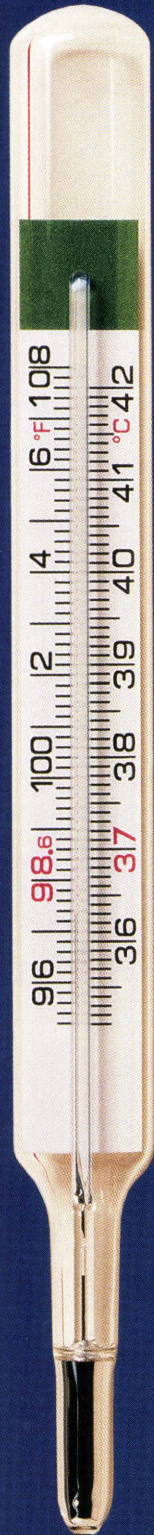


The Many Faces of Berlusconi • Talking Turkey • Umberto Eco Returns

# EUROPE

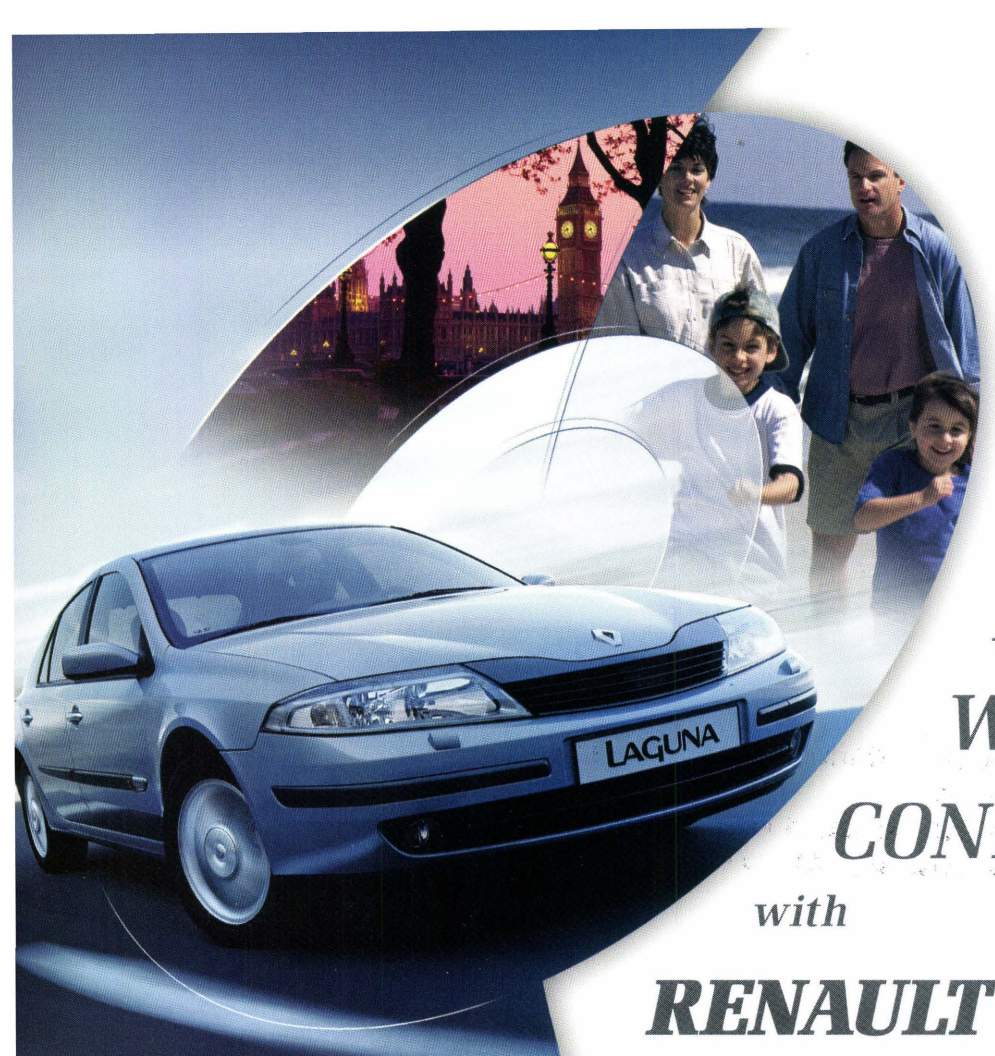
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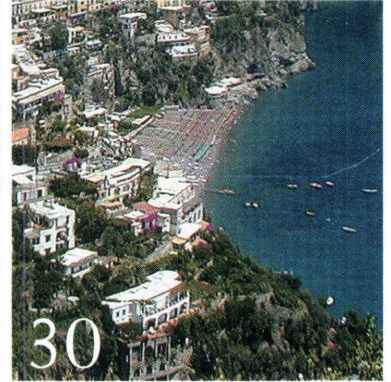
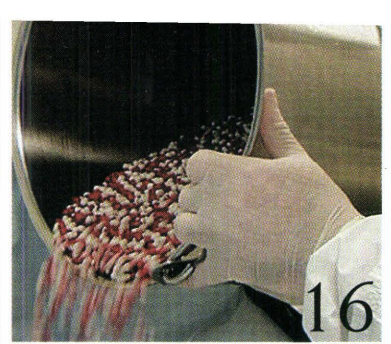
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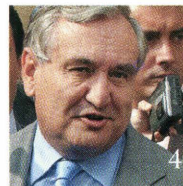
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# LETTER FROM THE EDITOR

**H**ow healthy is health care in Europe? This month *EUROPE* presents a special report on the state of health care across the European Union and what the future holds for its health care systems.

"Unlike in the US, where medical insurance is generally through employers and those without insurance can be refused treatment, everyone in European countries with public systems is entitled to treatment and will get it. Increasingly, however, the question is when, at what cost, and with what quality," writes Ariane Sains in her article discussing how the rules are changing for health care across Europe.

"Americans often shudder at the phrase 'socialized medicine', but in Europe the definition is hardly monolithic," reports Sains from her base in Stockholm. She goes on to point out the differences in medical treatment in the various EU countries and looks into how medical care is going "private" in some instances in order to reduce costs.

We also compare European health care systems with those in place in the United States and Canada. "American and European systems are moving closer to each other, largely because insurance companies in the US and politicians in Europe are all trying to cut costs." As Ariane Sains and our other reporters all stress, cutting costs is the key issue of the day, not only for European health care systems but also for others around the globe.

From health care, we turn to drug firms. "Europe boasts a world-class pharmaceutical industry with five companies in the world top ten ranked by sales," writes Bruce Barnard, from Cambridge, England, in his article about European and US drug firms and their never-ending search for new products and new advantages on both sides of the Atlantic.

As part of our ongoing coverage of EU enlargement, David Lennon profiles Turkey's drive for EU membership. "Turkey is very, very serious about joining the European Union," reports Lennon, who traveled to the country and the island of Cyprus earlier this year. Furthermore, he writes, "The EU is determined to admit Cyprus as a member with enlargement in 2004." Lennon goes on to describe the "intense international pressure to reunite the island," which has been divided between Greeks and Turks since Turkish troops invaded nearly three decades ago.

This month we also spotlight Italy. Rome contributor Niccolò d'Aquino discusses the major shift in Italian politics that has occurred during the first year of Silvio Berlusconi's second term as prime minister. "The fault line of Italian politics now comes down to one man, Silvio Berlusconi," writes d'Aquino.

Stephen Jewkes, writing from Milan, discloses how the proposed bridge from the Italian mainland to Sicily might actually break ground in the next two years. Forecast to be completed by 2010, it would be one of the largest current construction projects in European history.

In our Travel & Culture section, Susan J. Burdin traversed southern Italy by bus and recounts her delightful and scenic vacation, and Lucy Gordan offers a guide to Rome's ancient culinary delights.

Next month we will analyze the results of the German election, look at EU and US investments in Central Europe, and focus on changes in the European aerospace industry.



**Robert J. Guttman**  
Editor-in-Chief

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<b>EDITOR-IN-CHIEF</b>	Robert J. Guttman
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<b>SENIOR WRITER</b>	Peter Gwin
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<b>STOCKHOLM</b>	Ariane Sains
<b>VIENNA</b>	Alexandra Hergesell
<b>DESIGN</b>	The Magazine Group, Inc. Jeffrey Kibler
<b>BUSINESS INTERN</b>	Marie-Laure Poiré
<b>ADVERTISING INFORMATION</b>	Anne Depigny tel. (202) 862-9558 fax (202) 429-1766

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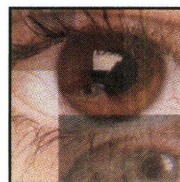
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# EYE ON THE EU

Profiling personalities  
and developments  
within the European  
Union



## TURKEY'S CHOICES

**E**uropean Commission President Romano Prodi was due to arrive in Ankara in late July for delicate talks with the Turkish government. Put bluntly, the Turks believed that they had already done enough to satisfy the Copenhagen criteria for European Union membership and that a date to start negotiations should now be set. The Commission, while recognizing the serious efforts that had been made, thought that much more still needed to be done.

One reason for the difference in perception is that the Turks took a much more legalistic view of the progress they had made in meeting the EU's requirements. Two major packages of constitutional reforms had been pushed through the Turkish parliament in unpropitious circumstances, which the European Commission recognized as a remarkable achievement. The problem was that, in all too many cases, the changes made had been on paper only and that implementation had fallen far short of what had been promised.

Too much leeway had been left to local prosecutors and judges to interpret new laws as they saw fit, and all too often, they proceeded in their old ways. A case in point is the widespread use of torture in prisons and police stations, which officially has been brought to an end but continues on a reduced but still substantial scale. EU observers report little hard evi-

dence that freedoms for citizens had improved on the ground.

Prodi's visit was cancelled at the last moment, due to a government crisis in Turkey that saw the resignation of seven cabinet ministers from Prime Minister Bulent Ecevit's coalition government and the defection of more than fifty members of parliament from his Democratic Left Party. The split was not directly related to the question of EU membership but was provoked by the growing feeling among many of his supporters that the seriously ill prime minister should resign or at least bring forward the general election due in 2004.

Ecevit, seventy-seven, had previously shown great skill in governing Turkey, and in keeping together his disparate coalition, which linked his party with the center-right Motherland Party of Deputy Premier Mesut Yilmaz and the extreme right and nationalist National Action Party (MHP) of Devlet Bahçeli. But his illness had opened up a disastrous vacuum—with urgent decisions not being made. The country has been slowly emerging from a severe recession, which saw the economy shrink 7.4 percent in 2001, and still heavily dependent on International Monetary Fund loans. Yet, its progress was again set back by heavy declines on the stock exchange and in the value of the Turkish lira, both attributed to uncertainty over Ecevit's future.

Moreover, the United Nations' sponsored talks on

Cyprus had effectively ground to a halt.

The resigning ministers were led by Foreign Minister Ismail Cem, who subsequently announced the formation of the New Turkey Party and pledged to give top priority to pushing through all the reforms necessary for EU membership.

An eighth minister, the highly respected Kemal Dervis, a non-party figure who had negotiated the IMF "rescue package," then also resigned. He is currently trying to arrange a broad opposition coalition, which would combine the New Turkey Party with the rump of the Republican Party, the original party of Turkey's great modernizer, Kemal Atatürk, which is currently not represented in parliament.

Against expectations, Ecevit managed to survive the wave of resignations and succeeded in retaining his post as prime minister, although his party was no longer the dominant force in the coalition. He was, however, forced to concede an early election, which will take place on November 3. The upheaval had a galvanizing effect on the sitting Turkish parliament, which in August unexpectedly passed bills abolishing the death penalty and facilitating the use of the Kurdish language—the two main current EU demands. These legislative achievements came despite the opposition of the MHP, now the largest

party in the governing coalition.

The election could prove decisive for Turkey's prospects of EU entry. Victory for Cem and Dervis, enabling them to form a new coalition, excluding the MHP, would open the way for the Copenhagen summit to name an early date to



**Ismail Cem resigned as foreign minister to form the New Turkey Party.**

begin negotiations. Success for Bahçeli and his associates would, by contrast, delay the process for several years, perhaps indefinitely.

A third possible outcome would be victory for the opposition Justice and Development Party, led by the popular former Mayor of Istanbul, Recep Tayyip Erdoğan, which is currently leading in the polls. Erdoğan claims to be strongly in favor of EU membership, but—as a former Islamist—is distrusted by Turkey's secularist generals, who may try to exclude him from power. This would be disastrous for the country's democratic credentials. An Erdoğan victory would put both the Turkish ruling elite and the European Union on the spot.

—Dick Leonard

# EURO NOTES

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



## AWAITING ECONOMIC REFORM IN FRANCE

**T**he landslide election victory of the center-right in France continues to reverberate through the euro zone. For the first time in five years, the center right in France controls the presidency and the parliament. The opportunity for far-reaching economic reform is there to be seized.

The new government headed by Prime Minister Jean-Pierre Raffarin has so far proceeded cautiously. It has refused to endorse higher energy prices, caved to doctors' demands for higher fees, and even offered the vociferous hunting and shooting party a longer open season for migratory birds.

However, the strategic tax cutting agenda remains intact. Raffarin has agreed to lower income taxes by 5 percent this year, a first step toward a 30 percent cut over five years. With income tax paid by fewer than half of all French households, the beneficiaries will be the long-suffering middle classes.

By all accounts, this section of French society, particularly the younger generation, is less than enamored with the high-tax, high benefits economic model that has held sway in postwar France. More Anglophone, often educated abroad in the US and the UK, they are no longer looking to careers in French public service but rather to bigger rewards in the private sector.

The previous "rainbow coalition" government headed by Lionel Jospin pushed through economic reform by stealth, notably privatization.

But it ran out of steam after the forced departure of Dominique Strauss-Kahn, the finance minister who was a towering figure among his euro-zone colleagues. After the introduction of the thirty-five-hour work week, the Socialist-led government found itself virtually at war with French business.

The Raffarin government faces three tests over the next six months, which should give financial markets and political commentators some idea of its prospects for success.

The first is the promised relaxation of the thirty-five-hour working week. Despite the complaints, many businesses had adapted to the Socialist law by organizing a trade-off between lower working hours and more flexible working methods. But the second round of legislation was far more threatening because it would have applied to smaller businesses, precisely those that have the most potential for creating jobs.

Now Raffarin must decide how far he wants to relax the laws, which have become a totem for the trade unions and their campaign for fairness at work. The new prime minister knows too well that his center-right predecessor Alain Juppé was toppled in 1997 by attacking the trade unions head-on.

The second test is pension reform. Raffarin's advisers have let it be known that they intend to postpone the issue until next year. But elections in the trade union movement will give him a better idea of the opposition he might face.

The third test is less close to home. The pledge to cut income tax has put the government on a collision course

with the European Commission because of its likely inability to honor the Stability and Growth Pact, which was agreed upon by the euro zone nations as a means to enforce fiscal discipline. The aim was to have brought the deficit close to balance by 2004. Instead, France's deficit this year will be more like 2.6 percent of gross domestic product. With less than 3 percent growth likely next year, the deficit is unlikely to be much lower.

The word from senior officials in Paris, however, is that there is a plan to square these vicious circles. In essence, it comes down to a rewriting of the old Maastricht bargain whereby the European Central Bank is supposed to run a pro-growth monetary policy in return for strict fiscal discipline enforced by the stability pact.

This time round, the government is indicating privately that it is indeed serious about structural economic reform. It is serious about pension reform and serious about tackling France's bloated public sector. And it is serious about tackling France's rigid labor market (witness the government's early decision to offer only the smallest permitted increase in the minimum wage, much to the satisfaction of employers).

If this is true, there could be room for a more flexible reading of the stability pact. There is little doubt that the budget cutting of the past decade, while necessary to qualify for monetary union, has been a big factor in slow-

ing domestic demand in euro-zone countries. Structural economic reform would ease the pressure, not just from the European Commission but also the European Central Bank.

There are two other forces pushing in this direction: a highly uncertain economic outlook that could prompt French companies to push



**Jean-Pierre Raffarin's government faces three key tests over the next six months.**

through more restructuring in response to falling profits and weaker demand and, secondly, the stronger euro.

For the past three years, euro-zone governments, including France, have benefited from the euro's weakness against the dollar. But the euro's near 3 percent increase in strength against the dollar this year has put pressure on exports, economic growth, employment, and investment.

If the stronger euro is here to stay, there may be no alternative but to pursue economic growth through a combination of serious structural reforms at the national level of each euro-zone member and less restrictive fiscal rules. France, which has so often promised such reforms but rarely delivered, will be the test.

—Lionel Barber

# e-EUROPE

Tracking the news  
and trends shaping  
Europe's technology  
sector



## PSION'S SIGHTS ON SYMBIAN

**W**hile visiting the reading room of the British Museum this summer, I thought I had spotted the next wave of the computer revolution. A young researcher was tapping notes into a computer that was less than half the size of a laptop. It had a regular keyboard and, instead of a mouse, the fellow was using a stylus to click around the color screen, which, although small by laptop standards, was much bigger than those on a Palm or any of the other PDAs.

"What is that?" I asked him. "It's a Psion," he said. I told him I'd never seen one of these in the States. "Oh, you will," he said. "It's much better than a Palm. I wouldn't trade mine for anything."

During the rest of my stay in London, I spotted several people pecking away on various Psion models in cafés, train stations, and hotel lobbies.

Personally, I haven't bought in to the PDA craze. My wife swears by her Palm and scribbles fluently in the hieroglyphic alphabet required to enter information into the device. I, on the other, have to have a keyboard. (I know Palm makes a fold-up accessory keyboard, but it's such a flimsy afterthought—just another thing to lose or break.) However, carting my bulky laptop around is a major drag. Sure, I could buy a slimmer model, but the point is I don't need to carry around a DVD player, CD-burner, or any of the other bells and whistles new laptops

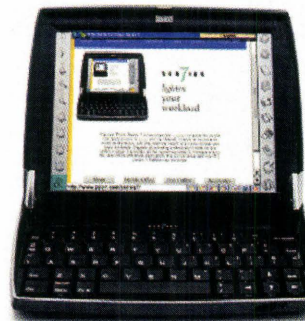
come loaded with. I'm not trying to launch the space shuttle; I just need to take notes, keep addresses, occasionally jump on the Internet, and maybe run a few basic software programs. I want all this in a super light and durable package that I can toss in my bag and carry around without tearing my rotator cuff. Psion appeared to offer the perfect solution.

When I got back to the States and inquired about the company, I found out that the reason the devices were not sweeping the country was that Psion was pulling out of the consumer market. Much to the chagrin of its loyal following, the firm had conceded to the onslaught of Palms and Pocket PCs, which control roughly 60 and 30 percent, respectively, of the world's consumer handheld computer market. Although Psion is still making some models, it says it won't upgrade them or bring any new ones to market. So much for my vision of the future.

David Potter, Psion's founder and chairman, has his own vision. He sees a world dominated by smart mobile devices, but he has decided that his Oxford, England-based company's long-term future lies in developing the software platform for these devices rather than in building the hardware itself—similar to Microsoft's strategy to dominate the PC software market.

Potter's vision has been shaped by the development of his company, which introduced its first pocket-sized electronic organizer back in 1984. Not long afterward, the department store Marks &

Spencer bought a slew of the devices, but instead of filling them with addresses and phone numbers, they issued them to clerks to keep track of products and prices. Potter saw all sorts of other potential uses for his technology, and soon Psion was producing an industrial line of devices to help companies manage inventory, logistics, and trans-



The days are numbered for  
Psion's consumer PDAs.

portation. In 2000, it bolstered that business with its purchase of Teklogix, a Canadian firm specializing in similar products, including mobile bar-code scanners and magnetic card readers, and named the division PsionTeklogix.

Drawing from its experience in developing software for its own devices, Psion also began offering software services to other companies. From this business emerged its most ambitious project: Symbian, a software platform for the next generation of mobile phones, which combine the functions of a phone and a PDA with high-speed Internet access. Through Symbian, which is a privately held joint venture with Ericsson, Motorola, Nokia, Matsushita, Sony, and Siemens, Psion hopes to beat Microsoft to the punch and establish Symbian

as the industry standard software at the core of these devices.

The telecommunication sector's woes have slowed progress. So far, Nokia is the only phone maker selling a Symbian-based product (available only in Europe and Asia), although a Sony Ericsson joint venture expects to release one in the next few months and Samsung has one in the works. Psion has indicated that it doesn't expect the Symbian venture to be profitable until 15–20 million Symbian-based units are sold per year.

Potter says Psion will rely on its industrial handheld business until Symbian takes off. However, last year's before-tax loss of \$216 million combined with a global slowdown in technology spending forced the company's decision to phase out its consumer division.

The strategy appears to be on track, at least in the short term. Last month, Potter told reporters, "PsionTeklogix, for the full year, is expected to be profitable." Meanwhile, its industrial handhelds continue to find their way into a broad array of companies around the world. Among those using Psions in their daily jobs are Swedish train conductors, who use them to sell tickets and update schedules; Volkswagen workers, who use them to manage parts distribution; and Dunkin Donuts managers, who use them to track production and sales.

Although Psion won't solve my own portable computer dilemma, I believe that any company involved in the production of donuts is making the world a better place.

—Peter Gwin

**Life Expectancy at Birth**



**Health Care Costs**  
As a percentage of GDP



**Fertility Rate**

Average live births per woman



**Maternity Leave**

**EU-15**

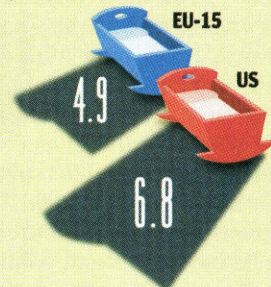
Varies widely from ninety days in Portugal to more than a year in Sweden

**US**  
12 weeks or less



**Infant Mortality**

per 1,000 live births



Sources: Eurostat Yearbook 2002, US Census

afford private care out of the public system, they say, shortens waiting times for operations and treatment for those who are left and helps take some of the pressure off the system.

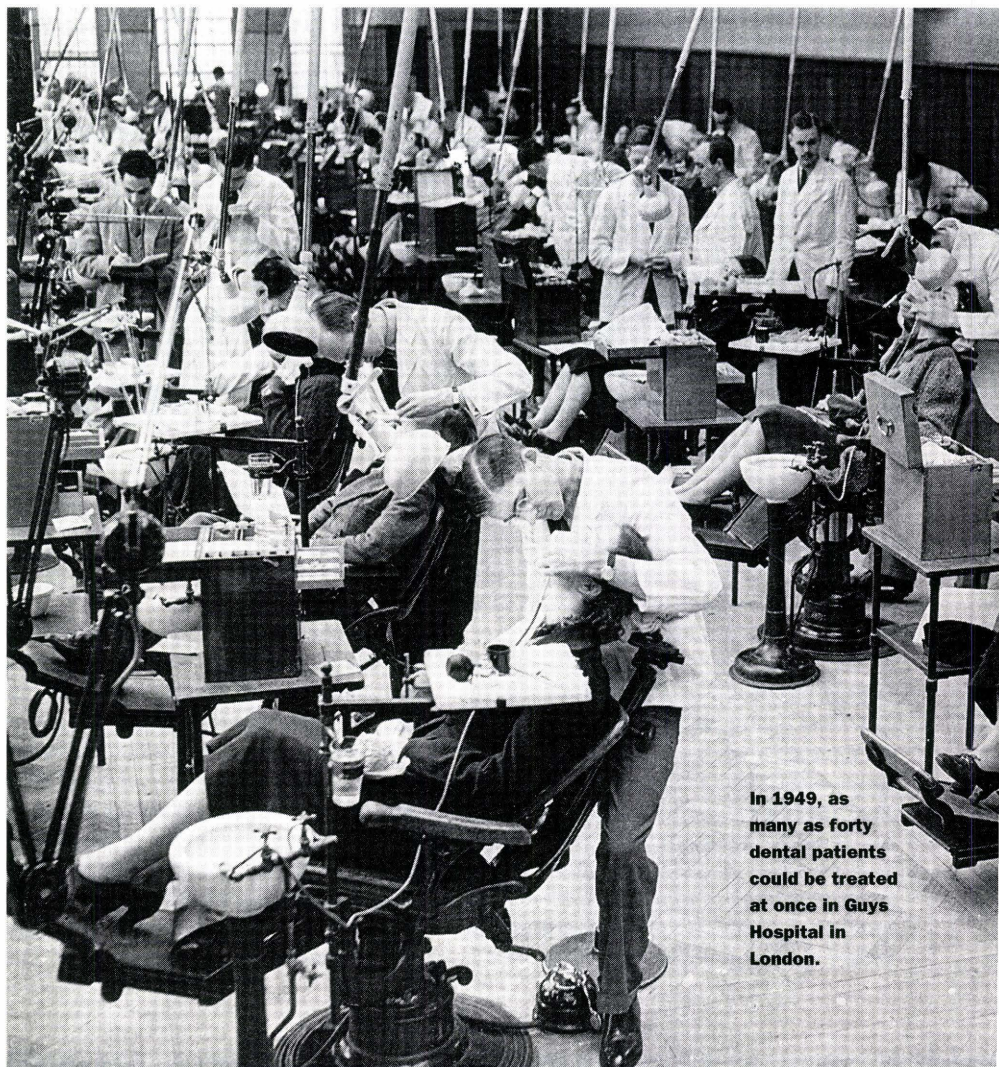
The Netherlands is one place where private insurance is not frowned on. Anyone earning more than about \$30,000 a year is required to have private insurance. The Dutch public health care system is intended as a safety net for those who earn less. Even so, the Dutch system costs \$2,000 per person—or about \$34 billion—annually and costs are increasing. As a result, the government has given insurers more latitude to compete and manage costs as a way of reducing the state's outlays. That brings the Netherlands closer to the US system, where insurers and health maintenance organizations dominate.

