



Blair Delivers • US Firms Go Shopping • Afghanistan's Wars

EUROPE

November 2001

Special Report: Immigration

THE NEW EUROPEANS



9/C 1 \$ 9.95/EU € 3



11

Visit

Welcome to the **EUROPE** Home Page
MAGAZINE

Blair Delivers • US Firms Go Shopping • Afghanistan's Wars

EUROPE

Special Report: Immigration

THE NEW EUROPEANS

About **EUROPE** MAGAZINE

ADVERTISING

CURRENT ISSUE

EDITORIAL CALENDAR

SUBSCRIPTIONS

SPECIAL EVENTS

BACK ISSUES

EUROPE

M A G A Z I N E

on the Worldwide Web
at <http://www.eurunion.org>



CONTENTS

EUROPE

Magazine of the European Union

NOVEMBER 2001

NUMBER 411

SPECIAL REPORT: IMMIGRATION

- 6 **A Qualified Welcome**
How the EU treats its guests, mostly uninvited.
John Andrews
- 10 **Germany's New Immigration Plan**
The nation needs foreign workers but worries about how they will change German society. *Terry Martin*
- 11 **An Ecuadorian in Spain**
One South American woman's immigrant experience.
Benjamin Jones
- 12 **Italy's Immigration Quandary**
Low birthrate, organized crime create difficult choices.
Stephen Jewkes

EUROPEAN AFFAIRS

- 13 **Interview**
Anna Diamantopoulou, the EU's social affairs commissioner, discusses job growth and how the Union is dealing with "black economies" and human trafficking.

UNITED KINGDOM

- 16 **Tony Blair's New Term**
Swept back into power, it's time for Labor to deliver.
David Lennon
- 18 **The Blair-Bush Partnership**
The UK and US leaders have accentuated the positives and, in the process, formed a deep bond. *Lionel Barber*
- 19 **Conservatives Vote for a Euroskeptic**
Iain Duncan Smith has assumed the Conservative leadership. Now what? *David Lennon*
- 20 **From the Tube to the Classroom**
The UK is seeking private funds for public projects.
David Lennon

PERSPECTIVE

- 22 **The Great Game Revisited**
Long before the US engaged the Taliban and even before the Soviets squared off with the Mujahedin, Britain fought three wars in Afghanistan. *Peter Guin*

BUSINESS

- 26 **Still Shopping in Europe**
American firms continue to eye transatlantic investments. *Bruce Barnard*

TRAVEL & CULTURE

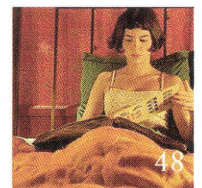
- 30 **100 Years of Nobel Prizes**
In 1901, five years after Alfred Nobel's death, the prizes that bear his name came into being amid much controversy. *Ariane Sains*
- 34 **On the Trail of George Washington**
A northeast English town claims the 'rebel general' as one of their own. *Susan J. Burdin*



Jean Lemierre



47



48

DEPARTMENTS

- 2 LETTER FROM THE EDITOR
- 3 EYE ON THE EU. EBRD begins its second decade.
- 4 EURO NOTES. Terror's effects on the euro zone.
- 5 E-EUROPE. The dot-com outlook at year's end.
- 37 CAPITALS. London taxes congestion; Danes debate

parental leave; L'Occitane smells success; Gallileo gallops into Irish hearts.
47 ARTS & LEISURE. Rediscovering the Impressionists' still lives and the lost city of Antioch; European Union Film Showcase previews coming attractions.

LETTER FROM THE EDITOR

The new face of Europe is one of diversity. As can be seen by our cover, Europe is becoming increasingly a melting pot like the United States. Immigrants are changing the landscape of the European Union. The European Union and the member states are having to come up with new rules and regulations governing immigration.

As the European Social Affairs Commissioner Anna Diamantopoulou tells *EUROPE* in an exclusive interview, "Developing a common framework for immigration is not all that easy, and it is becoming more difficult with enlargement." The EU's social affairs commissioner goes on to discuss problems relating to illegal immigration, anti-immigration sentiment, unemployment benefits, the underground economy, and the mood in Brussels concerning the war against terrorism.

John Andrews, writing from Paris, looks at the immigration dilemma in an article entitled "A Qualified Welcome." He presents an overview of how immigrants live when they arrive in Europe and wonders whether immigrants "who have the initiative and bravery to surmount all the obstacles to entering the EU are quite possibly the very people Europe needs."

Stephen Jewkes, reporting from Milan, focuses on immigration issues in Italy, which faces one of the lowest birthrates in Europe and now accepts more immigrants per year than most of its EU partners. Jewkes discusses what the government is doing to combat increasing numbers of immigrant-run organized crime rings and to change unfavorable public opinion toward immigrants. He cautions these changes are important because "Italy might soon find it needs immigrants as much as they need Italy."

Benjamin Jones, writing from Madrid, relates the experience of a South American immigrant who travels to Spain in search of a better life. Meanwhile, Terry Martin, based in Berlin, writes about Germany's plan "to pass sweeping legislation that will open the door to millions of immigrant workers required to sustain the country's economy and social welfare system."

Writing from London, David Lennon profiles Tony Blair's agenda for his second term as the UK's prime minister, and Lionel Barber analyzes Blair's working relationship with President George W. Bush, especially in the aftermath of the September 11 terrorist attacks on the United States.

Are American firms still interested in investing in Europe? Bruce Barnard, writing from London, believes the answer is a definite yes. "American companies are poised to start spending big bucks overseas again when the global economy rebounds and business recovers from the trauma of the terrorist attacks," he writes.

In this month's *Europe Update*, Martin Walker analyzes the EU's role in the war on terrorism and notes how the EU is moving "with unprecedented speed" on several tracks at once.

On a lighter note, Ariane Sains, writing from Stockholm, profiles the one-hundredth anniversary of the Nobel Prizes, which will be awarded in Stockholm next month. She looks at current and past Nobel laureates and gives us new insight into the man behind the prizes. Also, Susan J. Burdin takes our readers on the trail of George Washington in Northeast England in search of the founding father's ancestral home.

Robert J. Guttman
Editor-in-Chief

EUROPE

PUBLISHER Willy Hélin

EDITOR-IN-CHIEF Robert J. Guttman

GENERAL MANAGER Anne Depigny

SENIOR WRITER Peter Gwin

ASSOCIATE EDITOR Susan J. Burdin

SECRETARY Julie Calaz

CONTRIBUTORS

ATHENS Kerin Hope

BERLIN Terry Martin

BONN Wanda Menke-Gluckert

BRUSSELS Dick Leonard

COPENHAGEN Leif Beck Fallesen

Maria Bernbom

DUBLIN Mike Burns

THE HAGUE Roel Janssen

HELSINKI David Haworth

LISBON Alison Roberts

LONDON Lionel Barber

Bruce Barnard

David Lennon

LUXEMBOURG Alan Osborn

MADRID Benjamin Jones

MILAN Stephen Jewkes

PARIS John Andrews

Axel Krause

Ester Laushway

ROME Niccolò d'Aquino

STOCKHOLM Ariane Sains

VIENNA Alexandra Hergesell

INTERN Sarah Naimark

DESIGN The Magazine Group, Inc.

Jeffrey Kibler

ADVERTISING Peter Abrahams

INFORMATION tel. (202) 721-1466

fax (202) 331-2043

EUROPE, Magazine of the European Union (ISSN 0191-4545), is published on the 15th of each month, except January and August, by the Delegation of the European Commission, 2300 M Street, NW, Washington, DC 20037. © The European Commission, 2001. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. *EUROPE*, published 10 times per year, is available by subscription for \$19.95 per year; \$34.95 for 2 years; \$46.95 for three years. Add \$10.00 to non-U.S. subscriptions for postage and handling. Student rate (with proof of enrollment): \$14.95 per year; \$25.95 for 2 years; \$35.95 for 3 years. Bulk rate also available. **Editorial, permissions, advertising, and circulation offices:** 2300 M Street, NW, Washington, DC 20037; Telephone (202) 862-9555. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

World Wide Web: www.eurunion.org

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

Subscriber services: 1-800-627-7961.

(In Canada call 303-604-1464.)

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

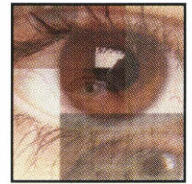
Postmaster: Please send change of address forms to *EUROPE*, P.O. Box 55935, Boulder, CO 80328-5935.

PRINTED IN THE U.S.A.

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

EYE ON THE EU

Profiling personalities
and developments
within the European
Union



LEMIERRE GUIDES EBRD INTO ITS SECOND DECADE

The European Bank for Reconstruction and Development, which has just celebrated its tenth anniversary, is widely regarded as an official EU institution. It is not, but the Union and its member states played the leading role in its creation and—together with the US and Japan—have provided the bulk of its operating capital.

The EBRD started operations in 1991, with a mandate to provide investment capital, mainly for the private sector, to the countries of Central and Eastern Europe and the former Soviet Union, to assist in their transition to market economies.

It got off to a poor start, with a backstairs deal between the then British and French governments, under which London was chosen as the bank's headquarters, while France was to pick its first president. This turned out to be Jacques Attali, a brilliant free-ranging intellectual, who had no experience as a banker but was a close associate of François Mitterrand, the former president of France.

Attali's term of office ended badly when the *Financial Times* reported the bank's mismanagement and extravagance under his stewardship. In its first three years, the bank spent more than twice as much on its operational costs and offices as on loans and investments. Officials had approved the purchase of

massive quantities of expensive marble for its London offices; lavish staff parties were thrown; and private jets were chartered for the use of the president, whose expense claims beggared belief.

In the end, the bank's governing council took the only step open to them, forcing Attali's resignation and replacing him by another Frenchman, but one with impeccable banking credentials and a reputation for austerity. This was Jacques de Larosière, a former head of the International Monetary Fund and of the Bank of France.

The new president lost no time in totally overhauling the bank's operations, cutting costs, and decentralizing decision-making, particularly to the offices set up in each of the recipient countries. They were close to potential clients and well placed to assess the viability of projected investments.

When he left five years later, de Larosière was able to hand over to his German successor, Horst Köhler, a lean, efficient organization that had had a real and beneficial impact on the transition process in the twenty-seven countries in which it operates. Köhler soon moved on to head the IMF, and the baton passed to the present incumbent, Jean Lemierre, who had a long and distinguished career in the French treasury behind him.

He gave an enthusiastic account of the EBRD's activities during a recent speech in Brussels. Discussing the economic prospects for the EBRD's client countries, Lemierre drew a sharp dis-

inction between the current candidates for EU membership and the others.

The candidate states had for the most part made impressive progress, he stated, but "in terms of GDP per capita, there is a widening gap with the non-accession states in the region...the exception is Russia, which, after a major setback in 1998, is seeing its situation improve, thanks partly to the price of oil and gas."

Some of the non-accession states, Lemierre said, had real assets, such as quality workers, well-trained in the industrial tradition, and a good supply of natural resources. What was often lacking, however, was good governance, a failure to comply with international accounting standards, and "a problem of asset stripping, which seems to be continuing unopposed in some places, with no protection for the rights of minority shareholders."

"If these issues are not tackled," he stressed, "credibility is ruined and foreign private investment dries up."

Article one of the bank's charter requires it to promote multiparty democracy, pluralism, and market economies, and this has led it to curtail its activities in countries such as Turkmenistan and Belarus, where there has been serious backsliding.

The EBRD, Lemierre emphasized, is not a charitable

institution. It is required to operate on a commercial basis and last year turned in a profit of €153 million (\$138 million), though this year's figure will be lower. It has no power to offer grants or soft loans, but in its ten years of operation, it has disbursed some \$56 billion in loans,



EBRD President Jean Lemierre

equity, and guarantees, including no less than 125,000 loans to small businesses, half of them in Russia.

The main responsibility for the regeneration of the former communist states lies with their peoples and governments and with Western governments and the EU for providing timely economic aid. The EBRD has played an important facilitatory role, by offering invaluable expertise and advice as well as being the major provider of risk capital.

In its first ten years, more than half its job has probably been completed, as far as the more advanced countries, such as Poland, Hungary, and Slovenia are concerned. For some of those farther east it may, unfortunately, take a great deal longer than an additional ten years before they reach the same stage.

—Dick Leonard

EURO NOTES

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



TERROR'S RIPPLE EFFECTS ON THE EURO ZONE

The twin specters of terrorism and recession have come to haunt the euro zone, forcing policymakers to reconsider assumptions about future growth and employment.

Look at the case of Finland, one of the fastest growing countries in Western Europe, just behind Ireland. In the aftermath of the terrorist assault on New York and Washington, Finland has seen growth slip from 4.5 percent a year to a virtual standstill.

In Germany, once the locomotive of the continental economy, growth forecasts have been slashed from close to 3 percent to around 1.5 percent. Unemployment is rising again, well in excess of 10 percent of the workforce.

France too is suffering. A year ago, the economy was experiencing a boomlet. Growth well exceeded 3 percent, and unemployment was falling fast, thanks to a shift to fixed contracts and part-time work. Today, the economy will do well to grow by more than 2 percent, and the jobless totals are rising again.

These statistics make grim reading for governments in France and Germany, both of which face national elections in the next twelve months. In each case, the incumbents would like to take extraordinary measures to spark a turnaround, along the lines of the US authorities where the Fed has drastically loosened monetary policy and the Bush administration has agreed to a \$60 billion-plus stimulus package with Congress.

However, the events of the past few weeks underline how far removed the US experience is from the operation of macroeconomic policy in the euro zone. Whereas the Fed and the White House have moved decisively in a bid to restore confidence, the European Central Bank and euro-zone governments have been cautious in the extreme.

The Fed has cut interest rates nine times since the start of the year to 2.5 percent; the European Central Bank only three times. When the Fed cut rates by 0.5 percent shortly after the September 11 tragedy, the ECB seemed caught unaware.

A few hours later, the ECB followed suit, cutting its rates by 0.5 percent and claiming that it had acted "in concert" with the Fed. But in mid-October, it declined to follow again the Fed's lead and left rates unchanged at 3.75 percent.

On the fiscal side, governments have also acted cautiously, chiefly because they do not have the room for maneuver enjoyed in the United States. They are also bound by the terms of the German-inspired Stability and Growth Pact, which enforces budget discipline in the euro zone.

The pact's provisions are tight because euro-zone governments have failed to bring their budgets to balance or surplus in the good times, unlike the US has done. As a re-

sult, countries are constrained in applying the traditional tools of demand management, whereby fiscal policy is eased to counter the effects of a downturn.

Chancellor Gerhard Schröder of Germany is now talking about "temporary measures" to prevent a slowdown from turning into a recession. His fear is much higher unemployment, which will put more

cede the principal of an independent European Central Bank, but they are less comfortable now that the good times have gone and the hard times are just beginning.

In their view, there is an implicit bargain between the politicians and the ECB: In exchange for responsible fiscal policy, the bank will arrange for easier credit through a looser monetary policy. However, the bargain has not been fulfilled along the lines some imagined.

One reason is that the ECB has been disappointed with the pace of fiscal consolidation in the bigger economies and the pace of liberalization of labor and product markets. On the political side, there have been signs of "austerity fatigue" after the budgetary rigor of the late 1990s in the run-up to the

pressure on tax revenues and stoke social tension, particularly in eastern Germany.

Laurent Fabius, France's economics and finance minister, is floating the notion of bringing forward to this year corporate tax cuts planned for next year. He has also let it be known that he considers the Stability and Growth Pact to be insufficiently flexible, though he emphasizes that it is a matter for the Germans to take the lead in reforming their creation.

Behind these comments lies a much bigger debate. Politicians such as Schröder and Fabius are happy to con-

launch of the euro.

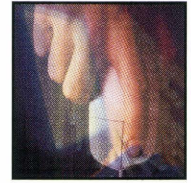
On the other hand, political leaders such as José Maria Aznar of Spain and Paavo Lipponen of Finland have come out clearly against revising the Stability and Growth Pact on the grounds that it would confuse financial markets and undermine confidence in the euro ahead of the introduction of euro notes and coins in January 2002.

Yet, if terrorism and recession continue to dominate the headlines in Europe, calls for more radical action will grow louder, both on the monetary and fiscal side.

—Lionel Barber

e-EUROPE

Tracking the news
and trends shaping
Europe's technology
sector



WHITHER THE E-SECTOR AT YEAR'S END?

With all the recent focus on the A's—Afghanistan, anthrax, antibiotics—one might be left wondering what's been happening with the E's—you remember, the things that were “changing the world” before September 11.

Two months ago the headlines were portending “doom” of another sort, a worldwide implosion of the e-revolution. Everyone from software and hardware makers to telecom firms and e-commerce sites seemed to be taking a hit. More than 300,000 IT jobs had been cut over the past year in Europe and the US, and analysts and employees on both sides of the Atlantic were gearing up for disappointing year-end reports and another flurry of pink-slips. Meanwhile, the tech-centric markets, such as Nasdaq and Frankfurt's Neuer Markt continued to slide downward, and investors of all stripes were fingering the rip cords on their dot-com holdings. Then came Black Tuesday.

So now, two months—and a new world—later, what is the outlook for the sector that launched us into a happy frenzy just a few short years ago? Let's break it down into sub-sectors, starting with software.

Of course, it's difficult to talk about software without mentioning Microsoft. With the October rollout of Windows XP, the latest edition of its flagship operating system, and the introduction the X-Box, its new computer game console, the world's biggest

software maker continues its aggressive pursuit of global growth. Although the company has raised concerns about “unprecedented global uncertainty,” chief financial officer John Connors foresees solid revenue growth to continue through next quarter.

Other software firms offered similar positive surprises. The French group Dassault Systèmes, which designs e-commerce products as well as computer modeling software, announced it expected to increase sales by 15 percent in 2002 and planned to hire about 700 new employees. Last month, Staffware, the British business management software firm, saw its stock price jump 35 percent after it reported strong sales even though the company underwent a restructuring process this summer.

Not all the surprises were good, however. SAP, Europe's biggest software firm, said it would miss its sales target for the year and attributed some of its woes to the terrorist attacks. UK-based Autonomy, which makes e-business software, also blamed the attacks for lagging sales. “The events of September 11 interrupted our normal third quarter pattern that traditionally combines a slower August and compensating September,” said CEO Mike Lynch.

Where the software sector appears mixed, the hardware makers uniformly anticipate a tough year in 2002. This summer, worldwide sales growth of personal computers declined for the first time in fifteen years, and investment bank Merrill Lynch expects 2001 PC sales to recede 6 percent from last year's figure. In-

dustry analyst Gartner Dataquest predicts that Europe will experience “a low single-digit decline” in sales. But the sector is still growing overall. PC makers are expected to ship 126 million machines this year and 140 million in 2002.

Meanwhile, the companies that make the computers' brains, the semiconductor manufacturers, are also suffering. Although the terror attacks have dampened their market, the chip makers say the telecom sector's failure to bring on-line the so-called “third-generation” wireless networks has been the biggest cause of their slowdown. These 3G networks will eventually allow an advanced generation of high-speed mobile phones to transmit video, voice, and Internet-services.

That brings us to the telecom sector, which has already invested many billions of dollars to build the 3G networks. European companies expect to roll out the first of these next year. However, the astronomical costs associated with acquiring government-auctioned 3G licenses and building these networks across Europe have left many firms cash poor and battered by declining stock prices. Deutsche Telekom, Europe's biggest phone company, reported almost a billion dollar loss for the first nine months of the year.

Meanwhile, handset makers Nokia and Ericsson desperately await the advent of 3G as they see worldwide demand softening for the current generation of mobile phones. Both plan to begin selling 3G phones in 2002. However, US mobile phone maker Motorola said last

month that it doesn't foresee a mass market in Europe for 3G phones before 2004.

Finally, what about the dot-coms themselves? Since the beginning of the new millennium, every day seemed to bring bad news for the Web world. There was the high-profile plummet of the Swedish-UK fashion e-tailer Boo.com, and big-name sites like Amazon and Lastminute.com endured expensive and embarrassing layoffs, just to name a few. Everybody's stock has taken a beating.

Nevertheless, many true believers remain. “The dot-com shakeout has done nothing for the reputation of the Internet and e-business as a whole,” responds Daniel O'Boyle Kelly, head of European Internet research for the consulting group IDC.

He points to the 117 million Europeans, roughly 30 percent of the population, who were using the Internet at the end of 2000 and the \$12.2 billion they spent at e-commerce sites.

He notes that the shakeout “has allowed both consumers and companies to develop more realistic expectations of what can be accomplished using the Internet.” However, he doesn't expect it to diminish the growing number of users, estimated to reach almost 233 million by the end of 2004, who will feed an e-economy worth \$1 trillion.

In perhaps the most tangible sign of belief in the future, some gutsy UK investors have relaunched Boo.com, which just goes to show that, even with all the problems surrounding the sector, ‘E’ is still in.

—Peter Gwin

By John Andrews

A Qualified Welcome

How the EU Treats its Guests, Mostly

Each night at Sangatte, where the high-speed Eurostar train plunges into the Channel Tunnel just outside Calais on its way to England, you see furtive groups of Afghans, Kurds, Kosovars, and others playing a cat-and-mouse game with the French police and the Channel Tunnel's security guards. Their objective is simple: to escape the miseries of their homelands and find a better life in the United Kingdom.

Go to the southern coast of Spain, to the beaches near Algeciras, and a similar game is played. Each night dozens of Africans, mainly from Morocco but also from Mauritania, Mali, Burkina Faso,

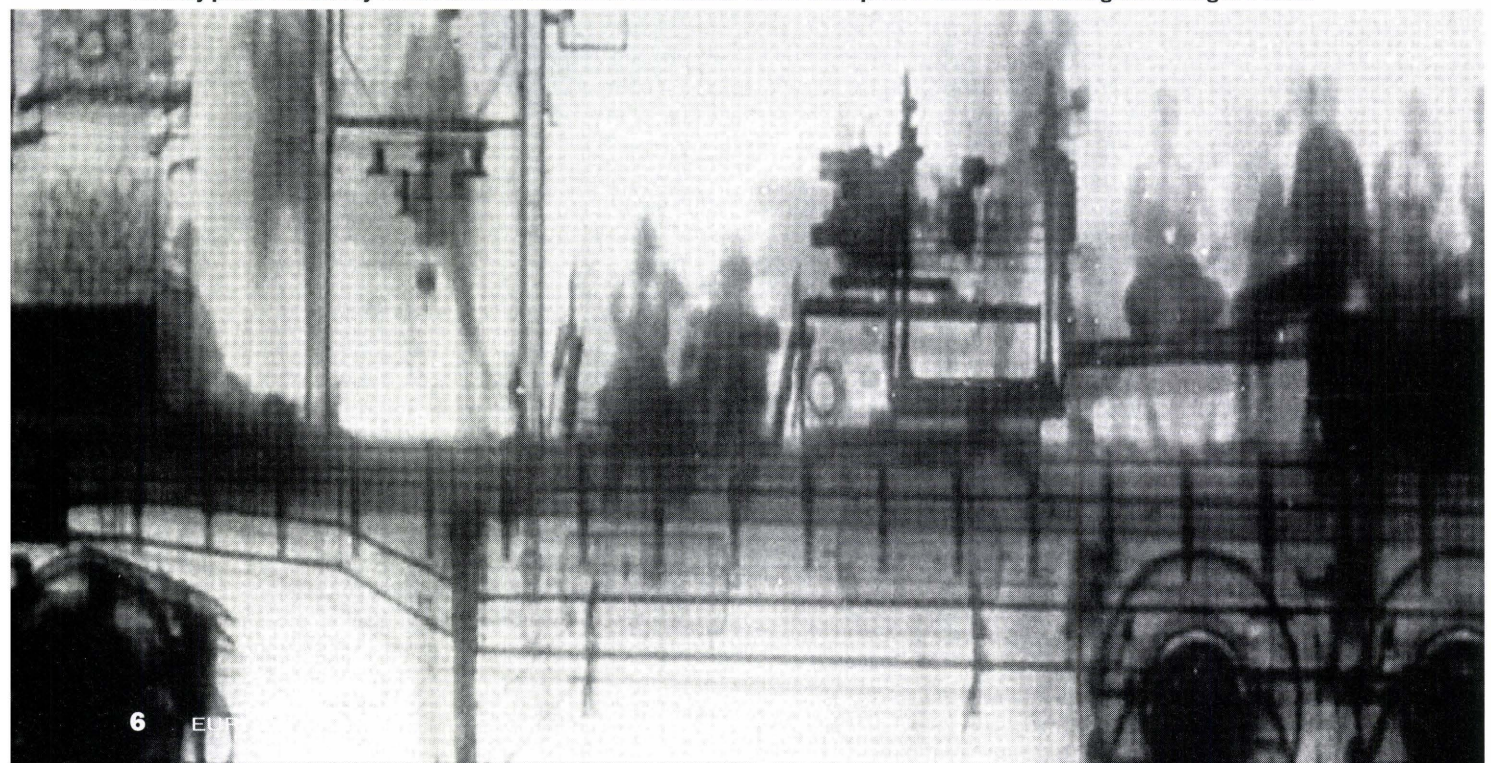
and other points south, set out in tiny fishing boats to try to reach a European landfall—and again a better life. So too on Italy's Adriatic coast, where unscrupulous Albanian gangsters land—sometimes jettison overboard—their human cargoes from the Balkans, the Middle East, Pakistan, even China. Indeed, in almost any country in the European Union, men, women, and children are trying to enter illegally, perhaps with a falsified visa at Frankfurt airport or huddled inside a container truck crossing into Greece from Turkey.

Sometimes, of course, it ends in tragedy. In June last year, British officials at the port of Dover found the bodies of fifty-eight Chinese who had suffo-


cated to death in a Dutch-registered container truck arriving from Belgium. The Spanish regularly find the corpses of drowned North Africans washed up on the beach.

Often it ends in capture, but it can also end in success. According to the experts' conservative guesses, approximately 500,000 illegal immigrants enter the EU each year. Moreover, what does "capture" really mean? The refugees who are apprehended trying to sneak aboard the car shuttle that runs through the Channel Tunnel are sent to a special camp where they are housed and fed by the French authorities; when they fail in their efforts to reach England, they simply return to the camp. Similar situa-

An x-ray photo released by French customs officials at the Channel Tunnel checkpoint in Calais shows immigrants hiding in a truck.



