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EUROPE

December 2002 / January 2003

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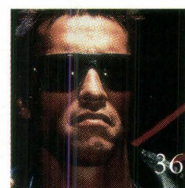
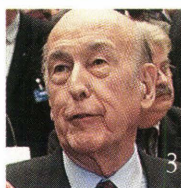
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LETTER FROM THE EDITOR

For the first time in history, Europe will become one because unification is the free will of its people," European Commission President Romano Prodi remarked, after the European Union, in a historic act, decided at its December meeting in Copenhagen to enlarge to twenty-five members.

EU leaders agreed to welcome ten new members to an enlarged European Union in 2004, including the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.

Bulgaria and Romania should be the next countries to join the EU in several years, and the EU announced that it would open negotiations for Turkey's membership after December 2004 if the Turkish government meets certain conditions, such as an improved human rights record and the removal of the military from civilian life.

EUROPE looks at the European Union's busy agenda for 2003, which includes not only the enlargement issue but the European Convention on the Future of Europe, European Foreign and Security Policy, Iraq and the Middle East, and a variety of transatlantic trade matters.

We also look at the upcoming Greek presidency of the European Union and how their country is preparing to host the Olympics in 2004.

On a sad note, as the editor-in-chief of *EUROPE* for the last fourteen years, I have the disappointing task of informing you, our loyal readers, that this will be the final issue of our magazine to be published by the European Commission.

We have been notified by our headquarters in Brussels that the Commission will no longer be able to provide funding for the magazine. Please continue to check our Web site at www.eurunion.org/magazine for any further information.

I have had the immense good fortune to be associated with the European Commission and our excellent magazine through historic times: from the fall of the Berlin Wall to the introduction of the euro to the latest enlargement of the European Union.

But the best part of the job has been providing articles and information on the "new" Europe to a highly loyal and intelligent group of subscribers across the world. I have enjoyed talking with you, meeting you, reading your e-mails and letters, and hearing your comments and suggestions about *EUROPE*.

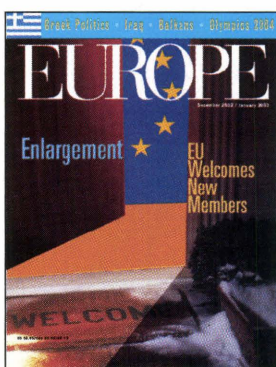
Please feel free to e-mail me at Robert.Guttman@cec.eu.int or write me at 2300 M. Street, NW, Washington, DC 20003 or call me at (202) 862-9557 to give me your views. I really look forward to hearing from you.

Thank you from the entire *EUROPE* staff, including our publisher, Willy Hélin, General Manager Anne Depigny, Managing Editor Peter Gwin, Associate Editor Susan J. Burdin, and all of our dedicated editorial contributors from across the US and Europe. It is has been our pleasure to present you with the news from Europe over the past decades. We will miss you and the magazine!

Our fulfillment service will be contacting each of our valued subscribers shortly concerning refunding the remaining part of your subscription.



Robert J. Guttman
Editor-in-Chief



European Union
enlarges

EUROPE

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EYE ON THE EU

Profiling personalities
and developments
within the European
Union



EUROPE CONVENTION SETTLES INTO ROUTINE

With many a backward glance to the Constitutional Convention, which met in Philadelphia in 1787, the Europe Convention on the EU's future is now in its ninth month. It has taken some time to find its feet but is beginning to get its teeth into the meat of the many issues (including fifty-six specific questions put to it by the EU heads of government at the Laeken summit last December), which it has been asked to explore.

The reason for its slow start has much to do with the heterogeneous nature of its composition. It has brought together, in one body, four different categories of members, together with its chairman (former French president Valéry Giscard d'Estaing), and two vice-chairmen, (Giuliano Amato and Jean-Luc Dehaene, former prime ministers of Italy and Belgium), who were nominated at Laeken. The remaining 102 members are made up of: 56 national members of parliament, 28 government representatives, 16 members of the European Parliament (MEPs), and 2 European commissioners.

The first two categories include representatives from the thirteen accession countries (including Turkey), as well as from the existing fifteen member states. There are also 102 alternate members, plus thirteen observers from the "social partners" and other EU institutions, each of whom has speaking rights.

The commissioners started with a distinct advantage. There were only two of them, but they were playing on their home turf, in Brussels, with the whole machinery of the Commission behind them, enabling them to produce a stream of discussion documents that they hoped would set the tone for the convention's deliberations. The MEPs, also, benefited from the Brussels venue, their experience with EU procedures, and the fact that the convention was meeting in their own parliamentary building.

The national MPs were handicapped by their lack of familiarity with EU politicking and had to learn fast to catch up with their EU-centric colleagues. Those from the accession countries had additional problems, as there is no simultaneous interpretation to and from their languages. They are permitted to provide their own interpreters, but fortunately, most of them are good linguists and normally choose to speak in English or in some cases French or German.

The government representatives, with some notable exceptions, particularly the UK's Peter Hain, were initially hesitant to participate in the debates, being more used to negotiating behind closed doors. Now after several months' experience the differences between the participants appear less stark, and they are beginning to blend into a genuine forum.

The convention has been meeting twice monthly. Guided by a thirteen-member

presidium, which sets the agendas for its meetings, it has established a business-like set of procedures, with speakers restricted to three minutes (or just one minute for those who have not booked in advance). There is no provision for voting, the chairman normally summing up after each discussion and indicating whether, in his view, a consensus has been reached.

Fears that Giscard would turn out to be an unresponsive or overbearing chairman have not been borne out. He listens attentively to all the contributions from the floor, occasionally breaking off for cryptic discussions with Sir John Kerr, the wily former top British diplomat, who is secretary-general of the convention.

The convention's timetable has been divided up into three phases—listening, discussing, and drafting. The first stage, which included hearing the views of civic society representatives, whose spokespeople addressed the convention in five two-hour hearings in July, has now concluded, and after the summer break, attention turned to discussing the reports of ten working groups set up to consider specific issues.

By the time of the Copenhagen summit in mid-December, all of their reports should have been considered, and the convention will get down to the most contentious stage of its deliberations—drafting its recommendations to put before the EU intergovernmental conference (IGC) scheduled for 2004 at the latest.

Perhaps, optimistically, the convention is hoping to

wind itself up by next summer, paving the way for the launch of the IGC, under the Italian presidency in the fall.



**Europe Convention President
Valéry Giscard d'Estaing**

The more divisive issues, such as whether there should be a powerful executive president of the European Union, how the president of the Commission should be chosen, and the general balance between "federalism" and "intergovernmentalism" have not yet been submitted to working groups. The evident hope is that, if agreement can first be reached on less contentious matters, the chances of finding a consensus will be improved.

Until now, the exchanges within the convention have confirmed the impression that the major divide on these issues will be between the governments of the UK, France, and Spain, on one side, and Germany, the Commission, and the smaller member states on the other.

The survival of Gerhard Schröder's government in the German general election has probably removed the risk that the intergovernmentalists would get all their own way. So far, at least, within the convention the federalists seem to have the edge.

—Dick Leonard

EURO NOTES

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



THE EURO: FOUR YEARS AND COUNTING

At last the European Central Bank has acted. After weeks of indecision, the ECB cut interest rates by a half percentage point to 2.75 percent, the first cut in thirteen months.

The move was greeted with relief in France, Germany, and Italy, where governments have been pressing for assistance in rejuvenating their near-stagnant economies. The cut takes interest rates in the euro zone to their lowest level for three years.

Wim Duisenberg, ECB president, cited growing economic uncertainty for the cut, as well as tensions in the Middle East and worries about the outlook for the rest of the world economy. But analysts criticized the ECB's delay in reducing rates, compared with the activist policy pursued by the US Federal Reserve.

Four years have passed since the launch of the euro. The continuing debate over ECB monetary policy—as well as the performance of the euro in general—offers an opportunity to deliver an assessment of Europe's single currency: myth and reality.

Myth: The euro will rival the dollar. This was the widespread refrain among European politicians in the run-up to the launch of the euro on January 1999. True, euro-denominated bonds have captured a substantial portion of the market, but the euro itself has delivered a sickly performance in the currency markets. By mid-December, it was barely trading above parity.

Reality: Despite forecasts in the mid-1990s that the euro-

zone would comprise a "hard core" of low-inflation countries built around France and Germany, the single currency has enjoyed broad membership. Twelve countries are in the euro zone today, but over the next five years, several new members are likely to sign up—including Sweden, Denmark, and newcomers from Central and Eastern Europe, such as Estonia.

Myth: The euro will act as a catalyst for economic reform in Germany. Seven years ago, a senior German banker predicted that the single currency would help to "smash the guild system" in Germany, delivering a much-needed independent fillip to economic reform. But economic growth in Germany is persistently sluggish, suggesting that political leadership remains indispensable to economic reform.

Reality: The euro was widely expected to lead to a wave of cross-border consolidation in Europe's single market, especially in financial services. But the reality is that national considerations remain paramount—as shown in the latest battle for control of Crédit Lyonnais. This is an all-French struggle between BNP Paribas and Crédit Agricole to create a French national banking champion.

Myth: Tony Blair will lead the United Kingdom to join the euro at the earliest opportunity. Blair passed up the opportunity to apply for membership in the euro zone in his first term, allowing the chancellor of the exchequer, Gordon Brown, to set the effective terms for membership. Blair's desire to play a leading role in Europe is not in doubt, but the gap between British and

European interest rates is diverging. The poor performance of the euro-zone economy makes it even harder to argue the case for British membership.



During its first year of circulation, the euro has stacked up well against other currencies.

Reality: Jean-Claude Trichet, governor of the Banque de France, was widely seen as the natural successor to Duisenberg as ECB president. But Trichet's difficulties with the French judiciary, which is investigating his role in a banking scandal a decade ago, have cast a shadow over his prospects. Increasingly, other names are being mentioned, notably Pascal Lamy, the EU's trade commissioner. Only one thing is sure: the next ECB president will be a Frenchman.

Myth: The euro will primarily benefit the "hard core" countries such as France and Germany, while "peripheral" countries such as Spain, Portugal, and Greece will struggle. The unappetizing truth is that euro-zone interest rates have been far too high for Germany's real macroeconomic needs, while growth in France has been indifferent, apart from a spell in the late 1990s. But the euro-zone periphery has enjoyed faster growth rates without unneces-

sarily high inflation.

Reality: The ECB can no longer operate on the German-designed twin pillar monetary policy agreed upon after the Maastricht Treaty. This policy,

which features undue emphasis on an artificially low-inflation target, desperately needs revision, especially in the light of persistently low economic growth in Europe and the financial markets' failure to comprehend an untransparent approach to monetary aggregates.

Myth: The German-inspired Stability and Growth Pact would be applied so rigorously that euro-zone members would face swingeing fines and humiliation in the financial markets. The pact singled out fast-growing Ireland, but it has been picked apart by the big countries, including Germany. Successive revisions have left it more "gums" than "jaws."

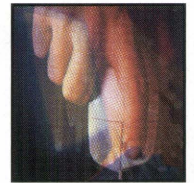
Reality: The European Commission has sought a bigger role in the formulation of euro-zone macroeconomic policy since the Maastricht Treaty. But as an institution, the Commission has been in relative decline for the past decade. National governments continue to reassert control over policy-making, leaving the Commission on the sidelines. In an enlarged Europe, this position will not change.