Most EU countries are wrestling with health care reform. In the UK, a sweeping program is underway to reform the National Health Service (NHS), which has not been seriously revamped since it was established in

1948. That postwar model, says the Blair government, "is simply inadequate for today's needs." Among other aims, the plan is to bring public health care spending up to 9.4 percent of gross national product by 2008, roughly the average in Europe.

Katherine Murphy, a spokesman for the Patients' Association advocacy group, says people in the UK are fed up with the NHS. "People are tired of the long waiting lists, operations being canceled, and the situation in the accident and emergency wards," she says. The breakdown of the health care system has become a political hot potato in the UK as well as many other European countries.

In Sweden, benefits have been consistently reduced and deductibles raised. Ten years ago, for instance, the maximum cost for any two medications written on the same prescription form was about \$10, meaning that people who used little medicine had their costs subsidized from their first prescription. Today, payment is on a sliding scale. Subsidies increase with each purchase,



In 1949, as many as forty dental patients could be treated at once in Guys Hospital in London.





Last year, the UK took the unprecedented step of buying a private heart hospital and returning it to the state-run National Health Service.

with a deductible of about \$190. That means more out of pocket both for those who do not use much medicine as well as for the elderly who do. Sweden is also trying to shift more health care costs to employers, especially since many companies already contract with doctors to give employees basic medical treatment outside of the public system.

The Netherlands, Sweden, and Denmark often encourage patients *not* to go to the doctor. Increasingly, patients are referred to medical hotlines staffed by nurses and Internet sites as the first place to go for non-emergency situations. The same holds true for taking medicine, since the cost is also subsidized. As the Dutch government describes it in a brochure about the country's medical system: "With a view to containing costs, the government encourages a 'careful' approach to medicines." Pharmaceuticals are 10 percent of the total Dutch health care budget, and costs are increasing 10 percent a year.

One big loser in all this is preventative care. In public systems, regular checkups; gynecological, hearing, and eye exams; mammography and other sophisticated diagnostic testing; as well as monitoring blood pressure and cholesterol levels are often considered unnecessary. The reason, says one Swedish doctor, "It's considered too expensive." But he points out that may well be a shortsighted attitude. Checkups and tests can help find problems early, when they are easier and less expensive to treat, or avert problems. In

the long run, he notes, that saves the system money.

Cosmetic surgery, complicated and expensive procedures such as in-vitro fertilization, and medicines such as Viagra and those used to help obese patients lose weight may also be excluded in public health care systems. In most

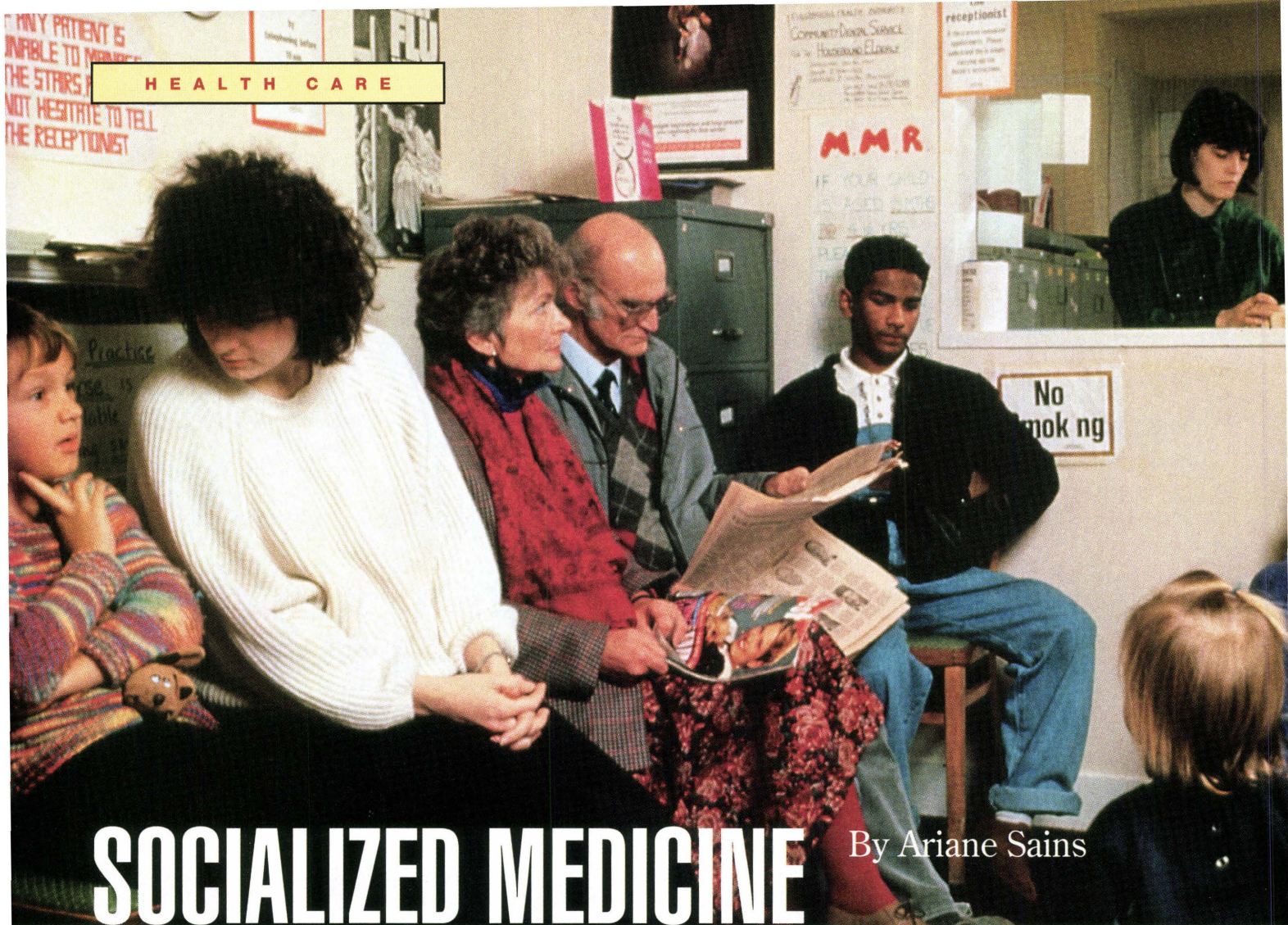
EU countries, certain types of procedures and operations require pre-approval, just as in the United States.

There can be a fine line between whether cosmetic surgery, for instance, is considered necessary for a patient's health or whether it is simply a question of looking better. The psychological impact of living with burn-scarred skin may not be weighed into a financially struggling system. In Austria, in-vitro fertilization is not covered by the public system but through a special fund, because officials do not consider it to be connected to illness or maternity risks. Couples where the woman is younger than forty and the man younger than fifty are entitled to four fertilization attempts.

For Austrians, that is a new benefit. But as European governments try to revamp increasingly overburdened health care systems, taxpaying patients may find that few benefits rather than new benefits are the norm. ☹

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

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# SOCIALIZED MEDICINE

## What It Means in EU Countries

By Ariane Sains

**A**mericans often shudder at the phrase “socialized medicine,” with its implications of the state dictating what care patients receive and from whom. But what exactly is socialized medicine?

In Europe, the definition is hardly monolithic. In Finland, the Netherlands, and the United Kingdom, for instance, patients cannot make appointments with specialists unless they have a referral from their primary physician, while in France they can go to any specialist any time they choose. In Germany, patients can directly make appointments with those specialists affiliated with the public health care system.

There are also differences in who runs the systems, although Americans generally think of them as being national. But in Sweden, for example, the counties run the clinics and hospitals and set the fees. Fees can vary among counties for visits to local clinics or doc-

tors’ offices as well as for specialists. In Italy, there is a regional system.

The systems are all funded by taxpayers, but how fees are paid varies widely. In Spain and Greece, patients pay nothing out of pocket. In France, patients pay and then are reimbursed at a set rate. In Italy, doctors receive a lump sum per patient, with fees set by the regions.

There are also differences in how long patients have to wait for operations, prosthetic devices, hearing aids, and physical rehabilitation. In Germany, waiting time is very short but can be very long in the UK or Sweden. Waiting time also varies considerably depending on where in a country the patient is; rules vary about whether patients’ have the right to be operated on elsewhere in the country. In Spain, which allows direct access to specialists in the public system, patients cannot choose their hospital but instead must go to the one in their district.

As with the rest of the system, there are big differences in what people pay out of pocket for medicine. In some countries, like Belgium, certain medicines for chronic and life-threatening illnesses are fully paid for through the system. Other countries, such as Denmark, work on a sliding scale.

In Greece, patients pay 25 percent of the cost of general prescriptions, but retirees who get just a minimum pension pay only 10 percent. In Spain, patients pay 40 percent of the cost.

Nor is there any uniformity when it comes to dental care. In Belgium, with pre-approval, patients fifty years and older can be fully refunded for bridges and other types of tooth replacement. Younger patients may also be reimbursed if there is a medical reason for the work, rather than it being cosmetic. Many countries offer free or heavily subsidized dental care for children and teenagers. ☺

# European and US Health Insurance Converging

**T**he first thing American patients usually hear when making doctors' appointments or in hospital emergency rooms is: "Do you have insurance?" In Western Europe, that is not generally a question that needs to be asked. Public health care is basically universal.

But American and European systems are moving closer to each other, largely because insurance companies in the US and politicians in Europe are all trying to cut costs. Americans may complain about insurers refusing to cover certain treatment, but in some European countries, the complaint is the same. The only difference is that it is some type of national, regional, or local health care board that is making the decisions.

Just as in the US, certain types of operations or procedures in some European countries require pre-approval. The same is true, even more so, for dental care, especially when it involves something such as implants, which are considerably more expensive than a traditional bridge.

At the same time, there are still significant differences. While doctors in both the US and Europe may feel pressured into limiting tests and high-tech diagnostic procedures because of the cost, the US still ranks at the top when it comes to the amount spent per person on health care.

A good percentage of those costs goes to tests. In part, that is because malpractice suits are so

much more common in the US than in Europe, so doctors want to cover themselves. But it is also because medical practice in the US relies more today on technology than is the case in Europe, and their equipment is more sophisticated. On the other hand, in Sweden for instance, patients may have to demand tests such as magnetic resonance imaging or bone density measurement, but they do not pay anything out of pocket for them.

Even with the limitations constantly being imposed by insurance companies in the US, choice probably plays a greater role in the American medical system than in Europe. While some countries allow private doctors to affiliate with the public system and patients can choose their primary physicians, there is often no guarantee patients at public clinics will see the same doctor every time. And without private insurance in Europe, it is unlikely that a patient can choose a surgeon if he needs an operation or have follow-up visits with the surgeon who operated.

Preventative care and regular screening for various diseases is also less common in Europe. In Germany for instance, Health Minister Ulla Schmidt says, "Health care for women, and especially precautions against breast cancer, is so bad that it results both in unnecessary amputations and late diagnoses."

—Ariane Sains



Long waits to see a doctor remain one of the biggest criticisms patients have for the UK's National Health Service.

## A Look at Privatizing

**O**ne way to reduce the cost of public health care is, simply, to privatize it. Selling off hospitals, for instance, brings money into state, county, or regional coffers. Privatizing local clinics removes operating costs from public budgets. Privatization usually comes with a requirement that care will be provided to patients in the public system at the same cost as at public hospitals or clinics. The theory is that private companies, or groups of doctors, can run medical facilities more efficiently and provide better care.

Stockholm County, run by conservative political parties, is one of the privatiza-

tion leaders. But critics say that privatized health care invariably puts profits ahead of patients. And the Swedish Social Democratic government apparently agrees, since it instituted a moratorium on further privatization throughout the country until at least 2004. The government is particularly worried that university hospitals will be privatized, which the politicians say could affect the quality of their research and limit special types of treatment now found there.

In Denmark, both the Social Democrats and the ultra-right Danske Folkeparti (DF) recently said they would not support a government proposition to let coun-

ties privatize certain divisions of public hospitals. Without DF's support, there is not a majority for the proposition. "It would be dangerous to be swayed (in this question) by short-term profit," said Birthe Skaarup, DF's spokesman for medical issues.

But according to Danish Health Minister Lars Løkke Rasmussen, "We'll never be able to have the hospitals cover the demand if we don't try something new." Denmark, however, does have completely private hospitals.

Somewhat less controversial is purchasing services for the public system from private doctors. In Germany,

Spanish Health Minister Celia Villalobos (right) greets her German counterpart, Ulla Schmidt



the standard is that private doctors affiliate with the public system. Much of the German system is financed through insurance funds, which will only pay set fees for treatment with affiliated doctors, but since 90 percent of the population has health insurance through the funds, almost all doctors are willing to affiliate.

In Sweden, counties on average purchase about 20 percent of their health care services from private doctors; in Stockholm the figure is 30 percent.

—Ariane Sains

# THE EVOLUTION OF US Health Care

## Moving to more choices for patients, but also more responsibility

By Larry Reynolds

**W**hile Europe moves toward greater government and employer involvement in the provision of health care insurance for the general population, the trend in the United States is just the opposite. Here, the hottest new proposal for controlling skyrocketing health care premiums is to remove government and managed care from the picture and make individuals personally and financially responsible for the purchase and administration of their own medical coverage.

For the past fifty years, health insurance in the US has been employer-driven, with most insured families receiving coverage as part of their job-related benefits.

Reacting to a string of recent double-digit premium increases, and an outcry from providers chafing under the restraints of managed care, a strange bedfellow coalition of business groups, health care professionals, and the White House has emerged. Quietly, it has laid the foundation for a radical shift away from the current employer-based health insurance system to one where individual employees are personally responsible for buying and managing their medical coverage. The umbrella name for this new concept is a consumer-driven or "defined-contribution" health plan.

Large companies spend an average \$5,525 per employee to provide medical

benefits for their workers, estimates the consulting firm Hewitt Associates. Despite a relative lull in cost increases for several years generally attributed to managed care reforms, many employers are now being hammered with health care premium hikes of 20 per-

cent of the industry-sponsored American Benefits Council.

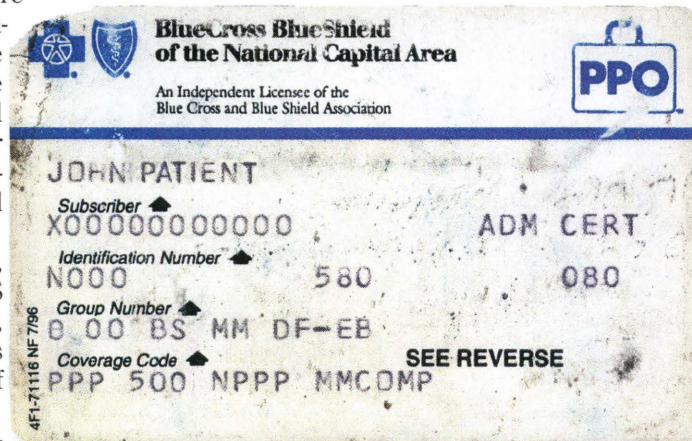
Another business plus under this approach is that rather than specifying the level of care it will provide its employees, a company determines how much it will spend per employee on health care each year, then deposits that money into each employee's personal health care account, without having to negotiate price with insurers or tinker with copays and deductibles.

It is then up to each worker to determine how this money is used. If their health bill for the year is greater than what is in their account, employees must make up the difference for routine medical purchases from their own pockets. If seriously ill, once the funds

in their personal health care account and the deductible are exhausted, the plan has a catastrophe coverage provision that kicks-in.

"In many ways, this moves health care away from being an employer-provided benefit to a partial employer subsidiary, as companies tell workers, 'here's a bucket of money, go and manage your health insurance,'" says Chicago financial executive Joe Rivalato.

Only about 100,000 workers in the US are currently covered by defined-contribution/consumer-driven medical plans. Interest, however, is growing



cent to 40 percent and with no end in immediate sight.

Rather than relying entirely on managed care and employers' initiatives, the promoters of consumer-driven health care argue a better way to squelch the spiraling medical price tag is to make the employee-consumers of health care more sensitive to what it costs when they visit the doctor.

"Employers are keenly interested in developing plans that get their employees actively engaged in keeping health benefits as affordable as possible," underscores Paul Dennet, vice president



## How a Consumer-driven Health Plan Works

**U**nder the consumer-driven or defined-contribution health insurance concept, employers decide how much they will spend on health care benefits per employee. In its purest form, employers would give employees this money in cash to purchase their own individualized medical policies directly from insurers. However, experts say most employers will create a special health-benefits account for each worker. Employees would then pay their routine medical bills directly from these accounts, most likely by swiping a dedicated debit card.

Employees will buy their medical insurance on-line, from dedicated Web sites that offer a variety of insurance policies and benefits, and compare doctor and hospital fees and services.

The personal health spending account would be paired with a catastrophic insurance policy. Employees would have to pay a high deductible, probably ranging from \$2,000 to \$5,000. The policy would cover medical expenses for a serious injury or illness beyond the deductible.

—Larry Reynolds

among both insurers and employers. Giant national insurance concerns like Aetna and Humana, as well as several major regional plans, have recently introduced consumer-driven products.

“When the big insurance players like Aetna get involved, then you know things are getting serious,” observes Washington policy analyst Greg Scandlen.

A study of Fortune 1000 companies conducted by the accounting firm KPMG and Harvard University found almost half the executives surveyed were interested in defined-contribution plans. Nearly 80 percent of whom said they would switch their company to a defined-contribution plan, if they could get the same full dollar tax break they now receive for providing employee medical benefits.

That wish came largely true last June when the Treasury Department gave its blessing to a new employer-funded health reimbursement arrangement (HRA). These new HRAs must be entirely funded by the employer. Workers can use this money to pay for documented medical expenses, up to a set annual amount, which experts estimate should average between \$2,000–\$3,000 per family.

A major advantage of the HRS over other types of personal benefit accounts currently utilized by American firms is any unspent funds left in the HRS at the end of the year can be rolled-over and used the next year.

Mark McClellan, who advises President Bush on health issues as a member of his Council of Economic Advisors, said the administration hopes this initiative “will provide more momentum for the kinds of legislative proposals needed” to propel this idea forward.

The biggest hurdle business and the administration face in making the consumer-driven concept fly is most polls show that employees are wary of it. Worker opposition at Xerox, for example, recently killed a defined-contribution voucher proposal floated by the company. A major worry is such arrangements might make it too easy for companies to shift most, if not all, of their future health cost increases onto employees.

Another downside, “if you’re young and healthy, you’ll do just great. But if you’re sick or older, you may have problems,” predicts Gail Shearer, director of health policy for the Consumers Union, a non-profit advocacy group.

Most health care insiders believe the consumer-driven concept will continue to grow steadily as its backers build public support for the measure, careful not to alienate workers by instituting an immediate, wholesale restructuring of their health benefits program.

But should unemployment increase dramatically and/or the economy go into an extended nosedive, “look for the idea to accelerate as employers search for new ways to gain more control over their health care costs,” predicts David Lawrence, a health care expert at the Henry K. Kaiser Family Foundation. ☺

*Larry Reynolds is a freelance writer based in Washington, DC.*

# HEALTH CARE IN CANADA: A European Model

By Grant Robertson

**H**ealth care reform is a heated issue in Canada, so it was fitting in June that Roy Romanow, the man appointed to examine the country’s ailing medical system, chose Toronto—a city in the grips of a summer heat wave—to address its future.

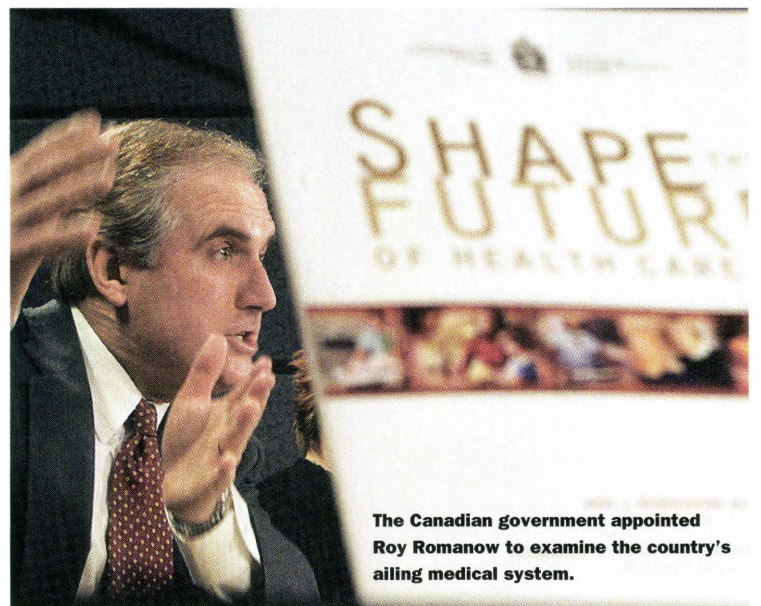
In a speech to an audience of frustrated Canadian nurses, who have complained of growing workloads, crowded hospitals, and chronic underfunding, Romanow acknowledged that significant changes to Canada’s health care system are needed.

But don’t expect a major overhaul, Romanow told them. “The Medicare house needs remodeling, not demolishing.” The message was a careful compromise between the two polar forces tugging at Canadian health care: those who want its public system preserved and those who want a shift toward American-style private medicine.

As the Canadian government attempts to walk the middle ground—promising change, but vowing to maintain the fundamentals of equal-access health care—several of the country’s politicians and doctors are looking to Europe. A number of EU countries have been put under Canada’s microscope to see if reforms undertaken there might work at home.

“European countries are struggling with the very same issues Canada is facing, from the rising cost of health care to the increased demands of an aging population,” says Diane Ablonczy, a member of Canada’s right-leaning opposition party, the Canadian Alliance.

In 2001, Ablonczy studied the medical systems in Sweden, the Netherlands, and France. Her findings are one of forty studies Romanow will draw upon later this year when he makes a series of long-awaited



The Canadian government appointed Roy Romanow to examine the country's ailing medical system.



Louise Cyr (left) and Joanne Desjardins protest against the privatization of Canada's health care system.

suggestions to the Canadian government on how to reform health care.

Ablonczy's study suggests health care reforms in Canada can be driven by innovations already found in Europe. For example, Sweden's efforts to expand its medical schools to produce more doctors, while offering salary bonuses to nurses, are ways Canada might deal with its own shortage of health care professionals. As well, the mix of public medicine and private clinics in the Netherlands deserves a closer look from Canadian policymakers, she says.

Canada has already seen the rise of private clinics in areas such as radiology and laser eye surgery, which provide services that are not considered medically necessary under the country's health laws. But in a nation where public health care is firmly entrenched, those businesses have struggled to gain political acceptance, despite strong public demand.

