

Dutch Golden Age • Mad Cow • EU & Canada

EUROPE

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February 2001

THE Green ISSUE

Environment
Special Report

- Global Warming
- Nuclear Energy
- Clean Companies

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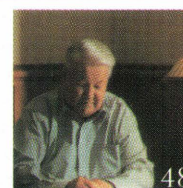
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LETTER FROM THE EDITOR

Only now are people realizing what is happening to the environment, including in a physical way. The controversial issue is whether the impact of what is happening to the environment is man-made or not," comments European Environment Commissioner Margot Walström, in an exclusive *EUROPE* interview for our special 'green issue'.

After the collapse of the recent environment conference at the Hague, a new UN scientific report warning of a potential "global calamity" brought on by "human-induced climate change," and an oil spill near the Galapagos Islands, the environment is again on people's minds in Europe and around the world.

Ariane Sains, writing from Stockholm, gives a detailed and lengthy account of Europe's "green attitude" today. She writes that the main problems will come from the "monumental" environmental situation being faced in Eastern Europe and the former Soviet Union. She looks at the various European Union programs for cleaning up the environment in the next decade.

The uncertain future of nuclear energy is debated in our article where critics maintain it is unsafe and proponents feel it is clean and efficient.

European firms are bringing out new environmentally friendly technologies that are profitable such as fuel cells and wave generators.

Terry Martin, writing from Berlin, discusses how the Chernobyl nuclear disaster led to the growth of Green parties across Europe especially in Germany where they are coalition partners in the current government.

Roel Janssen, our correspondent based in the Hague, presents a profile of Dutch Environment Minister Jan Pronk, who hosted the recent global environment conference held in the Dutch capital. Janssen also reports on a burgeoning new "golden age" in the Netherlands as the government reduces taxes and companies continue to prosper, but he also finds a country facing new challenges in medical care and with foreign asylum seekers.

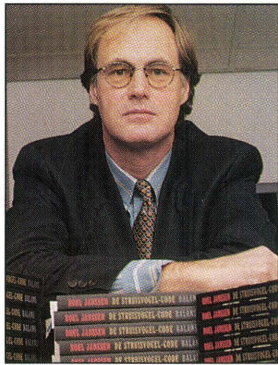
With this issue we begin a series presenting brief profiles of our writers so you can look behind their articles to find out a little bit about the authors. A brief profile of Roel can be found on this page.

Canadian-European relations often take a backseat in the press to US-European relations. Ken Warn, the *Financial Times* correspondent in Ottawa, details current EU-Canadian policies today.

Next month, *EUROPE* presents an overview of reactions to the Bush administration from Brussels, Paris, London, and Berlin.



Robert J. Guttman
Editor-in-Chief



Roel Janssen, based in the Hague, writes about economics and finance for the *NRC Handelsblad*, a leading newspaper in the Netherlands. He has been contributing to *EUROPE* since 1992. After having written several non-fiction books on economic affairs, and as a distraction from his daily editorial work, he started writing financial thrillers. In 1997, he published *The Ostrich Code*, which told the story of a nefarious speculation scheme set against the real-life backdrop of the fixing of the euro exchange rate. With so much of the Dutch public's attention focused on the implementation of the new currency, the book became a surprise hit. Roel followed that effort with *The Mercator Conspiracy*, which came out last year and spins a tale of a counterfeit conspiracy amid the introduction of the euro in 2002. A German translation will be published this summer. More information can be found on his website www.roeljanssen.nl.

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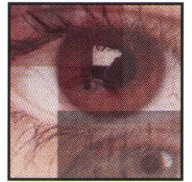
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EYE ON THE EU

Profiling personalities
and developments
within the European
Union



THE NICE SUMMIT— NICER THAN IT LOOKED

The judgements were instant: a failure of imagination; a selfish exercise in big-country bullying; a tragically missed opportunity to equip the European Union for a bigger, better fortune. But was the EU summit in balmy Nice in early December really that bad? Is the treaty that finally emerged—after France's President Jacques Chirac and fifteen EU heads of government struggled, bleary eyed, into the early hours of a fifth day of wrangling—as pathetic as the critics maintain?

For Euro-dreamers in the European Parliament, the European Commission, or the more integrationist-minded EU capitals, perhaps so. After all, what they wanted was a “great leap forward,” not least the virtual elimination of national vetoes, in order to prepare for a near-doubling of the EU's size as it accepts new members from Central and Eastern Europe and the Mediterranean.

Instead, what they have gotten is just a modest step forward. For example, the extension of majority voting into a few areas (notably, though hedged with conditions, trade in services) and agreement on “enhanced cooperation,” allowing any group of eight countries or more to forge ahead of the others if they are able and willing to—except, notably, in defense matters. Meanwhile, at the United Kingdom's insistence, matters of tax and social security remain vulnerable to any nation's veto. At France's insis-

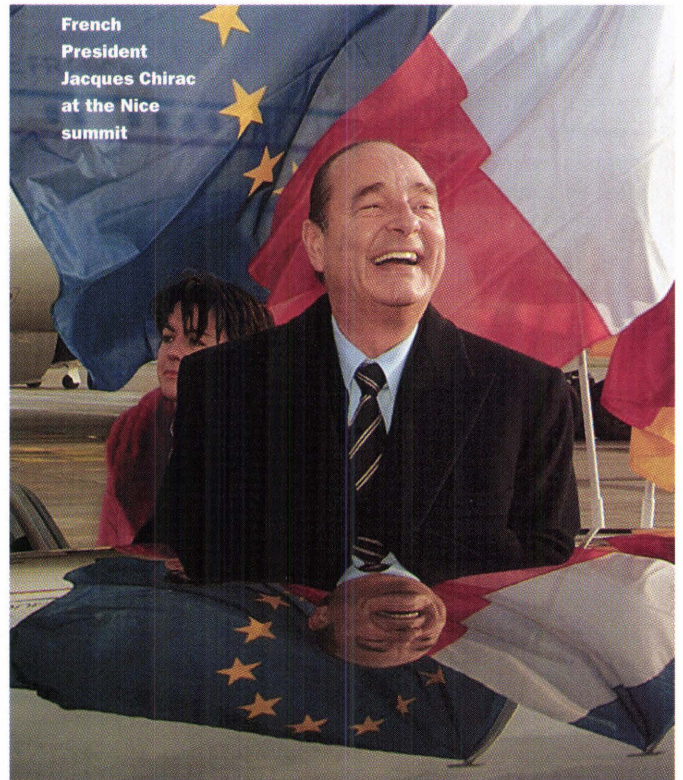
tence, culture, and education also remain subject to the veto, and at Spain's insistence, so does the allocation of EU subsidies until 2007 (i.e. one year after the next financial guidelines are set).

But so what? As the cliché goes, politics is the art of the possible, and Chirac is probably right in arguing that he got the best deal possible under the circumstances. After all, the treaty has to be ratified by every single member's national parliament.

That, however, means a deal that concentrates on satisfying the EU's big countries, whose political and economic might are too big to ignore, rather than the small ones. Look through the treaty and one thing is obvious: Since the EU's “big five”—Germany, France, the United Kingdom, Italy, and Spain—have more or less tripled their votes while those of the small countries have only doubled, the big have gained power at the expense of the small countries.

Indeed, Germany, with its 82 million people, has gained most of all. Although it has no more votes than the UK, France, or Italy (each with a population of fewer than 60 million), it has a greater power to block any legislation it finds objectionable. This is because the Nice Treaty requires that any decision, if challenged, must have the backing of 62 percent of the EU's population.

So no wonder the leaders of small countries, such as Belgium and Portugal, were fuming as they left Nice—with their anger increased by



the prospect that after 2007 the Commission will be capped at twenty members. True, after 2005 the big countries will no longer be entitled to a second commissioner, but the point is that in an enlarged union each country will have periods with no commissioner. For the big countries, this may not matter; for the small ones, having a commissioner is a way of being heard at the table.

However, put the fuming into context and remember three things. The first is that, with the exception of Poland, all the present candidates for EU membership are small—and almost all are very poor. Realistically, as Chirac is keen to emphasize, none of the big countries would ever be willing to see the balance

of power in a larger union shift in the candidates' direction. The second is that very few issues in the EU are ever big versus small—so the loss of power by the small countries is a matter of theory rather than practice. Finally, the third point is perhaps the most important of all: The candidate countries have all declared themselves perfectly happy with the Nice Treaty—so it surely cannot be all that bad. As for the critics, they still have a chance to set their minds at rest. The summit agreed to a German request to meet again in 2004 to settle once and for all those tricky questions of who does what in a union perpetually torn between the national and the supranational.

—John Andrews

EURO NOTES

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



GERMAN TAX REFORMS ATTRACT INVESTORS

When Morgan Stanley Dean Witter, opened new offices in Munich, the announcement sent ripples through investment banking circles. Yet the investment bank's move carries a significance going well beyond the 400 new jobs created by the new operation in Bavaria's capital. The investment reflects a conviction inside Morgan Stanley and its archrival Goldman Sachs that Germany is the land of opportunity in the euro zone.

The euro continues to play the role of catalyst for change inside Germany, the largest economy in the euro zone. Increasingly, German businesses are adapting to the fact that in a single currency zone, traditional macroeconomic instruments such as exchange rate and fiscal policy are either nonexistent or very limited in scope.

The focus therefore moves to wage and labor market policy. As a result, German businesses have a choice: Either they restructure to compensate for higher-than-average social costs or they copy companies such as Daimler and Siemens who are determined to become global players in their respective markets.

Companies who fail to adapt fast enough can no longer rely on culture, heritage, and political favors to stay independent. This year, Goldman was one of the architects of Vodafone's successful \$170 billion hostile takeover bid for Mannesmann, the telecommunication and engineering conglomerate that was long a German industry icon.

In addition to the euro, other competitive pressures weigh on Germany. One controversial source is the European Commission. The antitrust authorities in Brussels have waged a thankless campaign to reduce state aid and anticompetitive practices, notably the state guarantees provided to the *Landesbanken* or regional banks.

The other pressure point on German business is closer to home. The recent tax reforms pushed through by Chancellor Gerhard Schröder and supported by a rump of the opposition center-right parties have already had an important impact. By far, the most far-reaching is the reform of the capital gains tax.

The tax reforms finally passed this summer scrap capital gains taxes on the sale of investments in joint stock companies if they have been held for more than a year. This change will allow German insurance companies and banks such as Allianz and Deutsche Bank to divest billions of dollars on cross-shareholdings, which have been a feature of German business for almost a century.

As a result, a handful of influential individuals such as Paul Achtleitner at Allianz and Josef Ackermann at Deutsche are in the forefront of the restructuring of German capitalism. For although the tax reforms are not due to take effect until 2002, many players have anticipated the changes.

Throughout the past year, German businesses have been engaged in a flurry of asset sales or spinoffs, which have mostly delighted international investors. The utilities sector has been especially active,

with companies such as RWE power and Eon in the lead.

Still, not everything has gone according to plan. Allianz's grand strategy for banking consolidation in Germany has twice fallen apart. First, Deutsche Bank failed to pull off a merger with Dresdner. Then, Dresdner's plan to join up with Commerzbank collapsed amid mutual recrimination.

In each case, the mergers failed because of disagreements over power-sharing and personalities rather than disputes over the logic of the deal. The pressures for consolidation remain as strong as

companies. Vivendi, the former utility, this year bought Seagram, the drinks-to-Hollywood movies business. Companies such as Electricité de France are still aggressively expanding in Europe, thanks to the opportunities offered by the single market.

Altogether, the image of French business is not as bad as some would suggest. It has adapted well, turning the constraints of the thirty-five-hour week into an excuse for more flexible working and an expansion of short-term contracts. In turn, some 40 percent of shares on the French bourse are in overseas hands.

German businesses are adapting to the fact that in a single currency zone, traditional macroeconomic instruments such as exchange rate and fiscal policy are either nonexistent or very limited in scope.

ever in Germany's over-banked retail sector. It would be surprising if Dresdner or Commerzbank—the two weaker members of Germany's big three banks—remained fully independent in the next three years.

By contrast, with all this corporate restructuring in Germany, French industry still seems somewhat sluggish. After the failure of the three-way banking merger between BNP, Paribas, and Société Générale, the level of domestic restructuring has been cautious, perhaps because of the French government's concerns about job losses.

On the other hand, there have been some notable overseas deals involving French

Increasingly, the euro zone is moving more toward competition between national economies operating under common rules, rather than the model of Brussels-driven harmonization superimposed on nation states.

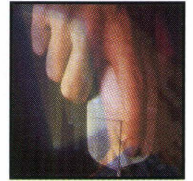
This will have a profound impact not only on the development of the euro zone but also of the EU itself as it braces itself for enlargement to Central and Eastern Europe.

It offers, potentially, a model more in line with British thinking, but it also reinforces the impression that Germany, after a long period of economic sluggishness, is finally getting its act together.

—Lionel Barber

e-EUROPE

Tracking the news
and trends shaping
Europe's technology
sector



FROM RUSSIA WITH BUZZ

This Christmas a new front appears to have been opened in the wireless wars, and it comes from an unlikely place. A Russian-American venture, Cybiko Inc., began marketing a handheld wireless "an all-in-one entertainment and communication system." Think combination Game Boy and Palm Pilot for the teen set.

Outwardly, the Cybiko looks like something Buck Rodgers' girlfriend might have carried in her purse, a candy-colored space-age walkie-talkie with an LCD screen and a full "qwerty" keypad. However, inside this groovy package is 500KB of memory, a 900-MHz transmitter, and two expansion slots. The 4.3 ounce Cybiko's functions include an organizer, address book, scientific calculator, Spanish-English dictionary, multilingual phrasebook, spell checker, alarm clock, games, and a wireless communicator. It is this last feature, however, that has teens in a tizzy and electronic engineers impressed.

Cybiko's transmitter, which is essentially the same used in many cordless phones, allows a user to exchange text chat or play interactive games with other Cybiko users in the area. The Cybiko will also alert its owner when another user is nearby and can search for other Cybiko users. Although the transmitter only has a maximum range of 300 feet outdoors (150 inside), the Cybiko technology allows the signals to hop from one user to the next creating a daisy-chain effect and greatly expanding the potential range.

As the number of users multiplies, places like schools and shopping malls, where dozens of Cybiko users might be gathered, could be fully covered. Finally, whole cities with dense populations, such as New York, London, and Paris conceivably could achieve near blanket coverage.

The Cybiko can be upgraded with a \$20 memory card that inserts into one of the expansion slots, allowing the device to be connected to a PC and used for Internet e-mail. Users can compose messages on the go and send them later by connecting their Cybiko to a PC, and mail can be downloaded to the device to be read later.

Perhaps the most surprising thing about the Cybiko is its Russian origin. Software engineer David Yang, who in 1989 founded the Moscow-based Abby Software House (www.abby.com), came up with the idea during a hospital stay. "For the first time in my life," he says, "I had nothing to do." Yang originally researched the idea in six countries with an eye on the twenty-something market. He found, however, a largely untapped market of nearly 200 million teenagers.

In 1999, Yang, who is half-Chinese and half-Russian, struck up a conversation in an Internet chat room with Don Wisniewski, an electronics executive based in Chicago. A

meeting was arranged in the Windy City, followed by a second in Moscow where Wisniewski met Yang's team of software and electronics engineers. Within barely a month, the two had formed their company, with Wisniewski as president heading the marketing team based in Bloomingdale, Illinois, and Yang as CEO and chairman supervising the development group based in Moscow and overseeing the

Instant Messenger service on its devices.

This month, the company plans to begin selling an add-on music player, which plugs into one of the expansion slots and allows users to download and play digital MP3 recordings. Unlike a standard MP3 player, however, Cybiko users can wirelessly send songs to other users.

Some educators worry that Cybikos could become a major distraction in classrooms. Others, however, see the potential for using the devices to create a wireless school network. In June, Cybiko signed a deal with Atlanta-based eHomeRoom to produce an application that enables students to track school activities and class information.

The most attractive feature for parents is the price—\$99 for the basic Cybiko. There are no monthly fees (as with mobile phones, pagers, and wireless PDAs), and at least for now, all the applications are free. (More than 200 can be downloaded from www.cybiko.com and the company continues to add more.)

The scariest feature for parents is how the device could effect their children's privacy. When a new user activates a Cybiko, it asks him or her to fill out a personal profile, including age, gender, physical description, and interests. Other users can see this profile when they're scanning the Cybiko scene. For teenagers looking for a date or someone to exchange games or MP3s with, this is one of the beautiful features of Cybiko. Nevertheless, it may give worried parents a reason to pause before purchasing.

—Peter Gwin



Cybiko Inc., a Russian-American venture, is targeting teens with its wireless technology.

production in Taiwan. In a lightning quick eight months, Cybiko got up and running and brought its first products to market last spring. The company expects revenues to reach \$50 million in its first year and reportedly has sold more than 500,000 units in the US. It plans to launch the device in the United Kingdom and other European countries later this year.

News of the new venture soon attracted the major e-powers' attention. Sun Technology has invested in the privately held company, and in March, America Online bought an unspecified stake. Wisniewski has said Cybiko will include AOL's



A New Golden Age

Prosperous Dutch Face Tough Challenges

In matters of sex, drugs, and death, the Netherlands has a reputation of relative permissiveness. This reputation was illustrated late last year with the parliamentary approval of legalized euthanasia. To many Dutch observers it came as a surprise that this landmark decision drew much international attention. Not only did the Vatican disapprove publicly but other European governments voiced their opposition to the policy as well. In an editorial in its European edition, the *Wall Street Journal*, paraphrasing James Bond, called it a “license to kill.”

Until recently, Dutch law regarded euthanasia as a crime, but if applied under strict conditions on patients who

find themselves in a situation of “unbearable and hopeless suffering,” doctors applying lethal assistance were not prosecuted. These rules had been broadened further to allow for cases of psychological suffering in addition to physical pain. Now, both of these scenarios have been covered under the new euthanasia law, making the Netherlands the first country where assisted death under certain conditions is a legal act.

The legalization of euthanasia follows last year’s legalization of prostitution and an open tolerance for soft drugs, such as marijuana and hashish. With soft drugs, however, there remains a snag: While the public sale of small quantities is allowed, the abun-

dant ‘coffee shops’ that sell the drugs are theoretically not allowed to buy large quantities of soft drugs. This legal inconsistency helps keep the soft drug trade a highly lucrative criminal business and simultaneously has turned the Netherlands into one of the most advanced producers and international traders of marijuana.

Aside from the issues of drugs and death, the New Year started with a pleasant surprise for the Dutch. In January, their incomes were substantially up due in large part to the largest tax reduction ever applied with a single stroke. Income taxes were slashed, raising personal spending power. These across-the-board cuts stem from the gains made from the government

The seventeenth century is described as a golden age in the Netherlands, a time when merchants brought unprecedented wealth to the country and Rembrandt van Rijn (1606–1669) painted his precious canvases, including *The Stone Bridge*.

By Roel Janssen

and parliament's adherence to prudent fiscal policies and clearly signals the economic policy shift the Dutch have undergone in the last few years.

To be sure, the Netherlands still boasts a high marginal tax rate—declining from 60 to 52 percent—and both energy and sales taxes were increased. But with a budget surplus in 2001, the first surplus in thirty years, it looks probable that the Netherlands is heading for further lowering of taxes in the years ahead. It signals a far cry from the so-called “Dutch disease” that ravaged the economy in the seventies and eighties with bloated government spending, lavish social security outlays, and fast rising unemployment.

Wealth has shifted from the public

to the private sector, both on the corporate and personal level. During the past decade, total public spending has been reduced relative to the growth of the economy. Nowadays, it counts for less than half of the national GDP.

While the Netherlands remains the European leader in tax reduction, other EU countries—such as Germany, France, Belgium, and Italy—are taking their own steps toward lowering taxes. There is broad political consensus that high taxes and social security burdens hamper economic growth. The process of fiscal consolidation and discipline imposed by the EU's program to implement a single currency has created the headroom to reduce taxes. The Dutch tax rebate of 2001 amounts to about 1 percent of the country's GDP.

Boosted by record-level real estate prices (especially in the major cities), the broadening of equity ownership, and the high levels of the stock market, capital remains abundant. There is even ample talk about the Netherlands enjoying the beginning of a new golden age in the twenty-first century. The golden age of the seventeenth century saw merchants bring unprecedented wealth to the country, Rembrandt paint his precious canvases, and the world's first financial market blossom in Amsterdam.

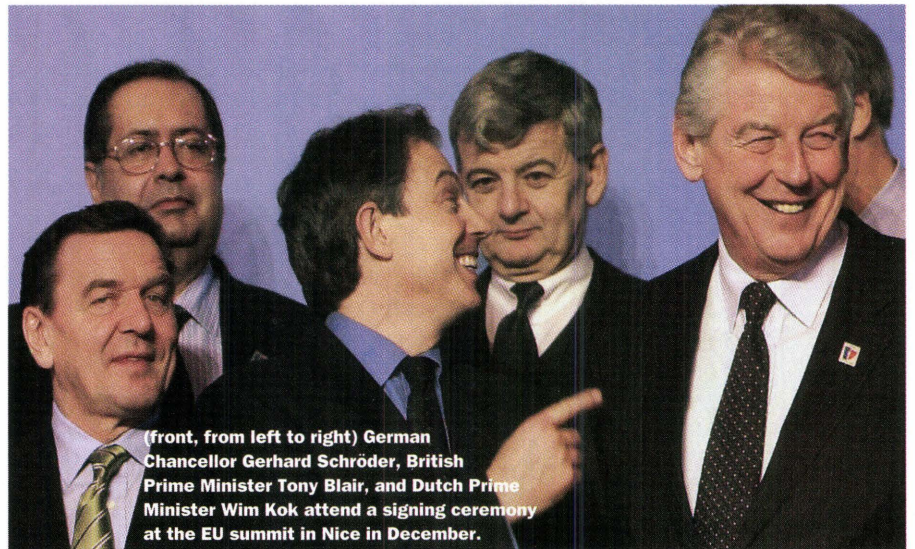
Indeed, the Netherlands' economy has been growing briskly now for almost a decade. In the past ten years, the net growth of Dutch jobs amounted to 20 percent. Business and consumer confidence continue to be strong. The European Commission recently praised the “impressive macroeconomic perfor-

mances” of the Dutch economic policy management.

Wim Kok, the leader of the Dutch government since 1994—who had served previously as the finance minister and leader of the country's largest labor union—was hailed in 2000 as one of the founding fathers of the “third way” by President Bill Clinton. Like other social democratic government leaders in Europe, Kok is a proponent of moderate economic reforms, seeking to strike a balance between socialism and unfettered capitalism. In 1994, his first government composed of social democrats (who are associated with the color red) and market liberals (known for their trademark blue) was quickly labeled the “purple coalition” by the Dutch press. Although the present government, which is the second purple coalition, looks less vibrant than the first, there is no clear alternative in sight. General elections are not due until 2002.

On moral issues, the government has reconfirmed the liberal stance of the Netherlands. None of this has shaken Dutch society. It has, however, increased drug tourism and crime, particularly offenses related to drug and human trafficking. Last year, fifty-eight illegal Chinese immigrants were found dead in a Dutch truck attempting to smuggle them to the British port of Dover. But it is fair to say that all European countries are struggling with drugs, illegal immigration, and human trafficking.