All in all, many preconceptions have proved misleading—or downright false—since the launch of the euro. But the reality is that the euro is here to stay.

—Lionel Barber

e-EUROPE

Tracking the news
and trends shaping
Europe's technology
sector



PUNCHED ONTO THE WEB

As enamored as I am with the digital world, I remain devoted to the printed word. Perhaps it's a bit of a contradiction, but I cannot deny my love of a freshly printed magazine, the smell of the ink, the way the pages lay perfectly flat against one another, the sharpness of the corners, and how the gloss on the cover catches the light just so. It's kind of freaky, I know. Of course, being a magazine junkie is partly a function of my job, and in truth, it takes a certain freakishness to want to work in this industry, what with the modest pay, the incessantly ringing phone, the late nights staring at a computer screen, the typos that lurk just below your consciousness, and of course, the uncertain business environment.

Which brings me to my point: you are holding the last issue of this magazine that you'll pull out of your mailbox or pluck from a newsstand. Sadly, *EUROPE* has succumbed to financial pressures and will be replaced by a Web site devoted to European news and commentary.

As I have discussed previously in this space, some publishers regard the Web as an eminently enticing medium. A magazine can shed the burdensome costs associated with printing and mailing and has immediate access to a potential worldwide audience. Never mind that most readers still like to curl up with magazines in places not conducive to computers (even the sleekest laptops remain clumsy bed companions). Further troubling is the dearth of profitable

e-zines. Nonetheless, into this brave new world we charge.

For the last print version of this column, it seemed fitting to find another member of the magazine fraternity that has forsaken print and moved to the Internet. To my surprise, I found that in May *Punch*, the British humor magazine, had pulled the plug on its 156-year-old paper version and become an on-line publication exclusively.

So, I called to offer my condolences, er congratulations.

"*Punch* isn't dead," insists on-line editor Ed Pilkington. "It's very much alive, just in a different form."

One can only guess what might have been the reaction of the magazine's founders—writer Henry Mayhew and engraver Ebenezer Landells—to *Punch*'s move to the cyber world. I suspect the pair were forward thinkers and likely would have embraced the change. In fact, when they published the first issue on July 17, 1841, they set out to shake up the British publishing establishment, promising to bring a less bitter tone and a higher literary standard to humor writing while still administering a good-natured wallop to the political and cultural barons of the day.

Although their changes were focused on content rather than form, Mayhew and Landells nevertheless would have related, to the modern magazine's financial concerns. During their tenure *Punch* lived issue-to-issue and in dire times relied on the playwriting abilities of its first editor, Mark Lemon, who, when the bills piled up, would churn out a farce for the West End to pay off the debts.

Punch, however, weathered its early struggles and went on to become a British icon by crafting literary assaults on, what else, British icons. Over the years a variety of famous personalities penned and edited its prose and drew its devilish cartoons. Novelists William Thackeray, A.A. Milne, and P.G. Wodehouse all contributed articles. John Tenniel, who illustrated *Alice in Wonderland*, frequently drew *Punch*'s early cartoons. During World War I, Sir Owen Seaman so infuriated the kaiser with his parodies that reportedly a price was put on his head.

A century after its birth, *Punch* reached its zenith, selling 175,000 copies a week during the 1940s. However, with each subsequent decade, the magazine lost steam and limped through its 150th anniversary, exhausted both creatively and as a business. It ceased printing in 1992. But four years later, Mohamed Al Fayed, the millionaire owner of Harrods department store, relaunched the magazine. Trying to regain some of its old form, Fayed's *Punch* published embarrassing exposés about public figures. But rather than raking in sales, the magazine racked up lawsuits. From 1997 to 2000, forty-one plaintiffs sued the magazine, including filmmaker Stanley Kubrick, the Duke of Westminster, and the BBC. Although *Punch* won all but seven of these cases and relished the publicity, the

legal costs mounted. Meanwhile, subscriptions dwindled to 6,000.

In May, Al Fayed finally halted the presses. He issued a statement saying, "It no longer makes commercial sense to keep an ailing publication afloat indefinitely."

Six editorial staffers remain to manage the Web site, which focuses primarily on selling cartoons from *Punch*'s extensive archive. "It's really a hybrid of what the magazine was when it closed in summer and the cartoon library, which has been on-line for some time," explains Pilkington. However, he says the site will continue to feature original articles, albeit on a much reduced scale. "Our (book and film) reviews go up every two weeks and the odd sort of investigative article will go up probably once a month." He pauses, "It's not ideal."

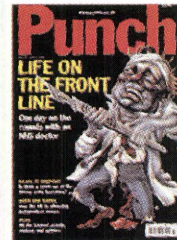
As for us, we hope to have the European news and commentary site on-line by late spring. In the meantime, we will post updates on our current site www.eurunion.org/magazine. An archive of e-Europe columns can be found soon at www.petergwin.com.

On a personal note: if sometime you happen to see a guy standing in front of a freshly stocked newsstand, slowly thumbing through the new issues, and appearing to inhale the aroma of the pages—it's probably not me. But it could be.

— Peter Gwin



The 156-year-old British humor magazine *Punch* has moved to the Web.




G R E E C E

By Kerin Hope

Greece

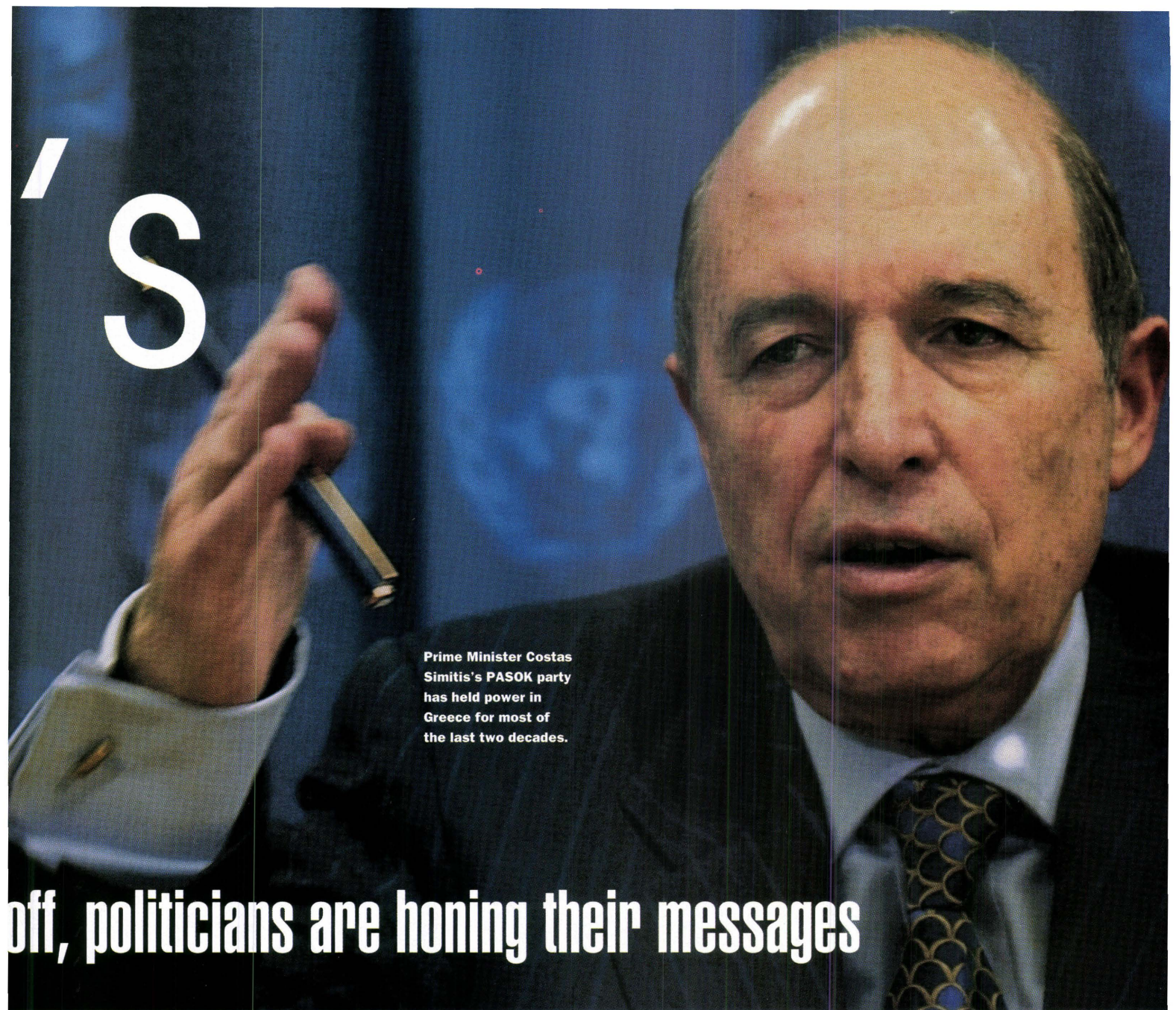
CHANGING POLITICAL LANDSCAPE

Although national elections are still a year and a half



In October, Dora Bakoyianni, a member of the opposition New Democracy party, was elected the first female mayor of Athens.

'S



Prime Minister Costas Simitis's PASOK party has held power in Greece for most of the last two decades.

off, politicians are honing their messages

Greece's socialist PASOK party, in power for all but three of the past twenty-one years, was braced for disaster at the October local government elections. Opinion polls for the last year have given the right-of-center opposition New Democracy party (ND) a commanding lead, while Costas Simitis, the reformist prime minister and PASOK leader who steered Greece into the euro zone, has lost ground to Costas Karamanlis, his younger conservative rival.

True, the ND party came out ahead of PASOK, winning mayoral races in Athens and Thessaloniki, Greece's two

biggest cities. Furthermore, the conservatives exploited farmers' dissatisfaction with declining European Union subsidies to win thirty out of fifty-two provincial governor's posts. But PASOK held on to the high-profile post of Attica governor—won comfortably by Fofi Gennimata, a rising star and one of only a handful of women in the party's upper echelons. Overall, barely two percentage points separated the two big parties.

While ND is still the favorite to win the next general election—not due until spring 2004 but likely to be held earlier—PASOK has shown remarkable powers of resilience. A feel-good factor is certainly at work, with Greece's economy projected to expand this year by 3.8 percent, more than twice the EU average, and by 4.1 percent in 2003.

Growth is being driven by high levels of public and private investment, backed by a five-year, \$24.6-billion package of EU structural aid. A massive program of infrastructure improvements is aimed at giving the Greek capital world-class sports facilities and a modern transportation system in time for the 2004 Olympic Games. While unemployment is the second highest in the euro zone, this year it has declined to single digits (just less than 10 percent) for the first time since the mid-1990s.

PASOK has expanded job creation programs targeting women and young people and has launched tax cuts for lower income workers. But they face criticism for postponing urgently needed pension system reforms and for failing to cut corporation taxes—among



SNAPSHOT GREECE

Population: 10.6 million (est. 2002)

Land Area: 50,471 square miles
(roughly the size of Alabama)

Background: In 1829, Greece broke away from the Ottoman Empire, and over the next several decades the monarchy annexed neighboring islands and territories with Greek-speaking populations. In 1896, Athens hosted the first Olympic Games of the modern era. Following World War II, communist rebels briefly gained control but were defeated in 1949. Three years later, Greece joined NATO. In 1967, a military dictatorship took power and forced the king into exile. In 1974, democratic elections were held and the modern parliamentary republic replaced the monarchy. In 1981, Greece joined the European Community (which became the European Union in 1992). In 2002, Greece replaced the drachma with the euro, as one of the currency's thirteen founding member nations.