"We've been quite busy since we opened," says Dr. Stephen Valentine, who operates one of only three private radiology clinics in the country, based

in Calgary. "We're doing a lot of diagnostic work for people who are frustrated with the public health system and don't want to wait months and months to be screened."

Similar to some European nations, wait times for services are a growing concern in Canada where four out of every five people over the age of twelve see their doctor at least once a year. Lineups range from three months for an appointment with a specialist to six months or more for magnetic resonance imaging (MRI). Record health spending of \$64 billion in 2001—slightly less than 10 percent of the country's gross domestic product—has yet to put a dent in that trend.

The problem in Canada, says Romanow—a former provincial leader and a staunch backer of public health care—is the way the medical system was designed. When Canadian Medicare was set up in the 1950s, hospitals focused on acute care. Today, they must devote increasing amounts of their attention to chronic illnesses, which are the product of an aging population.

For that reason, Canada is keeping a close eye on health care demands in Sweden where the demographics are similar, but the population is aging ahead of Canada's. "The baby boom bulge has already begun there, so Canada needs to look closely at how Sweden deals with those challenges," Ablonczy said.

Still, Ablonczy's report concludes on a less-optimistic note, arguing that no country, not even France's highly rated system, has found the key to providing sustainable health care amid rising costs and mounting demands for service.

The issue in Canada isn't likely to cool off anytime soon. Even before Romanow's suggestions for health care reform are to be submitted to the federal government, critics of the process have already promised to argue his findings well into 2003. For Romanow, the heat wave shows no signs of letting up, at least as far as the health care debate is concerned. ☐

*Grant Robertson writes for the Calgary Herald newspaper in Canada.*

By Bruce Barnard

# Pharm Wars

## Drug firms search for new products, new advantages on both sides of the Atlantic

Europe's pharmaceuticals industry is playing a high stakes game of predator and prey as it prepares to go on the offensive after Pfizer's \$60 billion acquisition of Pharmacia catapulted the US company to the top of the global rankings.

The blockbuster deal came at a difficult time for the European industry. Elan, the Irish pharmaceuticals group, has seen its stock price collapse by 95 percent since the US Securities and Exchange Commission opened an investigation into its accounting practices. The Anglo-Swedish AstraZeneca group was forced to conduct more clinical trials on Crestor, a cholesterol-lowering drug that is the centerpiece of its strategy to replace sales from Prilosec, the ulcer pill that once was the world's best-selling drug but is likely to lose patent protection at the end of the year. Glaxo-SmithKline (GSK), which lost its world number-one ranking to Pfizer, was hit by a British court ruling that partly overturned the patent on the antidepressant Paxil, its biggest selling product with global sales of \$1.9 billion last year, while a US court threw out the remaining patent protection for its Augmentin antibiotic pill.

But the industry cannot afford to ignore the Pfizer challenge, which has created a company that will annually spend more than \$7 billion on researching and developing new drugs, 50 percent more than its nearest rival. "The least comfortable position to find yourself in is in the middle or on the side," according to Daniel Vasella, chairman of Swiss drugs giant Novartis.

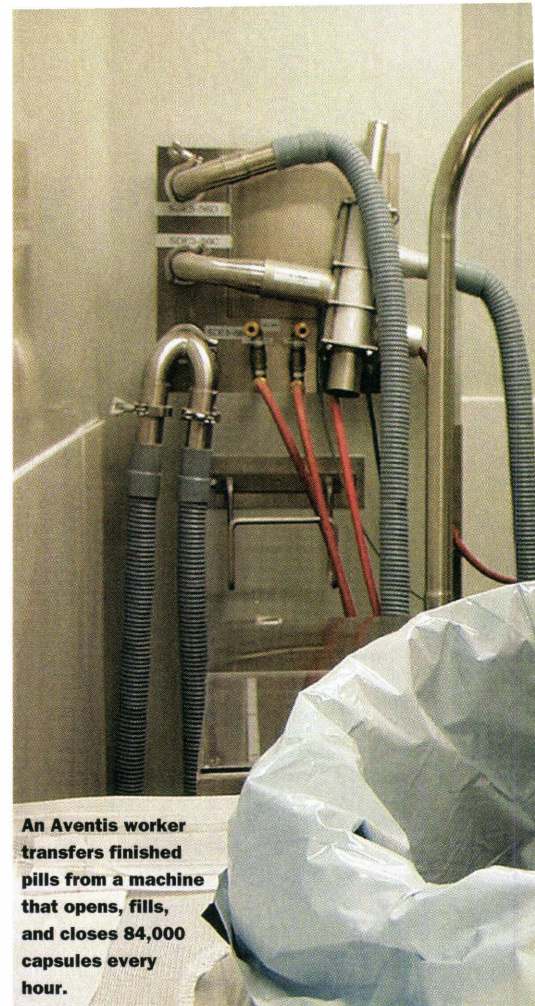
Europe was buzzing with takeover talk before Pfizer pounced on Pharmacia, formerly a Swedish firm that merged with Upjohn of the United States. GSK, itself the result of a \$68 billion merger between Glaxo Wellcome and Smith Kline Beecham in early 2000,

was being linked with a move for Bristol Myers-Squibb, the US drugs group, and analysts were crunching numbers for a possible alliance between Novartis, AstraZeneca, or the Franco-German group Aventis and Merck, the second-largest American pharmaceuticals company. Eli Lilly, another US group, is seen as an attractive target for acquisitive Europeans but is unlikely to put itself on the block.

Europeans are wary of embarking on the takeover trail, however, not least because executives are questioning the value of mergers. GSK says it is not interested in another big merger to boost earnings in response to Pfizer's acquisition, which followed less than two years after its \$84 billion purchase of US rival Warner-Lambert. "We might not be the most active in the future in terms of mergers and acquisitions," said GSK chief executive Jean-Pierre Garnier.

GSK has delivered savings from its merger—it has achieved its three-year target of cutting \$1.15 billion in costs in just a year and is on target to save \$2.76 billion over three years. But the merger has failed to deal with the key problems facing the industry—the loss of sales as best-selling drugs go off patent, the pressure from governments to cap prices, and the lack of new drugs in the pipeline—only thirty-one new drugs were launched last year, the lowest number for nearly thirty years. "If you do not solve the pipeline problem, a merger does not help you much," according to Garnier.

European firms are still tailoring smaller deals to spread market reach or protect niches. Pliva Pharmaceuticals, the Croatian generic drugs specialist, made the first US acquisition by an East European drugs group, buying Sobel Holdings, a privately held company, for \$212 million in June. Meanwhile, Roche of Switzerland was plotting a takeover



An Aventis worker transfers finished pills from a machine that opens, fills, and closes 84,000 capsules every hour.

of Chugai, Japan's tenth-largest drugs firm, and seeking buyers for its vitamins business.

Despite its problems, Europe boasts a world-class industry. Pharmaceuticals "still provide by far the largest contribution to the European trade balance in high technology, research and development-intensive sectors," according to a global competitiveness report published by the European Union.

Europe counts five companies in the world top ten ranked by sales, and some of the current best-selling treatments such as Viagra for impotence and Losec for ulcers were discovered in European laboratories.

Europe owes its global strength to a never-ending round of mergers—Ciba and Sandoz of Switzerland formed Novartis, Roche acquired Germany's Boehringer Mannheim and bought into Genentech of the US, and the French rivals Sanofi and Synthelabo joined forces in 1999. In the US, by contrast, companies like Eli Lilly and Schering-Plough have climbed the ladder through organic growth.

Europe's drug firms are hampered by the fact they don't operate in a single market like the US, with each EU country having its own pricing and regulatory system. An added problem is that





## THE GLOBAL TOP TEN

COMPANY	HEADQUARTERS	2001 REVENUE IN \$ BILLION	% CHANGE FROM 2000
Pfizer <sup>1</sup>	New York	51.54 <sup>2</sup>	N.A.
Merck	New Jersey	47.71	18.2
Johnson & Johnson	New Jersey	33.00	13.3
GlaxoSmithKline	Brentford, UK	29.50	7.6
Bristol-Myers Squibb	New York	21.71	1.8
Aventis	Schiltigheim, France	20.54	-.03
Novartis	Basel, Switzerland	18.98	-10.5
Roche Group	Basel, Switzerland	17.28	1.8
AstraZeneca	London, UK	16.48	-9.0
Abbott Laboratories	Illinois	16.28	18.5

Source: Fortune Global 500

<sup>1</sup>Pending finalization of its acquisition of Pharmacia

<sup>2</sup>Reflects combined revenues of Pfizer and Pharmacia

when a drug has been approved by regulators, it can only be launched after pricing has been agreed in individual countries, a process that can take months or in some cases years if governments slow the negotiations in a bid to keep a lid on drug budgets or protect domestic producers. In the US, drugs go on sale the moment they get the nod from the Food and Drug Administration, and prices are set by the market.

The establishment of the European Medicines Agency for the fifteen-member EU has shortened the approval process, but companies say it is still more difficult to bring drugs to market than in the

United States. Meanwhile, European drug prices remain around 30 percent lower than American prices.

Europe's top drug companies are stepping up pressure on regulators and policymakers by moving key activities to the US, which accounts for more than 50 percent of the \$360 billion a year market for prescription drugs and generates 60 percent of the industry's profits. Earlier this year Novartis invested \$250 million in a new lab for 400 researchers at the Massachusetts Institute of Technology in a bid to lift its profile in the US and link up with the biotechnology industry scattered around Boston.

Other European firms have also moved key functions to the United States. Aventis runs its research from New Jersey, and GSK's chief executive and head of research are based in Philadelphia.

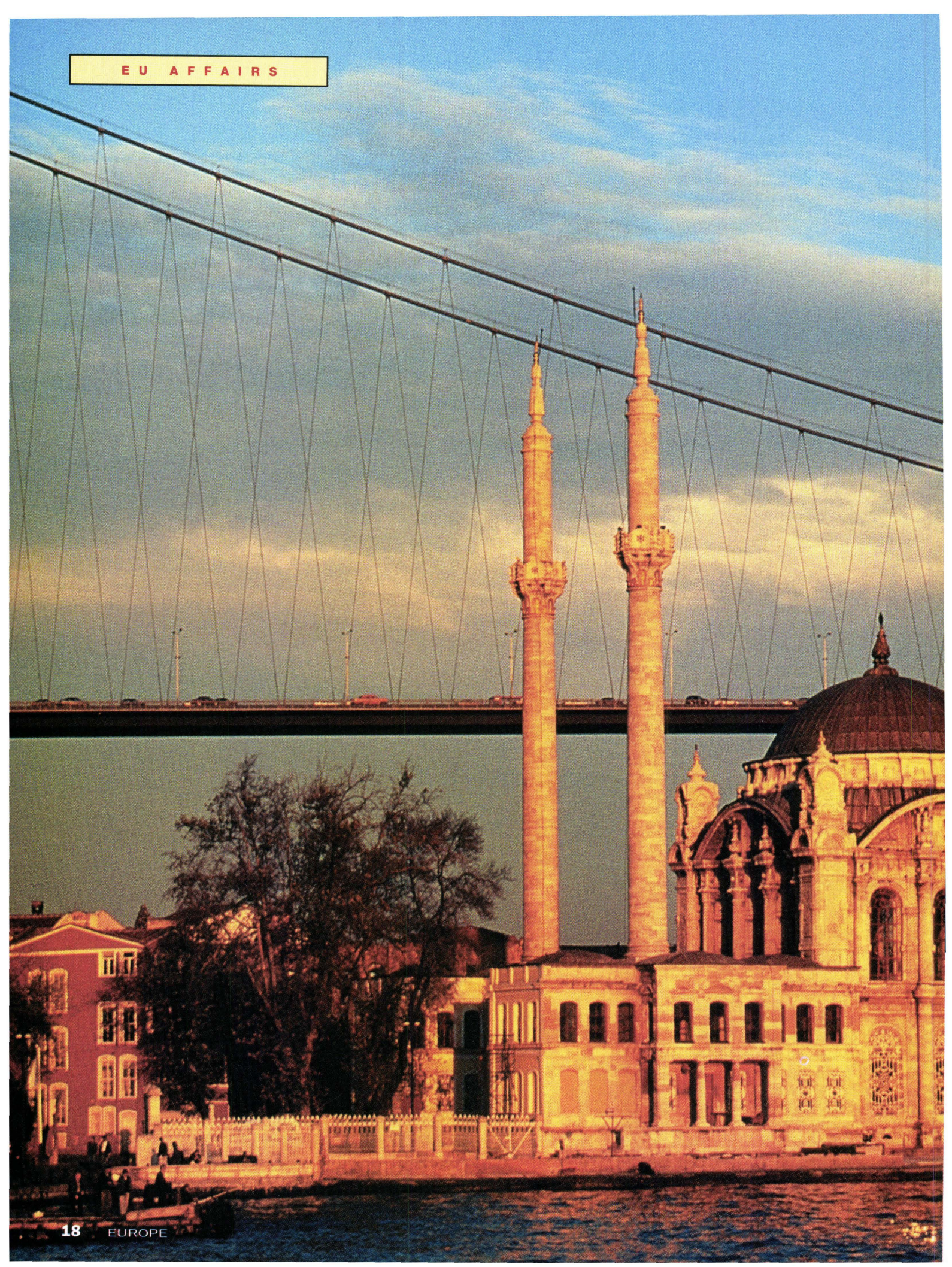
The move across the Atlantic is having an impact back home. The European Commission has recommended the lifting of price controls on drugs that are not paid for by government and called for advertising for non-prescription drugs. But Europe has a long way to go to close the transatlantic research gap. Last year the industry spent \$23.7 billion on research in the US and \$16.9 billion in Europe, reversing a \$4.9 billion-\$7.2 billion split in 1990 when Europe was the dominant research center.

However, Europe is closing the gap in biotechnology, a sector that is increasingly supplying the big drug companies with products. Europe now has approximately 300 more biotech companies than the US, an increase of 300 percent in the past five years. Some are already major players. Serono, controlled by Ernesto Bertarelli, a thirty-six-year old Swiss billionaire, recently signed a \$200 million deal with Pfizer to co-market Rebif, its multiple sclerosis treatment, in the United States. Other top firms include Iceland's DeCode Genetics, which is using medical records and blood samples from the isolated nation's population to trace fifty diseases, and Oxford GlycoSciences, which has just received approval for a treatment for a rare debilitating genetic disorder called Gaucher disease that affects about 10,000 people around the world and is particularly common among Eastern European Jews.

Europe boasts several successful biotech hubs, including "Silicon Fen" in the ancient English university town of Cambridge, Tampere in Finland, the self-styled "Biotic Valley" in the Rhône-Alpes region around Lyons, France, and "Medicon Valley" in the Malmö-Copenhagen conurbation.

Europe still lags the US in pharmaceuticals, but there are signs it is catching up. Europe's stem cell and cloning laws remain more attractive to scientists, and the tax laws in some countries, such as the UK, are more favorable to startups than in the United States. ☉

*Bruce Barnard, based in Cambridge, is a EUROPE contributing editor.*





# Turkey's Drive for EU Membership

By David Lennon

Istanbul's Ortakoy  
Mosque on the  
banks of the  
Bosporus

# T

urkey is very very serious about joining the European Union. It is the subject of constant and widespread comment in its parliament, the Meclis, and in the media, and there is an entire government building in the capital, Ankara, devoted solely to EU negotiations.

Turkish officials would like to complete the pre-accession preparations by December and see accession talks start in 2004. The Turkish goal is for these to be completed by 2010.

The decision this summer to call elections in November, eighteen months ahead of schedule, accelerated the outgoing coalition government's drive to complete the democratic reforms called for by the European Union. On August 3, Turkey's parliament passed a far-reaching package of reforms, including abolishment of the death penalty in peacetime, assuring the democratic rights of the country's Kurdish minority, and stiffening laws against immigrant smuggling. The parliament's pro-EU contingent wanted the legislation in place before campaigning begins in advance of elections.

"Turkey has taken a giant step on the road to the EU," declared Deputy Premier Mesut Yilmaz, whose party authored the legislation.

The European Commission released a statement welcoming the reforms "as an important signal of the determination of the majority of Turkey's political leaders toward further alignment to the values and standards of the European Union." It cautioned, however, that "much will depend on its practical implementation that will be closely monitored in the months to come."

Meanwhile, the political situation has remained turbulent. In July and August, Prime Minister Bulent Ecevit, who suffers poor health, endured a wave of defections in parliament from his Democratic Left Party. Several cabinet ministers resigned, including Foreign Minister Ismail Cem and highly

respected Economy Minister Kemal Dervis, who had secured a crucial \$16 billion loan from the International Monetary Fund to help the country recover from the worst recession since the Second World War.

Cem has since formed the New Turkey Party, and Dervis has joined with the Republican People's Party, the party of modern Turkey's founder, Mustafa Kemal Atatürk. Both are expected to wage stiff campaigns this fall. However, with the elections less than three months away, both the left and right remained splintered, with the pro-Islamic Justice and Development Party leading opinion polls with 20 percent.

Even with no clear consensus on who should govern their country, an overwhelming majority of Turks (70 percent in polls taken this summer) say they favor EU membership, but the

**SNAPSHOT:  
TURKEY**



**Population:** 66.49 million

**Area comparative:** slightly larger than Texas

**Government:** The government is formed by the largest parties in the unicameral parliament, the 550-seat Meclis. Members are elected by popular vote to serve five-year terms and, in turn, elect the president.

**Background:** In the wake of World War I, Mustafa Kemal (Attürk) led a republican army against the Ottomans and the occupying forces of the allies. The Turkish Republic with its present borders was established in 1923. Attürk modeled the country's secular political and economic structure after those in the West. Turkey joined the Council of Europe in 1949, NATO in 1952, and signed an association agreement with the then European Community in 1963. The current constitution was enacted in 1982.

**Next election:** November 3

**Currency:** Turkish lira

**GDP:** \$148 billion

**GDP Growth:** -7.4%

**Export Markets:** EU 51%, US 10%

**Suppliers:** EU 44.6%, US 8%

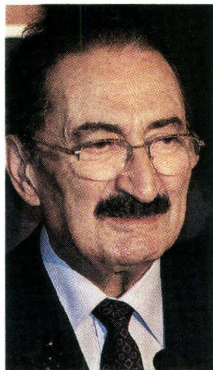
**Internet Users:** 2 million\*

\*all figures are 2001 except this one from 2000  
Source: CIA Factbook, Embassy of Turkey



issue of Cyprus's membership negotiations with the EU could still derail Turkish public opinion (see sidebar).

Admitting Turkey, a secular Muslim nation with 66.5 million people, would have vast consequences for the Euro-



**Turkish Prime Minister Bulent Ecevit**

pean Union. Its population is more than that of the nine smallest EU member countries combined. If it joined, Turkey would immediately become the second-largest member, behind Germany's 83 million people. European manufacturers would benefit since Turkey is a huge market for EU goods, but it would also mean that potentially millions of Turks could move to live and work in the higher-income parts of the Union.

It is the fear of a flood of Turks willing to work for low wages and bringing with them a non-Christian culture and religion that evokes opposition to Turkish entry among some member states.

However, Turkey is geopolitically important for Europe and indeed for Western interests. The US usually refers to Turkey—as “our good ally” and holds it up as a “democratic model” for the Islamic world. Vice President Dick Cheney recently reiterated the US administration's support for Turkey's application to join the European Union.

This year is regarded as “crucial,” according to Volkan Bozkurt, Turkey's deputy head of the Secretariat General for European Union Affairs. He empha-

sizes that Turkey would like to complete the political requirements by its self-imposed deadline of December and have a start date for accession negotiations codified at the EU's year-end Copenhagen summit.

“We have speeded up the reforms and are trying to finalize implementation of the remaining parts of the political criteria,” says Bozkurt.

He is well aware that many Europeans oppose Turkey's accession, just as many Turks are hesitant about or outright opposed to entry. “There is a lack of confidence on both sides,” he says. “That's why we are engaged in confidence-building measures.”

Bozkurt says that Turkey has already traveled many miles down the road to accession. “Major changes have been made in the constitution, and new laws have been passed, which bring us into line with EU standards,” he says. “Many did not expect us to get these constitutional changes, the greatest since Atatürk,” he says invoking the name of the man who adopted many European ideas and principles during his reign as Turkey's president (1923–1938).

Not everyone in Turkey is happy with what is happening. Political forces such as the National Movement Party and some within the politically powerful armed forces are fearful of losing domestic political power as traditional methods of enforcement are outlawed.

They point out that the US still uses capital punishment when asked about the death penalty. Although dozens of inmates in Turkish prisons face death sentences, including Kurdish rebel leader Abdullah Ocalan, Turkey has not carried out an execution since 1984. The opponents of EU entry also query

# The Cyprus Question

why it is being pressed to immediately allow broadcasts in Kurdish and other minority languages, when France only complied with this EU requirement in the 1980s.

Another familiar complaint from opposition forces is that the EU is merely playing with Turkey, insulting it by pretending that Turkey eventually will be accepted for full membership, while in reality the EU has no intention of ever allowing it in. "As soon as we get close to meeting their criteria, they will move the goalposts," is how one critic puts it.

"Not true," says Karen Fogg, who stepped down as the European Commission's representative in Turkey this summer. "That's not in line with reality," concurs Bozkurt. "If we meet all the criteria, no one can say no to us anymore. Even if the Commission in Brussels is against us, the officials will not be the ones to make the final decision. This decision will have to be taken by the politicians."

EU officials say that whatever happens, Turkey, and especially its citizens, will have benefited enormously from the constitutional changes, even if the country never makes it into full membership.

"The reforms that the EU would like Turkey to carry out before it becomes a member will make life better for Turkey," says Fogg. "There will be a stronger guarantee that politics is separate from business and that public money would be spent in the most cost-effective way."

Nevertheless, expectations are high. Rejection by Europe would be shocking to the progressive, modernizing, and democratic forces in this society. Worse, it would give a boost to the forces of reaction, authoritarianism, and fundamentalism.

The phrase one hears repeatedly from the proud Turks was "don't insult us." The EU does so at its peril and at the peril of the western alliance for which Turkey is currently in command of the eighteen-nation UN security force in Afghanistan. ☪

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*David Lennon, based in London, is a contributing editor for EUROPE and previously served as a Middle East correspondent for the Financial Times. Peter Gwin in Washington contributed to this article.*

**T**he EU is determined to admit Cyprus as a member with enlargement in 2004. The only fly in the ointment is that the eastern Mediterranean island is politically and physically divided and to embrace what is effectively only the Greek Cypriot south without a reunification agreement with the Turkish-controlled north of the island is potentially explosive.

The admission of a divided island would sour the EU's relations with Turkey, a vital NATO ally. If Cyprus joins the EU with the unification issue still open, the Ankara government will have to respond politically and possibly militarily. On the other hand, if there are any delays in admitting Cyprus, Greece will veto other nations joining the European Union.

That's why two old political rivals have been meeting twice and three times a week in the divided capital Nicosia since the beginning of the year to try to find a solution to this decades-old dispute. Rauf Denktash, the seventy-seven-year-old Turkish Cypriot leader, and eighty-three-year-old Glafcos Clerides, the Greek Cypriot president, face unprecedented international pressure to reunite the island.

The dispute dates back to inter-communal clashes between 1960, when the island gained independence from the United Kingdom, and 1974, when Turkey invaded and took

control of the north of the island in reaction to an attempt by Greek Cypriots to force the island into union with Greece.

The Turkish Cypriots want recognition for their internationally shunned state in the north of the island, while the Greek Cypriots refuse to legitimize the occupation in this way. Clerides insists Cyprus should be reunited as a federal state, rather than as a "partnership" of two equal entities, as Denktash demands.

This situation is serious enough to

Nonetheless, the Turkish government has declared that "Denktash is not alone" in the face of EU pressure.

You would think that the last thing the EU needs is to inherit the Cyprus problem. Yet EU officials are sounding very hard-line, insisting—as Commission President Romano Prodi did during a visit to the Greek side of the island late last year—that the EU will not be held hostage by political intransigence by Turkey and the Turkish Cypriots.



