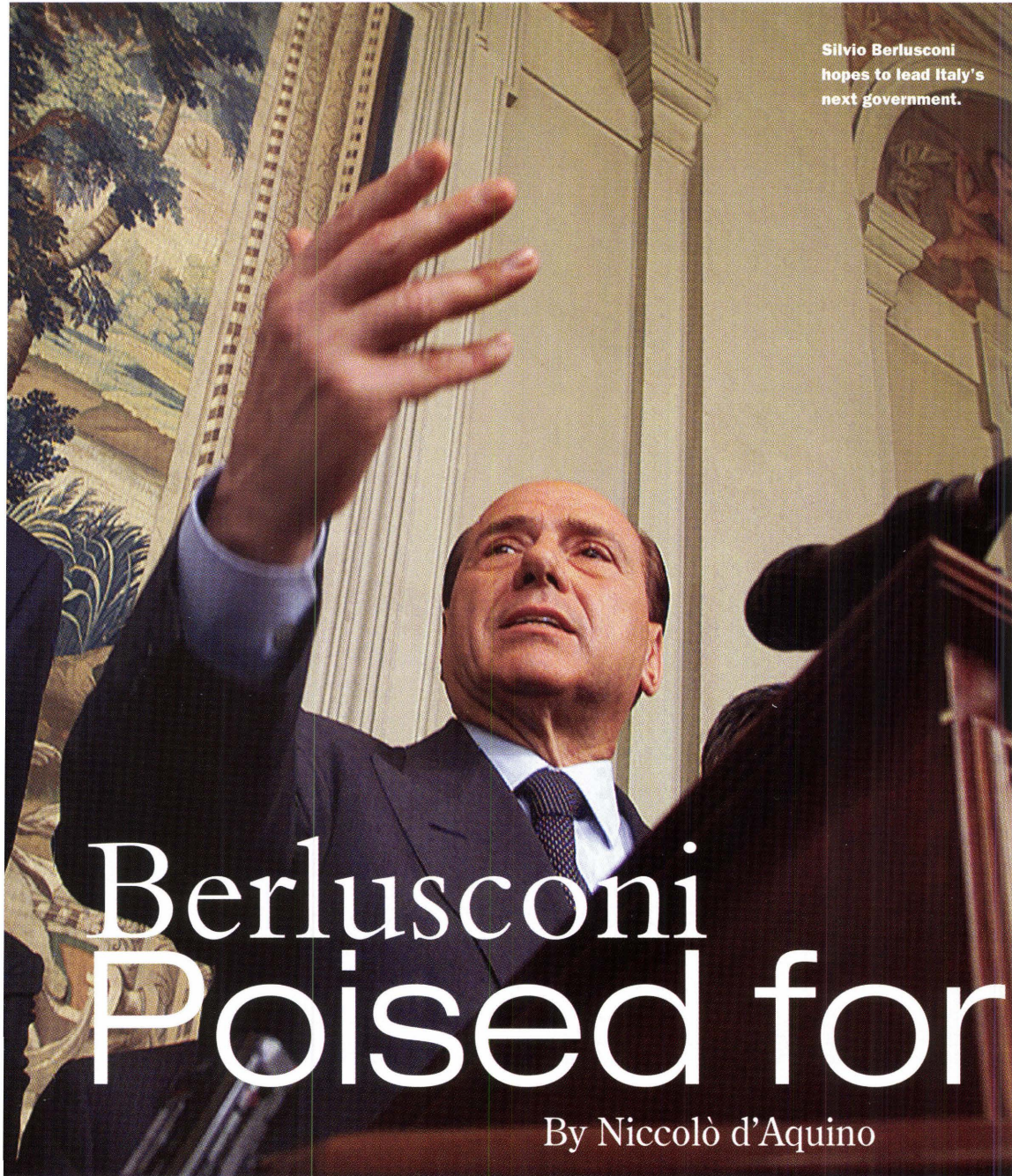
—Bruce Barnard



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Europe Update is published by the Delegation of the European Commission, 2300 M Street, N.W., Washington, DC 20037. The contents of this newsletter do not necessarily reflect the views of the European Union institutions or the member states.



Silvio Berlusconi hopes to lead Italy's next government.

Berlusconi Poised for Power

By Niccolò d'Aquino

Media magnate continues to eliminate obstacles to election

Power

It is too soon to say that the right-wing opposition leader Silvio Berlusconi will be the next head of the Italian government, but he is the prohibitive favorite as the April deadline for elections approaches. Most Italian newspapers and opinion polls, including those of the majority center-left voters, are predicting results that would return the real estate mogul turned television tycoon to power, six years after his first taste of leadership—those tumultuous seven months back in 1994.

Meanwhile, during the past few months and regardless of the upcoming elections, Italy has achieved a major milestone in its democratic history by restructuring its political system along the lines of the majority/opposition model used in the United Kingdom and the United States. The aim was to end decades of fractious legislative fights among innumerable political parties of every size, representing nearly every conceivable interest group. These internecine battles constantly pushed Italian governments to the brink of crisis and created a system under which a relatively insular group of government

Center-left leaders say that Rome mayor Francesco Rutelli has the best chance to beat right-wing opposition leader Silvio Berlusconi.



Furthermore, Bossi, finding himself abandoned by many of his electors, has softened the tone

insiders were continually recycled into powerful positions.

Of course, this being Italy, the details are rather complicated. To begin with, the small parties haven't disappeared. In reality, they have only changed names and leading figures. Following the uproar caused by the so-called 'Clean Hands' corruption investigations of the early 1990s, the all-powerful Christian Democrats—the Catholic party which with the blessing of the Vatican dominated Italy's political scene for more than fifty years—was dissolved. Many of the new parties arose from the ashes of the old CD, and under the

watchful eye of the Vatican, they divided themselves equally among the center-left and center-right coalitions.

The leaders of these new small parties—some of which are non-Catholic—are trying to make their voices heard. However, it is clear that the new political landscape has been thinned out and simplified. For the first time Italian public opinion regularly is expressed in terms of "progressives" and "conservatives," as it is in other major Western democracies. Italy's progressives are headed by Walter Veltroni, the present head of the Democrats of the Left, which is largely comprised of members

of the former Communist Party. The uncontested leader of the conservatives is Berlusconi.

Although a somewhat streamlined political landscape would seem to benefit his cause, Berlusconi faces many obstacles in his path to power. Foremost, the flamboyant businessman must extricate himself from a series of nagging legal entanglements. Several judicial inquests and corruption trials stemming from his entrepreneurial and political activities, especially his involvement with Bettino Craxi, continue to vex the would-be prime minister. Craxi, the former prime minister and leader of the

Socialist party, had been the subject of numerous investigations and corruption probes. He died recently in Tunisia, where he had exiled himself rather than face Italian judges. Nevertheless, as election day approaches, it appears that Berlusconi's judicial problems are being resolved one by one.

In addition to winning his legal battles, the candidate must also keep a tight leash on two of his partners, both of whom are politically cumbersome and somewhat frightening to a large number of Italian voters as well as Italy's international allies. Should Berlusconi win, they are destined to play leading roles in his government. The first is Gianfranco Fini, the leader of the National Alliance, the party many say is heir to Italy's notorious Fascist party. The second is Umberto Bossi, the cantankerous head of the Northern League, who until recently, openly called for the "rich and industrious" northern part of Italy to secede from the rest of the country, which he called "poor and inefficient" and above all "dominated by the thieves in Rome."

Nevertheless, even this double threat appears to be receding. The neo-Fascists, thanks to Fini's dexterity and cautious attitude, are building political legitimacy. They continue to collect increasingly important government positions, most recently winning the presidency of the region of Latium, an immensely strategic political precinct that includes Rome. Furthermore, Bossi, finding himself abandoned by

and the demands of his rhetoric

many of his electors, has softened the tone and the demands of his rhetoric. He now declares that he doesn't favor secession but rather an Italy that, after renouncing centralism, will be rebuilt along federalist lines. This new approach had its moment of glory when Bossi shook hands with Italian President Carlo Azeglio Ciampi, whose office represents the standard bearer of all that which the Northern League has considered its mortal enemy—the pinnacle of the centralized State.

So is Berlusconi's path to power completely clear? Not yet. His biggest obstacle remains unresolved: the con-

flict of interest between Berlusconi the politician and Berlusconi the business tycoon. Especially at issue are his media assets. His main holding company, Mediaset, owns Italy's three most important and lucrative commercial television channels, which enjoy huge shares of the national viewing audience. He also owns a national newspaper and controls one of the country's largest construction companies (the venture that decades ago launched his entrepreneurial career). In addition, critics argue that should he become the head of the government, he would also inevitably receive special attention from RAI, Italy's public broadcasting company, which runs three television channels and three radio stations and which is beholden to politicians for funding. In practice, the argument goes, Berlusconi would have almost total control, directly or indirectly, over all the national television and radio networks. His opponents say that such a situation has never before occurred in any democratic regime and presents frankly an impossible prospect in a modern democracy.

National Alliance leader Gianfranco Fini has allied his party with Berlusconi.



So far, Berlusconi, despite many declarations about his commitment to a free press, has been unable to resolve the problem, and Italians are waiting to see how he will eliminate this last obstacle. ☹

Niccolò d'Aquino, a foreign affairs correspondent for Il Mondo, is EUROPE's Rome correspondent.

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The Business of Soccer

Potential changes in the longstanding player transfer system would make the top pros richer but small clubs would suffer. Either way the soccer landscape could be forever altered By Bruce Barnard

European football—soccer to Americans—is facing a full-blown crisis as regulators in Brussels threaten to outlaw the sale of players, an integral ingredient of the professional game since the late nineteenth century. The move has drawn a furious response from clubs, players, investors, and fans across Europe. The politicians too have joined the fray, with British Prime Minister Tony Blair and German Chancellor Gerhard Schröder jointly urging the European Commission to minimize changes to the system. The Commission claims the current system, which allows clubs to buy contracted players from other clubs, flouts the EU's employment rules on the freedom of movement of labor and its competition laws.

"We acknowledge the current system is not perfect," Blair and Schröder said in a joint statement. "We fear however that a radical reform could have a negative impact on the structures of football in Europe."

There is a genuine fear that ending the transfer system, which dates back to the start of professionalism in the United Kingdom in 1885, could force

smaller clubs out of business. Most small clubs face perennial operating losses and are able to survive only by selling players to richer teams. Clubs would no longer have any incentive to train and nurture young players since there would be no way of recouping their investment by selling them.

FIFA, football's international governing body, has offered to revamp the system, proposing to scrap transfer fees for players older than twenty-four. But the Commission isn't satisfied and is calling for more radical concessions. There appears to be little room for compromise—Vivian Reding, the European commissioner whose brief includes sports issues, is talking tough, "I find it scandalous that players are treated as objects of speculation." Mario Monti, the commissioner for competition, is equally adamant that the system must go.