UNINVITED



An immigrant mother and daughter with their laundry drying on the fence at a refugee camp at Sangatte, just outside Calais in northern France.

tions persist elsewhere in the Union since the migrants are not prisoners who have committed a crime, and many citizens in those countries believe it would be an affront to natural justice to place them under lock and key.

So what should be done? EU governments, responding to their electors' alarm at the supposed "flood" of illegal immigrants, talk of improving border security, of harmonizing their definition of what constitutes a political refugee fleeing persecution and, therefore, eligible for asylum, as opposed to an "economic" migrant seeking merely a better standard of living. Given that the gangs that smuggle people also smuggle drugs and launder money, pressure is building for a "single judicial space" to go alongside the single market and the single currency. Let the EU, the theory

goes, have common definitions of crimes and uniform methods of arrest warrants, bail, and extradition.

All of which is easier proposed than achieved. One reason is that there are enormous differences between, for example, the common-law basis of British jurisprudence and the Napoleonic code of France. A second reason is that defining a refugee eligible for asylum is an inexact process. Under a United Nations convention of 1951, those fleeing persecution for "reasons of race, religion, nationality, membership of a particular social group, or political opinion" are entitled to asylum, and under the EU's Dublin Convention, signed in 1990 and in force since 1997, a refugee cannot "shop around" for asylum, with applications in more than one country. The UN definition, however, leads to differences

in practice. The UK, for example, gives some sort of refugee status to almost all Somalis who apply; by contrast, Germany gives the status to very few Somalis, arguing that their persecution must be at the hands of "agents of the state," as opposed to, say, rival tribes or clans.

But a third reason is one of simple practicality: Regardless of their motives, migrants cannot be sent back to countries that are regarded as unsafe—which obviously includes countries such as Afghanistan and Iraq. Moreover, the European authorities do not necessarily know from which country a migrant has come. The practice of many migrants is to burn all their identity papers as soon as they arrive in Europe. The idea then is to slip into the underground economy, often taking the dirty and ill-paid jobs that EU citizens do not want.

But that, in turn, surely proves a basic economic point. For all the popular furor against immigration (often stoked by extreme right-wing parties), immigrants rarely depend on charity or welfare benefits for long. Instead, they find jobs (indeed, if they are illegal, the benefits they receive are minimal) and make a positive contribution to their new countries.

Moreover, this economic point will increasingly be underlined by Europe's demographic arithmetic. The European Commission reckons that over the next twenty-five years the EU's working-age population (from age twenty to fifty-nine) will decline by nearly 5 percent, while those sixty and older will increase by 8 percent and represent 29 percent of the population. Given that it is workers' taxes that pay for retirees' pensions, how will a declining number of workers support an increasing number of pensioners? The politically unpalatable answers are either increasing taxes or reducing pension-benefits. By contrast, the economically sensible solution would be to welcome new workers from outside.



A Moroccan worker inspects tomato plants in Andalusia, Spain.

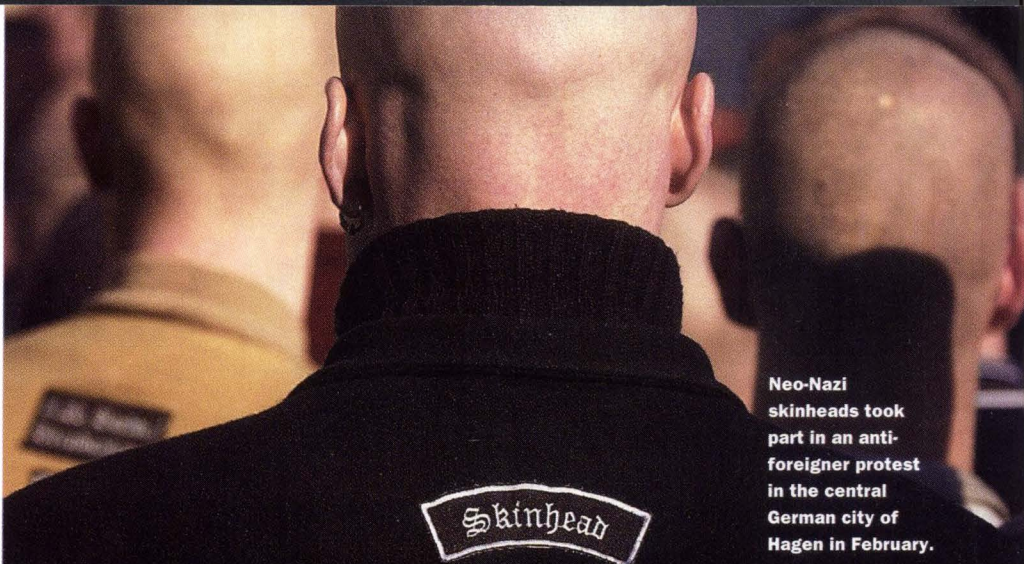
The question is how. Several countries operate programs for seasonal workers (the UK, for example, imports farm workers from Eastern Europe; Spain imports tomato-pickers from Morocco; Germany gives short-term contracts to Poles to harvest its vegetables), but such programs have only a minute impact on the overall economic need. Germany, following a path trod long ago by America, last year started offering some 20,000 work visas to specialists from abroad to fill vacancies in high-tech industries—and was disappointed to find that many Indians spurned them in favor of going to the United States.

But that program, too, is an arithmetic irrelevance. According to the United Nations Population Division, and assuming all other things are equal, if the EU wants to keep a stable ratio between workers and pensioners between now and 2050, it will have to import 13.5 million immigrants a year, including 3.6 million for Germany and 1.8 million for France.

Could that happen? It seems fundamentally implausible. Quite apart from the cultural problems of absorbing such numbers, there would surely be too many practical ones, in terms of housing, education, and so on. Yet some increase is clearly necessary. It is also, given the attractions of the EU, inevitable. Once an immigrant has landed within the Schengen zone, in which all of the EU's states except the UK and Ireland allow passport-free travel, he or she is more or less safe (witness the residents of the Sangatte camp).

The challenge is to make the increase in immigration welcome. The critics should remember that one reason there are so many illegal immigrants and asylum-seekers (some 198,108 applications were lodged in the EU in the first seven months of this year) is that successive laws over the past three decades have virtually eliminated legal entry except for purposes of marriage and "family reunification." They should also remember that illegal immigrants who have the initiative and bravery to surmount all the obstacles to entering the EU are quite possibly the very people Europe needs. ☹

John Andrews is the Paris bureau chief for the Economist and a contributing editor for EUROPE.



Neo-Nazi skinheads took part in an anti-foreigner protest in the central German city of Hagen in February.

Waging War Against Racism

In February last year, in the small town of El Ejido in the southern Spanish province of Almeria, a mentally disturbed Moroccan man murdered a Spanish woman. What followed was two days and nights of rioting in which enraged Spaniards rampaged through the slum areas housing most of El Ejido's 15,000 North African migrant workers (two-thirds of them illegal residents in Spain). Shops were looted, houses were burned, and the local forces of law and government were woefully slow to stop the country's worst outbreak of racist violence.

Was that an isolated incident, never to be repeated? In one sense, the obvious answer is yes. Throughout the European Union, most immigrants, legal or not, live undisturbed by their neighbors. Yet that is hardly a reason for complacency. Moreover, ethnic minorities throughout the Union complain of discrimination in jobs, education, and housing—and, far too often, they suffer from physical violence and even

murder. An inquiry in Britain into the failure to arrest the killers in 1993 of Stephen Lawrence, a black teenager, concluded that London's police were "institutionally racist"—a charge that led to considerable controversy. In Germany, where last year a Mozambican man was casually kicked to death by three skinheads, the interior ministry admits that racist crime—from murder to the chanting of Nazi slogans—rose last year by 45 percent to around 14,000 incidents. Sadly, no country in the Union has a completely unblemished human rights record, with racist incidents even reported in traditionally liberal Scandinavia.

Whether an answer can be found at the EU level as opposed to in the individual member states remains to be seen; 1997 was proclaimed "the European Year against Racism," but to no noticeable effect. More promising in the long term may be the establishment, also in 1997, in Vienna of the European Monitoring Center on Racism and Xenophobia, with a mandate to provide reliable in-

formation on the problem. So, too, may be the decision in the Nice Treaty, agreed to last December, to give the Union the explicit power—for the first time—to legislate against racial discrimination in a member state, a more specific commitment against racism than the guarantees of fundamental rights and basic freedoms in previous treaties. Moreover, the process of enlarging the Union is having a positive effect. In order to qualify for EU membership, candidate countries have to guarantee the rights of their minorities, which has, for example, spurred Slovakia and Romania to improve housing conditions for their Roma (gypsy) populations.

But what about the meantime? A recent *Eurobarometer* survey shows a worrying ambivalence among EU citizens. Only 21 percent are "actively tolerant" toward minorities and migrants; 39 percent consider themselves "passively tolerant." That leaves 25 percent who admit to being "ambivalent" and 14 percent who are frankly "intolerant."

—John Andrews

Malaysian IT worker poses with his German green card at his office in Dresden.



New Immigration Plan

By Terry Martin

If ever a nation needed an immigration law, it's Germany. A combination of geography, economics, and demographics gives the matter greater urgency there than in any other European Union member state. Yet amazingly, the EU's most populous country has muddled along for more than fifty years without a comprehensive immigration policy. Now, the mounting pressures of globalization and a declining birth rate are forcing German lawmakers to finally address this politically sensitive issue. By the end of the year Germany is likely to pass sweeping legislation that will open the door to millions of immigrant workers required to sustain the country's

economy and social welfare system.

To understand why immigration has risen to the top of Germany's policy agenda, one needs to look no further than the latest population forecasts. In July a government-appointed commission on immigration concluded that if birth rates remain at their current level, the country's population will decline from 82 million today to less than 60 million by the year 2050. Over the same period, employment figures will drop from 41 million to just 26 million. By 2015 at the latest, the number of employed persons will begin to fall radically. Those still working will have to support an inordinate number of retirees as life expectancies rise and the population ages.

The broader implications of these statistics are alarming. The decline in human numbers would cause the economy to contract severely. There would be fewer and fewer consumers chasing a dwindling supply of goods and services. Shops and factories would close. Apartment blocks would be abandoned. Tax revenues would begin to dry up. The government would be forced to cut spending on infrastructure to social programs. Roads and public transport would suffer. Law enforcement would be scaled back. The pension and health care systems would come under severe

strain. And those are just the domestic concerns.

Anticipation of this grim scenario has inspired Germany's political parties to come up with a policy for accommodating—if not encouraging—immigration. Building a consensus on the issue has been far from easy. The government has had to digest input from a diverse range of conflicting political, economic, and humanitarian interests. But the effort paid off. When Interior Minister Otto Schily presented the draft immigration law on August 3, it was hailed as a watershed event. In the words of former Bundestag president Rita Süßmuth, who chaired the immigration commission, the development of this legislation amounts to "a paradigm shift" in postwar German society.

What makes the draft law so significant is that it challenges a long-held assumption among Germans that their country is not and never can be an *einwanderungsland* (country of immigration). It forces them to confront the reality that Germany cannot continue to prosper without the help of large-scale immigration. It tells Germans that welcoming qualified foreigners as permanent residents is in the country's best interest. And that breaks a taboo going back at least as far as the founding of the Federal Republic in 1949.

Though some are loath to admit it, Germany has been a *de facto* *einwanderungsland* for decades. In fact, a recent study by the Hamburg Institute of International Economics points out that in the 1990s Germany became "the principal magnet society in the Western Hemisphere" with a higher magnitude of new entrants than the United States or Canada. Today, Germany is home to 7.3 million foreigners, about 9 percent of the population. The largest number of these are Turkish "guest workers" and their families brought in to meet the country's labor needs during the "economic miracle" in the 1950s and 60s. The government falsely assumed that the Turks would return home after a few years of hoarding their earnings in Germany. The guest worker system was abandoned in 1973.

The new immigration law would normalize both the process of becoming an immigrant to Germany and the status of being one. It would replace the maze of contradictory statutes previously devised to deal with "refugees," "asylum

seekers," "guest workers," (ethnic German) "resettlers," and other sundry classifications of foreigners. Those acquiring permanent resident status under the new law would be spared the stigma of foreigners today whose continued presence is often attributed to the exploitation of legal loopholes.

In the year leading up to the new draft law, Germany had been experimenting with a recruitment model misleadingly labeled the "green card" program. This scheme was set up to attract foreign computer experts to fill job vacancies in the country's burgeoning information technology industry. The program, which offered five-year work and residence permits, failed to achieve its goal of recruiting 20,000 IT specialists. (Many candidates opted for the better pay and working conditions in the US.) However, the initiative did soften up German public opinion on the issue of immigration.

It's no coincidence that the same kind of highly qualified workers targeted by the green card program also receive top billing in the draft immigration law. Urgently needed computer specialists, engineers, mathematicians, and leading scientists would be granted permanent residence status immediately. Others would be evaluated on a points system (based on the Canadian model) that takes age, language, and job skills into consideration. A candidate's capacity for social integration—particularly their command of the German language—is given high priority.

The law does not mention quotas but instead invites local governments and industry to determine their own immigration needs. Describing the bill briefly, Interior Minister Schily called it "a modern, flexible, business friendly, and socially balanced instrument for demand-oriented control and limitation of immigration." Parliament is due to vote on the law by year's end. In the unlikely event that immigration legislation is not passed, this divisive issue will be fair game in next year's general election. With right-wing conservatives having shown no qualms about exploiting xenophobic fears in the past, Germany's center-left government is anxious to bring the immigration debate to a close. ☹

Terry Martin is EUROPE's Berlin correspondent.

An Ecuadorian in Madrid

On a sunny afternoon in a Spanish park, several young women sitting on a bench chat gaily while keeping an eye on their young charges playing in the sand or snoozing in their strollers. An eavesdropping passerby will notice that these women are not speaking in the Castilian of these parts but rather in the soft, abbreviated accent of the Andes. They are darker, too, and their features, with the high cheekbones and distinct noses, indicate native Indian ancestry.

They are from Ecuador, the poverty-racked and economically unstable South American nation that is now providing Spain, once a country that exported its own people in droves, with many of its domestic workers and field hands.

Mirella Mijas, a thirty-one-year-old nanny who works for a middle-class family in a northern Madrid suburb, is perhaps typical of these New World immigrants to the Old World. She came to Spain about eighteen months ago, following in the footsteps of her mother, two sisters, and two brothers all seeking a decent wage and a standard of living denied them in their home town of Loja in central Ecuador.

"There's just no work for someone like me back home," she complains. "Unless you know someone or are *enchufado* (well-connected) as the Spanish say, finding work is almost impossible. I originally wanted to go to the United States, but my visa request was turned down, so I came here instead."

Mirella, who is divorced, left her four children ranging in age from six to twelve years of age with another sister in Loja and flew to Spain as a tourist. Since the Ecuadorian economy went very, very bad in recent years, tens of thousands of people have done the same. "At that time, all you needed to get in here was a valid passport and an airline ticket back to Ecuador, but no one ever used the return ticket because we all came here to work, not to see the sights and then go home."

Ecuadorian officials estimate that as many as 200,000 of their citizens have emigrated to Spain in recent years. Most stay and work illegally, but others move on to the United Kingdom, France, or Germany. Mirella says she is happy right where she is.

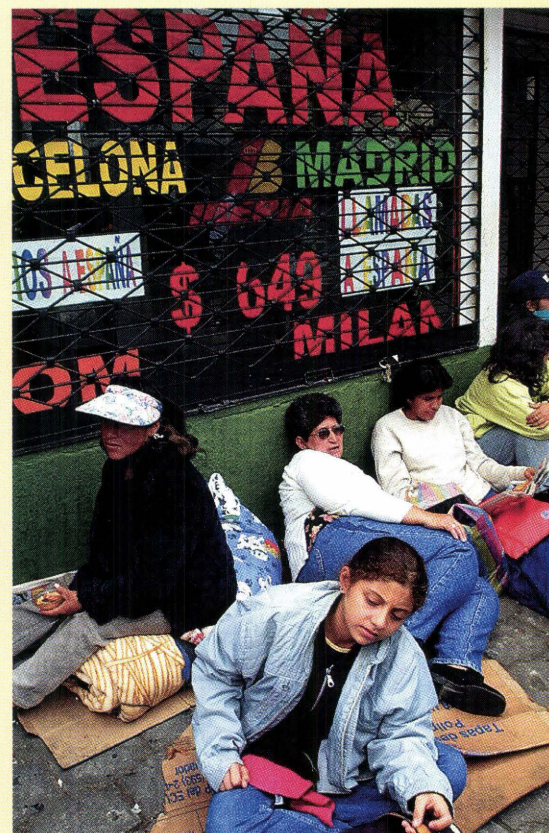
"I make about \$450 a month here, or double what I could earn in Ecuador. I send about \$300 of that to my children back home and put a little aside to save up for their plane tickets so they can join me, hopefully sometime before Christmas," she says.

Her employer pays her social security that guarantees workers free health care and a pension.

"I'm legal now and so have access to the Spanish state medical care system with its free doctors and subsidized medicine," Mirella explains. "In Ecuador, you either have the money to pay a doctor or you just stay sick."

"Spain is a wonderful place. The Spaniards are very helpful to immigrants, and there are organizations like church groups that help foreigners get on their feet," Mirella explains. "My plan is to stay about five or six more years, and then perhaps I'll return home." ☹

Benjamin Jones, based in Madrid, is an editor for EFE and a contributing editor for EUROPE.



Prospective travelers sit in front of a travel agency in Quito, Ecuador, as they await their transit documents from the Spanish consulate.

Immigrant street merchants selling a variety of goods have become a common sight in Rome.

grants in the country, a figure expected to rise to 3 million in a decade.

Moroccans still comprise Italy's largest immigrant community, but arrivals from Africa are slower today than inflows from the Indian subcontinent and, more poignantly, Eastern Europe. EU enlargement is expected to significantly increase immigration into the Union from East European countries, with most of the inflows focusing on Germany.

While official figures point to a degree of stabilization, many Italians perceive the problem as having reached epidemic proportions. A lot of that has to do with illegal immigration. Boatloads of people have been washing up illicitly on Puglia's shores for years, while a steady flow of immigrants from the Balkans has coincided with an increase in crime in the affluent north.

A Milan-based statistics unit recently estimated the number of illegal immigrants in Italy today at 300,000, many of them working in the country's thriving black labor market. Last year, the home office issued 64,734 expatriation warrants. Of those, only 2,867 were executed.

Italy's Immigration Quandary

Low birthrate, high crime create difficult choices

By Stephen Jewkes

Italy has traditionally had a good race relations record. Hardly surprising, you might say, for a country that for more than a century was famous for its emigration. But all that could be changing. As immigration from Africa and Asia alters the makeup of the population and organized crime from Eastern Europe squeezes out the home-grown mobs, Italian public opinion is hardening.

Italy now accepts more immigrants per year than most of its EU partners. At the end of 2000, it hosted approximately 1.7 million legally registered immigrants—2.9 percent of the Italian population. These numbers might seem relatively modest, but they're des-

tinued to grow. A recent study by Caritas, the Catholic Church's agency for overseas aid and development, says that more than 100,000 immigrants a year have been entering Italy for the last five years, 130,000 last year alone. According to Caritas, immigrants will account for 3 percent of the total population by 2002. That's the same as the United Kingdom.

But if Italy is almost on par with the UK, it is still some way behind Germany and France where legal immigrants account for 9 percent and 6 percent of the populations, respectively. Indeed, Italy still lags behind the EU average, which is pegged at roughly 5 percent. But the outlook is for change. By 2003 there should be approximately 2 million immi-

With crime on the increase, frustration is mounting at the state's inability to stem the tide of illegal immigrants. Albania is a particular sore spot. The Albanian mafia, which only set foot in Italy ten years ago, has already cornered the drug and prostitution markets in major cities. As the UN conference on racism got underway in South Africa this September, the Italian media was full of stories of Albanian crime gangs breaking into villas in Northern Italy and holding up families at gunpoint.

To allay anxiety, the center-right government of Prime Minister Silvio Berlusconi, which includes the xenophobic-prone Northern League, has drafted new punitive legislation. The

quota system will be maintained, but entry will be dependent on a work permit, and Italians will be given job priority. More importantly, tough measures will be taken to discourage illegal immigrants, including one to four years imprisonment for those arrested a third time for illegally being in the country.

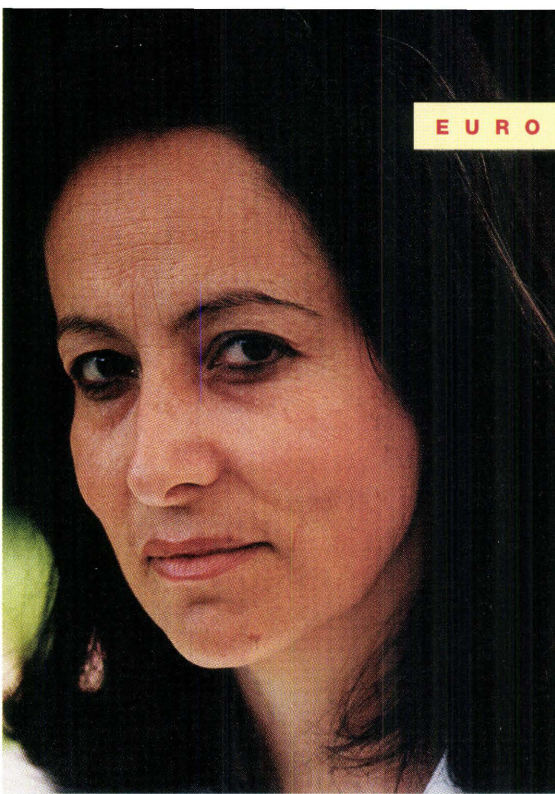
Not that the Italian government wants to stop immigration. That's something it can't afford to do. With one of the world's lowest birth rates, Italy needs immigrants to help it support a rapidly aging population. As fertility rates fall, and Italians increasingly opt for smaller families, companies are finding it hard to recruit labor. A recent OECD report warned that Italy, with just 5.6 percent of its population younger than six years of age, was in danger of running out of babies.

The worry is that an aging population could impact economic growth and place an unbearable burden on what is already one of Europe's most generous pension systems. Pension spending in Italy, already growing faster than gross domestic product, is set to accelerate from the current 14 percent of GDP to more than 15 percent by 2015. It is then expected to peak at 16 percent in 2030 before, hopefully, dropping back to 13.5 percent by 2050.

The so-called Dini reform of 1996 introduced a series of measures designed to cut pension spending over time. Many, however, believe these measures might now be too gradual. The Berlusconi government, which recently said it will increase minimum pensions for Italians older than seventy, is slated to review the issue this fall, but in the face of trade union hostility, officials have already intimated it will take no immediate action.

The introduction of private pension schemes could go some way to addressing the pension time bomb. But most people agree this is something of a long-term solution. In the meantime, the country's pay-as-you-go pension system needs funding. Italy might soon find it needs immigrants as much as they need Italy. ☺

Stephen Jewkes, based in Milan, is a correspondent for Bridge News and a contributing editor for EUROPE.



Anna Diamantopoulou

European Social Affairs Commissioner

Social Affairs Commissioner Anna Diamantopoulou deals with, among other issues, the jobless, company executives, political leaders, nongovernmental organizations, homosexual issues, and prostitutes, and, thus, firmly believes she has one of the most exciting—and political—portfolios in the European Commission.

EUROPE INTERVIEW

With the atmosphere in Brussels still tense following the September 11 terrorist attacks in the United States, the former socialist deputy industry minister, member of parliament, and engineer sat down to discuss a wide range of issues with EUROPE contributing editor Axel Krause.

Since the September 11 terrorist attacks, what has changed at the Commission and at other EU bodies?

Nothing has changed in the way we work, or in our agenda. But there definitely was an impact on the speed (of reactions) and in setting priorities for

our agenda. This involved focusing on the old idea of creating a European space for freedom, justice, and security...we never expected that there would be an agreement on this issue in the Commission, the Council, and European Parliament...in one week. We had thought the discussions would last for months or even years.

Turning to the EU job market, could you explain your statement that there are millions of people in the EU who might work if they could but don't try?

The numbers, estimated at 10 million people, refer to 4.5 percent of the EU working-age population...women with children, those who have to look after disabled people or old parents, and in some cases, to people who do not try to find work, persuaded there is nothing for them. We must make all these people active. It is one of our main challenges.

Given the generous unemployment benefits available throughout the EU, compared to the United States, doesn't it make more sense for many jobless to stay at home?

Yes, the social model in Europe is generous, compared to the United States.

In the past it was very generous, and in some cases, there were disincentives for job-seekers. This is not the case for the time being. The model of protection was changed due to the big problem of unemployment in the 1990s and of migration. In the majority of EU member states, there emerged questions of the sustainability of the social security systems and of the social model as a whole. One of our main goals, here and at national levels, is to reform the social model in order to make it sustainable. But in no way can we say ours will be like the American model.

What do you think of the large underground “black economy” in Europe, where work is performed for pay, remains undeclared, providing an illegal cushion for many people?

We can find it in some (EU) countries, particularly in the south, for historical and political reasons. We can say the black economy releases people (to work) for a period of time, but it is a very big problem in the long term. It is part of our employment strategy to reduce the impact of the black economy.

Until recently, many EU-based companies, particularly in high-tech, were complaining they couldn't find qualified workers and technicians, and would seek them in countries like India. Is this still a problem?

Yes, there is a skills gap. It is one of the main problems in Europe. A year ago, a European study showed that there were 800,000 vacant jobs at the European level and that in two years it would be at 1.5 million. It is one of our failures that we did not manage to match the changes in EU production with educational, training and retraining systems. Now, in the Commission, responding to the new employment chapter in the Amsterdam Treaty, we are proposing to the Council every year quantitative targets and guidelines for member states in order to develop, for example, training and retraining policies, to match (the needs of) companies and universities.

What lies ahead?

During the Spanish presidency, at the EU summit in Barcelona (next March), we will be presenting an action plan aimed at the skills gap and (worker) mobility.