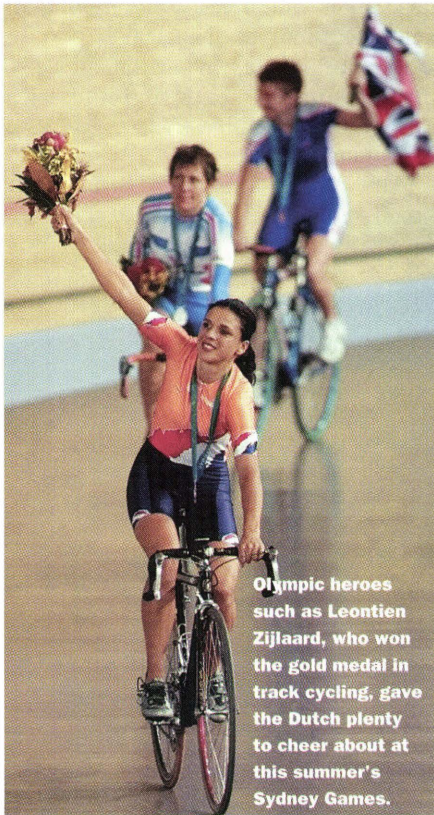
The national mood is strong in a broad sense. Being a country that considers itself to be the biggest of the



(front, from left to right) German Chancellor Gerhard Schröder, British Prime Minister Tony Blair, and Dutch Prime Minister Wim Kok attend a signing ceremony at the EU summit in Nice in December.

smaller states in Europe (ranking fifth in economy and sixth in population of the EU countries), the Netherlands is extremely sensitive to its international reputation. Thus, it came almost as a national victory when Ruud Lubbers, the former prime minister, was recently appointed as the new high commissioner of the United Nations refugee organization. Furthermore, the announcement that Dutch troops will form the core of a UN peacekeeping force in the war-torn border zone between Ethiopia and Eritrea was seen as recognition of the Netherlands' historically strong international outlook. That mission, it is hoped, will also wipe out the traumatic memory of the inglorious role the Dutch army played at the Srebrenica enclave during the Bosnian war when thousands of Muslim men were abducted (and subsequently killed) by the Serbs under the eyes of the Dutch soldiers. Furthermore, at the European Summit in Nice, in early December, the Netherlands was granted a slightly heavier voting weight than neighboring Belgium.

Last summer, finishing eighth in the medal ranking of the Sydney Olympic Games, right after the world's major athletic powers and surpassing countries like Cuba and the United Kingdom, was a further cause for national pride. Gold



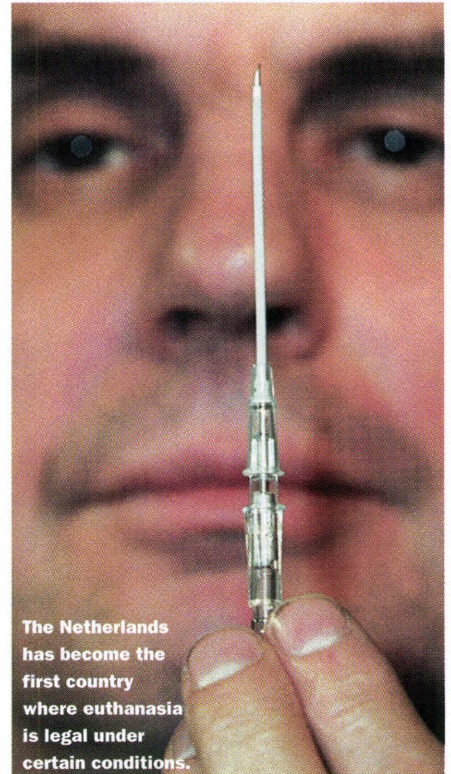
Olympic heroes such as Leontien Zijlaard, who won the gold medal in track cycling, gave the Dutch plenty to cheer about at this summer's Sydney Games.

medal-winning swimmers Pieter van den Hoogenband and Inge de Bruijn and bicyclist Leontien van Moorsel gained popularity normally confined to television stars and helped to assuage the Dutch national soccer team's humiliating defeat in the European Championship earlier in the summer.

The Dutch psyche aside, several major structural problems loom in the near future. Education and health care, which are both publicly managed services in the Netherlands, are in crisis due to bureaucratic management, lack of funds, and lack of personnel. The privatization of public utility monopolies—electricity, natural gas, cable television networks, the power grid, the railways, and local public transportation—has stagnated. State monopolies have been reconfirmed in some sectors, while in others private monopolies have emerged and market competition has failed to materialize. Likewise, reforms and partial privatization of the social security system have not brought about the desired improvements in labor participation. Even with the current tight labor market, more than a million people (out of a total population of 16 million) of working age are receiving some form of social security.

Another issue that looms: Chronic road congestion has become an intrinsic part of daily life. Regularly, the total distance of Dutch morning traffic backups exceeds 220 miles, which is longer than the actual distance between the country's north and south borders. It has become all the more acute because people increasingly are moving to the suburbs, more work is being done part-time, and more women have moved into the labor market. Despite proposed measures like paying tolls to drive during the rush hours, there is no agreement on how to reduce traffic in the long term.

A third issue is the continued influx of foreign asylum seekers. More than 70,000 are now awaiting entry in asylum centers; many more cases are pending appeal at the Dutch high court. Of course, this is an issue with which all European countries are coping, and it is complicated further by the EU's open internal borders. However, in the Netherlands the severity is aggravated because of the strong economy. Pressed by labor shortages employers are urging the government to give



The Netherlands has become the first country where euthanasia is legal under certain conditions.

entry to specific groups of foreign workers, such as Indian computer technicians and Philippine nurses. At the same time, illegal immigrants are much sought after to work in the lower strata of the labor market.

Meanwhile, corporate wealth continues to rise. Early last year, the Netherlands plunged into the new economy of Internet startups. Not all of them were successful, though. Most infamous was the case of Internet provider World Online. Its founder, Nina Brink, was caught covering up secret deals to sell her shares in the company prior to its initial public offering. The ensuing scandal and the resulting collapse of World Online's share price shook the confidence of many Dutch investors in the dot-com sector. However, the affair also had the effect of shifting investors' attention to the traditional heavyweights of the Dutch economy, such as the financial giants ING Barings and ABN Amro, the oil business of Royal Dutch, the electronics maker Philips, the processed food concern Unilever, and the publishing conglomerate Elsevier. These, and many others, continue to expand vigorously throughout the international markets. Just like in the previous golden age of Dutch merchant expansion. **E**

Roel Janssen is EUROPE's Netherlands' correspondent.

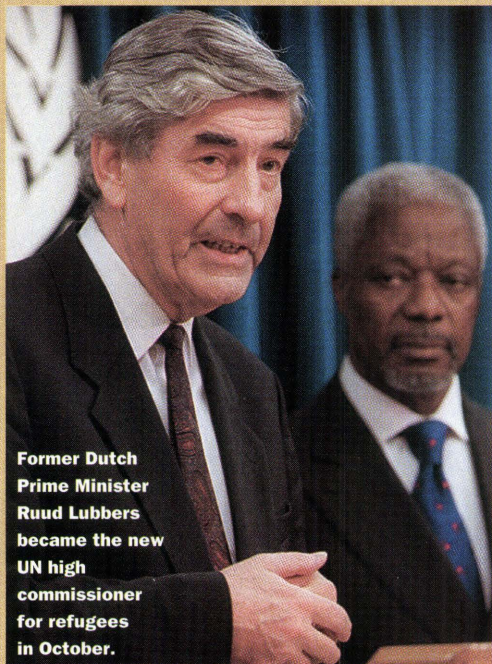
A Ruud Return

By Roel Janssen

Former Dutch PM re-emerges on the international scene

Suddenly, he was back again. Out of the blue, Ruud Lubbers, the longest-serving prime minister in the history of the Netherlands, was appointed by United Nations Secretary-General Kofi Annan as the new UN high commissioner for refugees. Lubbers' nomination, which came as a surprise to the Dutch government, also marked an extraordinary turn in the career of one of the most versatile politicians the Netherlands has known. Without any particular previous experience in refugee issues, Lubbers now heads the UN organization in Geneva that looks after 22 million displaced persons, primarily in developing countries.

The sixty-one-year-old Lubbers has followed a whimsical career path. Educated at a Jesuit college, he graduated as a star economics student from Rotterdam University and went to work for Hollandia, his family's engineering and construction firm. At the age of thirty-four, long-haired, left-leaning, and quite wealthy, Lubbers was the surprise appointment in 1973 as the minister of economic affairs in what was labeled the most progressive government the Netherlands ever had. In 1977, he became the leader of the Christian Democrats in parliament, and in 1982, when Prime Minister Andreas van Agt declined a new term, Lubbers became the head of a coalition government of Christian Democrats and conservatives.



Former Dutch Prime Minister Ruud Lubbers became the new UN high commissioner for refugees in October.

During twelve years, Lubbers was the undisputed political leader of the Netherlands. He ruled eight years with the conservatives and four with the social democrats. When he came into power, the country's budget deficit was ballooning and unemployment was rising at an astonishing speed. Lubbers, who had obstructed all previous efforts to clean up public finances, implemented a "no nonsense" policy of economic reforms. He was nicknamed "Ruud shock" and became both a friend and admirer of then British prime minister Margaret Thatcher. Under his leadership, the lavish Dutch social security system was reigned in, wages of public servants were cut, and the guilder was devalued. Despite mass protests, particularly from the unions, Lubbers persevered. He also resolved the highly contro-

versial deployment of NATO cruise missiles inside the Netherlands. The issue deeply split his own Christian Democratic Party, but Lubbers was able to craft a solution in such a way that nobody quite understood what had been decided.

Lubbers' hallmark was his phenomenal grasp of technical issues, his ability to propose endlessly creative solutions, and his unbelievable political versatility, which was often disguised in phrases that were hard to follow even for his political friends. In the end, he was the main force leading his Christian Democratic Party to three successive electoral victories.

In 1994, however, Lubbers, by then the Netherlands' longest-serving prime minister, started to falter. He disengaged himself from his personally picked successor, and he led the Christian Democrats in their worst electoral defeat ever. For the first time since 1917, the Christian Democrats were left out of a Dutch government, giving way to a coalition of conservatives and social democrats led by Wim Kok.

Shortly afterward, Lubbers also suffered two per-

sonal setbacks. First he was turned down as the next president of the European Commission, mainly because of opposition by then German chancellor Helmut Kohl. A year later, in 1995, the efforts of the Dutch government to get Lubbers appointed as the secretary general of NATO ended in a humiliation when the United States government made clear it did not consider Lubbers suitable for that job. Disillusioned, Lubbers retreated from public life. He became professor of globalization at the University of Tilburg, gave occasional lectures at Harvard, and became chairman of the World Wildlife Fund. Meanwhile, he maintained his network of high-level political contacts through international fora and informal meetings. Thus, he met Sadako Ogata, the UN high commissioner for refugees whom he now succeeds.

His unexpected appointment created something of an embarrassment for the Dutch government, as it had proposed Jan Pronk, a long-time development minister and prominent left-leaning social democrat, for that job. But Kofi Annan turned down not just the Dutch but all five officially presented candidates and personally approached Lubbers.

His appointment displeased Prime Minister Kok and took Lubbers' own Christian Democratic party completely by surprise. Six years after his spectacular political downfall, Lubbers appears to have outsmarted them all. ☺

ENVIRONMENT

Laying an Egg

By Ariane Sains

in the Hague

**No deal
reached at
global
warming
conference**

It was supposed to be a triumphant meeting, culminating with the release of a definitive, practical system for world climate control. Instead, the United Nation's sixth conference on climate change in the Hague this past November was what one participant described as "a catastrophe for the environment."

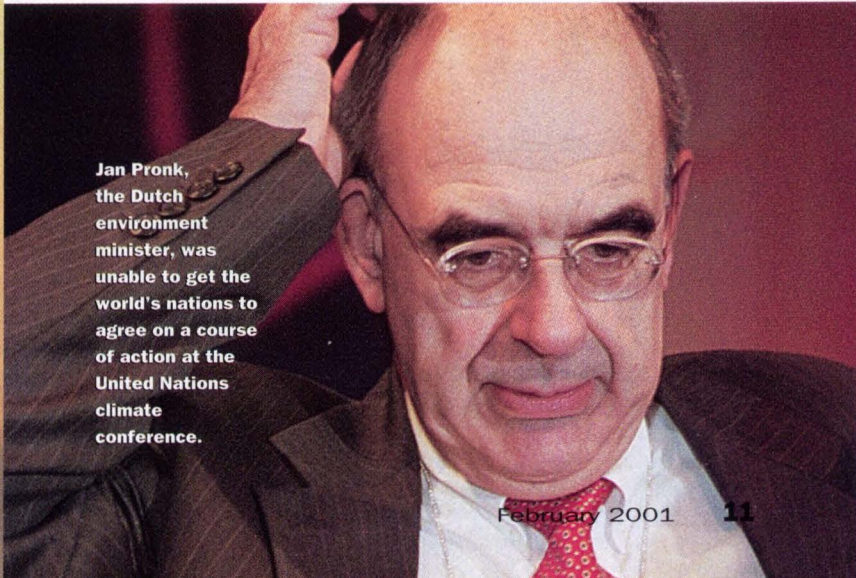
The problem is that the European Union countries on one side and the United States, Norway, and Japan on the other have radically different views on the use of emissions trading credits, and no compromise seems possible.

There are also differing views on whether forestland should count against greenhouse gas emissions, since forests absorb those gases, and how to police compliance with emission-reduction rules if they are ever agreed on.

The idea of emissions trading is to allow countries to buy and sell the right to emit specific amounts of greenhouse gases, particularly carbon dioxide, worldwide.

The EU's policy, however, is that at least 50 percent of each country's obligation should be fulfilled domestically. The goal is specified in the Kyoto Protocol, which created the broad framework for climate control that was supposed to be the basis for practical regulations worked out at the Hague meeting.

But the US, Japan, and Norway want what their representatives call "qualitative evaluations." Although they won't specify exactly what they mean by that, essentially the countries' leaders want the right to evaluate emissions at home and efforts to cut emissions abroad on a case-by-case basis and not be tied to a 50 percent domestic requirement.



Jan Pronk, the Dutch environment minister, was unable to get the world's nations to agree on a course of action at the United Nations climate conference.



Protestors demonstrating outside the UN Climate Conference in the Hague in November

Jan Pronk

Dutch environment minister fights for global change

Jan Pronk was genuinely disappointed. After conducting nearly two weeks of arduous negotiations, the Dutch environment minister reluctantly closed the UN's sixth conference on climate change without an agreement on November 24. In the last hours of the conference, which brought representatives from 182 governments to the Hague, he had not managed to broker a deal between the European Union nations and the United States to lower the greenhouse gas emissions (primarily carbon dioxide).

It was the second professional setback for the experi-

enced Dutch politician within a month. In October, he had been passed over in favor of Ruud Lubbers, his sometime political rival and the former Dutch prime minister, to become the United Nations high commissioner for refugees.

In fact, Pronk and Lubbers trace their relationship back to their days as economic students at Rotterdam University. There, Pronk had become assistant to Jan Tinbergen, a pioneer in econometric forecasting models who in 1969 shared the first Nobel Prize awarded in the field of economics with Norwegian economist Ragnar Frisch.

Tinbergen's economic zeal to close the gap between poor and rich nations became the political guideline for Pronk's professional life. It also fit well with his personal background, son of orthodox Protestants from Scheveningen, a fishing community near the Hague.

In 1973, a thirty-three-year-old social democrat Pronk and the progressive Catholic Lubbers, also in his early thirties, entered the Dutch government. Pronk, who sported long hair and a beard, became minister of development cooperation and vigorously advocated the implementation of a 'new world order', as it was called

in those days, by generally strengthening the developing world and sending more money to poor countries. He quickly befriended radical leaders throughout the developing world. At home, he became immensely popular with his own constituency of do-gooders and advocates for a better world. He was arguably the most left-leaning minister in the most left-leaning government the country ever had.

After the wild years of the progressive government, Pronk moved to Geneva where he became the under-secretary-general of the UN Conference on Trade and Development (UNCTAD).

Those who are entirely against emissions trading say the practice will allow wealthier industrialized countries to avoid responsibility for reducing their greenhouse gas emissions at home, dumping the problem instead on developing countries, which are ill-equipped to deal with it. Still, they can see the 50 percent rule as a compromise that they can at least live with.

But when a country with the power of the US, backed by Japan and Norway, says no, compromise is difficult. The question is how quickly the stalemate can be broken.

Directly after negotiations were abruptly cut off in the Hague, the Dutch environment minister and conference chair, Jan Pronk, tried to put the best face on the problem. "I am confident that we can regroup in the very near future," he said, "and complete a deal that leads to effective actions to control emissions and protect the most vulnerable countries from the impacts of global warming."

Shortly after the meeting, negotiators met again in Ottawa, but no progress was made. Further talks could be rescheduled for May, in Bonn, on a compromise Dutch resolution.

Dutch Environment Minister Jan Pronk adds a sandbag to a mock dike built by protesters to symbolize the threatened flooding created by global warming.

However, the election of the new Bush administration could further complicate the picture. With longstanding ties to the oil and gas industry, Bush has made it clear he opposes climate control mechanisms. If the US position was tough under Bill Clinton, it is likely to be rock-hard under Bush.

Meanwhile, the spew of greenhouse gases, with their tremendous

impact on the world's climate, continues largely unabated. Moreover, EU and US representatives may well find themselves deadlocked again when they meet at the end of October in Morocco for the next climate change convention. ☹

Ariane Sains is EUROPE's Stockholm correspondent.



But the influence of developing countries on the international scene was waning, particularly after the outbreak of the debt crisis in the early eighties. Sobered and more pragmatic, Pronk returned to the Netherlands and was elected to parliament in 1986. In 1990, he became minister of development again and continued his position in the next government. In 1998, it seemed that his career was over, but Pronk, a political survivor by character, managed to return once more in the cabinet, this time as minister of housing, physical planning, and the environment. Although he had some affinity

with environmental issues due to his efforts to support sustainable ecological development in poor countries, it was a new area for him and one in which he lacked the undisputed leadership that he had enjoyed previously regarding developmental issues.

Jan Pronk's political insight, bureaucratic skills, and international experience combined with his astonishing work ethic made him a perfect chairman for the sixth UN climate conference. He was determined to make the conference a success, but that effort was hampered by the inability to solve the main issue, the

curbing of greenhouse gas emissions.

Despite fierce protest by environmental groups, Pronk had moved the conference well in the direction of accepting tradable emission rights and the use of 'sinks' (forests and agricultural areas) in the industrialized countries as ways of reducing the limits on carbon dioxide emissions. In the end, the European Union countries, the United States, Japan, and the developing world nations were unable to agree on a compromise. After a final marathon meeting, Pronk had to acknowledge his failure. Deeply disappointed, but without

bitterness nor charges toward any particular delegation, he closed the conference but offered a statement of hope for the future. "I believe that the political will to succeed is alive, and I am confident we can regroup in the very near future and complete a deal that leads to effective actions to control emissions and protect the most vulnerable countries from the impacts of global warming," he said.

At age sixty, it may well have been Pronk's last major appearance on the international stage. However, he has come back before, and he has not lost his vigor.

—Roel Janssen

Margot Wallström

European Environment Commissioner

When Margot Wallström was selected to be the EU's environment commissioner, some questioned whether her background in politics, accounting, and television was sufficient preparation for overseeing the Union's environmental policies. Now, however, after more than a year on the job, she has proven herself capable of mastering the complex environmental issues.

The day after the EU summit concluded in Nice, December 11, Sweden's lone representative on the Commission sat down with EUROPE contributing editor Axel Krause to discuss her views on the disappointing outcome of the recent UN climate conference and Sweden's current six-month presidency of the European Union.

EUROPE INTERVIEW

Was there anything specific in the conclusions of the Nice summit [December 7–11] that interested you?

Of course, the EU leaders want us to try hard to follow up on what was not concluded in the recent [UN] Hague conference on climate change. It is a clear message to try again. Exactly how will be discussed in various meetings starting today.

Did the Swedish presidency figure in any of the discussions?

Yes. Particularly with regard to hoping for a successful outcome of the Göteborg summit [scheduled June 17–18], which will be about sustainable development.

What is your reaction to the statement made by France's environment minister, Dominique Voynet, about the failure of the Hague meeting to reach agreements, that the conference represented a triumph for



political leaders over environmental experts?

I really don't know exactly what she meant. But one has to understand the specific situation created during a negotiation of this kind. We will have to live with the climate change issue for many, many years to come, and this will dominate politics for the foreseeable future from now on.

You mean people don't realize what's happening to the environment?

That is right. Only now are people feeling that they have been struck by this issue, including in a physical way. We are, for example, only now experiencing flooding in Sweden, in areas never affected by climate change previously. The controversial issue is whether it [the impact] is man-made or not.

What are you and your allies trying to accomplish?

We are now trying to put in place an international legal framework. And trying to agree on that [the 1997 draft Kyoto Protocol agreed to in Japan by more than 170 countries to cut their greenhouse-gas emissions by 2012 by at least 5 percent of their 1990 levels] is a very prudent first step.

What was the starting point in the proposed text of the Hague conference?

We started with 500 brackets [non-agreed points] in the text, so, in one sense, you might say that our experts had not been able to sort things out, leaving only the most important ones for the politicians.

Why did the Hague conference on the environment fail?

There were too many brackets to be worked on when the politicians came to the Hague. And, in the end, there was not enough time to resolve the issues contained in the brackets and texts which remained on the table.

It seems everybody, at the end, was also very tired, with the UK's Deputy Prime Minister John Prescott even claiming that Mrs. Voynet was too tired to understand a last-ditch compromise proposal.

Of course. But it is not fair to look at formulations that may have been made under heavy pressure and time constraints when feeling deadly tired, and that was the case in the end.

After adjournment, Mrs. Voynet and other French government officials blamed the United States delegation for the failure. What is your reaction to that?

My impression is that the American delegation, for sure, wanted an agreement. We know them [the delegation members] well, and have been working with them for a long time. They are also eager to see that there is some kind of agreement, some kind of good end to the work they have put in. The European view, however, was conditioned by the need to stick to the credibility and the integrity of the Kyoto Protocol. This meant we could not agree to loopholes that would make the Kyoto Protocol, with its targets and commitments, meaningless.

How do you assess Mrs. Voynet's role, acting on behalf of France's EU presidency?

It was an extremely difficult situation, coordinating the positions of fifteen member states. I think we came out fairly well. The situation was not, as has been described, total chaos within the European Union. And she tried her best to consult them [the EU delegates] and coordinate. Given the circumstances, I think she did her best. We could have done a better job of informing the media and coordinating our messages to the press.

How many brackets were left at the end of the conference?

Too many. What happened was that, instead of working with the texts with 500 brackets, we worked with a compromise, a shorter text presented by Jan Pronk [the conference president and Dutch environment minister] and tried to work through that. But it proved impossible to work through it.

So was the failure a question of time, technical complexity, or political attitudes?

All of these factors were there. But we did come very close to each other. And we [the Europeans] did feel that we could not compromise with the figures and commitments made in the Kyoto Protocol. The proposals we saw in the end would have meant that big emitters of greenhouse gases would have been able to get away with a very easy ride.

Is a follow-up conference scheduled?

Yes. And since we were so close, it was decided to simply adjourn this [the Hague] meeting and continue working toward an agreement in Bonn in May, while experts continue their work under Pronk's presidency.

We hear that you will be limiting yourselves to just a few, key issues.

That is our view. One of these is supplementarity. This means achieving a balance between actions at home, like regulating transportation and energy supplies, and those that cause climate change. This involves both industrialized and developing countries. The EU position is there should be a fifty-fifty balance.

What are the other key environmental issues for the EU?

The key question, which is extremely complicated, is how to count 'sinks' [areas of farmland and forest, which absorb carbon dioxide, the dominant greenhouse gas] and whether or not they should be part of projects with developing countries. A third issue is compliance. Should there be financial penalties, for example? These three issues will be on the table until we meet again in the spring.

How might they be resolved?

There will have to be a tradeoff.

Are you encouraged by the prospects of a Bush administration in Washington?

I was criticized for being very open about my preference—Al Gore, who at least was visible on these issues. I have no idea what Bush will do. Based on what I have seen—a few statements—I am worried. But we will have to cooperate...and we will do our best in a constructive way to influence the United States.

How do you see the role of US lobbies and other interest groups?

I think it is important that those in the United States—big companies and non-governmental organizations—continue to take their responsibility to create public opinion, which will put pressure on the decision-makers to be supportive [of environment-protection policies]. The NGOs helped to create an atmosphere of expectations, strong feelings, and emotions, helping put dynamism into this process.

How specifically will environment fit into the Swedish EU presidency?

It is one of their three priority issues. The other two are employment and enlargement. We hope that on the [EU Council] table will be a Commission-backed strategy for chemicals and new

chemicals for the European Union; the new Sixth Environmental Action program, and there are the preparations for the EU summit in Göteborg on sustainable development. These are heavy, heavy issues.