The Commission has suggested transfer fees could be replaced by compensation based on wage payments for the remaining term of a player's contract with an extra sum for clubs that trained a top player early in his career. This wouldn't help clubs like Colchester United. The English second-division team recently sold Lomana Tresor Lua Lua, a nineteen-year-old Zairean player it discovered playing at a nearby

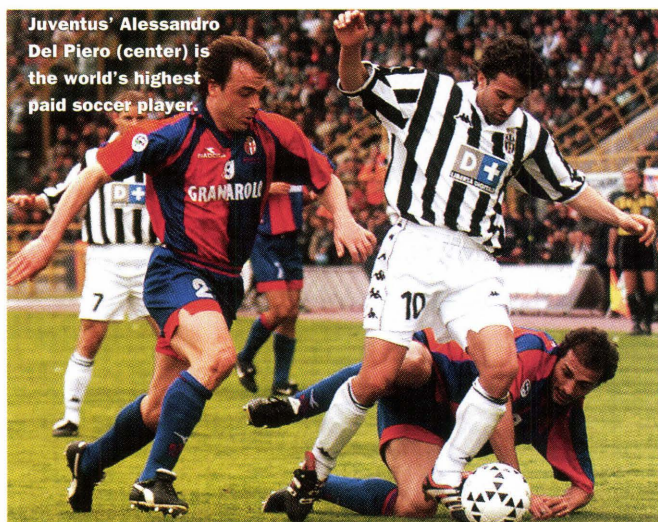
high school a couple of years ago, to Premier League Newcastle United for \$3.3 million. Or Cambridge United, another struggling second-division club which has made \$7.5 million from transfers over the past ten years, helping to cover annual operating deficits of \$600,000.

Even large clubs would suffer from the abolition of transfer fees. Ajax of Amsterdam, a three-time European Cup winner renowned for its youth development program, got \$20 million last year, a fifth of its total revenues, from selling players to wealthier continental clubs. The European transfer market reached new highs this summer, with eleven deals worth more than \$20 million, including Real Madrid's world-record \$56 million payment to its domestic archrival Barcelona for Luis Figo, the Portuguese striker and one of the stars of Euro 2000, the European national championship. Some clubs have turned a tidy profit from transfers. Arsenal, an English Premier League club, bought French player Nicolas Anelka for \$725,000 and sold him within a year to Real Madrid for around \$33 million.

The real winners from scrapping the transfer system would be the players, and the losers will be the club shareholders and spectators, according to Peter Ridsdale, chairman of Leeds United, an English Premier League club.

Ending transfer fees would free big clubs to compete for players by offering even higher salaries. The top earner in the UK's Premier League, Manchester United's Roy Keane, earns a reported \$76,000 a week, but Williams de Broe, a London brokerage that tracks football shares, predicts the emergence of the first \$150,000-a-week footballer within a year of the ending of the transfer system. Wages are already rising by 25 to 30 percent a year as clubs compete for the best players pushing most teams into the red.

English club players earn less than their Italian and Spanish counterparts, although some, like Manchester United's David Beckham, more than double their earnings from product endorsements. Italian club Juventus currently boasts the world's highest-paid football player, Alessandro Del Piero, who earns some \$18 million a year,



Juventus' Alessandro Del Piero (center) is the world's highest paid soccer player.

topping the \$15 million domestic rival InterMilan paid Brazilian striker Rivaldo in 1999.

English clubs can't compete with their Italian and Spanish rivals at the top end of the transfer market because many like Manchester United, Arsenal, and Liverpool, are publicly owned companies and are answerable to shareholders. The top European clubs, by contrast, are often owned by indulgent wealthy individuals, Juventus by the Fiat car company's Agnelli family and AC Milan by Silvio Berlusconi, the billionaire media baron and former prime minister of Italy.

Some of the biggest clubs put prestige before profits. Real Madrid, for example, was prepared to pay \$58 million for Luis Figo, although it lost some \$38 million last year, swelling its debts to more than \$220 million.

But the top clubs can afford to take a relaxed attitude because they are about to reap a bonanza from a steep increase in television fees that have transformed the industry in the past five years. BSkyB, media mogul Rupert Murdoch's satellite television company, NTL, the New York cable operator, and other stations have just agreed to pay a combined \$2.5 billion for the rights to televise the twenty-team Premier League over the next three years—twice the amount of the previous three-year deal. Some television companies have even acquired stakes in football clubs. Clubs like Barcelona have cut individual television deals worth more than \$60 million a year.

Very little of the television money trickles down to the lower divisions, and that's why they are dreading the ending of the transfer system. Football has become big business. Manchester United is Europe's richest club with a stock market value exceeding \$1.5 billion, a huge international fan base, which is

particularly strong in the Far East with its own television channel and souvenir shops at Asian airports.

Furthermore, it has just signed a world-record apparel deal with Nike worth \$450 million over fifteen years, dwarfing the previous record \$105 million deal between the US sportswear company and the Brazilian football federation.

The big clubs from England, Spain, Italy, and Germany have mulled breaking away from their national leagues to take part in a European

super league. This would make them even richer, but it would hasten the polarization of the game between the haves and have-nots.

Some commentators say the clubs are crying wolf over the ending the transfer system. Rather than cripple clubs, it would force them to put their shaky finances in shape. The Commission has already intervened in football, ruling in 1995 that clubs must release their rights to out-of-contract players older than twenty-four without a fee and outlawing limits set by UEFA, European football's governing body, on the number of foreigners on any one team.

The disaster forecast by many in the game has yet to materialize. But kicking out transfer fees may prove to be another ball game altogether. ☹

Bruce Barnard, based in London, is a EUROPE contributing editor.

Wealthy clubs like Manchester United can afford to pay top players like David Beckham salaries that would bankrupt many smaller clubs.

The Haute and Mighty

By Ester Laushway

The French will want to strangle me with an Hermès scarf for divulging this, but *haute couture* was started by an Englishman. Charles Frederick Worth, born in 1825, became fascinated with the French flair for clothes design while he was working in a large London fashion store. He set off for Paris when he was twenty-one and spent a couple of years struggling along in classic 'starving artist' mode, before he found a wealthy Swedish sponsor who set him up in business. He opened a boutique on the oh-so-fashionable Rue de la Paix and established his own couture house there in 1858.



Curtain calls from the 2000-2001 winter shows: (clockwise from top) Dior's John Galliano, Yves Saint-Laurent with model Laetitia Casta, Donatella Versace.



The wife of Austrian statesman Prince Metternich was so delighted with the clothes he created for her that she spread the word among European royalty, and Worth soon became a court couturier with a noble clientele as far away as Russia, Austria, Italy, and Spain. At the height of his fame, he employed 1,200 people and exported his designs to every corner of the world. He was the first couturier to present his clothes on live mannequins and would no doubt be astounded to see how that little innovation of his is strutting down the catwalk today.

After Worth, haute couture did become a quintessentially French showcase of luxury, with a string of immensely gifted, endlessly inventive, and technically flawless designers, like Paul Poiret, Madeleine Vionnet, Coco Chanel, and Christian Dior. They marked the twentieth century with their genius, setting the standards for those who followed.

Poiret created the first designer perfume, "Rosine" in 1911; Vionnet first cut cloth on the bias, "Mademoiselle" Chanel invented the suit and proved that women can wear the pants and still keep their femininity. Her biggest rival, Christian Dior, revolutionized the fashion world in 1947 with his first collection, the New Look, which accentuated a woman's curves. Of those great fashion pioneers, Dior's successor, the timeless, inimitable Yves Saint Laurent, is the last who is still living—and continuing to work his magic—except for the embroidery king of couture, François Lesage.

The Lesage house, which young François took over in 1949, at age twenty, still puts the last, dazzling, touches on the models created for this season's shows for Chanel, Gaultier, Lacroix, Dior, and YSL. It can take anywhere from twenty to 2,000 hours to embroider one dress—every stitch must be perfect. Lesage believes that the pieces in his archives alone represent millions of hours of work. You start to see why the price of an haute couture dress begins at \$26,000 and can reach up into the six figures.

Lesage has lived through the golden age of French haute couture and seen fashion become more and more of a global industry, but he still believes that there is a special alchemy in Paris that operates nowhere else. "Haute couture

is not French—it is Parisian. Why? Because Balenciaga was Spanish, Karl Lagerfeld is German, John Galliano is English—as was Worth. It is only in Paris that the designer can snap his fingers and have the hats, the feathers, the shoes, flowers...and embroidery. That is why couture is there. And I do think that is why couture will never disappear.”

Haute couture is a rarefied, elite showcase of fabric art, which only about 2,000 rich, often famous, and preferably anorexic women can afford to buy occasionally and only about 200 buy on a regular basis. The couture collections, shown twice a year in Paris—in January for the spring and summer, in July for the fall and winter—attract close to a thousand journalists from more than forty countries.

One notch down from the giddy heights of haute couture but still an elegant cut above the sartorial reach of most mortals is *prêt-à-porter* (ready-to-wear). Those collections hit the catwalks twice a year in four different cities: New York, London, Paris, and Milan. Ready-to-wear spring and summer forecasts are shown in September/October, those for fall and winter in February/March.

Paris still leads there, as well, because of that certain indefinable French flair, that certain *je ne sais quoi*, which other countries have never been able to duplicate just yet. As Suzy Menkes, the fashion editor of the *International Herald Tribune*, puts it, “The creative cutting edge, which you get nowhere else, is in Paris.”

Following hot on Paris’ elegant heels is Milan, where creative designers and the manufacturing industry form a closely knit team. Menkes says their cooperation means that “a company like Dolce and Gabbana can come from zero to hero in a matter of ten years because their ideas are put into a framework, by which the clothes can actually be made and delivered by one of the big fabric companies. This is a pattern throughout Italy, making them a very, very powerful industry.”

Paris and Milan are the undisputed fashion leaders in Europe, followed by London. According to Menkes, London’s particular strength is “producing strong and interesting designers, because of their unique system of schools and colleges for design and fashion.” Those schools recently produced de-

signers like Alexander McQueen and John Galliano, two British mavericks who are infusing new life into two venerable French houses, Givenchy and Dior.

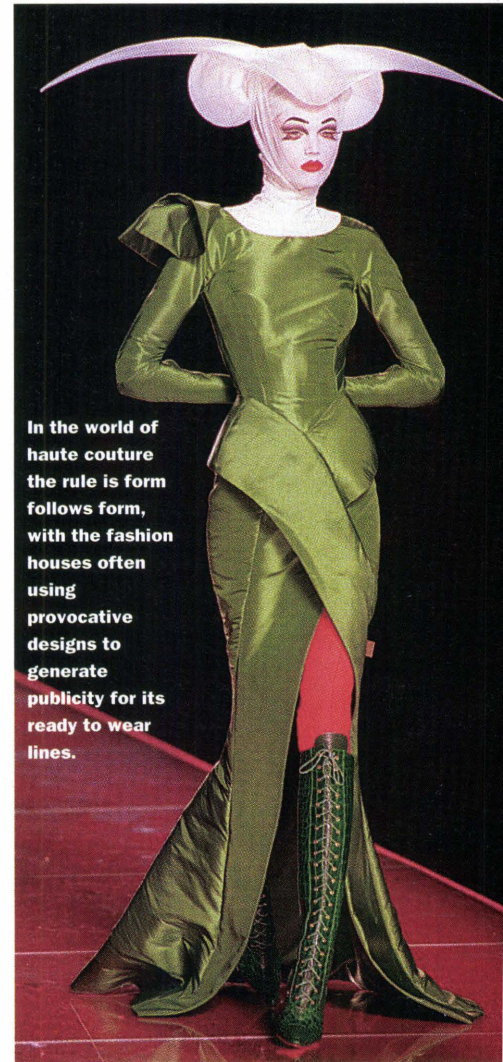
In addition to the Paris-Milan-London trinity, smaller pockets of talent and creativity are developing elsewhere in Europe. “You’ve got a lot of Belgian designers being extremely successful creatively,” says Menkes. “And then you’ve got quite a few interesting people coming up in Spain. So it’s not entirely just a three-city thing.”

It is not entirely just a European thing, either. Whereas the Old World still has the creative side of the business sewn up for now, Menkes gives the United States her vote for the marketing edge. “I would cite as an example Tom Ford, who is an American, at Gucci, where he has set a kind of pattern for marketing, whereby the image of ‘cool’ is the crucial thing. And that idea, that the image leads the product, in the same way that haute couture in Paris used to be a kind of engine for the rest, that kind of image-making is something that I think on the whole Americans have a bit more savvy about.”