But how can there still be a gap when al-

most every day high-tech companies are announcing large-scale layoffs of skilled workers and managers?

When we talk about the skills gap, we do not mean that there is a gap only in these high-tech companies. There is a wide, horizontal problem.... We can find it in the construction sector, in services generally, tourism, and banking.

So where will the workers and technicians come from?

There are two observations regarding major weaknesses in European policies. The first concerns immigration. For many years and even now it's very difficult, if not impossible, for those coming from foreign universities to continue his or her life in Europe, to stay and work. It's the opposite of what happens in the United States. So we are now trying a new approach at the European level, developing cooperation with brilliant people around the world.

Does that mean you cannot find the talent in Europe, particularly today with unemployment rising?

That is my second observation on an exaggeration, namely that we cannot find the talent in Europe. Of course, we can find everything in Europe. What we are working on is offering opportunities and changing our mentalities and our systems in terms of education and training. Member states are investing huge amounts of money (in training and retraining), and we here are trying to accelerate all these policies, in order to close this huge gap.

But isn't there also going to be strict tightening on legal and illegal immigrants coming into the EU, as a result of anti-terrorist policies?

Illegal immigration certainly causes a lot of concern as far as social cohesion is concerned because (once they arrive) they live in poverty, without rights, and undermine the labor market. They affect wages and the unemployment rate in some sectors. So we are trying to tighten policies in all member states. The Commission is trying to find common rules in all member states that would apply to, for example, asylum seekers and refugees. I work

closely on this with Justice Commissioner Antonio Vitorino. Developing a common framework for immigration is not all that easy, and it is becoming more difficult with enlargement.

Are you referring only to some of the current applicants for membership—Poland, Hungary, the Czech Republic, Slovenia, and Estonia?

No. There are a total of thirteen (also including Bulgaria, Romania, Slovakia, Latvia, Lithuania, Cyprus, Malta, and Turkey). The problems begin with the freedom of movement of workers being one of the main principles in the (EU)

“One of our main goals, here and at national levels, is to reform the social model in order to make it sustainable.”

treaty. But in all previous enlargements there were always transition periods. Considering that Austria has four applicant countries on its borders, and there are similar problems facing Germany, Finland, and Greece. We had long negotiations resulting in the following: two years after accession of a new member state, there will be no free movement of workers, necessarily. Determinant (during this period) will be national, bilateral agreements between these countries. But those member states that can prove that there will be problems in their labor markets can extend the deadline (on free movement of workers) to five years, in some cases to seven.

Is there really a prospect of huge numbers of East Europeans flooding the EU?

A recent survey showed that, assuming all the applicant countries joined at the same time, we could anticipate a flow of people into the EU totaling some 300,000 people per year. Some 180,000 would be workers. It is not a big number. And the majority of the workers would go to Germany and Austria. There were similar fears (about a flood of immigrants) when Spain joined the EU, with an eight-year-transition period, but it hasn't happened.

How do you assess the current outlook for EU job creation and unemployment?

Having created a record 3 million jobs last year and 10.5 million since 1995 because of economic growth and reforms, we have some 13 million unemployed people in the EU today, or about 8 per-

cent of the workforce, which is not small. Initially, our goal was to achieve 70 percent employment by the end of 2010, compared to 63 percent currently. But the precondition was a 3 percent growth rate, and now we estimate, because of the recession in the spring and September 11, it will be less than 2 percent for the last quarter of this year.

Are there any bright spots?

The euro, which means no exchange rate fluctuations as in the past. The (government) budgetary situation in most EU member states remains very good, with few inflationary pressures. And because of reforms, the labor market is more flexible than in the past.

Have you addressed the question of growing, anti-immigrant sentiment that now has extended to violent attacks on Muslims, including Turks and North Africans, living and working in EU countries?

We had observed (before September 11) a rise in xenophobia in many member countries, but not directed specifically at Muslims. But now, because of September 11, there were violent incidents in the United Kingdom, Belgium, and Germany. I immediately asked the Commission's racism agency in Vienna (Monitoring Center on Racism and Xenophobia), which has been operating for two years, to provide us a run-down on the situation in all member states and to make some policy recommendations. We have decided on an anti-discrimination program, to be run by the agency, financed by us, in order to see, for example, if there is a need to intervene, immediately in some member states, with campaigns and public discussions, notably between employers and employees.

When you speak out against "sexual slavery," do you include cases of foreign women exploited as greatly underpaid domestic help, or are you concerned mainly about prostitution?

In your first reference, (to domestics) you cannot use the word slavery; they are deprived of proper wages and social security rights, but they are not slaves. But in the second, we are often talking about very young girls, kidnapped, working twelve hours a day without being paid, with no rights; and when they manage to escape, they have no documents, no money, they don't speak

the language...I have visited two main civic centers in Amsterdam and Antwerp supporting (treatment and rehabilitation of) these women.

What is the Commission doing?

With Mr. Vitorino, we, for the first time, recently announced a policy framework concerning trafficking in human beings, with three components. First, we proposed concrete legislation concerning all member states because there currently is a variety (of all laws) among them, some strict, some light. Ours would provide for (common, EU-wide) jurisdictions, police cooperation, penalties. It concerns only member states. Second, we propose support for women victims of trafficking, in the form of aid to governments, local authorities, nongovernmental organizations in order to develop networks and social services. Third, international cooperation, specifically with the United States.

What about East European countries seeking EU membership, some of which are major suppliers of prostitutes?

Working in cooperation with Mr. (Poul) Nielson (development and humanitarian aid commissioner), we hope to make prevention of trafficking a precondition for humanitarian aid provided by the EU. This also includes using films, translated into all languages, to inform women in former Soviet countries what this "paradise" in the West is all about.

And on the demand side of prostitution?

Something is ill in our societies because there is a huge demand. Men who go with these women know the situation. We are supporting (countering) campaigns—educational, in the media—and we are beginning to see big changes in the legislation in some member states. In Sweden, they have completely prohibited and penalized prostitution. And if we can reinforce and expand cooperation between EU-member state police forces and prosecutors, particularly by strengthening Europol, it would play a very important role in (reducing) trafficking of human beings.

In your work, how do you relate to European trade unions? What should they be doing now?

We cooperate continuously with the European Confederation of Trade Unions and Union of Industrial and Employers' Federation. Because of the big changes in our labor market and production model, they both have to play an even more important role. But it is not easy for them to agree. Their main challenge is to participate in lifelong training programs, to support the changes in the labor market to make it more flexible and, at the same time, secure.

What is your reaction to the French Communist Party proposal to severely penalize companies that fire workers?

The result (if enacted in the EU) would be the closing of our borders, and we would be alone in the world.

Is there a future for so-called "tele-workers," people who work for employers on computers from home?

We have been discussing drafting a directive on this for more than a year because Europe currently has about 7.5 million tele-workers, and we believe there will be three times more over the next few years. For Europeans, there are new problems—what are their rights? How many hours do they work? There are insurance, pension, and safety problems. Can they belong to unions? It is a very new concept.

In light of the recent creation of Eurojust, will there ever be anything similar in the social-jobs area?

Compared to the past, there has been a big shift after Amsterdam and Lisbon (EU summit meetings) as we now talk and act at the European level with regard to employment and social policy. Only three months ago, we launched a new European initiative concerning the fight against poverty and exclusion that includes comprehensive definitions. But it is very difficult to talk about a common European authority dealing with social issues because there are big differences among member states and from region to region. I believe that in the future, when Europe has a common currency and more or less the same financial-budgetary situation—and considering we already have common health and safety legislation and common labor codes in many European countries—we could be talking about a European version of the (Geneva-based) International Labor Organization. ☺

UNITED KINGDOM

Tony Blair's New Term

By David Lennon

Swept back into power with a second massive majority, Tony Blair has set his government the task of delivering the improvements in the United Kingdom's crumbling public services that New Labor signally failed to do in its first four years in office. And with the euro becoming the currency of twelve of the EU's fifteen members in January, he will also have to confront the issue of if and when to call a referendum on the UK joining the single currency.

But then the September 11 terrorist attacks swept everything off the board as Blair placed the war against the perpetrators of the crime at the top of his agenda. Expressing total support and commitment to the Bush program, not everyone in his Labor Party was happy to see this blazing moral certainty and unquestioned support for actions that could have unforeseen consequences, including making the UK a target for

year or two. The timing of the looming recession is particularly unfortunate for Brown as it is now, in the second term, that he is expected to loosen the treasury purse strings to fund badly needed investment in public services.

This is one of the reasons why he is such a strong supporter of the Private Finance Initiative (PFI), using long-term private money, he believes, is a far more sensible way to fund new public infrastructure than the former "hand-to-mouth" public sector finance policy. The government wants to extend the PFI beyond infrastructure into the provision of teaching and clinical services.

Brown will be a key player in the decision about whether to recommend joining the euro. He is ambiguous about the benefits and has devised a clever set of "economic" criteria that would have to be met before the UK considered joining the single currency. He is not against it for any ideological reasons, indeed, the chancellor proclaims himself as a strong believer in open economies, international capital markets, and global competition.

As head of Labor's re-election campaign, he is only too well aware that despite the spectacular victory there is a huge gulf between the government and the public on many issues, Europe included. Whether or not to hold a referendum on the single currency is a political decision. Jack Straw, the new foreign secretary, is not a proponent of entry. With only 25 percent of Britons currently in favor of joining and 57 percent opposed, neither Tony Blair nor Brown want to risk a repeat of the Danish experience because a "no" vote could damage New Labor's image of electoral invincibility.

For the moment Labor cannot believe their luck as they watch the opposition Conservative Party tearing itself apart in the wake of the worst electoral performance in modern times. However, this will not last forever.

If its new leader can mount a credible attack, Labor could be facing a much tougher electoral challenge four years from now.

Northern Ireland is not an electoral issue here, but it is proving to be a headache for Blair as Protestants and Catholics continue to view each other with profound suspicion, which occasion-

ally erupts into riots. The Good Friday agreement on power sharing continually teeters on the verge of collapse as the Protestants demand the decommissioning of IRA weapons and the nationalists demand changes in domestic policing.

Closer to the heartland, the government does have to face the reality that racism is a growing issue, as reflected not just in street disturbances, but in the strong support shown at the polls for the racist British National Party. These feelings of hatred have been fanned by increased immigration and the issue of how to handle asylum seekers from Eastern Europe.

Actually, it was immigration that led the Office for National Statistics to announce in the summer that the population had swelled to more than 60 million, up from 50 million in 1948. For the last two years population growth has been almost entirely due to immigration. Less happily, this has made the UK one of the world's most densely populated countries in the world, and the third most crowded in Europe after Belgium and the Netherlands.

The trade unions could also pose difficulties for the government. Though still emasculated by the Thatcher reforms, membership is on the rise again. Membership rose by 600,000 in the past two years to 7.3 million.

Dissatisfied with the government's performance on labor and social issues, one union, the GMB, announced that it was cutting its financial support for the Labor Party by \$1.5 million. Restless trade unions and possible strikes would damage the New Labor image as a business friendly party. Overall, the low turnout at the June general election demonstrated voter apathy and a deep-seated dissatisfaction with the state of public services.

Labor remains in power but with the support of fewer than one in four of those eligible to vote. One of the tasks facing Tony Blair and other politicians will be to make the electorate interested again in the way they are governed. If the economy runs into a recession and plans for improving public services are derailed, then New Labor will have to pray for continued chaos among the Conservatives if it hopes to win an historic third term. ☹

David Lennon is EUROPE's London correspondent.

TIME FOR DELIVERY

more terrorist attacks. But most saw the premier's reaction as admirable. However, as the war against the enemies of the West drags on, there will be a reversion to more mundane issues.

Delivering improved health, education, and transport are among the main targets of the government's second term. The path to achieving this will be to deepen the involvement of private sector investment in the public services, despite the growing disquiet in some quarters about the downside of this policy. Other domestic issues that will be on the agenda are racism and immigration, Northern Ireland, and of course, the economy.

Chancellor of the Exchequer Gordon Brown had an excellent first term. In fact he could claim to be the architect of Labor's massive electoral victory. Unemployment is at a twenty-five-year low, consumer spending is still strong, inflation is tightly contained, and his prudent policy on public borrowing is a role model for other nations.

But with the US standstill in growth even before September 11 and certainly all the negative economic and financial consequences since threatening to adversely affect Europe and the UK, he is not expecting an easy ride over the next



The Blair-Bush Partnership

By Lionel Barber

Hours after the terrorist outrages in New York and Washington, Tony Blair pledged to stand “shoulder to shoulder” with the American people in a new war on international terrorism.

Like virtually all of his post-World War II predecessors, the British prime minister has sought to ensure that the United Kingdom remains a staunch ally of the United States in times of crisis.

In this case, this means not only offering military resources but also intelligence sharing and outright political support.

This comes naturally to Blair, the center-right leader of a nominally center-left Labor party. He has moved effortlessly from a close friendship with Bill Clinton, the Democrat incumbent at the start of his premiership, to a warm relationship with George W. Bush, a Republican.

Things did not go so smoothly in 1992. John Major, Blair’s Conservative predecessor, sided overtly with Bush, the senior, during the presidential election campaign. This left him ill-prepared for a Clinton victory.

This time, Blair ordered that all effort should be made to keep open contacts with the Bush camp. Several senior administration officials, such as Dick Cheney, vice president; Condoleezza Rice, national security adviser; Colin Powell, secretary of state; and Robert Zoellick, US trade representative, worked well with the British during the Gulf crisis in 1990.

But the big unknown was Bush himself. The former Texas governor had none of the international savvy of his father, and he was not a known Anglophile. His foreign policy horizons stretched more toward the Rio Grande, in the direction of Mexico and Latin America.

According to several insiders, the crucial breakthrough between the two leaders came last spring when Blair visited Washington and Camp David, the presidential retreat. "They got on very well," says a senior US official. "There was obvious chemistry."

Blair went out of his way to avoid criticizing the Bush administration's plans to build a national missile defense (NMD). Bush responded by steering clear of controversy over the European Union's plans to create a 60,000-strong rapid reaction force to operate alongside NATO.

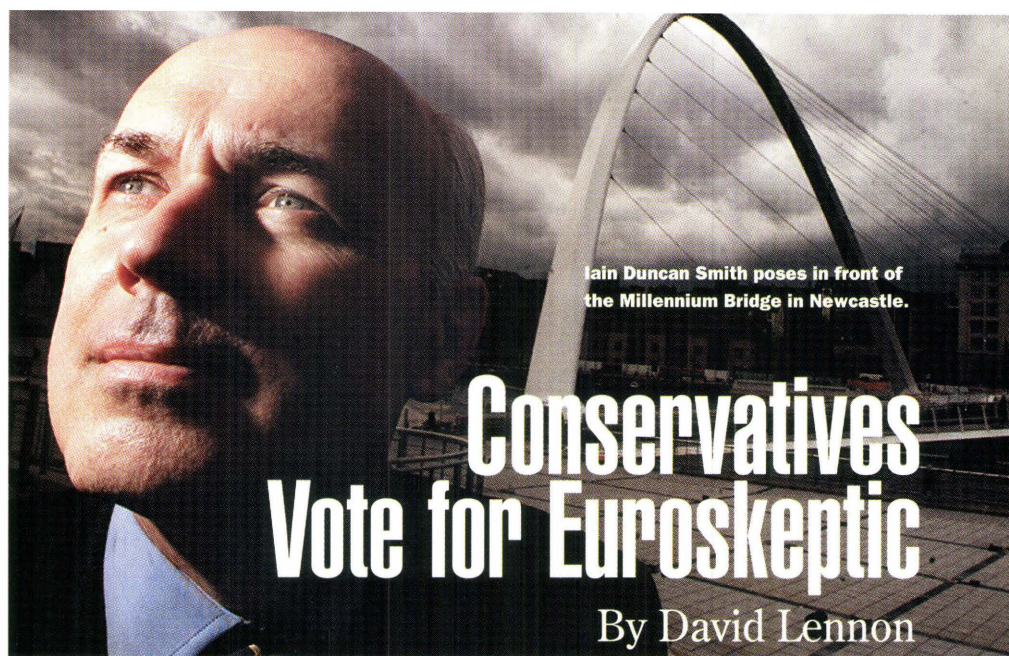
The informal bargain allowed both men to focus on what unites Europe and the US rather than what divides them. It also allowed Blair to distinguish himself from other leaders, notably Gerhard Schröder, the German chancellor, who had appeared more critical of NMD and American unilateralism.

Under this harmonious surface, there are, nevertheless, some important nuances. Blair and his colleagues harbor doubts about missile defense on technical grounds, but also they fear that precipitate development could unnecessarily antagonize the Russians and the Chinese. In the words of one UK official, this is an issue that the Europeans, including the British, just hope will go away.

Blair has also made efforts to ensure that he does not detach himself from his partners in the European Union. Ever since he came to office more than four years ago, Blair made clear that he wants the United Kingdom to play a "leading role" in Europe. Without being a member of the euro zone, it means that the UK will have to use its clout in defense and foreign policy.

Ultimately, Blair's aim is that the UK will become the indispensable transatlantic bridge. This is a difficult goal—but even more so in these troubled times. ☹

Lionel Barber is the news editor of the Financial Times.



Iain Duncan Smith poses in front of the Millennium Bridge in Newcastle.

Conservatives Vote for Euroskeptic

By David Lennon

The United Kingdom's Conservative Party, after losing heavily in this year's general election, has now chosen the little-known, anti-European Iain Duncan Smith as its new leader to replace William Hague who quit in the wake of the electoral defeat.

Duncan Smith is a hard-line Euroskeptic and devotee of Margaret Thatcher. By choosing him, the party's aging membership appears to have left the Conservatives with little hope of regaining power in the near future. There are also real fears of splits within the party as moderates find it impossible to work with the new leader.

During the leadership contest former prime minister John Major described Duncan Smith as "untested and inexperienced" and those around him as "electoral poison." Margaret Thatcher, on the other hand, gave him her backing and said it would be a "disaster" if the party chose his opponent, the moderate former chancellor of the exchequer Kenneth Clarke. Duncan Smith won 60 percent of the vote.

The new Conservative leader believes in slashing the role of the state and disengaging from the European Union. He is a supporter of capital punishment and against equalizing the age of consent for gay men. In the past, he has called for the abolition of universal social benefits such as children's allowances. Indeed some of his ideas for public services are so extreme that they were even rejected by Keith Josef, the father of Thatcherism.

In 1996, he co-authored a pamphlet warning that "the EU has become the legal framework not for containing Germany but for increasing German hegemony." In February this year, as shadow defense secretary under Hague, he warned US Defense Secretary Donald Rumsfeld of the dangers posed by the European Rapid Reaction Force, which he regards as an embryonic army.

During the leadership battle, he attempted to downplay his Thatcherite reputation and pledged to abandon unpopular right-wing policies that alienated voters. He plans to focus

less on European issues and reconnect with the voters by concentrating on a reform of public services.

"I want to build a coalition which reaches out beyond our middle-class base to members of all classes and to try to build an electoral coalition of the kind that Thatcher built in the 1980s. This would again be a real 'one nation' politics," he declared. Yet, following his victory, he made no attempt to appoint a balanced shadow cabinet and made no gestures toward the center-left of the party.

Far from being a charismatic figure, Duncan Smith can be long-winded and unfocused in his speeches and even the Conservative-supporting *Telegraph* wrote that "he will need charisma lessons."

The ruling Labor Party is delighted with his selection and is busy depicting him as a son of Thatcher but without Hague's brains. Both Labor and the centrist Liberal Democrats are hopeful of picking up disaffected Tory members of parliament and voters. ☹

From the tube to the classroom, the UK seeks private funding for public projects.

When Margaret Thatcher sold off state enterprises, the Labor Party led the protests, and many demanded re-nationalization.

Today, the Labor government is actively promoting the involvement of commercial firms in the provision of public services and is having to quell protests from its own members, among others.

The Private Finance Initiative (PFI) says that public services, such as hospitals, schools and even the prison service, must consider financing new works privately before asking the gov-

ernment to provide the funds. In fact, no new money will be released for major new public sector infrastructure projects unless the private financing route has been tried.

The PFI concept was first introduced in 1993 by the Conservative government, which argued that the private sector would run hospitals more efficiently and, therefore, more cheaply. Labor embraced this concept and last year announced that public projects worth \$30 billion would be privately funded by 2003.

Over the next six months, as Labor battles to promote private sector finance, ten PFI deals will be ready for refinancing, six of them public hospi-

CORPORATE ROLE IN



Prime Minister Blair and the Labor Party have embraced a policy that uses private funding to pay for public services, such as the London Underground.



A group of British pupils take their GCSE exams.

Public Services

By David Lennon

tals. This approach allows the government to open new schools and hospitals with fewer immediate tax increases.

Critics such as George Monbiot say that the PFI transfers control and ownership of the nation's infrastructure to private business whose interests are often different from those of the electorate. In his book *Captive State: The Corporate Takeover of Britain*, Monbiot argues that corporations have become so powerful that they now threaten the foundations of democratic government.

He and many others fear that corporations are seizing control over the UK's hospitals, schools and universities, that they dominate many government ministries, and that in effect the Blair government is ceding power to companies that it cannot control.

In London, Mayor Ken Livingstone staunchly opposed the PFI approach to funding redevelopment of the underground transport system. Backed by Bob Kiley, the man who rescued the

New York Subway, he has fought long and hard to block this approach. But the government is unmoved.

However, the party was shocked when a Labor minister was heavily defeated by an independent candidate running on a single issue—protest against the closure of the accident and emergency unit of the local hospital as part of a rationalization program.


Richard Taylor, a retired local doctor, won a remarkable victory and said it should serve as a warning that “the next time anyone angry at a school closing, the axing of another hospital, a lack of bobbies (police) on the beat, in fact any failure in any public service, may be able to follow the example of Wyre Forest. Perhaps we will create a whole band of independents who will really break the mould of British politics.”

Of course this is hyperbole. There is little chance that Taylor's success could be repeated across the country. But there is no doubt that in the future, political candidates from the ruling party

will have to be more sensitive to local feelings if they want to retain their seats.

Tony Blair, however, has no intention of abandoning the PFI approach. After all, he told the Confederation of British Industry in 1997 that there is “great commitment and enthusiasm right across the government for forging links with the business community.”

However, he has had to take account of the growing fight within his party and in particular within the trade unions, who still provide powerful support for Labor.

The Trade Union Congress assembly in September was one of the occasions where opposition to PFI was loudly voiced. Blair conceded to the union leaders that the issue of involving businesses in the provision of public service could have been better handled. But at the same time, he stressed that the principle of breaking through ideological barriers was right and that Labor will press ahead to strike the best deals for the public services. 



British Camp in Afghanistan in December 1879

By Peter Gwin

The Great Game

As a young Pashtun tribesman, fighting with the Taliban, hunkers down in a mountainside bunker, scanning the skies for US and British jets and listening for the whistle of falling bombs, perhaps he remembers stories his father has told him about fighting the Soviets during the 1980s. Or maybe he reminds himself of his descendants' legendary defeats of the red-coated British. In any event, if you were to ask him, he would surely say that he is following a centuries-old Afghan tradition of resisting "infidel" invaders. In fact, since its birth as a kingdom in the eighteenth century, this Central Asian nation has made fighting better-

equipped, more sophisticated foreign forces something of a national tradition.

Afghanistan earned much of this reputation during the nineteenth century. With European imperialism approaching its zenith, Central Asia emerged as an important quadrant on a grand chessboard stretching from the Atlantic to the Pacific. The competing empires of Russia and Great Britain eyed with increasing interest the land between the Khyber Pass and the Caucasus. Much of this land comprised the kingdom of Afghanistan, which had been established in 1747 with the election of Ahmad Shah Abdali as king by an assembly of Muslim chieftains.

Afghanistan and its dry, mountainous terrain was not, however, the focus

of these two Great Powers' desire, India was. The Russian czar, who was steadily extending his empire south-eastward into Central Asia, saw that Afghanistan offered a prime invasion route to the wealthy British colony. The British, who continued to advance their Indian gains northwestward from Delhi, reached the same conclusion: Whoever controlled Afghanistan could potentially dictate the future of India.

The first substantial plans to invade India through Afghanistan, however, came from another ardent imperialist. In 1807, Napoleon suggested a joint French-Russian invasion to Alexander I. When the French leader double-crossed the czar and invaded Russia instead, Britain's generals breathed a re-



military assets of the land—notably the locations of water and vegetation capable of sustaining an army encompassing thousands of men and animals.

One of the first to embark on such a mission was a British scout named Arthur Conolly. In 1829, posing as a trader, he set off from Moscow to determine the feasibility of crossing Central Asia en route to India. Four years later, he published a detailed account of his harrowing expedition and ominously predicted what a Russian invading army would encounter in Afghanistan.

“If the Afghans, as a nation, were determined to resist the invaders,” he wrote, “the difficulties of the march would be rendered well nigh insurmountable. They would fight to the last drop of blood harassing the Russian columns incessantly from their mountain strongholds, destroying food supplies, and cutting off the invaders’ lines of communication and retreat.”

It soon became clear to both the Russians and the British that the terrain and the warring cultures that inhabited it could not be overcome with only superior European weaponry and tactics. A much more complex strategy would be required to subdue the territory, one demanding shrewd alliances, espionage, and treachery.

Early historians writing about the period dubbed this collective strategy and

then Kabul, they returned to power Shah Shujah, who had been chased from his throne thirty years previous. In due course, British outposts were established throughout the region; the officers sent for their wives and families; and a cricket pitch was built in Kabul.

This peaceful reign, however, was short lived. The local tribes resented Shah Shujah and in 1841, led by Dost Mohammed’s son, rebelled in Kabul. The Afghans successfully cut off the British from reinforcements, and when the British envoy, Sir William Macnaghten, came under a flag of truce to discuss terms for peace, the Afghans killed him and several of his officers. His body was dismembered and carried around Kabul. (This ghoulis scene, writes historian Karl E. Meyer, would be repeated in 1997 when the Taliban executed Najibullah, the Soviet-backed leader who had managed to cling to power in the wake of the Red Army’s 1989 pullout.)