So far, no EU member country has ratified the Kyoto Protocol. When will Sweden act?

Our objective is to ratify it and have it in force, by 2002, at the latest. And that is also the European Union commitment. The timing will depend a great deal on when we can have an agreement, hopefully in the spring. We also must make the agreed-upon burden-sharing within the European Union legally binding.

How do you assess the continuing high levels of pollution in EU candidate-nations, notably the Czech Republic, Poland, and Hungary?


They have heavy polluting industries and a lack of infrastructure for taking care of wastewater. But we do see progress and that the political will is changing. But the result is rather uneven. We are asking that all of them transpose the EU's environmental legislation into their own legislation. On average, about 30 percent of the legislation has been transposed. They have to speed that up. We also need to see their implementation plans, while understanding they need transition periods to put the infrastructures in place.

What about faulty Soviet-type nuclear reactors in the former Soviet Union and former allied countries in Eastern Europe?

We cannot pretend the risk [of contamination due to accidents] is over, although we have helped close down some of the old Chernobyl-type reactors. It will still be there, perhaps for another generation.

Do you favor nuclear power?

No, if you ask me personally, it is too expensive, the waste problem is too big, and there is the safety issue. For 35,000 years, you won't be able to eat the berries close to Chernobyl. Can we afford this? Can we export this kind of energy source? I think it [nuclear power] belongs to the past. We need to move toward developing new, renewable energy sources, such as wind and solar. Most EU member states, with the exception of the United Kingdom and France, are phasing out nuclear power. ☹



Seeing

It is spring in Warsaw and a gray veil hangs above the city. Below, the murky Vistula River flows through the city, carrying debris and factory wastewater. Downtown, cars spew fumes from unleaded, low-octane gasoline. With the clanging of the trams and honking of outraged motorists trying to get around the city's gridlocked streets, it's hardly a silent spring on the ears, but it comes close environmentally.

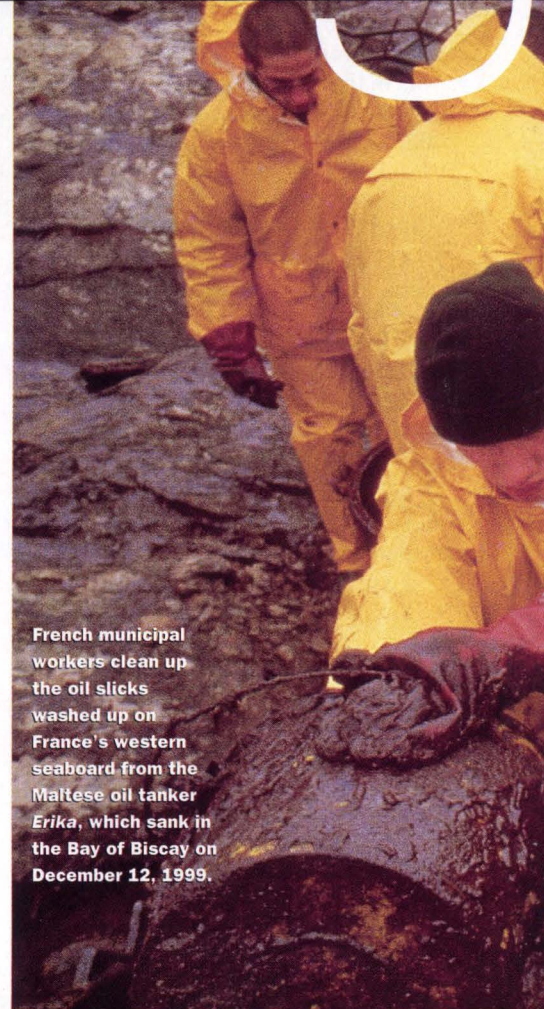
In Stockholm, it's also spring, and fishermen in their hip boots are out in the Strömmen, the Baltic tributary that flows through the city, hoping to catch salmon for dinner. Although air pollution is there, the sky looks clear, and there is no gasoline smell. Flowering trees are blooming in Stockholm's myriad parks. People with cloth satchels full of empty glass and plastic bottles are conscientiously carrying them to the recycling bins located throughout the city.

As it heads into the next century, Europe is a continent environmentally divided. On one end of the environmental spectrum stand the Nordic countries,

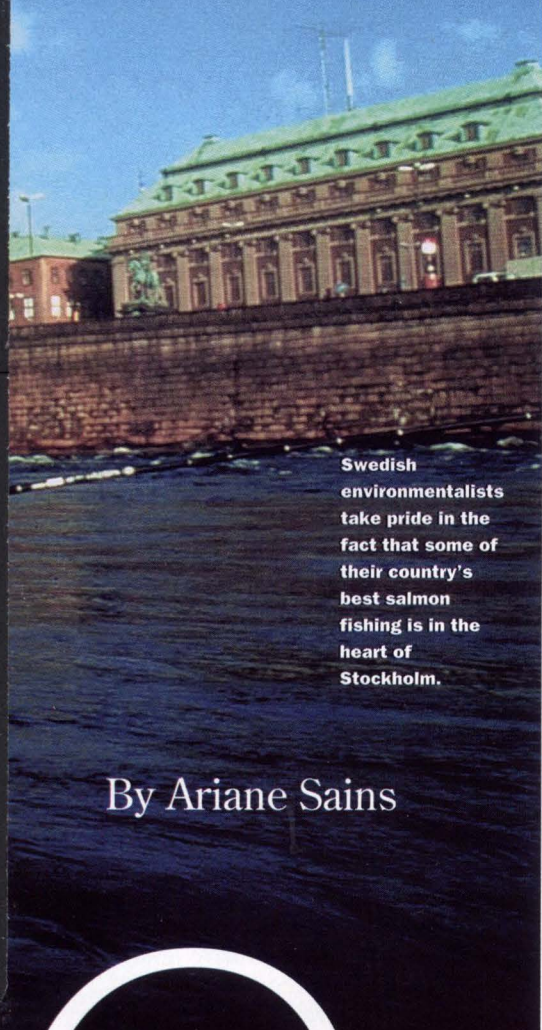
Germany, and the Netherlands with their stringent regulations and strong interest in the environment, followed by other EU countries with somewhat lesser environmental records. At the other end of the spectrum are the countries of the former Soviet Union and Eastern Bloc, who face serious environmental problems ranging from nuclear waste contamination to toxic waste and the burning of brown coal in power plants that spew greenhouse gas emissions into the air. As much as they may want to, the people of these countries don't have the money for cleanup. At the same time, countries such as Poland, Estonia, and the Czech Republic are heading for European Union membership, and that makes their environmental problems the EU's problem.

West Versus East

When the Iron Curtain fell in 1991, it revealed environmental problems in the former Soviet Union and the East Bloc virtually incomprehensible to Westerners. On the Kola Peninsula, at Murmansk, nuclear submarines are leaking radioactivity into the North Atlantic.



French municipal workers clean up the oil slicks washed up on France's western seaboard from the Maltese oil tanker *Erika*, which sank in the Bay of Biscay on December 12, 1999.



Swedish environmentalists take pride in the fact that some of their country's best salmon fishing is in the heart of Stockholm.

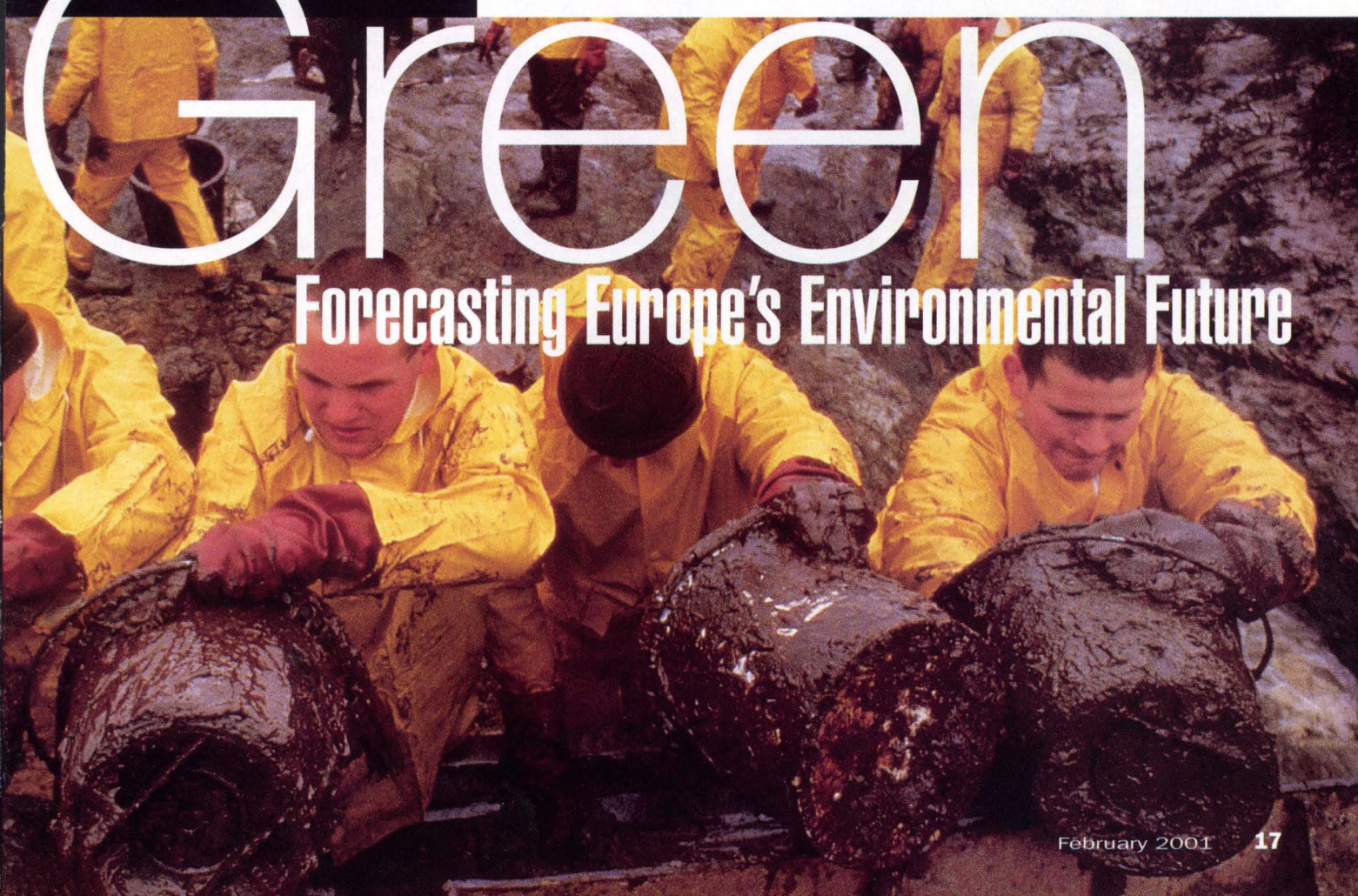
By Ariane Sains

The waste scrap from nickel factories lies in heaps, slowly polluting both soil and water. In middle Europe, the infamous Black Triangle where the coal-mining industries of Germany, Poland, and the Czech Republic meet is a horrible example of industrial progress with environmental neglect. The air, soil, and water in the region are so polluted that virtually nothing can grow there.

In an effort help solve some of the problems, Western European environmental ministers worked with their Eastern counterparts to create an action program based on Agenda 21, the EU's program for environmental improvement into the new millennium. They also began working with the Eastern European ministers to set environmental priorities and help create environmental regulations, which most of the countries lacked. Even when they were there, they didn't conform to EU regulations. Under the TACIS program, local governments in Western and Eastern European countries and the former Soviet Union are paired in projects designed to improve the environment in the East. In one project, local councils from Mendip and Somerset in the

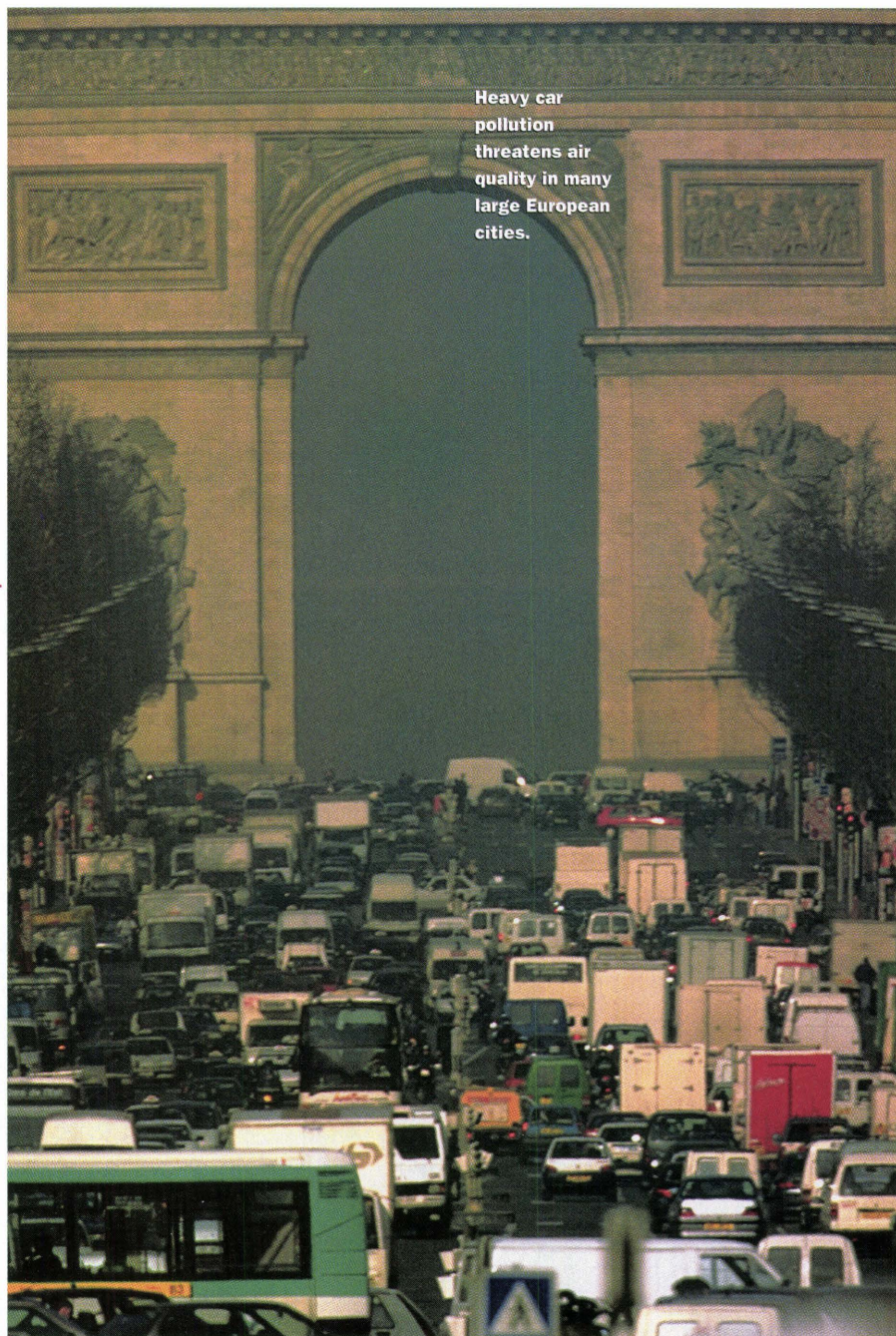
United Kingdom are working with their counterparts in Svetlogorsk, Belarus, to develop a sustainability strategy, which includes helping to educate people in Svetlogorsk about the environment and why they should care about preserving it. In another project, the French communities of Grande-Synthe and Dunkerque are working with Cherepovets in Russia to clean up water and reduce the dust that is clogging the town's air.

Separately, the Finns started a bilateral program with St. Petersburg to improve drinking water and water management, in an effort to stop waste. Work is also underway to improve the handling of sewage and industrial waste. The programs are open-ended. The Finns, who have long had one foot in both parts of Europe, made environmental questions in Eastern Europe and the former Soviet Union one of the key issues of their EU presidency, which began July 1, 1999. Their idea was to make enough of a start during their six-month reign that work can continue regardless of who has the presidency. In 2000, the EU created an action plan for the program dubbed the Northern Dimension. The cleanup will



Green

Forecasting Europe's Environmental Future



Heavy car pollution threatens air quality in many large European cities.

take years. It's estimated that in north-west Russia alone cleanup costs for nuclear waste, poisonous chemicals, and toxic metal scrap will top \$1 billion. At least part of that money has to come from the West.

The Finns see environmental issues as going far beyond the environment. In the case of the former Soviet Union, many environmental questions go to the heart of security policy, says Finnish President Tarja Halonen.

Another critical question for the EU is the state of nuclear reactors in potential member countries such as Lithuania and Bulgaria as well as in Russia.

EU and European Commission officials pressed Lithuania to shut down its two Chernobyl-type reactors in return for the right to begin EU membership negotiations, and Lithuania has agreed to shut one of them in 2005. However, that takes money, and since the reactors produce about 80 percent of Lithuania's electricity, they have to be replaced with something. The most likely solution is to fire up existing power plants. But they are old, inefficient, and burn heavy oil. Instead of improving the environment, the Lithuanians argue shutting down their nuclear power will only make greenhouse gas emissions worse.

On top of that, the average cost for electricity would double, something neither Lithuanian industry nor householders can afford.

The question of cost goes to the heart of the environmental schism between Eastern and Western Europe. Beyond the need for cleanup money is the difference between what people in Western countries with high standards of living are willing—and, more importantly, able—to pay for environmental improvement compared with people in Eastern Europe and the former Soviet Union. It's not that people in those countries aren't environmentally conscious. Many are. The Green movement is gaining strength and Greens already sit in the governments in Slovakia and Georgia. But others say that paying higher taxes to fund recycling plants or research into renewable energy is a luxury they can't afford. Keeping Chernobyl-type reactors, with their cheap electricity, running is the path of least resistance. Dumping waste and metal scrap into the ocean is also cheap, and the way things have always been done. As they move toward EU membership, however, it will be up to the EU to convince the countries of Eastern Europe and the Soviet Union that they not only can clean up the environment, they must.

More than 300 European cities and towns are part of the Sustainable Cities Program, in which the Europeans are paired with municipalities in developing countries. In contrast to other, earlier programs in those countries that focused on specific areas such as air pollution or waste management, Sustainable Cities aims at just what its title infers: creating an overall program that takes all environmental aspects into account in a coherent policy. Essentially, it's an outgrowth of the way EU policy for member states is moving.

History and EU Policy Today

Western Europeans have slowly come to the realization that environmental protection is no luxury. As far back as 1973, the EU had a tough environmental program. In 1992, the European Union crafted Agenda 21, a framework program intended to improve the environment well into the new millennium. The program covers sustainability, clean air, clean water, and industrial environmental improvement.

In 1993, the European Union adopted its fifth Environmental Action Program, intended to carry out the specifics of the Agenda 21 framework program for sustainable development. Under five main groups—Industry, Energy, Transport, Agriculture, and Tourism—the program outlined a series of ambitious goals and policy instruments for trying to meet them. Key among those policies are economic methods. In other words, making environmentally friendly choices and sustainability attractive financially while making the opposite more expensive (usually through taxes) and, therefore, less attractive. Three years after the program began, a review indicated that progress was being made in reducing the release of chemicals that deplete the ozone layer and in reducing emissions of sulfur dioxide. That was the good news. The bad news was that little had happened in the transportation sector, one of the areas with the heaviest impact on the environment in Europe.

The new Treaty for Europe, crafted in Amsterdam in 1997, has sustainable development as one of its main goals. One of the most important provisions is that member countries can introduce new regulations that are more stringent than EU standards. The treaty also gives more power to the European Parliament to legislate environmental policy. In 2001, a sixth environmental program is finally expected to be ready.

For member countries, incorporating EU regulations into national law is a complex, time-consuming, and expensive process. Moreover, despite efforts to forge a common EU environmental policy, member states clash regularly with the Union. Many of the disagreements have to do with protectionist trade policy cloaked in environmental garb. Denmark, for instance, has been waging a years-long battle to continue a domestic ban on metal cans, claiming they cannot be properly recycled or disposed. But while they want to keep cans out of Denmark, the Danes have no problem with exporting their Tuborg and Carlsberg beer in the dreaded metal. That, said the European Commission in 1998, violates both EU environmental policy and the principle of the open European market. In response, the Danes said they had no intention of lifting the ban or changing Danish law. The Commission has ap-

plied to the European Court for Justice for a decision against Denmark.

The Danes are not alone. Greece has been cited for allowing sea turtles to be hunted, in violation of EU policy on endangered species, and Finland for hunting endangered birds.

The Greens

In Western Europe, the Greens began gaining visibility in the 1970s. In many cases, the movement grew out of the student protests of the late 1960s. For some years after that, Greens in most European countries felt it was their duty to work outside the establishment. But as the movement developed, even the more radical Greens began to realize that without being in the political

inner circles, there was a limit to what they could accomplish.

They began to organize politically for election to local, regional, and national legislative bodies. Their success is perhaps most notable in Germany, where Green leader Joschka Fischer was appointed foreign minister following the 1998 election and Jürgen Trittin was made minister of environment and nuclear safety. While Fischer is from the more mainstream wing of the German Green Party, Trittin is from what's known as the fundamentalist wing. He has clashed sharply with Germany's heavyweight nuclear industry and with other cabinet members over decommissioning Germany's nuclear power (see sidebar).



An oil-covered seal is rescued and taken for treatment at the oceanographic center in La Rochelle, France, following the sinking of the *Erika*.



An operator at Kozloduy nuclear power plant in Bulgaria checks the terminals in the control center of a reactor. The state of nuclear reactors in potential member countries poses a critical question for the EU.

The Greens' surge has not been limited to Germany. Its members are also part of the governments in France, Italy, and Finland. In Sweden, the Greens are part of an alliance formed by the minority Social Democratic government, which chose to enlist Green and Left support to form a parliamentary majority. In Finland, the Greens joined the so-called rainbow coalition of Prime Minister Paavo Lipponen in 1995, with party leader Pekka Haavisto winning the dual role of environment/development minister. Haavisto hammered out an agreement with the rest of the cabinet that put the building of new nuclear plants in Finland on hold for four years. The Greens also succeeded in raising taxes on less environmentally friendly forms of energy, notably fossil fuel. Furthermore, Greens hold local or regional offices in many more European countries, an important step on the road to national office.

Besides influencing policy in their home countries, Greens have gone to the European Parliament. One of the most notable is France's Daniel Cohn-Bendit, who led the 1968 French student protests that reverberated throughout Europe.

Taxation

Using taxes as a way to steer environmental policy is part of the EU's strategy and one that is being adopted in many member countries as well. The Netherlands, for instance, has a wide range of taxes covering energy, recycling, and fossil fuels, part of its second national environmental policy plan, which took effect at the beginning of 1996. On the energy side, the point of the taxes is to encourage individual consumers of electricity to conserve. At the same time, tax revenue is used to offset income tax payments in what the Ministry of Housing, Spatial Planning, and Environment says is an effort to "shift the tax burden away from labor and capital based-income and toward use of the environment." But the Dutch policy also takes practical business considerations into account. The horticulture sector, which not only produces Holland's ubiquitous tulips but also vegetables exported year-round throughout Europe, lives on very slim profit margins and uses a large amount of energy compared to the number of employees in the average company. That means energy taxes have a greater impact on

those companies than on others. While still required to pay the electricity taxes, the horticulturists receive a break on natural gas, which is vital to their businesses in order to keep their greenhouses running. The system is a practical compromise between good environmental policy and industrial need. In addition, horticulturists have agreed to improve energy efficiency by 65 percent between 1980–2010. Other countries, and various political parties, are also trying to use taxation as a policy tool.

After beginning with the so-called "command and control" approach—in other words, dictating requirements to member states—the EU's policy is evolving into more of a carrot-and-stick approach. EU officials say that is necessary to meet new environmental goals and forge a truly common policy. They say too that common policy will help eliminate the temptation for member states to act in their own interests at the expense of the union and will also make for smoother operation of the borderless internal market. Joint regulations governing transportation, for instance, and the kind of fuels vehicles can use

would eliminate the problems created by some countries having less stringent pollution control standards for vehicles or allowing lesser grades of fuel.