Haute couture and prêt-à-porter together form the high-profile but low-profit end of the fashion industry. Clothes may make the man or woman, but it is accessories that make the money. The value of designer clothes for a fashion house is measured in the prestige and publicity they generate, not the profits.

“Since the early nineties,” explains Menkes, “the houses that have been making the news and generally sitting on the top of the tree are those that don’t sell clothes, or rather, they sell clothes incidentally.”

Take the example of LVMH, the world’s biggest luxury goods group. The four initials, standing for Louis Vuitton luggage, Moët & Chandon champagne, and Hennessy cognac, are only a small part of a vast, glamorous portfolio that includes Ebel watches, Chaumet jewelry, Sephora cosmetics, Guerlain perfumes, and the world’s top sauternes wine, Château d’Yquem. The group’s fashion and leather goods division contains a wardrobe-full of designer names, including Christian Lacroix, Céline, Kenzo, and Givenchy, enlarged last year by the acquisition of 67 percent of the Italian fashion house



In the world of haute couture the rule is form follows form, with the fashion houses often using provocative designs to generate publicity for its ready to wear lines.

Pucci. These are labels to conjure with, but they are not the big moneymakers for LVMH. The group’s net sales for 1999 were a staggering \$7.1 billion, up 23 percent from 1998. Of those total sales, 27 percent were generated by fashion and leather goods combined. Were you to break down those sales, which LVMH discreetly does not do, Louis Vuitton leather goods would emerge as the heavyweight, while the fashion figures would look punier than Kate Moss, accounting for well less than 10 percent of the total.

At Hermès and Gucci, two other luxury groups that are bringing in healthy profits, if not on the same stratospheric scale as LVMH, the clothing divisions generate no more than 12–14 percent of total sales. In fact, Gucci, says Menkes, “doesn’t really have a clothing culture. When you go into their store in Paris, you have to climb a thousand stairs before you even find any clothes. You come on everything else: the bags and

the shoes and the scarves and the sunglasses, for heaven's sake, before you get to the clothes."

Yet the media buzz, the brand recognition, and the sheer seduction of high fashion are so powerful and priceless that they more than offset its skimpy financial earnings. Image-conscious companies positively lust after couture labels. The house of Yves Saint Laurent, for example, which epitomizes French ele-

were shown in Paris, Yves Saint Laurent proved that his creative genius has not been diminished by the division of his house. He can, and does, stand alone. The ninety-two designs he presented were the purest distillation of everything YSL embodies: an inspired reinvention of the thoroughbred grace and effortless elegance that have been his signature for the past forty years. "My starting points were purity—and a woman's body—and I wanted to show couture's savoir faire," he told the fashion press. He came through with a collection based on simple black and white, punctuated with splashes of bright color, that was so perfectly executed, down to the last whisk of lace and tuft of feathers, that it looked easy. "It was sublime," gasped Tom Ford, understandably overcome, since he has been handed the difficult task of taking over Saint-Laurent's prêt-à-porter line.

At the opposite end of the fashion spectrum was the Freud-inspired exploration of fetishism dreamed up by Dior's wild boy, John Galliano. Set against a lurid red decor, to a soundtrack of cracking whips and orgasmic moans, the show was a shocker, featuring a cast of degenerate nuns, prostitutes, and other kinky characters, trussed, gagged, and costumed in outfits best confined to a (dark) bedroom. Bondage accessories such as gags, handcuffs, leather straps, and ropes were topped off by Edwardian wigs, top hats, gorilla masks, and reptilian headpieces.

Alexander McQueen, the other British renegade who has made it big in Paris, at Givenchy, focused much of his manic energy on a weird and wondrous assortment of headwear that included floor-length Indian feathers, psychedelic bikers' helmets, a crystal cage, and a gauze sphere. The clothes he presented had some flashy details of their own, such as a pantsuit lit up by tiny electric bulbs, but it was hard to see a unifying theme in

Haute Couture's Divine Dozen

The French Industry Ministry publishes an annual list of haute couture houses in Paris that have fulfilled the strict requirements, first laid down by law in 1945, and updated in 1992, that qualify them as an official *maison de haute couture*. The conditions include:

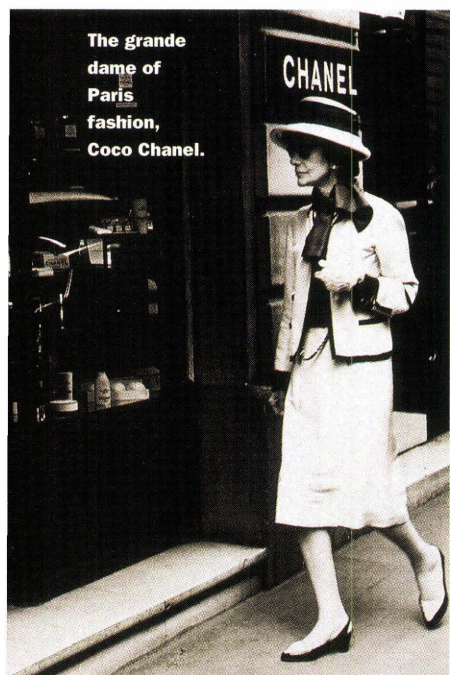
- presenting two yearly collections of at least fifty original designs to the fashion press.
- employing at least twenty people in the house's workshops.
- showing the collections in-house to their clients.

Being part of this exclusive inner circle of French high fashion is so demanding and expensive that the membership is shrinking year by year. From twenty-one houses in 1992, the list has dropped to twelve in 2000:

- **BALMAIN** (founded 1945 by Pierre Balmain)
- **CHANEL** (founded 1909 by Gabrielle "Coco" Chanel)
- **CHRISTIAN DIOR** (founded 1946 by Christian Dior)
- **CHRISTIAN LACROIX** (founded 1987 by Christian Lacroix)
- **EMANUEL UNGARO** (founded 1965 by Emanuel Ungaro)
- **GIVENCHY** (founded 1952 by Hubert de Givenchy)
- **HANAE MORI** (founded 1977 by Hanae Mori)
- **JEAN-LOUIS SCHERRER** (founded 1971 by Jean-Louis Scherrer)
- **LAPIDUS** (founded 1949 by Ted Lapidus)
- **LOUIS FÉRAUD** (founded 1958 by Louis Féraud)
- **TORRENTE** (founded 1969 by Rosette Mett, the sister of Ted Lapidus)
- **YVES SAINT LAURENT** (founded 1961 by Yves Saint Laurent)

The Top Ten Trends for Haute Couture: Fall/Winter 2000

1. Luxurious gem embroidery
2. Leaf motifs
3. Asymmetrical cuts
4. Metallic hair pieces
5. Asian inspired details
6. Sable and mink
7. Stiletto heels
8. Crocodile skin
9. Seventies bell sleeves
10. Golden fabrics and trimmings



gance, was the object of a fierce dogfight last year, which resulted in the company being split. The haute couture part still has the namesake Yves Saint Laurent and his faithful partner, Pierre Bergé, at the helm but is now owned by François Pinault, France's richest man. He beat out his bitter rival Bernard Arnault, who heads LVMH. The profit-spinning rest of YSL—the perfumes, cosmetics, accessories, and ready-to-wear—went to the Gucci group (in which Pinault, incidentally, has a healthy stake). Gucci has appointed the designer Tom Ford to create the new Saint Laurent ready-to-wear line. How that shakeup will shake down, is qualified by Suzy Menkes, as "the big story of the season."

In July, when the couture collections for fall and winter 2000

the mad mix of fringed disco dresses, Oriental kimono jackets, palazzo pants, and the like.

The rest of the couture collections fell in between the perfection of YSL and the provocation of Galliano and McQueen. Christian Lacroix used the vivid colors of his native Provence, lots of fur, and some folklore; Valentino, the Italian designer who knows how to flatter a woman's shape better than anyone else, continued to do just that; the Russian designer duo Seredin & Vassiliev played with Russian folklore themes, ornamented with Asian motifs and unexpected extras like fur eyelashes and a burning candleabra headdress.

When asked what struck her most about the couture collections for fall and winter, Suzy Menkes answered, "Color, that is the big thing. Heaven knows if it will catch on with the public, but after all the years of black, black, black, color is definitely coming through as a strong trend. And a slightly more individualistic approach. Some people call it 'Bohemian chic': in other words, customized clothes, switcher clothes, a lot of textured fabrics, that kind of thing."

What does all this mean to the average woman, who might not feel comfortable slinking through the streets in python-and-lace pants, wearing dripping candles on her head? For you, I have two words: purple and plaid. This fall, purchase something in plum, top it with tartan, and remember the words of the late Italian designer Franco Moschino, "Good taste does not exist." ☉

Ester Laushway is EUROPE's Paris correspondent.

Italian Fashion Goes High-Click

By Stephen Jewkes

Designers are finally discovering the web

Compared to other sectors in the Italian business world, the high fashion companies are showing a reluctance to go online. Aside from accessories, sportswear, and casuals, the leading fashion houses have made few inroads into e-commerce proper.

But all that could change soon. Many analysts see the year ahead as decisive as companies turn to the Internet to improve visibility and brand image. Already some of the big designers, who once snubbed the Internet, are exploring cyber strategies. Sites have been going up at a dizzying rate with top houses rushing to get their corporate messages onto the loop, as witnessed by the emergence of Gucci.com, Georgioarmani.com, and the soon-to-go-live Gianniversace.com.

Yet, if the big names are building marketing web sites, true e-commerce remains in the future. It may be that the Internet is just too democratic for the top designers whose products, they say, are unique. Houses like Gucci and Prada insist their products are different from the likes of New York's Ralph Lauren, which sells to the mass market through big retail chains.

Gucci has long fought to keep its brand name under house control and is not keen on franchising through the Internet. The Florence-based house has said it is currently developing its strategy in the sector and at present has no plans to sell its products online. Interestingly enough, however, it has an e-business

department at its offices in New York.

Of the leading houses, Giorgio Armani has no plans as yet to launch into the Internet, except for distribution of a jeans line in the US, while Gianni Versace is selling accessories on the Luxlook.com site but is not contemplating an e-commerce outlet for its collections.

Many think Italy has been slow compared to the aggressive strategy of France's luxury baron Bernard Arnault, whose firm LVMH has launched a luxury goods portal, Luxory.com, for sales to the United States. The venture includes Italian luxury group Bulgari as well as other accessory products from selected Italian houses. Arnault is also set to create Italy's first "cyber brand" by putting Pucci fashion, which it acquired earlier this year, on eluxury.com by mid-October.

But if the world of high fashion has reservations, some of the less upmarket companies are making moves. Earlier this year the Burani group, makers of the Mariella Burani line, took control of an Italian Internet service provider with the aim of creating a fashion portal to sell not only its own products on-line but to provide access for smaller fashion companies to profitable foreign markets.

Last year, Benetton launched an e-commerce project that will see the creation of a portal by the end of 2000 to sell its clothing collections and sportswear range as well as provide more general information and services on things like music and travel. The group

will be looking for foreign partners and will probably join with America's Andersen Consulting.

Ittierre, the group that owns Dolce & Gabbana, is working on a project that in just a few months it expects will generate e-business worth some 20-30 percent of traditional turnover. The project, designed to meet the increasing internationalization of the business, will be realized with Telecom Italia's online unit Tin.it and is expected to get underway within the year.

Stefanel has chosen venture capital firm Pino Venture as partner for its e-plans and hopes that other groups in the sector will come onboard to share the benefits. The company intends to pursue both business-to-business and business-to-consumer trade. However, despite its appetite for the web, Stefanel says bricks-and-mortar outlets will remain the focus of its business with the Internet simply boosting traditional sales.