Government: The current government was formed by the socialist PASOK party and is led by Prime Minister Costas Simitis.

Head of State: President Constantinos Stephanopoulos, reelected by parliament in 2000 for a five-year term.

Legislature: The 300-seat Vouli is a unicameral parliament elected by direct popular vote for a four-year term.

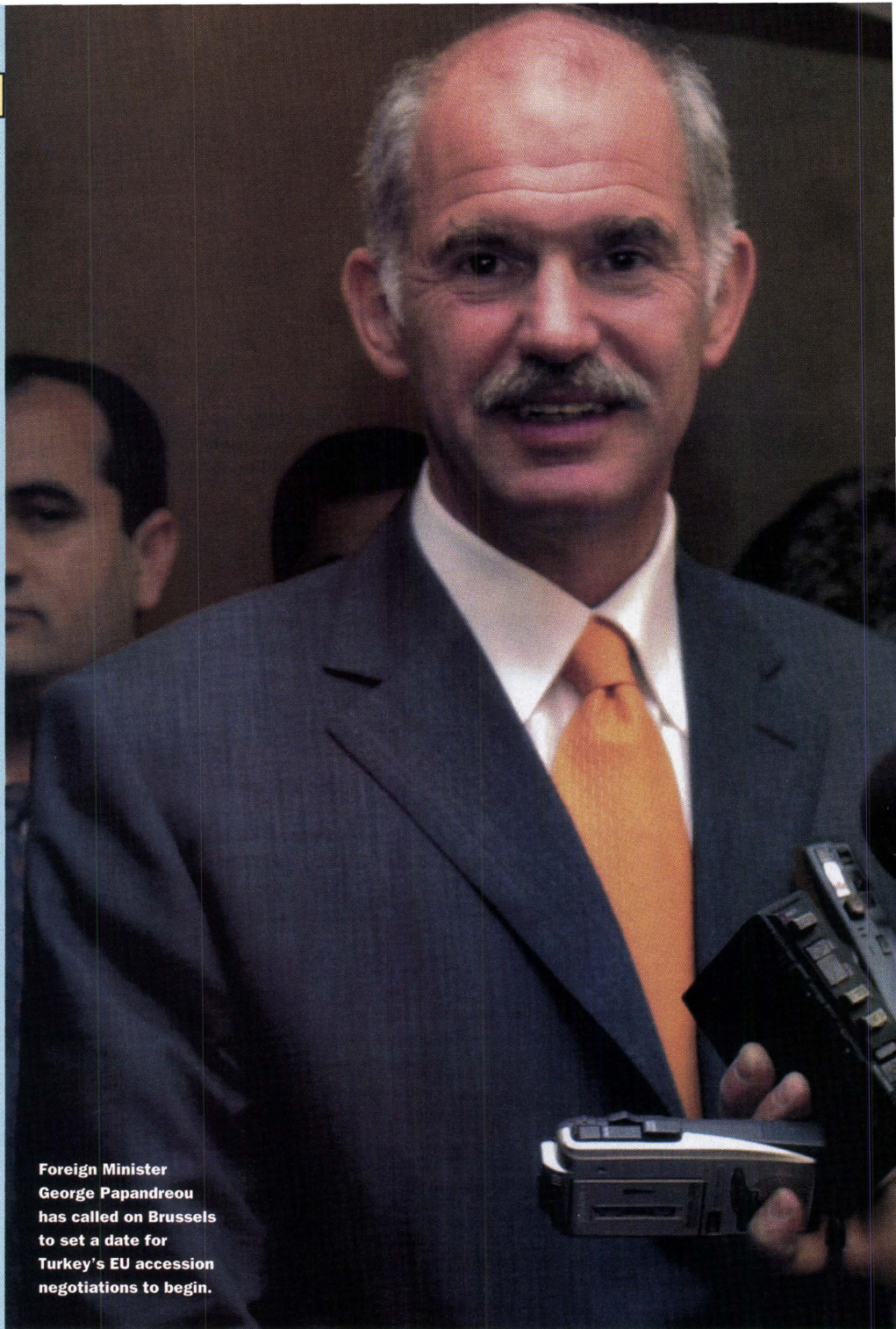
Next election: must be held by April 2004.

GDP: \$189.7 billion (2001)

GDP Growth: 3.7 percent (2001)

Internet users: 1.33 million (1999)

Sources: Greek Embassy, CIA Factbook



Foreign Minister George Papandreou has called on Brussels to set a date for Turkey's EU accession negotiations to begin.

the highest in the euro zone at 35 percent—to boost inward investment. Foreign direct investment, averaging only around \$1 billion yearly, is much lower than in the Central European countries that will join the EU in 2004.

“When the EU funds start to decline after 2006, Greece will need a sharp increase in foreign investment to maintain reasonable rates of growth,” says George Alogoskoufis, ND’s spokesman on the economy.

The Simitis government has earned praise from the US for arresting eighteen alleged members of the Novem-

ber 17 (N17) terrorist organization over the summer. Since its emergence in 1975, the left-wing group had claimed responsibility for more than twenty assassinations, including US diplomats and servicemen and, most recently, Stephen Saunders the UK defense attaché in Athens, as well as dozens of bomb and rocket attacks. The arrests came after two years of close cooperation between Greek police and Scotland Yard over the Saunders killing. Trials are due to start early next year and are likely to last for months.

(Continued on page 10)

Constantine Karamanlis

New Democracy's Great Hope

Constantine Karamanlis, leader of the center-right New Democracy party, is increasingly seen as Greece's prime minister-in-waiting, although he has never held a cabinet post. For the past year, Karamanlis's party has consistently led the governing socialist PASOK party in opinion polls. At local government elections in October, the New Democrats made broad gains nationwide in mayoral races. They also kept control of the northern city of Thessaloniki and Athens—where Dora Bakoyanni, a former culture minister, was elected the capital's first woman mayor.

At forty-five Karamanlis is still considered young to head a big Greek political

party. But he bears one of the most famous names in the country's modern history: his uncle and namesake, who served as prime minister and president, is credited with restoring democracy after the 1967–74 military dictatorship and ensuring Greece was accepted as a member of the then-European Community in 1981.

Told by the European Commission that Greece was ill-prepared to join, the elder Karamanlis reportedly said: "If we're thrown in the deep end, we'll have to learn how to swim."

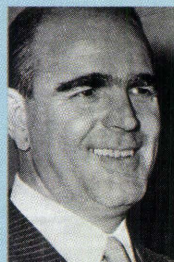
Karamanlis junior, a Greek and US-educated lawyer, entered politics after his uncle moved up to the largely ceremonial job of president. As a New Democ-

racy backbencher, he kept a low profile.

After he was elected party leader in 1997, thanks to strong support from grassroots conservatives, he struggled to assert his authority amid infighting among the party's elderly barons.

"Greece needs modern politicians and liberal policies," he says. "We have some catching up to do."

Parliamentary elections are not due until spring 2004, but few Greek governments last their full four-year term, and the conservatives' steady lead in opinion polls makes them increasingly confident.



With the Socialists in power for all but three of the past twenty-one years, they argue that voters are ready for change.

Karamanlis says his priorities in office would be to bring Greece's creaking bureaucracy up to speed and complete market reforms the Socialists have been slow to implement because of pressure from the public sector unions.

"The public sector doesn't work properly, and as a result, the quality of the relationship between citizens and the state is unacceptably low. The administration is inefficient, deeply politicized, and corrupt," he says. "If we're going to achieve real convergence with the rest of the Union, we have to upgrade the bureaucracy and significantly improve our health and education systems."

But after New Democracy's long years in the political wilderness, Karamanlis would have to be firm in resisting pressure to hand out jobs in the public sector to conservative supporters and their families.

On foreign policy, he takes a consensus approach, backing PASOK's rapprochement with Turkey and that country's bid for European Union membership. He says: "We believe Turkey has a role in Europe, and we'll back it. I think everyone in Greece wants to normalize our relationship with Turkey and create conditions that would bring us closer. But we have to develop a long-term strategy and that means cooperating with other political parties."

—Kerin Hope



Constantine Karamanlis, who was named after his famous uncle (top), leads the center-right New Democracy opposition party.

The apparent dismantling of N17, together with plans to work closely with the US on security for the Athens Olympics, has brought a significant improvement in relations with Washington. In response to concerns that other members of the group were still at large, Simitis said: "We will deal thoroughly with the terrorism problem. There may be some pieces of N17 left, but we intend to expose them."

This month EU leaders are due to approve the accession of Cyprus—even if it is still divided into separate Greek and Turkish Cypriot sectors—at their Copenhagen summit along with another nine enlargement candidates. Accession for the island will mark a milestone in Greek foreign policy and will also have an impact on Greece's warming relations with Turkey.

George Papandreou, the US-born, American and European-educated foreign minister, has called for Brussels to set a date for Turkey's accession negotiations to start. Regardless of which party is in power in Turkey, he says Greece remains committed to building close relations and solving the disputes over sovereignty that brought the two NATO allies to the brink of war as recently as 1996.

Papandreou took over as foreign minister in 1999 at a difficult moment—Greece had attracted international censure for harboring Abdullah Ocalan, the rebel Kurdish leader at its embassy in Kenya. But he has succeeded in boosting both his own international stature and Greece's credibility with its EU partners. Increasingly, the foreign minister, the son of PASOK's populist founder, the late Andreas Papandreou, is seen as the natural successor to Simitis as party leader. As a member of a leading political dynasty, Papandreou is tipped to follow both his father and grandfather and become Greece's prime minister. ☹

Kerin Hope, based in Athens, is a EUROPE contributing editor and a correspondent for the Financial Times.



Kostas Karatsolis, an alleged member of the N17 terrorist organization, is escorted by anti-terrorist police to the Athens' magistrate office in July.

Greece's EU Presidency Enlargement and Iraq loom large on the agenda

Tassos Yiannitsis, European affairs minister, predicts that Greece's fourth presidency of the European Union will be its most testing yet. As Greece gears up to take over from Denmark in January, the EU's concerns, from preparing to embrace ten new member-states in 2004 to keeping a lid on budget deficits in the euro zone, are starting to be overshadowed by the looming crisis over Iraq.

"Our presidency may be a question of crisis management because of Iraq and everything that's linked to it. It may be difficult to achieve common ground on such a big issue," he says. "But even if the six months are dominated by Iraq, there are other important priorities that we must pursue."

One is to keep the enlargement process on track. The EU leaders are due to approve the accession of ten new members this month at the Copenhagen summit. But the presidency is responsible for monitoring the progress of Romania and Bulgaria—not expected to join before 2007—and for making sure Turkey's candidacy is kept on a front burner, even if no date is set at Copenhagen for the start of accession negotiations.

"There's plenty of work to be done on integrating the new members to make sure they can prosper in the Union," Yiannitsis says. "As a country that had to make a lot of adjustments to be able to compete in Europe, Greece has some useful experience to draw on."

Greece will also be strongly supportive of Turkey's application, he says.