Another reason for moving away from command and control is that it tends to fragment policy. Regulations are generally aimed at specific problems or areas, such as air or water pollution, but don't work in a broader context. Individual regulations often don't take into account their effect on other areas. By broadening the way policy is made, EU officials hope they can create a more coherent environmental approach.

An essential step here is more industrial involvement. Former Environment Commissioner Ritt Bjerregaard maintains that "telling industry what to do, and in which way it must be done, does not encourage a proactive approach." Bjerregaard claims that with relatively small, short-term investments industry can make major environmental improvements and win positive public relations. The idea of industry voluntarily changing its practices for environmental betterment, says Bjerregaard, "is no utopic dream."

Green Sells

At least in some EU countries it appears she's right. Clear-cutting in Swedish, German, and Finnish forests didn't stop because the forest-products companies in those countries were altruistic. It stopped because it was legally banned. But, in the process, the companies discovered that green sells. Western European consumers, in fact, are often willing to pay more for products they consider to be environmentally friendly, everything from unbleached paper to recycled glass.

In Sweden, even electricity has become green. When the electricity market was deregulated in 1996, utilities suddenly realized that they were competing to sell kilowatts that were the same as every other utility's kilowatts. They also realized that Swedish consumers were highly environmentally conscious. In cooperation with the Swedish Society for the Conservation of Nature, a private, well-respected environmental organization, a program was developed to give an environmental seal of approval to types of electricity generation that don't harm the environment. Utilities are also trying to convince consumers to pay more for envi-

ronmentally friendly electricity, out of social conscience. With electricity market deregulation starting on the Continent, the approach will likely spread there. France's giant state-owned utility Electricité de France is already studying the Swedish model.

However, consumers not only want to be told that products are green, they want proof. And that applies to commercial customers as well as household consumers. When Germans, for instance, began asking Swedish forest-products companies how their goods were produced, the Swedish companies analyzed every step of their production processes. That meant looking at everything from how trees were cut to what type of electricity was being used to produce finished goods to what kind of packaging materials were used. The process was long and expensive but, say company executives, worth it. Market share actually increased in Germany because both industrial and household consumers liked the idea of buying green products.

And nothing happens in a vacuum. What the forest-products companies did impinged on the utilities. They also analyzed everything about their production processes, to show consumers that they were environmentally responsible from beginning to end.

Swedes and Germans aren't the only ones sensitive to export markets and the best way to increase sales. Finland exports more than 80 percent of its forest products, with 70 percent going to the European Union. There, notes Hannu Valtanen, director of natural resources and forest policy for the Finnish Forest Industries Federation, "environmental and ecological aspects have become important."

Clean Up After Yourself

Buy a new toner cartridge for a laser printer in more than ten Western European countries and it's likely to come with a self-addressed label for postage-paid return to the manufacturer. A number of countries require that producers take responsibility for recycling every-

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thing from those cartridges to shavers, cars, and electronic equipment. Plans are to significantly increase all forms of recycling in the twenty-first century.

But recycling often also means consumers end up paying more. In Sweden, producers are required to take back and properly dispose of electronic and electrical equipment that consumers previously have thrown out. To finance that, producers will charge take-back fees, which could total nationally as much as \$118 million per year. For consumers that translates into higher prices of anywhere from about \$3.50 more for a cellular phone to as much as \$30 for a television or personal computer. Some 150,000 tons of equipment is expected to be collected annually.

There is also concern that if fees are set too high, retailers may be tempted to pocket the money instead of using it to finance recycling because profit margins on their goods are low. If that happens, it will be a classic example of the difficulty

throughout the EU in creating a common, sustainable environmental policy.

What Next?

As part of Agenda 2000, the EU's sweeping policy strategy for the new millennium, the Transport, Energy, and Agricultural councils need to revamp their regulations so that they are geared toward sustainability. In addition, there is Agenda 21, which deals specifically with promoting sustainable development well into the next century.

In the new century, the buzzword for Europe is climate control. The EU countries have agreed to reduce greenhouse gas emissions by about 8 percent from 1990 levels between 2008 and 2012, and carbon dioxide emissions 15 percent by 2010. While EU officials say the target will be met, they also warn that further reductions won't be possible until a blanket carbon dioxide tax is adopted. Agenda 21 specifies carbon taxes as a crucial way to help further reduce emissions, but

such a tariff is one of the most bitterly debated issues among EU members. The failure of countries to agree during the climate conference in the Hague in November 2000 on a system for reducing emissions doesn't help the situation. Furthermore, while the EU may have a common reduction goal, member countries have different individual requirements. Some have set more ambitious national goals. Denmark, for instance, wants to reduce carbon dioxide emissions 20 percent from 1988 levels by 2005. To do that, the Danes have begun a sweeping program to replace old coal plants with new, clean technology, but it won't be completed until well into the next century. Other countries, such as Sweden, however, have dispensations to increase levels somewhat.

Energy and the kinds of fuels used to generate electricity are an essential part of Europe's emissions problem. Increasingly, Europe is considering natural gas as an alternative. An EU

Not Easy Being

The Chernobyl nuclear power plant is located in the Ukraine, more than 1,000 miles from Berlin. Yet, this facility is intimately connected with the history of Germany's Green Party. Because it was an accident at Chernobyl in 1986—the worst of its kind in history—that prompted German voters to begin taking Green policies seriously. By the time Chernobyl was finally shut down last December, the Greens were in control of three government ministries and the country had committed itself to phasing out nuclear power.

The Green Party's roots run deep into the soil of the 1960s protest movement.

The arms race was heating up, and cold war rivalries were being played out on German territory. Warsaw Pact and NATO troops faced off along Germany's internal border. Mass protests were held in West Germany, opposing the government's nuclear policy and demanding disarmament. When Ronald Reagan visited Bonn in 1982, he was met by nearly half a million angry demonstrators. The following year would see the first Green representatives elected to the German parliament.

Parallel to their antiwar efforts, the Greens continued to push their agenda on environmental protection and sustainable development. Their "No Nukes" bat-

tle cry translated into an energy policy favoring renewable energy sources and rejecting nuclear power.

Environmental issues would gain added significance after the end of the cold war.

However, even before that, Green activists in Germany had made opposition to nuclear energy a top priority. In 1985, they began occupying nuclear power plant construction sites. It was against this backdrop that the news came of a nuclear accident at Chernobyl.

It didn't take long for Chernobyl's radioactive (and political) fallout to reach Germany. Having first played down the danger to public health, Helmut Kohl's conservative government is-

sued belated warnings for people to stay indoors and not eat foods at risk of contamination. Public confidence was shaken. Environmental awareness rose, and the Greens credibility grew.

In the 1998 general election, the Greens won just more than 6.5 percent of the vote and formed a coalition government with the Social Democrats. Both parties agreed on the goal of phasing out nuclear power. Moreover, after months of negotiations a deal was struck requiring the power industry to shut down its nineteen nuclear plants gradually over a period of more than thirty years. The compromise arrangement—negotiated in part by Ger-

study envisions a natural gas network that would incorporate Russia, the Baltic countries, and Northern Europe to bring gas to the Continent. Deregulation of the European gas market means high gas prices are beginning to fall, making it economically feasible to build more gas-fired electricity plants. But there is sharp division about just how environmentally friendly gas is. Often, opposition to gas comes from countries, such as France, that rely extensively on nuclear power. The French argue that using gas will, in fact, increase their greenhouse gas emissions, and their official line is that there are no negative consequences from nuclear power.

If It Rolls, It Probably Pollutes

Another major part of Europe's emissions problem is leaded gasoline, which is still widely used in Western Europe and is even more common in Eastern Europe. The Nordic countries are far ahead here, since they began phasing out leaded gas in the early 1990s. But

take a deep breath in central London or Paris and it's a different story. The high cost of gasoline is one reason the changeover is taking so long in many parts of Europe. Leaded gasoline is expensive enough; unleaded costs even more, which means motorists have no incentive to use unleaded. The Swedes solved this problem by subsidizing unleaded gasoline for a number of years. Other sorts of alternative fuels are also subsidized, including ethanol and rapeseed oil. However, while that has helped reduce emissions from cars, truck transport in the Nordic countries makes for heavy carbon dioxide pollution. Throughout Europe, truckers pay special taxes under an EU program designed to help pay for pollution control and research into alternative fuels, but they still get to drive. Moreover, subsidies will only work for so long. Eventually, alternative fuels will have to pay their own way.

The same is true of alternatives such as electric cars. Along the lines of its

unleaded gas subsidy, Sweden is proposing tax breaks to help offset the higher cost of electric cars, especially when their use is measured against how much regular cars can be driven. France has also tried to promote electric cars, especially in traffic-clogged Paris, where the fumes from idling cars can be overwhelming. But consumers resist, largely because electric cars aren't convenient.

Fewer Species

The European Environment Agency says that measures aimed at safeguarding Europe's biodiversity—keeping the range of plants and animals we now have—have fallen short. Financial greed—short-term economic gain is a more polite term—instead of concern for the environment in the long term is behind the problem. Again, the problem is most severe in developing countries or the countries of the former Soviet Union and Eastern Europe, which tend toward short-term environmental thinking.

Green

Germany's Green Party makes a tricky transition from the opposition to part of the governing coalition

many's Green Environment Minister Jürgen Trittin—disappointed party traditionalists who wanted the reactors taken off-line much faster. It was a Pyrrhic victory for the Greens.

The responsibilities of government have also forced the Greens to compromise their traditional pacifist stance. In order to stay in the government coalition, the party had to endorse the participation of German troops in the Kosovo conflict. This issue caused upheaval within the party. The measure was supported by the country's foreign minister, Joschka Fischer—himself a Green—who won the backing of the party's "prag-

matic" wing. Nevertheless, traditionalists were outraged, accusing the leadership of abandoning their principles. Power has come at a price.

To some degree, the Greens are victims of their own success. Since entering government they've managed to secure an agreement to phase out nuclear power, introduce an ecological tax scheme, win legal recognition for same-sex marriages, and push through limited dual citizenship. Ironically, by making progress on these issues the party has robbed itself of several important rallying points.

Now, looking ahead to the next election in 2002, the

Greens are struggling to re-define their agenda. The party is expected to campaign for a liberal immigration law, greater reliance on alternative energy, and improved public transportation. Their declared goal is to defend their status as Germany's third-strongest political force and continue governing with the Social Democrats.

After two years in government, the one-time protest party has become an integral part of the political establishment. If a Chernobyl-like accident were to happen in Germany today, the Greens would be forced to share responsibility. The realities of power politics occasionally place the Greens on



Since helping to form Germany's coalition government, Joschka Fischer and the Green Party have seen progress on several of their key issues.

the wrong side of the environmental fence.

—Terry Martin

To try to mitigate the problem, the EU is setting up protected areas throughout Europe, under a program called Natura 2000. The system is supposed to be completed by 2004. Again, however, member states lag behind EU vision. Some have been slow to designate protected areas, which will hurt the overall program as well as delaying much needed protection for fragile ecosystems. Beyond that, in poorer, more rural areas, short-term farming in-

terests take precedence over long-term environmental protection. That is likely to be an even worse problem as the EU begins to assimilate Eastern European and former Soviet countries that have largely rural economies.

EU policymakers claim that reduction of farm-price subsidies helps the environment because it reduces incentives for overproduction and means less use of chemical fertilizers. But even so, about a quarter of Europe is considered

rural, and farming still plays a key role in affecting the environment.

Into The Woods

Coupled with biodiversity is forestland management. Because so much of Europe is covered by forests and because the forest industry is a central part of the economies of so many member states and candidate countries, including Sweden, Denmark, Finland, Germany, Italy, Latvia, and Lithuania, protecting the forests is a key environmental issue for the European Union. Some 315.8 million acres of land in the EU is forest, up more than 10 percent from 1960. Forest policy goes hand-in-hand with agricultural policy and since it touches on everything from air, water, and soil pollution to jobs, greenhouse gas emissions and protection of endangered species.

The Finns have spent several years developing a system for certifying their forestland, and they want the EU to adopt it. The Finns also want the Union to step up forestry research and air pollution control related to the industry.

It Takes More Than Legislation

Whether it's energy or leaded gas, recycling or clean water, European officials are increasingly realizing that policy isn't enough. The citizens in every European country, as well as industry, have to be convinced that improving the environment makes sense. With that in mind, when Europe's environment ministers convened in Aarhus, Denmark, in June 1998, they invited non-governmental organizations and citizens' environmental groups to join them, as well as representatives of the European Federation of Green Parties.

The EU has concluded voluntary agreements for improving cars' fuel efficiency, which would in turn help cut carbon dioxide emissions, with the European, Japanese, and Korean automobile manufacturers associations. And officials believe that good environmental policy is also good economic policy, since it will help create jobs and stimulate the right kind of tourism.

But major problems remain in Western Europe and the environmental dilemma of Eastern Europe and the former Soviet Union is monumental. Their problems may well turn out to be the EU's greatest environmental challenge in the twenty-first century. ☹

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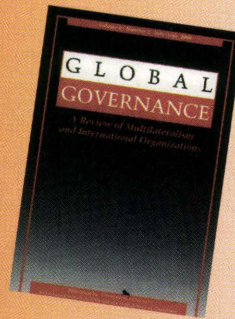
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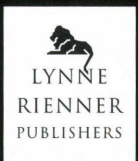
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EUROPE Update

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WHAT THEY SAID

"It's been twelve long years, and at least we got one of them, but there are a lot of them out there that we did not get."

—Rosemary Wolfe, the president of the American organization Justice for Pan Am 103, commenting on January 31 after Libyan terrorist Abdelbaset Ali Mohmed Al Megrahi was sentenced to life in prison for his role in the bombing which killed her step-daughter. The airliner exploded December 21, 1988 over Lockerbie, Scotland, killing all 259 passengers and crew and eleven people on the ground.

"This is a terrible tragedy which is unfolding before our eyes. We are ready to assist in whatever way we can to alleviate the suffering."

—Poul Nielson, the European commissioner overseeing humanitarian affairs, responding to the January 26 earthquake that destroyed towns and villages and killed thou-

sands of people in the Indian state of Gujarat. He went on to announce an immediate EU commitment of up to 3 million euros for immediate relief operations.

"No one buys meat anymore so I have started selling fish."

—Sandro Belardinelli, Italian butcher-turned-fishmonger, responding to the news that BSE was discovered in a cow in Brescia and that fishmongers were reporting long lines of customers outside their shops

"In this situation of serious hardship, to all the honest cattle raisers goes my expression of spiritual closeness."

—Pope John Paul II offering words of comfort following the discovery of BSE in a cow in Italy

"Clearly, it will be a slow and difficult process to re-establish consumer confidence in the safety of beef and beef products."

—David Byrne, European commissioner for health and consumer protection, discussing the latest developments in relation to BSE with the European Parliament's agricultural committee

"America remains engaged in the world by history and by choice, shaping a balance of power that favors freedom. We will defend our allies and our interests. We will show purpose without arrogance. We will meet aggression and bad faith with resolve and strength. And to all nations, we will speak for the values that gave our nation birth."

—George W. Bush, 43rd president of the US, in his inaugural address

"We in Germany will closely watch the transfer of power in the capital of the world's oldest democracy because it is happening in the country to which we are particularly close because of our shared interests,

the friendship of our peoples, the partnership in the Atlantic Alliance, and our membership in a community of common values."

—Gerhard Schröder, chancellor of Germany, in a statement following President Bush's inauguration

"We're not going to give you Sloba, we're not going to give you anyone!"

—Pro-Milosevic protesters during the visit of UN war crimes prosecutor Carla del Ponte to the foreign ministry in Belgrade

"Until our country is stabilized and democratized to the full, until it establishes genuinely democratic institutions, any legal actions could turn into a mockery of justice and mere revenge."

—Vojislav Kostunica, president of Yugoslavia, in an interview with the International Herald Tri-

WHAT THEY SAID (CONTINUED)

bune published the day after his talks with Carla del Ponte

"The existing medical consensus is clear: The hazard from depleted uranium is both very limited and limited to very specific circumstances. NATO is doing everything it can to ensure that relevant information is made publicly available."

—George Robertson, NATO secretary-general, on the effects of depleted uranium on troops who served in Kosovo

"We want to prevent these self-titled "global leaders" from meeting behind closed doors to decide the future of the planet to their favor."

—Anti-World Trade Organization Coordination, the group leading the protests at the World Economic Forum, which took place last month in Davos, Switzerland

"Globally, I would say we are in a moment of pause and reflection."

—Dominique Moisi, deputy director of the French Institute for

International Relations, speaking about the global economy at the World Economic Forum

"The slowdown in the United States could affect our projection of 4.5 percent growth in 2001, but we want to substitute it with more European trade and investment and make use of the recently signed trade agreement between Mexico and the European Union."

—Vincente Fox, president of Mexico, speaking at the World Economic Forum

"If you try to compare the respective situations of Chiquita and the other banana companies that have to operate under similar conditions, it suggests that Chiquita's difficulties probably lie elsewhere."

—Anthony Gooch, European Commission spokesperson, discussing the US-based Chiquita Brands firm suing the European Commission for \$525 million in damages related to banana quotas that the company alleges have pushed it to the brink of bankruptcy

REPORTER'S NOTEBOOK

US, EU and the Globalization of World Trade

These are hard times indeed for advocates for the institutions that govern world trade. Protesters opposed to "globalization" seized the spotlight at the World Trade Organization's meeting in Seattle in late 1999. Many of these same people managed to disrupt the comings and goings of finance ministers and their entourages, who converged on Washington, DC early in 2000 for annual meetings of the World Bank and the International Monetary Fund. Even an otherwise obscure gathering of American and European business leaders and government officials for the Transatlantic Business Dialogue in Cincinnati, Ohio, in November became an occasion for protests by a diverse and eclectic anti-trade coalition.

Both those who take to the streets to denounce the work of international trade ministers and those in the execu-

tive suites who seek to affect trade policy decisions will gain from reading a new book by New England School of Law Professor Thomas C. Fischer, *The United States, the European Union, and the Globalization of World Trade: Allies or Adversaries?* (Quorum Books).

Professor Fischer provides a framework for understanding what is in fact going on in world trade as we begin this new century. Fischer describes a growing economic interdependence among the economies of all nations and a diminished power of any one nation (including the United States) to impose its will unilaterally. At the same time, Fischer sees "a sort of 'world government' emerging" from the activities of the World Trade Organization and other multilateral groupings, like the G8 gatherings of the leading industrialized countries. This nascent "world government" is often at odds with national or regional political priorities.

One key measure of success for the multilateral trad-

ing system is whether countries will respect and abide by dispute resolution decisions of the World Trade Organization when they are not the successful party. Professor Fischer reviews the history of the complaint challenging the regime within the European Union governing importation of bananas. He concludes that, up to a point, the WTO "has been equal to the task" of setting a framework for resolving the conflict between the United States and the European Union.

Professor Fischer suggests that the EU and the US would do better to act more like allies in multilateral trade negotiations in order to achieve more favorable results vis-a-vis other countries. He identifies the World Trade Organization agreement on basic telecommunications services and the Information Technology Agreement as major trade liberalization agreements where US and European cooperation and leadership was critical to the outcome.

Professor Fischer writes about the European Union knowledgeably and sympathetically, but with balance. The chapters on the evolution of European institutions and on the economic situation of Europe ("The European Union: Can it Compete?") will be especially instructive for American readers.

One wonders whether Professor Fischer is at heart an optimist or a pessimist. He expresses a belief that "we are at the threshold of another great leap forward" in the expansion of world trade and the removal of protectionist barriers to economic growth and greater prosperity. But he also cautions that if the new opportunities for trade liberalization are not "managed well," the consequences could be "a stalemate, a lull, and worse: retrenchment and war." Given this range of possible outcomes, one hopes, of course, that the new opportunities that arise from globalization are managed well.

—Frank J. Schuchat

EU NEWS: SWEDEN'S EU AGENDA

As Sweden takes over the European presidency, Environment Minister Kjell Larsson is trying to practice what he preaches. An advocate of public transportation and other alternatives to cars, Larsson bicycles the two miles from his home to the ministry in downtown Stockholm, weather permitting.

Larsson may be making a personal contribution to reducing greenhouse gas emissions. But whether Sweden will be able to influence international climate policy during its six-month presidency has suddenly become a critical issue, after the failure of the Hague meeting in November to reach agreement on a system for reducing emissions.

"The meeting is going to affect our presidency more than we counted on," acknowledges Larsson ruefully.

But Sweden had planned to make the environment one of its three priorities regardless, along with employment and enlargement. Larsson believes they are inseparable. Whether the rest of the European Union buys that should become clear in June, when the European Council meets in the Swedish port city of Göteborg to discuss a sustainability charter that incorporates the three.

Overall, says Larsson, "we want to make environmental concerns a driver for growth. This is a national priority, and

we think it should be a European priority."

With twelve countries, many with serious environmental problems, due to begin negotiations for EU membership, sustainability takes on a new dimension. Larsson argues that it's important the EU not give ground on environmental issues during the negotiations. Most of the candidate countries want long transition periods to bring themselves up to the EU's environmental standards. But, says Larsson, "the candidate countries have to cut down on their transition periods."

Larsson sees a stricter chemical policy as another key environmental issue that Sweden can help shape during its presidency.

He wants there to be far more restriction on the use of chemicals that accumulate in the environment and "stronger emphasis on liability," for both chemical producers and the industries that use dangerous chemicals. In a similar vein, he hopes that the European Commission will soon issue a directive on banning cadmium.

One sensitive area for Sweden will be energy and environmentally related taxes. The Swedish government is increasingly using tax policy to try to force consumers and industry to improve the environment. The country's taxes on carbon

dioxide, for instance, are among the highest in Europe. Larsson says he would like to see other countries increase their taxes to Sweden's level. But at the same time, Sweden is opposed to a simple majority in the EU being able to decide common tax policy. At some point, Swedish politicians may be forced to decide which they consider more important.

Representatives for environmental groups are also concerned that Sweden may be moralizing abroad while pursuing a different kind of policy at home. For instance, Sweden has committed to decommissioning its nuclear reactors before they technically need to be shut down. But to do that, replacement electricity largely has to be imported from Denmark, which uses coal to generate the bulk of its electricity. That could ultimately increase greenhouse gas emissions.

Dennis Pamlin, in charge of international environment policy for the World Wildlife Foundation in Stockholm, says the Swedes will have to work hard to stay focused. "Otherwise, the agenda just gets longer and longer" and nothing gets accomplished, he says.

The WWF is concerned that, instead of clearly outlining what Sweden thinks the EU's environment policy should be, the Swedes will start with a compromise sug-

gestion that will satisfy no one. "You don't start by presenting a compromise. You have to say what you want, and that's something Sweden isn't good at," Pamlin contends.

One thing Sweden wants is to advance the Northern Dimension, an initiative the Finns put forth during their presidency in the second half of 1999, to help integrate Russia with the EU, largely through joint environmental projects to clean up northwestern Russia's chemical, nuclear, and metal waste and debris.

Sweden was initially reluctant to embrace the plan but has now enthusiastically taken it up. Larsson says he believes "there is room to help Russia develop sound environmental investments," through various EU programs.

Larsson knows that with only six months for the presidency, the Swedes won't be able to accomplish all of their environmental goals. Nevertheless, he's hopeful that, in the time constraint, Sweden will be able to put the environment on a higher-level in Europe and, perhaps, the world.

"The environment is more global than anything else except foreign policy," says Larsson. "We talk today about the global economy, but the environment has been globalized for a long time."

—Ariane Sains

UPCOMING EVENTS

February 18–20: European Year of Languages

The opening conference to inaugurate "2001 European Year of Languages" will be held in Lund, Sweden. The European Council and the European Union have proclaimed this year the European Year of Languages, with the aim of promoting multilingualism, drawing attention to language diversity, and encouraging the lifelong learning of languages.

February 23–24: Blair Visits US

President Bush has invited UK Prime Minister Tony Blair to Camp David for

the first meeting of the two since Bush's inauguration.