Months later, British reinforcements arrived to rescue the besieged Kandahar garrison and liberate British hostages held in Kabul. Nevertheless, the loss proved startling to the British, who had yet to suffer a significant defeat during their entire campaign in India, and coming at the hands of a supposedly inferior military force

Revisited

Repelling powerful invaders has long been an Afghan national tradition

lieved sigh, yet they remained highly alert to the potential threat of such an invasion.

The Great Game

Over the next several decades, both Russia and Great Britain dispatched a succession of scouts and spies into Afghanistan and the surrounding regions to determine the feasibility of marching a force through this hostile territory. Much of it no European had previously set foot in, and only the barest of sketch maps existed. Furthermore, what little was known was that its terrain consisted of withering deserts and rugged mountains, which were controlled by fierce tribes. Both sides needed to survey the

its prosecution in the region “the Great Game,” which fittingly derives from Conolly, one of its first players, who wrote to a friend that he wished to play a part in “a great game” to frustrate the Russian schemes to conquer the region.

The First Afghan War: 1838–42

The First Afghan War began with a British expeditionary force that fought and bribed its way from India through rugged mountains infested with snipers and marauding bands of Muslim tribesmen. They were sent to oust the ruling emir, Dost Mohammed, who was accused of having entertained one Russian spy too many. After successfully conquering Kandahar and

added further embarrassment. Ironically, after withdrawing all its forces from Afghanistan, the British supported the return to power of Dost Mohammed, whose ouster had precipitated the campaign.

The Second Afghan War: 1878–80

In the three decades following Britain’s retreat from Afghanistan, Russia continued to extend its southeastern frontier toward India, assiduously conquering a string of Central Asian kingdoms. These contained some of the ancient silk route’s most important cities, including Tashkent, Samarkand, Khiva, and Bokhara. Meanwhile, Afghanistan remained cautiously independent of either of the imperial

powers. But in 1878, the czar sent a military delegation to Kabul that managed to convince the ruling emir, Sher Ali, to ally with Russia against the British. The British immediately sent a force of 30,000 men to challenge the Afghan agreement with Russia.

Sher Ali soon found himself in a bind. His new allies, the Russians, suddenly refused to send troops to help him repel the British invaders, who, after fierce fighting, had already seized the Khyber Pass, Jalalabad, and Kandahar. He decided to go in person to plead with the czar to honor their treaty; however, he was refused entry into Russia and died soon after in the town of Mazar-e Sharif.

In the meantime, his son, Yakub Khan, had been left in Kabul to deal with the British, and upon hearing of his father's death, he quickly negotiated peace with the British force's senior political officer, Major Louis Cavagnari. The terms ceded the Khyber Pass and other lands to Britain and allowed the British to post missions in the kingdom and to determine its foreign policy. In return, the British agreed to withdraw their troops from Afghan territory and promised to defend the kingdom from the Russians.

On July 24, 1879, Cavagnari and a contingent of fewer than 100 men arrived in Kabul to establish the British mission. Tensions, however, remained extremely high as most of the Afghan chieftains opposed the deal struck by Yakub Khan. Ultimately, Cavagnari and his men endured the same fate that befell Macnaghten nearly forty years before. A street revolt, which went unchecked by the emir, led to the storming of the British mission and left no survivors.

Predictably, the British sent an army from India to return order and punish the culprits, 100 of whom were executed after an investigation and trial. However, this only further incited the chieftains. A ninety-year-old cleric called on the tribes to wage a jihad against the infidel invaders. Together they raised an army estimated to be 60,000 strong and prepared to attack. Although the much smaller British force easily repelled their ferocious assault, London began to recognize the expensive and bloody quagmire it faced in this remote, harsh country from these turbulent people.



A convoy of Soviet Union armored vehicles withdrawing from Afghanistan in May 1988.

Again, the British were looking for a political solution to extricate themselves from Afghanistan, and in 1880, they endorsed Abdur Rahman's ascendance to the throne. It proved to be an inspired move. As the grandson of the late Dost Mohammed, Abdur Rahman had the support of the tribes; moreover, he also was favored by the Russians, who had harbored him in exile and believed that he distrusted the British. Conversely, the British believed the new emir would be wary of the Russians after witnessing the lack of tangible support they had offered his predecessors.

Although Abdur Rahman privately appreciated Britain's support, he did not acknowledge it. Historian Peter Hopkirk quotes him as writing years later: "I was unable to show my friendship publicly because my people were ignorant and fanatical. If I showed any inclination towards the English, my people would call me an infidel for joining hands with infidels."

The Third Afghan War: 1919

Although the close of the nineteenth century marked a lull in the Great Game, it did not end it. Neither did the First World War (1914–1918), which saw an alliance between Great Britain and Russia, at least until the 1917 Bolshevik revolution forced Russia to withdraw from the conflict. Abdur Rahman died in 1901 and was succeeded by his son Habibullah, who kept Afghanistan neutral throughout the war. However, he was murdered in 1919, and his son Amanullah, who was suspected to have been part of the assassination plot, assumed the throne.

Amanullah believed the political climate was ripe for a move against the British, who were preoccupied with postwar events in Europe and facing in-

creasing unrest in India. With the encouragement of the Bolsheviks in Moscow, he declared a jihad against the British and attacked some Indian border towns, his forces initially catching the British by surprise. However, the Indian nationalists he expected to join the fight never materialized, and the British repelled the Afghans after a brief but savage campaign.

Ultimately, the end of the Third Afghan War proved to be the conclusion of the Great Game. The parties signed the Treaty of Rawalpindi, which led to British recognition of Afghan independence in 1921 and an assurance that the British Empire would not extend beyond the Khyber Pass. Meanwhile, the Afghans and Soviets negotiated a non-aggression pact.

During the next half-century, the central precepts of Great Game strategy became moot as the geopolitical map of Central Asia was drawn and redrawn. Indian independence all but removed the British from the picture, and the subsequent creation of Pakistan and Bangladesh further diluted European influence in the region.

Nevertheless, Afghanistan continued to face internal strife as tribal conflicts kept its domestic politics in a state of flux. Its borders, however, remained stable until the 1979 Soviet invasion, when the descendants of the Afghan warriors who had fought the British in the previous century rose up as the Mujahedin to fight the Red Army. Now, two decades later, the children of those fighters are hunkered down under a rain of high-tech weaponry, continuing the Afghan tradition to answer the call for a jihad against infidel invaders, this time from America and the United Kingdom. ☹

Peter Gwin is EUROPE's senior writer.

EUROPE

Update

NOVEMBER 2001

VOLUME IX / NUMBER 10

LETTER FROM EUROPE: EUROPE'S MUSLIMS

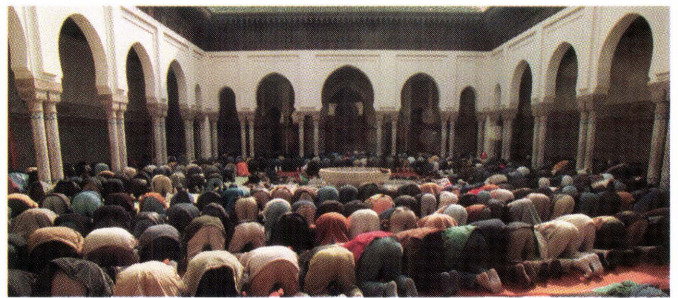
Each day in cities such as London, Paris, Frankfurt, and Brussels the call of the muezzin can be heard summoning the Muslim faithful to prayer. And each day the European Union's Muslims—a total of approximately 12.5 million men, women, and children—can tune into radio stations or satellite television channels, bringing news of the countries in which Muslims are the majority, not, as in the EU, an often-disadvantaged minority. In short, there is a sense of Muslim coherence that transcends the EU's frontiers. Indeed, it is hardly surprising that so many individual Muslims suspected of involvement in the terrorist attacks on America could blend without difficulty into a European background.

But does that mean that Europe's Muslims are a uniform whole? Hardly. Though there is a shared resentment at America's policy in the Middle East, notably its support for Israel and the Anglo-American bombing campaign against Iraq, there are plenty of differences imposed by history, cultural origin, or language. For example, a Turk in Germany has precious little in common with an immigrant from southern Lebanon living in France. Whereas the Arabic-speaking Lebanese may well be a Shiite Muslim, the Turk is likely to be a Sunni whose only contact with Arabic is through the Koran. Moreover, his country of ori-

gin was in Ottoman days the Arab world's imperial master and in modern times has long been a military and diplomatic friend of Israel.

The truth is that Europe's Muslim minority varies from country to country, usually according to Europe's old colonial links. It also varies within each country. In France, for example, where as many as 5 million (there are no official figures) of the country's 60 million population are of Muslim origin, some 3 million are North African immigrants or their French-born children. But among France's other Muslim communities, there are also approximately 300,000 Turks, about 100,000 Lebanese, Palestinians, and other Arab Middle Easterners, and roughly 250,000 from sub-Saharan Africa. In other words, though a French-Moroccan may share a French-Algerian's religion, he doesn't necessarily have a particular interest in Algeria's present internecine conflict. Nor, for that matter, does the French-Algerian necessarily feel any sympathy for the Moroccan monarchy or for Morocco's annexation of the former Spanish Sahara.

What is true in France is true elsewhere in Europe. Most of the UK's Muslims, for example, come either from Pakistan or Bangladesh. But Bangladesh, which was once known as East Pakistan, only gained its independence from Pakistan thanks to a bloody war in 1971. In the



Muslim worshippers in Paris.

aftermath, the two communities in Britain have more or less gone their separate ways, not least because the Bangladeshis are ethnic Bengalis, whereas the Pakistanis are themselves divided ethnically between Sindhis, Pathan, Punjabis, and Baluchis.

But what all the minorities do have in common is a feeling of exclusion. Their young people are much more likely than their nominally Christian peers to be poor, unemployed, and ill educated. Historical links, however, go back a long way. (Spain, for example, was ruled by the Arab "Moors" from 711 to 1492, and France recruited 300,000 North Africans to fight in the First World War.) Today's communities stem mainly from the immigrants who flocked to Europe, especially Britain, France, and Germany, in the 1950s and 60s to provide the labor for Europe's industrial recovery after the Second World War. The assumption was that the migrants would make their money and then go home. Germany's Turks, for exam-

ple, were known as *gastarbeiter* (guest-workers). In fact, however, these immigrants proved not to be temporary workers, choosing instead to establish roots in these countries.

The question is what sort of roots. The sad fact of Europe's Muslim minorities is that over time they have become, if anything, not more integrated into their host nations but less. For example, when the EU in the early 1970s more-or-less closed its borders to foreign workers, this did not inspire many more marriages across racial and religious divides; instead, Europe's Muslims continued to bring in spouses found in their countries of origin. Only last year did Germany pass a law offering the German-born children of its *gastarbeiter* the right to citizenship.

Will matters improve; will the racial and religious tensions now affecting Europe's Muslims become a thing of the past? Without a huge effort, both by governments and by Muslim leaders, it seems depressingly unlikely.

—John Andrews

The Blare of Blair

Prime Minister Tony Blair of the United Kingdom may have forged a close personal friendship with former American president Bill Clinton, but it took the terrorist atrocities of September 11 to win him a standing ovation by both houses of Congress, and President Bush's heartfelt phrase "Thanks, friend." The crisis has raised Blair's profile and popularity to what the MSNBC news channel called "kind of amazing—higher than Winston Churchill and Margaret Thatcher. He's like the voice of the Bush administration." The *Wall Street Journal* dubbed Blair "America's chief foreign ambassador to members of the emerging coalition" and a "self-appointed adviser on Mr. Bush's top team of doves and hawks." The *Chicago Tribune* judged that Blair had "assumed the mantle and bearing of a grimly determined commander-in-chief."

Blair's prominence on the diplomatic stage, and the UK's unique role in joining the first air and missile strikes against Afghanistan, has provoked some controversy at home. In the UK, fourteen members of parliament from Blair's own Labor Party broke ranks to demand a bombing pause, and some media comment has been waspish about the contrast between Blair's soaring global rhetoric and the critical state of the UK's public services. In Europe, Belgium's foreign minister, Louis Michel, complains that Blair sounds "too aggressive" and stresses that Europe "will not follow blindfolded" where Blair and Bush seek to lead.

Some criticism has focused on the way the UK prime minister and other leaders of the bigger countries have acted with little regard for European solidarity. When Blair and President Jacques Chirac of France and Chancellor Gerhard Schröder of Germany met privately in advance of the EU summit in Ghent to talk about further

military support for the US, Romano Prodi, the president of the European Commission, noted that it was "a shame" that all fifteen member states had not taken part.

"Some see the vigor of national responses as a cause for concern," commented Chris Patten, the European commissioner for external affairs. "But that is to misunderstand the nature of the Common Foreign and Security Policy (CFSP), which represents a *common* policy rather than a *single* one—the vigorous UK reaction is strengthened by what we are doing together as a Union and vice versa."

Off the record, both State Department officials and Blair's aides suggest that one of Blair's roles has been misunderstood, that he is acting "not as a critic or as a restraint but as a trusted friend who has earned the right to ask the White House to think again." They claim that Blair strongly influenced President Bush's decision to defer consideration of widening the anti-terrorist campaign to include Saddam Hussein's Iraq, a course of action strongly backed by the deputy head of the Pentagon, Paul Wolfowitz. Blair also urged Bush almost from the start of the crisis to think about lasting ways to stabilize postwar Afghanistan and what it would take in humanitarian and development assistance.

Ironically, given his ideological and personal closeness to former President Clinton, Blair may be more influential today in dealing with a Republican administration. During the Kosovo campaign in 1999, Blair was long unable to persuade Clinton that NATO would have to deploy ground troops, and the two friends had a standup row over the issue during the NATO summit in Washington in April of that year. By contrast, Bush and Blair have not even had a cool word, much less an argument, despite the fact that they talk constantly by phone. Moreover, Blair has been equally careful to

stay in close touch with many of his EU partners and with the EU's head of CFSP, Javier Solana, who as NATO secretary-general during the Kosovo campaign forged close ties with the UK leader.

—Martin Walker

EU Moving with Unprecedented Speed

For a crisis that came out of nowhere, the European Union has been responding with unprecedented speed. Within seventy-two hours of the attacks on the World Trade Center and the Pentagon, the European Central Bank and the Bank of England were helping the US Federal Reserve Board keep the American financial system going with more than \$40 billion of instant liquidity. Within two weeks, the first tranche of a \$300 million humanitarian grant was on its way to the World Food Program and the aid charities to help tackle the Afghan famine.

Within three weeks, a special funding facility was found to cut through the usual bureaucratic constraints on trade to help bolster the hard-hit Pakistani economy. The package should give Pakistan the best possible access to the EU short of a Free Trade Agreement by making it eligible for the new special Generalized System of Preferences (GSP) program for countries combating drugs. It has been specifically designed to target clothing and textiles, which account for three-quarters of Pakistan's exports to the EU, removing all tariffs on clothing and increasing quotas for Pakistani textiles and clothing by 15 percent. European Trade Commissioner Pascal Lamy said, "We have made this negotiation a top priority because Pakistan is in an exceptional situation."

In less than a month, the EU heads of government had agreed on a joint plan of action that included police and

Statement of Ownership, Management, and Circulation

1. Publication Title: EUROPE
2. Publication Number: 0191-4545
3. Filing Date: October 24, 2001
4. Issue Frequency: Ten times per year
5. Number of issues published annually: 10
6. Annual subscription price: \$19.95
7. Complete Mailing Address of Known Office of Publication: 2300 M Street, NW Washington, D.C. 20037-1434.
8. Complete Mailing Address of Headquarters or General Business Office of Publisher: same as No. 7
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor—Publisher: Willy Hélin, address as in No. 7; Editor: Robert J. Guttman, address as in No. 7; General Manager: Anne Depigny, address as in No. 7; Managing Editor: Peter Gwin, address as in No. 7.
10. Owner: Delegation of the European Commission 2300 M Street NW, Washington, DC 20037-1434
11. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities: None
12. For completion by nonprofit organizations authorized to mail at special rates: Not applicable
13. Publication title: EUROPE
14. Issue date for circulation data below: October 2001

15. Extent and Nature of Circulation	Average No. copies each issue during preceding 12 months	No. copies of single issue published nearest to filing date
A. Total Number of Copies (Net press run)	13,883	13,302
B. Paid and/or Requested Circulation		
1. Paid/Requested outside-county mail subscriptions stated on Form 3541	7,385	6,875
2. Sales through dealers and carriers, street vendors, counter sales, and other non-USPS paid distribution	528	701 (est)
3. Other Classes mailed through the USPS	479	468
C. Total paid and/or requested circulation (sum of 15B (1), (2), and (3))	8,392	8,044
D. Free distribution by mail (samples, complimentary, and other free)		
1. Other Classes mailed through the USPS	550	600
E. Free distribution outside the mail (carriers or other means)	3,287	3,254
F. Total free distribution (sum of 15D and 15E)	3,837	3,854
G. Total distribution (sum of 15C and 15F)	12,229	11,898
H. Copies not distributed	1,654	1,404
I. Total (Sum of 15G and H)	13,883	13,302
Percent paid and/or requested circulation (15C divided by 15G times 100)	68.62%	67.61%

judicial cooperation between the fifteen EU members and the US and stepping up EU support for moderate Islamic countries and Afghanistan's worried neighbors. The EU also began talks with Iran, host to nearly 2 million Afghan refugees, on an ambitious new trade agreement.

"The EU machine is humming away on everything from drawing up legislation to dry up sources of terrorist finances to airport and airline security and massive aid for Afghanistan," said European Commissioner for External Relations Chris Patten.

As many as 400 EU nationals are believed to have been

killed in the terrorist attacks on the World Trade Center in New York, and the impact on the US economy was swiftly transferred to Europe as well. But the sense of crisis on Europe's doorstep in the Middle East and the Islamic world also helped bring home to Europeans the meaning of German Chancellor Gerhard Schröder's statement that "this is an attack on the whole civilized world." The countries of North Africa and the Middle East are the EU's fourth and fifth-biggest trade partners, after the US, Asia, and Russia, and touring the region with Javier Solana, Pat-

ten pledged to "strengthen the partnership" with the region. Specifically, this means pushing ahead on the goal of a free trade area for the whole Mediterranean by the end of this decade.

Much remains to be done. The EU is still trying to hammer out legislation on a single European warrant, to give real force to the promise of making the Union a common judicial space. Delays are also likely on anti-money laundering legislation. British civil liberties traditions still anger the Egyptian government, hoping to extradite suspected Islamic extremists, and Germany's decentralized federal

structure makes it difficult to create a fast-moving EU-wide police and counter-terrorism system. But by comparison to its divided and hesitant reactions during the Gulf War, the EU is moving with unprecedented speed on several tracks at once.

—*Martin Walker*

Editor's Note: On page twenty-one of last month's issue, the map illustrating Berlin's view of eastern enlargement of the EU should have been color coded to denote more clearly Austria's membership in the European Union.

REPORTER'S NOTEBOOK: GERMAN DRUG FIRM PROVIDES CIPRO

Ever since Tom Brokaw ended a newscast with the words, "In Cipro we trust," this brand of antibiotic has been on every American's lips. And so has "Bayer," the German company that makes the drug. Bayer (pronounced in German like the English word "buyer") has been a household name since the early 1900s when the firm introduced its blockbuster analgesic "Aspirin." Now, with Cipro being used as the first line of defense against anthrax infections, Americans associate Bayer with a lot more than just headache relief.

As Bayer proudly noted in a press release last year, Cipro is "the first antibiotic approved specifically for an indication associated with the intentional use of a lethal biological weapon." What makes Cipro the drug of choice for fighting anthrax infections is its active ingredient ciprofloxacin. Other antibiotics, such as penicillin and doxycycline, may be just as effective in treating exposure to naturally occurring anthrax. But weapons developers have engineered strains that are resistant to treatment with those drugs. Apparently, there is no perceived risk of attack with

anthrax strains that might be resistant to ciprofloxacin. So, in cases such as those in the US where anthrax is being used as a biological weapon, standard medical procedure dictates that Cipro be prescribed.

As anthrax cases began to multiply in October, the demand for ciprofloxacin exploded. And people quickly learned two hard facts about Cipro. First, they discovered that it is expensive—nearly \$2 per pill, and second, Bayer is the only legal source of the drug in the United States. The company owns exclusive US patent rights on the drug through December 2003. Recognizing the need to stock up on the drug as a precautionary measure, Washington appealed to Bayer to lower the price tag on Cipro. Eventually, a deal was struck allowing the government to buy 100 million doses of Cipro at a discounted price of 95 cents per pill.

The pressure on Bayer to lower its price came not just from the United States. Canada, too, quickly decided to stockpile Cipro in light of the growing terrorist threat. But when Ottawa was told what its sizable order would cost, the government balked.

Canada threatened to buy a much cheaper generic form of ciprofloxacin from one of Bayer's competitors. Several generic drugmakers signaled their willingness to supply not only Canada but the US as well. Eventually, Canada agreed to honor Bayer's patent along with the United States and ordered the drug at the discounted price.

For Bayer, the media frenzy surrounding Cipro has been a mixed blessing. On the one hand, the company was happy to see one of its drugs saving lives and calming fears during a health emergency. Commonly prescribed as a treatment for respiratory illnesses, Cipro is already Bayer's best-selling drug, accounting for \$1.62 billion in sales last year. Obviously, the boost in demand hasn't hurt the company's sales figures or share price. But at the same time, the crisis cast Bayer in the role of a seemingly heartless defender of patent rights. To counteract any negative publicity, the company took out full-page ads in American newspapers assuring the public it was doing all it could to help. The company insists it will have no difficulty meeting increased demand for Cipro in

the United States.

Meanwhile in Germany, Bayer spokeswoman Christina Sehnert says demand for Cipro in Europe has risen only marginally. "It's nothing compared to the increase in demand in the US," says Sehnert. That undoubtedly has much to do with the fact that there have been no confirmed cases of anthrax attacks in Europe so far. There have been threats and hoaxes, but authorities have not felt it necessary to begin stockpiling Cipro. If the situation changes, Europe will be in a much better position to acquire the antibiotic cheaply. In August Bayer's German patent on Cipro expired.

—*Terry Martin*



Contributors

*John Andrews reporting from Paris
Bruce Barnard reporting from London
Terry Martin reporting from Berlin
Martin Walker reporting from Washington*

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

BUSINESS BRIEFS

Europe's airline industry has begun a painful consolidation in the wake of the September 11 terrorist attacks in the US that will likely leave it with only three intercontinental carriers competing globally with about a dozen major US and Asian airlines.

European airlines, already suffering from a slowdown in the global economy, were brought to their knees after the terrorist attacks reduced their all-important transatlantic traffic by 30 percent. The **Association of European Airlines** said its members are grounding more than 100 planes and eliminating in excess of 20,000 jobs and will see their profits cut by more than \$2 billion as a direct result of the attacks.

Two carriers, **Swissair** and **Sabena** of Belgium, sought protection from their creditors and several others, including Ireland's **Aer Lingus**, **Air Portugal**, and **Olympic Airways** of Greece, face an uphill struggle to survive.

Unlike the US government, which rushed to bail out US carriers with a \$15 billion aid package, the European Commission ruled out state aid, limiting compensation to revenue losses during the four days when US airspace was closed forcing European carriers to suspend their transatlantic flights.

Swissair will live on as a new company after the government and fifteen of the country's largest firms, including **Nestlé**, the world's biggest food company, and **Novartis**, the drugs giant, backed a \$2.5 billion rescue package. Two-thirds of its fleet will be transferred to **Crossair**, a Swiss regional carrier, preserving many of its long-haul services.

Most European carriers are now looking to merge with the big players or become their junior partners in global alliances. And that means, in time, Europe will be reduced to a small core of long-haul carriers. Says Rod Eddington, chief executive of

British Airways, "There may be more than three, but I think there will be three major international carriers in Europe," rather than the fifteen that exist now. The survivors, he predicts, will be **BA**, **Air France**, and **Lufthansa**.

Finland has replaced the **US** as the country with the best prospects for economic growth over the next five years, according to the closely watched annual rankings from the **World Economic Forum**.

Finland, ranked fifth last year, climbed to the top thanks largely to technological innovation driven by mobile telephony and the Internet. It is home to the world's leading mobile phone manufacturer **Nokia**.

Finland has transformed itself over the past ten years from an isolated nation with an overdependence on exports to the former Soviet Union into one of the world's most efficient technology-driven economies.

"This country's remarkable turnaround over the past decade serves as evidence of how quickly an economy's prospects can be transformed by strong political institutions, a focus on technology, and sound macroeconomic management," the WEF survey reported.

The highest placed newcomer is Finland's Baltic neighbor **Estonia**, one of the leading candidates for early membership in the European Union. Estonia entered the rankings at twenty-nine, above EU member **Greece** and fellow ex-communist nations the **Czech Republic** and **Poland**.

Ireland and the **United Kingdom** fell out of the top ten; the **Netherlands** slumped from third to eighth place; and **Sweden** broke into the top ten at number nine.

The report, based on a survey of 4,600 chief executives in seventy-five countries, was conducted before September 11, but the WEF said the terrorist attacks would have had

little impact on the rankings, which reflect longer term trends.

After more than thirty-one years of tortuous debate, the European Union passed legislation to allow companies to operate throughout its fifteen member states as a single legal entity. The law will take effect in 2004 and will allow a company with capital of at least €120,000 (\$108,000) operating in more than one member state to register as a single firm under EU law. These 'European' companies will be identified by the Latin designation **Societas Europaea** or SE, as in **Acme SE**.

Frits Bolkestein, the EU's internal market commissioner, said the SE would "enable companies to expand and restructure their cross-border operations without the costly and time-consuming red tape of having to set up subsidiaries."

An EU advisory group has estimated that SEs could cut administrative costs by as much as €30 billion a year, but business groups say there is no indication how many companies will take advantage of the new law.

The **European Company Statute** has stalled for three decades because of the reluctance in some capitals to cede authority to the EU and disagreements between countries like Germany with a tradition of employee involvement in management decisions and countries like the UK where there is no legal requirements for worker participation.

In a move reversing traditional labor movements, young workers in Germany, a long-time importer of foreign labor, are being recruited for jobs in Ireland, which for decades exported labor.