**Turkish Cypriot leader Rauf Denktash (left) and Greek Cypriot President Glafcos Clerides**

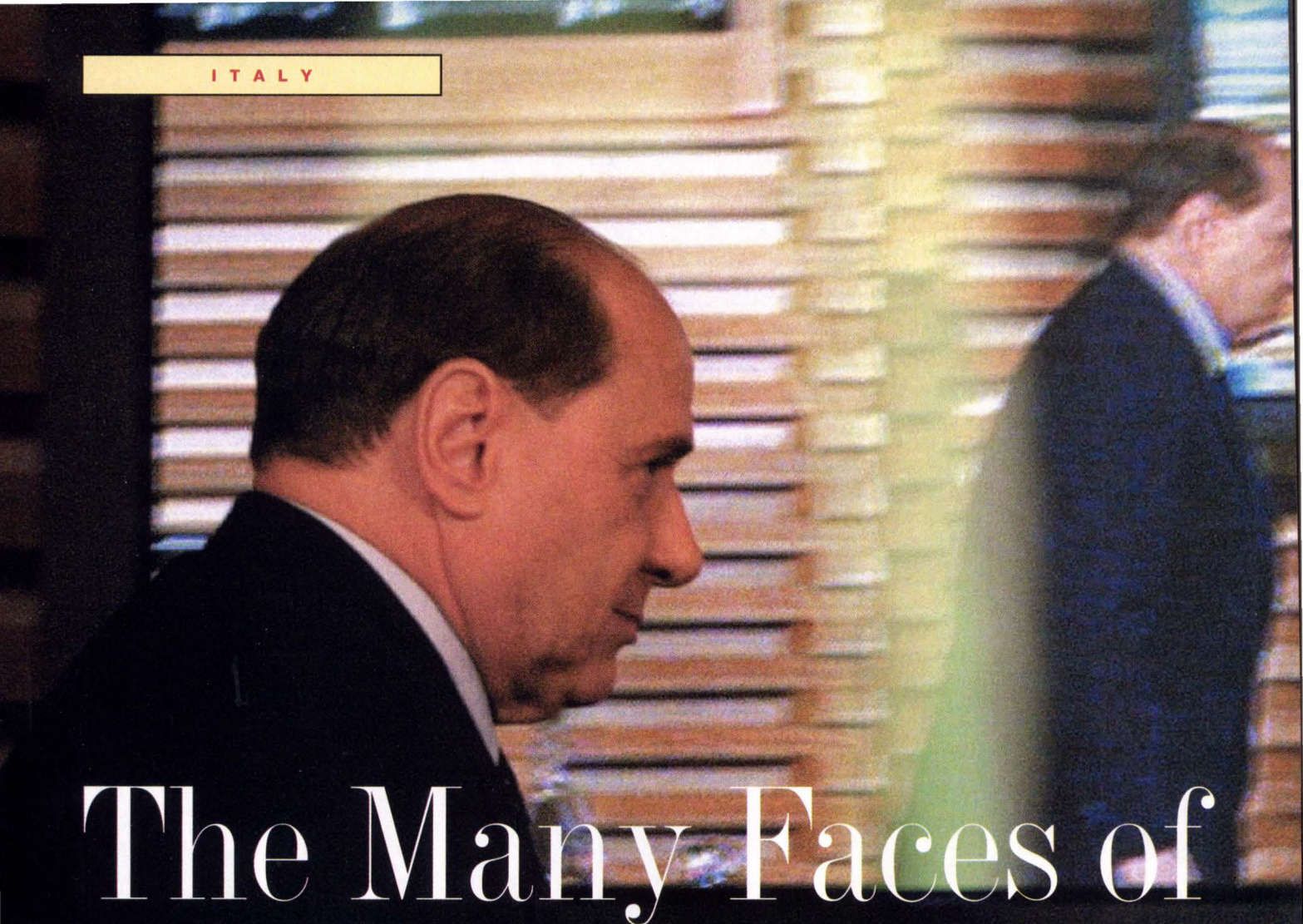
warrant Kofi Anan visiting Cyprus in May, the first visit by a UN secretary general since 1979. His goal was to try to persuade the two leaders, whose talks, which have been apparently fruitless, to work toward an agreement on the general principles for a federated Cypriot republic.

Denktash is also under pressure from Ankara because of the fierce debate within Turkey on whether to put its EU aspirations at risk over Cyprus.

As the December deadline approaches, the dangers will increase.

Though in public they appear no nearer to resolving the core issue, some insiders say that the two old men are making progress and that some face-saving formula will emerge before year-end that will enable announcement of Cypriot accession without a political explosion in the region.

A lot of people are holding their breath.



# The Many Faces of Silvio

**B**ravo or boo for Berlusconi? It is hard to say which, but after a year of governing a country that could be known as the Land of a Thousand Political Parties, the center-right has produced at least one major accomplishment. For the first time since the end of World War II, Italy is clearly divided into two main political factions. The plethora of small parties remains, but their names are irrelevant. The fault line of Italian politics is delineated by those who despise the billionaire-cum-prime minis-

ter (regardless of whatever accomplishments the country may have made under his leadership) and those who unconditionally approve of him (and are ready to turn a blind eye on a few unclear aspects of his financial empire).

The core issues of the never-ending Berlusconi debate concern questions about how the richest man in Italy built his web of businesses (which includes most of the Italian media sector as well as construction, real estate, and financial holdings) and conflicts of interest arising from his position as prime minister. The debate always returns to one major unresolved question: Should one man be allowed to control both the

country's biggest commercial television network and the government-controlled public television network?

Instead of ebbing from their pre-election fervor, the polemics have increased as the months have passed. The flames continue to be fanned, in part by a spate of unresolved lawsuits involving Berlusconi's business dealings but also by a series of laws he pushed through parliament right after his election.

His detractors say these measures were created to defend Berlusconi from attacks by Italian and possibly foreign judges and to protect his personal economic interests. For example, modifica-



These and other issues have been seized by the daily *La Repubblica*, which has become a bridgehead of anti-Berlusconi indignation and has unequivocally accused the parliament of working for the “private interests” of the head of the government.

On the other side of the chasm resides the half of the Italian population that likes Berlusconi, sees no problems with his past business dealings, and dismisses the present controversies as left-wing bellyaching. His supporters consider his entrepreneurial past an asset. They herald both his decision-making and deal-making capabilities, the latter notably evident in the prime minister’s efforts to forge potentially lucrative economic ties with Russia. It was no coincidence that official approval of Russia’s participation in the G8 took place during the meeting last May at Pratica di Mare, following intense personal contacts between Berlusconi and Russian President Vladimir Putin.

Furthermore, since firing his foreign minister and taking control of Italian diplomacy, Berlusconi has managed to open preferential lines of communication with President George W. Bush and, closer to home, with fellow conservative Prime Minister José Maria Aznar

portionments, private interests, the return of wildcat subcontracting, a lack of regulation, and scarce respect for environmental impact?

One thing is certain: Pietro Lunardi, Berlusconi’s infrastructure minister, with the backing of Economic Minister Giulio Tremonti, has announced a noteworthy list of great public works. The grandest being the highway and railway bridge over the Messina Strait, connecting the Italian mainland and Sicily. The 2.2-mile, single-span bridge will truly be a Guinness World Record. The estimated cost is more than \$5 billion, 50 percent of which will be paid by the private sector, and it would become the reigning coalition’s most visible gift to posterity and its calling card to fame. If the timetable can be maintained, work on the Sicilian and the Calabrian shores could begin at the end of 2004, or more realistically, in 2005. The first trains and automobiles should cross the completed bridge in 2010.

By itself, the Messina Bridge would only be a cathedral in the desert. The planned list of works also includes a three-year, \$47 billion investment in new highways, subway lines, railway junctions, high-speed trains, and freight hubs. Also in the works are water projects to help alleviate the

By Niccolò d’Aquino

# Berlusconi

tions were made to the law concerning falsification of balance sheets, which virtually cancelled this crime from Italy’s law books and erected a new bulwark of legal and bureaucratic impediments that hinder the growing international collaboration between the Italian and foreign judicial systems. Moreover, amnesty was granted for Italian capital that was illegally exported during the years when this financial liberty was prohibited. Furthermore, Berlusconi pushed for abolishing the inheritance tax, which should make his heirs very happy, and finally, the opposition says his fiscal reform favors only the upper-middle class.

of Spain. (Although lately, some in the Spanish press have been investigating Berlusconi’s previous media deals in that country.)

Above all, Berlusconi’s popularity can be attributed to a long list of proposed major public works projects that would put Italy’s infrastructure on a par with those of the top Western economies. Of course, it depends on your point of view. Will it be the “great Italian construction site,” as the government calls it, producing bridges, highways, new railroad lines, integrated transportation systems, and more jobs? Or, will it be the “looting of Italy,” as the opposition calls it, denouncing ap-

drought in the South, and the construction of MOSE, a complex, and controversial, series of mechanical levies to help address the problem of floods in Venice.

While environmentalists and engineers debate whether MOSE can turn back the tides of the Adriatic, Italians will be watching the political tides, waiting to see whether Berlusconi can continue to ride his wave of popularity or will founder in the dark political waters. ☹

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*Niccolò d’Aquino, based in Rome, writes for Il Mondo and is a EUROPE contributing editor.*

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# EUROPE

## update

OCTOBER 2002

VOLUME X / NUMBER 9

## STATE PROFILE: UTAH

*This is the second in a series of occasional features that offer deeper insight into the EU-US relationships at the state level and the people and organizations, businesses, and government bodies that encompass them.*

### Strong Trade Ties with Europe

As protests raged at last year's G8 Summit in Genoa, Italy, a small contingency of Albanians arrived in Salt Lake City hoping to further the cause of free trade. It was no secret to the Albanians, one of Europe's smallest and poorest countries, that more trade, not protectionism, opens the door to prosperity. Representing the government of Albania, they came to Utah hoping to become a trading partner with the state. The group wanted to learn how to transform its country's image in order to attract foreign capital and tourists.

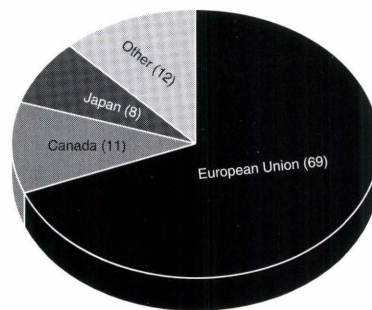
Utah also has learned to reach out to international markets over its 155-year history, managing to transform itself from a dusty, isolated landscape into one of America's top three most-wired states. Its superior infrastructure, high-tech arena, and educated labor force have pushed it onto the world stage as the forty-fourth largest economy.

And since 1847 when the first company of Mormon pioneers rolled their covered wagons into the Great Salt Lake Valley (one in seven of

which was born in Europe), much of Utah's success today can be traced to trade, by industries producing medical products, computer software, and metals.

Last year Utah exports accounted for nearly \$3 billion, of which nearly \$1 billion in goods was shipped to the European Union, making the region Utah's second-largest trading partner and helping to sustain an estimated 108,000 Utah jobs dependent on exports.

### Percentage of Foreign Investment in Utah



Sweden-based Autoliv tracks 30 percent of the company's \$4 billion in total sales to its manufacturing facilities in North America, according to Kathy Whitehead, an Autoliv spokeswoman. Much of that production comes from the company's Ogden, Utah, site where 4,800 people are employed in the making of automobile airbags and seat-belt products.

Besides Utah's world-famous skiing and towering mountains, the state has the highest percentage of house-

holds with computers in the US, according to a recent study on competitiveness by the Beacon Hill Institute at Suffolk University in Boston. In addition, Utah's workforce carries one striking aspect, roughly one-third of US-born males living in Utah are bilingual.

Other European companies with ties to Utah include London-based Rio Tinto, one of the world's largest metals and mining enterprises,

rope a vital part of their future growth. As many companies languished over last year's US recession, Merit grew its overall revenues by 14 percent to \$104 million. "As a percentage, our sales in Europe are growing faster than the US," said Fred Lampropoulos, Merit's founder and chief executive officer.

Seven years ago the company opened a manufacturing facility in Galway, Ireland, creating 150 jobs in a region that at the time was suffering from double-digit unemployment. In addition, a distribution and customer service center was opened in the Netherlands.

Merit is typical of Utah's savvy high-tech sector. It manufactures devices used in interventional cardiology and radiology, including inflation devices and guide wires used in angioplasty and stenting, a procedure that places a wire mesh tube in an artery to keep it open.

"Vice President Cheney has several stents. Merit's inflation devices were used to deliver those stents to the vice president's heart," Lampropoulos said. "Fifty percent of our products are custom products for specific hospitals, and we have to be able to deliver those products overnight. We wanted to make sure we had access to Europe and the availability to make custom products there and then distribute them overnight to our hospitals throughout the continent."

which owns Kennecott Utah Copper where 1,650 people are employed. The company operates the Bingham Canyon copper mine, one of the largest and longest running mines in the world.

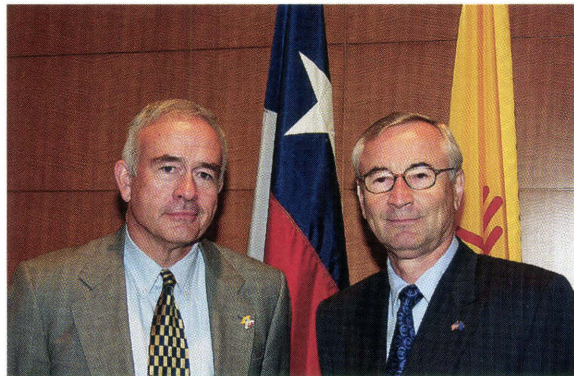
"We have tens of thousands of people working in Utah because of trade with the European Union," said Franz Kolb, director for Europe for Utah's International Business Development Office.

Even smaller companies, like Utah-based Merit Medical Systems Inc, consider Eu-

## STATE PROFILE... (CONTINUED)

Merit's future plans include a possible doubling in size of its Ireland facility along with adding 150 to 300 new jobs. "Europe is a big part of our strategy, but it takes a lot of patience, fortitude, and a lot of money," Lampropoulos said. "We've stayed the course, and it is starting to pay off for us...and particularly now since the dollar is becoming weaker."

—Dave Anderton



**Ambassador Günter Burghardt, head of the European Commission's Washington delegation, meets with Robert McTeer, president of the Federal Reserve Bank of Dallas, during his speaking tour in Texas last month. This month, Ambassador Burghardt will be speaking in Utah, discussing EU-US relations at Brigham Young University, and will also meet with Utah Governor Mike Leavitt.**

## EU NEWS

### WTO Rules in Favor of EU Over FSC

On August 30, the World Trade Organization authorized the European Union to take countermeasures of more than \$4 billion in its dispute with the United States over the latter's Foreign Sales Corporation (FSC) tax breaks. This follows the WTO's January decision that the FSC constitutes an export subsidy incompatible with WTO rules. The EU welcomed the decision by the WTO arbitrators.

European Trade Commissioner Pascale Lamy said, "We are satisfied by today's decision that makes the cost of non-compliance with WTO crystal clear. The arbitrators

have endorsed the EU's request...they have given us an amount of potential countermeasures which will create a major incentive for the US to eliminate this huge illegal export subsidy."

The case goes back to 1971 with the US Domestic International Sales Corporation (DISC), which the WTO's predecessor, the General Agreement on Tariffs and Trade, declared an illegal subsidy in 1976. In 1984, the DISC program was replaced with the FSC. At the time, the EU contested the legality of the FSC, but it was not until 1997, following further complaints by EU companies, that the EU resumed bilateral discussions with the US over the issue

and subsequently requested a WTO panel to arbitrate the dispute. In 1999, a WTO panel ruled that the FSC constituted an illegal export subsidy. The US appealed the findings, but a WTO appellate body confirmed the panel findings and gave the US until October 1, 2000 to withdraw the tax breaks.

In an effort to comply, former President Bill Clinton signed the FSC Replacement Act (ETI Act) into law on November 15, 2000. However, the ETI did not modify the substance of the export subsidy, and the EU launched a further WTO panel on compliance. On August 20, 2001 the WTO compliance panel issued its report in full sup-

port of the European Union. The US appealed, but on January 20 this year, the WTO Appellate Body once more confirmed the panel findings and the arbitration procedure was subsequently reactivated.

Commissioner Lamy added, "The path is now clear for the EU to adopt sanctions if the US does not repeal the FSC/ETI scheme expeditiously. We will consult with our industry and the member states on a detailed product list of possible countermeasures to be notified to the WTO. Before countermeasures are taken, we will carefully evaluate progress made on US implementation."

—Susan J. Burdin

## REPORTER'S NOTEBOOK: IRISH RE-VOTE ON THE NICE TREATY

It is once more into the breach for Irish voters later this month as the country reruns the June 2001 referendum on ratification of the European Union's Nice Treaty, which opens the way to add several new member states from Central and Eastern Europe. Then, in one of the lowest polling turnouts (34.79 percent) on a European Union issue since 1972, 19 percent of the electorate determined that Ireland would reject the treaty, while 65.21 percent didn't even bother to vote. (Under the Irish consti-

tution, the ratification of an EU treaty requires an enabling amendment on which the electorate vote.)

Now the issue of the Nice Treaty is being rerun in a second referendum—with opinion polls showing a still divided electorate and no guarantee that it will not be rejected a second time.

The rejection came despite overwhelming support among a broad spectrum of Irish leaders, who see EU enlargement as ultimately benefiting the Irish economy, among other reasons. Both govern-

ment coalition partners and the two leading opposition parties supported the treaty, as did the trades unions and employers organizations as well as the powerful farm organizations.

Meanwhile, those lining up against the treaty included the Green Party, Sinn Féin (political wing of the Irish Republican Army), the small Socialist Party, and various independent politicians. Various reasons offered by those against the treaty range from the potential loss of EU funds to immigration concerns.

The prime minister (or taoiseach as he is called in Ireland) Bertie Ahern was sickened by last year's rebuff. He had the unhappy job of telling the other fourteen EU governments that Ireland had said no.

Stung by claims that his government's own campaign was lackluster and failed to highlight the issues involved, Ahern set up a National Forum on Europe to sample views throughout the country and carry out an information barrage.

He chose Senator Maurice

## REPORTER'S NOTEBOOK (CONTINUED)

Hayes to head the forum. Hayes, a highly respected figure from Northern Ireland, brought in Central and Eastern European leaders from the ten applicant countries to explain how important it was for them that Ireland should ratify the treaty.

Furthermore, at the EU's Seville summit in June, Ahern secured backing from the fourteen other EU leaders for

a declaration maintaining traditional Irish neutrality, a thorny issue for Irish voters. Concerns about neutrality undoubtedly contributed significantly to the no vote last time around.

Fine Gael, the main opposition party, at first boycotted the forum. But, after the May general election in which Ahern's government won a new four-year mandate, Fine

Gael's new leader, Enda Kenny, ended the boycott, marched his party in to the forum, and pledged a vigorous pro-treaty campaign.

This month's Nice Referendum, with the eyes of Europe focused on the outcome, is arguably the most important issue to come before the Irish people for generations.

Supporters contend it will have a critical bearing on the

country's future prosperity and its status as a respected nation and will also have a vital impact on the future of European enlargement. They argue that a second decision to block enlargement will be regarded as a profoundly selfish and reactionary move.

Meanwhile, analysts say low voter turnout could yield another rejection.

—Mike Burns

## BUSINESS BRIEFS

**H**SBBC Holdings of London, the world's second-largest banking group, moved into Mexico with the \$1.14 billion cash acquisition of **Grupo Financiero Bital**, the country's fifth-largest retail bank.

Sir Keith Whitson, HSBC chief executive, said the purchase of **Bital**, which has 1,400 branches and 6 million customers "is in line with our strategy of increasing our presence in North America and will enable us to become one of the few banks that can facilitate trade seamlessly among the [North America Free Trade Agreement] countries."

HSBC, the tenth-largest bank by assets in the US and the sixth-largest in Canada, has long sought a presence in Mexico and was recently rebuffed in its bid to take over **Serfin**, a leading local bank in which it has a 20 percent stake.

•••  
**Ball Corp.**, the US packaging company, acquired Germany's **Schmalbach-Lubeca**, Europe's second-largest drinks-can maker, in a \$1.18 billion deal that underscored the country's growing acceptance of foreign takeovers of key manufacturing firms.

The deal, which followed the \$1.8 billion sale of Schmalbach's plastic bottle operation to **Amcor** of Australia in May, more than doubled the original investment of its owners, **Allianz**, the

German insurance giant, and **E.on**, the country's biggest utility, which pooled their stakes in a joint venture in 2000.

Allianz and E.on took advantage of recent reforms abolishing capital gains taxes on the sale of shares in non-core activities.

The deal makes Ball the second-largest can maker in Europe, with a 26 percent share of the world's second-biggest market, behind the United Kingdom's **Rexam**. Ball will take over twelve European production plants—

four each in Germany and the UK, two in France, and one each in Poland and the Netherlands—with annual sales of \$1 billion and 2,500 employees.

•••

**Ahold**, the world's third-largest food retailer, which sells more in the US than in its native Netherlands following almost non-stop global expansion in the past twenty years, is now taking full control of its Latin American operations, offering around \$50 million for the shares it does not already own in

Santa Isabel, the Chilean supermarket chain.

The transaction was prompted by the financial crisis in Argentina where the company took full control of **Disco Ahold International Holdings**, its Latin American joint venture, in July after its partner **Velox Retail Holdings** defaulted on debt payments.

This gave Ahold the joint venture's 69.7 percent stake in Santa Isabel, which triggered a Chilean legal requirement that it must bid for the shares it does not own.

## WHAT THEY SAID...

**"When the chips are down, the French and Americans have always stood together and have never failed to be there for one another."**

—Jacques Chirac, French president, discussing the war on terrorism, in a New York Times interview.

**"[Saddam Hussein], not me or George W. Bush, is in breach of UN resolutions. If the challenge to us is to work with the UN, we will respond to it."**

—Tony Blair, British prime minister, in a speech to the UK Trades Union Councils Conference in September.

**"I intend [to] work hand-in-hand with other organizations, countries, and**

**institutions to try to mainstream trade into the achievement of sustainable development goals."**

—Supachai Panitchpakdi, new chairman of the World Trade Organization, at the Johannesburg Summit on Sustainable Development.

**"We are trying very hard not to be unilateralist. We are working to build support with the American people, with the Congress, as many have suggested we should. We are also, as many have suggested we should, going to the United Nations. But all that doesn't mean that we are prepared to ignore the realities."**

—Dick Cheney, US vice-president, during a discussion on Iraq on NBC's Meet the Press.

## BUSINESS BRIEFS (CONTINUED)

Ahold, which has lost several hundred million dollars on Velox, will now control 350 stores in Argentina, Chile, Peru, and Paraguay.

•••

**Stora Enso**, Europe's biggest paper producer, is writing down the value of its North American assets by nearly \$1.1 billion less than two years after it paid \$4.4 billion for **Consolidated Paper** of the US in a bid to become a global player.

The Finno-Swedish group admitted it paid too much to break into the US market. "We paid an entrance fee that was very high, too high a price in the short term," said chief executive Jukka Marmala, who set up the Consolidated deal.

The economics of the Consolidated acquisition were undermined by the collapse in the North American paper market, especially for glossy magazines, major customers of coated paper, one of Stora Enso's strongest products, which suffered from a 15 percent decline in advertising spending in the United States.

With paper prices down by as much as 20 percent and its plants running at barely 80 percent capacity, Stora Enso is shutting two mills and cutting 500 jobs, bringing total layoffs since it took over Consolidated to 1,500.

Stora Enso's Nordic rivals also are facing tough times in North America—Norway's **Norske Skog** lost money in the region in the second quarter.

•••

German air passengers are enjoying bargain basement ticket prices as Europe's biggest travel market becomes the latest battleground for an airfare war between established airlines and low-cost carriers.

Prices are set to fall even further after Hannover-based **Tui**, the world's largest travel group, in late August launched the fifth airline, **Hapag Lloyd Express**, to offer budget fares on routes within Germany and to European destinations.

**Lufthansa**, Germany's flag carrier, has responded to the onslaught with a simplified European tariff structure with fares starting at \$97, following in the footsteps of **British Airways** and **SAS**, which cut their off-peak fares after losing market share to low-cost carriers like Ireland's **Ryanair** and UK-based **easyJet**.