As Greece gears up to take over the EU presidency in January, European Affairs Minister Tassos Yiannitsis will help guide the Greek agenda.

"Turkey and the EU have very close economic relations and common strategic interests. The relationship has to develop, and Greece will make sure the door to the EU is kept wide open for Turkey."

As the EU's only Balkan member state, Greece will try to ensure the region is not overlooked during its presidency, Yiannitsis says. "The region is in better shape than it was, but its stability is still fragile, and we must keep it in focus. The EU has to go on helping these countries to reinforce their economies, and their political and social structures. Bulgaria and Romania are getting closer to membership, but we mustn't overlook the European aspirations of the other Balkan countries."

Yiannitsis says Greece's own priority will be to promote the development of a common European policy on immigra-

tion. With immigrants—mostly from Eastern Europe—making up about 6 percent of the population and as much as 14 percent of the workforce, Greece has worked hard to integrate the new arrivals. As the EU's borders are extended eastward with enlargement, the immigration issue will become more pressing, he says.

"It's not just a question of agreeing on border controls," he says. "Europe is a region where immigration is and will continue to be necessary, and we can't close our eyes to that," he says. "We mustn't allow the creation of dual societies, and we have to make sure immigrants compete on equal terms in the Union's labor market. We must have a common approach to managing this complex issue in a comprehensive way."

—Kerin Hope

After a slow start, Greece is gearing up to stage a memorable Summer Olympics in 2004 that will also leave a substantial legacy for residents and future visitors to Athens. Although about 70 percent of the sports facilities needed for the games were already in place, almost all were in need of extensive refurbishment. Greece has hired Santiago Calatrava, the world-renowned Spanish architect, to give a contemporary gloss to the main Olympic stadium, which was built more than twenty years ago, and its surroundings.

Calatrava, a specialist in creating bridges and mass transit hubs using innovative techniques, has also designed a transportation center that will serve as the main gateway to the Olympic complex—where an existing subway line will converge with a new suburban railway and a light-rail link with Athens International Airport.

30,000 journalists, photographers, and television crews covering the games.

The first test event, an international sailing and windsurfing competition staged in the Saronic Gulf last August, went smoothly, earning praise from IOC officials and giving a boost to the Greek organizers' confidence. A strong performance by Greek athletes, which included two first-place finishes, raised hopes of successes in 2004.

"For the games to really take off and generate a buzz of excitement, it's important for the host country to win one or two medals early on," says an ATHOC official.

As well as sailing and windsurfing, Greek athletes have a record of excellence that includes winning several



medals at Sydney in track and field and in weightlifting.

Yet Greece is the smallest country to stage a Summer Olympics since Helsinki hosted the 1952 games—long before satellite television, twenty-four-hour media coverage, and marketing of the Olympic brand became an integral part of the event. The govern-

ment's budget for the Olympics has already soared from \$2.2 billion to \$4.3 billion, although some infrastructure projects have been cut because of costs, and is likely to rise further.

Security is already a major component of the budget, with \$650 million allocated for equipment purchases and training. ATHOC has hired the former UK police official who headed the security operation at the Sydney Olympics, and an eight-nation international com-

Preparations of Olympics With 2004 approaching,

By Kerin Hope

The new facilities include a rowing center north of Athens, where an airport runway has been stripped out and replaced with an artificial lake; new indoor stadiums for weightlifting, table tennis, and wrestling located in low-income districts of Athens; and an equestrian center south of the capital.

"We're finally on track," says Yannis Pyrgiotis, chief executive at ATHOC 2004, the organizing body for the games. "Almost all tenders have been completed, and several projects are well ahead of schedule."

Construction of the Olympic village, which will be home to 16,000 athletes and their trainers—and where Jacques Rogge, chairman of the International Olympic Committee and a former Olympic oarsman intends to stay—is several months ahead of schedule. Work is picking up speed on a series of media villages that will cater to about

(Above) An original poster from first modern Olympic Games, held in Athens in 1896. (Below) Tae Kwan Do, among other events, will be held at the new Faliro Coastal Zone Olympic Complex.





Galatsi Olympic Hall will host the rhythmic gymnastics and table tennis events.

minister in time for the Olympics: the creation of a three-mile pedestrian walkway linking the city's archaeological sites. The section beneath the Acropolis hill—paved with cobblestones and planted with plane trees—has been completed but much more has still to be done.

However, the biggest Olympic legacy will be the new transportation systems: a highway network that will speed north-south and east-west links; a tramway built by an Italian consortium, which will ease congestion and improve access to the city's seaside suburbs; the light-rail mass transit link with the airport and subway and suburban railway extensions. All these projects, partly financed by European Union grants, are aimed at getting Athenians out of their cars and reducing the city's notorious atmospheric pollution and traffic jams. If Athens can accomplish all that, it will be worthy of its own gold medal. ☺

Olympic Proportions

Athens races to be ready

mittee coordinates security measures for the games.

Following the Bali bombings, the US and Greek governments have agreed on a training program for 50,000 security personnel, including police and members of the Greek armed forces.

As for more cosmetic measures, the city center is getting a facelift, starting with the marble stadium where the first modern Olympics were held in 1896. It will serve as the venue for the archery contest, and as the finish for the marathon. Billboards are disappearing from the skyline, and in the capital's commercial center, the elegant proportions of the city's nineteenth-century neo-classical buildings are emerging from beneath layers of grime.

Dora Bakoyianni, the newly elected mayor of Athens, has pledged to complete a project she launched in the early 1990s during a brief stint as culture

The new Ano Liossia Olympic Hall will host the wrestling and judo events.



AGENDA

2003

By John Andrews

The Chinese have an amusing curse: "May you live in interesting times." For the European Union the year ahead is sure to be interesting in the Chinese, as well as the European, sense. The most obvious reason will be the rush to prepare the entry of ten new member countries by 2004. But there are plenty of other causes for concern: tension with the United States, for example, over Iraq and the Middle East; tension between France and Germany—traditionally the two function together as the EU's political and economic motor—over agriculture and the budget; and, perhaps most worrying, the strain of trying to navigate through the doldrums of the world economy. Already France has publicly disagreed with the European Commission's attempt to enforce the budgetary strictures of the Stability and Growth Pact, part of the founding principles of the euro, and others are likely to follow suit.

The pessimists could add another risk: that the EU becomes embroiled in an expanse of political and security problems whose solutions are neither clear nor likely to be quickly available—be it keeping the peace in the Balkans or creating stability in the Middle East.


Even the optimists have to admit to another concern: that the European Convention (which last March began work on a constitutional framework for an expanded union) will not produce a formula to bring the EU closer to its citizens (some 450 million of them once the new members, with a total population of 75 million, are accepted) but one that provokes bitter deadlock within the

intergovernmental conference that will follow the convention.

On the other hand, why be disheartened? To revert to the Chinese again, the character for "crisis" can also mean "opportunity" or "challenge," and it is hard to deny the opportunity represented by the ten candidate countries. Eight of them—Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Lithuania, Latvia, and Estonia—were satellites of the Soviet Union from the end of the Second World War until the collapse of communism at the end of the 1980s. You do not have to be a historian to see the human significance of reunifying a Europe that believes in freedom, democracy, and capitalism. The other two are the Mediterranean islands of Malta and Cyprus.

The trouble is that admitting the candidate countries, some of which have already waited for close to a decade for entry to the EU club, is not yet a "done deal," despite the favorable report of the European Commission in early October. One reason is money. The EU member states will not be overgenerous in extending to the candidates the same agri-

The EU has a lot on its plate as it prepares for its



cultural and social benefits that the present fifteen member states currently enjoy. Instead, the EU wants to allow up to a decade to phase in the subsidies of the Common Agricultural Policy (CAP).

At the same time, the EU

wants to restrict regional aid to 4 percent of a new member's gross domestic product, half the rate enjoyed by the present membership.

Not surprisingly, the candidate countries object: Are they going to be the EU's second-class citizens? The short-term answer is probably yes. France, for example, receives a quarter of the CAP funds and is resisting any change

before the EU's financing agreement runs out at the end of 2006. Meanwhile, Germany is ever less willing to be the EU's donor of last resort.

The second reason that the deal is not yet done is political.

Ever since 1973, when Turkish troops landed in the north of Cyprus to prevent a move to unite it with Greece, the island has been divided. Its Turkish population is literally separated from its Greek population. So

how will Cyprus become a member of the EU? Turkey is seething that its own candidature to the EU has been passed over by the European Commission, while

Greece is threatening to block the whole enlargement exercise if Cyprus is not admitted along with the other nine countries. Doubtless a

fudged solution is possible: let Cyprus be admitted as a whole, but with the EU's law applicable only in the Greek part of the island—but that compromise is hardly ideal.

The conventional wisdom is that enlargement will go ahead more or less on schedule. After all, many previous enlargements have been fraught affairs

but have worked out in the end. So, with luck, this time will be no different. In June 2001, for example, the Irish threatened to derail the whole process by voting in a poorly supported referendum against the Nice Treaty—that is, against the changes in voting weights and powers that are a necessary precursor of enlargement. But all was put right in a second referendum in October. The Irish turned out in great numbers and gave the treaty a ringing endorsement.

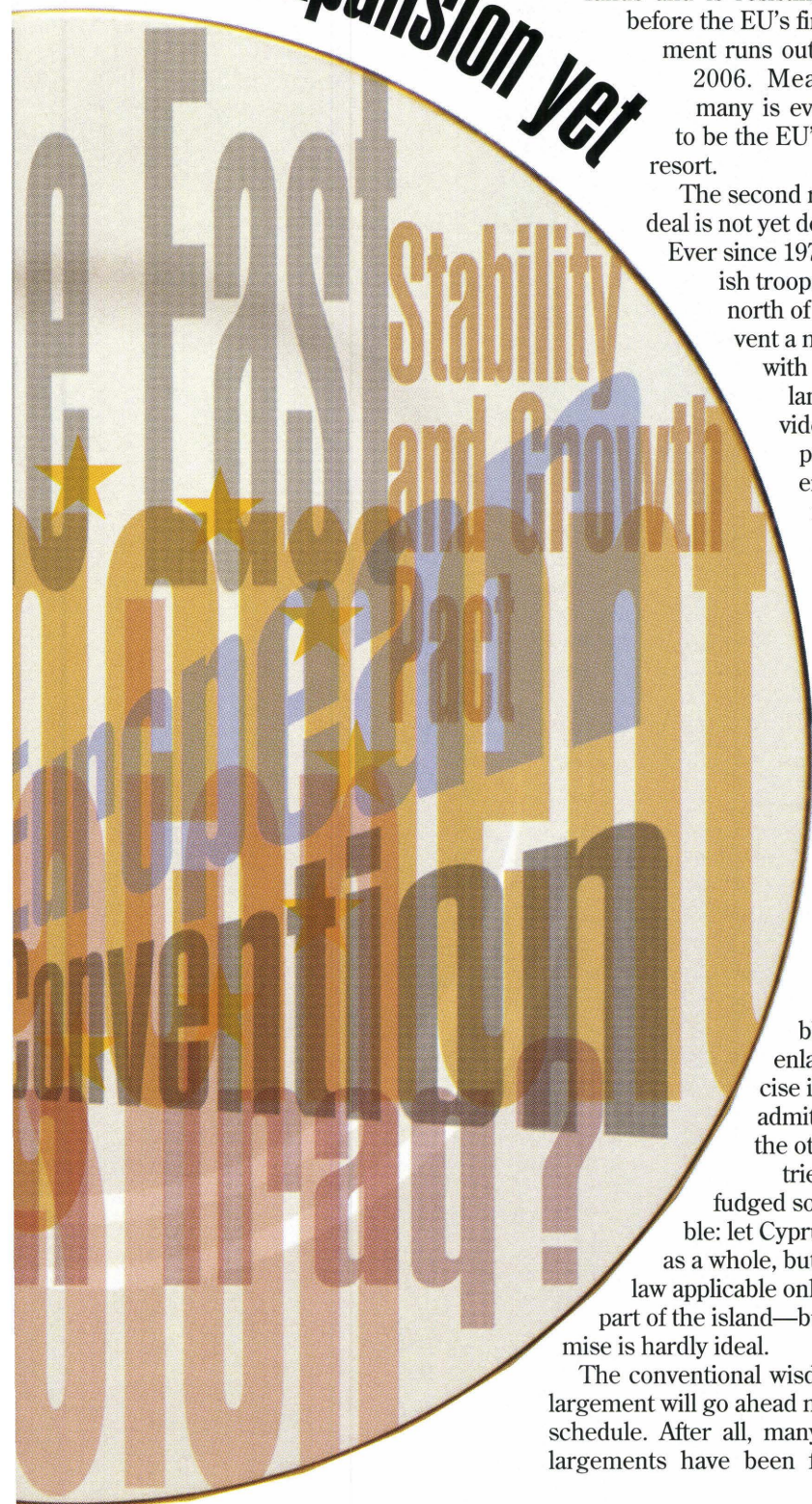
However, what about the other risks? For all the ambitions to create the Common Foreign and Security Policy to go with the EU's common trade policy, it is pie in the sky to imagine it amounting to much in the short term. Only the United Kingdom and France have both the will and the means to project military force abroad, but they have very different relationships with the United States. Witness their different approaches to the threat of Saddam Hussein's Iraq and their different policies within the United Nations Security Council, with the UK siding with America and France forever suspicious of US policy.