Although late, Italian fashion is slowly but surely waking up to the Internet's potential. The Finpart holding group, which recently took its shops into the US, is set to launch a pilot project that at first will put only its Frette brand on-line but will eventually market its other brands such as Henry Cotton's, Moncler, and Maska.

Times are changing. Just how long the Italian fashion gurus can afford to stay out of the loop is a moot question. ☉

Stephen Jewkes is the Milan correspondent for Bridge News.

Considering the French Cheese Obsession

By John Andrews

A slice of brie (top) and a wedge of blue cheese (bottom). Right: At the Etoile du Vercors cheese factory in Saint Just de Claix, southeastern France, employees pack cheeses.

General De Gaulle famously complained, "How can you be expected to govern a country that has 246 cheeses?" Perhaps he should have been doubly exasperated, since the actual number of French cheeses is said to be around 500. Forget the notion that it takes a cow to make cheese: France also produces dozens of goat's cheeses (*chèvre*) and sheep's cheeses (*brebis*) to take the breath away—sometimes literally. No tour of Paris is complete without a visit to Barthélemy, the wondrous cheese store in the seventh arrondissement, and no decent French meal is complete without its cheese course.

There is even, for those French expatriates who miss their fierce Roquefort or pungent Pont-l'Évêque, a mail-order service from the Internet (www.fromages.com).

What explains this French obsession? History is one factor. That great Roman gourmet (better known as a scholar) Pliny the Elder remarked almost a thousand years ago on the French love of cheese. Another is regional pride: each cheese carries the character of its place of origin.

Roquefort, for example, derives its taste not just from the milk of ewes but from a blue mold that is only found in the caves of Mont Combalou in southwestern France. Just as with wine, there is a strict system of *appellation d'origine contrôlée*, with government-imposed rules to ensure quality is maintained. And the biggest factor of all is taste: as fifteenth-century French writer François Rabelais pointed out 500 years ago, put bread, wine, and cheese together and they form "the Holy Trinity of the table."

But will tastes be forced to change? Cheese purists worry that European Union directives designed to improve hygiene will drive out of business the small farmers who make their cheese by hand and sell it on market stalls. Go too far, however, and we shall end up eating processed cheese—which is surely sacrilege. ☹



CAPITALS

An overview of current events and trends in Europe's capitals



More than 33,000 people form a massive human logo at Lisbon's national stadium during Portugal's campaign to host the 2004 European soccer championships.

LISBON

FOOTBALL HAS BEEN VERY, VERY GOOD

Anyone who has visited Portugal at any time of year other than summer will know that it vies with Italy for the title of Europe's most soccer-crazed nation. The two best-selling newspapers are sports publications, with more than 90 percent of their coverage devoted to soccer. As in other European countries, football (soccer) fever starts well before the opening of the season, with the media full of news on the transfer of players and training sessions weeks before the first match is played.

This season could be one of the most exciting for years. The domestic game, which has hemorrhaged money and talent

in recent years, has gained a boost with the renaissance of Sporting, a Lisbon club that was for decades overshadowed by its bigger local rival, Benfica. Sporting won the national championship last season for the first time in eighteen years, triggering wild celebrations by its long-suffering supporters. The former champion Porto, which had held the title for the last five years, has vowed to take it back.

Now, for the first time ever, the country's soccer fans have something on a grander scale to look forward to: the 2004 European Championship finals. The success last year of Portugal's bid to host the event was a massive coup, all the sweeter for being at the expense of Spain. Since those heady days, however, the focus has been firmly on the daunting practical preparations for the event.

Projects outstanding include constructing four new stadiums and upgrad-

ing six others, building many new roads, and expanding hospitals in some of the towns that will host matches. UEFA, the European soccer federation, had specified that the host country must provide at least eight stadiums, all with a capacity of at least 30,000 seats, including four with a capacity of 40,000 for the quarter-finals, and at least one with 50,000 seats for the final.

The benefits of the event for Portugal are unambiguous. The organizing group will employ about 1,400 people, but many more jobs will be created in construction and services. Just as important in the minds of officials, the event is expected to boost the country's image, along the lines of what happened with the 1998 Expo.

More concretely, not only will Portugal be left with vastly improved sports facilities, including new stadiums for two of its "big three" clubs—Porto and Sport-

ing—and improvements to a third—Benfica—but the project will boost tourism capacity in provincial towns. In addition, the country's transport infrastructure will see some important improvements, including upgrading the Lisbon-Oporto rail link, building a highway to Spain from Coimbra and Aveiro, and expanding Faro airport.

While the soccer federation will organize the tournament, matters such as security and infrastructure involve a range of local and national agencies. So alarm bells rang when a leading soccer official warned at the start of this season that preparations had already fallen behind schedule and hinted that the government was to blame.

The unveiling of the national government's budget for 2000 was the first opportunity to see whether it is putting its money where its mouth is. But the \$4.5 million set aside this year for work on the stadiums is just a start. The tournament will entail \$265 million in direct investment—to be boosted by up to 25 percent with European Union funds for the development of sports facilities—and \$521 million in indirect investment. A further \$2.6 million is to be spent marketing the event.

It remains to be seen whether the seemingly inevitable construction delays will create major problems or whether a last-minute concerted effort by all involved—similar to what happened in the run-up to the 1998 Expo—will save the day.

—Alison Roberts

ATHENS

GREEK ON-LINE SECTOR LAGS

With the lowest Internet penetration in Western Europe, Greece has lagged behind its EU partners in developing the new economy. Although the pace is quickening, only 6 percent of Greek residents are hooked up to the net, and only 20 percent have access to a personal computer at home.

Electronic commerce is still at an early stage. It was only in late September that Pizza Hut launched an on-line order service in Athens. It will take time for other local fast-food chains to catch up. E-business is just getting off the ground, promoted by Greece's handful of Internet service providers, but problems persist with clearing electronic credit card transactions.

Greece's poor telecommunications in-

frastructure is one reason why the information technology sector has been slow to develop. Liberalization has dragged, with the government insisting—unlike Portugal and Ireland—on making full use of a two-year postponement permitted by Brussels.

The delay has allowed the Greek public telecom operator OTE to complete digitization of the fixed-line network and launch a successful cellular network. But consumers have suffered because of high prices for international connections and data transmission services.

Until this year Greece's handful of Internet service providers trying to expand faced administrative obstacles, while call charges remained high—another reason, say analysts, why Greece has fewer connections to the Internet than Hungary and the Czech Republic.

Furthermore, they say, cultural factors have also played a role. Few Greek banks and businesses use e-mail for internal communications, so computer skills are not yet widespread. A laptop or PC costs considerably more in Greece than in Western Europe and eats up a bigger chunk of family income. Though Greece is still very much a café society, the Internet café has failed to make much headway.

Dramatic change, however, is on the way. More than twenty private telecom companies are bidding for licenses to offer public voice telephony services when the sector is fully deregulated on January 1, 2001. In separate projects, two private groups are preparing to lay fiber-optic cables across the Adriatic from Italy to boost Greek capacity.

The government has pledged to make Greece an "information society" during its current term. There are plans to give every high-school student access to a computer in the next three years, using funds from the latest EU structural aid package. Next year, Greek taxpayers will be able to file their income tax returns on-line, while small companies, which account for three-quarters of business activity, will be encouraged to make VAT payments electronically.

To help raise capital for IT and e-commerce projects, the government plans to set up a \$384.4 million "fund of funds" that would participate in local venture capital funds backing young entrepreneurs. There is no shortage of talented Greek IT specialists, although many are working in other EU countries. By helping to make available startup financing, the government hopes a significant num-

ber of expatriates will return to set up their own businesses.

Meanwhile, Patras University in western Greece has become the country's leading center for IT research and development. This year the California-based Atmel Corporation set up a design center at Patras for "system-on-a-chip" semiconductors and hired 200 specialist Greek engineers.

The IT market is projected to grow fast in the next three years, with Internet penetration reaching 25 percent to 30 percent. More portals are setting up, offering content in Greek for local users. Internet call charges have fallen by 30 percent this year. With Internet banking poised to grow, the e-commerce market is expected to take off next year. As one analyst put it, "It's not that the Greeks are technophobic, it's just that innovation takes awhile. Three years ago Greece's mobile market was way behind the rest of the EU. Now it's close to the European average."

—Kerin Hope

BRUSSELS

RETURN OF THE PLACE DES MARTYRS

For years, it has been one of Brussels' greatest shames. Now it is set to become—once again—one of its greatest glories. The Place des Martyrs, one of only two eighteenth century squares in the Belgian capital and an architectural pearl—is in the process of being restored after almost a century of neglect.

Built between 1773 and 1776, it was consciously modeled on the Place Vendôme in Paris and was originally known as the Place Saint-Michel. The city architect Claude Fisco designed the façades and the roofs of all the buildings, which accounts for the extraordinary unity of their appearance. The interiors were left to the individual owners to construct, which meant that there was not only an immense variety, but—on the whole—the quality of the materials used was much inferior, which meant that few of them have survived the intervening 225 years.

The square was renamed in 1830, following the revolution that led to independence from Dutch rule. Altogether 467 Belgians were killed in fierce fighting with the Dutch soldiers. Their bodies were collected and buried together in a

HELSINKI

MOOSE HUNTERS SET LOOSE

Wild animals loom aggressively in the Finnish national epic, the *Kalevala*, which has been translated into more than forty languages, but two beasts predominate—the bear and the moose. The bear was an object of worship in Lapland even as late as the eighteenth century, and the moose has been prized for its nutritional value since the Stone Age. It still is the principal game for Finnish hunters who, between now and Christmas, will be indulging their sport full blast.

During the Second World War both sides killed the moose population almost to extinction, but these days it is back in such abundant numbers that this year's government-authorized cull has been fixed at a total of 50,000 animals. (The Finnish version of moose is related to the Canadian one, but is rather smaller.)

The majority of these will be felled in the nation's southwest where they are most numerous and where their predation of young pine and birch trees is a matter of annoyance to farmers. Moreover, as an adult beast is as tall as a horse and can weigh between 600 and 1,000 pounds, it represents a serious road hazard on the heavily used southern highways. Furthermore, they have even been spotted ambling through Helsinki suburbs.

Annually between 200–300 people are involved in moose collisions—some of them, needless to say, are fatal—despite the many wire barriers that line the forest fringes. As animals of habit, their usual road crossings are marked by warning signs, just as they are in Sweden and Norway. The most dangerous hours of movement are at dusk and before sunrise.

You will not be surprised to learn that moose hunting is strictly controlled. Licenses are granted to hunting clubs based on a minimum 2,500-5,000 acres, and the club must have a signed agreement from every landowner that hunting is permitted on his territory.

Each hunter takes an obligatory written test before he gets his \$25 annually renewable permit from the Agriculture Ministry. In addition, every third year sportsmen have to pass a comprehensive shooting test with standing and moving targets to confirm their marksmanship; the test is designed to avoid the cruelty

and danger of merely wounding a beast.

Despite its bulk, the mournful-looking and reclusive creature, so silent on its cloven hooves, is difficult to detect in the forest. Hunters usually send into the forest a gray spits hound, which is trained to bark only when its quarry is standing still, not when it is running. Stalking with extreme caution, the hunter follows the dog's noise hoping to get a clear shot through trees and undergrowth. Because it's so tricky, every moose hunter is obliged by law to wear a red cap and jacket to avoid being shot by a fellow hunter.

Membership in the clubs is not easy. While each contains a full range of skills, incomes, and backgrounds, the clubs admit members on an invitation only basis, a process that reportedly only happens by a kind of social osmosis. Any foreigner tentatively suggesting that moose hunting might be one of those exclusionary, gender-biased, Nordic activities will get something robust in reply to the effect that "You bet it is."