March 24–April 3: Delors Tours US

The former European Commission president Jacques Delors will conduct a speaking tour of the US, to include stops in Chicago, Atlanta, New York, and Washington, DC.

April 22: Earth Day 2001

A day celebrated around the world with the goal of spreading environmental awareness. For more info, log on to www.earthday.net.

June 14: EU-US Summit

The first EU-US summit under the Bush administration is expected to take place in Göteborg, Sweden.

June 15–16: EU Summit

Sweden hosts the Göteborg Summit of the European Council.

July 20–22: G8 Summit

The heads of state of the world's leading industrialized countries—Canada, France, Germany, Italy, Japan, Russia, the UK, the US, and the EU—will gather in the historic port of Genoa, Italy.

BUSINESS BRIEFS

Airbus Industrie's challenge to the Boeing 747's thirty-year monopoly got underway after the European aircraft manufacturer took the number of firm orders for its A380 superjumbo to sixty by February and is on the verge of selling a further twenty of the world's largest commercial aircraft.

Airbus still has to sign up a major US carrier for the A380 passenger jet, but it scored a psychological breakthrough by winning an order for ten freighter versions with a list price of \$2.3 billion from **FedEx**. The giant express parcel delivery firm chose Airbus over Boeing's planned 747X, a stretched version of the 747. **Atlas Air**, a leading US all-cargo carrier that operates an all-Boeing fleet, also said it's considering buying fifteen A380 freighters and taking an option on a further ten. In another coup, **United Parcel Service** agreed to buy sixty Airbus A300 freighters worth around \$6 billion. It was the largest ever order placed by the US firm, which only operated Boeings until three years ago when it bought its first Airbus planes.

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Lafarge became the world's largest cement maker after a friendly \$4.65 billion takeover of **Blue Circle Industries**, the British group that rebuffed a hostile bid last year by the French building materials firm.

The takeover will broaden Lafarge's geographic scope, significantly strengthening its presence in Asia where Blue Circle is strong in such markets as Singapore, the Philippines, and Malaysia. On the eve of the deal, the two companies jointly purchased **Pan African Cement**, a holding company with stakes in cement firms in Zambia, Malawi, and Tanzania.

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NTT DoCoMo, Japan's biggest mobile-phone operator, bolstered its presence in Europe, by teaming up with **KPN**, the privatized Dutch telecom group, and Italy's

Telecom Italia Mobile (TIM) to develop mobile phone Internet services.

The \$90 million joint venture intends to build on the success of DoCoMo's domestic i-mode service, an Internet-enabled phone service that has more than 17 million subscribers two years after its launch. A European service offering interactive games, e-mail, images, and traffic information will be introduced in the second half of the year initially in the Netherlands, Germany, Belgium, and Italy, targeting TIM's 21 million subscribers and KPN's 13 million.

The three firms plan to exploit opportunities created by the launch in Europe of the next wave of Internet-enabled mobile phones. The General Packet Radio Service (GPRS) technology will provide faster and easier mobile data services than currently available with the GSM-based Wireless Application Protocol.

An important benefit for KPN and TIM is that third-generation mobile phone services are expected to be introduced in Japan this year, at least a year before they are rolled out in Europe.

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Nestlé of Switzerland, the world's largest food company, plans to follow its \$10.3 billion acquisition of **Ralston Purina**, the US pet-food manufacturer, by expanding its presence in other high-growth sectors such as nutritional supplements, bottled water, and food service.

The purchase of Ralston, best known for Purina Dog Chow, has made Nestlé the world's biggest pet food manufacturer, with annual sales of \$6.3 billion, nearly a fifth of the \$33 billion global market, and just ahead of second-place **Mars**, which posted sales of \$5.85 billion last year.

The takeover heralded Nestlé's long-awaited move into North America and its return to the big-ticket merger and acquisition market, which it has shunned since it paid more than \$4 billion for

Rowntree, a British confectionery group, in 1988.

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France's **Peugeot Citroen**, Europe's second-largest carmaker after German giant **Volkswagen**, is on a roll, boosting its sales by 11.7 percent in 2000 to 2.82 million vehicles, more than double the rate of growth of the global auto market.

This boom, achieved without a presence in North America, means car sales have climbed by 34 percent in the past three years and are on target to break through the 3 million barrier this year, despite a slowdown in the European market.

Peugeot increased its European market share to 13.7 percent in 2000 from 12.7 percent in 1999, a performance in sharp contrast to that of its domestic rival **Renault**, which sold 2.3 million cars and light trucks worldwide in 2000, a rise of less than 1 percent.

Porsche, the German luxury carmaker, is also enjoying surging demand for its 911 Turbo and Boxster models, with sales in the year ending July 31 likely to top 50,000 and revenues exceeding the \$3.4 billion posted in fiscal 2000. The Stuttgart-based company, which generates half its revenues in the US, says it expects to sell even more cars across the Atlantic despite the US economic slowdown, which is unlikely to affect customers able to afford to pay more than \$110,000 for the 911 Turbo.

•••

Transrapid, the German consortium developing a magnetic levitation railway, won a contract to build an 18.75-mile, high-speed rail link between Shanghai's Pudong International Airport and the center of China's premier port city.

Transrapid hopes the Chinese order, the first for its "MAGLEV" technology, which uses a friction-free magnetic field that allows trains to travel up to 280 miles per hour, will boost other high speed rail projects

being mulled in the US and China.

The consortium, which includes **Siemens**, the electrical engineering group, **Krupp**, the industrial conglomerate and the state-owned railway **Deutsche Bahn**, suffered a setback last year when the German government scrapped plans for a \$4.8 billion, 182-mile link between Berlin and Hamburg because of the cost and risks involved.

The cost of the Shanghai link, which is scheduled to open in 2003, is estimated at around \$1.25 billion.

•••

Usinor of France, Europe's largest steel maker, formed a strategic alliance with **Nippon Steel** of Japan, the world's second-largest steel maker, to focus on supplying sheet metal for global car manufacturers.

The agreement, which could herald further consolidation in the world steel industry, followed the breakdown in negotiations between Usinor and Japanese steel maker **Kawasaki** over the establishment of a joint venture in North America.

Usinor, which bought Belgian steel firm **Cockerill Sambre** in 1998 to become the world's third-largest steel maker, is rapidly expanding beyond Europe to meet the demands of customers who want to buy from global suppliers. It is a major supplier to **Renault**, the French car manufacturer that controls **Nissan**, Japan's third-largest automaker.

—Bruce Barnard

EUROPE
Update

Correspondents

Bruce Barnard reporting from London
Ariane Sains reporting from Stockholm
Frank J. Schuchat reporting from Denver

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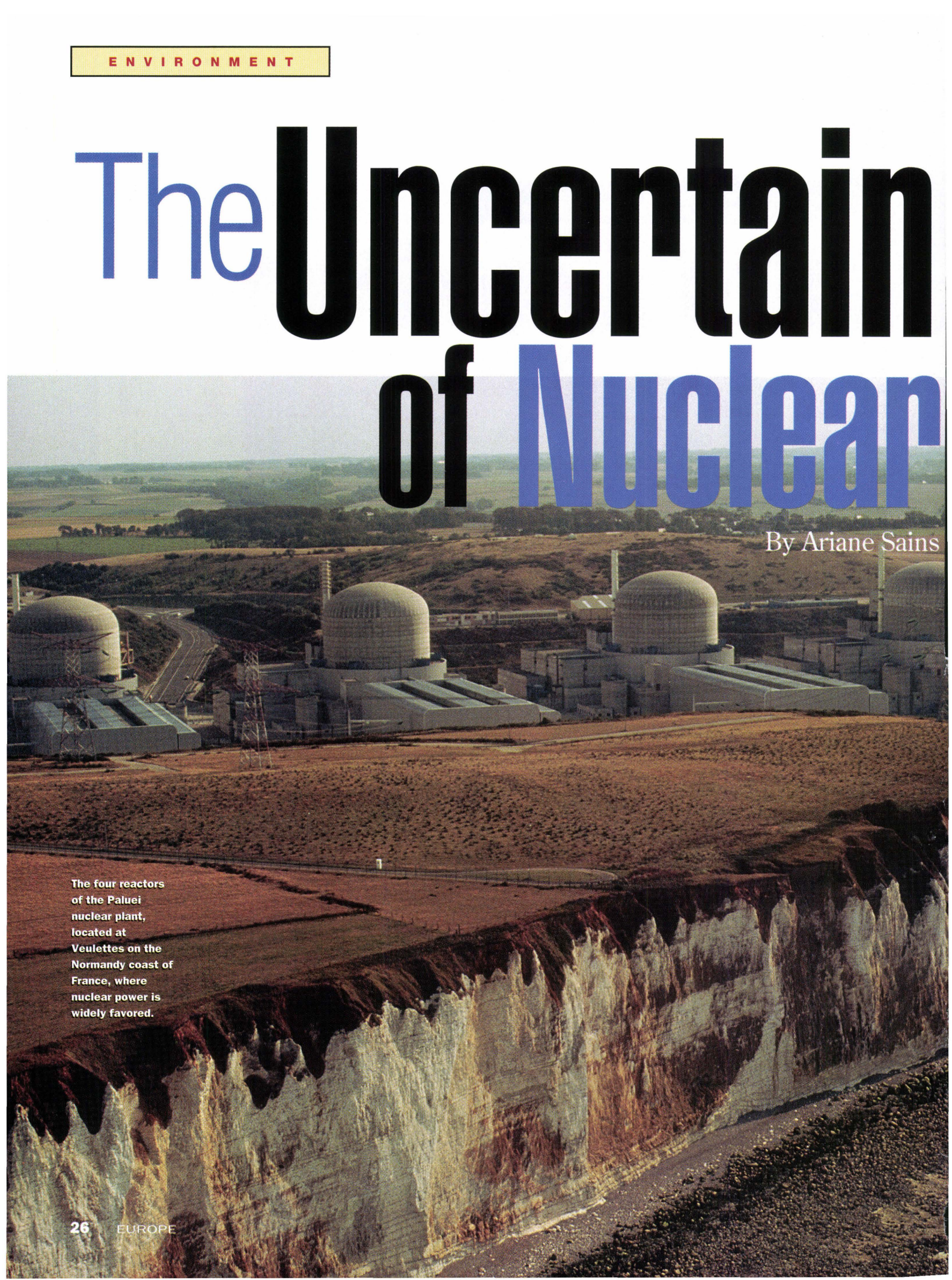
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The Uncertain of Nuclear

By Ariane Sains



The four reactors of the Paluel nuclear plant, located at Veulettes on the Normandy coast of France, where nuclear power is widely favored.

Future Energy

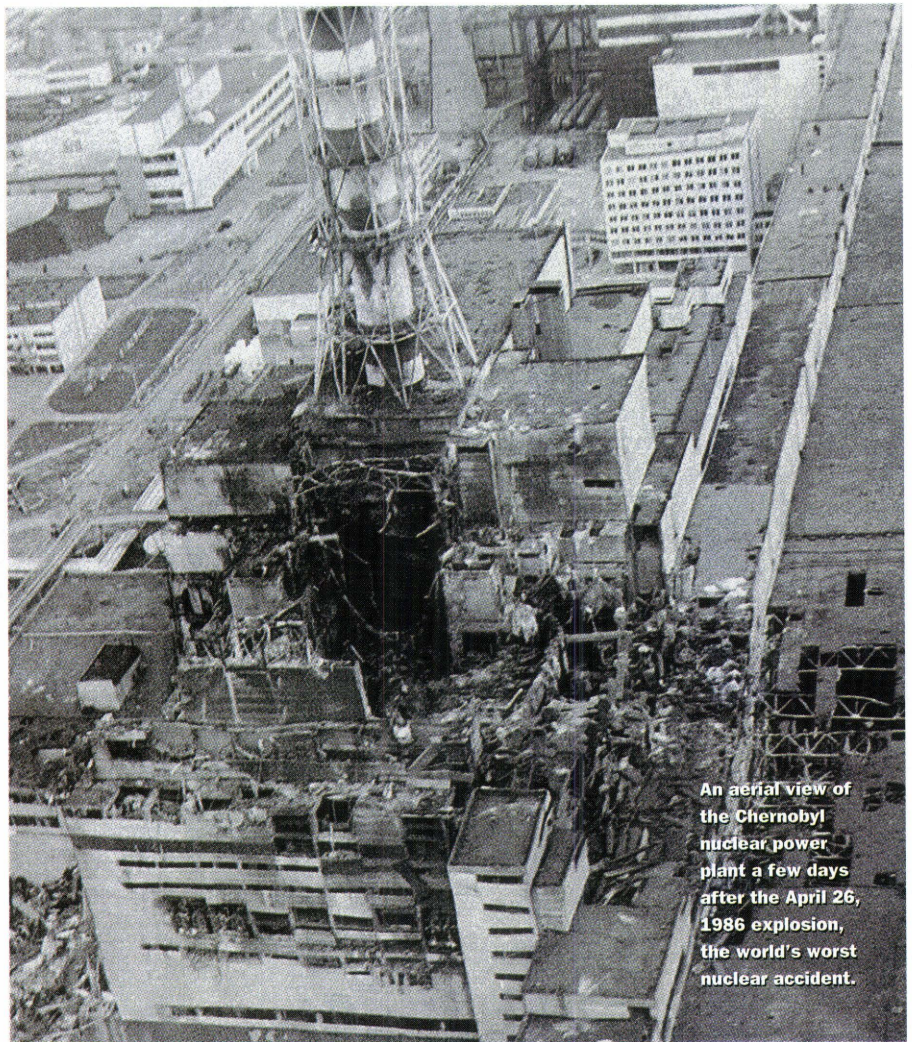
**CRITICS SAY IT'S UNSAFE,
PROponents SAY IT'S CLEAN
AND EFFICIENT**

When German Chancellor Gerhard Schröder's government decided shortly after its installation to begin phasing out the country's nuclear reactors, it seemed to be the death knell for atomic power in Europe. The decision was a major victory for both German and European Greens, especially following on the heels of a phaseout decision in Sweden.

But just a couple of years later, nuclear power may be on the verge of a renaissance. The reason is simple. Without the reactors, and probably new ones as well, the European Union stands little chance of reaching its goal of reducing greenhouse gas emissions by 8 percent from 1990 levels by 2012 at the latest.

Nuclear power generates about 35 percent of the electricity in the EU. France leads the union, with 77 percent of its electricity coming from nuclear, followed by Sweden with 50 percent, Germany with 29 percent, and the United Kingdom with 28 percent. Since it emits virtually no greenhouse gases, nuclear power is one of the cleanest forms of energy. It is also, however, one of the most political, and industry leaders themselves admit that they need to do a better job of marketing nuclear power to the public.

Such marketing efforts, however, may be far less necessary in the Euro-



An aerial view of the Chernobyl nuclear power plant a few days after the April 26, 1986 explosion, the world's worst nuclear accident.

pean Commission hierarchy. One clear indication that EU opinion may be swinging toward nuclear power again is the recent decision to move most of the responsibility for nuclear energy from Environment Commissioner Margot Wallström to Energy and Transport Commissioner Loyola de Palacio. Sources say that Wallström, who favors phasing out reactors, tread on far too many nuclear industry toes, while de Palacio is considered a friend of atomic power.

Toward the end of 2000, she said repeatedly and publicly that the EU needed nuclear. "If we decommission nuclear power, we can forget about meeting the greenhouse gas emission-reduction targets in the Kyoto protocol," de Palacio said at a September press conference in Brussels. She added that "We must reevaluate nuclear as part of Europe's energy mix."

At the end of November, the European Commission adopted a green paper on energy that clearly reflects that view. It called for the EU to "retain its leading position in the field of civil nuclear technology, in order to retain the necessary expertise and develop more efficient fission reactors and enable fusion to become a reality."

Not least, nuclear is needed, the report said, because "concerns about global warming have changed the perception of energy supply constraints. The question is particularly pertinent for nuclear energy." Because of the EU's reactors, the report noted, 312 million tons of carbon dioxide emissions are avoided annually, the equivalent of 7 percent of total EU greenhouse gas emissions.

Currently, 41 percent of the EU's energy comes from oil, with another 22 percent from natural gas, and a further 16 percent from solid fuels, primarily coal. The report predicts that unless the EU nations make structural changes in their energy systems starting now, fossil fuels will continue to dominate until at least 2030. Moreover, that prediction doesn't take into account the countries negotiating to join the Union. Many are in Eastern Europe or were part of the Soviet Union and have outdated fossil fuel-burning power plants that will substantially increase total EU greenhouse gas emissions.

At about the same time the Commission report was adopted, managers at



The Chernobyl nuclear power plant overlooking the town of Prypyat, Ukraine, was finally closed on December 15, 2000.

Finnish utility Teollisuuden Voima Oy (TVO) asked the government for a decision in principle to allow a new reactor, Finland's fifth, to be built. As a key reason for wanting the reactor, TVO chief executive Mauno Paavola said Finland could not meet its need for more power and its obligation to reduce emissions unless nuclear was the choice for new power generation.

Finland's Green environment minister, Satu Hassi, says she's appalled by the move toward more nuclear. It would be "suicide for the image of Finland," she says, for an environmentally

responsible country to build new nuclear reactors. This would send the wrong message to the rest of Europe.

However, Finland's industry minister, Sinikka Mönkkäre, is a strong proponent of nuclear power and has said she will recommend to the full government that it approve the application and pass it on to the Finnish parliament, the Eduskunta, for a favorable vote.

If the Finnish government follows her lead and is seconded by the parliament, it could send a powerful signal to all of Europe that it may be time to rethink the reactor. ☹

GreenInc.

From fuel cells to wave generators, emerging environmentally friendly technologies represent future profits for many companies

By Bruce Barnard

European firms are setting the pace in environmental services, a “new” economy business with almost limitless global potential as world leaders attempt to clean up the planet.

The collapse of negotiations in the Hague in November on the Kyoto Treaty on climate change and the arrival of a new administration in Washington have put the political process on hold. Nevertheless, businesses on both sides of the Atlantic have taken up the

challenge to create a cleaner environment—and turn a profit.

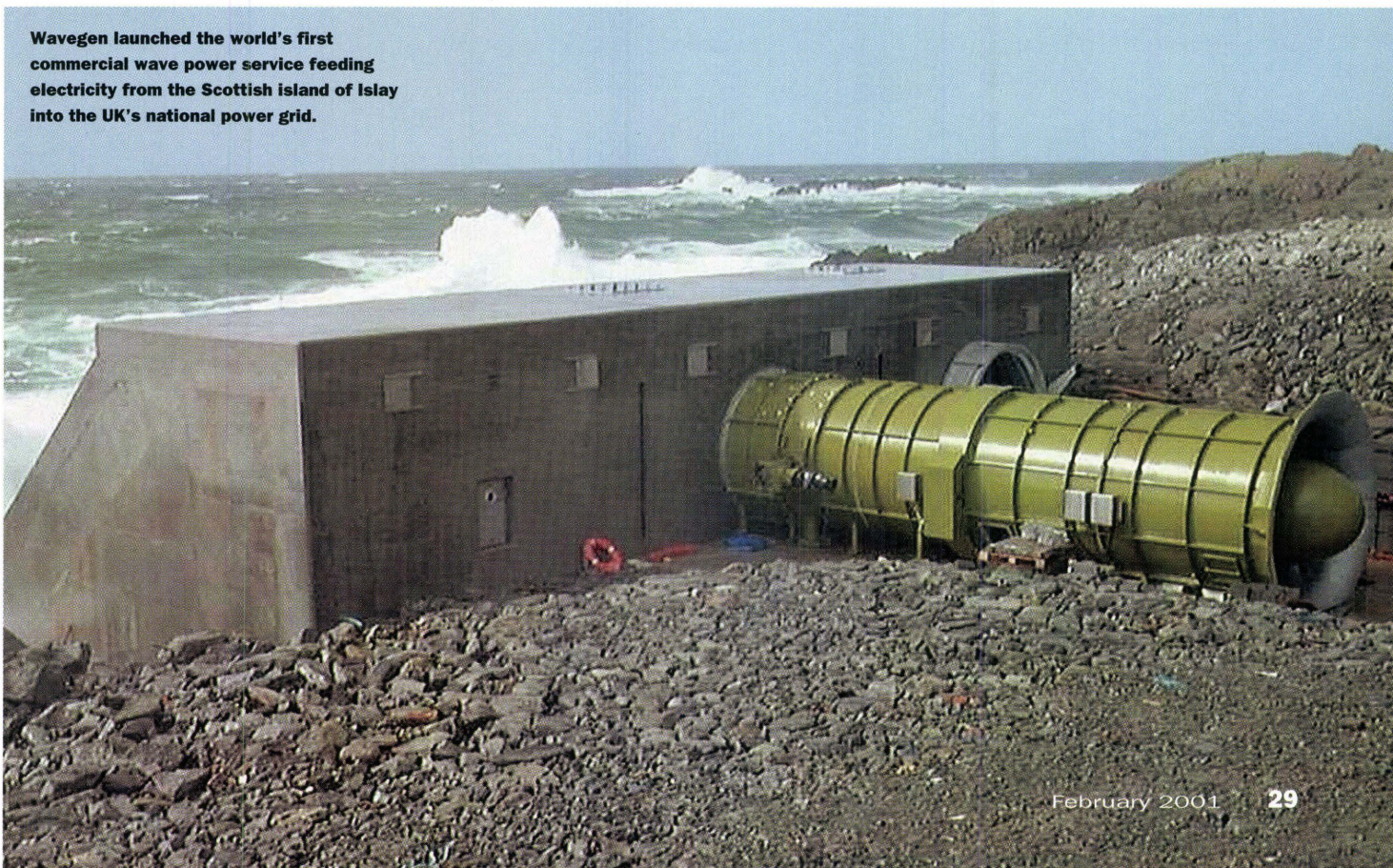
Some of Europe’s leading “old” economy firms in sectors as diverse as water and engineering are using environmental services as a bridge to the “new” economy.

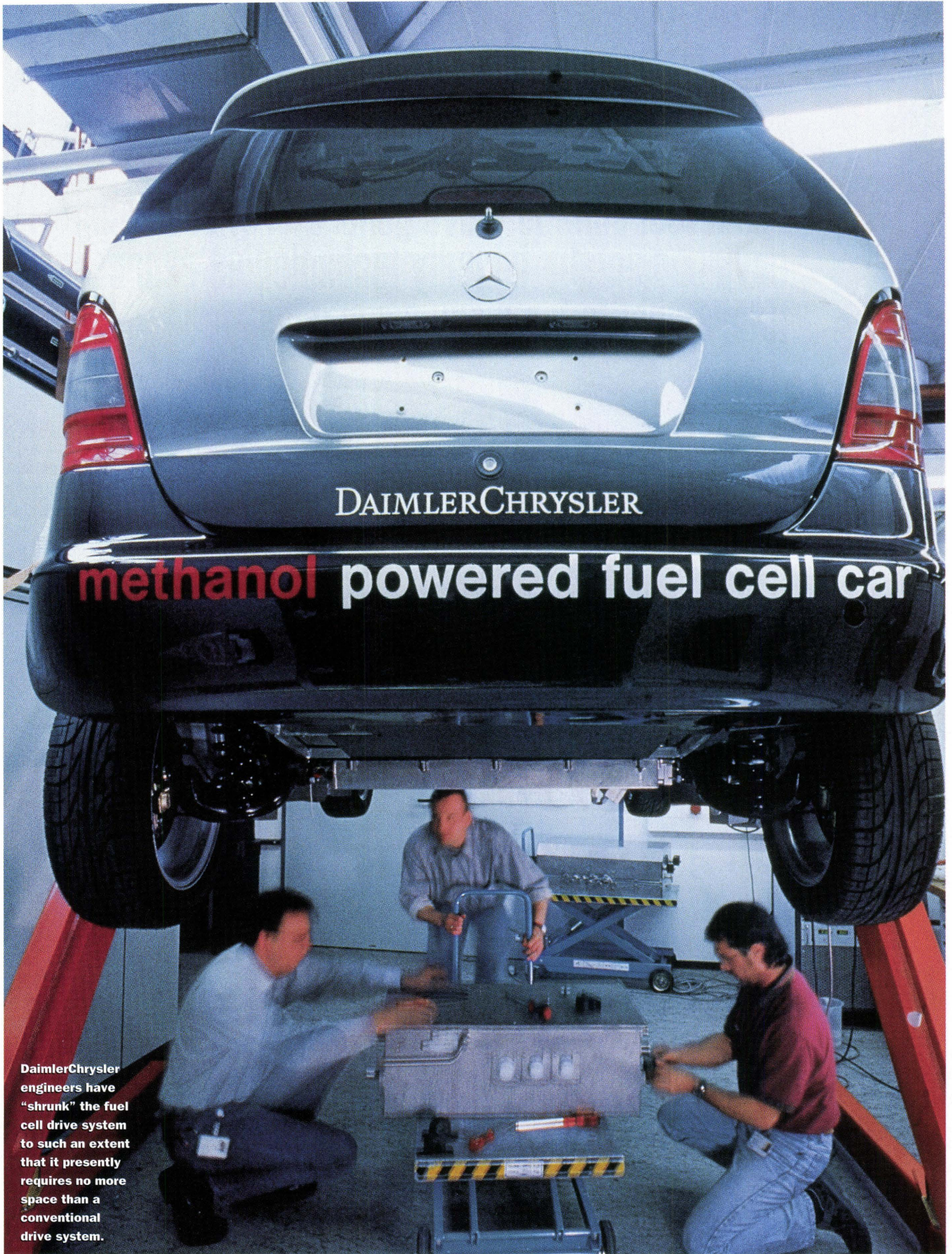
ABB, the Swiss-based electrical engineering and automation group, plans to boost revenues from “green” energy solutions such as renewable electricity generation, from \$400 million in 2000 to \$1.4 billion in 2004. The company plans to invest \$240 million in researching

and developing alternative ways to produce electricity such as wind and solar energy. It is also boosting development of fuel cells, which generate electricity by combining oxygen in the air with hydrogen from natural gas, and has formed a joint venture with DuPont.