Nevertheless, arguably the weaknesses of the common foreign policy are unimportant: Europe already agrees on many issues and can agree to disagree on others. Rather than force a common policy, surely it will be better to let one evolve over time.

By contrast, the greatest risk is the most familiar one: that for ordinary Europeans the European Union remains too remote and too complicated, and that too often it is seen as an unwelcome intruder in everyday life. That risk will surely only increase as the Union enlarges. After all, how can an ordinary resident of Madrid feel a common link with a resident of Warsaw, when their histories, languages, and cultures are all different? How can anyone in a Union of 450 million people feel connected to the institutions—Parliament, Commission, Council, and Court of Justice—in Brussels, Strasbourg, and Luxembourg? The answer is supposed to come from the Europe Convention, headed by former French president Valéry Giscard d'Estaing. In other words, for Giscard and his colleagues, the coming year is guaranteed to be interesting. ☺

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

biggest expansion yet



Picture of Enlargement

Pondering the map of Europe post 2004 and beyond, here is a look at the ten EU applicant countries planning to wrap up accession negotiations this month, with an eye toward joining the Union in 2004.

CYPRUS

Total area: about 0.6 times the size of Connecticut
Population: 767,314 (2002 est.)

Government:

Greek Cypriot area—unicameral 80-seat House of Representatives (note: the 24 seats assigned to Turkish Cypriots are not filled)

Chief of State: President Glafcos Clerides (since 1993) Note: the president is both chief of state and head of government; post of vice president is currently vacant; under the 1960 constitution, the post is reserved for a Turkish Cypriot

Purchasing power parity: Greek Cypriot area—\$9.1 billion; Turkish Cypriot area—\$1.1 billion (both 2000 est.)

GDP real growth rate: Greek Cypriot area: 2.6%; Turkish Cypriot area: 0.8% (both 2000 est.)



CZECH REPUBLIC

Total area: slightly smaller than South Carolina
Population: 10.3 million (2002 est.)

Government:

bicameral Parliament consists of the 81-seat Senate and the 200-seat Chamber of Deputies

Chief of State: President Vaclav Havel (since 1993)

Head of Government: Prime Minister Milos Zeman (since 1998)

GDP purchasing power parity: \$147.9 billion, 2001 est.



GDP real growth rate: 3.4%, 2001 est.

ESTONIA

Total area: slightly smaller than New Hampshire and Vermont combined
Population: 1.4 million (2002 est.)

Government:

unicameral 101-seat Parliament

Chief of State: President Arnold Ruutel (since 2001)

Head of Government: Prime Minister Siim Kallas (since 2002)

GDP purchasing power parity: \$14.3 billion (2001 est.)

GDP real growth rate: 4.7% (2001 est.)



HUNGARY

Total area: slightly smaller than Indiana
Population: 10 million (2002 est.)

Government:

unicameral 386-seat National Assembly

Chief of State: Ferenc Madl (since 2000)

Head of Government: Prime Minister Peter Medgyessy (since 2002)

GDP purchasing power parity: \$120.9 billion (2001 est.)

GDP real growth rate: 3.9% (2001 est.)



LATVIA

Total area: slightly larger than West Virginia
Population: 2.4 million (2002 est.)

Government:

unicameral 100-seat Parliament

Chief of State: President Vaira Vike-Freiberga (since 1999)

Head of Government: Prime Minister Andris Berzins (since 2000)



GDP purchasing power parity: \$18.6 billion (2001 est.)

GDP real growth rate: 6.3% (2001 est.)

LITHUANIA

Total area: slightly larger than West Virginia
Population: 3.6 million (2002 est.)

Government:

unicameral 141-seat Parliament

Chief of State: President Valdas Adamkus (since 1998)

Head of Government: Premier Algirdas Mykolas Brazauskas (since 2001)

GDP purchasing power parity: \$27.4 billion (2001 est.)

GDP real growth rate: 4.8% (2001 est.)



MALTA

Total area: slightly less than twice the size of Washington, DC
Population: 397,499 (July 2002 est.)

Government:

unicameral, usually 65-seat House of Representatives
Chief of State: President Guido De Marco (since 1999)

Head of Government: Prime Minister Eddie Fenech Adami (since 1998)

GDP purchasing power parity: \$5.95 billion (2001 est.)

GDP real growth rate: 4% (2001 est.)



POLAND

Total area: slightly smaller than New Mexico
Population: 38.6 million (2002 est.)

Government:

bicameral National Assembly consists of the 460-seat Sejm and the 100-

seat Senate

Chief of State: President Aleksander Kwasniewski (since 1995)

Head of Government: Prime Minister Leszek Miller (since 2001)

GDP purchasing power parity: \$339.6 billion (2001 est.)

GDP real growth rate: 1.5% (2001 est.)

SLOVAKIA

Total area: about twice the size of New Hampshire
Population: 5.4 million (2002 est.)

Government:

unicameral 150-seat National Council of the Slovak Republic

Chief of State: President Rudolf Schuster (since 1999)

Head of Government: Prime Minister Mikulas Dzurinda (since 1998)

GDP purchasing power parity: \$62 billion (2001 est.)

GDP real growth rate: 3% (2001 est.)



SLOVENIA

Total area: slightly smaller than New Jersey
Population: 1.9 million (2002 est.)

Government:

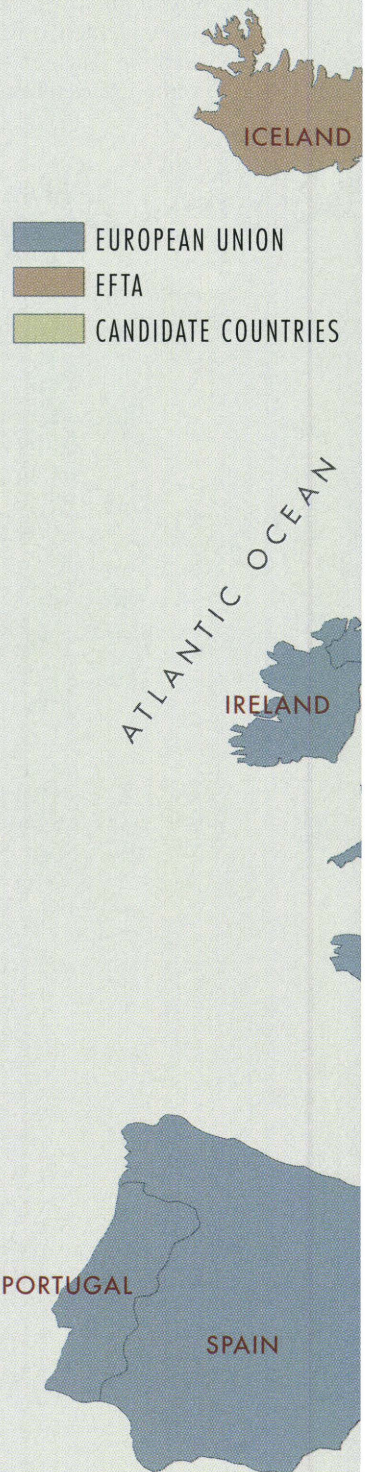
unicameral 90-seat National Assembly

Chief of State: President Milan Kucan (since 1990)

Head of Government: Prime Minister Janez Drnovsek (since 2000)

GDP purchasing power parity: \$31 billion (2001 est.)

GDP real growth rate: 4% (2001 est.)



Source: CIA Factbook



Allies or Satellites?

By Martin Walker

NATO Secretary General George Robertson (left) and Defense Secretary Donald Rumsfeld attended a NATO defense ministers meeting held in Brussels in June.

The transatlantic wrangling over Iraq underlines the

Fittingly, it was a German politician who sounded the alarm. Ruprecht Polenz, a senior member of the Bundestag's foreign affairs committee, told a conference organized by the Nixon Center think tank in Washington this April, "Many Americans see the Europeans as wimps and know-it-alls, while some Americans claim that European governments shy away from action to protect their own economic interests."

Within six months the anti-war theme struck by German Chancellor Gerhard Schröder during his election campaign, along with some spirited saber-rattling by the Bush administration, had elevated this theme of European wimps versus American warriors to bizarre extremes.

Usually serious German politicians compared President Bush to the Roman emperor Augustus or even to Adolf Hitler. The White House refused to take Chancellor Schröder's phone calls. This was not just a German-Amer-

ican spat. Senior American officials almost routinely grumble in private that from 'the evil Empire' to Bosnia, from Yasser Arafat to the Kyoto Protocol, "the Europeans have been wrong about every big international issue for the last twenty years."

This is getting silly. For better or worse, "the Europeans" have different viewpoints on international affairs. British Prime Minister Tony Blair is a staunch supporter of the Bush administration's determination to force Iraq to comply with United Nations resolutions. By playing the "soft cop" to Bush's "hard cop," Blair has successfully blurred European disquiet at America's evident readiness to go it alone. Nor is this, despite the 'special relationship' between the British and their American cousins, simply a matter of the Anglo-Saxons against the "real" Europeans.

Italy's Silvio Berlusconi and Spain's José Maria Aznar have voiced their sup-

port for the Bush administration's stand. The Dutch, Danes, and Portuguese—all led by conservative governments after recent elections—broadly support Blair. The French are prepared to go to war, but after two UN resolutions rather than one. Even the neutrals (Sweden, Austria, Ireland, and Finland) will support any policy duly backed by a UN mandate. Only the German government will not send troops to fight in Iraq, even with a UN mandate.