The quality of moose meat is superb: dark, dense, toothsome, low-fat flesh, which can be butchered as steaks or ground into sausage. It's the ideal deep-freeze investment in future pleasure to be eaten with boiled potatoes, wild berries, or red cabbage and, oh yes, accompanied by a hefty Burgundy.

According to folklore, the god of the Finnish forest was called Tapio. He was the one who granted ordinary hunter-gatherers the favor of finding sufficient game for their needs. He also got involved with Tapiotar, a woman who was an expert in game birds, but who clearly didn't qualify for heavy lifting when it came to major mammals. Anyway, for reasons best known to himself, he has decided to make 2000 a bumper year if only to stress, perhaps, that hunting is still regarded by the unflinching Finns as their birthright.

—David Haworth

LONDON

DOME DEFLATION DEFIES EXPECTATIONS

Can you imagine Disney or a shopping mall developer banning parking near its new attraction and forcing you to go elsewhere to obtain entrance tickets? Well that's what the builders and operators of the Millennium Dome did. Fur-

mausoleum constructed beneath the center of the square, with their names engraved on the walls of the surrounding galleries.

Already a fashionable address, the square became the focus of patriotic sentiment, but the commercial development of neighboring streets eventually made it a less desirable area in which to live, and the residents gradually started to move out to more leafy districts on the outskirts of Brussels. One by one the buildings were abandoned and left to molder; the masonry crumbled and greenery sprouted from first floor windows. The square was abandoned and virtually forgotten, although it was only a two-minute walk away from the rue Neuve, the capital's main shopping street.

Successive governments wrung their hands at the festering decay, and although preservation orders were placed on all the buildings, nothing was ever done to restore them. Salvation came with the federalization of Belgium in 1989. The square became the responsibility of the Brussels regional government, whose minister-president, Charles Picqué, vowed to restore it to its former greatness.

He found a willing ally in the new government of the Flemish community, which was eager to establish its headquarters in Brussels rather than in Flanders proper. They agreed to renovate two sides of the square for their government buildings, an agreement for which Picqué was roundly condemned by some of the more fanatical French-speakers in the capital who resented the Flemish presence.

This criticism became more muted after 1994, when the Flemish government moved in, having made an excellent job of restoring the buildings. The greater part of the other two sides of the square was sold to property developers to renovate as apartments or offices, with provision for some shops on the ground floors. One building has been developed as the Théâtre des Martyrs, which is now staging an enterprising repertoire of international plays.

Only one half of the east side of the square remains to be redeveloped, but the building permits have now been approved, and the whole square should be restored—behind the original façades—by next year. The city will have regained a delightful place in which to live or work, which should also prove a considerable tourist attraction.

—Dick Leonard



Despite massive government investment and a huge publicity campaign, the Millennium Dome in Greenwich, England, could be sold to a private company.

thermore, to go one better—or should I say worse—they filled the exhibition with attractions that could not decide if they were designed to entertain or to educate.

You can't park there, and you can't even buy a ticket when you eventually arrive out in the east of London at Greenwich, the site of the dome, the world's largest steel and plastic tent. Let's face it, it does require a curious turn of mind to then be surprised that it failed to draw the 12 million visitors expected.

Originally conceived as a celebration of a resurgent Britain as it entered the new millennium, the dome has turned out to be the world's largest white elephant. A white elephant was the gift an Asian prince would give one of his rivals knowing that its upkeep would be so enormous as to bankrupt the receiver of the gift.

Indeed, bankruptcy has loomed from the outset. It has been kept operating by repeatedly raiding lottery funds designated for worthier causes. The original \$1.15 billion spent on building the dome included \$600 million from the lottery, but the shortfall in projected ticket sales meant that so far another

\$350 million has been taken from the lottery just to keep it from the hands of the receivers.

The September handout of nearly \$60 million was asked for with "no guarantee that more would not be needed before the end of the year," admitted dome minister Lord Falconer. The additional funds were drawn from the lottery's New Opportunities Fund, which was set up to give lottery money to small-scale health and education projects.

Dome deflation has been the order of the day as it has finally been acknowledged that the project was woefully misconceived, appallingly mismanaged, and is turning out to be not only the country's biggest white elephant, but also its largest financial black hole.

The original estimate of 12 million visitors for the year turned out to be wildly optimistic, and the project's operator, New Millennium Experience Company, admits it will be lucky if total visitors top 4.5 million by the end of the year. Keeping the pitiful prestige project alive has meant that it has cost more than \$200 for every visitor.

Worst of all for the government,

which had originally hailed the project as a symbol of new Britain and above all New Labor, came when Japanese investment bank Nomura withdrew its offer to buy the dome and its sixty-three-acre site for just less than \$150 million. They said they could not complete the deal after the depth of the financial morass and the real visitor figures were revealed.

It was Joanna Lumley, the star of the hit television sitcom *Absolutely Fabulous*, who put her finger on the problem: "For something to be good you have to put something good in the middle of it." From the outset, the question of content gave rise to controversy, and in the end, the result was compromise.

If another buyer cannot be found, then it is possible that the dome will be pulled down and the land sold to developers. The lucky new buyer will inherit a site on which millions have been spent on clearance, decontamination, and a transport infrastructure that includes a new Underground line linking the Greenwich peninsula with the heart of London.

Without the encumbrance of the dome, property experts speculate that the land could double or treble in value over

the next ten years. That would be great for Greenwich, but at what economic and political price?

—David Lennon

STOCKHOLM

NORDIC NATIONS HAIL ENVIRONMENTAL HERO

Each morning as he walked in the St. Petersburg prison yard, Alekandr Nikitin clung to the same thought: “I am doing the right thing. I think this belief gave me strength.”

Strength was what he needed. For following his conscience, Alekandr Nikitin was facing a death sentence.

A former Russian naval officer and nuclear engineer, Nikitin began working after his retirement in 1992 with the Norwegian environmental organization Bellona to catalogue the used nuclear fuel from Russian submarines and the nuclear waste littering the land and water in the Murmansk region.

Long before the nuclear submarine *Kursk* sank this August, alerting the world to the nuclear dangers of Russia’s Northern Fleet, Nikitin and Bellona were issuing warnings. Partly because of those warnings, the Norwegian and Swedish governments have pumped millions of dollars into bilateral cleanup efforts and have also been able to win international aid to help deal with the problems. Through the Northern Dimension program, the European Union is working on general environmental problems throughout northern Russia.

However, five years ago, after Bellona published a report showing where the worst nuclear problems lay, Nikitin was charged with treason. The FSB, the Russian security police who took over from the KGB when the Soviet Union collapsed, claimed he had given classified information to Bellona. In Russia, treason can mean a death sentence.

For almost a year, Nikitin sat in prison, as the FSB’s investigation dragged on. The highest European and US officials, including President Clinton, took up his case. Nikitin also had the dubious honor in 1996 of being named the first Amnesty International prisoner of conscience in Russia, after the Soviet Union’s fall.

In 1998, the case came to trial, but the St. Petersburg City Court ordered it sent back for further investigation. Nikitin was



Alekandr Nikitin, a former Russian naval officer, was jailed after exposing the perilous state of Russia’s decaying nuclear fleet.

once more in limbo. In December 1999, Nikitin was acquitted, and the Supreme Court upheld the verdict a few months later.

It seemed Nikitin’s ordeal was finally over. Then, a few months ago, prosecutors appealed and asked the presidium of the Russian Supreme Court to allow them to bring a new case against Nikitin. On September 13, the presidium panel denied the appeal. This time, it appears the prosecutors have no more options.

Nikitin and Bellona always maintained that the information he provided was public, not classified. Far from being treasonous, Nikitin says that by talking about the navy’s nuclear waste problems he was trying to open the door to help.

“I thought that by solving the problems, I would be helping my country,” Nikitin says.

Discussing his beliefs over dinner in a Stockholm restaurant, shortly before the prosecutors’ appeal was denied, the forty-seven-year-old Nikitin seems remarkably relaxed. Since becoming an international *cause célèbre*, he has answered the same questions from journalists hundreds of times, but he speaks patiently through an interpreter, explaining again the environmental risks for the Murmansk region and the fragile Barents Sea if the nuclear mess is not cleaned up.

“Five years ago, I was convinced of the necessity of this work, and I’m still convinced,” he says.

Talk veers off in a lighter vein, and he enthuses about his other passion, soccer, and his favorite Ukrainian team. But he falls silent when his wife is mentioned. She lives in Toronto, and they haven’t met for two years; it’s not something he wants to talk about.

Although he could now leave Russia,

Nikitin plans to stay in his native country. He doesn’t seem to find it strange that he would want to, or that he acted as he did, knowing the risks.

“The truth is on our side,” he said. “In spite of all odds, I think we will achieve our goals, and I can say in all honesty I don’t regret what happened to me.”

—Ariane Sains

PARIS

FRANCE’S FIRE SOLDIERS

Firefighters on both sides of the Atlantic endured a long, hot, dangerous summer. As the western US suffered the worst season for forest fires in half a century, with an estimated 1.6 million acres still burning in late August, France faced its own infernos. The French Mediterranean region is most at risk from forest fires, and this summer exceptionally hot temperatures and high winds made the area a powder keg, which needed only a spark to set it off. In early July, a combine-harvester in a field supplied just that and ignited a fire that devastated 1,500 acres and cost the lives of two firemen, whose jeep was encircled by flames. It was the murderous start of a weekend that kept 2,000 fire fighters in the field, responding to a hundred different fire alerts that ravaged a total of 3,800 acres along the Mediterranean coast and in Corsica. The rest of the summer was similar: a highly volatile situation created by violent mistral winds and drought, which did not take an exceptionally large toll in acreage only because of the tireless vigilance of the fire fighting force.

The areas burned in France are insignificant when compared to the vast stretches scorched in the United States, until you put them in proportion to the overall size of each country’s forests. The United States has 700 million wooded acres, often far from any human habitation, and can afford to allow some fires to burn themselves out. France’s forests cover just 37 million acres and are too precious a resource to let flames rage through them. So the policy is to put out every fire as quickly as possible. That decision brings risks with it that can be of a completely different dimension than the size of the fire.

The men—and an increasing number of women—who make up France’s fire fighting corps, *les Sapeurs Pompiers de France*, are a motley group, bound together by an increasingly rare and all the

more admirable sense of civic duty. Their motto is “save or perish.” Only about a quarter of them are professionals, who are ranked, like the army, all the way up to colonel; the overriding majority are volunteers, who work somewhere else and devote their free time to being “soldiers of fire.” Mechanics, plumbers, business executives, engineers, and teachers, aged eighteen to fifty-five, they willingly give up time with their families to serve duty at the fire station and go on training courses—not to mention fight fires. They are paid a token wage of \$6 to \$8 an hour, but then, as any volunteer fire fighter will tell you, they are not in it for the money.

In the part of Provence where I live, 750 professionals and 3,250 volunteers work together to keep the countryside green for the rest of us. A large part of their job is prevention. Helped by forest wardens and volunteers from individual villages, they keep watch and patrol the region, even when the risk of a fire is not great. On hot, dry days, when the mistral wind blows down the Rhone Valley, at speeds of thirty to sixty miles per hour,

the entire ground force is called out and their efforts are reinforced by aerial patrols.

A fleet of helicopters and water bombers, including twelve Canadairs, is based near the coast not far from Marseille. They are deployed over the entire southeastern region of France, dispatched to wherever they are most urgently needed, by CIRCOS, the Civil Security Interregional Coordination Center. From our terrace, we often see them coming, usually flying in formations of four, and when they pass back and forth several times, to refill their water tanks on the Mediterranean and then head inland again, we know that the fire is a big one.