European firms likely will pull ahead of their American rivals in the environmental race if the Bush administration proves to be less green than regulators in Brussels who are forcing EU business to innovate by setting tough standards. British Petroleum has accepted

Wavegen launched the world's first commercial wave power service feeding electricity from the Scottish island of Islay into the UK's national power grid.





methanol powered fuel cell car

DaimlerChrysler engineers have "shrunk" the fuel cell drive system to such an extent that it presently requires no more space than a conventional drive system.

voluntary targets for reducing carbon-dioxide emissions and has cut the costs by setting up an emissions-trading program among its business units around the world.

Royal Dutch Shell, the Anglo-Dutch oil and gas giant, insists that all large projects must simultaneously take into account the probable future cost of carbon emissions and meet the company's internal rates of return. Shell is assuming that the cost of emitting carbon will be \$5 per ton between 2005 and 2010 and \$20 per ton after 2010.

DaimlerChrysler is at the cutting edge of the auto industry's search for alternatives to gasoline and diesel fuel with a \$1 billion, ten-year program to put commercially viable fuel cell cars and vans on the road by 2004. Its first fuel cell powered vehicle will go into service this year when it delivers a prototype delivery vehicle to a Hamburg courier company, Hermes Versand Service. The van is different from fuel cell cars being developed by DaimlerChrysler and other car manufacturers as its cell runs on pure pressurized hydrogen, which requires specialized refueling depots that limit them to operating within a fifty-mile radius of a depot in Hamburg.

The combination of high oil prices and the rising concern about the environmental hazards of fossil fuels has turned investors onto alternative energy sources. Europe's leading manufacturers of wind turbines, Vestas, and NEG Nicom, both from Denmark, are struggling to keep up with demand for their products. The Danish government's long tradition of providing incentives for green energy has allowed wind turbines to capture 11 percent of the country's electricity market. And its wind turbine manufacturers will "clean up" if other European countries adopt this form of electricity generation. ING Barings, the AngloDutch investment bank estimates Europe's wind turbine market could grow by up to fifty times if it followed Denmark's example. Other companies are preparing for a bonanza: Gamesa of Spain, Europe's third-largest wind turbine manufacturer, is planning to invest \$440 million over the next two years to develop wind energy.

European firms also are making most of the running in one of the fastest growing green sectors—water

supply. The world's two top water companies, France's Suez Lyonnaise des Eaux, which has been managing the country's water supply since the 1880s, and its domestic rival Vivendi, the environment and media group that recently acquired the Universal movie studio, have expanded around the globe. Suez supplies water in Manila, Jakarta, and Santiago and recently signed a contract with Atlanta, Georgia.

European water utilities are homing in on the giant US market, which has 50,000 water and sewage firms, 85 percent of which are small publicly owned utilities unable to meet an estimated \$280 billion bill to update infrastructure for supply and waste services and satisfy increasingly tough environmental standards. Prominent deals include Vivendi's \$6.2 billion acquisition of US Filter, the largest US waste and water company. Also, Suez has made a trio of acquisitions, including the \$4.1 billion acquisition of Illinois-Nalco Chemical, the world's largest manufacturer of chemicals for treating and purifying water; a \$415 million takeover of Clagon, a waste treatment firm; and a \$2.2 billion deal to take control of United Water Resources, the second-largest private sector water company in the US.

European manufacturers of PVC (polyvinyl chloride) have responded to regulatory pressures from Brussels by adopting a voluntary code last May. In it they pledge continuous environmental improvement in the manufacture of a substance that is used for everything from children's toys and food packaging to floors and syringes with the ultimate aim of "sustainability." The industry is meeting the challenge of toxic waste disposal by recycling PVC into new products over and over again, though it still has to convince consumers that recycled goods are as good as new ones. German firms, however, are already making profits from recycling.

Big firms don't have a monopoly of green breakthroughs as small companies are increasingly attracting backing from venture capi-

talists and investment groups. Wavegen, a small Scottish energy company, launched the world's first commercial wave power service in November, feeding electricity from a small 200-kilowatt plant on the island of Islay into the United Kingdom's national grid. The company, which has signed a fifteen-year supply contract with mainland utilities, was set up in 1992 and has received around \$12 million in funding from large firms, including Unotce, a Swiss-based investment group and British Borneo Oil and Gas. The potential is enormous: The European Commission reckons the United Kingdom could generate all its electricity needs by utilizing just 0.1 percent of its coastal energy potential.

Another small company to watch is the United Kingdom's ZeTek Power. It is about to start making clean fuel cells in a plant in Cologne and plans to be producing nearly 100 megawatts of power a year from its German plant and from stations in New York and Tennessee by the end of this year. Meanwhile, Germany's small green companies stand to benefit from a new fund, Sonne und Wind (Sun and Wind), set up by Versiko, a Dusseldorf-based financial services group, to invest in renewable power firms. Such companies are among the few stocks to have bucked the overall slump on the Neuer Markt, Frankfurt's high-tech stock exchange.

These investments will put European firms in the pole position to export clean technologies and services to the developing world, a market that is expected to grow to around \$35 billion a year by 2010. ☺

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



DaimlerChrysler's clean, nearly silent, and ultra-environmentally friendly Nekar 5 (New Electric Car) is powered by a fuel cell that uses methanol.

EU—Canada Rel

Both keeping a close eye on the new US

By Ken Warn

Canada's half-yearly summits with the European Union are pretty affable affairs, at which trade disputes are aired, views on global security and environmental issues are shared, and a hearty meal is consumed.

But from here on in both sides are going to be busy deciphering the signals from the new administration in Washington. At upcoming EU-Canada summits, perhaps more than ever before, the US will be the specter at the feast.

Political continuity in Canada, coupled with the country's long experience in international diplomacy, has raised hopes that Canada may be able to play some form of mediating role between the EU and the administration of President George W. Bush.

Canada's ruling Liberal Party swept to victory in last November's federal elections, securing a third consecutive term in office for Prime Minister Jean Chretien and confirming his reputation as the country's wiliest politician. The victory also clinched Chretien's position as the longest serving leader within the G8.

Canada combines booming business links with its US neighbor, membership in NATO, and strong political, historical, and cultural ties with Europe. It should, the argument runs, be ideally placed to bridge any communications gap between the new Republican president and the centrist or center-left governments of the European Union.

International trade negotiations and Bush's willingness to embrace the controversial National Missile Defense pro-



In December, French President Jacques Chirac (left) and European Commission President Romano Prodi (right) traveled to Ottawa to meet with Canadian Prime Minister Jean Chretien for the EU-Canada summit.

ations administration



ject are two areas where a Canadian role is envisaged.

However, Canada is treading very carefully on issues such as NMD—the effort to build a high technology shield against possible missile attacks from “rogue” nations such as North Korea or Iraq.

Many Canadian officials share European fears that the project risks sparking a new arms race with China and Russia. Nevertheless, Chretien publicly declined a request from visiting Russian President Vladimir Putin

At upcoming EU–Canada summits, perhaps more than ever before, the US will be the specter at the feast.

in December to mediate between Washington and Moscow over NMD. Apart from anything else, Chretien is eager to forge a relationship with Bush—a man, Ottawa fears, who is more focused on US relations with Latin America than with Canada.

Canada’s foreign minister, John Manley, has shown no willingness to echo his predecessor Lloyd Axworthy’s open criticisms of NMD. Canadian companies and government laboratories could be expected to benefit from NMD-related contracts, a factor likely to weigh heavily with Manley, who was formerly industry minister.

The country is also likely to be offered NMD coverage if a system is ever successfully deployed. “They clearly don’t want to be seen as mediator on this. But I still think there are things they can do behind the scenes,” said one EU official.

On a host of defense-related issues, such as the desirability of eliminating land mine use and the usefulness of international peacekeeping missions, there is broad agreement between the EU and Canada. But relations are not immune from tensions. Canada has watched with some concern EU efforts to develop a common European Secu-

urity and Defense Policy, which would allow Europe to undertake peacekeeping and other operations in cases where NATO declined to get involved.

Canada is worried that it could be squeezed out of the decision-making process by the initiative and is still mulling over European assurances on the issue delivered after the December Nice summit.

In the trade arena, the EU and Canada agree on the need for keeping the US onboard for a rule-based international trading system. Both are wary of any rise in protectionist sentiment in the United States. While the EU is pushing for a comprehensive new round on international trade relations, the US favors a more restrictive approach. Canada’s backing of a “broad-based” round is somewhere between the two.

Here again, however, Canada may find itself pulled in opposing directions. As a member of the Cairns Group of agricultural exporting countries, Canada is an outspoken opponent of both the US and European agricultural support regimes. But the US is its major trading partner, taking more than 85 percent of its exports. Meanwhile, exports to Europe have dwindled proportionately in recent decades, amounting to just 5 percent of the total in 1999.

On investment, the picture looks better, said Peter van den Heuvel, first counselor at the European Commission delegation in Ottawa. The EU is Canada’s second-largest source of direct foreign investment, representing about 19 percent of DFI stock, or \$30 billion in 1999. Canada in turn accounts for 19 percent of direct foreign investment into the EU, or \$32.4 billion.

Trade links, both the EU and Canada agree, could be strengthened. After an initial rebuff, the EU has said it will look again at Chretien’s proposal to negotiate an EU-Canada free trade agreement once Ottawa has formally presented a business case for the deal.

Canada ultimately has both advantages and disadvantages in playing the role of interlocutor between the United States and European Union. But the deciding factor is likely to be whether President Bush himself feels that he needs one. ☐

Ken Warn, based in Ottawa, is a correspondent for the Financial Times.

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CP Ships Full Speed Ahead

Canadian shipping firm makes transatlantic waves

By Bruce Barnard

In just five years, a Canadian shipping company has come from nowhere to be the biggest transporter of goods between the United States and Europe. A series of strategic acquisitions has transformed CP Ships from a modest Canadian carrier into one of the world's top-six container shipping companies. It now boasts seventy-five ships carrying nearly 2 million "boxes" a year on more than twenty trade lanes in a network spanning Europe, North, and South America, India, Pakistan, Australia, and New Zealand.



CP Ships, however, made its name on the transatlantic trades, surviving the cutthroat competition that has bankrupted several carriers and forced others into shotgun mergers and takeovers. Its parent company, Canadian Pacific, the Calgary-based energy, hotels, and transportation giant, only entered the route in 1984 founding Canada Maritime, which has since become the largest container carrier serving the North America-Europe market via Montreal.

CP Ships began its move into the big time in 1995 with the takeover of Cast, a near bankrupt Canadian line that pioneered door-to-door transportation across the Atlantic. Two years later it plucked Lykes Lines, a Tampa, Florida-based carrier, out of chapter eleven bankruptcy proceedings and restored it to profitability within twelve months.

Other acquisitions followed, including Contship Container Lines, a European carrier serving the Indian subcontinent, Southeast Asia, and Australia; Mexico's Transportacion Maritima Mexicana (TMM) line, which operates services linking Latin America with North America, Europe, and Asia; Ivaran, a Norwegian line sailing be-



CEO Ray Miles (left) has helped build CP Ships into one of the world's top six container shipping companies transporting goods between the US and Europe.

tween the US and South America; and Australia-New Zealand Direct Line. It also operates two container terminals at the port of Montreal.

While CP Ships was growing its business, much larger American carriers were throwing in the towel in the face of increasing competition from European and Asian carriers on the main US shipping lanes. CSX, the US railroad company, sold SeaLand, its giant container line, to Maersk, the Danish carrier, for \$800 million, and Singapore's Neptune Orient Line acquired California-based APL, the biggest US operator across the Pacific.

CP Ships' expansion took an unexpected turn in December when it took a small equity stake in the US-based FastShip. The American company plans to introduce a high-speed, seven-day, door-to-door container service between Europe and the US, using four ships sailing between Philadelphia and Cherbourg, France, at speeds of up to thirty-eight knots. CP Ships has assumed full responsibility for sales and marketing for FastShip, which plans to launch its service in 2005.

CP Ships' spending spree has paid handsome dividends in an industry characterized by wafer thin margins and low profitability. Its revenues and container volumes have grown fivefold since 1994. It reported record profits in

every quarter in 2000 and has the highest return on capital employed in the industry.

This sparkling performance has raised the profile of CP Ships, which operates out of London with a staff of just forty, within the Canadian Pacific group. Furthermore, it prompted Standard & Poors, the leading credit rating agency, to give the company a triple B-rating in December, the best ever achieved by a container shipping line. This stamp of approval will make it easier for CP Ships to raise finance for fresh acquisitions and to fund a \$1 billion investment in new vessels, which will increase the capacity of its fleet by 15 percent.

Canadian Pacific's chairman David O'Brien said recently the company likely will focus on only two of its five divisions, prompting speculation that it is ready to sell CP Ships. No way, according to CP Ships' chief executive Ray Miles, who says the company's goal is to become the world's fourth-biggest carrier in terms of cargo volume, although an initial public offering might be on the cards within four or five years.

Meanwhile, as the global container shipping industry braces for another round of consolidation, Miles stresses CP Ships will be "the diner, not the dinner." ☺

CAPITALS

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



The Altare della Patria monument in the center of Rome recently reopened to the public after being closed for thirty-one years.

ROME

CONTROVERSIAL ROMAN MONUMENT REOPENS

Italians once again can freely visit the Altare della Patria (Altar to the Nation), a majestic, white monument composed of stairways, columns, and marble statues, which is where Italy's Unknown Soldier is buried. The monument, located in the heart of Rome, reopened to the public after having been closed for thirty-one years following a terrorist attack by the Red Brigade.

Immediately, as though time had stood still, controversy swirled around the structure again. Some complain about its location—the middle of Piazza

Venezia, one of the city's busiest traffic centers—but the main objections focus on its aesthetics, an inevitable occurrence in this country where art—closely followed by soccer—is a category in which everyone considers himself or herself an expert. Critics say it clashes with the surrounding Baroque palaces.

In fact, the "Vittoriano," which is the monument's official name, was purposely designed to be "different." In 1878, shortly after Italy's unification and the death of King Victor Emanuel II, under whose reign the Italian state was created, the government decided to pay homage to the first king of the reborn nation. They also wanted to celebrate the "Third Rome," which was not just classical and papal but the lay capital of a brand-new country. The result was one of the city's

most controversial architectural works, and critics immediately branded it as an arrogant display of grandeur, pretentiousness, and old-fashioned thinking. In addition, the fact that it is located near the ancient remains of the Forum helped fan the flames of the purists' protests.

This time, however, the Vittoriano, which outwardly appears the same as it did before its closing, has some surprises hidden inside its walls. And the critics, who had begun blasting broadsides even before its reopening, are finding themselves obliged to take back their objections.

All one has to do is leave the car—if one is lucky enough to find a parking space nearby—and start climbing the white stairways up, up, all the way to the colonnade. That is where the marvels begin. The piazza below disappears, the

STOCKHOLM

BEWARE THE LAUNDRY RULES

Swedes are a clean and organized people. Nowhere is this more apparent than when they do their laundry. If you live in an apartment building in the States, you probably don't spend a lot of time thinking about your wash. When it's time to do it, you haul it to the laundry room, taking your chances that machines will be available. If there aren't washers and dryers in your building, maybe you go to a Laundromat. Or maybe you solve the whole problem by sending everything out. If you live in a house, you probably have a washer and dryer. At any rate, regardless of how you do it, it's unlikely laundry is the focal point of your life.

Not so in Sweden. Here, you don't just stroll into the laundry room when you get the urge for clean clothes. Oh no. Here, you book a time to do your wash. And for that period, anywhere from one-and-a-half to five hours, you own the place. Regardless of how many washing machines there are, nobody else is allowed to use the laundry room when it's your turn. (That's another thing about Swedes, they're big on turns, and waiting for them. Helps keep things organized). And as long as it's someone else's turn, nobody would ever think of coming into the laundry room and taking wet clothes out of a washing machine so they could use it.

On the other hand, when your time is up, you'd better make sure you're out of there *fast*. Because if you're not, then someone will take your clothes out of the washing machine and probably leave a snippy note about people who don't respect laundry room rules. Ditto the dryer. Even if the person doing wash after you has no need of the dryer, rest assured that if your clothes have been tumbling around for one second more than the approved hour you get to use the dryer after washing, they will be unceremoniously dumped out.

If you think the way around this is to go to a Laundromat, forget it. They virtually don't exist. You can send your laundry out, and some people do, but there's something a little shameful about it. The Swedish work ethic just makes you feel you ought to be washing your own clothes.

As a result, suggest to a friend an impromptu dinner or after-work drink and

she's liable to beg off because she has to do her laundry. This is not a version of the old "I have to wash my hair," excuse. She means it. If she doesn't do laundry when she's signed up to do it, she might have to wait a week or more for clean clothes. She might even never be able to secure a washing slot again, since her neighbors are likely to sign up for the same time in perpetuity. This is a problem when you move in somewhere and become low person on the washing list.

When our co-op decided it was time to renovate the laundry room, a committee was formed to oversee the project. While they were at it, the committee members also decided to review the laundry room rules. This resulted in a series of official memos, and a decision that washing periods would be shortened and signing up for two periods in a row not allowed. Naturally, the hours are different on holidays and weekends. When renovations were finished, we were all invited to a viewing. The neighbors assembled to gasp over the shiny new machines and eat cake.

Of course, one solution is to install a washer and dryer in your apartment. This presupposes you have space in the bathroom. Because in Sweden, the bathroom is absolutely the only place to put laundry machines. Since Swedish bathrooms are often small, this creates interesting logistics.

Things get even more interesting if, as we did, you attempt to have the equipment installed in a closet directly outside the bathroom. Appalled, the building superintendent informed us that the washer would leak. (Although it might do this in the bathroom, Swedes are very proud of the fact that insurance regulations stipulate that bathrooms must be sealed up so tightly by authorized contractors that water could never run out and damage the apartment below you. This doesn't explain, however, why nobody requires the same precaution in kitchens, where dishwashers are presumably as dangerous).

The carpenter who was rebuilding the closet to accommodate the washer and dryer had difficulty grasping the idea that we wanted a door on this closet. After all, nobody covers up their laundry machines in the bathroom. Only the plumber seemed to feel that pipes were pipes and could be connected pretty much anywhere.

Since the great installation project, we've let a few close Swedish friends in on the secret of the laundry closet.

noise becomes muffled, and only the forms of bronze statues situated between the columns can be seen outlined against the blue sky. A walk along the gleaming white portico and newly cleaned terraces reveals a breathtaking 360-degree panorama some 200 feet above the surrounding buildings. None of the classical Roman belvederes, which are all traditional tourist attractions in their own right,



can equal this vista—not the Gianicolo, not the Pincio, and not Monte Mario.

Once inside this enormous construction, a new collection of art and artifacts awaits, offering a coherent and fascinating picture of the country's history. Visitors can examine the saddle that belonged to Giuseppe Garibaldi, the commander-adventurer who was the hero of Italy's unification; the eyeglasses of Count Camillo di Cavour, the skilled author of the unification; the inkwell of Giuseppe Mazzini, the "visionary" ideologist who imagined the rebirth of Italy.

Automobile drivers may continue to grumble about the additional tourist traffic it attracts, but historians, art lovers, and tourists in search of beauty give thanks for the Vittoriano.

—Niccolò d'Aquino

They've examined it with interest and a few raised eyebrows, mostly without comment. Occasionally, there's been a slight pursing of the lips, but nobody's actually berated us for breaching laundry-bathroom etiquette. On the other hand, nobody's asked yet for a sign-up time.

—Ariane Sains

HELSINKI

TALLINN LURING FINNISH DAY-TRIPPERS, BARGAIN HUNTERS

First time visitors to the Finnish capital these days will be recommended, or will request, the sixty-mile trip south across the Gulf of Finland to Tallinn, a sort of sister capital in Estonia. A friend of mine tried to row across once, though he had to be rescued from the capricious waters before completing his voyage. Nevertheless, it's estimated that 80 percent of Helsinki's population has been to Tallinn

rious for smuggling activities, when sleek, specially adapted motorboats would sneak without lights through the myriad islets of the Helsinki archipelago heavy with booze and cigarettes.

In 1945, Estonia, along with Latvia and Lithuania, for all practical purposes became 'non-places' under Soviet domination. In those days should any Finn wish to see Tallinn, and few did, they would first have to take the train to St. Petersburg, change, and catch another train to the Estonian capital. It squatted, malevolent and mysterious, just over the horizon from Helsinki. Rumors of deprivation and decay in Tallinn would emerge from time to time, but otherwise, the Finns took little notice of their Estonian 'cousins' except to pity them.

I have just enjoyed the highly energetic Estonian thriller *Darkness in Tallinn*, a film noir indeed, about a fictional heist of the country's gold reserves as they are returned from Paris when the country declared its independence. Made

cent of Estonia's gross national product is provided by tourism—most of it in Tallinn.

The neglect of the communist years has had an ironic outcome in that all the old buildings in the magnificent Hanseatic heart of the city have remained and are now being renovated, mainly by foreign contractors. The rich medieval heritage of squares, spires, cobbled streets, and the walls and turrets of Toompea in the upper part of the city, all on a small scale, are undoubtedly impressive and probably unique in their completeness.

To this richness are now added lively new restaurants, boutiques, and art shops and a branch of Helsinki's main department store, Stockmann's, which has essentially the same range of goods but at much cheaper prices than in Finland. The place gives an impression of being slightly overdressed and wearing too much makeup—as though sailing out to cocktails in the brightness of noon.