Principle meets practicality: the Germans probably could not send troops anyway. Over the past four years, the Schröder government has proved itself to be a worthy ally, overcoming the post-1945 self-restraints on Germany's international role. In 1999, Schröder dispatched the Luftwaffe to bomb Serbia alongside the US and British air forces, and for the first time since the Second World War deployed German combat troops to Kosovo, the Former Yugoslav Republic of Macedonia, and Afghanistan.

In September French troops teamed up with US soldiers for a joint operation to evacuate foreigners from the rebel-held Ivory Coast town of Korhogo.



democratic principles on which the alliance is based

Already Germans provide the largest contingent of European troops in the Balkans—and Europeans comprise 85 percent of the NATO forces there. Furthermore, from next January, the Germans will take over the lead role of the international peacekeeping force in Afghanistan. In the real world, beyond political rhetoric, there are no troops left for Iraq.

Moreover, in the real world of crisis, French and US troops cooperated with impressive ease and efficiency to rescue Western civilians, including American schoolchildren, from the sudden dangers of September's attempted coup in the Ivory Coast. At the same time, in response to American concerns that European defense spending is too low to keep up with US technological advances, France is boosting its defense budget by 6 percent and building a new aircraft carrier.

Rather than the angry rhetoric about "Toxic Texans," the deeper reality of

the transatlantic relationship was clear in Warsaw this September, when NATO defense ministers rallied behind Defense Secretary Donald Rumsfeld's plan for a NATO Rapid Reaction Force, capable of putting 21,000 troops into the field at thirty days notice. Having made little progress on their own plan for an EU force of 60,000 troops, supposed to be separate from NATO and thus at the core of the EU's new Common Foreign and Security Policy, the Europeans are working alongside the American ally.

Europe is likely to become more Atlanticist in the future, rather than less. The EU's candidate members from Eastern Europe, including the seven countries about to become members of the NATO alliance at the Prague summit in November, are much more supportive of their new American friends. Immediately after the Prague ceremony, Bush will wave off a Baltic battalion of peacekeepers heading to Afghanistan, and Bulgaria and Romania

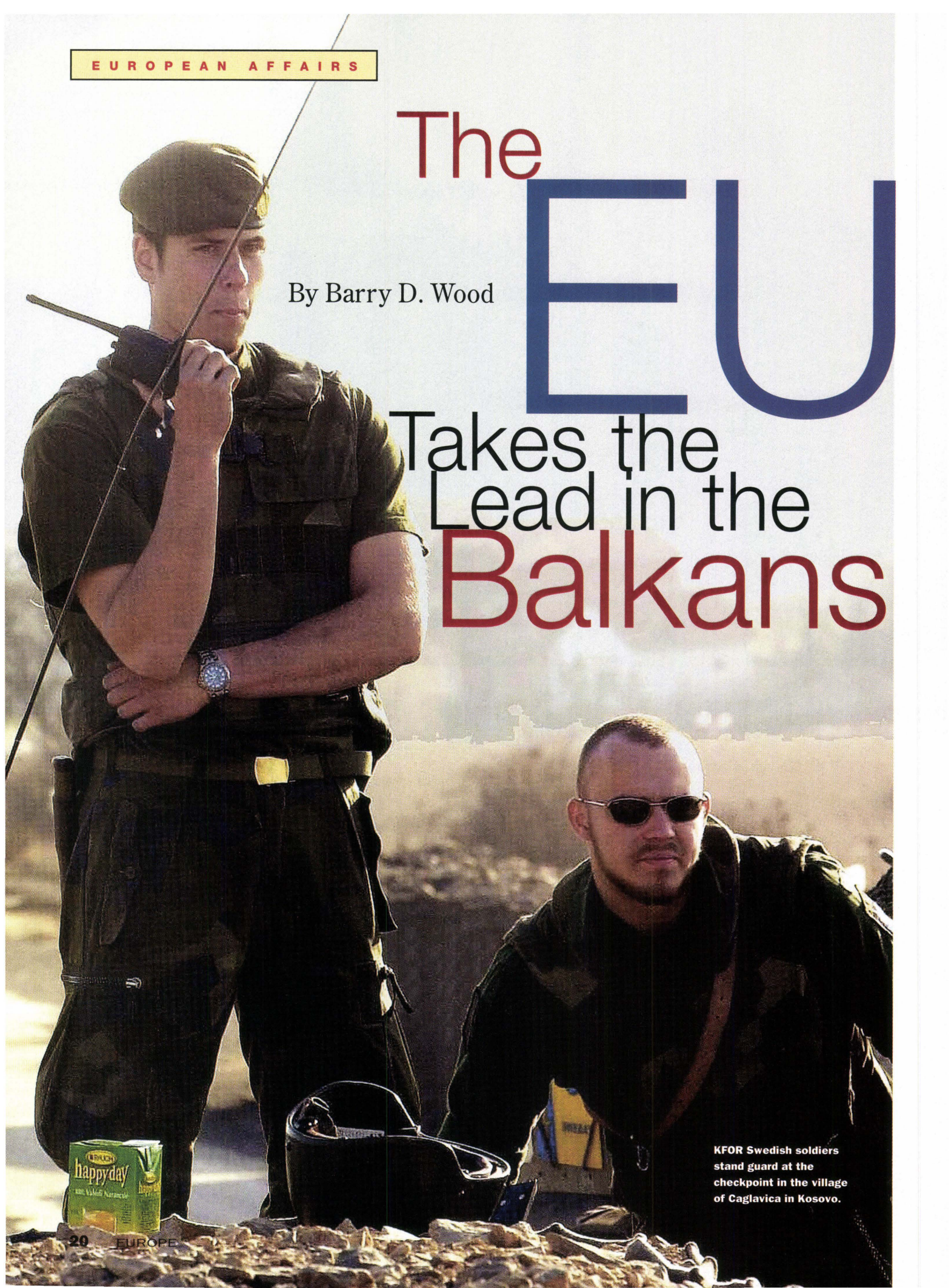
have already offered their airspace and basing facilities for an attack on Iraq.

The Atlantic alliance is in better shape than it looks, in part because of the spirited way it argues. Its members are democracies rather than monoliths, and there are plenty of patriotic Democrats prepared to question President Bush's policies, just as there are Germans who think Schröder's blunt refusal to join "an American military adventure" was no way to treat an old friend. It is a coalition of the free and the willing, an assembly of independent states who choose to act together rather than satellites like the old Warsaw Pact. And that, ironically, is its strength—so long as everyone remembers how embarrassing and noisy family quarrels can become. ☐

Martin Walker, based in Washington, DC, is a EUROPE contributing editor and the chief international correspondent for United Press International.

The EU Takes the Lead in the Balkans

By Barry D. Wood



KFOR Swedish soldiers stand guard at the checkpoint in the village of Caglavica in Kosovo.

From Sarajevo to Belgrade, from Pristina to Skopje—the European Union is becoming the major player in the southern Balkans. As approaching membership for Slovenia and Hungary pushes the EU frontier closer to the Balkans, diplomats in Washington and at the United Nations say it is only logical that power and responsibility shift increasingly toward Brussels.

Eager to showcase in the Balkans its emerging Common Foreign and Security Policy, the EU has been more than willing to take up the challenge. Javier Solana has this year made dozens of trips to Belgrade and Skopje, seeking to consolidate a peace agreement in the Former Yugoslav Republic of Macedonia (FYROM) and crafting a new arrangement intended to hold feuding Serbia and Montenegro together for another three years.

The EU was already the principal aid donor to a region that desperately wants to be part of Europe. Aware that eventual membership is a potent motivating tool, the EU through its stabilization and association agreements has leveraged effectively its aid by insisting on greater regional cooperation. Through a series of free trade agreements—economically at least—the old Yugoslav federation, plus Albania, Bulgaria, and Romania, is being stitched back together.

But seven years after the Dayton Accord and the injection of a NATO force ended the war in Bosnia-Herzegovina, is the European Union picking up a poisoned chalice in the Balkans? Is the EU getting stuck with the problems others don't want to deal with? Paddy Ashdown, the British politician who this year became the international community's high representative in Bosnia, in October told the UN that customs fraud alone costs Bosnia \$300 million a year in lost revenue. Unpaid taxes, he said, robs government of another several million dollars each month. For Ashdown the lessons of international involvement in the Balkans thus far is the overwhelming need for the rule of law. "Everything else," he says, "depends on it: a functioning economy, a free and fair political system, the developing of civil society, public confidence in police and the courts."

Corruption looms as a major problem right across the region. In-

creasingly, Italians are alarmed by the smuggling of people, drugs, cigarettes, and weapons across the Adriatic. Albania and Montenegro are seen as the principal offenders, but a huge volume of the illicit traffic is also traced to Kosovo, the disputed Serbian province where 90 percent of the population is ethnic Albanian.

The Balkans have become a kind of black hole for foreign assistance. Nine billion dollars have been pumped into the region over the past seven years. Two-thirds of that—\$6 billion—has come from the European Union. The EU has accounted for 65 percent of the more than \$2 billion that has been promised to Kosovo and nearly half of the more than \$4 billion for Bosnia and Herzegovina.

However, EU involvement goes far beyond money into new strategic and security areas. Brussels is heavily invested in nation-building in Bosnia and FYROM and is committed to the building of multi-ethnic societies in both countries. In FYROM, significant obstacles lie ahead as a new government takes office and the party of disarmed Albanian rebels becomes the junior partner in the ruling coalition. Outgoing EU envoy Alain Le Roy along with US Ambassador Lawrence Butler have been the principal players in pushing last year's peace agreement that promised greater civil and political

rights to the minority Albanians. It is in FYROM that the EU hopes to field its planned Rapid Reaction Force, which could replace the small NATO-led and largely European staffed peacekeeping force. In neighboring Kosovo where German diplomat Michael Steiner is the head of the UN mission (UNMIK), 80 percent of 36,000 NATO-led peacekeepers come from EU countries. In Bosnia, the EU at the end of this year takes over from the UN responsibility for policing. Nine thousand troops from EU countries are stationed in Bosnia.

Optimists can make the case that things have gotten better in the Balkans and that the region is no longer a poisoned chalice. There has been no open warfare in the region since NATO arrived in 1999. Milosevic is in the Hague, and democratic, market-based reform is taking hold in Serbia. The threat of civil war in FYROM seems to have been averted. Democratic elections have become the norm throughout southeastern Europe. Moreover, Bulgaria and Romania are becoming members of NATO and expect to join the European Union as early as 2007. But as regional specialists often observe, the Balkans is not a place for optimism. Furthermore, it is a place where constructive projects seldom get completed, at least so far. ☹

UN High Commissioner Paddy Ashdown has warned that customs fraud costs Bosnia \$300 million per year.

Barry D. Wood has reported from the Balkans for a decade and recently covered the elections in FYROM and Serbia.