The German state employment office in Berlin is seeking to fill 1,000 jobs in Ireland, running ads extolling Ireland's beautiful landscapes and Dublin's exciting nightlife and offering \$2,300 to cover relocation costs.

FAS, the Irish state employment agency, is supporting the campaign and seeks workers in a wide range of sectors, including hotels, catering, construction, telecommunication services, as well as doctors and nurses.

The Berlin campaign is the biggest effort yet to reduce the 19.4 percent unemployment rate among the under-twenty-fives in the city, 10 percent above the national average. The jobless rate in Ireland, which was higher than 20 percent up to the early 1990s, has fallen to 3.7 percent thanks to a decade-long economic boom.

Credit Agricole, France's biggest retail bank, is planning an \$18 billion listing of its shares on the Paris bourse at the end of November, paving the way for a possible takeover of **Credit Lyonnais**, France's third-largest listed bank, a move that would create a major new force in European banking.

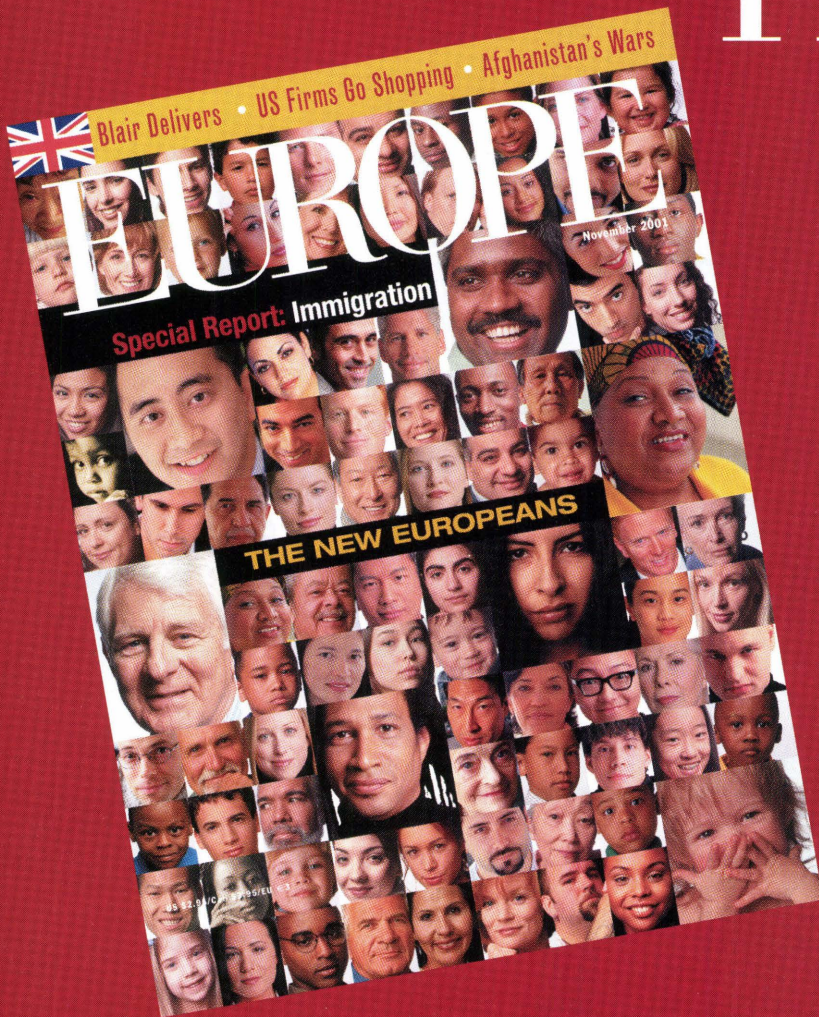
Already **Credit Lyonnais**'s largest shareholder with a 10 percent stake, **Credit Agricole** has made no secret of its interest in a takeover but says it wants to first float its shares. Despite recent market turmoil, the bank is determined to stick to its original timetable for listing new shares by the end of December.

Credit Agricole, which has nearly a quarter of the French mortgage market and 27 percent of household current accounts, made a profit of \$2.48 billion last year.

Renault, the French car manufacturer, and **Nissan**, its 36.8 percent-owned Japanese unit, plan to deepen their cross-shareholding relationship earlier than planned as the two firms' financial fortunes reverse. When Renault bought into near bankrupt **Nissan** for \$5.3 billion in 1999, it signed an option to increase its stake to 44.4 percent by 2004, while the Japanese firm got the right to take a stake in its French parent when its finances improved.

—Bruce Barnard

Happy Holidays



The perfect gift!

As a special holiday gift, **EUROPE** would like to offer you a one year subscription for only \$14 (regularly \$19.95) or two years for \$20 (regularly \$34.95).

No one covers the New Europe like **EUROPE**.

- \$14 for one year (10 issues).
- \$20 for two years (20 issues).

Send to:

EUROPE; 2300 M ST. NW; 3rd Floor; Washington DC 20037

Add \$10.00 to non-U.S. subscriptions for postage & handling.

Name.....

Address

City

State..... Zip

payment enclosed

please bill me

5N01

US companies

By Bruce Barnard

still shopping for European investments

American companies are poised to start spending big bucks overseas again when the global economy rebounds and business recovers from the trauma of the terrorist attacks in the United States. And European acquisitions are sure to be at the top of their shopping list.

The economic slowdown and the stock market slump had halved the value of mergers and acquisitions in Europe this year from a record-breaking 2000 before the terrorist outrages forced companies to retrench further. European spending in the US, by contrast, has held up better than America's transatlantic investments.

US companies have been focusing on budget cuts and internal reorganization instead of expansion this year, but executives are still sizing up potential acquisitions in Europe, which are becoming cheaper by the month thanks to the euro's 25 percent to 30 percent slide in value against the dollar since its launch in January 1999.

To be sure US firms are still investing in the European Union, despite the harsher economic climate, in a bid to

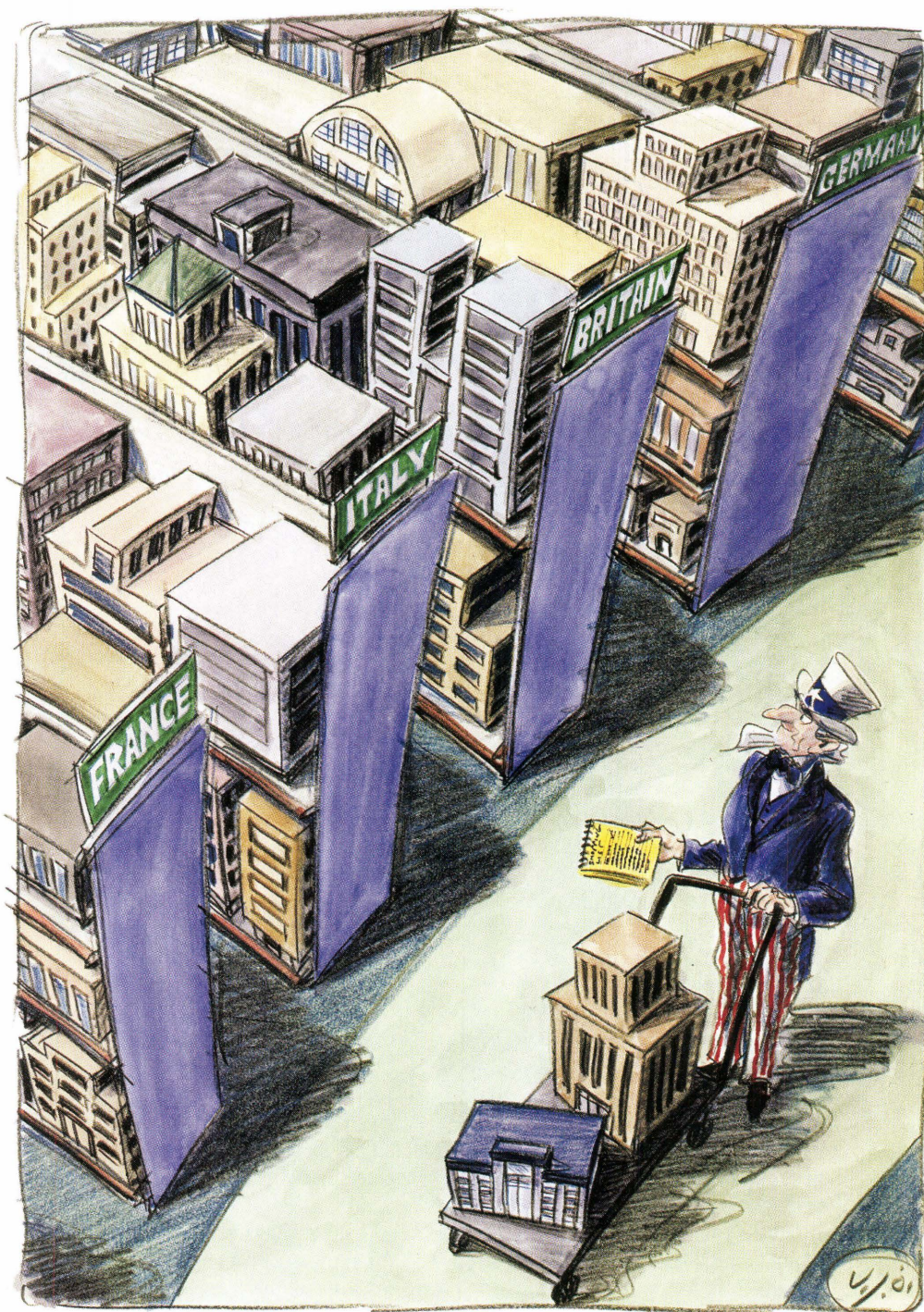
build commanding positions in "new" economy sectors in the world's biggest single market with 380 million consumers. NTL has spent billions to become a leading European cable television operator. Yahoo, the Internet service provider, has expanded from thirteen employees and three different Web sites in the UK, France, and Germany in 1997 to a 500-plus payroll with a 30 million audience across Europe. Meanwhile, AOL Time Warner paid \$1.7 billion in July for IPC Media, Britain's leading magazine publisher, its first significant acquisition in the United Kingdom that will serve as a launchpad into continental Europe.

And there's more to come as US firms swoop on Europe's fragmented media market. US media mogul John C. Malone made a bid to become Europe's biggest cable operator in June, cutting a deal with Deutsche Telekom to pay an estimated \$4 billion for the German phone giant's stakes in six regional cable-television companies that service 10 million households, nearly half the cable-connected homes in the country. He already owns a large stake in UPC,

an Amsterdam-based company that has the biggest subscriber base in Europe.

US firms are also snapping up European high-tech companies, many of them successful start-ups that have made the big time. Recent deals include Electronics Data Services' \$570 million cash acquisition of Hamburg-based Systematics AG in April and General Electric's purchase of another German firm Kretztechnik in July for an undisclosed sum.

America's leading stock and commodity markets also are moving into Europe to book their places in the twenty-four-hour global trading system. Nasdaq, the second-largest US stock market, is investing more than \$60 million to upgrade the Brussels-based Nasdaq Europe, which began trading in June. Its main goal is to become the marketplace of choice for initial public offerings and for the trading of US securities in the European time zone. It also hopes to forge alliances with the major European exchanges, Frankfurt's Deutsche Börse, the London Stock Exchange, and Euronext, the pan-European exchange that runs the Paris,



Brussels, and Amsterdam markets.

US multinationals are also plugging the gap in the networks with medium-size deals like food giant Mars' \$1.3 billion acquisition of France's Royal Canin, Europe's leading pet food company, in July, a move that will give it some of the continent's leading upmarket pet food brands. The takeover is part of a sweeping consolidation of the industry, highlighted by Swiss-based Nestlé's \$10 billion purchase of Ralston Purina, the US pet food company, last January.

Meanwhile, there is a steady flow of

medium-sized takeovers that don't make the business headlines, often in smaller sectors that also are undergoing consolidation. A typical deal was the \$68 million acquisition of Sealine International, a privately held UK shipbuilder of motor yachts and luxury sports cruisers, by Chicago-based Brunswick, the world's largest manufacturer of pleasure boats that is best known for its bowling alleys. The company says it will use Sealine as a launchpad for growth into Europe, the world's second-largest boating market after the United States.

US drug companies also are tipped to pounce soon on small European rivals in an industry that remains extremely fragmented despite a series of multibillion dollar mergers and takeovers. Glaxo Smith Kline (GSK) the market leader has a world share of only 7 percent followed by Pfizer of the US with around 6.5 percent.

Some of the most prominent US names in Europe are going through tough times partly due to the global economic slowdown, partly to tougher competition from the "locals." General Motors and Ford are losing money and market share in Europe as firms like Volkswagen, Citroën, and Renault eat into their sales. Motorola, buffeted by a slide in demand for mobile phones and aggressive expansion by its Finnish rival Nokia, shuttered its biggest European plant in Scotland. Whirlpool Corp's underperforming European operations were largely blamed for the firm's decision to lay off 10 percent of its 60,000 workers and close plants around the world. NTL's shares plunged in July amid concern over its huge debt of \$18.7 billion, a large slice taken on to finance its \$11.3 billion acquisition of Cable & Wireless Communications, which gave it access to 8.8 million UK homes—of which it has signed up 3.3 million.

But these firms are keeping faith with Europe. GM is cutting costs and capacity at its European operations, which lost \$270 million, but this will still leave it with capacity to make slightly more than 2 million units a year. It is also going on the offensive, investing up to \$500 million a year in Saab Automobile to almost double volumes at its Swedish unit over the next five years.

Whirlpool is still bullish on Europe, which it entered in 1989 through a fifty-fifty joint venture with Philips Electronics of the Netherlands, which it took over two years later. It plans to introduce a new array of products to win over consumers and boost its market

France Is a Good Place to Invest?

France has shed its reputation as the sworn enemy of globalization as its domestic companies play an increasingly active role in the consolidation reshaping industry on both sides of the Atlantic. Now it is shaking off its "bad boy" image among international investors, who are suddenly finding a warm welcome in Europe's second-largest economy.

Despite its tough labor laws and the recent introduction of a nationwide thirty-five-hour workweek, France is sharply increasing its share of international manufacturing investment in Europe, according to the latest annual survey from the consultants Ernst & Young. France's share of new projects rose by 75 percent last year, consolidating its position as Europe's top location, while the United Kingdom, which is the most popular location for all types of foreign investment, recorded an increase of only 7 percent.

France signed 563 inward investment agreements last year—up from 447 in 1999—with the US accounting for 178 of those deals, far ahead of second-place Germany at 102.

The companies made these investment decisions before the introduction of the new labor laws, but Ernst & Young says they are more than compensated by a skilled labor force, good infrastructure, proximity to West Euro-



Paris employees of Marks & Spencer protest the chain's closure of its French store.

pean markets, and a stable currency.

France is likely to become even more attractive as a manufacturing location for American and Japanese firms, thanks to the euro's 30 percent drop against the dollar since its launch in January 1999. Meanwhile, the UK's allure could fade if it does not make an early move to join the twelve-nation euro zone.

France's new found status as a welcoming haven for foreign investment took a knock in May when Robert Mondavi, a leading Californian wine maker, said it had dropped plans to build a winery at Aniane, a small village in southwestern France, following violent protests by locals. The incident recalled the anti-globalization campaign directed against McDonald's restaurants by José Bove, a militant environmentalist protester.

While French politicians habitually rail against globalization and berate foreign firms that lay off workers, like British department store Marks & Spencer, which is closing down its loss-making French operation, the business community generally welcomes foreign investors. The takeover of Credit Commercial de France, a medium-size bank, by the UK's HSBC last year caused a few ripples, but the deal would have been unthinkable a few years ago.

Despite the rhetoric, France has been allowing outsiders to take significant stakes in its leading companies. In-

deed, foreigners hold 40 percent of the capital of the top companies on the Paris Bourse, with the California Public Employees Retirements System as one of the largest investors. Furthermore, these investors are pushing French firms toward greater transparency and accountability in line with US-style corporate governance.

French firms' sudden and massive overseas spending sprees caught their US and European rivals off guard. Last year, they made \$164.6 billion in foreign investments, compared with a paltry \$8.8 billion in 1997, putting France in third place in the global rankings behind the United Kingdom and the United States.

Electricité de France, AXA, L'Oreal, Air Liquide, France Telecom, and Alcatel have all turned themselves into global players. However, former water utility Vivendi and car maker Renault have undergone the most dramatic makeovers. Vivendi gained control of Universal Studios and the world's biggest music business with its \$29 billion purchase of Canada's Seagram. Meanwhile, Renault ran against conventional wisdom with its high-risk investment in the troubled Japanese car maker Nissan, which it has transformed into a profitable unit and at the same time provided a wakeup lesson to Japanese industry with its savage restructuring program.

—Bruce Barnard

from its current 15 percent to its original 1989 target of 20 percent, level with market leader Electrolux of Sweden. Some analysts say Whirlpool's attempt to create a single brand in a continent with very distinct regional buying preferences—the French prefer top-loading washers while Swedes wanted galvanized ones—was unattainable. Like its US rival Maytag, which quit Europe in 1995, it underestimated the resilience of its smaller European competitors, which viciously cut prices to protect their national markets from the American invaders.

US firms that took advantage of the privatization and deregulation of monopoly markets in electricity, gas, and water are reaping early benefits. Texas-based utility Enron is selling five times as much electricity in Europe now as it did a year ago. And while US Steel joins other US steelmakers in urging curbs on imports from Eastern Europe and other low-cost regions, it is starting a \$700 million ten-year investment program at the former VSZ plant in Slovakia, which it acquired for \$495.5 million.

Many US companies are now focusing on Europe to drive their growth. Rockwell Automatic, which generates 22 percent of its annual revenues of \$4.5 billion from Europe, aims to boost its share of European markets from roughly 10–12 percent to 20 percent by 2005, putting it into head-to-head competition with European giants like Siemens.

US corporations will be able to whet their appetite on prime European assets beginning in January when the elimination of capital gains tax on German companies selling shares in other firms is expected to free up dormant assets worth more than \$200 billion, triggering a massive mergers and acquisitions boom in Europe's biggest economy.

US companies that have been sitting on their wallets are expected to be at the head of the line of bidders for some plum assets.

This could tip the balance in two-way investment flows, which is currently running two to one in Europe's favor. Last year alone, European firms pumped a quarter of a trillion dollars into the US, 80 percent of its total direct foreign investment. **E**

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

AOL Everywhere

Media conglomerate eyes EU market for spreading its empire

AOL Time Warner is gearing up for a major push into continental Europe following its \$1.7 billion acquisition in July of IPC Media, one of the UK's leading consumer magazine publishers.

The purchase of IPC Media, which owns more than 100 titles, including television listings, women's magazines, men's lifestyle, and music titles, was AOL Time Warner's first big deal in the United Kingdom. Its Time Inc unit already publishes titles such as *Wallpaper* and *Time* in the UK, but IPC, which sells some 350 million magazines a year, will more than double the size of its portfolio.

The acquisition was the first significant move by AOL Time Warner outside the US since the world's biggest media group was created in January last year.

AOL Time Warner has chosen the UK as a stepping-stone in its global strategy to create a genuinely global subscription business, spanning magazines, music, television, movies, and the Internet. Chairman Steve Case has vowed that half of the company's revenue will come from outside the US within a decade, compared with 17 percent on projected sales of \$40 billion this year. The company is said to have a \$6 billion war chest to finance acquisitions outside the US where it is faces antitrust obstacles.

Time Inc underlined its interest in the UK market before the IPC deal by launching *In Style*, a magazine aimed at young women. Chief executive Don Logan says IPC probably will be used as a staging ground for some of Time Inc's existing titles and that IPC's magazines could be imported into the US.

Time Inc is moving into the UK just as advertising is slowing down. It is also

a fiercely competitive and fragmented market with approximately 3,500 titles sold on the newsstands, almost as many as in the US but for less than a quarter of the population. It is a very different market from the US with most magazines sold on the newsstands rather than through subscriptions.

AOL Time Warner is also rationalizing the joint ventures formed in Europe by AOL when it lacked the financial muscle to grow independently. It has agreed to buy back a 49.5 percent stake in AOL Europe from Bertelsmann, the privately held German media group, for \$6.75 billion as of next January, and the company has already reached agreement on a joint venture with Vivendi, the French media and utility giant.

Despite its deep pockets, AOL Time Warner's acquisition opportunities will be constrained by strict European media ownership rules, especially for television broadcasters. The European Commission set down a marker last year by blocking an attempt by the US conglomerate's Warner Music unit to merge with the UK's EMI group. In the wake of that decision, magazines remain the best sector to spread the AOL Time Warner name across Europe.

AOL itself is rapidly growing its Internet business in Europe, which had a 4.6 million-strong subscriber base by the end of last year. Meanwhile, another AOL Time Warner unit, CNN, which employs 150 people in London and produces fifty hours of programming a week, is also expanding its European coverage.

Nevertheless, it was the IPC deal that underscored the group's determination to become a truly global player to justify its corporate slogan "AOL everywhere."

—Bruce Barnard



One Hundred Years of Nobel Prizes



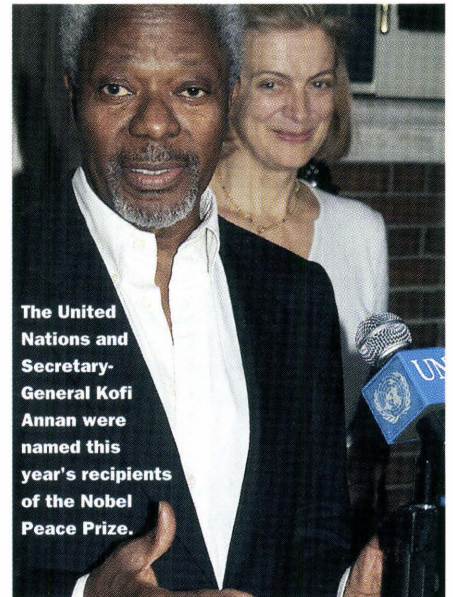
By Ariane Sains

It is a name instantly recognized around the world: the Nobel Prize. It has been politicized, criticized, glorified, vilified, fictionalized, and made into a movie. Sometimes it has been refused. Sometimes its recipients have been forbidden by their governments from accepting it.



Alfred Nobel (1833–1896), the Swedish chemist and philanthropist, stipulated in his will that a fund should be set up to award monetary prizes to those who fostered discovery and enlightenment.

The prize is one of those things that has put and kept Sweden on the map. An invitation to the Nobel Prize banquet in Stockholm City Hall, an annual event on the December 10 anniversary of Alfred Nobel's death, is one of the hottest tickets in town. And with the one-hundredth anniversary of the prize set to be celebrated this year, tickets are more coveted than ever. Some 1,400 people are expected at the banquet.



The United Nations and Secretary-General Kofi Annan were named this year's recipients of the Nobel Peace Prize.

But it isn't the prize itself that has value, says Michael Sohlman, director of the Nobel Foundation, which invests the money for the prize and administers the financial details. "It's the winners who give the prize prestige," he says, "not the prize which confers prestige."

At foundation headquarters in central Stockholm, preparations are in full swing for the one-hundredth anniversary celebrations. All of the living Nobel laureates have been invited back to Stockholm, and special Nobel events are planned in Stockholm, Oslo, and California for laureates there. Two identical exhibits, detailing the history of the prize and Alfred Nobel's life have been prepared. They are currently on display in Stockholm and Oslo, where the Peace Prize is awarded. The Stockholm exhibition, housed in the former Stockholm Stock Exchange headquarters in the old town, runs through August 2004. The Oslo exhibit leaves Norway December 17, to tour the world.

When Alfred Nobel died in 1896, his will provided that 33 million kronor, the equivalent of about \$170 million in today's dollars, was to be put into a

The Prizes and Some of the Winners

More than 700 Nobel Prizes prizes have been awarded since 1901. There are restrictions in each category on who may submit nominations, but the base is still very broad, especially in the non-scientific categories. The prizes are:

Literature: awarded by the Swedish Academy. Winners include Toni Morrison, John Steinbeck, Saul Bellow, Aleksandr Solzhenitsyn, Isaac Bashevis Singer, and Winston Churchill.

Peace: awarded by the Norwegian Nobel Committee, appointed by the Storting, Norway's parliament. Winners include Mikhail Gorbachev; Yasir Arafat and Yitzhak Rabin; Nelson Mandela and F.W. de Klerk; Martin Luther King; and Woodrow Wilson.

Chemistry: awarded by the Royal Swedish Academy of Sciences. Winners include Linus Pauling (who also won the Peace Prize) and Marie Curie (who also won the Physics Prize).

Physics: awarded by the Royal Swedish Academy of Sciences. Winners include Richard Feynman, Enrico Fermi, and Max Planck.

Medicine or Physiology: awarded by the Nobel Assembly at Karolinska Institutet. Winners include James Watson, Francis Crick and Maurice Wilkins; Herman Muller; and Stanley Prusiner.

The Nobel Memorial Prize in Economic Science: established by Sveriges Riksbank, the Swedish central bank, in 1968. Awarded by the Royal Swedish Academy of Sciences. Winners include James Tobin, Robert Solow, Milton Friedman, and Gunnar Myrdal.

For more information, see <http://www.nobel.se>



fund for a series of prizes in literature, medicine/physiology, chemistry, peace, and physics. Today, the foundation administers a \$400 million fund, and each prizewinner gets about \$1 million.

An inventor, scientist, and true Renaissance man, Nobel wanted to help foster discovery and enlightenment in the broadest possible way. He specified that the prizes should be awarded to the most worthy candidates, regardless of nationality.

This, however, did not sit well with his family or with the then-king Oscar the second. The family spent several years contesting the will. It was not until 1901 that Nobel's fortune became available and the first prizes were awarded.

As for Oscar, he was also against the entire idea but argued that if the prizes were established they should at least be reserved exclusively for Swedes. That, in turn, didn't sit very well with the Norwegians, who Nobel's will specifies are to award the Peace Prize. At the time, Norway and Sweden were joined in an uneasy union.

The Peace Prize, awarded by a committee appointed by the Storting, Norway's parliament, is one of the best known of the prizes and often one of the most political. In explaining its work, the Norwegian Nobel Committee itself says that "to decide who has done the most to promote peace is a highly political matter and scarcely a matter of cool scholarly judgment."