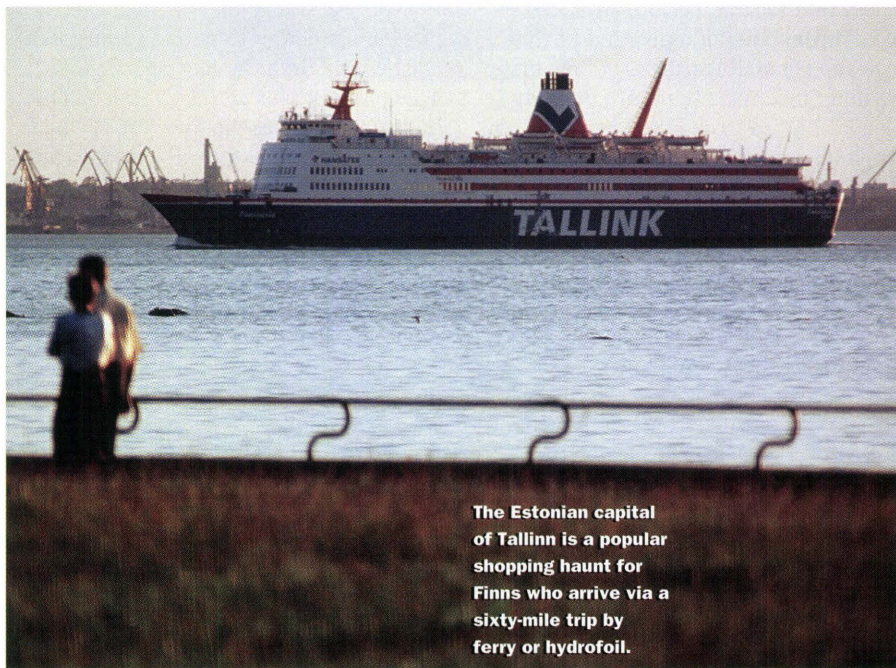
Although the novelty of Tallinn is beginning to wear off, the Finns are still slightly patronizing about it. Of course, they have little difficulty in making themselves understood as both nations speak different branches of the Finno-Ugric tongue and share an ethnic ancestry. When these ancient peoples emerged from Asia Minor, the Estonians' ancestors stayed on the Gulf of Finland's southern flank while the Finnish part of the tribe pressed on across the ice to stake out their territory further north—or so legend renders it.

Anyway, they go back a long way, these two nations, and in the near future they will be joined by much more than tourism when Estonia becomes a member of the European Union.

As political ties increase so will cultural ones: There already exists a Finnish-Estonian symphony orchestra. A love of music, singing especially, is common to both nationalities. The Estonians claim they sang their way out of communism by mounting so many patriotic concerts the Russians had no hope of stilling their voices.

For all kinds of reasons, the Finns enjoy their medieval 'backyard' over the water. Not all their motives are noble or to do with the increasing commerce; for the moment there remain duty-free concessions on all routes providing the tourist stays overnight. A dozen tins of tax-free Finnish beer, shrink-wrapped and complete with a natty plastic handle, can only be purchased in Estonia. Locals call it a 'Tallinn briefcase'.

—David Haworth



The Estonian capital of Tallinn is a popular shopping haunt for Finns who arrive via a sixty-mile trip by ferry or hydrofoil.

at least once, and some shoppers and revellers have done so countless times.

In the summer, there are approximately thirty ferries a day in each direction; one can travel four hours by boat (the mode by which getting there is said to be half the fun) or by hydrofoil in ninety minutes or helicopter, which takes only eighteen minutes.

Prewar Tallinn had a somewhat racy reputation much appreciated by some middle-class Finns who wanted a carefree weekend away, preferably one that was unobserved. This was also a period noto-

in 1993, the film is striking not least for its locations of industrial ruin and scenes of the all-pervasive squalor of a city where nothing worked. I recall those immediate post-Soviet days vividly: the doorknob that came off in your hand, a waiter disappearing before the meal was served, the window that would never close, and central heating that would never start.

It would be excessive to claim that all is utterly changed, but Tallinn is a hell of a good day's outing and prices are low by comparison with Helsinki. Nearly 10 per-

PARIS

THE VALENTINE VILLAGE

Love and a louse make strange bedfellows, but in the Provençal town of Roquemaure the two are intimately linked. *Phylloxera*, the dreaded grape louse, all but wiped the village off the map in 1866, then inadvertently helped to bring Saint Valentine and countless loving couples to the sunny little burg.

Roquemaure does not like to remember the louse, but for the past thirteen years, it has invited friends and lovers to come and pucker up on the weekend that falls closest to Valentine's Day for the Fête du Baiser or the Kissing Festival (February 10–11), in honor of the town's patron saint. For two days, the clock is turned back to the nineteenth century, when the arrival of the relics of Saint Valentine was celebrated with a stately procession, a celebratory mass, music, dancing, and street entertainment. The difference between today's fête and the original festivities is that, back then, Roquemaure was focusing less on romance than on salvation, from an insect pest that was sucking the life out of the local economy.

Before *Phylloxera* came along, Roquemaure was a prosperous winemaking center on the banks of the Rhône River, just six miles away from the famed Châteauneuf-du-Pape vineyards. In the eighteenth century, it had exclusive rights to the Côtes du Rhône appellation and exported its easy-drinking reds all over Europe. Then the grape louse chose to make its debut appearance on the vines surrounding the village, and from there the *tâches de Roquemaure*, as the deadly blight was first called, blazed a trail of destruction through the vineyards of Europe.

As a last resort against the devastation wrought by the nihilistic little insect, a local vintner, Maximilien Richard, decided to try what was a fashionable remedy against natural disasters at the time. He went to Rome to purchase the relics of a suitable saint and

bring them back to protect Roquemaure from further misfortunes. In 1868, exactly sixteen centuries after he was decapitated and fourteen centuries after he was sanctified, Saint Valentine made a triumphant entrance into the town that was to be his last resting place on earth.

It is not known how much effect the patron saint of lovers had on the heartless grape louse, but what is certain is that Roquemaure was thankful to shake off its reputation as the cradle of *Phylloxera* and to become known instead as the village of Saint Valentine. Over the years, Saint Valentine's chapel became a trysting place for amorous couples. Many a kiss and vows of eternal love were exchanged in front of his shrine.

The town priest witnessing the romantic encounters in his church came up with an idea worthy of Cupid himself. Why not commemorate the arrival of Saint Valentine with a historic reenactment of that happy event? The local tourist board embraced the project wholeheartedly, and the entire town entered into the spirit. From a modest beginning, the festival soon grew so large that a separate Saint Valentine's association, staffed entirely by volunteers, had to take over its organization. A cast of 800 enthusiastic amateurs now dresses in period costume, makes and sells traditional crafts, and performs heart-warming music on old instruments like the barrel organ. For the space of a weekend, Roquemaure is transformed into the

set of a passion play in which everyone can participate. Out-of-towners can rent nineteenth century costumes.

Some of the male visitors make a great show of ignoring all the hearts and flowers around them and concentrate on more "manly" things, like admiring the blacksmith or broom-maker at work. Over by a cactus stand—a novel gift for the beloved—one such reluctant Romeo insisted at first that he was only interested in the historical aspect, before redeeming himself with words that were music to his wife's ears. "If you have to wait for Valentine's Day to show you love someone, it would be sad" he explained. "Love is something to celebrate all year round, more or less, not just on one special day."

By the end of the weekend, the chapel of Saint Valentine is ablaze with votive candles, the post office set up in the market square is crammed with Valentine's cards, and the gingerbread man has all but exhausted his stock of decorated hearts. Before the monks, jugglers, gypsies, and soldiers head back home to the twentieth century for another year, the prize-winning entries of the love letter contest are read aloud. After a final barrel organ serenade, the crowd heads back home, the cockles of their hearts aglow.

Of the louse that started it all, there is not a trace, and Roquemaure is still surrounded by vineyards, so here love has indeed, conquered all.

—Ester Laushway



Roquemaure is transformed into the set of a passion play in which everyone can participate.

BRUSSELS

BELGIUM'S BURGEONING INTERNET BARON

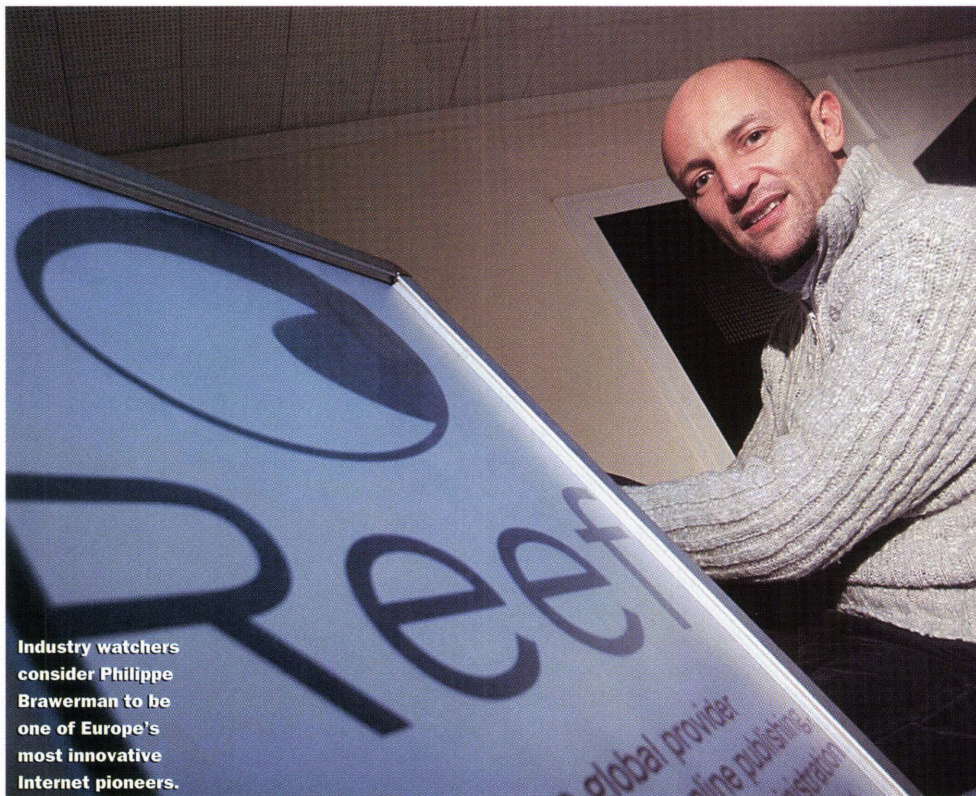
Time magazine has named thirty-nine-year-old Brussels entrepreneur Philippe Brawerman at the top of its list of the twenty-five most innovative European Internet pioneers. His company, Reef, is leading the field in mc-commerce (multichannel commerce), which *Time* describes as the Next Big Thing in electronic trading.

The idea behind mc-commerce is to enable companies to sell their product to consumers through the Internet, irrespective of the devices to which they have access. Reef's technology enables it to transmit data simultaneously to mobile phones, personal digital assistants, desktop computers, or digital television sets. Brawerman, and his partner (in business as well as romance), Cecile Feront, twenty-five, started their company only two years ago, and have built it up into an undertaking with 200 employees, with offices in Paris, Nice, San Francisco, Boston, and Sydney.

Its customers include Virgin Music, Sun Microsystems, and Credit Suisse. Brawerman had previously headed Cisco's European, Middle East, and African division and during five years built up its revenues from virtually nil to well more than \$1 billion. His golden rule when he worked for Cisco, and for the twenty-five startup companies that he helped establish since leaving in 1996 is: "Outsource everything you can't do efficiently. Don't try to do everything yourself."

Time, which profiled Brawerman in its special supplement on European technology, predicts a bright future for his company. "Though Reef faces competition from US software companies like Vignette," it wrote, "no other firm has gone as far in cutting companies' web site costs and putting data management back in the hands of users."

During the fall, the company was reported to be aggressively looking for acquisitions with four staffers dedicated to researching potential takeover targets. In October, Reef announced it had completed a second round of financing, raising \$35 million from Goldman Sachs and European venture capital firm 3i. That announcement was followed in December by news that the company had acquired



Industry watchers consider Philippe Brawerman to be one of Europe's most innovative Internet pioneers.

the San Diego-based software firm Edapta.

—Dick Leonard

DUBLIN

THE ISLES THAT BIND

The *Isles*, Professor Norman Davies' provocatively argued history of the British archipelago, splendidly debunks the "nationalist school" of English historians who have elevated the triumphal rise of British nationalism over the past 900 years while marginalizing the story of the other occupants, including the Irish, Scots, Welsh, Picts, and Norsemen.

Published last year, *The Isles* is a splendid companion to Davies's *Europe: A History*, published four years ago. Davies sets out and admirably succeeds in highlighting the multinational contribution to the story of "these islands." It is a must for anyone wishing to understand the diverse and complex relationships that make up the peoples of this outer fringe of Western Europe.

Given the dramatic changes that have occurred at political and other levels within "the isles" in the past few years, its publication is perfectly timed. Even a few short years ago who could have foreseen a Scottish parliament in Edinburgh and new assemblies governing the affairs of Wales and Northern Ire-

land? All are now up and running and, judging by public reaction, are succeeding in giving a new emphasis and identity to areas previously lumped under the banner of "the regions."

Later this month, cross-party representatives of these new parliamentary institutions plus members from the Channel Islands and the House of Keys on the Isle of Man will meet in the southern Irish town of Killarney to forge new links at the political level. Officials envision it to be an embryonic "Council of the Isles" tasked with building new cultural and educational ties and other matters of mutual concern, including European affairs and environmental matters.

The representatives will meet under the umbrella of the British-Irish Interparliamentary Body, which was formally established in 1990 as a link between the United Kingdom Parliament at Westminster and the Irish Republic's Houses of Parliament in Dublin.

This "parliamentary tier" was first proposed in 1980, following a joint studies report initiated by the British and Irish governments, but it took ten years before the body first met. Other models were examined, including the Nordic Council, which links the northern European countries at intergovernmental level. However, it was eventually decided that the body should meet at interparliamentary rather than intergovernmental level.

LISBON

WASTE INCINERATION SPARKS MASSIVE DEBATE

Its inception was surrounded by some very high-flowing language, but that couldn't disguise the underlying intent: simply to improve relations at parliamentary level at a time when Anglo-Irish relations were dominated by fractious arguments over Britain's role in Northern Ireland and the continuing paramilitary killings and maimings.

Twenty-five members from the upper and lower houses of both parliaments were selected and, sometimes with grave suspicions of each other's motives, began their discussions on political and security matters, European, international, economic, and social affairs, plus culture, education, and environment matters. Two seats were reserved for Unionist parliamentarians from Northern Ireland, but they refused to attend on the grounds that it was a British-Irish attempt to subvert their views.

However, in the words of Sir Geoffrey Howe (now Lord Howe), then deputy prime minister and former foreign secretary in Margaret Thatcher's government, it was an attempt to avoid the "megaphone diplomacy" that characterized Anglo-Irish affairs at that time.

Despite the non-attendance of the Northern Ireland Unionists, it succeeded. New relations were built, not just at parliamentary level but also on a perhaps surprising person-to-person basis. It was a key mover in the developments that brought about the Northern Ireland peace agreement—and the current Council of the Isles proposal, which emerged at that time.

Eleven years later, this month's Killarney meeting will underscore the importance of shoring up the newly emerging relationships between the islands at the parliamentary level. New invitations have been issued to the Unionists, who have been allocated four seats in the new Body, the same number as the Scots, Welsh, Manx, and Channel Islands parliamentary institutions. This will see the expansion of the body from fifty to seventy members.

Until now, the body has rotated its twice-yearly plenary sessions between Britain and the Irish Republic. Now those plenaries are expected to embrace the new parliamentary capitals. Already there is talk of a new title for the body, reflecting the wider dimensions of its membership. Furthermore, still remaining is the burning question of whether or not the Northern Ireland Unionists will attend. Watch this space.

—Mike Burns

It's official. After months of political wrangling, Portugal is to press ahead in April or May with the first test incinerations of dangerous waste, in what the government represents as a brave new departure for the country.

The green light for the plan came in December, when an expert committee set up by Environment Minister José Socrates submitted a report on the possible impact on public health. The Socialist government first announced its aim of following the example of other European Union countries and burning some types of dangerous waste almost two years ago, but faced stiff resistance. In a country with little tradition of civil action, the issue provided a banner around which the normally muted environmental lobby could rally and triggered a rebellion among government deputies. In fact, the furor over whether to allow incineration

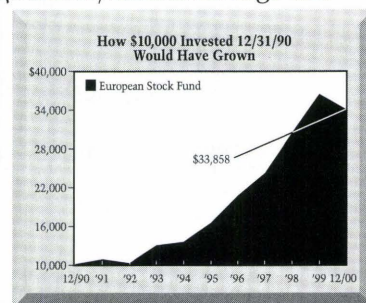
at two cement plants, at Souselas, near the ancient university town of Coimbra, and at Outão, south of Lisbon, included the second-biggest government rebellion since the Socialists won the last election. Veteran politician and poet Manuel Alegre, a deputy who represents Coimbra, led the charge. Opponents of incineration could not completely defeat the plan in parliament, but they were able to push through a motion proposed by the Green Party and supported by five deputies for the Coimbra district, forcing the government to commission a report from independent medical experts.

In the end, the report gave the green light for a measure that the government says will help Portugal improve its dismal record of waste management. All too often, such "management" has been nothing more sophisticated than dumping on open, unregulated sites. Hazardous waste in particular is a problem in urgent need of a solution.

Nevertheless, even after the report, opponents of incineration were not satisfied. The main finding was that the burning of waste in the furnaces of cement

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factories, using up-to-date technology, does not increase health risks. However, at his press conference the minister chose not to mention a paragraph warning of possible risks to public health in the immediate vicinity of the plant and calling for monitoring of local environmental conditions and residents' health before incineration starts so as to monitor changes in either.

"No one says more studies are necessary" before starting incineration, said the minister. His comments were seen by some as evidence of complacency.

"There is in fact no need of new studies to justify incineration, but there is a need for new studies to prove that there aren't higher risks in those areas," Dr. Jorge Torgal, one of the report's authors, told the Portuguese newspaper *O Público*. He proposed including the cautionary paragraph after seeing a study that showed higher incidences of cancer in people living close to incinerators where dangerous waste was burned and who ate locally produced food.

One of the problems is doubtless that in Portugal—as in many countries—people do not trust politicians to monitor the effects of their own policies. Furthermore, whereas in some EU countries waste incineration is carried out in purpose-built plants, specially equipped and monitored to prevent the formation and release of dioxins and other poisons, in Portugal it is to be done in existing cement plants. That does not inspire confidence among those used to past slapdash environmental policies.

—Alison Roberts

LUXEMBOURG

PRIME MINISTER SHOWS HIS SUMMIT SKILLS IN NICE

In the game of international diplomacy, nobody plays his hand more shrewdly than Luxembourg Prime Minister Jean-Claude Juncker, and he proved it once again at the Nice EU summit. He was probably the only EU government leader to come away from the meeting with more or less everything he wanted beforehand.

Some would say that's because Luxembourg is so tiny that no one else cares much if it gains a tad in influence here and there. "One advantage of being small is that you don't have powerful rivals," is the way a government official here puts it. But others say Luxembourg already

has too much power in the EU institutions. Is it right, for instance, that with just 0.1 percent of the EU's population Luxembourg has its own commissioner out of the twenty in Brussels and that it carries some 2.3 percent of the voting power in the Council of Ministers?

There was some talk before Nice that the Benelux countries of Belgium, Luxembourg, and the Netherlands should have just one European Commissioner between them. Juncker sharply dismissed this idea. Luxembourg was a founding member of the European Community, he argued. Besides, the allocation of commissioners is only loosely related to population, and they are more like senators than congressmen in this respect.

The arrangements for sharing power in the enlarged EU give more clout to the five-largest countries relative to the others than they had before. After the enlargement to twenty-seven countries, Luxembourg will have just 1.2 percent of the votes in the Council. It will keep its present allocation of six seats in the European Parliament, but of course, this will also fall as a percentage of the total.

No member of any club could realistically claim to stay as powerful as it was if the membership is almost doubled in size. But there are good reasons to suppose that Luxembourg will continue to punch above its weight in the future European Union.

One factor here is the role that the country has chosen for itself over the past thirty or so years as a kind of broker or conciliator between larger members. Juncker is a master of the art. He has cultivated his relations with the leaders of France and Germany in such a way that both countries have come to trust his judgment and integrity.

It's true that this particular skill was not on display at Nice, but as a rule, it can be said that under Juncker Luxembourg has been an effective middleman between its two giant neighbors for more than ten years now.

A second factor is Luxembourg's understanding of the way influence is conveyed in the EU. Voting in the Council of Ministers is quite rare. What matters is the formation of alliances on specific issues between like-minded countries. In Luxembourg's case, this is becoming increasingly apparent through its membership in the Benelux union.

Luxembourg is closely linked to Belgium. The two countries once shared a

monetary union, and the Belgian franc is still acceptable currency in Luxembourg, even if the reverse is not always true. The royal families are related. Perhaps more important is that these two countries and the Netherlands share a common federalist perception of the Union.

Juncker has worked hard in recent years to build up the Benelux union, which has now assumed a formal momentum in that its members meet regularly before every EU summit and issue common position papers. One noteworthy decision at Nice was to agree that the Benelux countries collectively should have as many votes as any of the big powers, although their combined population of approximately 26 million is less than half as much.

Similar alliances will no doubt develop in a community of twenty-seven countries, but it is difficult to see any of them having quite the status of the Benelux union, especially if Jean-Claude Juncker is still around to lend it his special skills as a fixer.

—Alan Osborn

MADRID

FRAUD TAINTS SYDNEY GOLD

Spain's sports establishment was rocked by the recent revelation that a number of its winning athletes on the country's Paralympic basketball team were in fact neither physically nor mentally handicapped. Consequently, officials demanded that the twelve players return the gold medals they had won at the Sydney Special Olympic Games.

Investigative journalist Carlos Ribagorda blew the whistle on what the Spanish press decried as "fraud and scandal" in an article in the financial monthly *Capital*. He revealed that he had played on the team for more than two years despite the fact that he was not disabled. He also claimed that nine of his teammates were perfectly fit, both physically and mentally, and that several other Spanish Paralympic athletes who participated in swimming, ping pong, and athletics were also not disabled.

"At least fifteen of the 200 Spanish athletes at Sydney did not suffer from any type of physical nor mental handicap. They did not even pass medical or psychological tests [proving that they were handicapped]," he wrote in the article. He also charged that the Spanish Federation for Mentally Handicapped

Sports, or FEDDI as it is known by its Spanish acronym, signed up perfectly normal athletes in a bid to win medals and attract sponsorship.

Spain had a very successful run at the games, winning 107 medals to come in third place overall behind Australia and Britain, and Spaniards were bursting with pride at the accomplishment of their team in basketball, a game whose popularity in Spain is second only to that of soccer.

Once Ribagorda's article was published, the Spanish Paralympic Committee opened an investigation into the allegations and found that indeed, ten of the dozen hoopsters were perfectly healthy. There were also irregularities in several of the other teams, the committee reported.

Although Spanish Paralympic Committee Vice Chairman Fernando Martin Vicente, who was also the president of FEDDI, firmly denied any shenanigans or intention to deceive, he was forced to step down from both posts. But he did admit to "an error in the psychological evaluation" of the athletes and said he accepted total responsibility.

In its statement announcing Martin Vicente's expulsion, the committee said the measure was taken "for actions that were clearly contrary to the interests of the Spanish and international Paralympic movement." The committee added that it would continue its probe into the affair and that in the future all potential Paralympic participants would

be legally registered as handicapped.

But Spanish sports fans' dismay at the scandal was short lived. In the same week that the basketball team was ordered to return its gold medals, Spain's Davis Cup tennis team beat the powerful Australians in brilliant play before a cheering hometown crowd in Barcelona, Spain's own Olympic city.

—*Benjamin Jones*

VIENNA

AUSTRIA QUIETLY NEGOTIATES FOR MIDDLE EAST PEACE

Austrian and German news organizations and CNN have reported that Austrian officials have been involved in secret negotiations related to the Middle East peace process. Defense Minister Herbert Scheibner has been identified as a key figure in mediation aimed at an exchange of prisoners between Israel and the Lebanese guerrilla group Hezbollah.

Within Austria, the press has received cautious reports about proceedings in the Middle East. The deal in question is the exchange of three Israeli soldiers and one reserve officer held by the Hezbollah for nineteen Lebanese prisoners in Israeli jails. According to the Austrian newspaper *Die Presse*, Scheibner met secretly with Israeli Deputy Defense Minister Ephraim Sneh on November 3. The two

ministers then visited government officials in Syria, a major sponsor of Hezbollah. According to the Austrian paper *Der Standard*, Scheibner also visited Sneh on October 11, and Sneh made an appearance in Vienna on December 17. This series of meetings reportedly was arranged by Freedom Party General Secretary Peter Sichrovsky, who has nurtured contacts in the region.