Ryanair's decision to rapidly expand operations from its Frankfurt-Hahn hub has finally opened up the German market to low-cost competition pioneered in the UK over five years ago. The main challenge to Lufthansa will come from Tui, already Europe's largest charter operator with six regional airlines and eighty-eight jets, which plans to compete head-to-head from its Cologne/Bonn hub to Madrid, Barcelona, Rome, Milan, and Paris as well as domestic routes.

Lufthansa plans to support a budget operation through **Eurowings**, a regional carrier in which it has a 24.9 percent stake, while Brussels-based **Virgin Express** has announced plans to set up a hub at Cologne/Bonn. The competition will get even hotter if easyJet—whose recent acquisition of the UK-based **Go** has made it Europe's largest low-cost carrier—exercises its exclusive option to acquire **Deutsche BA**, British Airways' German subsidiary.

•••

Russian oil companies are starting to invest heavily abroad after a period of consolidation, acquisitions, and restructuring at home in a bid to become global operators just as Western nations seek to diversify their supplies from the politically unstable Middle East.

The scale of the industry's ambitions was highlighted by the fact that at least two companies, **Lukoil** and **Sibneft**, were listed as bidders for a role in the multimillion-dollar development of four oilfields in northern Kuwait.

Russian oil firms, which are currently pumping more crude than Saudi Arabia, are

also investing in downstream activities abroad. Just weeks after making the first direct shipment of Russian crude to the US on a Greek-owned supertanker, **Yukos**, Russia's second-largest oil company, took control of the Mazeikiu refinery in Lithuania by adding a 27 percent stake acquired from US oil group **Williams International** for \$85 million to its own 27 percent holding.

At the same time, arch rival **Lukoil**, Russia's largest oil producer, was finalizing a joint bid with **Rotch Energy** of the UK for the Gdansk refinery in Poland. **Lukoil**, which acquired **Getty Oil's** 1,300 gas stations in the US in late 2000, has also bought refineries in Ukraine, Bulgaria, and Romania and has bids outstanding for stakes in **Hellenic Petroleum** in Greece and **Ina** in Croatia.

•••

Germany's **Bertelsmann**, Europe's second-largest media group, is going back to basics after five years of non-stop expansion aimed at transforming the 167-year-old privately owned family firm into an integrated global entertainment company.

Günter Thielen, Bertelsmann's new chief executive, has embarked on a radical about-face from the strategy pursued by his predecessor, Thomas Middelhoff, who abruptly resigned in July after the company's main shareholders, including the controlling Mohn family, revolted against his bid to create a German version of **AOL Time Warner**.

The company is mulling a retreat from some of its high profile e-commerce ventures, including on-line bookseller **Bol.com**, a rival of **Amaزون.com**. The futures of on-line music services, **Napster** and **BeMusic**, are also in doubt as Thielen focuses on Bertelsmann's profitable core activities in television, book publishing, and record labels.

Thielen has ruled out blockbuster deals in the next two to three years but says he is committed to growing the

group through acquisitions, most likely focused on the US operations of **Grüner & Jahr**, its magazine business; the European wing of **Random House**, its US publishing arm; and the UK and Spanish units of **RTL**, its television group.

Thielen also says he intends to push ahead with an initial public offering in 2005 despite the Mohn family's unwillingness to see its stake fall below 75 percent.

•••

European utilities accounted for three-quarters of the \$55 billion spent on acquisitions in the gas and electricity sectors in the first half of the year, as they took advantage of deregulation at home and buying opportunities in the US following the **Enron** scandal to grow their global operations.

The value of deals soared by 50 percent in the first six months of 2002 with Europe's deregulating power markets still setting the pace, according to **PricewaterhouseCoopers**, the global consultancy. The six biggest transactions involved companies from the UK, Germany, France, and Italy, led by the \$18.14 billion merger between **National Grid** and **Lattice**, the monopoly operators of the UK's electricity and gas transmission networks.

As the pace of acquisitions heats up, the European Commission urged EU government to break the deadlock on further energy liberalization after regulators warned utilities in Germany are becoming entrenched.

—Bruce Barnard

EUROPE  
update

### Correspondents

Dave Anderton reporting from Salt Lake City  
Bruce Barnard reporting from London  
Susan J. Burdin reporting from Washington  
Mike Burns reporting from Dublin

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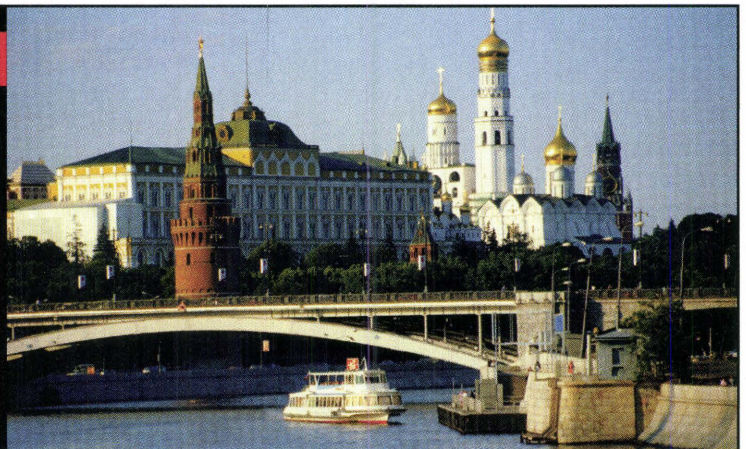
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ITALY

# Messina Strait Project

By Stephen Jewkes

## A Bridge Over Tro



The 2.2-mile-long Messina Strait bridge is projected to cost \$4.6 billion for construction and another \$1 billion in financing.

**It's on.** The project to build a bridge over the Messina Strait connecting the Italian mainland to Sicily, a project first dubbed a national priority as far back as 1971, looks like it is finally going to happen. At least, if you believe Silvio Berlusconi, it is. In June, the prime minister pledged that, after more than three decades of indecision, "The bridge this time will get done, I promise."

That announcement, coming just days before regional elections in Sicily and Calabria, was greeted by the opposition as vote mongering. "It remains to be seen if anything will actually happen," said opposition leader Francesco Rutelli. Certainly the first stone won't be laid for another three years, and if all goes to plan, the bridge will not officially open until 2010. And with Italy tightly pressed by Brussels to keep a lid on public spending, bankrolling one of Europe's biggest construction projects in recent years won't be easy, even with help from the private sector.

At a cost of \$4.6 billion for construction (plus another \$1 billion in financing costs), the suspension bridge will be 2.2 miles long—three times the length of San Francisco's Golden Gate. Strung between two towers each measuring 1,200 feet high, the Ponte Sullo Stretto, as it is known, will hover almost 210 feet above sea level and will measure 200 feet across with twelve traffic lanes and two railway lines carrying an estimated 9,000 vehicles an hour and 200 trains a day. According to officials, the structure will be able to withstand an earthquake of 7.1 on the Richter scale.

Bridging the Messina Strait is not a new idea. As far back as the third century, legend has it that Hannibal tried to lay a pontoon bridge to get his elephants over from Carthage to fight Rome in the Punic wars. Then in the ninth century the emperor Charlemagne gave the project a try, which got nowhere, while at the end of the 1800s Carlo Navone drew up plans to build a

tunnel—an idea some engineers say would make more sense than raising a 166,000-ton metal bridge, which could generate resonance problems if cars go too fast.

Since 1971, the project has been championed by successive Italian governments but stopped for political and technical problems. Opponents say it is a waste of money at a time when many homes in Sicily are without running water and road and rail networks are substandard or nonexistent. In many ways, the failure to get the bridge built has become a symbol of the country's inability to solve southern Italy's woeful transportation infrastructure malaise.

If nothing else, Berlusconi's announcement warmed the hearts of local politicians. They know the investment will only make sense if accompanied by overdue completion of highways and rail networks together with an extensive overhaul of Catania Airport to create a freight hub for the Mediterranean area. Employment will also benefit. In an area of high unemployment, the creation of an estimated 10,000 jobs will be welcome news.

But if the project means kudos for Berlusconi, it could yet prove a bridge over troubled waters. Since the Second World War, big public works have traditionally involved kickbacks for politicians, and the South is an area renowned for its failure to complete projects. And then there is the Mafia. Organized crime has its hands in just about everything construction-related in the south, and while the government intends to set up an anti-Mafia pool to combat infiltration it will not be easy.

Back in 1997, a government committee described the Messina bridge project as "the most important work that human imagination has ever conceived for the good of planet earth." That may be so, but it might also be a bridge too far. ☹

*Stephen Jewkes, based in Milan, is a correspondent for Moneyline Telerate.*

# ubled Waters?

By Peter Gwin

# Seek American Success

## Family-owned Peroni boosting its US operation

Recently during lunch at Washington's Teatro Goldoni restaurant, Belinda Parker did something unusual; she ordered a beer with her capellini marinara. "I'm usually a wine drinker," said the forty-one-year-old marketing executive, "but it's a warm day and a cold Italian beer sounded good."

Such is music to Antonio Corsano's ears. The North American export manager for Italian brewer Peroni is waging an uphill campaign to introduce more Americans to Italian beer, preferably a Peroni or one of its sister brands.

He has his work cut out for him. If wine is Italy's beautiful first daughter, beer is her more homely—and jovial—sister. It is not clear exactly when beer was introduced in Italy, but historians agree that the beverage was flowing in the Roman Empire by the first century AD. However, most Romans considered it a drink of the lower classes, certainly not the equal of wine, although Caesar Augustus reportedly had a soft spot for it, believing it had cured him of a chronic pain in his side.

The emperor's good wishes aside,

Roman beer fell victim to the invading barbarians, who disrupted the agriculture sector and destroyed most of the breweries. Church legend contends that Italian monks in isolated abbeys kept the art of brewing alive during the medieval era. However, large-scale

brewing did not return to Italy until the 1500s, and the seeds for its modern industry weren't sown until the end of the eighteenth century when Austrian brewers migrated into the northern Italian regions and brought their recipes, equipment, and techniques for turning barley malt and hops into the popular beverage.

Today, while Italy is the world's biggest wine producer and its chiantis and chardonnays enjoy global fame, its beers have remained little known in the United States. To wit, a recent trip to Washington's landmark Brickskeller pub, which boasts the Guinness record for the world's largest beer selection, revealed that of the 1,072 bottled beers from fifty-six countries on its menu, only four were from Italy. Meanwhile, heavy-weight beer nations such as Belgium boasted 156 different brands, Germany 73, and England 68.

So, what makes Italian beer special? First, Corsano notes that Italian brews have quietly done well at international competitions. In 1999, Peroni's Gran Riserva took top honors at the International Beers and Ciders Competition in London, and in 2000, Peroni was awarded a gold medal by the American Tasting Institute. But a big part of its appeal, says Corsano, is simply that it is Italian.

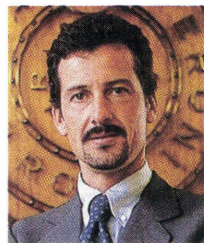
"American consumers are increasingly associating authentic Italian food products with high quality," he says. He points to the growth of Italian wines, which now surpass French wine sales by volume in the States; the American expansion of Italian pasta maker Barilla; and the growing popularity of upscale family-style Italian chains, such as Romano's Macaroni Grill, Bertucci's Brick Oven Pizzeria, and Maggiano's Little Italy, which have adopted authentic Italian recipes and ingredients. "More American customers are starting to recognize the difference between a pizza that is made with real, fresh mozzarella and one that is made with processed mozzarella," he says. This trend combined with America's longtime fascination with Italian fashion and design, he believes, has translated into a fertile market for Italy's number-one brewer, Peroni.

Perhaps new to Americans, the Peroni label has a long and illustrious





history in Italy. In 1846 Francesco Peroni, son of a pasta maker, founded a brewery in the Lombardy town of Vigevano. It was not a particularly good time to start a new business as the region faced great social and political unrest in advance of the revolution that would establish the Italian nation-state. However, a blight on grapevines in the nearby Piedmont region gave Peroni's nascent brewery a boost as beer consumption increased in the face of declining wine production. Two decades later, the business was thriving, and Francesco's sons, Giovanni and Cesare, were building a second brewery in Rome, which would employ the latest technology, including pasteurization.



**Francesco Peroni (top) and his great-great grandson Franco**

The Peroni family continued its expansion into the twentieth century, buying a string of brewers in central and southern Italy until World War II halted the company's growth. But when peace came, the company set to building Europe's largest brewery at a site in Naples, and by the 1950s, Peroni had regained its position as Italy's market leader.

In 1963, the company launched a new premium lager, Nastro Azzurro, and hired a series of fair-haired European models to help advertise its new "blonde" beer. The Peroni Blonde continues to endure as something of a national icon.

Over the last decade, the company



Poster from the 1920s.

has looked at new ways to expand its business. In 1993, Peroni struck a deal with Anheuser Busch, the world's biggest brewer, to produce and market Budweiser in southern Europe, and in 1995, it started the Crazy Bull chain of American-style restaurants aimed at attracting twenty-something Italians. In 2000, the Peroni family bought back a 24 percent stake from the Danone Group, when Scotland and Newcastle purchased Danone's brewing interests, including top-selling French beer Kronenbourg.

Last month, Francesco's great-great-grandson, Franco, was named Peroni's new CEO. At thirty-seven, he joins the senior management team of one of Europe's last family-owned breweries.

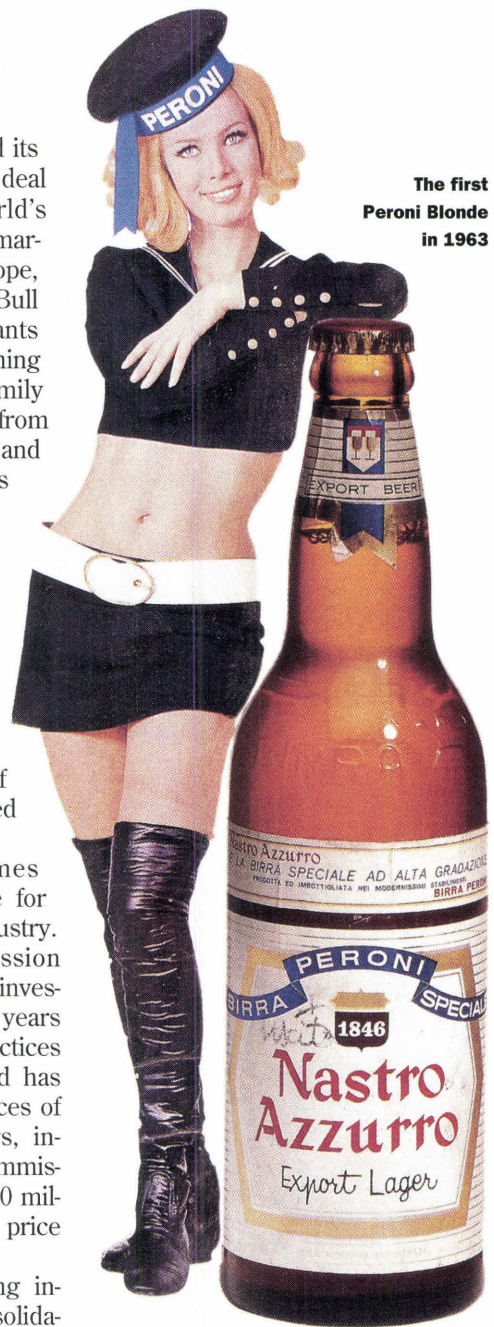
His promotion comes during a turbulent time for the European beer industry. The European Commission has been conducting an investigation over the last few years into anti-competitive practices in the beer industry and has raided the corporate offices of Europe's major brewers, including Peroni. Last year, the Commission fined Belgium's Interbrew \$40 million and Danone \$38 million for price fixing in the Belgian beer market.

Meanwhile, the global brewing industry has undergone a major consolidation. Since 1995, Interbrew has acquired seventeen brewers in eleven countries, including Rolling Rock in the US, Canada's Labatt, Mexico's Tecate, Germany's Beck's, and the United Kingdom's Whitbread and Bass. Meanwhile, the Netherlands' Heineken has picked up smaller regional firms, such as Italy's Moretti and Spain's Cruzcampo, while US-based Adolph Coors spent \$1.7 billion for the UK's Carling Brewers.

Although much smaller than those brewing conglomerates, Peroni believes its flagship brand can compete in the United States. Last month, the company officially created a US subsidiary to bolster its American profile and help its US distributor, Barton Beers, to build the brand.

Last year, imported beers accounted for roughly 11 percent of the US retail beer market, worth about \$6 billion, and

The first Peroni Blonde in 1963



the importers are the fastest growing segment of the otherwise flat beer sector, nearly doubling their market share since 1990. Mexico's Corona currently tops the list of US imports with 29 percent of the market, followed by Heineken (19), Labatt Blue (5.3), Tecate (4.0), and Ireland's Guinness (3.4).

Corsano acknowledges Peroni, with only 0.1 percent, has a long way to go to break into that group, but he says he is already seeing the fruits of his marketing campaign in New York. Sales in the city this summer were up by more than 55 percent over last year.

"At one point, Heineken, Corona, Stella Artois were all unknown brands in the United States, and now Americans love them," he says. "Why not Peroni?"

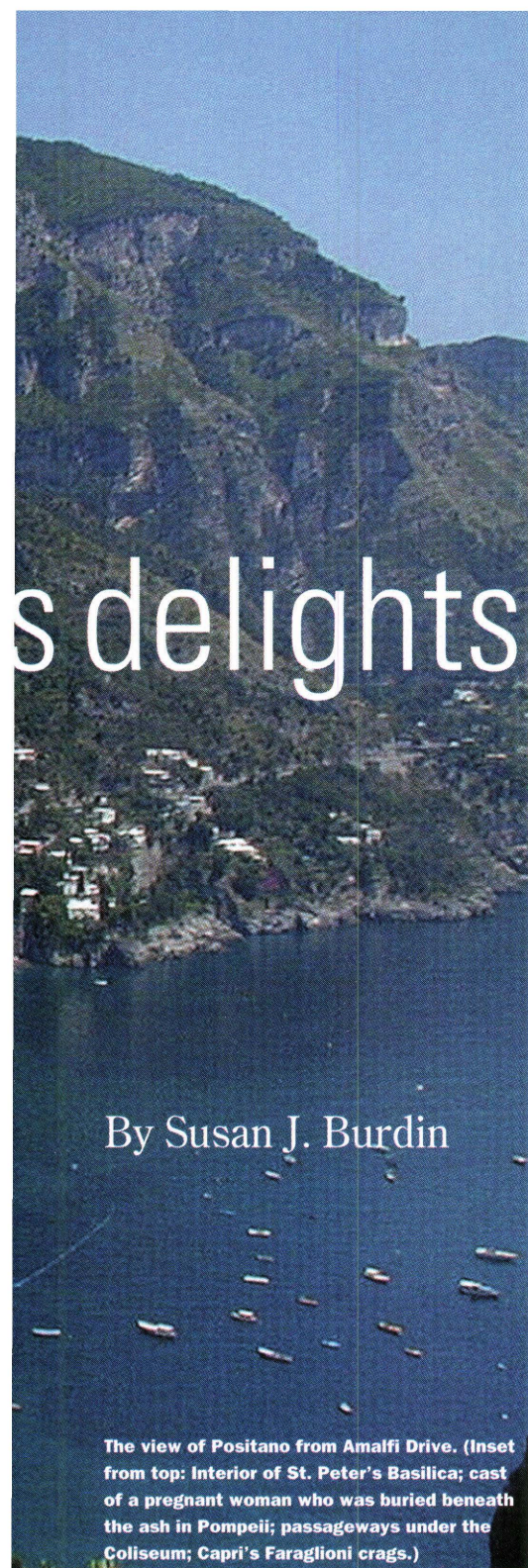
Peter Guin is EUROPE's senior writer.

# Discovering Southern Italy



**M**y youngest sister rang from the UK and announced that she and her husband were planning a tour of Southern Italy in June—commencing in Rome and heading south to the Amalfi coast, taking in Pompeii, Mt. Vesuvius, the island of Capri, and the town of Sorrento en route—and did we want to join them? Oh, and, by the way, they were doing it as part of a motor coach tour...

I found the invitation thoroughly enticing until her last remark, which set



s delights

By Susan J. Burdin

The view of Positano from Amalfi Drive. (Inset from top: Interior of St. Peter's Basilica; cast of a pregnant woman who was buried beneath the ash in Pompeii; passageways under the Coliseum; Capri's Faraglioni crags.)

off a wave of panic. Having traveled to the four corners of the globe, more or less, as an "independent" traveler, the idea of an organized coach trip had never appealed to me. Weren't coach tours for the blue rinse crowd? Didn't the tour operators get you up at the crack of dawn every day? Not to mention the lack of spontaneity and freedom to explore on your own. In spite of all my fears, before I knew it I had signed on, along with my significant other, Chris.

We arranged our own travel to Rome and once in the Eternal City headed to

the hotel to meet up with the rest of the group. They seemed to be an interesting, youngish bunch, hailing from all over the United Kingdom and from all walks of life. Among them a middle-age couple from Wales—she sang in a choir, he played the harp (so Welsh); a twenty-something, single woman from Guernsey who worked for a Christian organization; two soccer-mad couples from Birmingham; an Indian doctor from London and his wife; a couple of thirty-something teachers from Nottingham; and a heavily-tattooed Northern lad with two women in tow. Our lively Italian tour guide, Roberto, greeted everyone in the lobby the first evening and described the specifics of our itinerary.

The adventure began at eight the following morning, as the sleepy-eyed group of tourists piled onto the air-conditioned coach, driven by Vincenzo, who whisked us away to Vatican City. A rather sizable line had already formed that early on a Saturday morning to visit the Sistine Chapel and the pope's private art collection in the Vatican museums, so the four of us decided to skip it and headed for St. Peter's Square and its eponymous basilica. The sunny square was a hive of activity as preparations were being made for the canonization of Padre Pio (1887–1968), the miracle-worker Franciscan friar from Pietrelcina. A colorful tapestry of Padre Pio hung from the Basilica overlooking the platform where Pope John Paul II would perform the ceremony the next day in front of a crowd of some 300,000 pilgrims who had come from all over the world. After being searched by the papal guards, we entered the cool interior of

the basilica, where we wandered past the assemblies of stone saints and popes, walked around Bernini's elaborate bronze Baldacchino over the high altar, and studied Michelangelo's moving *Pietà*, depicting the grieving Mary cradling her crucified son, which the Renaissance master sculpted when he was only twenty-five.

After a typical Roman lunch of *spaghetti all'Amatriciana*—spaghetti with plum tomatoes, bacon, onions, and hot peppers, followed by creamy tiramisu and frothy cappuccinos—we met up with the group for our afternoon tour of the Coliseum and the Roman Forum.

The Coliseum really sparked our imaginations, especially since Chris and I had recently watched *Gladiator*. The Flavian Amphitheater, as it was once called after the family of emperors who built it—Vespasian, Titus, and Domitian—was inaugurated in AD 80. A local guide pointed out the complex set of rooms and passageways under the central arena where the gladiators and wild beasts were held; the elaborate Roman pulley lifts that "magically" raised the gladiators and animals to the amphitheater floor; the emperor's box; and the tiers of seating for up to 50,000 spectators. As we exited the ruins, three gladiators waving plastic swords came marching toward us. Happily, they were not looking for a fight—just the chance to make a few euros through a photo opportunity.

From there, we walked a short distance to the Arch of Titus, which offers an expansive view of the Forum and gives a wonderful impression of how

# Get on the BUS! ...by motor coach



Rome looked in ancient times with a wealth of remains of temples, senate buildings, basilicas, and statues built by a dozen or so emperors.

The next day, we embarked on a walking tour and happily discovered that many of the roads were closed to the traffic. Some of our favorite places were the famous Trevi Fountain, where we naturally tossed in a few coins; the Piazza di Spagna with the Spanish Steps leading up to the sixteenth century Trinità dei Monti church; and the second-century Pantheon built by the Emperor Hadrian. We ended the day at the Piazza Navona, which each evening fills with artists, musicians, and crowds of people dining in the sidewalk cafés and restaurants overlooking Bernini's baroque fountains.