The Literature Prize is also often the

The Literature Prize has stirred its share of controversy through the years. Sir Winston Churchill is said to have received it in 1953 as compensation for not winning the Peace Prize. Other winners have been authors whose work is highly political, including South African writer Nadine Gordimer (1991) and German writer Günter Grass (1999).

subject of intense debate—both because of who wins it and who doesn't, and the line sometimes blurs between it and the Peace Prize, since the choice of author can be very political. When South African author Nadine Gordimer won in 1991, she was surrounded by reporters firing questions about apartheid when she came to Sweden. An exasperated Swedish escort finally snapped at the press, "She won the Literature Prize, not the Peace Prize." On the other hand, so did Winston Churchill. It's said he was given the 1953 literature prize in a Swedish gesture of criticism against the Norwegians for not giving him the Peace Prize.

Sohlman notes that those on the juries "aren't robots deciding, they're people." But he also notes that Nobel had faith in Nordic judgment, saying once that "up there in the north they tend to be less corrupt."

Prizewinners are announced each year at the beginning of October. Except for the Peace Prize winner, the laureates gather in Stockholm a few days ahead of the awards ceremony. A series of lectures by the winners is arranged. Prizes are awarded by King Carl Gustav XVI at the Stockholm Concert Hall—a

relatively small place, making seats much coveted, in the late afternoon of December 10. The banquet begins that evening.

For the banquet, Stockholm pulls out all the stops. Laureates and their families are seated with the royal family. The Swedish government is invited as are prominent opposition politicians, artists, authors, and representatives of the various disciplines in which the prizes are awarded. When seating got too tight one year, opposition politicians were bumped from the guest list, prompting former prime minister Carl Bildt to have an alternative Nobel dinner that has become a tradition.



For the banquet, the Blue Hall at the Stockholm City Hall is transformed by candlelight into an intimate setting. Literally hundreds of people serve a specially composed menu, the recipes often reprinted in

the press the next day. Special china services and crystal are designed and then also reproduced for public sale. The entire evening is broadcast on live television, including interviews with the winners. Asked whether he was enjoying himself during the evening, author Derek Walcott, who won the Literature Prize in 1992, told a rather startled Swedish television reporter, "It's okay. It's not really my thing, but it's okay."

The party, which goes into the early morning hours, also has a reputation for occasionally getting a bit wild. One prize-winning physicist—name and nationality best left unidentified—was reportedly found asleep in the garden outside City Hall around 5 a.m. with a blissful smile on his face.

Still, the occasion is generally fairly formal, not quite as author Irving Wallace portrayed it in his 1961 novel *The Prize*. The book was subsequently made into a film with Paul Newman and Elke Sommer.

Sohlman's never seen the movie or read the book. But he believes the most important thing about the prize is that it's a living entity. There is a chain of prizewinners, who started as students of earlier prizewinners and went on to garner their own awards.

And if the selection of some winners "can be criticized with hindsight because of new developments," it has to be considered in light of the times, he argues. For instance, one prize in medicine was awarded to Egas Antonio Moniz, the neurosurgeon who helped develop the lobotomy procedure. That may seem grim today but consider, says Sohlman, how primitively mentally ill people were treated before the operation.

Information about how winners are chosen is kept secret for at least fifty years, or as long as a winner lives, which adds to the mystique. And if the process of choosing the winners is intriguing, maybe why certain people were never selected is even more so.

Says Sohlman, "Many important things and people have never been nominated." **E**

Ariane Sains, based in Stockholm, is a contributing editor to EUROPE.

Karlskoga: Nobel's Hometown

There's no mistaking Karlskoga's favorite son. Entering the town, two hours due west of Stockholm, visitors can't miss the sign: "Welcome to Alfred Nobel's Karlskoga."

While it's true that the town was Nobel's last Swedish home, he spent most of his life abroad and is buried in Stockholm. Some cynics say Karlskoga's embracing of Nobel and the Nobel museum there are a bit like 'George Washington slept here.' Nobel might have been surprised by his elevation to local celebrity. He once said that "home is where I work, and I work everywhere."

Nonetheless, the museum is worth a visit. Internationally, Nobel's name is probably most associated with the Nobel Prize and the invention of dynamite. But when he died in 1896 at sixty-three, he held 355 patents for everything from dynamite to synthetic leather and machinery for medical processes. Much of what Nobel invented was far ahead of its time. Some of what he invented didn't work or has long since been replaced by something better. Nobel probably would have been the last person to complain, however. His motto was: "If only one of my inventions bears fruit, then I'm satisfied."

The small museum features a detailed exhibit about Nobel's life, as well as an interesting film in several languages, including English. There is also a model of Nobel's final Swedish laboratory with a startlingly lifelike figure of Alfred standing watch. The museum is in a peaceful park with plenty of room to picnic, small ponds, and walking trails.

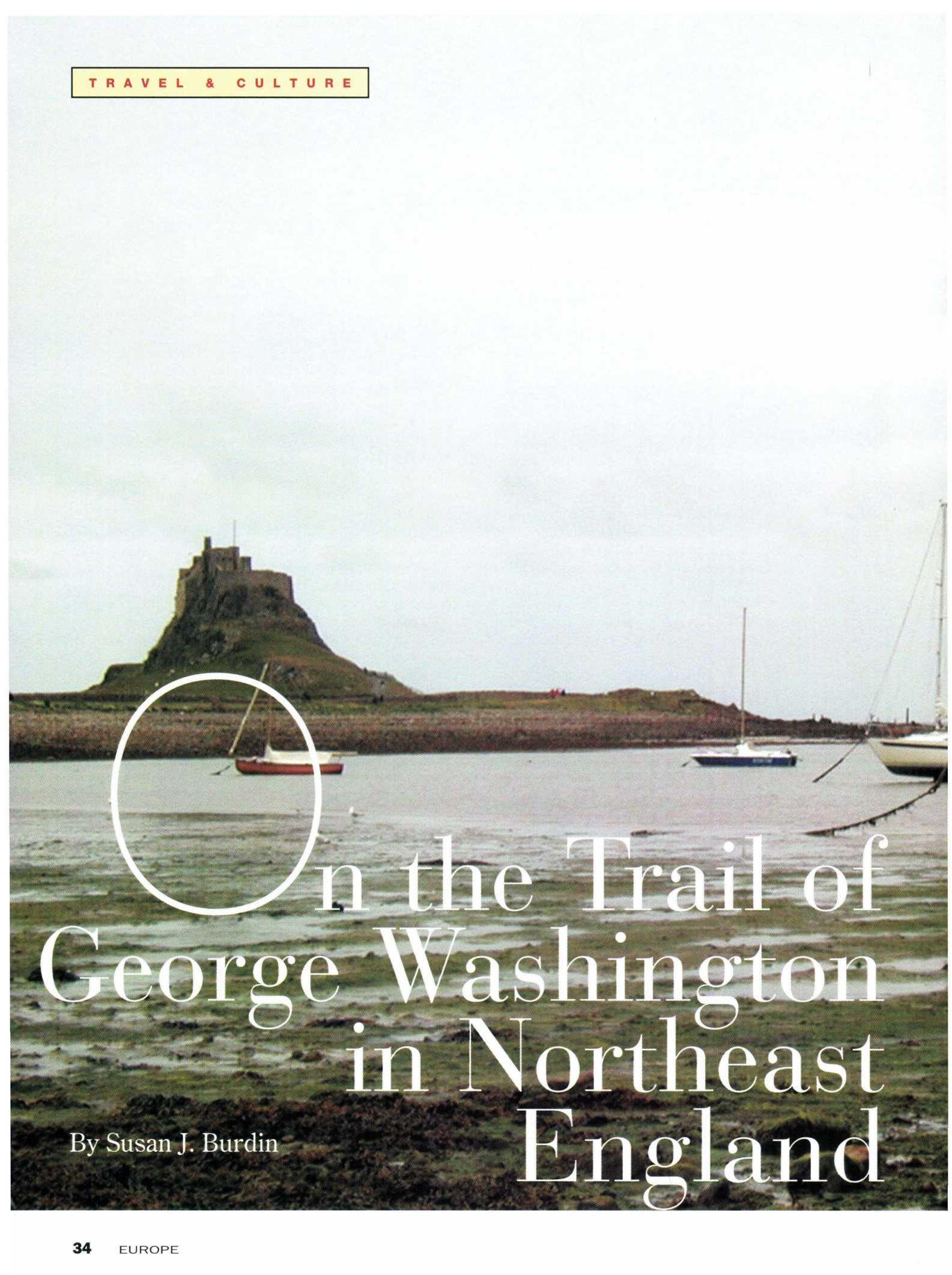
Karlskoga itself is a small town and, thanks to Nobel, was until fairly recently a company town. In 1893, Nobel bought the Bofors factory, which then produced canons. Bofors subsequently developed into a modern arms manufacturer. Other Nobel companies developed into what is today the Akzo Nobel chemical company and Nobel Biocare, which makes dental implant systems.

Adjacent to the Bofors factory is the Bofors Hotel, a genteel reminder of the days when the factory owner was king. Rooms have excellent views over the Bofors complex, which is also set in a park by Sweden's largest lake.

In town there is, of course, a Nobel Hotel as well as a Nobel restaurant. However, Alfred Nobel was not always so appreciated in the many places in which he lived. When he began experimenting with his "exploding oil," the forerunner to dynamite, a tragic explosion in his Stockholm laboratory killed five people, including Nobel's brother Emil, and authorities banned manufacture of nitroglycerin, the oil's main ingredient, within the city limits. Years later, after serious disagreements with the French authorities about his operations, he was basically forced to leave the country and moved to Italy.

A solitary man who never married, Nobel was well aware of the irony at the end of his life: A heart condition forced him to take nitroglycerin pills.

—Ariane Sains



On the Trail of
George Washington
in Northeast
England

By Susan J. Burdin



Holy Island Castle faces the North Sea.

It turns out that George Washington was a descendant of a Geordie! I discovered this while on summer holiday with my Yorkshire parents and American boyfriend in Northumberland—an area in the northeast of England known for its ancient castles and deserted coastlines. Being the designated map reader, I was navigating our way up the A1 from Yorkshire to Tyne & Wear (whose natives are known as “Geordies”) when I spotted a sign for “Washington.”

Since we had just flown in from our home in the US capital a couple of days earlier, we were curious and decided to make a little detour. At first glance, Washington appeared to be one of those newly developed English towns possessing nothing much of historical interest. However, on the drive through we spotted a sign for “Washington Old Hall” and decided to investigate. We soon arrived at a typical English village green, with two pubs, a church, and the old hall. A National Trust sign posted at the front of the hall indicated it was open to the public, so we pulled inside the gates. Two Geordie contractors, who were sitting in a van eating sandwiches, informed us that the place was closed for the day. When we mentioned our Washington connection, their eyes lit up and they told us the hall was the ancestral home of George Washington and that it would be okay for us to have a quick look around the grounds.

Not knowing whether to believe the workmen or not, we ventured into the

acquired the land in the village—known as Wessynton—from the Bishop of Durham around 1180. Several generations of Washington’s ancestors had lived in the hall until the family eventually moved on to other parts of Great Britain. It wasn’t until 1656 when John de Wessynton—George’s great-grandfather—sailed for Virginia that the American line of the family got started. And the rest, as they say, is history. Our little detour had turned into quite a historical adventure, and oddly enough, this was not to be the only encounter with the heritage of America’s founding father during our trip to Northeast England.

During our holiday in the Northumbria area, we decided to base ourselves in the village of Bamburgh. The majestic castle of Bamburgh dominates the craggy coastline with sweeping vistas across the North Sea and the Farne Islands. The castle, which dates back to the eleventh century, conjures up images of knights and princesses with its medieval turrets and towers. The Armstrong family still inhabits the castle, but opens the gates to the public between Easter and October. The first Lord Armstrong purchased the property in the 1890s and began restoring it to its former glory. Period antiques fill the castle, which currently features an extensive collection of arms and armor on loan from the Tower of London.

The following day the Holy Island of Lindisfarne beckoned. First, we purchased the local newspaper to check the tide tables as the island is only accessible



Jacobean-style gardens and peeked in the windows of the old sandstone manor house. Although we had the place to ourselves, two large stone eagles perched on steps leading to a flower garden, appeared to be keeping an eye on us.

We later read up on the history of the hall and learned that it was indeed the ancestral home of America’s founding father. We also found out that Washington’s ancestor, William, had

by a tidal causeway, which is submerged during high tide. As luck would have it, the tides were in our favor and a few minutes after 11:00 am, we were on our way across the several miles long salty causeway littered with seaweed. The road is submerged two hours before high tide and three hours after, and signs along the causeway warn drivers “CAUTION: Do Not Proceed When Water Reaches This Point.” Just as we arrived at the island’s parking area, the rain started lash-

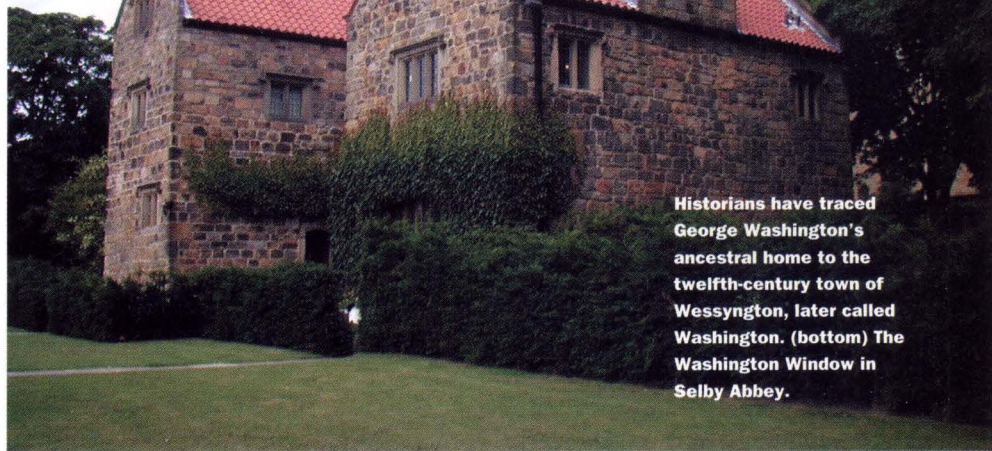
ing down, and we grabbed our raingear.

Although the island is small, it is known as one of the most important sites in the UK's history of Christianity and the site of numerous Viking invasions. It was here in 635 AD that Saint Aidan founded a monastery and where Saint Cuthbert lived, worshipped, and studied the Gospels. As we walked around the damp ruins of Lindisfarne Priory with umbrellas in hand, we imagined the arduous life of the monks who had lived here centuries before—without the comforts of electricity, central heat, or a local shop.

After a short walk through the village and along a rocky beach, we arrived at Holy Island Castle. The castle, built atop a hilly outcrop facing the sea, acted as a stronghold in the sixteenth century and is now run by the National Trust (www.nationaltrust.uk.org). The sun finally came out after our castle visit, and we sat on a bench and enjoyed the scene—fishing boats bobbing up and down in the harbor, seagulls noisily circling overhead, a group of schoolchildren searching for crabs and starfish in the rock pools, and a couple of upturned herring boats on the beach. Before leaving the island, we stopped off at a small café by the priory and enjoyed some sandwiches made of fresh local

crab and chunks of brown bread, served with piping hot cups of tea. After numerous furtive glances at the tide tables, we made sure we hit Pilgrim's Causeway well before the sea came rolling in.

On our way back down the coast to Yorkshire, we stopped off at the fishing village of Craster, which is famous for the Robson's kipper factory. Before we even stepped out of the car, the smell of smoked fish filled our nostrils. These traditionally oak-smoked herrings are purported to be the finest in the United Kingdom. The plumpest herrings are split down the middle and soaked in a brine solution for a predetermined time depending on their size. They are then hung on tenter hooks in one of the 130-year-old smokehouses, where they are cured over smoldering fires of oakwood for up to sixteen hours. If the kippers don't whet your appetite, then try the



Historians have traced George Washington's ancestral home to the twelfth-century town of Wessington, later called Washington. (bottom) The Washington Window in Selby Abbey.

smoked salmon or cod. You can purchase them at the factory shop or online at www.kipper.co.uk. To make a Robson's "Craster Kipper Toasty" take two cooked kippers (or smoked fish), two slices of toast, a dash of Worcester sauce, a cup of grated cheddar cheese, and two tablespoons of double cream. Butter the hot toast generously and add a dash of Worcester sauce, mash the kipper fillets, stir in the cream and grated cheese. Spread this mixture onto the toast and grill until the cheese bubbles. Serve hot with long glasses of ice cold, Newcastle Brown Ale.

Back in Hambleton, North Yorkshire where my parents live, we decided one afternoon to visit nearby Selby Abbey, which has a rich history dating back to the twelfth century. As we admired the stained-glass windows above the altar, we spotted, to our bewilderment, the Stars and Stripes hanging in the south clerestory window opposite the Union Jack.

Now considering that the market town of Selby is located well off the American tourist track—or so we thought—we couldn't figure out why the American flag was occupying such a prominent position in a Yorkshire abbey.

Luckily, an abbey historian happened to be on duty and was happy to enlighten us. He asked us to look closely at the stained-glass window right next to the flag. There, in the fourteenth-century window, was the family coat of arms of the former prior of Durham (from 1416–1446) and bene-

factor of the abbey, John Wessington, who turned out to be yet another of George Washington's ancestors. The Washington shield displayed in the window comprises three red, pierced, five-pointed stars above two red horizontal stripes on a white background.

The historian went on to say that the Washington family took such pride in their heritage that when they emigrated to America they retained the family crest, and the story goes that the modern American flag has its origins in the Wessington (or Washington) coat of arms. American tourists apparently like the story well enough as they often make pilgrimages to the abbey, which is on the "American Heritage Trail," and several years ago a group of them had donated the flag now hanging next to the "Washington Window." Sue Cundall, who works for Selby Net, a Web site that promotes local businesses and tourism, is afraid, however, that some of the visitors don't make it to Selby. "Unfortunately most American tourists come to York (ten miles away) and go back home not knowing that they have been so close to a major part of the American Heritage."

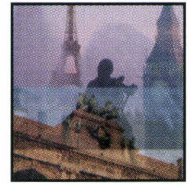
Whether the story about the flag is true or not, one thing is for sure, back in 1180 surnames were derived from the places where people lived. Before taking up residence in Wessington, George's ancestor, William, had lived in Hertburn—which means America's first president could quite easily have been George Hertburn, and I could now be living in Heartburn, DC. Good thing he moved! ☺

Susan J. Burdin, EUROPE's associate editor, was born in Yorkshire and now lives in Washington, DC.



CAPITALS

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



LONDON

TAX MAN TARGETS CONGESTION

Motorists driving into the heart of London will have to pay a \$7.50 daily tax as part of Mayor Ken Livingstone's controversial plan to ease the capital's traffic congestion. If the congestion charge proves successful, the scheme could be extended to busy city centers around the country.

"My transport strategy for the next fifteen years is the most comprehensive and ambitious plan to expand and improve transport that London has ever seen," proclaimed Livingstone when he announced his plans.

The congestion charge due to be introduced in January 2003 is expected to raise \$300 million a year which will be invested in the city's overstretched public transport system of underground, bus, and rail networks.

About a million people work in central London, with one in seven commuting by car. An estimated 50,000 vehicles an hour enter the target zone during peak hours, and anyone failing to pay the charge will face stiff fines.

The goal is to dissuade nonessential vehicles from entering the heart of London where traffic crawls along at an average speed of less than ten miles per hour. A hundred years ago horse-drawn vehicles averaged twelve miles per hour.

The planners hope that the congestion charge will cut traffic in central London by up to 15 percent, with commuters using buses, trains, and the Underground.

However, Livingstone faces criticism that the congestion charges will be in place long before any improvements in the public transport system will make it capable of handling a sharp increase in passengers leaving their cars at home. Britain's fiercely critical Automobile Association responded, "This is a cart-before-the-horse scenario."

"The public transport system is pretty well falling apart," says city councillor Merrick Cockell, "more problems will be created if we push more people onto it before improving it."

But everyone, even the critics, knows that something has to be done. The underfunded public transport system is beleaguered and bursting at the seams. The unimproved road network simply cannot handle the volume of traffic, and air pollu-

tion worsens each year.

The mayor, addressing commuters' fears that they will be squeezed onto already overcrowded buses and trains, has announced that there will be a 40 percent increase in the capacity of public transport within ten years. He also has promised a flat rate \$1 fare on the buses to coincide with the introduction of congestion charging.

"My plan will radically improve and expand public transport while taking strong measures to reduce the traffic congestion which blights the city," says the mayor.

City leaders across the country will carefully monitor the experiment in London to see if it could be the solution to their urban transport problems.

—David Lennon

London Mayor Ken Livingstone has proposed a "congestion tax" to curb the city's traffic problems.



COPENHAGEN

DANES DEBATE PARENTAL LEAVE

Danish families are increasing not only in number but also in size, and Danish politicians have been quick to recognize the statistics' significance.

In the spring, Venstre, Denmark's liberal party, launched a proposition to extend the current paid maternity leave from six to twelve months. By doing so, Venstre, currently in opposition, initiated a heated, ongoing debate about the conditions young families face. With general elections due next year, the party's opponents immediately dismissed the proposition as a sheer electioneering sop. Nevertheless, most of the same opponents soon embraced the issue.

Presently, the political leaders seem to agree that the current maternity leave should be extended from six to twelve months, although the social liberal party, Det Radikale Venstre, at one point tried to surpass everybody else by suggesting an eighteen-month leave.

However, where consensus seems to have been reached regarding the length of the extension, disagreement now arises as to which of the parents should benefit from it. Should parents be allowed to split the extra time as they wish, or should part of the extended leave be earmarked for the father? This question has become an issue in itself, bringing aspects of gender equality into the debate.

Lotte Bundsgaard, the minister for gender equality and a social democrat, advocates that part of an extended maternity leave should in fact be paternity leave. She and her supporters argue that by reserving a certain portion of the extended leave for fathers puts men in a better position to negotiate paternity leave with their employers. At the same time, passing a law would help make it socially acceptable for a male employee to take time off to be with his family.

Currently, a new father is allowed only a two-week leave within the mother's six months maternity leave. Following maternity leave, another six months of so-called "parental leave" may be obtained—an option that a large number of families choose, sometimes for the simple reason that sufficient daycare services usually are not available until a child is ten to twelve months old.

In principle, Denmark's parental leave is for both parents, but mothers usually

take advantage of it. One reason for this is that men are still better paid. Therefore, letting the father take care of the baby for six months is an expensive option for a large number of young Danish families.

Another reason is that many men fear that a six-month absence from work might damage their careers—a somewhat justifiable fear in the Danish labor market, which is still dominated by male values. However, recent research from neighboring Sweden suggests that the career consequences for men who enjoy prolonged paternity leave are insignificant.

Indeed, society may likely benefit from an increased number of men on paternity leave, as the occupations traditionally dominated by women, such as nursing and education, are experiencing a labor shortage, partly due to the large number of women on leave.

This might well be the case, but opponents—among them the liberal and conservative parties, as well as some of Bundsgaard's fellow party members—argue that society should not interfere with families' rights to organize themselves. Therefore, what may have been intended as a warm-up session before the upcoming general election has now turned into a full-scale political discussion of gender roles.

—*Maria Bernbom*

STOCKHOLM

WALKING CLOSET SYNDROME

The apartment sounded fantastic. The advertisement promised fine woodwork, high ceilings, a new bathroom, and...a "walking" closet. Where, I wondered, was the closet going? Or perhaps this was a new sort of room divider?

The ad was a Swedish real estate agent's attempt to bring a veneer of international sophistication to the apartment market, and of course, what the agent meant to say was "walk-in" closet.

A little language knowledge can be a dangerous thing, especially in Sweden. English—taught British style here—is obligatory in school, with students starting as early as second grade. Swedes are justifiably proud of their English, and visitors to Stockholm always comment on how well Swedes speak the language. The problem arises when people start trying to get fancy.

There was, for instance, the official at the Swedish National Debt Office. The

agency is responsible for issuing Swedish government bonds and treasury bills and offers various savings programs for consumers. Intent on impressing the English-speaking public with the value of Swedish securities, the official posted a message on the agency website describing them as "guilt-edged."

Language overconfidence is an inevitable consequence in a country where English, British and American, is so commonly used in business and daily life. Swedes don't think they know English; they're certain they do.

More than one translator has complained bitterly about submitting texts in correct English only to have them rewritten by Swedish clients who have filled them with mistakes. Even worse are clients who rewrite in English based on Swedish style with the excuse, "I know your way is right, but it sounds funny."

At the same time that they embrace English, at least some Swedes also lament the dilution of their language with "Britishisms" and, even more often, "Americanisms." Words in English are liberally sprinkled through advertisements in Swedish publications and on billboards advertising "take away" food or "weekend" travel packages. But even here, "Swinglish" creeps in. As in German, Swedish tends to merge two English words into one. This results in such creative constructions as "weekendtake-awayfood."

One Swedish journalist, something of a fanatic when it comes to what he considers the pollution of his language with creeping "Angloism," is particularly proud of the fact that he managed to forestall common use of the term "junk bonds" by business reporters by coining a Swedish expression that was accepted instead. The use of English as the standard computer language has only accelerated the Anglicization of Swedish that began with business English.

The ever-increasing number of US television programs in Sweden has also taken its toll. Programs aren't dubbed; they're run with subtitles. While this has undoubtedly helped improve countless viewers' English (or at least their 'American'), it has also led to more people incorporating American words into their daily speech. That's particularly true for children, much to the despair of the language instructors trying to maintain a standard with the Queen's English.

This bouncing between British and American English also creates problems.

Even brief letters can contain creative blends of English and American spelling, with Swedish variations thrown in for good measure.

Furthermore, the pervasiveness of English makes it difficult for native English speakers to become fluent in Swedish. Swedes like to practice their English and want to be courteous to English speakers by speaking it with them. Native English speakers attempting to speak Swedish are often answered in English. Either they must go on speaking Swedish—while the Swede frequently continues speaking English, something of an absurd situation—or take the easy way out and fall back on the language of their birth.