Now, there is no drone of Canadairs in the air, and the calls coming into regional fire stations are more likely to be for a cat stuck in a tree than a tree on fire. But it is November, the month when France honors heroes, and a good time to remember, and thank, those who fight to keep our countryside, and us, safe from fire. *Merçi, les sapeurs pompiers!*

—Ester Laushway

CLEANING UP CITY HALL

It started life almost 250 years ago, the realization of a dream of Dublin’s merchant princes, located in the city’s commercial hub. In 1762, the Wide Streets Commission had created a splendid approach from Capel Street Bridge, on the nearby Liffey River, through Parliament Street to Dublin Castle, the center of British power in Ireland.

There were a number of proposals to mark the entrance to the castle—among them a square with an equestrian statue of King George the First or a chapel royal with a cupola.

The merchants, however, had another idea—the building of a Royal Merchants’ Exchange, which they had first proposed in 1761 to replace the decaying eighty-year-old Tholsel.

They bought (and cleared) a 10,000-square foot site from the government. Now they wanted a more grandiose, flamboyant building reflecting the new commercial upswing of Georgian Ireland.



French firefighters rally in Paris for better wages.

In a daring move to attract the best design, they asked architects in Great Britain and Ireland to compete for the job—one of the first recorded architectural competitions in history. There were sixty-one entrants, including twenty-four from Ireland, but in 1769, it was announced that an Englishman, Thomas Cooley, had won the contest (the internationally famed James Gandon came in second).

Cooley, who started working life as a carpenter in London, was only in his twenties when he won the competition and came to Ireland (which he never left). He had not reached forty when the building was completed. He died three years later.

Cooley was greatly influenced by the then fashionable Palladian style and his building became the most richly ornamental public edifice in the Irish capital. He was the first architect to depart from the then international tradition of the open court, enclosing the courtyard with a rotunda covered by a coffered dome. This innovative design was followed by numerous banks, which emerged across Europe in the eighteenth century.

Cooley's assistant on the Dublin project was James Hoban, who later won the competition to design the White House in Washington DC.

In the mid-1820s, when the English and Irish currencies were amalgamated, the Royal Exchange became redundant. It fell into disrepair and was eventually bought, in 1852, by Dublin Corporation. With a more concerned eye for space usage rather than architecture, the new owners divided the airy ambulatory surroundings into municipal offices.

Until 1995, it survived as the center of Dublin Corporation's administrative offices and the city council's meeting chamber. However, when controversial new civic offices were completed in that year (they were built on an historic Viking site), long debate ensued about the future of the Cooley building. Extensive repairs were needed to preserve the gray stonework and other parts of the edifice. Conservationists wanted some of the Victorian alterations maintained to emphasize other developments in the building's history. In the end, the return of Cooley's vision won out, and because of the lack of cash to do the work at that time, the proposal was mothballed for possible future use.

Now, as part of Ireland's "Celtic Tiger" burgeoning economy and the new infusion of money for important preservation work, city hall has been converted back

to its original state. Now it is again possible to walk around the great central domed area in the newly paved ambulatories. Much of the original plasterwork has been cleaned and repaired, and the coffered dome has been repainted and regilded.

Two years of restoration ended with the opening of the refurbished building in September. Now city hall, a symbol of both the past and the present, is open to visitors and contains a new exhibition center about Dublin and its administration.

On your next visit to Dublin make it a must. If not, take time out to view it on www.dublincorp.ie/cityhall for a brief but informative guide to city hall and its restoration. You won't be disappointed.

—Mike Burns

BERLIN

ON THE TRAIL OF PLUNDERED ART

In the chaotic aftermath of World War II, a vast amount of priceless art disappeared and is now the object of a worldwide treasure hunt. Just as new technology has stimulated the search for hidden treasure, so the collapse of communism and the unification of Germany have stepped up the hunt for wartime booty. The example of the *Kunsthalle* (art gallery) in Bremen has bolstered the confidence that at least some of the plundered treasures may find their way to the rightful owners.

This year, Bremen *Kunsthalle* is celebrating the return of an important collection of artworks missing since the Russian invasion in 1945. On exhibition are the 101 works of the Bremen Leaves collection, which in 1993 was handed over to the Germany embassy in Moscow by the heirs of a veteran Red Army officer. However, it wasn't until last April, amid a great deal of political ceremony and fanfare, that the Russian government granted an export license for the artwork to travel back to Germany. In return, the German government presented the Russians with two artifacts from the legendary Amber Room, which the Prussian king, Frederick William I, had given to Czar Peter the Great in 1717 and which had been looted by Nazi troops from the Catherine Palace near St. Petersburg.

Although the Bremen Leaves collection, which includes pieces by Dürer, Goya, and Manet, represents a major achievement for the city's art gallery, it represents a small part of the war losses

Bremen sustained. Throughout the postwar era, the Bremen art association and private collectors who had lost artwork during the war painstakingly and meticulously documented their losses and never gave up hope. A total of 1,715 drawings and 3,000 graphic prints were stored in Karnzow Palace in Brandenburg (former East Germany). This palace was one of three places where Bremen art was concealed for safety in the closing months of World War II and eventually fell into the hands of Red Army soldiers.

In 1989, former Soviet officer Viktor Baldin shed some light on the missing art's postwar journey. During a trip through West Germany, he freely admitted that he had confiscated 362 drawings as well as one painting each by Albrecht Dürer and Francisco Goya from Bremen and had taken them to the palace in Brandenburg in 1945. He concealed them in Moscow's architecture museum after 1945. The looted works later found their way to the Hermitage Museum in St. Petersburg.

In 1992, the Hermitage consented to exhibiting the Baldin ensemble of 138 masterpieces. Another sixteen of Dürer's important works were discovered. Quite miraculously, the twelve small medallion designs by Dürer dating back 1511, depicting the Labors of Hercules, were reunited. Baldin had absconded with six of them, and the other six were already in possession of the Hermitage. Apart from the Baldin complex, the museum in St. Petersburg had obtained 128 works from Bremen between 1946 and 1947. Further research revealed that the Pushkin Museum in Moscow had taken possession of thirty-three drawings from Bremen as well as fifty graphic prints and that a Novosibirsk museum possessed fifty Bremen artworks. Furthermore, some fifty additional Bremen works are believed to be circulating on the Russian black market with others suspected to have found their way to the West.

The Bremen Leaves collection constituted a breakthrough that encouraged Bremen's art activists and strengthened their skillful diplomacy, enabling them to attain results when all political efforts had failed. Further repatriations, however, face a major obstacle from a law passed by Russia's Duma and upheld by the Russian constitutional court in 1999 that declares Soviet war booty the legal property of the Russian state as compensation for Nazi atrocities. The legislation provides for the permanent expropriation of cul-



Bremen Art Gallery director Wulf Herzogenrath displays a drawing from the Bremen Leaves collection, which was looted during the Russian invasion in 1945.

tural possessions confiscated by Soviet trophy art commission officials. However, there are some loopholes. The Russians noted exceptions for private and church property and artworks owned by foreigners and opponents of the Nazis. Furthermore, the Russians acknowledge evidence that the Soviet trophy art commissions never got as far as Brandenburg, which means that all artwork from Bremen found its way into the Soviet Union due to plundering by Red Army soldiers and is not necessarily subject to the Duma law.

While these circumstances bolster the confidence of the Bremen negotiators, they must also address conflicts on the domestic front. The government officials at the national cultural ministry in Berlin have long held a position of “all or nothing” regarding art repatriations and have claimed the exclusive right to lead such negotiations. The Bremen activists insist that private initiatives should not be excluded. Meanwhile, they are gearing up to attain their next goal—the return of the Baldin ensemble.

—Wanda Menke-Gluckert

LUXEMBOURG

QUESTIONS ARISE IN WAKE OF HOSTAGE DRAMA

A terrifying incident took place in Luxembourg this summer. A thirty-nine-year-old Tunisian-born gunman, Neji Bejaoui, took twenty-five children hostage in a daycare center in the town of Wasserbillig. The children, whose ages ranged from one to eight years old, were held for twenty-eight hours before Bejaoui was shot by police posing as television journalists and the captives were released unharmed. Bejaoui, who survived, was found to be an embittered, violent loner with a history of mental illness. He said he had taken the children in a “tit for tat” after the authorities had put his own two children in a foster home in 1994.

Frightening enough anywhere but in Luxembourg the incident had a particularly painful resonance. Bejaoui claimed to have been a victim of racism. He came to Luxembourg in 1982 but never held a permanent job, never learned the lan-

guage, and hardly ever spoke to anyone outside of his immediate family.

Luxembourg prides itself on its openness to foreigners. Some 35 percent of its population hold foreign passports—a far higher proportion than in any other European country. But what went wrong here? Were the authorities at fault in some way? The country asked itself searching questions.

The answers were reassuring. The evidence that Bejaoui is a seriously deranged misfit is compelling. None of the accusations that he had been a victim of official or even unofficial racism were seen to be at all plausible.

Guy Schuller, of the Luxembourg government’s press and information department, says there is no anti-immigration sentiment in the country. This is at least partly for economic reasons. “Luxembourg has realized that without the foreigners the country couldn’t even survive. We simply don’t have the labor we need to keep the economy going with only the nationals so we have to import it, either with immigrants or with commuters from neighboring countries like

Belgium, Germany, and France,” he said.

Similar factors haven't prevented racial incidents in Germany or France though. I asked if there had ever been an anti-immigrant movement in Luxembourg. “We used to have an extremist right-wing party—the National Front—but no longer,” Schuller said. “They got between 1.5 and 2 percent in the elections—very marginal—and now they no longer exist.”

Luxembourg has lived with a relatively large foreign population for centuries. Tolerance for those with different languages and cultures is practically inbred. Italians were the first foreign workers to come to Luxembourg, drawn to jobs in the steel industry over a century ago. Then came a wave of Portuguese migrant workers who rapidly became the largest foreign community. Of the present population of 437,000 about 13 percent are Portuguese and about 7 percent Italians. Of the total 280,000 employed in Luxembourg, almost half are foreigners, though this includes some 85,000 daily commuters from neighboring countries.

I asked the film producer Lynn Polack what she thought was happening in Luxembourg today. A few years ago, she made an acclaimed documentary, *Quid Pro Quo*, on the problems of living in a multicultural society. She believes that there generally has been a successful assimilation of foreigners, although at some levels of society there has been a withholding of personal contact that she regrets.

“There are two kinds of immigrants—the Eurocrats who come to work in the European institutions but never expect to stay for long. They live in their own little world and don't have much communication with the locals,” she said. “Their children mostly attend the European schools. They never connect enough.” The Luxembourgers themselves are not blameless for this. “There has been something of a turning back into themselves—you see it with the way they've promoted the national language Luxembourgish since the mid-eighties,” she said.

By contrast, the original Italian settlers are now more or less fully integrated through intermarriage, education, and work. “The Portuguese are in the process of doing that, though quite a lot of them still want to go back,” she said.

There are economic factors at work here too. Italian immigration began to fall off as Italy prospered as one of the EU's founding member countries. Now Portu-

gal is reaping the benefits of membership and finding more work at home for her people.

Within Luxembourg, the number of foreigners is nevertheless still growing faster than that of the native population—largely because of different birth rates. Already some towns like Larochette have a bigger foreign than native population. There have been moves to allow voting by non-nationals in local elections, and foreign mayors may well soon become commonplace.

The per capita income in Luxembourg is 175 percent of the EU average. By any measure, it is a wealthy country and a lure for job seekers. Better than that, it's as close to being a successful multicultural society as you will find in Europe today.