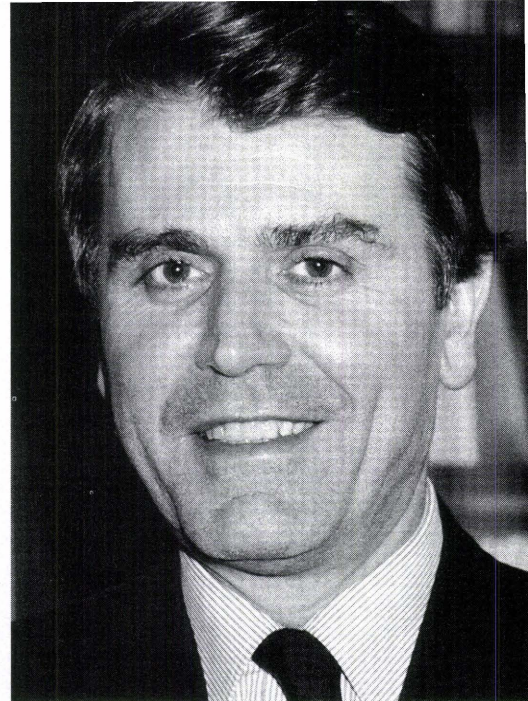
For purists safeguarding the use of the French language, “think tank” exists only in English and when placed in quotation marks. Policy/study centers do exist within several leading French universities and *grandes écoles*, but only one—IFRI—resembles those it admires most abroad—the Council on Foreign Relations in New York, the Brookings Institution in Washington, and the Royal Institute of International Affairs in London. Since founding the French Institute of International Relations in 1979, its high-profile director, Thierry de Montbrial, has diversified its activities around the globe, with support from the French government and from such US business firms as American Express, Goldman Sachs, IBM, Procter & Gamble, as well as the European Commission.

Today, IFRI operates on an annual budget of some \$4 million, roughly half provided by the French government, and with a staff of some sixty men and women, including thirty academics most of whom are affiliated with French universities. The organization sponsors a wide range of activities linked to what de Montbrial describes as the key goal: “contributing in France to a better understanding of the external environment.” IFRI’s major tools are research, publishing, consulting, and organizing extensive debate on policy issues in both public and private meetings. Recently, IFRI has launched joint study projects with think tanks in Prague, Budapest, and Warsaw, and in 1999, created the French Center on the United States, whose director, Guillaume Parmentier, has forged close working relationships with the Brookings Institution and the Center for Strategic & International Studies in Washington.

A scholar who has always been involved in helping shape French thinking on foreign policy, de Montbrial, fifty-nine, is a graduate of “France’s MIT,” the Ecole Polytechnique, and earned a doctorate in economics at the University of California at Berkeley. He was the first director of the French Foreign Ministry’s Policy Planning Staff, created in 1973, a post he held until creating IFRI six years later. He has written several books; is a regular contributor to France’s influential daily newspaper *Le Monde*, reflecting centrist, pro-transatlantic ideas, and ten years ago was elected to the prestigious French Academy of Moral Sciences and Politics.

The elegant de Montbrial, son of a central banker, recently sat down for an interview with *EUROPE* contributing editor Axel Krause at IFRI headquarters in Paris’ fifteenth arrondissement. Speaking in French, he covered EU–US relations, Iraq, the presidential style of George Bush, and the EU’s future.

EUROPE INTERVIEW



How would you describe EU–US relations today?

Sharing common values of civilization has never been stronger. But we do have two major problems. One, which has been with us since the postwar era, involves different decision-making processes, symbolized by [Henry] Kissinger’s famous quip about not being able to find Europe’s phone number. This has created great misunderstanding, particularly on the American side, and the difficulties involved are not easily resolved. Thus, even if you were to assume that the EU’s decision-making process in foreign policy is unified, it wouldn’t mean being in agreement with the US—far from it. We have our internal problems and bear a share of responsibility for the current state of our relations. There is also responsibility on the American side...I’m not at all sure the US wants to see a Europe really unified, unless the positions are systematically aligned.

The second problem?

There is fundamental incomprehension regarding the manner in which [President George W.] Bush approaches ‘the war against terrorism’, which is basically a slogan, not a concept. Some recall the [transatlantic] misunderstandings in the early years of [former President Ronald] Reagan’s administration, but there is an important difference—Reagan was a nice guy, with a *sympathique* style, whereas Bush is considered fundamentally disagreeable, *antipathique*, with an abrupt manner of speaking that contributes to our current misunderstandings. And these go back to our disagreements over, for

Thierry de Montbrial

French think tank founder discusses the future of enlargement, EU–US relations, and the situation in the Middle East

example, global environment and the creation of the International Criminal Court (ICC), which I believe might have been accommodated by more attentive language and form.

One has the impression, particularly regarding Iraq, that France and Germany are on the same wavelength, in contrast to Britain, which remains strongly pro-US, backed by Spain and Italy.

True, Britain is a special case, while the positions of Spain and Italy are much more tactical. Britain's current, fundamental attitudes are more-of-the-same, going back to the Second World War, even if, progressively, Great Britain has Europeanized itself, including with [Prime Minister Tony] Blair. That being said, public opinion in questioning [the Bush administration's approach to Iraq] in Britain and Continental Europe are increasingly close.

Do you see the misunderstandings, the gaps between Washington and EU member states growing or being resolved?

We need to make a distinction between the traditional problems, such as trade disputes, which have dominated transatlantic relations. Like steel and the missile-related issues of the 1980s, they are still with us, posing the same questions, like "are we drifting apart?" But, on the other hand, to reply to your question, we also have the very important question of style and the manner in which our relations are conducted. More concretely, a lot will depend on what happens with regard to Iraq. Meantime, however, the unilateralist approach of the US we hear so much about is a reality of *rapport des forces*, reinforced since the fall of the Soviet Union. Coming back to the question of style, we do not like Bush's style.

European Commissioner for External Relations Chris Patten said in a recent speech in Chicago that "the EU and the US really do constitute an indispensable partnership." Do you see this relationship as indispensable now and for the foreseeable future?

Without any hesitation my answer is yes—for both us and the Americans. If there were a break in relations now, at this stage of European construction, it would be a disaster, with the EU probably unable to maintain itself. We need each other. But we also need to know

what we mean by partnership. It will not work if we are constantly criticized as anti-American whenever we disagree with a US president. A lot, a great deal, will depend on the outcome of events in Iraq.

With the possibility of a war looming, and in the broader context of the entire Middle East, why do you think the EU and the US have such different views?

First, it seems to us that pro-Israel sentiment and more recently, pro-Sharon support in the US, is massive. This refers not only to the Jewish lobby but the support of conservative, fundamentalist Christian groups, whose roles are totally different compared to Europe. Secondly, we Europeans, with Britain significantly included, for historical reasons, have a better, deep, gut, instinctive understanding of the Arab world. This extends to Arafat and the Palestinians...and stems also from our colonialist past in the region, going back to World War I. The Middle East is our backyard, not America's. A bit like Mexico with regard to the US. And we do have some 5 million Muslims in France, who must be taken into account. At the same time, while having differences regarding the Middle East, we can be united in the fight against terrorism.

What advice would you give Valéry Giscard d'Estaing and his convention on the future of Europe?

It is difficult imagining giving Giscard advice! But, clearly, the success of the convention is a matter of survival for Europe. And yet, we should note that acceleration of EU enlargement was done in an unreasonable manner. Because the [EU] institutions were not, and are not, ready. But for him to succeed, he will be obliged to find compromises...between, for example, the British, French, and somewhat-ambiguous German positions, partly because of their attachment to the European Commission. Thus, it is important that the final text be, above all, simple and concise. And it should relate to efficiency and what is politically legitimate.

How might Giscard relate this to the functioning of the Commission, the Council, and the Parliament?

Several formulas are possible, but to

come to an agreement, it will be necessary [for the convention] to establish a basic balance between these three traditional pillars of the EU. The Commission should remain strong because that was the starting point...an institution with a propositional role, but there must also be an intergovernmental pillar, equally strong, and a parliament, also strong. But again, my emphasis here is on simplicity. When he started out, Giscard was fascinated by Philadelphia [the United State's 1787 Constitutional Convention] and the US Constitution that emerged. I also would hope that this could set the example, with amendments coming later.

How would French President Jacques Chirac's proposal for a full-time president, chosen by the European Council, fit in here?

Clearly, if the proposed EU president were elected by the Council as part of the intergovernmental decision-making process, it risks lacking legitimacy. Inversely, one can't imagine an EU president elected on the basis of universal suffrage because there isn't enough homogeneity among the people of Europe. This leads to supporting the idea of maintaining the propositional role of the Commission, with the Council maintaining its decision-making role. The presidents of both bodies should be strong, with distinct, reinforced roles that should be complementary.

How will the enlargement of the EU with ten new countries in 2004 change the way it functions?

Here, we are again facing the issue of the legitimacy of EU construction with regard to populations in individual countries. There are, of course, difficulties in candidate countries, linked to the deficit of [political] legitimacy, involving, for example, transfers of sovereignty and the tensions over access to the Common Agricultural Policy. And some destabilization is inevitable. Yet, these countries have no choice. If some finally decide not to enter the EU, perhaps through a referendum, and this could occur, it would create new problems for them. Already, the EU at fifteen functions badly. This is why the success of Giscard's convention is absolutely crucial. The two operations—the convention and enlargement—cannot be separated. ☹

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EUROPE Update

DECEMBER / JANUARY 2002 - 03

VOLUME X / NUMBER 11

WHAT THEY SAID...

“Making a success of EU enlargement is the historic task faced by our generation.”

—*Romano Prodi, European Commission president*

“The political model of a twenty-first century Europe can only be a model of a uniting Europe emerging with the enlargement of the European Union and its institutional restructuring.”

—*Milan Kucan, president of Slovenia*

“The European Union will be generous to the new member states. It is right that we should be, given our own interest in their stability and prosperity.”

—*Tony Blair, UK prime minister*

“It is perfectly clear that on the day when Estonia’s accession agreement enters into force, the sun will still continue to rise in the East and people will begin their day with daily joys and sorrows.

For the state of Estonia, however, this day will put an end to a multitude of problems, and hopefully for a very long time.”

—*Siim Kallas, prime minister of Estonia*

“I think they realize we have a limited opportunity as we move forward, that there is a unique time in the possibility of getting a united Cyprus into the European Union.”

—*Kofi Annan, United Nations secretary general*

“During my tenure, Turkey will maintain its focus on both its strategic partnership with the United States and its candidacy for EU membership.”

—*Abdullah Gul, prime minister of Turkey*

“This is a crucially important decision. This round of enlargement will maintain NATO’s strength and vitality.”

—*George Robertson, NATO secretary general, discussing the formal invitation to Estonia, Latvia, Lithuania, Slovenia, Slovakia, Bulgaria,*

and Romania to be admitted into NATO in 2004 after being formally approved by all nineteen current members in Prague in November.

“There should be no doubt who should govern Austria and who will govern Austria.”

—*Wolfgang Schüssel, chancellor of Austria, discussing the clear victory of his center-right People’s Party in national elections held in November.*

“The convention needs to produce a big idea...that will generate citizen involvement with Europe on a hitherto unprecedented scale. Such an idea is needed to generate genuine European patriotism...a patriotism without which the project will degenerate into a mere business arrangement.”

—*John Bruton, former prime minister of Ireland and now a member of the Presidium of the Convention on the Future of Europe*

“We are accustomed to the smell now, but we have to have our windows shut at all

times. You are eating and your food suddenly tastes of petrol.”

—*Spanish fisherman in Santiago de Compostela on the huge oil spill from the oil tanker Prestige*

“I’m sure the European Union will want it as a member, won’t they?”