After a whirlwind weekend of Roman sightseeing, the coach roared south toward our next stopover—Pompeii. We arrived around lunchtime and grabbed a slice of Neapolitan pizza and a cool *limon* soda at the café before embarking on a two-hour tour. Nothing prepares you for Pompeii—it stretches for miles and has an eerie feel about it. As we wandered along the quiet Roman streets, peeking into the shops and exploring the homes, there seemed to be a tangible presence of the original inhabitants. Pompeii was larger than I expected, but its size is not surprising since around 20,000 people were living there when Mt. Vesuvius erupted in AD 79. Fortunately, historians believe most of the inhabitants made a dash for it when the volcano began its rumblings and estimate that only 10 percent of the population perished under the ash. At the antiquarium—a storage area with rows of ancient ceramic pots, marble statues, and other relics—we glimpsed some of the gruesome casts of the victims caught in their death poses, among them a pregnant woman who was laying face down.

As soon as Roberto had rounded up the group, we headed for Naples where we boarded a hydrofoil for the short journey to Capri. The first view of the island as you pull into *Marina Grande* is breathtaking—fishing boats bobbing up and down in the harbor, outdoor cafés and souvenir shops lining the quay, and rugged cliffs rising from the sea dotted with whitewashed houses, churches, and a profusion of flowers—our first glimpse of Emperor Tiberius's

“pleasure garden.”

Roberto escorted us to the nearby *funicolare* (cable railway) for the ride up to Piazza Umberto in the town center and our hotel. The charming piazza features a seventeenth-century cathedral, campanile, and clock; trendy cafés where it's not unusual to spot celebrities sipping espressos; and several designer boutiques. Narrow passageways lead off from the square in every direction.

We took a delightful evening stroll from the Piazza Umberto to the Gardens of Augustus founded by Julius Caesar. The sweet-smelling gardens are perched high on the cliff tops facing out to sea and afford beautiful views of the shoreline and the Mediterranean Sea crashing onto the rocks and beaches below. On the way back, we stopped at the Carthusia perfume laboratory to sample some of the local fragrances, which were originally made by Carthusian monks. The now defunct monastery, La Certosa, built in 1371, is located a few steps away. I could not resist purchasing a small bottle of *Caprisimo*, which is made from twenty-five different types of Capri flowers.

Sadly, our two-day stay in Capri came to an end all too soon, and we returned by hydrofoil to the mainland where Vincenzo and the coach were waiting to take us to our final destination—Sorrento. We experienced our first pangs of disappointment in Sorrento, which we found overly touristy and the locals jaded. It all depends on your perspective, however, as the couples from Wales and Birmingham fell completely in love with the place when they located a British pub near the hotel, showing the World Cup soccer semifinal between England and Brazil.

Sorrento is, however, an excellent

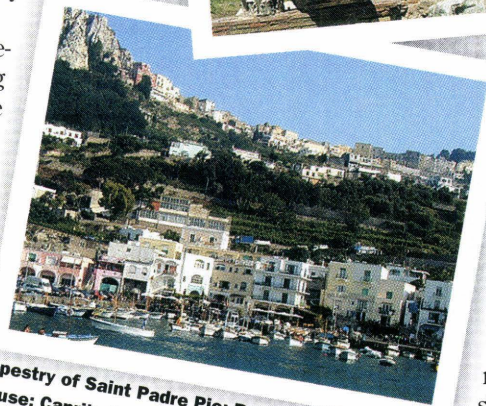
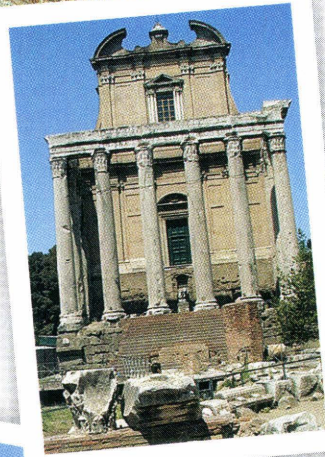
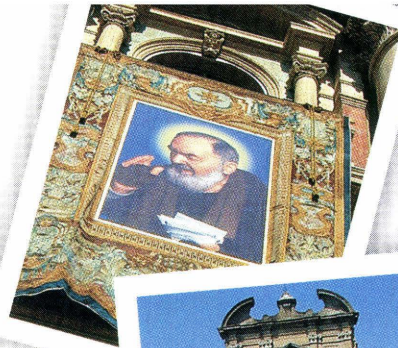
place to commence a drive along the famous Amalfi coastline—that is unless you are the driver. With close to 1,000 hair-pin bends along a narrow stretch of road, which towers 1,000 feet above the sea in places, this is no place for squeamish drivers or motion-sick passengers. If you can bear the drive, however, the views are more than a worthy reward, and the postcard-perfect towns along the way—Positano, Praiano, and Amalfi—all beckon the intrepid visitor.

Another good reason to stay in Sorrento is its variety of shops. The best place to spend some euros is

in the old part of town around the tiny Via San Cesareo, where you will find shops and market stalls full of *intarsia*—exquisite pictures and musical boxes locally crafted in inlaid wood—fine leather bags and shoes, locally-made cameos, and *laboratoria* producing *profumi* and *limoncello*—a delicious lemon liqueur. To cool off from shopping, treat yourself to one of the seventy-two flavors of Italian *gelati* at Bougainvillea, Corso Italia 16. The owners, the Cioffi family, allow you to sample several varieties before you make your final selection.

We spent our last evening having dinner with Roberto and the rest of the group at a local trattoria, where we said our final goodbyes to everyone and came to realize that we had thoroughly enjoyed their company and the entire vacation. Maybe we got lucky, or maybe my preconceptions were wrong. Either way, the next time you plan a vacation, don't necessarily rule out a coach tour, you might actually enjoy it. ☺

Susan J. Burdin is EUROPE's associate editor.



Tapestry of Saint Padre Pio; Roman Forum meeting house; Capri's Marina Grande.

# I, Apicius

By Lucy Gordan

## A guide to Rome's ancient culinary delights

When in Rome, consider dining as the Romans did. Visitors to the Eternal City can feast on some of the ancients' favorite dishes served in restaurants surrounded by the awe-inspiring ruins of their civilization.

The ancient Romans did much to advance the culinary arts, refining cooking utensils and crockery and introducing an array of new spices to the European continent through their widespread trading networks. Perhaps, no Roman did more to advance cooking, however, than Apicius. Ancient texts refer to at least three historic cooks who went by this name, but scholars generally agree that Marcus Gavius, a wealthy and decadent epicure mentioned in the works of Pliny, authored the first-century cookbook *De Re Coquinaria*, (Concerning Culinary Matters).

Apicius delighted in cooking extravagant feasts for his friends, in particular the Emperor Tiberius's son, at his seaside villa at Minturnum between Naples and Rome. His specialties were spicy sauces, prawns (his favorite food), and cakes. Legend has it that after he had blown most of his fortune, Apicius poisoned himself rather than face a life without the best culinary delights.

Luckily, to sample Apicius' recipes, you don't have to translate his Latin. By appointment between mid-March and Christmas Giulia Passarelli, a disciple of the first-century gourmet, will prepare ancient Roman holiday feasts, including *Liberalia* (in March to celebrate

the vernal equinox), *Megalesia* (April for the arrival of spring), *Agonalia* (in May to protect your home) to name a few, or even a tombside funeral banquet, *Silicernium*.

The ancient Romans ate with their hands while lying on couches. But in her peaceful garden beside a second-century BC tomb off the Via Appia, Giulia serves her guests at two long tables, shaded by canopies and set with modern utensils. Typically her feasts of twelve dishes (usually nine salty and three sweet) are selected from the 100 or so of Apicius' 470 recipes that she has updated.

First comes an array of appetizers, among them *epityrum* (olive pie), *puls fabata* (broad bean soup with sausages), and *Laganum* (the ancestor of lasagna). They are accompanied by *mulsum*, honey-spiced white wine made by her wine-historian brother, Ernesto. His *rosatum* (rose and violet wine) accompanies the next course of entrees, including *isicia* (baked sausages made of spiced seafood, chicken, or veal), *sfondilos* (charcoal-grilled kebabs of minced artichoke heart wrapped in bacon), or *betas et porros* (boiled beets and leeks in raisin sauce), among others.

Next, Ernesto uncorks *passum* or mulled red wine, and dessert is served: fresh fruits in season, *dactylos piperatos* (baked caramelized dates stuffed with chopped nuts and dried fruits and wrapped in bacon), and *dulcia domestica* (several types of unyeasted pastries made of flour, wine, honey, dried fruits, and nuts).

For a more contemporary Italian menu, try Hostaria Antica Roma, which is just down the street from Giulia's place, not far from the festooned round Tomb of Cecilia Metella and across from St. Calixtus's catacombs. First excavated in the eighteenth century, there has been a restaurant here since 1796, when it was the first stop on the mail route to Naples.

Today's owner Massimo Magnanimi's specialties include homemade gnocchi with clam sauce, homemade taglioni with smoked salmon and asparagus tips or grated white truffle, pennette with spicy lobster sauce, and an array of homemade desserts. The chef, Massimo's son Paolo, makes a white chocolate mousse and peppery flan that should not be missed. Nevertheless, like Giulia up the street, affable Paolo is a disciple of Apicius and willingly caters Roman banquets.

Another option for dining near the ruins is Ostaria Da Nerone, nestled on a corner overlooking three of Rome's most famous—the Coliseum, Nero's Golden Place, and Trajan's Baths. Run by the brothers Enrico and Eugenio De Santis since 1965, this cozy spot offers impeccable service, excellent home cooking, and warm hospitality. There's nothing fancy here—two, small, wood-paneled rooms with an appealing antipasto buffet at the center. The place is always booked solid—with bespectacled pro-



Liberti has been a restaurant since 1796. In ancient times, the niches of its walls contained urns with the ashes of Augustus's cremated slaves.

fessors from the nearby engineering school plus tourists at lunch and neighborhood regulars in the evenings. More like a club than a trattoria, the house specialties are succulent roast lamb and fettucine da Nerone (with mushrooms, peas, ham, and salami in a beaten egg sauce), but don't miss the tender grilled scampi and swordfish steaks on Tuesdays and Fridays—traditionally fish days in Rome. ☺

Lucy Gordan, based in Rome, profiled William Gladstone's library turned bed-and-breakfast in the May issue.

### TRAVELER'S NOTES

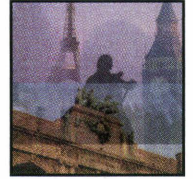
**Il Bucranio:** Via Appia Antica 187A; tel. (39) 067857151; open by appointment; laurel wreaths, togas, and high priest and Vestal Virgin vestments available; \$20–30.

**Hostaria Antica Roma:** Via Appia Antica 87; tel. (39) 065132888; www.anticaroma.it; reservations recommended; fixed-price \$40 per person.

**Ostaria Da Nerone:** Via delle Terme di Tito 96; tel. (39) 064817952; reservations in advance essential; closed Mondays and the month of August; \$35 including house wine.

# CAPITALS

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



Greek javelin thrower Mirela Manjani won the gold medal at the European Championships this summer in Munich, but she already has her eyes on the Athens Summer Olympics in 2004.

## ATHENS

### GREEK ATHLETES EYE 2004

**F**ew Greeks had heard of Voula Patoulidou when she came from behind to win the women's 110-meter hurdle at the Barcelona Olympic Games in 1992. But her victory proved a turning point for Greek athletics.

Patoulidou's gold medal was the first by a Greek athlete in a track event since the founding modern Olympics in 1896, when Spyros Louis, a shepherd, unex-

pectedly won the first modern marathon race. It was also the first gold to go to a Greek woman competitor.

Soon afterward, Patoulidou switched to the long jump but never achieved the success she enjoyed as a hurdler. Still, she has remained a role model for a new generation of Greek track and field contestants determined to be among the medals at the 2004 games in Athens.

They are already setting a fierce pace. At the European track and field championships in Munich this summer, the Greek squad turned in its best ever per-

formance, capturing four gold and two bronze medals to finish fifth in the medals race—ahead of several much bigger European countries.

The Greek team's trail-blazing sprinters, Costas Kenteris, Olympic gold medallist in the 200-meter event in Sydney, and Katerina Thanou, silver medallist in the 100 meters, both won gold medals in Munich. Then came surprise victories by Mirela Manjani and Katerina Vongoli in the women's javelin and discus. Both are members of a promising new group of younger athletes with their sights set on August 2004. If all goes as

## AMSTERDAM

## LONG FORMING DUTCH COALITION

**H**ow long does it take to form a government in the Netherlands? Well, this time around it took sixty-eight days. More than two months after the May 15 general elections, Queen Beatrix swore in the new government of Prime Minister Jan Peter Balkenende, and on July 22, the three-party coalition of the Christian Democrats, Liberals, and the populist List Pim Fortuyn (LPF) began governing the nation.

Actually, that timeframe is not too bad. In 1977, a record 208 days were needed to form a government, while the shortest period was forty-six days in 1965—not counting the days needed to solve government crises without having elections.

Why does it take so long to form a Dutch government? For one, in the electoral system, elections heavily favor a multiparty representation. Currently, ten parties are represented in the Tweede Kamer (Second Chamber), the 150-seat lower house that is elected every four years. They range from the two-person Christian State Reformed Party to the forty-three members of the Christian Democrats. This divided parliament, with no party even close to an absolute majority, makes coalition governments inevitable. Secondly, no party officially enters the elections with an outspoken preference for a specific coalition. Only after the elections can the party that wins the most seats begin discussions with other parties to form a ruling majority. This means that the real negotiating about a government program only starts after the voters have made their political preferences clear at the ballot box. Then, once agreement on a detailed political platform has been reached, the actual formation of the cabinet with the selection of ministers and junior ministers takes place.

So, all in all, sixty-eight days is not that bad. This year, things were complicated because of the unique circumstances of the elections. The governing coalition of Social Democrats, Liberals, and Liberal Democrats, which had been in power for eight years, was defeated at the polls. All three governing parties lost badly. The political climate was further clouded as ten days before the elections, the popular right wing and anti-immigration maverick

Pim Fortuyn was slain in the first political murder the Netherlands has experienced in 330 years. The public outrage translated into a huge victory for Fortuyn's political movement, called List Pim Fortuyn (LPF). From nowhere—the party did not even exist three months earlier—LPF, with 17 percent of the votes, became the second-biggest party in the Second Chamber with twenty-six seats. Also, the Christian Democrats, who had lost the previous general elections, made a larger than expected comeback, regaining its traditional position of the largest party in the country with forty-three seats. Its new leader, Jan Peter Balkenende, a relatively young (forty-six) and politically inexperienced former professor of economic ethics, became the new head of government.

The lopsided election results prevented the former majority party, the social democratic PvdA party, from taking part in the governing coalition. Confused, beaten, and facing a serious leadership crisis, PvdA was blamed by some Fortuyn followers for being at least “morally responsible” for the climate in which the murder of their leader occurred. There was no way they could enter a new coalition without completely losing their credibility.

With the support of the liberal VVD party—which chose the popular former finance minister Gerrit Zalm as its new parliamentary leader—the Christian Democrats and the LPF forged a coalition government. From the outset, it was clear that the Christian Democrats and VVD intended to present themselves as the guardians of political continuity and government responsibility; however, political watchers regarded the newcomer LPF as the coalition's point of instability.

In fact, an LPF minister was forced to resign on the coalition's first day in office. Philomena Bijlhou, a junior minister who had been born in Suriname, a former Dutch colony, lasted only seven hours in office. She stepped down after television channel RTL-4 showed photographs of her in Suriname wearing the uniform of an armed militia backing military leader Desi Boutersein in 1983. Previously, Bijlhou had acknowledged her participation in the militia but insisted that she had left the group before the 1982 murders of fifteen Boutersein opponents—a controversial and extremely sensitive issue in the Netherlands, which has a large Suriname immigrant community.

Political observers are anxiously

planned, Greece should have a dozen world-class track and field performers in two years' time and more than half will be women.

Segas, the Greek athletics federation, started planning for the Athens games in the wake of Patoulidou's victory. The federation's budget, provided by the government sports secretariat, has soared. A bigger slice of funding is being spent on providing top quality training. Greek trainers are themselves trained abroad, and Segas has access, for the first time, to top-flight specialists in sports psychology and medicine.

Cash prizes for Greek medal winners at international sports championships come out of the state budget. The government also makes a point of offering successful athletes a commission in the armed forces, which provides a comfortable standard of living. Commercial sponsorship for track and field specialists is relatively new to Greece, although it is making strides ahead of the Athens Olympics.

Kenteris, who lives and trains for much of the year on his home island of Mytilene, has a contract with the local subsidiary of Vodafone, the mobile telephone operator. He says he is making enough money to be able to train without worrying about earning appearance fees at international track and field meets. As with many on the Greek team, his next competition will be the World Track and Field Championships in Paris next year. Greek trainers say the athletes are focused on the Olympics and do not want to risk injury by participating in too many international events in the run up to the Olympic Games. Trips abroad will be for training—to Cyprus and the Gulf states—because Greece's indoor track and field facilities are being refurbished to host other sports at the Athens Olympics.

Much is expected of the track and field team. Along with weightlifters and wrestlers—sports in which Greek athletes have excelled in the past decade—they are considered the most likely medal prospects. As an official at ATHOC 2004, the organizing body for the Olympics, put it, “One of the criteria for a successful Olympics is for the host country to win a medal or two in a high profile event. For the first time, we have real depth of talent in track and field events, so everyone will be hoping these guys will deliver.”

—Kerin Hope

awaiting the first tangible results of the new government. Balkenende has promised to focus on crime and immigration and to restore traditional values. Broadly, his government's platform is in line with those of the right-wing governments in ten other EU countries. However, its most difficult task will be to solve the crises in the health and education sectors while facing slowed economic growth, which will allow for little extra public money. As a result, the government has promised a period of sour and sweet—in that sequence—prompting some to wonder whether the coalition's days in power will last as long as it took to take office.

—Roel Janssen

## COPENHAGEN

### COMPANY SPORTS PAY DIVIDENDS

**W**hen you work in a big company, it is normally impossible to get to know people in other departments, but by going in for sports with your colleagues, you get a chance to establish a network throughout the house." Fifty-six-year-old Inge Larsen knows what she is talking about. As managing clerk at the Danish pension insurance office, ATP, she has gone in for company sports a couple of times every week for years. Having tried out handball, darts, badminton, aerobics and cycling, she has almost been through the entire range of sports. But at the moment, she focuses her energy on the French game petanque, which she plays with sixteen of her colleagues.

Larsen is far from alone in enjoying sports with her work colleagues. Figures from Dansk Firmaidrætsforbund (the Danish Federation for Company Sports) go a long way toward proving the age-old adage: "Whenever two or more Danes share an interest, they organize a club." According to the federation, which acts as an advocate for corporate athletic leagues, Denmark has some 8,000 sports clubs with 340,000 active members—an impressive figure given the country's modest population of 5.3 million people. But, according to the federation, the popularity of sports clubs is not surprising given Danish society's changing professional and social patterns.

First, says the federation's president, Peder Bisgaard, Danish companies have seen how their sports programs benefit in the workplace. "We urge people to join

company sports clubs because we know that when people who work together get to know each other well and share good experiences, they become happier with their jobs and their productivity increases." And of course, on a personal level, being in good physical shape boosts a person's self-esteem and general sense of well-being, which also leads to better job performance.

Furthermore, the benefits do not end with what happens on the field. "What Danes refer to as 'the third half' is as important to us as the game itself," Bisgaard says, referring to the tradition of having a drink together after a game or a training session.

Vocational psychologist Karen Schultz agrees that company sports serve a social purpose but takes it a step further. She contends that the popularity of company sporting events is tied to recent changes in Danish society.

"Today, we merge our professional and private lives, letting work relations enter our social spheres and spending more and more time in the workplace," she says.

She also points to the expanding community of single adults and diminishing traditional family values as reasons for people increasingly to fulfill social needs at work.

"Today, 1.3 million Danes live alone. Many have abandoned the notion of lifelong marriages, and increasingly children grow up either with single parents or in expanded families brought together through remarriage or other circumstances," Schultz notes.

With the traditional connections altered, she says, more Danes are increasingly seeking replacements among the people they are likely to spend most of their time with—their co-workers.

The popularity of company sports clubs, however, is not due entirely to changing lifestyle patterns; Schultz also points out that work is changing, too. Increasingly, work is being re-oriented from a focus on individual performance to one of team effort. In this respect, she says, "Company sports serve as team-building activities, because knowing each other from social activities outside work is extremely conducive to team spirit in the workplace."

Schultz points out that this team aspect also shows up in a different way. "More than ever before, we care about working for the right organization. We want to belong to a company that we can

be proud of. And representing the company as members of the company sports club gives us a traditional sense of pride."

—Maria Bernbom

## HELSINKI

### DEBATE OVER NATO

**P**ublic opinion in Finland is never volatile. Instead, it hums and mumbles, it mutters and equivocates—even on matters of critical importance to the nation's future. One thinks of the long hesitation before joining the European Union seven years ago and how muffled the debate seemed if compared with the raucous standards of political discourse elsewhere, not least in the United States.

A foreigner would hardly notice it, but the country is entering another phase of prolonged discussion on whether or not Finland should become a member of NATO. Polls show that as many as 70 percent of Finns are not interested in joining the alliance. One might, therefore, think that if this is a true rendering of public opinion the government may as well drop the idea and move on. Finland's president, Tarja Halonen, is opposed to NATO membership—so that should be that, shouldn't it?

However, the question is exerting an inexorable pressure on Finnish politics in a roundabout way. To the south, the three Baltic States, Estonia, Latvia, and Lithuania, who are currently negotiating with Brussels to become EU members, have also declared their ambition to join NATO as well.

If their initiative is eventually successful—and no one is in a hurry—this could put Finland in a rather odd geopolitical position. With the exception of Russia to the east and Sweden to the west, all its neighbors would be NATO members and Finland, a neutral nation, would be ambiguously in the middle—neutral against what? Russia has already told the Finns that Moscow has no objection to the country becoming a NATO member.

The Finnish armed forces are themselves sharply divided on the issue with every degree of hesitation between the clearest viewpoints of those military who would like Finland to join NATO immediately and those who say the nation never should.

In two years, a parliamentary committee is scheduled to produce a far-reaching report on Finland's future defense needs



that, presumably, will discuss whether the country's security should remain independent or whether it should become part of NATO. In any case, the issue would certainly have to be put to a referendum.

Such a plebiscite would certainly be lost if it was held soon; a certain sourness about the EU has accumulated in public opinion during the past three years and this would almost certainly have a negative effect on any national vote about further involvement with another international organization or the NATO alliance itself.

Meanwhile, of course, in Brussels the EU is working hard, though slowly, to promote its Common Foreign and Security Policy, discussions in which the Finns certainly participate.

A former Finnish defense minister, Elizabeth Rehn, had this to say recently on whether the hard core of Finland's security will ultimately rest in NATO. "We cannot say that we want to join NATO before we can be certain of admission. We will approach more and more, until we are so close that the decision to join will only be an acknowledgement of the existing state of affairs. The NATO debate will begin when it is already too late."

Matters have not reached that stage yet, but one knows what Rehn is getting at: When events, such as EU membership, for example, become almost inevitable if for no other reason than that the alternative seems too disagreeable, then Finnish opinion will follow the advice of political leaders.

The central question is this: Suppose a future Russia should become predatory once more, as it was in the Soviet days—what would offer Finland greater protection, its tried and tested neutrality or NATO membership? Obviously, this is entirely hypothetical, but when it finally breaks out into the open, the NATO debate will pivot on this issue. However, the argument is certain to rumble on for a long time yet.

—David Haworth



Billionaire François Pinault is transforming the former Renault factory on Seguin Island into a new modern art center.



PARIS

## PINAULT'S DREAM FACTORY

**W**hen you are as rich as François Pinault, it takes almost as much audacity and imagination to find creative

ways of disposing of some of your fortune as it did to amass it. Pinault, whose retail empire counts the chic Printemps department stores, La Redoute consumer catalogues, and the leading audio-video chain FNAC among his assets, also controls the auction house Christie's, which, with Sotheby's, covers the lion's share of the world's art markets. His billions also include interests in Château Latour, one of the top-five Bordeaux wine estates, and in the fashion house Gucci.