Of course, there are those Swedish expressions that will never make any sense to a non-native speaker. “It costs the shirt,” for instance, describes something expensive. The etymology of this escapes even Swedes. But whether it’s Swedish or English, when it comes to the nuances, it’s probably all Greek anyway.

—Ariane Sains

ROME

IS IT HORACE’S HUMBLE HOUSE?

Where did Horace the Roman poet actually live? A relatively unimportant subject, one might think; however, Bernard Frischer disagrees. A researcher at UCLA, Frischer is furiously excavating an archaeological site in eastern Latium, not far from Rome. The focus of his digging, he is almost 100 percent sure, is the humble house where Horace—who once wrote, “Let him who has enough wish for nothing more”—probably spent his entire adult life.

There’s one small problem, though. So far, the ruins that are being unearthed are definitely those of a lavish villa of palatial dimensions—nothing like the “modest farmhouse,” Horace once described in a letter to a friend. “With about 20,000 square feet of living space, this would have been the biggest mansion in Beverly Hills,” admits Frischer. Furthermore, those ruins clearly don’t belong to Horace’s Augustan times.

Nevertheless, Frischer has an answer for both problems. “So far Italian archaeologists have excavated this area only down to a point. What they have found—along with beautiful marble, which clearly does not belong to a poor house—is a patchwork masonry known as *opus mixtum*, which is associated with a period 100 years



An American archeologist believes he’s found the long lost home of Roman poet Horace (65 BC–8 BC).

after Horace’s death, and not the net-like pattern of *opus reticulatum* of the day.

But Frischer was not dissuaded and continued digging. Beneath the layers of mixtum, he found a smaller set of walls displaying reticulatum. “This suggests that an older structure did exist there and that someone had actually built around it,” he maintains. His enthusiasm was well rewarded. Eventually, he came across a small atrium within the big palace, revealing Augustan features and a floor plan more in line with the abode Horace described.

It is still not entirely certain that this is the poet’s house. However, scholars agree with Frischer that the location is unmistakable. Moreover, Augustan walls

and the small dimensions would suggest that Horace was telling the truth about his lifestyle.

So, who built the huge and splendid villa above Horace’s simple house? No one knows for sure. Again, Frischer comes out with an intriguing suggestion. It could have been no one less than Emperor Vespasian himself. Here’s why: The villa sits halfway between Rome and Riete, now a medium-sized town but once a small village known as Reate, where Vespasian grew up. In his will, Horace who was a bachelor, bequeathed his farmhouse to Emperor Augustus. The property, Frischer believes, would eventually have been passed down to Vespasian.

—Niccolò d’Aquino

PARIS

THE SWEET SMELLS OF SUCCESS

This is the time of year when the harvest moon upstages the sun in golden glory and we focus on the bounty of Mother Earth. One French company that takes advantage of nature's riches all year round, and is reaping ever increasing profits as a result, is L'Occitane.

Based in the town of Manosque, close to the Valensole Plateau in Upper Provence, where a sea of lavender unfurls its purple waves in mid-summer, L'Occitane produces a line of skin-care products, soaps, candles, and home fragrances using essential plant oils. Verbena harvested in May, lavender gathered in July, and olive oil pressed in November, are just three of the local plants that go into supplying the seventy L'Occitane boutiques in France and the 130 outlets now established abroad, from New York to Rio de Janeiro to Hong Kong. The company employs 500 people, doubled its sales in 2000 for the third year in a row to reach \$45 million, and is projecting sales of \$64 million for 2001.

Its beginnings were much more humble. Back in 1976, in the full bloom of the peace and love era, Olivier Baussan, a student living in the Alpine region of Provence, bought an old still. Together with two university pals, he started distilling rosemary oil and whipping up batches of herbal shampoo and bubble bath in a blender. The trio peddled their wares from market to market in an old hearse they had bought at an auction. With the boundless optimism of youth, Baussan baptized his tiny enterprise L'Occitane, in tribute to the vast, ancient region of Occitania, which once stretched from Spain to Italy and included the ancient kingdom of Provence.

Ten years later, the first L'Occitane boutique opened in Paris, and the company's books showed total sales of \$4 million. But by 1992, the rapid expansion of the company, coupled with some financial losses, made it necessary to bring in outside capital. Baussan retained a 6 percent share, selling the rest to the Natural group, which belongs to Indosuez, the investment banking and capital markets arm of the Cr dit Agricole banking group.

In 1996, former Austrian ski champion Reinold Geiger took over the direction of L'Occitane. One of his first phone calls

was to Baussan, asking him to come back as the company's creative manager and participate in the massive international expansion that Geiger has planned. Last year alone, seventy new L'Occitane boutiques opened outside France, and within the next few years, a total of 500 stores will be spreading the perfumes of Provence around the world.

The concept of every boutique is the same: clay tiled floors, ochre-washed walls, cast-iron and wood display counters and furnishings. The packaging continues the rustic-chic look that underscores the "back to Mother Earth" philosophy of the L'Occitane range. The same spirit governs the factory in Manosque, the company's only production site. Museum-worthy machinery remains in use, and labels are glued on by hand, to preserve what Baussan describes as "a genuine quest for authenticity" in the world today. "We are really profiting from that now," he says. "But back when we started, we didn't have any master plan. We just happened to be there at the right time."

Competitors point out that L'Occitane can't keep on mining the Provence vein forever. "After lavender, olives, and honey, how much else can you exploit?" asks Christophe Mura, general manager of the The Body Shop division in France. "In the long run, can they keep on using that same small niche to develop new product lines that will draw the public?"

L'Occitane has already asked itself that question and found an answer, by developing what it calls "a humanitarian partnership" with an African village in Burkina Faso, where the shea tree grows. The kernel of its fruit, harvested only by women, is used to produce shea butter, a rich moisturizer known in Africa as "women's gold," from which L'Occitane has developed a new skin care collection. The company is also developing products from other exotic plants, such as Chinese magnolia and a Corsican straw flower, which yields an essential oil once used by vestal virgins.

All these new activities, along with the traditional flowers and herbs of Provence, are turning L'Occitane into the most flourishing business and leading job creator in the Southern Alps of Upper Provence. Plans for a government-supported regional scent center are now underway, which will unite all the local businesses involved in the production of perfumed products such as soaps, sachets, and so on. L'Occitane will be the

showpiece of a growing bouquet of firms that are turning the plants of Provence into sweet-smelling dollars and scents.

—Ester Laushway

LISBON

IMMIGRATION POLICY TAKES SHAPE

The past few months have seen dramatic developments on the immigration front in Portugal. For decades, the country sent emigrants to the rest of Western Europe and to North and South America. The tide turned after Portugal entered the European Union in 1986, transforming its economy. In recent years, labor shortages, a booming construction sector, and the authorities' reputation for turning a blind eye to illegal employment have accelerated the process, attracting tens of thousands of migrants from Eastern Europe.

Gradually, a highly organized illegal network grew up, with hopefuls traveling across Europe on a tourist visa and then being placed by local employment agents, mainly in construction jobs. Like the thousands of workers from Portugal's former colonies who preceded them, the new arrivals were unmolested by the authorities but exploited by employers.

As their numbers swelled to the 100,000 mark and abuses became more flagrant, the government was obliged to act. Last fall, it passed a law under which foreigners working in Portugal could legally gain a one-year permit, renewable each year for up to five years. Since it took effect in January, 89,000 immigrants have taken advantage of the new provision. Ukrainians constitute the largest majority, accounting for 35 percent of the total, followed by Brazilians, who compose 19 percent, then Moldavians and Romanians. Officials speculate that one reason so many are from these last two countries is that Romanian is, like Portuguese, a Latin language. The Ukrainians, in turn, come mainly from areas bordering on Romania and Moldova, and ground-level contacts between the countries probably helped spread the news about the work opportunities in Portugal. Many of the new migrants are highly educated professionals—teachers, doctors, even chiefs of police. But they are willing to work long hours because even though their wages are low by EU standards, they are many times the pittance these

people could earn in the struggling economies of their homelands.

As well as allowing for the legalization of existing workers, the new law also called for regular reports on Portugal's labor needs. The first, which was published in late August, projected that 80,000 new jobs must be filled this year, mainly in construction, tourism, and agriculture. More than 20,000 of them would have to be filled by immigrants, the study found.

So far, the transformation of Portugal from a land of emigration to a land of immigration has been uncontroversial, with a string of sympathetic stories in the media about newcomers getting on their feet or contending with dastardly bosses. So long as key industries are crying out for labor, the welcome is likely to remain warm.

In the meantime, a government-appointed high commissioner for immigration and ethnic minorities is monitoring the process. He effectively acts as a lobby within government on behalf of immigrants, for example pressing for guaranteed, free state health care as part of the upcoming health reform bill. At present, health provision is a distressingly hit-and-miss affair, with each regional authority deciding whether immigrants are eligible or not.

In late August, the government added another institution aimed at bringing itself into line with other EU countries used to dealing with immigrants. The Commission for Equality and Against Racial Discrimination (headed by the high commissioner for immigration, who thus combines two key jobs) was foreseen under a law promulgated back in August of 1999. But coincidentally, it set up shop in the same week that the study on the labor market was released, signaling that Portugal's first ever immigration policy is finally taking shape.

—Alison Roberts

LUXEMBOURG

EIB JOINS R&D PLAN

Early this summer, the Luxembourg-based European Investment Bank announced it would collaborate with the European Commission on a new joint project to promote investment in research and development in the European Union.

The problem being addressed here is not any lack of brilliance on the part of

European scientists but rather the apparent inability of their employers to make much use of it.

This is partly a cash problem. The EU invests barely 1.9 percent of its gross national product in research compared to 2.6 percent in the US and 2.9 percent in Japan. Furthermore, say the EIB and the Commission in a joint report, "The exploitation of research results in Europe is very poor and certainly not commensurate with the Union's scientific knowledge base."

This is relatively new territory for the EIB, which was set up in 1958 as an EU institution, wholly owned by the member governments, "to finance capital investments that promote the balanced development of the Union." In practice, the bank used its cast-iron collateral to borrow cheaply in world markets and relend the proceeds for economic development in the poorer countries and regions of the European Union. Few, if any, of the major infrastructure projects carried out in Europe over the past forty years do not have the EIB's fingerprints somewhere on them.

Last year the EIB lent the equivalent of \$33 billion and now has outstanding loans and guarantees of more than \$180 billion, making it the world's largest non-government borrower and lender. But to a large extent the bank has now outgrown its original purpose and seeks, in the words of its president, Philippe Maystadt, "an increased focus on the most important core activities"—in which he includes technological innovation.

This is where the research funding comes in. Individual EU governments cannot match the size of the US or Japan research efforts and are unenthusiastic about Commission research programs where the investments are widely spread. But EIB loans and guarantees can be more precisely targeted and are available on a massive scale. The EIB's Innovation 2000 initiative has a budget of up to \$13.6 billion with an additional \$900 million set aside as risk capital for innovative enterprises.

Sectors singled out by the EIB as important for European competitiveness are biotechnology and nanotechnology. Between 1998 and 1999, employment in this sector increased by 17 percent, revenues by 45 percent, and research spending by 35 percent. "After the deciphering of the human genome, the need for research funding in biotechnology and the number of startups has grown rapidly, making enterprises of this sector one of the biggest

potential beneficiaries of this joint initiative," the EIB stated.

The activity, to be carried out by the EIB's specialized venture capital arm, the European Investment Fund, will target, among other things, investments in innovative or high-growth small and medium-sized companies; the encouragement of existing entrepreneurship ventures, such as science parks and incubator companies linked to universities and research centers; and loans to micro-enterprises.

"A special effort is required as currently the EU is behind the US and Japan in terms of technological and commercial performance as measured by the number of patents filed or in the value of high-tech exports respectively," the EIB stated. It added that "high-technology firms, and in particular startups and spin-offs, are a key to the process of converting research results into innovation, with considerable socioeconomic impact."

Maybe, but many corporations have gone bust trying to do this in recent years. There has to be a significant risk element here, compounded perhaps by the fact that many of the requests for funding will come from people already turned down by Commission research programs. But who's going to argue with the EIB? Its size and record offer irresistible proof that the bank knows how to look after itself.

—Alan Osborn

BRUSSELS

NEW OLYMPIC PRESIDENT

In its 107-year history, the International Olympic Committee has had only seven presidents. The eighth, Belgian orthopedic surgeon Jacques Rogge, was elected in July to succeed Spaniard Juan Antonio Samaranch. Rogge, fifty-nine, is the second Belgian to head the IOC. The first, Henri de Baillet-Latour, held the position from 1925 to 1942. No other country has provided two presidents.

The unassuming Rogge started his sporting career as an international rugby player, but then switched to yachting, participating in three Olympics—Mexico (1968), Munich (1972), and Montreal (1976), before going on to win a world championship. He then retired from active competition but was soon recruited by the Belgian Olympic Committee as a part-time sports administrator.

He has been a member of the IOC since 1991 and soon made his mark as a

shiningly honest, skillful, and hard-working member of a committee that had more than its share of freeloaders, ten of whom had to resign or were expelled from the committee following the scandal surrounding Salt Lake City's successful bid for the 2002 Winter Olympics.

Rogge, a natural diplomat who speaks five languages (French, Dutch, English, German, and Spanish), was put in charge of coordinating the 2000 Summer Olympics in Sydney, generally regarded as the most successful ever. This experience gave him a decisive edge over his two main rivals—the South Korean Un-Yong Kim, who was damaged by serious corruption allegations, and the Canadian Richard Pound, the head of the World Anti-Doping Agency. Pound's candidacy was effectively wrecked by Samaranch, who described his anti-drug campaign as “a mess.”

Samaranch served for an unprecedented twenty-one years, which is now generally regarded as being far too long. Rogge has been chosen for an eight-year term, with the possibility of only one four-year extension. Those who know him well are confident that he will prove a refreshing contrast to Samaranch—a natural authoritarian and a frightful snob who packed the IOC with aristocratic figures (including notably the UK's Princess Anne), who had only mediocre qualifications either as former competitors or as sports administrators.

Rogge promises to devote all his energy to “defending the credibility of sport, which is under attack from doping, corruption, and violence.” He also faces daunting challenges in overseeing the next two Olympic Summer Games. The Greek authorities are still seriously behind in their preparations for Athens

2004, while Beijing 2008 risks becoming a propaganda exercise by a totalitarian regime, comparable to Hitler's use of the 1936 summer games held in Berlin.

One thing is certain: Rogge's sports medicine center at Deinze, near Ghent, where last year he still managed to perform 800 operations and 5,000 outpatient consultations, will be seeing a great deal less of him in the future. So, unhappily, will his wife and two children, with whom, however, he still hopes to get in the occasional weekend's yachting off the Belgian coast.

—Dick Leonard

THE HAGUE

OUTDOOR DANCE DISASTER RAISES SAFETY QUESTIONS

Over the past decade or so, it seems that the Netherlands, a country once renowned for its strong belief in moderation, has embraced a much more exuberant approach to life. Of course, Amsterdam, a city that has long traded in hedonism, generally proved to be the exception to the otherwise temperate Dutch reputation. Dating back to the seventeenth century, Amsterdam was renowned for its more or less openly tolerated prostitution. Today, prostitution is legal, and the city's red-light district has become a major tourist attraction. Also, the legal sale of marijuana and hashish in so-called coffee shops adds to the city's reputation as a permissive paradise.

Now, it seems, the anything-goes mindset has started to spread beyond the red-light district and the coffee shops and, in some cases, beyond the city limits. One of the most noticeable signs of this are the increasingly massive, outdoor celebrations that transform Amsterdam's center into an amusement park and attract larger and larger crowds. Music festivals, such as Lowlands, Pink Pop, and Park Pop, have become major annual attractions. The gay parade comprised of hundreds of boats sailing along Amsterdam's historic canals attracts huge crowds every year.

However, this newfound “fun society” has put an increased strain the city's public infrastructure, notably on the police, emergency services, and transportation system, but so far, nothing has been done about it. No local politician wants to be known as an opponent of public enjoyment.



Jacque Rogge is the second Belgian to become International Olympic Committee president.

This attitude may change after a near-disaster took place this summer in a wasteland-turned-natural park about twenty miles west of Amsterdam. The Dance Valley festival comprises all-night dancing in the open air and has become a major hit, particularly among teenagers. This year's event attracted a crowd of almost 100,000. During the event, in the middle of the night, a storm blew in. The temperature dropped, and cold rain and wind buffeted the crowd. Young kids, wearing hardly anything, some on drugs, rushed to find shelter. The crowds started to panic. Many left without a problem, but about 10,000 kids roamed around, shivering, looking for ways to get home. They ended up in first aid tents, some so hypothermic that they had to be treated in hospitals. This came as a shock to many people. There is no guarantee that the summer weather will cooperate for all-night dance parties, and many questioned whether there were sufficient civic resources and plans in place to deal with such a large crowd facing those circumstances. It was a sobering experience for everyone, not only for the young participants, who were lucky that none of them was hurt seriously, but also for the organizers and government officials. The incident, if anything, has made the Dutch re-evaluate the attitude that everything is possible as long as it is for amusement.

—Roel Janssen

ATHENS

CAUTION: BEAR CROSSING AHEAD

Until recently the highway projects aimed at linking Greece with the rest of the European Union and its Balkan neighbors ignored the needs of one longtime resident of the region—the brown bear.

The 420-mile Egnatia highway under construction to link the northwestern part of Igeoumenitsa with the Turkish border in Thrace crosses a section of the Pindus mountain range that is home to an important community of bears. Furthermore, in the Rodopi Mountains dividing Greece from Bulgaria, a new cross-border road under construction cuts across a trail used by bears in autumn and spring on their way to and from hibernation.

The brown bear is an endangered species in southeast Europe. Biologists at Arcturos, a Greek environmental organization, estimate only about 150 bears remain in Greece. About the same number

live in the Former Yugoslav Republic of Macedonia, while there may be approximately 250 in Albania. The region's biggest bear population—an estimated 700—lives in Bulgaria.

George Mertzanis, head of scientific operations at Arcturos, says, "The bear population in Greece has stabilized over the past ten years and the trend is toward a slight increase. But the situation is still very fragile and development projects pose a significant threat."

Arcturos has been the coordinator for a cross-border project that carried out a census of the bear population and promotes conservation measures around the region. A small group of Greek bears wear electronic collars that enable researchers to track their movements across borders. "They don't wander far—about twenty-three miles in a straight line—but the distance they actually cover through the mountains is much bigger," Mertzanis says.

In Greece, Arcturos provides a sanctuary for dancing bears confiscated from their owners after the practice was outlawed. While there are no longer any dancing bears in Greece, other Balkan countries have only cracked down since the end of communism. The bears were trained to dance as cubs by being placed on a sheet of hot metal to the sound of drums and a pipe—a Pavlovian method that made them rear on their hind legs whenever they heard the same music played.

Unable to fend for themselves in the forest, the former dancing bears live in a fenced reserve at Nymphaion, a mountain township in northern Greece being revived as a center for environmental tourism. The bears have become the main attraction for visitors and are visited by wild bears whose tracks are visible around the reserve's fence.

Arcturos also works to prevent illegal shooting of bears by farmers over destruction of crops and livestock. Mertzanis says, "There used to be a pattern of conflict in the relationship between bears and local residents. It's changed since we started to offer practical solutions." Arcturos provides electric fences free of charge to beekeepers to protect their hives from being raided by bears.

However, problems with the EU-financed highway projects have still to be fully resolved. Following consultations

with Brussels, the road linking the Greek town of Drama with Goche Delchev in Bulgaria through a new border crossing has been redesigned to include a 550-yard tunnel beneath part of the bears' trail. But Mertzanis says a "cut and cover" version rather than an underground tunnel could deter bears from using the crossing.

In the Pindus, there are plans for an eighteen-mile section of the Egnatia

highway to pass through dense forest that provides a habitat for the bears. Arcturos has been lobbying for the route to be diverted around the forest area. The Egnatia Odos, the state corporation in charge of the highway project, has proposed building a series of underground tunnels to provide crossing-points for bears.

However, the controversy continues. Mertzanis argues that the tunnels aren't a solution. "The amount of construction work that would be needed to build them would disturb the bears and drive them away from the area," he says.

—Kerin Hope

DUBLIN

ANOTHER SEABISCUIT?

Anyone in the United States with an interest in matters equine must by now have read Laura Hillenbrand's marvelous *Seabiscuit: An American Legend*, which follows the rise of a Depression era racehorse that captured the nation's imagination. As Hillenbrand writes, "In 1938, near the end of a decade of turmoil, the number one newsmaker was not Franklin Delano Roosevelt, Hitler, or Mussolini, [it] wasn't even a person. It was an undersized, crooked-legged racehorse named Seabiscuit."

Hillenbrand's story of the horse that became a cultural icon and the improbable trio who ran him—an owner who started out as a bicycle repairman, a virtually mute mustang breaker who became his trainer, and a failed half-blind boxer who became his jockey—is one of the finest sporting narratives published in recent memory.

Soon an even wider public will be able to thrill to Seabiscuit's story when it is brought to the big screen by Universal Studios (Hillenbrand will serve as a consultant on the movie).

While there are no longer any dancing bears in Greece, other Balkan countries have only cracked down since the end of communism.

But while American racing fans wait for the Seabiscuit film saga to be unveiled, many headed for New York on October 27 for the Breeders' Cup Classic and the appearance of an astonishing Irish wonder horse named Gallileo, who has already taken Europe by storm and was flirting with becoming the first \$100 million racehorse in history.

This dual derby winner, racing's latest superstar, has already beaten some of the best racehorses on the European scene. Foaled on March 30, 1998, his worth as a yearling in 1999 was valued at \$3 million. Last year, that figure had reached \$10 million.

This year, with wins in the English Derby (at Epsom), the Irish Derby (at the Curragh), and a thrilling victory over Fantastic Light in the King George VI and Queen Elizabeth Stakes (at Ascot), his worth for breeding purposes soared to an estimated \$70 million. His projected value could top \$100 million. That's \$25 million a leg.

No racehorse has ever retired with a nine-figure dollar valuation. In September, Charlie Gordon-Watson, a leading bloodstock agent, in an interview with the *Times* of London, said that the \$100

million figure would be realistic given a triumph in the Breeders' Cup at Belmont.

"Gallileo is the first derby winner sired by the great stallion Sadler's Wells, and he also comes from the most successful female family (Urban Sea) in the world today," says Gordon-Watson. "If he can beat the Americans in New York, he would also become the first son of Sadler's Wells to win a group-one race on dirt, and a victory would enhance his value enormously." Plus, of course, the little matter of the almost \$2 million he has already taken in prize money.

John Magnier and Michael Tabor jointly own the three-year-old Gallileo. He is trained in County Tipperary by thirty-one-year-old Aidan O'Brien and ridden by another Tipperaryman, Michael Kinane. It was Kinane who steered him to victory in the King George at Ascot on July 28—but only after a sensational courtroom drama. Through a legal challenge in the Dublin High Court on the eve of the race, Kinane successfully thwarted two sets of racing stewards who had given him a two-day ban for careless riding that would have prevented him from taking the Ascot ride. He won an interim injunc-

tion enabling him to ride and then won the race.

Kinane, one of Ireland's most experienced jockeys, rates Gallileo above all the other horses he has ridden. "My fellow doesn't have a single weakness," says Kinane.

Trainer O'Brien says the glory of Gallileo is his huge, long, low, and wonderfully fluid action. O'Brien, rarely given to overstatement, says simply, "He is a great horse."

—Mike Burns

VIENNA

AUSTRIAN MINISTER SEES OUTDATED SECURITY POLICY

Austrian Defense Minister Herbert Scheibner has pledged to change what he sees as an outdated national outlook on security issues. In a recent discussion with the Austrian newspaper *Die Presse*, he discussed his goal of upping Austrian involvement in international security strategies and even offered tentative support of the US missile defense system.

Jockey Mick Kinane rides Gallileo to victory at Ascot.



Scheibner declared plans for a renewed security offensive in cooperation with the rest of Europe and voiced his disappointment at Austria's inadequate support for a European security and defense policy, blaming national politicians for the lack of clear information about the issue. In his remarks, he also discussed the missile defense system touted by President George W. Bush, calling it a necessary defense for the nuclear age.

However, Scheibner told *Die Presse* that one vital issue needed to be clarified: "Will this defense system create a new polarization in the world or is it an adequate answer to new security threats created by the spread of nuclear technology and weapons of mass destruction? If the latter is true, then the Europeans should also support this project and become involved in the production of a missile defense system."

In his attempts to foster an open debate surrounding current security issues, Scheibner has placed himself in direct opposition to Social Democratic Party Chairman Heinz Fischer. Fischer has made it clear that he will only support a new security doctrine that will not touch the issue of Austrian neutrality. Scheibner told the Austrian *Kurier* that he viewed Fischer's attitude as dangerous. "Adherence to neutrality cannot be allowed to threaten the goal of guaranteeing Austrian security," he said. Scheibner wishes to initiate a taboo-free defense discussion not mired by party politics. "We have to clarify to our people that the time for an isolated security system is over."

—Alexandra Hergesell

BERLIN

GERMANS NOT WORRIED BY MAD COW REPORTS

Germany reported its hundredth case of BSE, or mad cow disease, in August. But this grim milestone passed largely unnoticed. The media gave it scant coverage. Most politicians, loathe to lock horns again with the agriculture lobby, didn't draw attention to the issue. Nor did the food industry, which is wary of further regulation. It seemed no one wanted to hear the unappetizing news. Ten months after the BSE crisis began in Germany, consumers are regaining their appetite for beef.

The announcement of the hundredth BSE infection came from the southern

state of Bavaria, which cultivates its image as a place where farmers in *ledersosen* tend pampered cows on Alpine meadows. It's the last place you'd expect to find a deadly disease lurking among the herds. Yet, Bavaria has become Germany's BSE hotspot. Of the 100 cases of mad cow disease reported in Germany by August 22, forty-nine were in Bavaria. The rest were divided fairly evenly among ten of the other fifteen German states.

Obviously, the number of BSE cases in Germany pales in comparison to the United Kingdom's 180,000 plus. But the fact that the disease surfaced at all in Germany, despite draconian precautions, gives reason for concern. And more importantly, while the number of infections is declining in the UK, it is actually growing in Germany.