—Alan Osborn

THE HAGUE

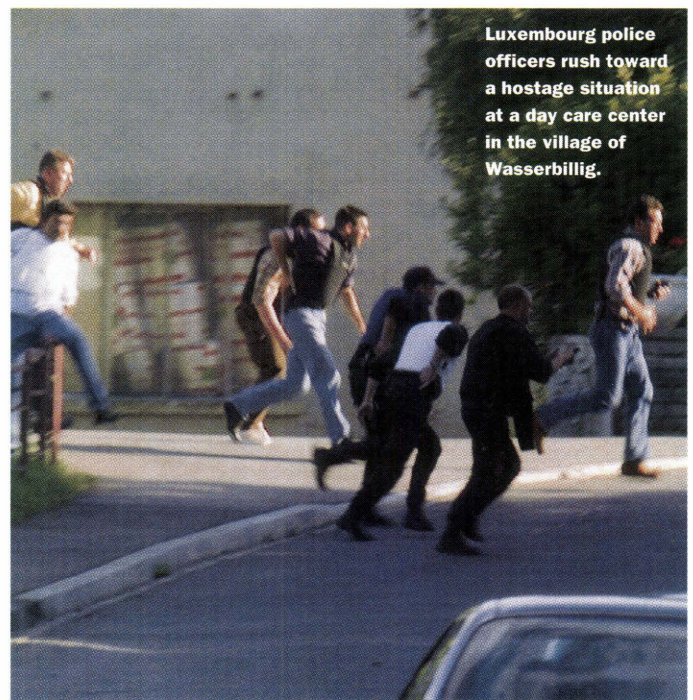
CONSENSUS CULTURE CREATES COUNTRY OF CONSULTANTS

The Netherlands may be a small country, but at least in one profession, the Dutch are dominant players. While Buenos Aires is famous for its exceptional number of psychiatrists and New York for its investment bankers, the Netherlands boasts the world's highest number of consultants per capita. About 200,000 people dedicate themselves to the business of advising and consulting, according to Charles den Tex, author of a recent book on the jargon of consultants and a consultant himself. That is, roughly about one out of every eighty inhabitants and almost twice as many as the total number of public servants working for the national government.

Public affairs specialists, organizational experts, interim managers, public relations consultants, lobbyists, mediators, and advisors in general are every-

where. Both the public and private sectors use them in abundance. Though the government has announced repeatedly that its reliance on external consultants should be diminished, the sector continues to flourish. It's also a considerable export product: Dutch consultants serve worldwide as experts in development projects. Nevertheless, their largest and most lucrative market remains at home.

The development of the consultant industry is closely related to the way Dutch society is organized. Lately, the cooperative spirit of the public and private sector working closely together, is called the “polder model.” This term (which takes its name from the Dutch word for land reclaimed from the sea) refers to the way that on just about any issue—labor relations, health care, social security, environmental issues—all interested parties are consulted and invited to take part in the decision making process. In fact, the approach is not new. As far back as the seventeenth century, during the Dutch “golden age” of merchant capitalism, the decision-making process of the Republic of Seven United Provinces, as the country was called at that time, was extremely cumbersome. There was no decision-making center, no capital, no real government, no king, nor any single person who could make national decisions on his own. In fact, the parliament represented the provinces and powerful merchant cities, like Amsterdam. The representatives had to return to their constituencies



Luxembourg police officers rush toward a hostage situation at a day care center in the village of Wasserbillig.

for approval of every decision. It proved a cumbersome process, and the slow speed of the Dutch political process became renown.

Nevertheless, that process laid the foundation for modern consulting, which has emerged as an outright industry of its own. Today, harried Dutch consultants loaded with work rush from one meeting to another, solving problems and smoothing out deadlocks. Avoiding conflicts and reaching compromises has become the highest form of Dutch management, in government, the non-profit sector, as well as in business.

Some issues, however, seem to remain perennial merry-go-rounds of debate, never yielding any breakthroughs, particularly in social security and health care-related issues.

For consultants, this is best of all worlds. For them, it means there is always work to do, if not in solving a particular problem, then in making sure it will not disappear. It has made consulting an extremely powerful force behind the scenes. Sometimes, it seems it has turned the Netherlands into a permanent meeting place.

—Roel Janssen

MADRID

SEPARATISTS STEP UP TERROR CAMPAIGN

About every two weeks since the beginning of this past summer, a somber ritual takes place across Spain. Thousands of people gather outside city halls and in plazas to stand silently for fifteen minutes to commemorate the latest victim, or victims, of the armed Basque separatist group ETA.

Starting in June, the militants stepped up their shootings and bombings in a terror offensive designed to force the center-right government of Prime Minister Jose Maria Aznar to capitulate to its demands for an independent Basque region.

The separatists killed eight people between June and October. Some, like two young civil guards in a Pyrenees Mountain resort town, died when a magnetic bomb attached to their vehicle blew up.

Others were shot dead in the street while going to work. Several intended victims escaped death when the bomb failed to explode or the gunman's aim was off. The victims included small-town politi-

cians, a leading Basque businessman, and a Spanish army officer.

A year ago, the Basque region was at peace. A unilateral cease-fire announced by ETA was holding. The residents of the three-province region were hopeful of an end to the decades-long conflict, and tourists and investors were returning. One session of secret peace talks in Switzerland between the center-right government of Prime Minister Jose Maria Aznar and the ETA leadership were held. However, neither side was prepared to even listen to the other's demands and the discussions collapsed.

And so last December, the separatists said the truce had failed to produce any progress toward their demands for an independent Basque state carved out of northern Spain and southwestern France and announced they were returning to violence.

The killing started soon after. But it was the summer offensive, the bloodiest period of Basque separatist violence in a decade, that really frightened Spaniards as the violence spread well beyond the Basque region and as far as Malaga on the southern Mediterranean coast.

Just as summer ended, hundreds of Spanish police staged raids across the Basque region and arrested twenty alleged members of ETA's planning and finance organization. Days later the French police captured the organization's suspected leader, Ignacio Gracia Arregui and then pulled in more than a dozen others believed to be in charge of ETA's logistics and bomb-making at hideouts in southwestern France.

Nevertheless, ETA has suffered such setbacks before, and the killing continued. Less than a week after Gracia Arregui was detained, a town councilman was shot to death in a Barcelona suburb by a suspected ETA hit team.

—Benjamin Jones

VIENNA

AUSTRIAN ART SCENE ENJOYS LIMELIGHT

This fall, news from Austria has stirred the international art scene. First came the opening of a much anticipated exhibition, then a mysterious buyer paid a record price for an Austrian painting, and finally word spread that talks were again underway to build a Guggenheim museum in Salzburg.

The buzz started in September in Vienna, when the Belvedere Gallery opened *Klimt and the Women*, an exploration of Austrian artist Gustav Klimt's highly romanticized, and sometimes erotic, portraits of women, which influenced the early twentieth century European art landscape.

Klimt, who in 1897 founded the Vienna Secession Group, was fascinated by the opposite sex. His work concentrated predominantly on the female form, and he filled his canvases with highly ornamented women, portraying their beauty in romantic and naturalistic settings. His obsession carried over into his personal affairs, and he fathered several children with his various models.

The Belvedere exhibit covers his earlier, historical portraits, his erotic art, and his allegorical portrayal of women. It also



A portrait by Egon Schiele sold for \$10.3 million at a recent Sotheby's auction.

examines the ways in which a changing society ideologically and culturally changed the role of the woman, and how Klimt's women represent this change.

In October, however, it was the sale of a work by Klimt's contemporary and fellow Austrian, Egon Schiele, that stunned the audience at a Sotheby's auction in London. An anonymous bidder paid an astonishing \$10.3 million for a portrait by Schiele. The most optimistic pre-sale estimates had forecast a price of around \$4.6 million, the previous record price for a Schiele. (In 1997, the record for a Klimt was set when one of his landscape's sold for \$14.7 million in New York.)

In his twenties, Schiele became a leader of the expressionist movement during the First World War. Tragically,

COPENHAGEN

GREAT DANES
ON THE SILVER SCREEN

Denmark's film community is getting a boost of notoriety in the US this year from two films and the emergence of a Danish star in Hollywood.

The Danish drama *A Place Nearby*, starring veteran actress Ghita Norby as a woman who wants to protect her autistic son from murder accusations, was recently named Denmark's entry for Best Foreign Film at the 2000 Academy Awards. The film, which is currently on the film festival circuit, won the European Prize at the Hollywood Film Festival. It is playing through November 12 at the European Union Film Showcase at the Kennedy Center in Washington, DC.

The film's selection proved somewhat controversial. Danish director Lars von Trier's *Dancer in the Dark*, about a Czech immigrant's struggles in the US, won this year's Palme d'Or at the Cannes Film Festival. This fall, the movie, which stars Catherine Deneuve and Icelandic pop singer Bjork, is enjoying enthusiastic reviews in limited release in the United States. However, the Academy of Motion Picture Arts and Sciences requires a movie submitted for the foreign film category to be produced in the country's native language. *Dancer* is in English and still can be considered for other categories.

While *Dancer* and *A Place Nearby* are filling seats at art house cinemas and quietly helping to boost the image of Danish

filmmaking, actress Connie Nielsen has sent Hollywood talent scouts jetting to Copenhagen.

Perhaps not yet a household name in the United States, or even in her native Denmark, the thirty-five-year-old actress's star certainly is rising after her much talked about performance in the summer blockbuster *Gladiator*. Playing opposite Russell Crowe on the big screen, Nielsen's performance as the smitten emperor's daughter captured the critics' attention and has stirred visions among older moviegoers of Ava Gardner at the peak of her career.

The actress, who speaks fluent English, German, Swedish, French, and Italian in addition to her native Danish, began her career in Paris at the age of eighteen where she performed in the movie *Le Paradis Absolument*. After that, as she says, "I studied acting in places like Rome, Milan, and South Africa."

She moved to Hollywood and first appeared in a "poorly reviewed" television movie called *Voyage*. Gradually the projects got bigger and better, including starring with Keanu Reeves and Al Pacino in *The Devil's Advocate*, with Kurt Russell in *Soldier*, and with Ben Stiller in *Permanent Midnight* before winning roles in this summer's *Mission to Mars* and *Gladiator*.

Nielsen's dream project in the future is "to make a film about the life of Mary Wollstonecraft, the author of *A Vindication of the Rights of Women* and mother of *Frankenstein* author Mary Shelley." However, for the moment, Nielsen is taking a "break to concentrate on being a single mom to her ten-year-old son."

—Ole Andersen

both Klimt and Schiele died in 1918 during the flu epidemic that swept through much of Europe as the war ended. Klimt was fifty-six, Schiele only twenty-eight.

The auctioned painting, which dates from 1918, depicts Guido Arnot, the first art dealer in Vienna to show real interest in Schiele's work. Helena Newman, senior director of Sotheby's Europe, called it "one of the most important portraits that Schiele completed during the last years of his life." She added, "The considerable interest that it generated among collectors is reflected in the record-breaking price."

Sotheby's, which offered the work as part of an auction of Austrian and German art, set a single day sales record of \$27.68 million for that genre. Noting that the demand for the works is at "an international level," Newman reasoned that the auction's success, especially the Schiele sale, "conclusively proves the market for German and Austrian art is gaining momentum."

While the art world has refocused its attention on Austrian art, Salzburg city leaders and officials from the Guggenheim Museum have renewed discussions about building a museum in Mozart's picturesque hometown. Nearly a decade ago, Guggenheim director Thomas Krens conceived a gallery installed inside the Mönchsberg, Salzburg's signature fortress mountain. However, city officials eventually rebuffed the plan, and Krens went on to commission Frank Gehry's masterpiece, the Guggenheim Bilbao in Spain.