Sichrovsky believes that Austrian neutrality in the Middle East is important. He was quoted in *Der Standard* on December 28 as saying that Austria has a tradition of openness regarding the conflict in the Middle East. "In opposition to European groups who place themselves fully on the side of the Palestinians, Austria can refrain from one-sided judgements, and this is good," he said. Sichrovsky also pointed out the importance of Austrian action overshadowing party politics.

These moves come nearly a year after Israel recalled its ambassador from Austria after the nation's new coalition government included the ultra-right-wing Freedom Party, whose leader Jörg Haider in the past had made statements sympathetic to Nazis policies.

However, these recent negotiations appear as though they may provoke a warming. Although most interaction has been between Austria and Israel, *Der Standard* confirmed that five Palestinian children were treated at Austrian military hospitals. These recent humanitarian actions seem to support Austria's desire to remain neutral.

Austrian officials were not the only Europeans to attempt to broker deals in the Middle East. In fact, Lebanese and Israeli sources reported German security agents interacting directly with the Hezbollah. *Die Presse* reported in December, Hezbollah's general secretary, Hassan Nasrallah, had set forth a series of demands including the release of prisoners as well as the return of bodies of Lebanese fighters and maps of minefields. These were countered by Israeli demands for Red Cross treatment for and information about the disappearance of air force pilot Ron Arad. These negotiations broke down on Christmas weekend, according to an article in *Die Presse*.

Although German negotiations fell through, Austrian mediation attempts reportedly are proceeding quietly. Austrian officials say they do not wish to share further details with the press as this could endanger the operation. In an interview with *Der Standard*, Peter Sichrovsky



Austrian Defense Minister Herbert Scheibner reportedly has been involved in secret negotiations to lessen Middle East tension.

asked the media to hold back on this issue. Defense Ministry Speaker Herbert Kullnig also took a neutral stance, saying, "This is something which is done and not discussed much." The results remain to be seen.

—Alexandra Hergesell

BERLIN

MAD COW WORRIES SPREAD

Meat-loving Germany had prided itself on being free of bovine spongiform encephalopathy (BSE), commonly known as mad cow disease. Confidence had been based on Germany's tough regulations for the treatment and use of meat and bone meal feed (MBM), a key route for the transmission of BSE in the 1980s, long before its use for cattle and other livestock was banned across the European Union. The six reported cases of the disease in the 1990s all related to cattle imported from the UK, where Europe's BSE crisis erupted in 1996, and Switzerland. With the discovery of the first cases of BSE in German-born cows last fall, the illusions of complete immunity from the crisis have been crushed. Just like France where supermarkets were discovered to have sold beef from a herd that included a BSE-infected cow—national defenses have proved less than secure.

Scientists think BSE is linked to a usually fatal human illness called variant Creutzfeldt-Jakob disease. It was first described in 1920 by German researchers Hans Gerhard Creutzfeldt and Alfons Marie Jakob. The illness breaks out with no apparent cause. Recent evidence shows that an illness closely resembling the variant Creutzfeldt-Jakob disease is in fact triggered by BSE, and it is affecting a growing number of young people.

BSE is a transmissible spongiform encephalopathy (TSE). Essentially, this means that it is contagious. Such diseases also occur in other animals. Scrapie in sheep, for example, is a TSE and has been known about for centuries. Scientists believe BSE originated in Britain when cattle were given feed containing ground-up organs from sheep infected with a brain ailment. Meat and bone meal is believed to transmit BSE to cattle. In 1994, the European Union prohibited feeding it to cows and sheep.

In late November, the first reported BSE cases in German cows caused public alarm and had an immediate effect on



The discovery of the first cases of BSE in German cows last fall caused great public alarm and sent beef sales slumping.

meat sales. Many butchers and supermarkets reported that consumers had become extremely sensitive and concerned and that sales of beef had slumped.

With the government under pressure after the discovery of the country's first cases of mad cow disease, German Chancellor Gerhard Schröder was determined to take the steps necessary to win back consumer confidence. "Schröder's mood," wrote the *Financial Times*, "can't have been helped by his ex-wife Hiltrud, who insisted in a late night television show that the politicians should do more." As if her words of warning were not enough, the tabloid *Bild* featured on its front page the chancellor's fourth—and current—wife Doris who admitted that she felt "queasy" about what she might have eaten in the past.

Joining the chorus of concerned voices, Andrea Fischer, the health minister, argued that there was "a real BSE danger" despite the fact that safety standards were extremely high.

Despite support for meat and bone meal by Karl-Heinz Funke, the agriculture minister and long-time ally of Gerhard Schröder, who warned that banning MBM for pigs, poultry, and fish would be unnecessary and expensive, Fischer's arguments carried the day. The speed with

which the government reacted in the German legislature to ban the use of meat-based animal food to all livestock proved startling. The usual parliamentary delays were circumvented, and Funke joined the ranks of supporters of a blanket ban. All beef cattle in Germany older than thirty months must now be tested for BSE. Fischer expects no particular problems because considerably fewer cattle than usual are being slaughtered. Some German states are planning to test younger feed cattle for the disease as well.

German farmers expect major financial support to combat BSE, but in an interview published in the weekly magazine *Der Spiegel*, Chancellor Schröder urged the public to "accept that the price for healthy meat will have to be paid at the store counter." A recent poll said that 53 percent of Germans were ready to pay more for safer beef.

—Wanda Menke-Glückert

ATHENS

BIRDWATCHERS PROTEST OLYMPIC VENUE PLAN

Birdwatchers and classical history buffs are leading an international protest over a plan to transform the Schinias marshes outside Athens into a rowing venue for the 2004 Olympic Games. The area—close to the ancient battlefield of Marathon—is an important migration stopover for about 100 species of birds and is one of the last surviving wetlands in southern Greece.

Athoc 2004, the organizing body for the games, is planning a \$30 million project to build two artificial lakes and a grandstand for 15,000 spectators, as well as facilities for another 30,000 people to watch the rowing events from the lakeside. New roads and a helicopter pad are planned for the area, which is a national park.

Greece usually stages rowing competitions, including international events, on two lakes in the north of the country. However, the International Olympic Committee wants all the sporting events to take place within a sixty-mile radius of Athens.

Schinias has been threatened for years by illegal development. Summer homes have been constructed in a nearby pine forest; bikers race through the dunes; and farmers have drained water from the wetlands. In summer, thousands

LONDON

INNOVATIVE DUO ENLIVEN
BRITISH THEATER

of Athenians flock to its long sandy beach.

A short distance away is the mound that commemorates the Greeks' defeat of Persian invaders in 490 BC. It also serves as the starting point for a marathon race that follows a route covered by Pheidippides, the ancient runner who, according to tradition, carried news of the victory to Athens—and then fell dead in the marketplace.

Athoc officials argue the rowing venue would help upgrade the area and ensure its protection in the future. The planned improvements include shutting down an airfield used by light planes and the transfer of a military radar antenna. The new construction will cover only 5 percent of the park area, and water from the artificial lakes could be channeled into the marshes in dry weather.

Local residents have mixed feelings about the plan. Some welcome the improvements as likely to drive up property values in the area, but others are concerned that as an international rowing center, Schinias will become much busier year-round.

Environmental groups are concerned that even low-level development would drive away migrating birds. Despite the new status of Schinias as a national park, aerial spraying of insecticides would be permitted, and the artificial lakes would be kept free of water plants and undergrowth that provide a habitat for birds and other wildlife.

The protests come as Greece tries to speed up construction of sports facilities for the 2004 Summer Games after long delays caused by political and administrative obstacles. More than 70 percent of the facilities are already in place, but this year will see the launch of the remaining projects, which are due to be completed by January 2004—eight months before the opening ceremonies take place.

The World Wide Fund for Nature has already filed a formal complaint with the European Commission on grounds the project would breach EU environmental protection rules. It has proposed the Olympic rowing events be held at Lake Ylike, an artificial lake north of Schinias that serves as a reservoir for the capital's water supply. The facilities would be temporary, so that the northern lake-side towns of Ioannina and Kastoria would continue as Greece's main centers for the sport.

—Kerin Hope

London is blessed by many fine theaters, but it is the closure for remodeling later this month of the intimate and highly innovative Almeida Theater in very much off-Broadway Islington, which is exciting great interest in what the future might bring to this actor-dominated venue.

Oscar-winning actor Kevin Spacey played the lead in the Almeida's production of Eugene O'Neill's *The Iceman Cometh* last year for a mere \$400 a week. He is not alone, many leading actors and actresses have accepted tiny wages for the privilege of treading the boards of the 300-seat pocket theater.

The Almeida became London's "in" theater of the nineties thanks to a creative duo of artistic directors, one American and one Scot, who decided that the best way to get bums on seats was to cultivate the best actors. And get them they did, despite at the outset paying all performers a flat \$250 a week, regardless of reputation.

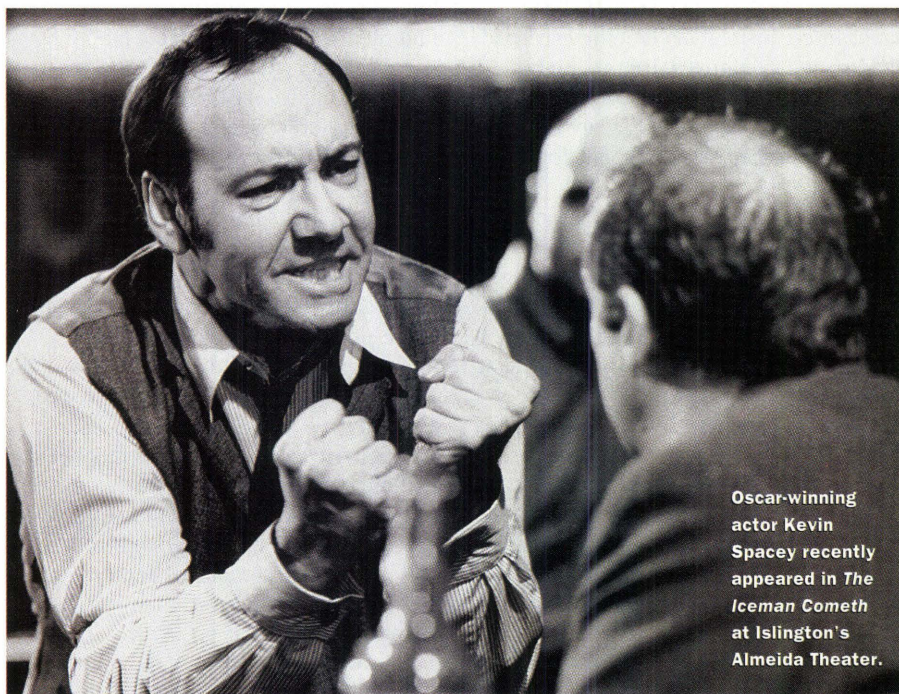
Jonathan Kent, an American in his late forties, and Ian McDiarmid, a Scot now in his mid-fifties, are regarded by many as the odd-couple of the British theater. The exuberant Kent can be seen walking the streets of Islington in intense discussion with himself, while the more reserved

McDiarmid strides along purposeful and preoccupied. "It's a very happy combination of temperaments," says Almeida's chairman, Sir John Tooley.

They met at the Glasgow Citizens Theater in the late 1980s, and when the Almeida was looking for a new artistic director, they applied as a team and were hired. The rest, as they say, is theatrical history as they turned the 300-seat theater into the focal point of much of the past decade's innovative quality theater. "We were interested in restoration of actors' theater after so many years when the directors dominated," explains McDiarmid.

Their first coup was persuading the double Oscar-winner Glenda Jackson to be their first big-name lead and capturing her just before she abandoned acting to become a leading member of the Labor Party. Other stars have included Diana Rigg, playwright and actor Harold Pinter, and then in 1995 Ralph Fiennes played Hamlet in a production they staged at the unfashionable Hackney Empire. It was such a success that suddenly the Almeida was very, very fashionable, and tickets became scarce. The most recent star to perform was French actress Juliette Binoche in Luigi Pirandello's *Naked*.

Their most innovative recent moves were converting the disused Gainsborough film studio into a temporary theater and attracting more than 90,000 people to a rundown part of north London to see Fiennes, again, in two less frequently performed Shakespeare plays. These productions are now going to New York and



Oscar-winning actor Kevin Spacey recently appeared in *The Iceman Cometh* at Islington's Almeida Theater.

Tokyo for the Almeida's most ambitious touring program to date.

"In March," Kent and McDiarmid recently announced, "we begin a season of contemporary and classical works in a new found space." Good news, but many are wondering how much longer the innovative team will continue the stressful task of running a successful theater with few resources. All London theatergoers, and many big name actors, hope they will persevere.

Appropriately, the final production in the original Almeida before closure is *The Tempest*, a play they feel is appropriate for their situation as it deals with the past, looks toward the future, and takes place in the purgatorial present.

—David Lennon

COPENHAGEN

DENMARK'S 'PROJECT GENERATION' EMERGES

Forget about prestige. Forget about sky-high salaries and stock options. When young Danes go job shopping these days, personal development, flexibility, and inspiring work environments are on top of their shopping lists. According to a study conducted by one of Denmark's most acclaimed private research firms, Mandag Morgen (which translates as Monday Morning and is available online at www.mm.dk), not even prospects for promotions attract the latest generation of workers coming into the Danish labor force. Instead of climbing career ladders in traditional corporate hierarchies, Danes between the ages of twenty and twenty-nine increasingly are choosing to climb their own personal development ladders.

Members of this so-called "project generation" define themselves as lifelong projects. Instead of going for jobs in prestigious companies, they seek jobs where they can satisfy their own personalities, says Lars Jannick Johansen, an analyst at Mandag Morgen.

What the project generation wants is a lifestyle tailored to their individual personalities and needs, says Johansen.

Like this, the project generation rejects predefined career tracks and collective bargaining. These younger workers say they want to negotiate their own salaries and that is a significant attitude change in a country with strong union traditions.

Previous studies have confirmed that young Danes give high priority to personal development. However, these studies focused on the urban-dwelling, well-educated part of the demographic, while Mandag Morgen's study covers young people with varied educational and regional backgrounds.

One thousand and eight young Danes took part in the study, which is to be published in March, and the results will come as a blow to many human resource managers.

Impressive branding and public relations are no longer sufficient. In order to attract the new generation, Danish businesses will have to redefine not only their strategies but also their own self-understanding. For businesses failing to communicate their inner values, the consequences will be fatal. They will lose the battle for the competent employees.

"The Danish salary level is so high that it doesn't matter whether you get a little more or a little less money on your bank account every month," says Peter Bundgaard, a twenty-three-year-old business student at Aarhus University. "What I want from a job is to develop my personal and professional skills by being confronted with constant challenges. But it has to be in a workplace with a nice atmosphere and with competent colleagues and leaders who understand and accept my need to work on my own initiative."

"If I can't find that in a job, I'll start up my own business," he proclaims.

As part of a small, exclusive generation, Bundgaard and other young Danes find themselves in a veritable job 'El Dorado'. Instead of choosing jobs in prestigious organizations, increasing numbers are opting for jobs in smaller businesses. In spite of the fact that Denmark has traditionally failed to offer sufficiently stimulating conditions for entrepreneurs, increasing numbers of young people become independent entrepreneurs.

Twenty-nine-year-old graphic designer Trine Andersen is one of them. Six months ago, she quit her well-paid job at an advertising agency to become a free agent.

"I earn less, and instead of fifty stressful hours a week at the agency, I now work seventy-five hours. But I work with the projects that make me smile inside and with warm, competent people who are as enthusiastic about their jobs as I am about mine," she says.

The social aspect is not to be underestimated in the workplace. The genera-

tion born between 1972–80 is considerably more socially interactive than its reputation suggests, the Mandag Morgen study reveals.

Just like their parents—who came to the job market in the late sixties—they have strong, social values. But whereas their parents were concerned about the Third World and active in grassroots movements and political organizations, the project generation lives out their social values in the workplace.

Good colleagues are essential to the project generation. They don't work to earn a living, but to live out their own projects, explains Thomas Milsted of the Copenhagen-based Institute of Occupational Psychology. "To do so they need practical and emotional support from other people, caring and constructive feedback, solidarity, and the perception of being part of a team."

—Maria Bernbom

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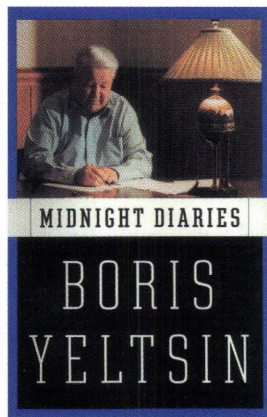
Midnight Diaries

By Boris Yeltsin; *Public Affairs*; 387 pages; \$26

For eight years, I had suffered some hellish tension," writes Boris Yeltsin, Russia's first democratically elected president in his latest book *Midnight Diaries*. In the third volume of his memoirs, the former Russian president focuses on his last years in office up to his resignation on the last day of 1999. *Midnight Diaries* reads like Yeltsin sounded and acted, alternately candid, outspoken, personal, blustery, humorous, and informative.

One of the book's recurring themes seems to be Yeltsin's penchant for prime minister roulette. He spends one chapter praising his prime minister (or some other senior official) and then fires them in the next. In fact, praise from Yeltsin seems to be a prelude to an abrupt firing, as evidenced by his sacking of prime ministers Chernomyrdin, Kiriyenko, Primakov, and Stepashin, with the cycle finally being broken when he agrees on Putin as his successor.

On the international front, however, the Russian leader appears to have enjoyed more stable, even warm, relations with other world leaders. Of his relationship with President Clinton, he writes, "Bill and I had managed to become friends," and as the Lewinsky affair swirled in Washington, he muses, "I empathize with Clinton because I, too, suffered through an impeachment process."



Closer to Moscow, he finds common ground with the leaders of Germany and France. "Thankfully, I had been blessed with two great allies, Helmut Kohl and Jacques Chirac. We are direct, outspoken, even harsh. We feel a sincere sympathy for one another."

On the war in Chechnya, Yeltsin predictably takes a much different view of the bloody conflict than those presented by much of the European and American press. He maintains that Russian involvement in Chechnya amounted to "military struggles against terrorists, not a war against a people." He writes, "I think it is high time that everyone in the world understood that." However, rather than offering understanding, Yeltsin's arguments, which often deviate from documented facts, largely appear as attempts to protect his legacy.

Nevertheless, beyond the debacle in Chechnya and his revolving prime ministers, Yeltsin, in this reviewer's opinion, has ensured a meaningful legacy, if only by the fact that he was democratically elected and re-elected, and oversaw the democratic and peaceful transfer of power to his successor.

Yeltsin sees Russia playing

a new role as a peaceful partner with its European neighbors. "Russia is gradually becoming part of a united Europe," he observes. "This is all quite different than it was only ten years ago."

If Russia continues to interact peacefully with Europe and grow its democracy at home, the "Yeltsin decade" (as he refers to the 1990s) will likely be well remembered.

Millionaire: The Philanderer, Gambler, and Duelist Who Invented Modern Finance

By Janet Gleeson; *Simon and Schuster*; 304 pages; \$24

John Law, born in 1671 in Edinburgh, Scotland, would have felt right at home in today's fast-paced, high-tech world where Internet stock prices skyrocket one day and fall dramatically the next.

Gleeson portrays Law as a man who was indeed a philanthropist, gambler, and duelist, but she also argues he was the father of modern finance, modern banking, and paper money, as well as the originator of a conglomerate scheme that by comparison make junk bonds look fairly tame.

In his early years, Law was a gambler and a con man, but after killing another young dandy in a duel, he was put in prison. He escaped and fled to

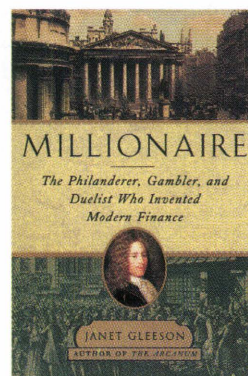
the Continent and eventually landed in Paris where he convinced the country's regent, the Duc d'Orleans, of the need to set up the Banque Générale to issue paper money and, of course, to make him head of the bank.

Law's scheme helped revive France's depleted economy. He then moved on to founding the Mississippi Company, which soon floated stock. The Mississippi Company stock soared and speculators prospered, and Law was viewed as their financial guru. He became the wealthiest man in Europe. Writes Gleeson, "Law sparked the world's first major stock market boom, in which so many made vast fortunes that the word 'millionaire' was coined to describe them."

Alas, as happens in life, the Mississippi Company was not what it appeared to be. It was essentially a fraud, the value of its shares based on the supposed prosperity of swamp-land in the area of Louisiana. As nothing of value was being produced in this part of North America, the venture fell apart, and Law was run out of France and lived out the rest of his life in Venice, gambling and trying to restore his tarnished reputation.

Gleeson creates an exciting portrait of the early eighteenth century business world, which reads like a thrilling novel rather than a biography of the man who introduced the first paper currency in France.

—Robert J. Guttman



"This remarkable compilation of essays and interviews provides wide-ranging insight and perspectives on the issues that will shape the new Europe—and influence the entire world—in the decades to come."

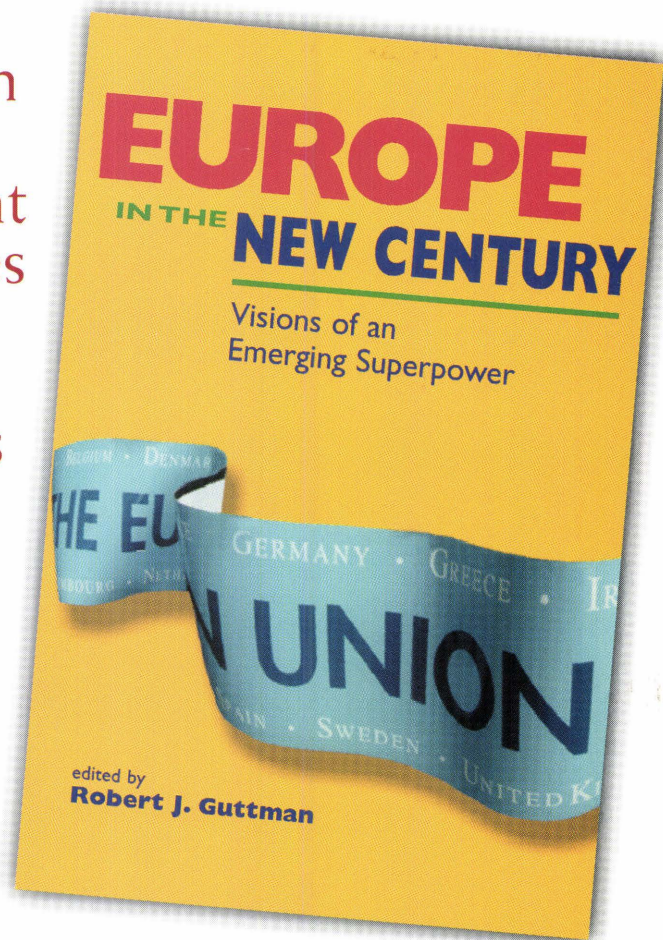
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"Europe in the New Century is an important, in-depth, and intriguing look at Europe's dynamic future."

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Europe in the New Century: Visions of an Emerging Superpower

edited by
Robert J. Guttman

Europe in the New Century is an intriguing look at the future, drawing on the experience and foresight of the leading journalists working in Europe today, as well as the visions of heads of state, government ministers, corporate CEOs, entrepreneurs, and young people from each of the fifteen European Union member countries.

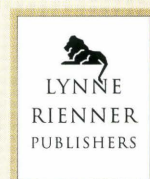
The contributors forecast what Europe might look like down the not-too-distant road. Their subjects range from domestic politics to foreign policy, from technology to international trade, with absorbing stops along the way. Entertaining and informative, Europe in the New Century is a must for anyone seeking insight into the trajectory of this new global superpower.

Robert J. Guttman, editor-in-chief of *EUROPE* magazine, has been an adjunct professor of political communications at The George Washington University and of politics and communications at The American University.

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