Critics sniped that both of the latter acquisitions lacked originality, mirroring as they did the possessions of Bernard Arnault, his longstanding rival for the title of leading billionaire in France. Arnault, known as the "Lord of the Logos," owns LVMH—the luxury fashion, wines, and spirits group that includes some of the world's best-known brand names: Louis Vuitton, Christian Dior, Givenchy, Dom Perignon, and Moët & Chandon among them. He once dismissed Pinault's expansion into the designer market with the damning words: "If I understand it properly, his efforts consist of trying to imitate what we have done with LVMH, on a smaller scale."

No one could accuse Pinault of thinking small or trying to imitate Arnault in

his latest project, which will have him spending more than \$150 million on a futuristic showcase for his personal art collection. Scheduled to open in 2006, the Pinault Foundation will be twice as big as the Guggenheim in Bilbao, Spain, and will be France's largest private art museum. It will materialize, like a vast spaceship, on Ile Séguin, an island in the Seine that is part of the western Parisian suburb of Boulogne-Billancourt, where Renault once had its main car factory.

Designed by Japanese self-taught architect Tadao Ando, the luminous concrete-and-glass structure will display Pinault's fabulous private collection, which focuses on the second half of the twentieth century, with hundreds of works from masters such as Picasso, Pollock, Warhol, Klein, Moore, Miro, and so on.

Ando's serene, pure design won out over projects submitted by six other architects: Frenchmen Manuelle Gautrand and Dominique Perrault (who built the new National Library of France); American Steven Holl (Helsinki Contemporary Art Museum); Dutch architect Rem Koolhaas; the Dutch agency MVRDV (Dutch pavilion at the Hanover World's Fair); and Alvaro Siza from Portugal, who withdrew early on from the competition because of time pressure.

Like a white cruise liner resting in dry dock in the middle of the Seine, the graceful curves of the Pinault Foundation will cover 345,000 square feet, spread over three levels. The ground floor will house a library and the administrative offices; the first floor, with transparent glass walls, will feature a Japanese-style water garden and is intended for temporary exhibitions; while the top floor, with twice the surface area of the floor below, is designed to hold the permanent collection. Several multimedia spaces, including a television studio and a computer and digital room, will also form part of the museum.

Ando's ship of light has not won universal admiration. Some critics, foremost among them the French architect Jean Nouvel, who may be chewing on a sour grape or two, regret that the new museum will completely turn its back on the industrial past of the site. This was where Renault built a factory in 1929 that was praised as a model of efficiency, a workers' stone fortress, which Nouvel considers worth preserving, as "an exciting architectural form that was created without any deliberate thought given to its aesthetics."

Others, like Pinault's architectural advisor François Barré, a former member of the French Culture Ministry, consider the old factory more of an eyesore, a gloomy, industrial Sing-Sing that no one should mourn when it is replaced by Ando's radiant temple of art.

After Renault became a Société Anonyme (a limited liability company) in 1990, it was not long before the company closed the Paris factory, located as it was on a site that represented a fortune on the real estate market. The last car rolled off the assembly line in March 1992. Since then, the 130 acres of prime riverside property have been the object of lively speculation and controversy.

Jean-Pierre Fourcade, a former finance minister under Valéry Giscard d'Estaing, has been the mayor of the town of Boulogne-Billancourt since 1995. He has seen several projects cross his desk, some of which were first endorsed, but all of which were rejected in the end. It was not until Pinault and his billions came along in 2000, that a feasible plan for the land's redevelopment began to take shape.

Its focal point will be the Pinault Foundation, surrounded by a sculpture garden. A seventeen-acre park, a theater, a sports center, a children's museum or aquarium, a tramway, a new bridge, and a pedestrian walkway linking Ile Seguin to the mainland are planned to complement, complete, and humanize its austere splendor.

Mayor Fourcade must have heaved a tremendous sigh of relief when construction began in July. It has taken nearly his entire electoral mandate, but he has managed to get an immensely cumbersome project off the ground before the end by wisely hitching his wagon to the lofty Pinault star.

—Ester Laushway

## MADRID

## DIVERTING THE EBRO RIVER

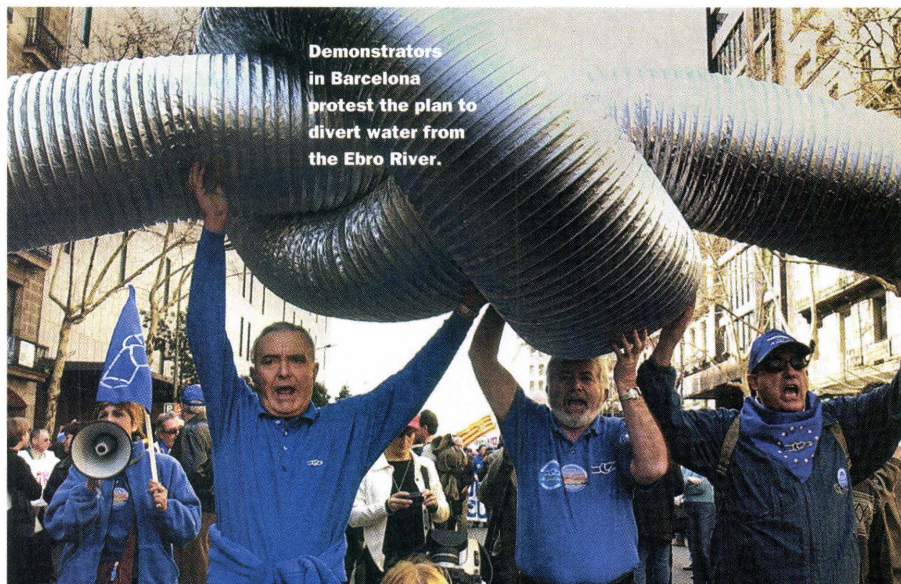
Spanish officials are carefully weighing an ambitious and controversial, multibillion-dollar scheme to divert water from the mighty Ebro River in the north-eastern region of Catalonia in two directions: north to nearby Barcelona and hundreds of miles south to the largely dry region of Almeria where the water is desperately needed by farmers.

Authorities say the National Water Plan, as the project is known, will be the biggest of its type in Europe and one of the largest in the world. Once completed, it will move more than 35 million cubic feet of water each year from the Ebro to the final destinations.

Originally estimated to cost around \$3.7 billion, planners now say the final bill will reach at least \$4.3 billion as expenditure projections rise on the almost fifty miles of tunnels and forty-two miles of aqueducts needed to channel the water to the river systems of Almeria and adjacent regions. Many millions in grants and other financial aid are expected to come from European Union coffers.

Greenhouse farmers in southern Spain, who provide most of northern Europe's winter vegetables and fruits, will be the main beneficiaries of the plan, and government officials fervently argue how it will help local economies all along the Mediterranean coast.

But not everyone is in favor of the project. Farmers in the regions of Catalonia and Aragon, where the Ebro also flows, do not like "their" water being diverted south and environmentalists warn the project will heavily damage the fragile eco-system of the Ebro delta where the



Demonstrators in Barcelona protest the plan to divert water from the Ebro River.

river meets the Mediterranean. They also question why water-reliant vegetables such as tomatoes and cucumbers are grown in the desert-like environments of Almeria and surrounding regions in the first place.

In addition, the international ecological organization Greenpeace complains that some of the water will be used to irrigate dozens of golf courses in the region of Valencia, where winter golf tourism is an important money earner. Valencian officials deny the charge, explaining that the courses all have their own self-sustaining water resources.

All those opposed are lobbying the European Union to pull the plug on the project, saying it is a massive, ill-planned and badly thought out boondoggle that will wreck several eco-systems along the Mediterranean Sea and end up wasting huge amounts of money.

—Benjamin Jones

## BRUSSELS

### DEATH OF A PRINCESS

**T**he death of Princess Lilian, at the age of eighty-five, recalled dramatic and sad events in Belgian history. Like the Duchess of Windsor before her, she will be remembered mostly because her romance and marriage cost her husband his throne. If anything, Lilian Baels had a greater effect on Belgium's destiny than Wallis Simpson did on Britain's.

Lilian was the daughter of Catholic businessman and politician Henri Baels, who became a minister in the 1920s, and subsequently governor of West Flanders. Brought up in comfortable circumstances, and attracting many admirers with her grace and beauty, she became acquainted with Leopold III, the death of whose Swedish wife, Queen Astrid, in a car accident in 1935, left him the father of three young children.

In 1940, Leopold, as commander-in-chief of the Belgian forces, surrendered to the invading Germans, without consulting his government, and then refused to join them in London when they went into exile. In January 1941, encouraged by his mother, the dowager Queen Elisabeth, he invited Lilian to move into the Royal Palace of Laeken to act as governess to the three children—Josephine-Charlotte (later grand duchess of Luxembourg), Baudouin, and Albert (both later kings of the Belgians).

Soon after—or perhaps even before

then—she became the king's mistress, and by September 1941, it was clear that Lilian was pregnant. They were secretly married by Cardinal Van Roey in a ceremony that was illegal, as it should have been preceded by a civil marriage.

Some months later, a son, Alexandre, was born, followed by two daughters, Marie-Christine in 1951 and Maria-Esmeralda in 1956. Meanwhile, Lilian acted as a devoted stepmother to Leopold's three older children, who became deeply attached to her—particu-

**After the abdication, Leopold and Lilian (who assumed the title of the Princess de Réthy) took no further part in public life, moving out of Laeken after Baudouin's marriage in 1960, and living quietly in a chateau at Argenteuil, near Waterloo, where Leopold died in 1983.**

larly Baudouin, who was only fourteen years her junior and was reputed to be deeply in love with her as a young man.

The marriage shocked many Belgians, who had imagined that Leopold was sharing their privations under the German occupation and who regarded it as a betrayal of the much admired Astrid. In June 1944, the Germans forcibly deported the royal family to Austria, and when most of Belgium was liberated in September, Leopold's younger brother Charles, was proclaimed regent.

For five years after 1945, Leopold and his family remained in exile in Switzerland, while he attempted to negotiate con-

ditions for his return as king. By most accounts, Lilian—a determined and strong-minded woman—consistently influenced him to hold out for better terms.

In 1950, he returned in the face of virulent opposition, particularly from French-speaking Belgians. In a referendum, 57 percent voted in his favor, but a majority was against him in both Brussels and Wallonia, and then-prime minister Gaston Eyskens firmly advised him to abdicate in favor of the twenty-year-old Baudouin.

There were other reasons for Leopold's downfall—his defiance of his own government in 1940, and his decision to visit Hitler in Berchtesgaden, but most Belgian historians consider that his marriage to Lilian was the decisive factor in his loss of support.

After the abdication, Leopold and Lilian (who assumed the title of the Princess de Réthy) took no further part in public life, moving out of Laeken after Baudouin's marriage in 1960, and living quietly in a chateau at Argenteuil, near Waterloo, where Leopold died in 1983, as did Lilian on June 7, 2002. A year earlier, she had published a book, written by her husband many years before, in which he defended his actions in 1940 and earlier in his reign. She was buried, alongside Leopold, in the royal crypt at Laeken.

—Dick Leonard

## DUBLIN

### SEABED SECRETS

**I**t is probably the most exciting—certainly the most comprehensive—survey in Irish marine exploration: a seven-year \$27 million project aimed at surveying the entire Irish seabed, an area ten times Ireland's land area. It is also one of the largest seabed mapping projects undertaken anywhere in the world and is forecast to place Ireland in the forefront of world marine expertise.

The survey was authorized in 1999 by the Irish government, which recognized that Ireland must maximize the commercial opportunities presented by its marine resources and plan measures to protect the marine environment in an effective way. The government was also conscious that a survey of this size could afford an opportunity to build up national marine expertise and spread it across not just government agencies but also third-level educational institutions and a strengthened private sector.

## LONDON

## LOCH NESS MONSTER OR MYTH?

**D**o the dark, rippling waters of Loch Ness hold a secret? Is there a monster lurking in the sunless depths of Scotland's most famous lake, or is it just a myth carefully nurtured by the canny Scots pleased to welcome the throngs of curious visitors?

The stories about an unidentified marine animal first surfaced 1,400 years ago. Saint Columba, the great Irish missionary, was on his way to convert Brude, king of the Picts, when suddenly a titanic creature broke the surface of the water. "With a great roar and open mouth the monster struck terror into the hearts of all but one of the travelers, Saint Columba, who faced down the fish with the sign of the cross," according to the annals of the time.

The creature sank back into the peat-rich gloom of the lake's waters, and over the next 1,400 years, its rare appearances were both silent and unthreatening. Today it is referred to as "Nessie," in a Disney fixation that has turned the monster into a friendly sort of beast. But is it?

Stories of a strange beast in Loch Ness resurfaced in the late nineteenth century, but it was not until the 1930s that there were several reported sightings. This culminated in the publication in local and national papers of several photographs purporting to show the head or the body of the monster.

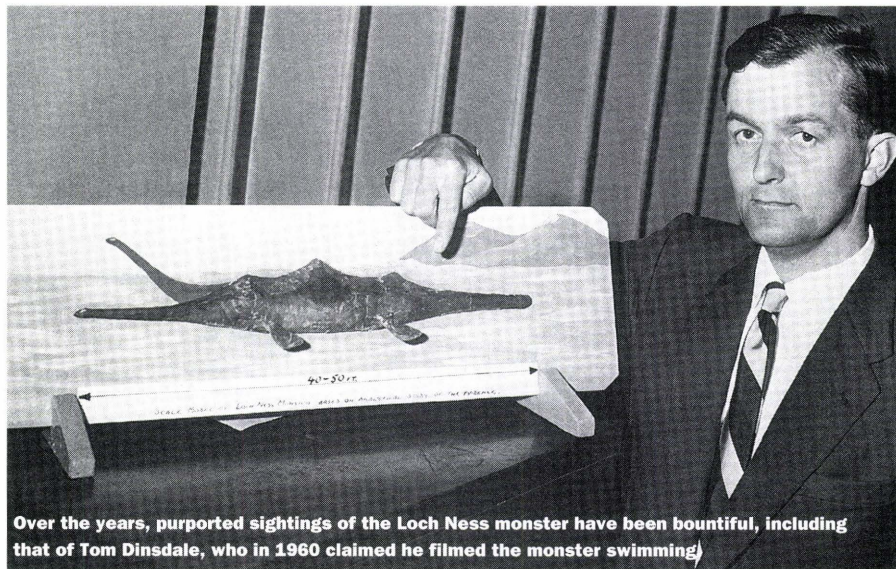
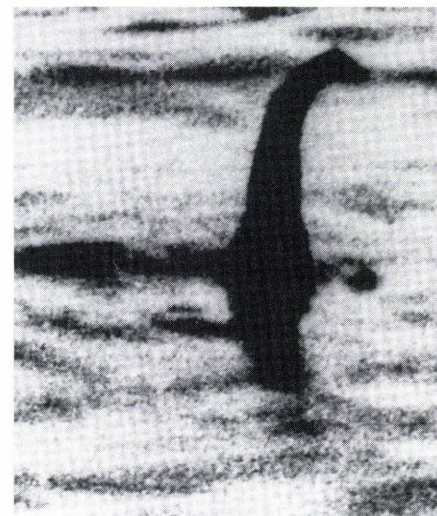
The most common description is of a creature with one or more humps, a long neck with a small head, flippers, and a

tail. Indeed, the local road signs directing the visitor to Loch Ness do feature a head, neck, and two humps.

The monster mania of the 1930s erupted after the opening of a new road on the north side of the twenty-three-mile long lake. Now it could be viewed from an angle at which patterns of light and shadow leave you pointing to long black patches and asking, is that it? Many people, not all of them cranks, are totally convinced that they have seen a being moving in the water.

In 1933, the circulation-seeking *Daily Mail* newspaper in London commissioned M.A. "Duke" Wetherall, an actor, film producer, and self-styled big game hunter to spend weeks cruising the loch.

Astonishingly, less than forty-eight hours after his arrival he announced that he was returning with proof that the monster existed. Wetherall said he had stumbled across two footprints in soft mud on the south shore of the Loch. He reported



Over the years, purported sightings of the Loch Ness monster have been bountiful, including that of Tom Dinsdale, who in 1960 claimed he filmed the monster swimming.

A seabed survey would complement the national strategy for marine research, technology development and innovation by the country's Marine Institute (MI).

But the seabed survey's origins go back to the 1970s. Back then, employees of the Geological Survey of Ireland (GSI) used the most rudimentary equipment, diving from a small boat with an outboard motor, employing a sound sonar technique that involved hanging over the side of the boat with a microphone. Nowadays, the survey vessels are fitted with state-of-the-art gear.

After a year's intensive planning, data acquisition began two years ago, and already, almost 90 percent of the waters exceeding depths of 650 feet have been surveyed, with the remainder due for completion this year. The surveyors say data collected so far has been "of great interest to numerous different sections of the oceanographic world, both commercial and academic."

Enda Gallagher, of the GSI, says the survey will have benefits for many facets of Irish life. The maps will serve the extractive sector in its search for mineral deposits such as sands, gravels, and gas hydrates. Fish habitats are also controlled in part by the nature of the seabed. And results will be available to ocean engineering projects such as cable and pipeline-laying—and the siting of offshore installations.

There are also other benefits: survey crews record daily weather patterns for Met Éireann, the Irish weather service. Daily reports on fisheries activity are provided to the Irish fisheries board. Salinity and temperature data is also being gathered. And systematic cetacean and bird surveys, a regular feature of the survey cruises, are being reported to the Irish Whale and Dolphin Group and the Coastal Resources Center at Cork University.

And Gallagher says geological research is being provided to third-level projects in Dublin, Cork, and Galway institutes, which will help explain the tectonic processes that shape oceans and continents, including erosions of continents and climate change.

With almost 155,000 square miles of Ireland's waters now surveyed, the formal appraisal and interpretation of data has started. It is a lengthy process, but the evaluation will be of immense interest throughout the marine world.

—Mike Burns



Since 1989, Berlin's annual Love Parade has steadily attracted increasingly bigger crowds of revelers.

that the animal was an amphibian, “A four-fingered beast...feet or pads about eight inches across...a very powerful, soft-footed animal about twenty feet long.” Plaster casts were taken of the footprints for scientific analysis and on January 4, 1934, the verdict came back—the prints were those of a young hippo. It was decided that the footprints were the work of pranksters.

With Fleet Street laughing its socks off, Wetherall returned to London with his tail between his legs and plotted his revenge. He turned to Christian Spurling, a twenty-one year old model maker and asked him to build a monster. Wetherall's son Ian purchased the raw materials—plastic wood and a toy submarine. The “monster,” modeled on the idea of a sea serpent, took eight days to

make. “Sea” trials for the monster were conducted and photographs taken. Wetherall then needed to find a co-conspirator—someone who was well respected and trusted—who would take the photographic plates to be processed. Wetherell confided in a friend Maurice Chambers, who found just the man in Dr. Robert Wilson, a respected surgeon. And with the resulting photograph, the Loch Ness monster myth grew. The story remained concealed for more than sixty years and was only uncovered in the 1990s by zoologist David Martin and researcher Alastair Boyd. The pair tracked down Christian Spurling who revealed the details of the hoax before he died in 1993. Today, all those involved are dead, but the myth of the Loch Ness Monster lives on.

The locals are all too glad to keep “Nessie” alive. In 2000, the Official Loch Ness Exhibition Center was Scotland's eighth most popular paid attraction, drawing 200,000 visitors.

—David Lennon

## BERLIN

### FROM BERLIN WITH LOVE

**T**his year's Love Parade in Berlin on July 13 was as loud and bombastic as ever. But the threat of bad weather and fear of terrorist attacks kept many revelers away. Still, with a turn out of more than half a million, the event lived up to its reputation as a world-class party.

Never heard of the Love Parade? Well, imagine the techno fringe of MTV's Euro-

## LUXEMBOURG

## EUROPEAN COURT RULES ON MATTERS OF THE HEART

**R**onald Harrison, a seventy-one-year-old retired government worker from Birmingham, England, has spent the summer recovering from heart surgery. Nothing odd about that, you might think, except that Harrison received his treatment in the German city of Hamburg. The German doctors operated less than a month after being notified of the case. In England, Harrison had been told he would have to wait until 2003.

He will thank the Luxembourg-based European Court of Justice (ECJ) for possibly saving his life. In 2001, the eminent judges ruled that a patient could demand that his or her government pay for the costs of treatment in another EU country if their own could not offer the same service "without undue delay."

The ECJ's reputation is that of an austere institution dealing with dry antitrust and corporate matters. However, its rulings often directly alter the lives of individual EU citizens in profound ways.

In recent years, the court has weighed in to ensure equal treatment for men and women regarding pensions; has ensured that the dependants of EU citizens may live and work in the EU country of their choosing; has significantly improved employment conditions for part-time and temporary workers; and has upheld the primacy of the EU internal market to the benefit of both consumers and business.

In other areas the court has laid down the rules for trademark protection, has ordered France to open its market to British beef; has ended the "golden share" practice through which governments seek to protect key corporations from foreign takeovers; and has greatly extended the competence of the EU over the environment.

The ECJ, in its own words, is responsible for "maintaining the balance" between the EU institutions and also between the powers transferred to the EU and those retained by the member states. It is the EU's supreme legal authority, taking precedence over the courts of any member country.

The court's loyalty is to the EU's founding treaties, which speak of the "ever closer union of the peoples" and this makes the ECJ openly federalist in character. That is not the same as saying

pean audience bumping and grinding together for hours in a state of heightened arousal. The Macy's Thanksgiving Day Parade it is not. Forget about marching bands playing John Philip Sousa; no synchronized flag wavers or rifle corps here. Just hard-driving electronic dance music and scantily clad, hip-wiggling ravers as far as the eye can see.

The Love Parade is not a pageant for passive spectators. It is a mass participatory spectacle where unctuous teens and twenty-somethings dress up in provocative club gear and gyrate down the parade route in a lather of sweat. And, yes, some really do believe the parade engenders a spirit of communal "love." If this sounds to you like the flower power generation in hyper mode, you are on the right track.

The parade started out back in 1989 (four months before the fall of the Berlin Wall) with a few dozen hard-core techno music fans led by a local disc jockey called "Dr. Motte." They grooved down the street behind a VW van, and nobody paid much attention. The enterprising Dr. Motte had no idea what he had started. The event grew rapidly along with the popularity of the music. By the end of the millennium, the Love Parade was attracting more than a million ravers to the German capital and had spawned satellite events in Vienna, Tel Aviv, Mexico City, and Cape Town.

While local authorities and environmental groups in Berlin complained that the Parade was too loud and too messy, it quickly became clear that the event had commercial potential. Inevitably, the city's marketing firm and major retailers latched on to it. The Love Parade was promoted as a tourist attraction, a reflection of Berlin's cultural dynamism, a symbol of tolerance. Businesses lined up to sponsor floats in the parade, and corporate logos started appearing on banners along the route. The organizers fell to squabbling over licensing rights to the Love Parade name.

The event has lost much of its counterculture character. Some say that is the reason attendance fell so sharply this year. Others claim the techno craze has simply run its course. Whatever the case, the mood this time round was noticeably less upbeat. The organizers, however, are undaunted; Love Parade 2003 is already in the planning. It, too, is likely to achieve the status of "biggest global dance event."

—Terry Martin

it always sides with the European Commission in its disputes with member states. In a provocative ruling last year, the ECJ struck down a Brussels-backed tobacco advertising directive because, it argued, the measure had been presented under the heading of public health—a sector where the EU has no competence.

The immediate challenge facing the court is to rule in the "open skies" case, where eight member countries have been accused by the Commission of breaching competition rules by making bilateral agreements with the US over transatlantic flights. In a preliminary ruling, a judge has already held such deals to be illegal. The full court is likely, but not certain, to uphold this decision. Either way, it will have major significance for the future of air travel.

Further ahead, the ECJ will have to find ways to cope with the current strain on its resources and the entry of new countries into the Union. New "accelerated procedures" were introduced last year and have helped, but a major expansion of the present payroll of about 1,000 looks inevitable before long. This is excellent news for Luxembourg, which counts the ECJ as both a big money-earner and a prized status symbol.

—Alan Osborn

## LISBON

## A LOAD OF BULL IN BARRANCOS

**T**raditions die hard in rural Portugal, and nowhere more so than in the southern town of Barrancos, located near the border with Spain. Defying a 200-year-old Portuguese ban on the killing of bulls in the ring, townspeople each August press ahead with a festival whose centerpiece is Spanish-style bullfights, complete with imported matadors who finish the beast off with a dagger between the eyes.