After the first BSE case was reported in a domestically bred cow last November, the German government responded with a series of measures intended to combat the disease and restore consumer confidence. Agricultural reform shot to the top of the public agenda. The Ministry of Consumer Protection, Food, and Agriculture was formed, headed up by the feisty Green Party politician, Renate Künast. Officials introduced widespread testing and labeling and extended a ban on high-risk feeds. In a speech last July at a European agriculture conference in London, Künast went so far as to advocate "permanently banning meat and bone meal from feeding troughs throughout the European Union." But with so many herds already infected, authorities can do little more than limit the risk to public health.

Asked to assess Germany's BSE crisis after the hundredth case, Künast admitted the situation would worsen before it improves. She said she expects Germany will document more than 200 cases by the end of this year. Künast added that it is likely new infections will continue to surface over the next four to five years.

Fortunately, there have so far been no reported cases in Germany of new variant *Kreutzfeld Jakob* disease (nvKJD), a brain-wasting disease that strikes humans and is believed to result from eating BSE infected beef. However, a study released in August raised fears that as many as 400 people could die of the dis-

ease in Germany over the next four decades. The environment minister of North Rhine-Westphalia, Bärbel Höhn, warned, "Germany, too, must prepare for cases of the new *Kreutzfeld Jakob* disease."

With increasing numbers of German cattle testing positive for BSE, one might expect consumers to be trimming beef from their diet, but that hasn't happened.

In fact, BSE infections and beef consumption have risen concurrently throughout the year.

While beef sales dropped 70 percent in January following the first report of mad cow disease, consumption has been growing steadily ever since.

By June, consumers were eating 80 percent as much beef as they did before the crisis began. One explanation

for this is that the government and beef industry's anti-BSE measures have taken hold and succeeded in restoring consumer confidence. However, to some degree, it's also a case of "out of sight, out of mind." With the media no longer focusing on scenes of burning cattle carcasses, BSE has virtually disappeared in the minds of German consumers.

—Terry Martin

MADRID

EL PAIS CELEBRATES TWENTY-FIVE YEARS IN PRINT

One of the institutions that helped guarantee Spain's return to democracy following the death of dictator Francisco Franco in 1975 celebrated its twenty-fifth anniversary earlier this year. The newspaper *El País* (which translates as "the country") published its first issue on May 4, 1976 and enjoyed almost instant success as a free, fresh, and independent journalistic voice among the tarnished and timid holdovers still on the newsstand from the days of the old regime.

Through the years, *El País* gave a slightly left-of-center view of how democracy was taking root in Spain and detailed how the country was shaking off four decades of stifling political, social, and cultural Francoism to become a truly modern nation open to the world and new ideas.

Since those beginnings, *El País* is now one of the most respected daily newspa-

Asked to assess Germany's BSE crisis after the hundredth case, Künast admitted the situation would worsen before it improves.

HELSINKI

FINNS CONTINUE TO MONITOR ROAD OF GODS AND POETS

Although the Soviet Union is gone, it can be strongly argued that the European Union still needs to remain watchful of Russia. Indeed, the border separating Finland and Russia extends 800 miles northward from the Gulf of Finland almost to the Arctic Sea. It is the EU's longest frontier and its only one with Russia. It is said to be the most secure in the world, with the possible exception of the North/South Korea divide.

Last summer, I visited North Karelia, the EU's easternmost periphery, an area the size of the Netherlands but with a mere 180,000 inhabitants.

On the empty highway, which parallels the frontier with Russia, the so-called "Road of Gods and Poets," I encountered only five cars and two rollerbladers in nearly an hour's fast travel. This is a cruel terrain made romantic by the music of Sibelius. It is a sylvan wilderness that has known conflict since the thirteenth century, and the frontier here has vacillated through forty-two wars and ten treaties, the last being the Treaty of Paris in 1948.

After decades of staring sullenly at each other across the forests, lakes, and rivers the Finns and Russians are still as tough as they always were about illegal frontier crossing, but legal traffic has increased enormously in recent years. Nationally, there were 5 million crossings last year, some 60 percent were Finns, 39 percent were Russians, and the rest other nationalities.

For the Finns, smuggling tobacco and spirits out of Russia is the main sport, and at the Niirila road and rail crossing, I was shown a huge cache of such contraband that Finnish customs officers were about to torch. During the summer months, an average of 3,500 people were processed daily at this very post, covering both directions. Some people do try to get themselves smuggled out of Russia, but few, if any, get past the

Finnish search dogs' noses; the dogs give every westward-bound car a once-over for illegal immigrants.

Last summer, there was the strange case of the five Moldavians who tried to enter Finland with false papers. What was odd? Inquiries revealed the same five men had attempted to breach both the Norwegian and Swedish frontiers on earlier occasions.

Off the roads there are, of course, watchtowers on both sides. The Finns have also made the frontier a seismic minefield—so sensitive that when a Russian skier last winter inadvertently trespassed by a ski-length onto Finnish territory it was duly registered as an "incident."

Bears and other animals moving across the line cause most alarms. This is brown bear territory on both sides, and they have no respect for fences during the summer. In the winter months, while these beasts hibernate, the worst danger for a border guard is that he might ski over one of them and wake it up. There are wolves and lynx, too, but like the bears, they are heard rather than seen by the frontier men.

The Finnish guards deploy planes, helicopters, ships, and small boats in their round-the-clock surveillance of the frontier; the ground patrols continue ceaselessly. The result is that the frontier is almost hermetically sealed.

Here, the biggest export coming out of Russia is wood. Although Finland is covered with its own vast forests, its behemoth paper industry is so hungry for raw material it buys huge quantities from its neighbor.

Besides commerce, other signs exist that the chill in this far north frontier may be thawing ever so slightly. Every year the village of Lieksa holds its annual Brass Festival, which attracts competitors from all over the world and features an ambitious series of classical concerts. Last summer, there were sixteen nations represented in the master classes but not Russia. As a goodwill gesture the Finnish border guards' band held a well-advertised concert in the forest just feet from the frontier. The hope was their Russian counterparts would appear on the other side to play answering music. They never turned up, but the Finnish horns and percussion rose to blast the sun-filled night, and their sound dissipated in the forest's rolling wilderness. There's always hope for next year.

—David Haworth

pers in Europe, and the newspaper of record in Spain. But over the years, some critics lambasted the paper for being too close to the former ruling Socialists and not dogged enough in investigating the many scandals that finally earned the party a firm drubbing at the ballot box by the center-right Partido Popular, which now governs Spain.

Despite the criticism and a challenge from the feisty center-right *El Mundo*, which gained readership when it aggressively dug up dirt on the Socialists' shenanigans, *El Pais* is still the leading seller among the half dozen national dailies. The latest figures show its daily circulation at around 435,000, which amounts to 40,000 more than *El Mundo*.

El Pais is also now the flagship of Spain's powerful Grupo Prisa conglomerate, which has interests in periodicals, television, book publishing, and other media sectors.

A tabloid-sized paper that for years sported a sober black-and-white layout, *El Pais* marked its quarter century by adding color to its front and back pages in its daily editions (it has published in color on Sunday for several years) and by overhauling the layout for its weekend editions.

Surrounding the anniversary, the newspaper sponsored a series of music concerts featuring Spain's most popular performers, along with two days of speeches and seminars on "Democracy in the New Millennium," which were attended by leading international and local figures from politics, the business world, and the humanities.

"This paper was born when democ-



racy was also fighting to exist. And for years we have enjoyed growing along with democracy, learning and maturing together," the paper wrote in its special anniversary editorial.

—Benjamin Jones

The Spanish daily *El Pais* turns twenty-five this year.

ARTS & LEISURE

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



ART

IMPRESSIONIST STILL LIFE

Phillips Collection in Washington, DC through January 13; Museum of Fine Arts Boston, February 7 to June 6, 2002

ANTIOCH: THE LOST ANCIENT CITY

Baltimore Museum of Art, through December 30

When we witness the dark side of human nature, the brutality that humans can inflict upon one another, it becomes even more necessary, and indeed a comfort, to remember that humankind is also capable of great inventiveness and timeless beauty. Two outstanding art exhibits, which speak to these nobler instincts, quietly opened this fall.

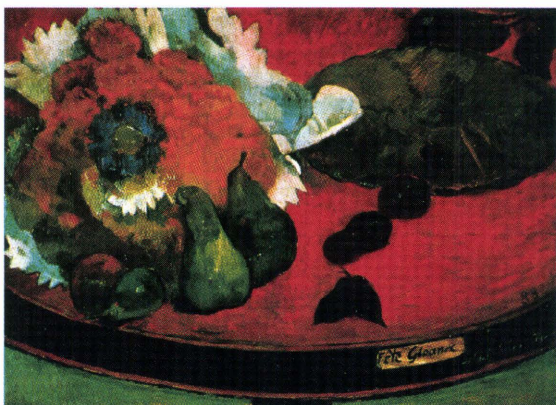
Impressionist Still Life is an uplifting exhibit at the Phillips Collection in Washington, DC, and *Antioch: The Lost Ancient City*, at the Baltimore Museum of Art, revives the great Roman city, known in the ancient world for its flourishing cultural and artistic life.

Impressionist Still Life turns on its head that traditional notion that the movement was myopically focused on landscapes, portraiture, and idyllic scenes of daily life. The exhibit traces the development of impressionist still

life from the realism of Courbet at the beginning of the movement to the flat planes in the late work of Cézanne, which experts say laid the foundation for the cubism of Braque and Picasso in the twentieth century.

One can see how the French Impressionists applied their characteristic penchant for unconventional compositions and revolutionary use of light and color.

More than eighty works from such nineteenth-century masters as Cézanne, Courbet, Caillebotte, Degas, Gauguin, Manet, Monet, Morisot, Renoir, and Van Gogh are gathered from fifty-five public



Gauguin's still life *Fete Gloanec, 1888*.

and private collections, including the Musée d'Orsay, the Courtauld Institute Galleries of London, and the Metropolitan Museum of Art.

Meanwhile, in Baltimore the focus is on art from two millennia previous. *Antioch: The Lost Ancient City* reunites for the first time since their discovery during the 1930s many of the 1,400 to 2,000-year old treasures excavated by a team composed of American and French institutions, including the Baltimore Museum of Art. The team located

the ancient Roman city in Turkey near the Syrian border.

During its zenith, Antioch was considered one of the four great cities of the Roman Empire, along with Rome, Constantinople, and Alexandria. The multicultural Greek-speaking population reached 500,000 at its height and was characterized by religious diversity, as pagans following Greek, Roman, and local deities lived alongside Jews and the new Christians.

The exhibition consists of 160 artifacts, including a stunning array of mosaics depicting deities, mortals, animals, plants, and abstract figures, as well as Roman sculpture, coins, relics from the early years of Christianity, jewelry, and Roman glass.

The Antioch mosaics, which date from second to the sixth century AD, compose some of the show's most breathtaking artifacts. One archeologist observed in his field book that the portraiture rendered in them were most "impressionistic with a small 'i'." The detailed, delicate rendering of color and shading is exquisite, especially when one considers that the medium was small, square cubes of stone. Moreover, the portrayal of deities in human form, which was a frequent theme of the time, has a "genre-like quality," according to Sona Johnston, the museum's senior curator of painting and sculpture. "The faces show emotion, expres-

sions," she said. "They are windows on the society that existed in that place of the world."

—Shaazka Beyerle

FILM

EU FILM SHOWCASE: A PREVIEW OF MOVIES COMING TO US THEATERS

The nineteenth annual European Union Film Showcase, held at the John F. Kennedy Center's AFI Theater from October 29 to November 11, offered filmgoers in the nation's capital a preview of the European celluloid that will be flickering on American art house screens during the next few months. The eighteen movies comprising this year's showcase included one from each of the fifteen EU member states (with two each from France, Ireland, and the Netherlands).

The Flemish film *Pauline and Paulette* directed by Lieven Debrauwer opened this year's showcase and depicts the bittersweet story of the ties between four elderly sisters. Pauline is a sweet, mentally challenged, sixty-six-year-old "little girl" who lives with Martha—although she idolizes Paulette, whom she annoys with unannounced visits and ceaseless adoration. When Martha suddenly dies, the sisters are thrown into a quandary, as Martha's will stipulates that her estate will be divided into thirds provided one of the remaining siblings takes in Pauline. During the film's seventy-eight minutes, we get to peek into the different lives of each of

BOOKS

ORNAMENTALISM: HOW THE BRITISH SAW THEIR EMPIRE

By David Cannadine; Oxford University Press; 240 pages; \$25

As a small child in Canada, I sang a garbled version of "God Save the Queen" every morning at school as the monarch's smiling image, wrapped in ermine and topped with a crown, looked down upon her young subjects from a framed photograph. So it was with interest that I began *Ornamentalism: How the British Saw Their Empire* by David Cannadine, a history professor at the University of London.

Ornamentalism in the British Empire, writes Cannadine, was "hierarchy made visible." His central thesis is that social ranking was as important as race and color in Britain's organization and governance of its empire, particularly during its heyday from the mid-nineteenth to mid-twentieth centuries. "Britons' perceptions of their empire was not exclusively based on the collective, color-coded ranking of social groups, but depended as much on the more venerable color-blind ranking of individual social prestige," he asserts.

The implication of this argument is that social ranking, as practiced in the colonies, could have an equalizing effect. Depending on one's status, one could be treated with dignity and respect, regardless of color or race. "In all these ways, the theory and practice of social hierarchy served to eradicate the differences and to homogenize the heterogeneities of the empire." Does the theory hold up? Not in such general terms.

It is true that a sizeable number of Indian princes, Hawaiian queens, Arab emirs, African chiefs, etc. were awarded all manner of honors, and invited to socialize with colonial governors and royalty. And yes, the ruling class considered them peers in comparison to whites of lesser rank. But what about the rest of the so-called natives? If the theory is correct, then a middle class Brit should consider a middle class Nigerian as his/her equal, and afford him/her more status than a working class stiff from Manchester. However, Cannadine's evidence only focuses on the relationship between the British ruling class and "native" nobility.

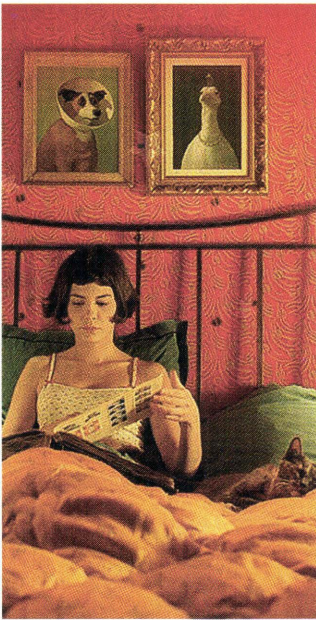
Having said that, even if a full-fledged system of social hierarchy did not exist, belief in it had significant consequences. For example, the grand vision of a "unified, interconnected, hierarchical" empire provided an easily understood picture of imperial Britain for domestic consumption, in part because it mirrored familiar social structures. Second, in the settled colonies, such as Canada, Australia, and New Zealand, attempts were made to recreate the layered, hierarchical agrarian society back home, particularly by down-and-out country gentry who sought fortune abroad. Cannadine notes, however, that these efforts were far from successful.

It was in the non-settled colonies that the impact was most pronounced. With India as the unwitting model—the myth of a hierarchy based on social rank shaped Britain's emerging method of occupation and governance, namely indirect reign through collaboration with native rulers. Among the locals in every colony, the British identified or created someone akin to

royalty through which they could govern. While initially successful, Cannadine points out that this strategy had inherent flaws, thereby contributing to the empire's eventual demise. For instance, the British applied their notions of hierarchy onto native groups, which did not necessarily match local perceptions of social rank. Moreover, native rulers, often corrupt and greedy, were not always viewed as legitimate leaders by their own people.

While this reader is not convinced that social ranking played as strong a role as race in defining Britain's relations with its colonies, Cannadine's thesis nevertheless adds an important dimension to scholarly inquiry. It is also full of information and anecdotes, some quite amusing, about colonial life, status seeking, and early attempts to cultivate mass images and narratives before the age of modern media.

—Shaazka Beyerle



Audrey Tautou stars in *Amélie* as a waitress with a passion for everything in life.

the women and come to understand the emotional ties that bind them together. Sony Pictures Classics picked up *Pauline and Paulette* at the Cannes Film Festival and plan to release it in the US before the end of the year.

One of the French selections, *Amélie*, is also worth a particular mention. The romantic comedy, which opened in French theaters in April, was a smash hit and notched up 7 million admissions by the summer. The beguiling twenty-three-year-old Audrey Tautou plays Amélie Poulain, a waitress with a passion for everything in life, whether it is cracking the crust of a crème brûlée with the back of a teaspoon or skimming stones across Canal Saint Martin. One day, Amélie decides she is going to straighten out the lives of her Montmartre neighbors, who are frankly all a bit peculiar. The movie, distributed by Miramax, comes to US theaters this month. In the meantime, you can see previews of *Amélie* at the film's official Web site www.amelie-lefilm.com/english. Bon viewing!

—Susan J. Burdin

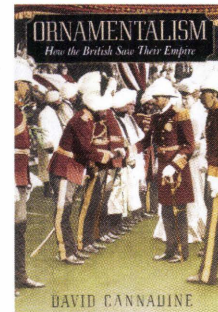


Photo and Illustration Credits

- p. 3: Odd Andersen/AFP Photo
- p. 6: AP/Wide World Photos
- p. 7: Pascal Rossignol/Reuters
- p. 8: Marc Alex/AFP Photo
- p. 9: Bernd Thissen/AFP Photo
- p. 10: Matthias Reitschel/AP/Wide World Photos
- p. 11: Martin Bernetti/AFP Photo
- p. 12: David & Peter Turnley/Corbis
- p. 16: Alastair Grant/AP/Wide World Photos
- p. 18: Paul Richards/AFP Photo
- p. 19: Jeff J. Mitchell/Reuters
- p. 20: Don Stevenson/Index Stock Imagery
- p. 21: Bryn Colton/Corbis
- p. 22: Hulton-Deutsch Collection/Corbis
- p. 24: Vitaly Armand/AFP Photo
- p. 27: Victor Juhasz
- p. 28: Daniel Janin/AFP Photo
- p. 31: Roger-Violle (left); AFP Photo
- p. 32: Corbis (top); Christof Stache/AP/Wide World Photos (bottom)
- p. 34: Susan J. Burdin
- p. 35: Archivio Iconografico, S.A./Corbis
- p. 36: Susan J. Burdin (top); selbynet.co.uk (bottom)
- p. 37: UPPA
- p. 39: Corbis
- p. 42: Geert Vanden Wijngaert/AP/Wide World Photos
- p. 44: Julian Herbert/Allsport

EU BOOKSHELF

November 2001

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

- New item** History of the European Union. Commission, Brussels, 2001, wall chart (folded).
- New item** Small Arms and Light Weapons—The Response of the European Union. Commission, Brussels, 2001, 21 pages.
- New item** The Social Situation in the European Union 2001. Commission, Brussels, 2001, 130 pages.
- New item** The EIB Group in the Year 2000. European Investment Bank, Luxembourg, 2001, 40 pages + annual report on CD-ROM.
- New item** Eurostat Publications and Databases: Practical Mini-Guide 2001 Edition. Statistical Office, Luxembourg, 2001, 57 pages.
- New item** A New Framework Programme for European Research: 2002–2006. EUR 19460, Commission, Brussels, 2001, 53 pages.
- New item** Public Opinion in the European Union. Eurobarometer No. 54, Commission, Brussels, 2001, 239 pages.
- New item** Travelling in Europe: 2001. Commission, Brussels, 2001, 12 panels + map.
- The Institutions and Bodies of the European Union—Who's Who in the European Union?—What Difference Will the Treaty of Nice Make: A Guide for European Citizens. Commission, Brussels, 2001, 23 pages.
- The ABC of Community Law. European Documentation, Commission, Brussels, 2000, 115 pages.
- Panorama of the European Union. Commission, Brussels, 2000, 12 panels + wall map.
- How Europeans See Themselves: Looking Through the Mirror with Public Opinion Surveys. European Documentation, Commission, Brussels, 2001, 56 pages.
- Charter of Fundamental Rights of the European Union. Commission, Brussels, 2001, 36 pages.
- Living in an Area of Freedom, Security and Justice: Justice and Home Affairs in the European Union. Europe on the Move, European Commission, 2001, 23 pages.
- Council of the European Union & JHA (Cooperation in the Fields of Justice and Home Affairs). Council, Brussels, 1999, 31 pages.
- The Euro Banknotes and Coins. European Central Bank, Frankfurt, April 2001, 14 pages.
- European Union—United States Relations. Commission, Brussels, 2001, 22 pages.
- The Transatlantic Agenda Comes of Age. EU/US News, Vol. III, No. 7, Commission, Brussels, May 2001, 15 pages.
- Enlargement Strategy Paper: Report on Progress Towards Accession by Each of the Candidate Countries. Supplement No. 3/2000, Bulletin of the European Union, Commission, 2001, 68 pages.
- The European Union in the World. Europe on the Move, Commission, Brussels, 2001, 35 pages.
- The Barcelona Process, Five Years On—1995–2000. Commission, Brussels, 2000, 39 pages.
- European Union United Nations Relations. Commission, Brussels, 2001, 28 pages.
- EU Food Aid and Food Security Programme: Bi-annual Report 1998–1999. Development, Commission, Brussels, April 2000, 100 pages.
- Development Co-operation with the Least Developed Countries: Fighting Poverty. Development, Commission, Brussels, 2001, 51 pages.
- EU Transport in Figures: Statistical Pocketbook 2000. Commission, Brussels, 2000, 156 pages.
- Single European Sky: Report of the High-Level Group. Commission, Brussels, 2000, 46 pages.
- European Aeronautics: A Vision for 2020, Meeting Society's Needs and Winning Global Leadership. Commission, Brussels, 2001, 26 pages.
- Data Protection in the European Union. Commission, Brussels, 2000, 22 pages.
- Pharmaceuticals in the European Union. Commission, Brussels, 2000, 36 pages.
- Working for the Regions. Europe on the Move, Commission, Brussels, 2001, 32 pages.
- LEADER II: Innovation in the Service of Rural Society. Commission, Brussels, 2000, 9 pages.
- Women Active in Rural Development: Assuring the Future of Rural Europe. Commission, Brussels, 2000, 28 pages.
- Competition Policy in Europe and the Citizen. Commission, Brussels, 2000, 43 pages.
- Environment 2010: Our Future, Our Choice, 6th EU Environment Action Programme 2001–2010. Commission, Brussels, 2001, 11 pages.
- Genetics and the Future of Europe: A Dialogue of European Dimension. Commission, Brussels, 2001, 11 pages.
- Mad Cow Disease: A Source of Wisdom? RTD Info No. 29, Commission, Brussels, 2001, 40 pages.
- Talking Science: European Science and Technology Week. RTD Info, Special Issue, Commission, Brussels, 2001, 32 pages.

ORDER FORM—FREE PUBLICATIONS

Mail to Bookshelf Requests, European Union, 2300 M Street, N.W., Washington, D.C. 20037. Please send me the free items I have checked. Enclosed is a self-addressed mailing label.

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

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

"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."

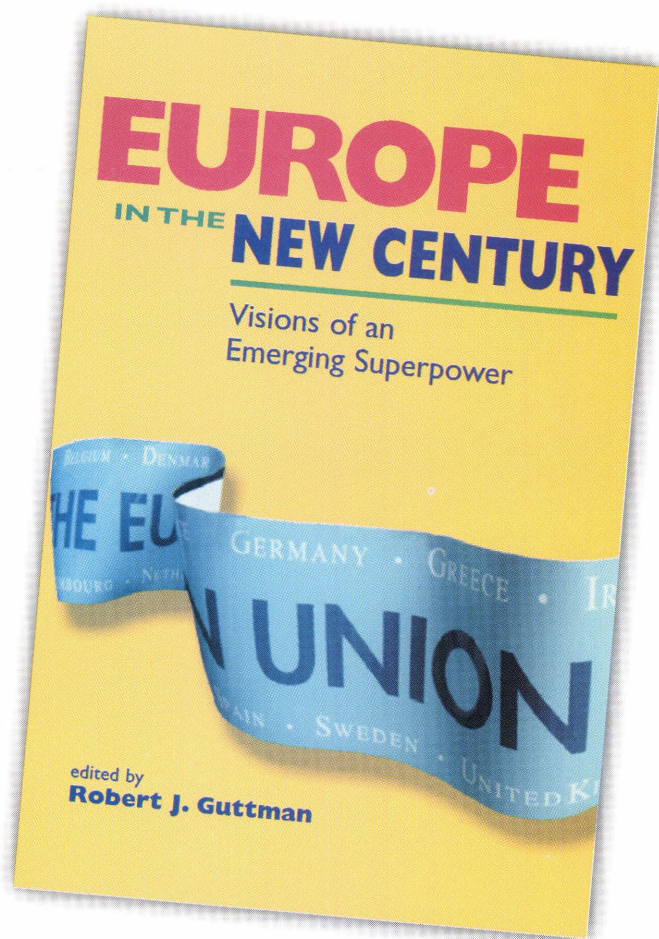
—Lee Hamilton

Director of Woodrow Wilson International Center for Scholars and former chairman of the US House of Representatives Foreign Affairs Committee

"An interesting and eclectic collection of essays examining the future of Europe from the standpoint of politics, economics, diplomacy, and cultural integration...this collection provides a broad and informative look at future scenarios."

—Booklist

American Library Association



Europe in the New Century:

Visions of an Emerging Superpower

edited by
Robert J. Guttman

ORDER FORM

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.

To place an order, contact Lynne Rienner Publishers
1800 30th Street, Suite 314, Boulder, CO 80301, USA
Telephone: 303-444-6684
Fax: 303-444-0824
website: www.rienner.com

To place an order in Europe,
please order directly from our London office:
Lynne Rienner Publishers
3 Henrietta Street
Convent Garden
London WC2E 8LU
United Kingdom
Telephone: (44) 207-240-0856
Fax: (44) 207-379-0609
orders@edspub.co.uk