Now both sides see a new opportunity in Kren's proposal for combination of two museums, one that would serve as an Austrian cultural institution, similar to Vienna's Albertina, the other a Guggenheim art complex. "It is a sensational concept of national and international dimension," gushed Salzburg official Johann Padutsch. Nevertheless, the project has its critics, who say its nearly \$100 million price tag is too high. A decision is expected sometime next year. Until then, Austrian art lovers will keep their fingers crossed that their country remains the apple of the art world's eye.

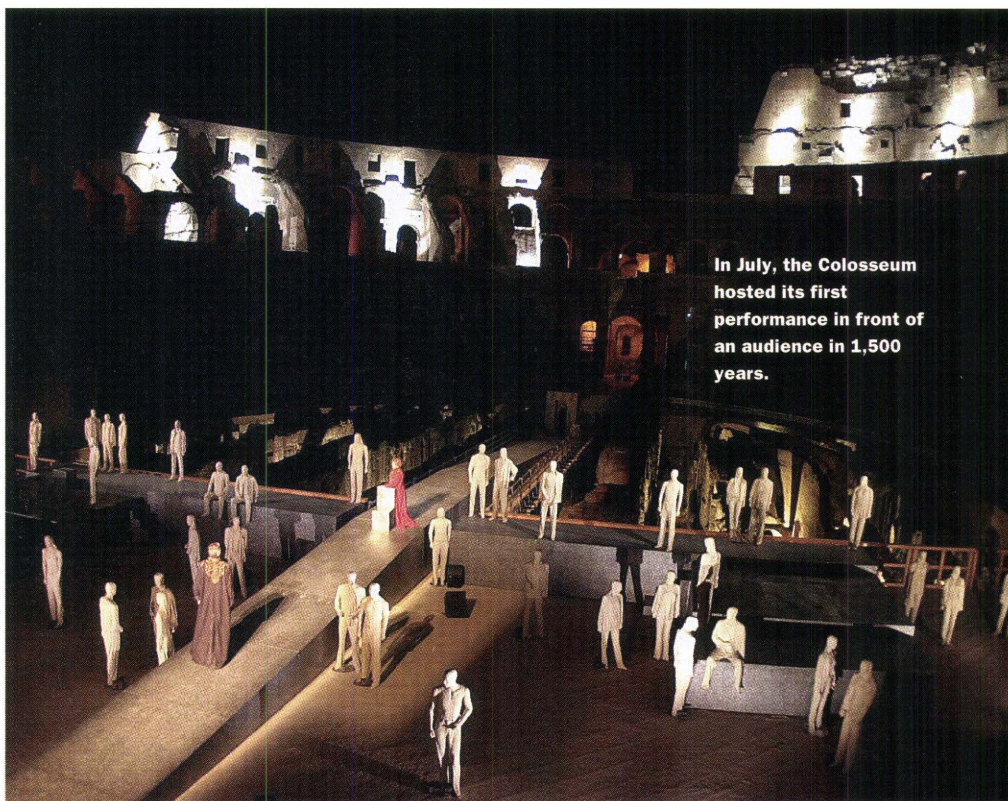
—Alexandra Hergesell



Danish actress Connie Nielsen heated up movie screens with Russell Crowe in the summer hit *Gladiator*.

ARTS & LEISURE

Reviewing the new & noteworthy in books, film, and beyond



In July, the Colosseum hosted its first performance in front of an audience in 1,500 years.

THEATER RETURNS TO THE COLOSSEUM

The last show was held here 1,500 years ago. Since then, the Colosseum, a symbol of Imperial Rome, was sacked, then abandoned, and later transformed into a virtual quarry. (Many Roman palaces of later epochs were built using its stones.) It is the perpetual symbol of the Eternal City, present on nearly every postcard, but in practice, it is a destination limited to tourists and archeologists. To many modern Romans, it is merely a bother, an ill-located obstacle that impedes the increasingly frenetic automobile traffic.

This summer, however, attitudes in Rome changed when the Colosseum's an-

cient function as a theater was revived after an eight-year restoration project. A wooden stage was erected, and seats and a standing room area were built in the east end of the Colosseum, the spot where wounded gladiators were once brought after their battles. Of course, this time around, there were neither lions devouring Christians nor death matches between gladiators.

Originally completed in 80 AD by Emperor Titus, the Colosseum welcomed its last paying audience in 523. Nearly a millennium and a half later, 700 VIPs gathered in the ancient structure on July 18, opening a summer program of plays and other performances. The play, of course, was from the antique

repertory, albeit Greek, *Oedipus Rex* by Sophocles, and those in attendance hailed the performance by the National Theater of Greece. Nevertheless, the real show wasn't the play. It was the Colosseum, itself, lit up under the moonlight, both fascinating and stately. Journalists wrote that even President Carlo Azeglio Ciampi (who thankfully has nothing in common with Nero and the other Caesars of antiquity) was moved, almost "intimidated" by the moment.

The real surprise proved to be the acoustics. Outside the Colosseum the usual heavy traffic honked and rumbled past, but inside the ancient structure, all was silent. Oh yes, the Romans really knew how to build their theaters.

—Niccolò d'Aquino

BOOKS

City Secrets Rome

Edited by Robert Kahn; Little Bookroom; 280 pages \$20

In the late 1800s and early 1900s, wealthy tourists tended to embark upon grand tours. Leaving from Great Britain or the United States, they would travel across the Continent, through France, Italy, Greece, and Turkey, armed with lists of friends and contacts and letters of introduction to local persons of note.

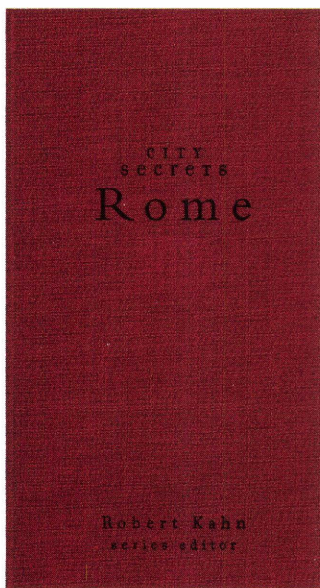
These travelers would literally move a small version of their households from one city to the next and set up residence in a city like Rome, settling in for months at a time. Caravans packed with wardrobes, personal belongings, and servants would follow in tow.

These fortunate travelers of days gone by had the time and the contacts necessary to really discover the secrets a city like Rome might have to offer.

Nowadays, the world has gotten smaller, but visits have gotten shorter, and the best many travelers can hope for is to be armed with a stack of guidebooks. Generally, these tourists plan visits of at most a few weeks. Only if they are fortunate enough to have acquaintances on the ground can they hope to have the kind of experiences their predecessors enjoyed.

Now, however, there is a new guidebook that strives to give the insider's perspective on the Eternal City. *City Se-*

crets Rome, brings together artists, architects, authors, journalists, historians, and other Italophiles, with years of accumulated time spent in Rome. These contributors were asked to share their knowledge of the city with readers by offering their interpretations of popular tourist sites and by recommending more unconventional itineraries, destinations, and experiences.



Little Bookroom, a small independent publisher in New York, formed a partnership with the American Academy in Rome, a center for independent study and advanced research in the arts and humanities. In exchange for the contributions by the academy's fellows, the institution receives a portion of the book's royalties. Robert Kahn, an architect and the editor of *City Secrets Rome*, acquired his knowledge of the Eternal City when he renovated the American Academy and was the inspiration behind the book.

City Secrets Rome is filled with the kind of information you would get from a friend who had spent years living in the Italian capital. From the best way to visit the Pantheon, to the best 'unknown' restaurants, to lists of concert series and walking itineraries, the book has something for every

tourist's interest.

In one passage, William Wyer, a rare bookseller, reveals that the best way to see the Sistine Chapel. Be one of the first in line when the Vatican museums open, he advises, and upon entering, speed past all of the galleries, heading straight for the chapel, which is at the end of the self-guided tour. According to Wyer, this is the secret to having the chapel all to one's self for half an hour.

Among the other revelations, landscape architect, James Turner discloses that an ordinary Roman bus ride is best enjoyed when viewed as an exotic excursion in and of itself. And film director Nicholas Hytner prescribes the perfect Roman afternoon in three steps: buy an *Art History Mystery* by Iain Pears; find a pleasant spot in Piazza Navona and order a cappuccino; read the book.

Though occasional mundane one-line observations have slipped in, most of the contributions are eye-opening, even to the experienced Roman visitor. The book is sensibly organized according to neighborhood and is attractively bound in red canvas with a tassel bookmark, for a subtle, non-guidebook, look. Next summer the series expands with *City Secrets: Florence, Venice, and the Towns of Italy*.

—Saskia Reilly

Little-Known Museums in and Around Rome

By Rachel Kaplan; Harry N. Abrams; 215 pages; \$20

If you're looking for a guide that will lead you to Rome's most sumptuous pasta dishes, its chicest hotel suites, and its shopping nirvanas, *Little-Known Museums in and Around Rome*, is not it, as its name might suggest. It is, however, a godsend for the traveler who leaves a city despondent if he/she hasn't ven-

tured off the proverbial well-worn path (and in the Eternal City, the path is often exceedingly well worn).

Certainly, Rome is a city brimming with exhibits of antiquity and displays of the zestful Italian culture, but too often, the traveler is left leafing madly through do-it-all guidebooks in search of information about them. Often the information is incomplete or, in the case of small exhibits, not included. Rachel Kaplan answers such quandaries by gathering the pertinent particulars for thirty of Rome's lesser known cultural jewels. You won't find a map to the Colosseum or a room-by-room disquisition of the Vatican apartments. You will find concise and highly readable vignettes describing the likes of the Rome Museum of Criminology (it houses the scarlet cape of the city's most famous executioner), the Museum of the Swiss Cottage of the Owls (once the home of Mussolini later turned into a shrine to Art Nouveau), and the Sabine Olive Oil Museum (like I said, this is for those who want off the beaten path).

Of course, she includes the all-important "getting-there" details along with phone numbers and hours of operation. It's organized in a clean, highly readable layout (something the fancy guidebooks ought to take note of). It is not, however, small enough to stuff in a jacket pocket or easily fit in a purse. (I suspect that is the price for the large number of color and black and white photos.)

Nevertheless, Kaplan has found a well-balanced mix of

history and practical information for a specialty guide of this sort and delivers it in a useable, colorful format. Ultimately, *Little-Known Museums In and Around Rome* proves a worthy companion.

—Peter Guin

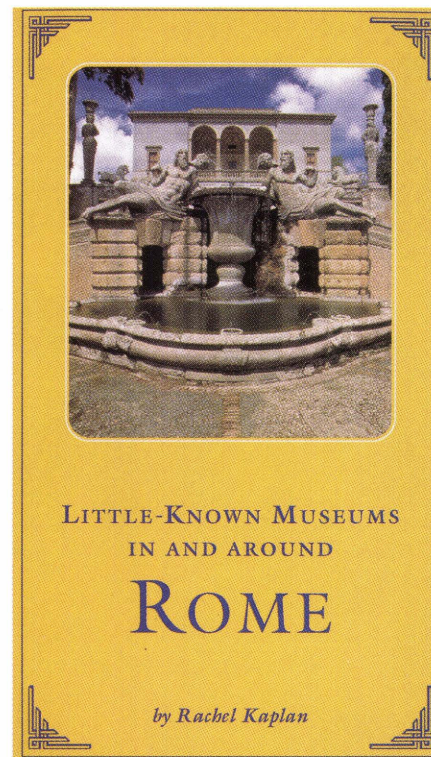


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