For decades, the fights evaded the attention of the central authorities, while police turned a blind eye in deference to local feeling. Publicity was shunned, and camera-wielding visitors were made to understand they should not take photographs.

Then, three years ago, amid growing media interest, Portugal's embryonic animal rights movement started protesting in earnest against the event and took out an injunction against the festivals organizers. While their ultimate goal is to ban all bullfights in Portugal (where the focus

## HISTORICAL GALLERIA FOR SALE

In order to raise some money, Milan's mayor, Gabriele Albertini, is planning to sell the city's historical Galleria Vittorio Emanuele that connects the Piazza della Scala with the Piazza del Duomo. To make a comparison, it would be like the mayor of Washington, DC selling the Smithsonian to private investors or, perhaps, the governor of New York selling off the Statue of Liberty.

The final word is not yet in, so maybe Albertini's project—which he hopes will make as much as \$200 million—will fall through. Politics and protests may win the day, but the mayor, who belongs to the center-right party led by Prime Minister Silvio Berlusconi, has

one big advantage: The government recently passed a law allowing a long list of public and historical buildings to be sold.

The legislation came about because the buildings do not generate much money and require expensive maintenance. In keeping with the entrepreneurial and practical spirit prevalent in the new Italian governing body, the idea is to make money wherever possible. Economy Minister Giulio Tremonti, who was formerly Berlusconi's private accountant, hopes the sales will generate a major inflow of government funds—enough to reduce Italy's public deficit. His colleague, Giuliano Urbani, the cultural affairs minister, approved the plan. However, Italy's intelligentsia, with the support of many leading newspapers, rose in protest. To which, the government responded: "Don't worry, we won't sell either the Coliseum in Rome or the Piazza San Marco in Venice."

But in Milan, Italy's business capital, the center-right has raised the stakes. The Galleria was built in 1867 as an aristocratic connection between the two most important locations in the city (La Scala theater and Il Duomo, the cathedral), and it immediately became a popular haunt for wealthy Milanese. There are 192 shops and other commercial enterprises within the Galleria, including



The town of Barrancos continues to defy the Portuguese law prohibiting bull fighters from killing bulls in the ring.

is on horsemanship and the bull is slaughtered only outside the ring), campaigners realized that the town's defiance of the law made it a vulnerable target.

Even many of those sympathetic to the town's defense of its traditions acknowledged that the situation was unsustainable. In a country where even members of parliament admit that much legislation is frankly ignored, the situation in Barrancos was an example of how Portuguese laws are all too often honored more in the breach than in the observance.

So, in a very Portuguese attempt at compromise, legislation was drafted that would allow bulls to be killed in the ring in towns where there was a deep-rooted local tradition—that is, Barrancos. But the bill's final reading was cancelled for procedural reasons and was not rescheduled.

The authorities also failed to enforce the injunction. Once more, *barranquenhos*, as residents are called, went defiantly ahead with their festival. No question of canceling an event that, for them, is about much more than a taste for blood. For centuries, the killing of bulls has been an expression of their sense of distinctiveness, living as they do in a town surrounded on three sides by Spanish territory and far from the next Portuguese settlement.

Under the dictatorship of Antonio

Salazar, it was also a way for *barranquenhos*—strongly communist like much of the Alentejo region—to snub their noses at a central government to which they feel they owe little. Once, when the Salazarist authorities tried to ban the bullfights, *barranquenhos* threatened to move en masse to Spain.

In the summer of 2000, animal rights campaigners took out another injunction, this time requiring the authorities to enforce the law. Extra police were drafted in from outside for the festival, but with commanders fearing clashes with irate locals, they ended up staying in their buses.

By now, ever more members of parliament were lining up on the side of animal rights (and legal consistency), and the issue refused to go away. This summer, on a visit to Barrancos, President Jorge Sampaio made a pointed comment on the need to protect Portugal's local traditions. Within weeks, the government was rushing through legislation to decriminalize this particular deep-rooted local tradition.

So, this August, for the first time ever, *barranquenhos* could set up the makeshift wooden bullring in their tiny main square and hire foreign matadors without being branded criminals. And animal rights campaigners could do nothing about it.

—Alison Roberts

two famous bars, Biffi and Camparino. Many of the designer fashion boutiques are located here—from the Borsalino hat shop to Prada. The latest arrivals are America's Levi Jeans and Germany's Mercedes.

"We recently restored the Galleria, but it still doesn't make much money," said a spokesperson at the mayor's office. However, it seems that potential buyers are already lining up. Besides Italian tire maker Pirelli, Germany's Deutsche Bank is said to be interested. Gerardo Solaro del Borgo, head of the real estate fund at the bank, has said, "This deal could go ahead." Leaving Italians to wonder: How do you say "Galleria" in German?

—Niccolò d'Aquino

## STOCKHOLM

### TO SHOOT A MOOSE

**I**t is fall and the sound of the moose is heard in the land—also the sound of the rifle.

Moose, and moose hunting, are a national institution in Sweden. Every year, the hunt starts in early September in northernmost Sweden and moves southward through early December. The number of moose shot is set by quota and hunters must be licensed. Last year, about 108,000 moose were shot.

There are basically two kinds of moose hunters: those who have been hunting most of their lives and believe that you eat what you kill and those who see moose hunting as a weekend adventure. Into the second category fall the chief executives of many Swedish companies. Like sailing in summer, moose hunting in fall is an important way to make business connections outside the office.

One chief executive who does not hobnob in the woods is Kurt Hellström, head of the telecommunications company Ericsson. Although his father hunted, Hellström says he "understood early on it wasn't for me," and paints a grim picture of moose hunters gathering in his parents' home "in their dark, drab clothing, and the horrible smell of blood on them."

Still, few top Swedish businessmen would turn down an invitation to shoot moose. This has led to a business in luxury hunts. As with top of the line African safaris, hunters are provided with everything: the trendiest hunting togs, precision weapons, gourmet meals, and four-



A moose takes refuge in a men's shoe store in Partille, Sweden. Moose hunting is popular in Sweden, although the animal is also regarded as something of a national icon.

star lodging after a day in the woods. In some cases, hunters do not even go into the woods. They shoot from helicopters. And the hunters often do not even get to keep the meat or horns from the animals they shoot. Instead, after charging them the equivalent of thousands of dollars for the experience, the company that arranged the hunt keeps the kill and sells it for a profit.

King Carl XVI Gustaf gets his own hunt every year. But unlike the businessmen, he is no dilettante. Clad in a thick

jacket, waterproof boots, and an orange cap to signal his presence to other hunters, the king carries his own rifle and tramps through the woods in search of moose. Being invited on a royal hunt is a major honor.

Whether or not you hunt, moose meat makes for an excellent meal. It is very lean and tastes less gamey than venison, for instance. Ground moose for burgers is popular, as is moose steak and ready-to-eat moose sausage. A traditional Swedish moose dish that melts in the



## SAVE THE STEPHANSDOM

mouth is *tjälknöl*, frozen moose steak cooked for twelve hours at a very low temperature. The meat is then marinated in a broth of water, salt, sugar, and crushed juniper berries. Smoked moose is also very good.

Like Carl Gustaf, moose also have royal stature in Sweden. They are known as the kings of the forest. Far from looking majestic, however, moose have an ungainly appearance. Their large bodies are supported by spindly, knobby-kneed legs, which give the animals an unbalanced look. Although they can run fairly fast, they have an awkward lopping gait.

Ridiculous or not, there is nothing funny about encountering a moose when driving. Weighing as much as 1,100 pounds, in a contest between a car and a moose, the moose will win almost every time. In fact, the Saab automobile company uses the Swedish moose in its marketing campaigns, to demonstrate how safe its cars are because they can stand the impact of a full-grown male moose at high speeds without crumpling.

The company has even constructed a moose simulator to demonstrate its claim. A massive contraption of rubber strips on a conveyor belt, it looks like part of a carwash gone berserk. On simulated impact, it makes a heart-stopping “thud” intended to sound like the real thing.

Because of the danger of moose on the roads in most parts of the country, some stretches of highway are fenced off and warning signs are liberally posted elsewhere. The signs, however, have become a prize tourist trophy (presumably for those who do not care to bag the real thing). Germans, in particular, seem fascinated by the sloping moose silhouette inside a red and yellow warning triangle. In an effort combining entrepreneurship and a sense of civic responsibility, souvenir makers have begun churning out replicas of the signs. This has helped somewhat in keeping the actual warning signs on the roads.

For those who fancy more exotic souvenirs, a variety of companies offer moose-hide bags, books bound in moose skin, and jewelry made from moose horn. There is also a gift box of moose-shaped chocolates available. One company even offers trophies, including mounted, majestic antlers, should you wish to create the impression that you have a Hemingway-like prowess in big-game Nordic hunting.

—Ariane Sains

For centuries, visitors have flocked to Vienna's center to see its most prominent attraction, the Stephansdom or St. Stephen's Cathedral, with its intricately tiled roof and its nearly 500-foot-tall South Tower, which provides amazing views of the entire city. The nineteenth-century Austrian author Adalbert Stifter wrote that it has the “simplicity of a mountain.” Unfortunately, it has not had the durability of a mountain.

The current structure is actually the third church to be erected on this site. The first was a simple Romanesque basilica built between 1137 and 1147. About eighty years later, Friedrich II, the last of the Babenberg kings, commissioned a more grand basilica to replace it, but in 1258 a fire destroyed much of it. The church was quickly rebuilt and consecrated in 1263, during the reign of Ottokar II Przemysl.

In 1359, Duke Rudolf IV of Hapsburg authorized the construction of a new adjoining cathedral to be built in the Gothic manner. He laid the foundation stone of the present three-aisled nave. It was another century before the vaulting was completed. The famous Steffl, or South Tower, was completed in 1433, and thirty-three years later, Emperor Frederick III petitioned the Pope to raise Vienna to the status of an Episcopal city and officially recognize St. Stephen's as a cathedral.

That structure endured the ensuing centuries and their wars, escaping major destruction. However, it could not avoid the effects of time and weather, and by the 1980s, the cathedral was in dire need of restoration. In 1987, Vienna Mayor Helmut Zilk, along with Archbishop of Vienna Hans Hermann Gröer, launched Save the Stephansdom, a private organization dedicated to preserving Austria's most prominent national symbol.

“The Stephansdom is the heart of Vienna and the heart of our homeland, Austria... This heart cannot cease beating. We owe this to our children and our children's children,” Zilk declared at the founding ceremony at the cathedral.

Over the next decade and a half, the group initiated important renovation projects and campaigned to raise public awareness about the national importance of this Austrian landmark to the public.

This fall, two extraordinary benefit

concerts celebrate Save the Stephansdom's fifteenth anniversary and will raise money for the restoration of the Bartholomew chapel. Last month, the first concert featured the Corso orchestra (a Vienna Philharmonic ensemble) playing for the first time ever with the Ambasse (a Vienna symphony ensemble). On October 26, star baritone Thomas Hampson will perform at the second benefit concert in the cathedral. Hampson won accolades for his performance as Don Giovanni in Salzburg earlier this year and will perform Gustav Mahler's *Kindertotenlieder*, accompanied by the Vienna Virtuosos, a chamber music ensemble consisting of members of the acclaimed Vienna Philharmonic.

In addition to the benefits, the cathedral will receive some funds from the European Union. Günther Havranek, the current head of Save the Stephansdom, lobbied the EU to help support the Bartholomew restoration and was awarded funds from the joint European effort called “Hidden Heritage in Medieval European Cathedrals.” The Trapani church in Sicily and the von Pecs in Hungary will also benefit from this initiative.

In the case of the Stephansdom, the Bartholomew chapel, a southwestern wing of the cathedral, will be completely renovated. It was built in 1390 and dedicated to King Albrecht V in 1437. Save the Stephansdom estimates the cost of the chapel to be just less than \$200,000, of which the EU will donate more than \$97,000.

—Alexandra Hergesell

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# ARTS & LEISURE

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



## BOOKS

### ECO RETURNS

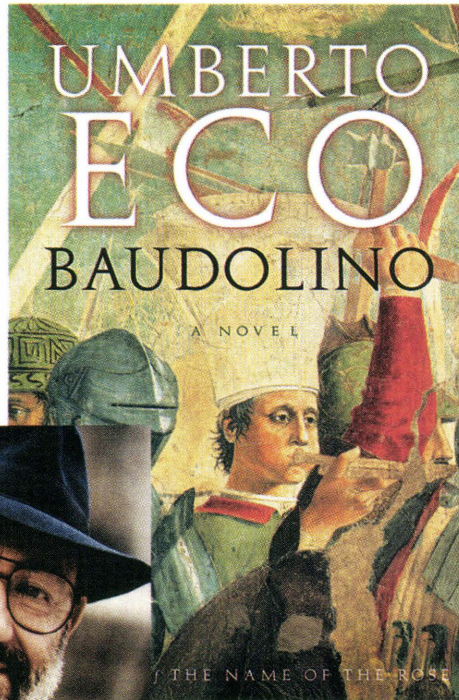
**"THIS IS ECO,"** the voice boomed through the phone line with the force of a late season hurricane, catching the interviewer a bit off guard. Even when it is scheduled through the proper channels, you never know what you're going to get when interviewing a celebrity over the phone, in this case bestselling Italian author Umberto Eco.

The first few attempts to reach him at an undisclosed location in Spain yielded a busy signal. On the third try, he finally picked up, and there he was, practically shouting into the phone. Did the call interrupt him in the midst of writing? Was he sick of the press pestering him with inane questions? Was he in the middle of dinner?

Actually, it was just a bad connection. The line cleared, and the deep voice cured by years of cigarettes settled into a cheerful rhythm as the interviewer steered the conversation to the first question: "So, does the pope really hate you?"

It's hard to imagine anyone hating Umberto Eco (pronounced 'echo'). By all accounts, he graciously slips on the roles of scholar, novelist, social critic, and celebrity like a cashmere sport coat, discoursing on an amazing array of subjects (transitioning easily from the philosopher Emanuel Kant to Krazy Kat comic books). Along the way, he has charmed legions of readers, as well as fellow writers,

**Baudolino,**  
By Umberto Eco;  
Harcourt; 528 pages;  
\$27; The author will  
be speaking this  
month at events in  
Boston, New York,  
Washington,  
Philadelphia,  
and Chicago.



Italian author Umberto Eco

students, critics, and...interviewers.

Although he appears at ease lecturing in the local tongue of several world capitals, he is deeply rooted to his native northern Italy. Born in 1932 in the city of Alessandria, Eco and his family had to flee Allied bombing raids during the war. Always an apt, if questioning student, he went on to study philosophy at the University of Turin, writing his thesis on Thomas Aquinas. He flirted with a career in theology but abandoned it for Italy's fledgling public television broadcaster, RAI, where he worked on cultural programs. He moved on to a position

editing nonfiction at the Milanese publisher Bompiani, where he spent seventeen years and met his wife Renate, a graphic designer. They settled in a spacious apartment in Milan and had two children, and Eco eventually traded his editing career for academia.

By 1980, he had established himself at the University of Bologna as one of the world's foremost professors of semiotics, the study of how humans interpret signs and symbols. After publishing fifteen scholarly works, including a monograph of James Joyce, Eco mentioned to his editor that he'd been working on a novel. Three years later, *The Name of the Rose*, a murder mystery set in a medieval monastery, was garnering critical praise and racing up the bestseller charts around

the world. The book has since sold 30 million copies worldwide and was made into movie starring Sean Connery.

Six years after *Rose*, he published *Foucault's Pendulum*. The dark tale of three editors who feed occult manuscripts into a computer also became an international hit. *Island of the Day Before* followed in 1995, depicting the travails of two Renaissance sailors stranded in the South Seas while looking for the international dateline.

An intensive, some would argue obsessive, researcher, Eco scours thousands of pages of esoteric journals, obscure manifestos, forgotten diaries and letters, ferreting out arcane shreds of historical detail like an animal foraging material for a new nest. As he spins his tales, he weaves these bits liberally throughout. (For *Island*, he unearthed a seventeenth-century manual on how to swim.) His supporters say this breadth of information gives his work an intellectual complexity and satisfying depth. His detractors, however, counter that his text is that of a literary pack rat, dense, convoluted, and often confusing.

Famously, British novelist Salman Rushdie, in reviewing *Foucault's Pendulum*, huffed, it is "mind-numbingly full of gobbledygook of all sorts. Reader: I hated it."

Yet, even such a harsh snub doesn't seem to dampen Eco's charm. A few years later at a reception in Paris hosted by François Mitterrand, the author reminisces that the late French president brought the

two writers face to face. "There was a brief embarrassing silence, and I just said, 'So, I'm Eco, the one who writes bullshit.' And we laughed."

One institution that has resisted Eco's charms is the Catholic Church. After the release of *Foucault's Pendulum*, the Vatican's official newspaper, *L'Osservatore Romano*, described his work as "profanations and blasphemies, buffooneries and filth," and during some remarks to an audience of pilgrims, the pope referred to him as "the mystifier deluxe."

When asked about it now, he demurs that the episode was blown out of proportion by the media. Nevertheless, his latest novel is sure to furrow some brows inside the Holy See.

Already a bestseller in Europe, *Baudolino* follows the adventures of the title character on a ramble through some of the key historical events of the Middle Ages and raises several questions about the mutability of history as it is passed from one generation to the next.

Originally, the author says he planned to write the story of a group of journalists who start a new newspaper and build readership by inventing scoops, but that idea led him to "one of the most amusing and exciting fake scoops in history: the story of Prester John," a mythical ruler of a fantastical Far East kingdom.

His vehicle in chasing this legend is Baudolino, an adolescent scamp who befriends a foreign nobleman lost in the forests of northern Italy during the twelfth century. After Baudolino guides him to safety, the nobleman reveals himself as the German king, and future Holy Roman Emperor, Frederick Barbarossa. Impressed with Baudolino's gift for languages and cleverness, Frederick adopts him, making Baudolino a

witness to, and often participant in, the major historical events of the era. Eventually, Baudolino convinces him to lead an expedition to find Prester John's kingdom.

Eco knits history and legend in near seamless fashion and, true to form, digresses along the way into myriad asides and expostulations on a host of philosophical and theological questions, not least among them the true nature of God.

The shining gem of the book is its opening chapter, which purports to be the first entry of a diary Baudolino begins as a young man. He starts by telling the reader that he has snatched a parchment from the emperor's court and has scraped the ink off it so that he may write his own story. This first chapter appears as rough text, complete with Baudolino's edits, phonetic spellings, and free-form grammar, all conveyed in a mixture of the languages he knows—ranging from bits of Latin to an ancient northern Italian dialect (which Eco had to invent since no written record of it exists and which gave his foreign translators fits).

The voice that emerges from this stew is that of a medieval Huckleberry Finn.

"Baudolino was born from just those ten pages," Eco says. "Before that, I didn't know who Baudolino could be. By inventing his language, I found out his psychology. I said aha, that is the character."

His US publisher Harcourt is betting American readers are eagerly anticipating the new work. They have ordered a first printing of 400,000 and are spending nearly half a million dollars on publicity—both gigantic sums for a non-British or Irish foreign author. But then again, this isn't just any foreign author, this is Eco.

—Peter Gwin

## CIAO AMERICA

By Beppe Severgnini; *Broadway Books*; 242 pages; \$22

Journalist Beppe Severgnini is a brave man indeed, ready to try his hand at a literary genre already mastered by Alexis de Toqueville, Frances Trollope, and a fellow Italian, Luigi Barzini—the European explaining America. Armed with an exquisite sense of humor and a deft eye, Severgnini has met the challenge, so much so that he has turned out a book that has proven as popular here as the Italian-language version was in his home country.

Readers might wonder how exacting a look at the United States an author could obtain by living in Georgetown as Severgnini and his family did in 1994–95. But as he points out, Georgetown is one of Washington's rare genuine neighborhoods, and his is a tale of real people, not the people pictured in the social magazines. Besides, a trip to a shopping mall on Rockville Pike is hardly that different from one in Abilene. And pancake houses, chain motels, and yard sales are similar everywhere.

Where Washington is distinctive from Minneapolis or even Chicago, but not from New York or Los Angeles, is in its obsessive child rearing. Here the author is withering:

*"The message is that with sufficient planning and commitment, Nature can be improved upon... This fanaticism blends in the parental psyche with the fear that one's child may not be up to it... It is this combination of attitudes, mixing adoration, apprehension, and a total lack of discipline that ensures American youngsters will grow up as unruly despots with permanent smiles. The thought that sooner or later one of them will make it to the White House casts a cloud over my stroll home from the Montrose Park playground."*

In between serious obser-

vations and numerous amusing digressions, there is considerable praise for America's practicality, its civic and social structures, except for the family, and especially in contrast to his home country.

What puts this book in league with some of its major predecessors is the combination sharp observation with grace of language that sometimes reaches eloquence. For example, this description of a pancake house in Ocean City, Maryland:

*"The place is crowded. The customers are mainly families. The men have disturbing tattoos, the women have the bewildered eyes of girls who have grown up too fast, and their blond-haired children are happily eating fries and eggs drowned in butter adrift on oceans of grease... People come here to feed their bellies, not to have something to talk about."*

*"It is fascinating and eerily moving, to observe these family meals. The early settlers could not have imagined that their new homeland would one day sire progeny like this. Yet here is this white underclass, with its dilapidated motorcars and families even less roadworthy than their automobiles. These are poor people—the uninsured America that Bill Clinton hoped to help through health reform—but they are also strangely, absolutely, magnificently American."*

Then he adds a few paragraphs later: *"The mere fact of being American—even when America has given you very little—seems to imply a sort of mystic consensus. The fact that you are Italian—even when Italy has given you everything—for many of my compatriots doesn't appear to mean anything at all."*

At a time of so much commentary about Europe and the US drifting apart, it is valuable to have distinctive eyes and voices looking at and talking to each other across the Atlantic. Too bad such books are so rare.

—Michael D. Mosettig

# in CLOSING

## Natural Disasters

(bottom) Following extensive flooding in Central and Eastern Europe in August, rescuers at the Prague city zoo in the Czech Republic lift a rhinoceros to safety. Other mammals from the zoo were not so lucky and either drowned or had to be euthanized. The floods, the like of which had not been seen in more than a century, submerged historic districts in the Czech Republic, Germany, and Austria, cost the lives of more than a hundred people, rendered tens of thousands homeless, and caused billions of dollars in damage.



(top) Residents in Palermo assess the damage caused by an earthquake, which rocked the island of Sicily in the early hours of the morning on Friday, September 6. The earthquake, which measured 5.6 on the Richter scale, caused chunks of masonry to fall off several historic buildings in the city. Two large aftershocks and several smaller ones took place after the initial quake.

—Susan J. Burdin



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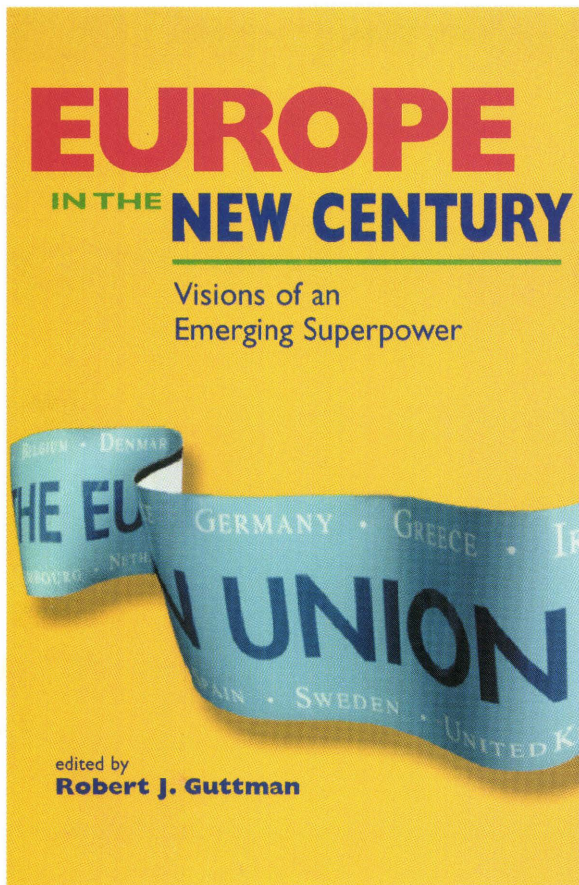
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