—*Enzo Boschi, head of Italy’s Geophysics and Volcanology Institute, referring to a submerged volcanic island near Sicily that scientists predict might soon reemerge. It last breached the surface in 1831, setting off an international spat as Italy, Spain, and Sicily all rushed to claim sovereignty. The dispute was settled six months later when it sank.*



Correspondents

*Bruce Barnard reporting from London
Susan J. Burdin reporting from Washington DC*

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COMMENTARY

Time for a Single EU Voice in the IMF, World Bank

By 2004 the European Union will have expanded its membership from fifteen to twenty-five countries and will represent some 450 million people. The twin task of continuing integration and accommodating ten new members (mostly from Eastern Europe) is without precedent in postwar European history. At the same time, the world expects the EU also to play a greater role in foreign policy. In the United Nations, the mechanisms for coordination of EU member governments are well developed. But the Bretton Woods institutions with their vast financial resources and their decisions affecting millions of people around the globe have not yet been made an instrument of foreign policy for the EU, as the US has done from the outset.

While a certain pragmatic cooperation among EU member states already exists within the International Monetary Fund, a similar cooperation within the World Bank is still in its infant stage. This is surprising since the EU with its communitarian and bilateral development assistance is the largest donor worldwide. But creating a suitable structure for increased EU coordination is more difficult than in the UN since the principle of "one country, one vote" does not apply to the Bretton Woods institutions. Here, its 184 countries—all of which have different voting powers—are represented in twenty-four constituencies. They have grown historically and are thus very heterogeneous.

Like in real life, some states are "more equal" than others. Thus the "big five"—US, Japan, Germany, UK, and France—have their own executive directors. The other EU members are in mixed groupings, of which the Scandinavian and the Italian-led are fairly homogeneous. But Spain and Ireland are part of Western Hemisphere con-

stituencies. Conversely, those chaired by Belgium and the Netherlands—while they have a number of present and future EU members in their ranks—also have non-EU countries, such as Belarus, Kazakhstan, Ukraine, Georgia, Armenia, and Israel. Poland as a future EU member is in a Swiss-led constituency.

Thus, the basic structure to create an "EU family" is simply not there at present. Although voting is rare in these institutions, which traditionally operate on a consensus basis, it goes without saying that the political weight of the EU (with twenty-five member states) would be substantially enhanced if there were some pooling of resources. If one simply added up the individual voting powers, the aggregate would amount to some 32 percent at the IMF and nearly 28 percent at the World Bank. The US as the single largest "shareholder" has some 17 percent at the IMF and about 16.5 percent at the World Bank.

There are basically two options to create such an EU family. The cleanest one—which appears utopian for the time being—would be to have one single constituency with one executive director. But the articles of agreement are based on the notion of nation states and not of regional entities (which did not exist at the time when these institutions were founded). Therefore, an understanding among all members would have to be reached to accommodate such an approach. In such a realignment, the voting power of the EU would probably have to be adjusted downwards, this also in consideration of its intratrade. At present and for a long time to come, this option is unrealistic.

A middle way would be for the EU countries to reduce their constituencies by some chairs which would then be given to other continents, especially Africa and Asia who feel underrepresented, whereas the EU is generally

considered overrepresented in terms of chairs. Such a realignment would create a lot of goodwill for the EU and foster a general understanding among all members, especially if it were accompanied by a general quota increase to further enhance the resources of the IMF. But it would encroach on strong vested interests of those EU members who might lose their chairs or—in case of single constituencies—would have to take up other EU members. It is questionable whether the time is already ripe for this.

This then would leave the EU with another option as a starter, in the hope that this would pave the way for further changes as indicated above. It would mean to maintain the status quo in terms of chairs. But the mixed constituencies would generally only consist of present and future EU members. As a result of this regrouping, some EU members would have to leave their traditional constituencies while others (not members of the EU) would have to look for a new home. Yet even for that option there is no communality of interests.

The EU's "big three" (Germany, UK, France) and Italy are quite content with the present situation as they are at the same time also members of the influential G7. This "trade union" groups the world's major industrial countries. While not being part of the IMF and World Bank, it exerts great influence on them. Conversely, the "smaller" EU countries with truly "mixed" constituencies (like Belgium and the Netherlands) feel more independent and powerful under the present scheme. As they represent both creditors and debtors, it allows them and may even force them to play a mediating role. In case of a realignment, they fear domination by the "big countries."

Cutting this Gordian knot would require a clear political decision at the highest EU level with the objective to make the Bretton Woods in-

stitutions finally a part of their own foreign policy. A "window of opportunity" opens up in the fall of 2004 when the executive directors and their alternates of the mixed constituencies are routinely appointed. By that time also the ten EU candidates would be members of the enlarged EU. In the interim, the EU would not only have sufficient time to agree on such reforms internally, it could also use this period to seek general support of all the other members.

With such a streamlined structure, the EU would finally have the basis to increasingly speak with one voice. The necessary coordination in Washington—with the participation of the EU Commission's representatives—would require that instructions from capitals are sufficiently flexible to allow for effective EU interventions as the lowest common denominator would clearly be retrogression. Once such coordination mechanisms are in place, the (overworked) executive directors would have more time to develop joint EU strategies and concepts.

In conclusion, such a reform requires vision, determination, and stamina. A continuation of "muddling through" would be the wrong answer given the eminent importance of the IMF and World Bank. The EU now has two years to carefully prepare the ground for change and use the momentum of its enlargement. A better pooling of its resources would not only be in the best interest of the European Union but also serve the Bretton Woods institutions and their clients at large.

Fritz Fischer has been executive director at the World Bank Group (1991–1996) and also served as executive secretary of the Joint Bank/Fund Development Committee (1984–1987).

BUSINESS BRIEFS

Foreign investors are stepping up their spending in Eastern Europe as the region prepares for entry into the EU in 2004 with car companies setting the pace as they seek a low-cost base to export to the wealthier markets in the West.

PSA Peugeot Citroën, the French auto group, has decided to build a \$700 million 300,000 cars-a-year plant in Eastern Europe and will make the final choice between the Czech Republic, Poland, Hungary, and Slovakia in early 2003. The move follows the announcement earlier this year that it will build a new \$1.5 billion plant jointly with **Volkswagen** in the Czech Republic.

"Central Europe offers lots of advantages in terms of skilled people and cost of labor," Peugeot said. The **European Bank for Reconstruction and Development**, the region's multilateral bank, said the company's latest investment "is a harbinger of things to come."

Peugeot, which has doubled its market share in Central Europe to 12 percent in the past five years, said the new plant will help it overcome capacity limits at its nine factories in France, Spain, Portugal, and the United Kingdom.

So far plants built in Eastern Europe have been in addition to existing facilities in the EU. But Volkswagen is cutting jobs in Spain because of alleged union inflexibility and has shifted part of production of the Polo model to Slovakia.

The EU's eastern enlargement has helped the region to weather the global turnaround in foreign direct investment. Last year Central and Eastern Europe [including Russia] was the only region that saw an increase in inflows, albeit of only 2 percent to \$27.2 billion.

•••

The UK, by contrast, has suffered a steep slump in foreign direct investment following a collapse in international cross-border mergers and ac-

quisitions that threatens its position as Europe's most attractive investment location.

Foreign investment in the UK is expected to fall from \$54 billion in 2001 to just \$12 billion in 2002, the biggest drop among all industrialized nations, according to United Nations Conference on Trade and Development (**UNCTAD**).

The forecast of a slump in foreign investment has revived fears that the UK finally is paying the price for remaining outside the euro zone. "Foreign investors have repeatedly told us that staying out of the euro zone would make us less attractive for inward investment. These figures suggest that these warnings may be coming true," said Simon Buckby, a director of **Britain in Europe**, a pro-euro campaign group.

Euro zone countries are enjoying an foreign investment bonanza led by France,

which is expected to book a \$45 billion inflow this year, while Germany will attract \$43 billion. "It may be that companies are choosing to invest more in Continental Europe in order to be inside the euro currency bloc in the long run," according to an UNCTAD statement, though it is too early to say whether a trend has begun.

As a result of a clutch of big cross-border mergers and acquisitions this year, Germany and France are expected to match the US in foreign investment flows for the first time in thirty years.

•••

ABB, Europe's second-largest engineering group, is fighting for survival after a profits warning collapsed its share price by two-thirds, slashed the price of its bonds, and sparked fears it might fail to refinance \$3.7 billion of debt due for repayment over the next twelve months.

Zurich-based **ABB**, whose problems were triggered by mounting asbestos liabilities in the US, is mulling up to 40,000 layoffs from its 150,000 employees in Europe, the US, and Asia and sizeable asset disposals aimed at saving \$800 million a year and regaining investors' confidence.

The restructuring will reduce the Swiss-Swedish company to a shadow of the sprawling global conglomerate created by Percy Barnevik, once a European business icon who was forced to resign last November after a scandal over his compensation.

ABB, whose market value crashed from \$40 billion in February 2000 to less than \$2 billion last October, is looking for buyers for several divisions, including oil, gas, and petrochemicals and building products and financial services.

—Bruce Barnard

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The golden-domed St. Alexander Nevski Cathedral, a Bulgarian Orthodox Church constructed from 1904-1912, is Sofia's most famous landmark.



Bulgaria has accelerated the pace of reform since Simeon Saxe-Coburg, the former King Simeon II, became prime minister in July 2001. His background in finance has boosted the government's credibility with Western institutions and given foreign investors confidence that the legal and bureaucratic obstacles they have to contend with will at last be removed.

Saxe-Coburg's chief policymakers are two US-trained Bulgarians in their thirties who returned from London to serve in his coalition government. Milen Velchev, a former vice president at Merrill Lynch, and Nikolai Vassilev, formerly a capital markets analyst with investment bank Lazard Frères, serve respectively as finance minister and economy minister.

Bulgaria successfully launched its

first Eurobond issue last year and agreed on a \$300 million, two-year loan from the International Monetary Fund. Standard & Poor, the international rating agency, recently upgraded Bulgaria's credit rating for the second time in less than a year. In spite of the recession in Western Europe, the country's main export market, Bulgaria's economy is set to grow this year by around 4.2 percent, marking the third straight year of growth exceeding 4 percent.

While Bulgaria—like Romania, its neighbor across the river Danube—will not join the European Union in the first round of enlargement in 2004, it expects to enter in 2007. The government has already closed twenty-two out of thirty chapters in the EU negotiations to pull further ahead of Romania.

A crackdown is underway on corruption, seen as one of the main deterrents

place to do business.

However, Velchev admits he faces an uphill task. Last year Bulgaria attracted only \$640 million worth of inward investment, compared to more than \$2 billion for Hungary. The Balkan region is farther away from EU markets than Central Europe and has still to recover from the impact of a decade of war in Yugoslavia. Many young people, especially those with information technology skills, have emigrated in search of well-paid jobs in northern Europe or the United States.

The government's willingness to adopt tough reforms, including sizeable hikes in electricity prices, as part of an overhaul of the energy sector, have sent its approval rating plunging. Bulgarian salaries are meager, averaging about \$120 a month, and life is especially hard for pensioners, who comprise more

corruption highlight country's changes

During his September visit to Washington, DC, Bulgarian President Georgi Parvanov met with Secretary of State Colin Powell and other US officials.



to international investors as well as a possible hurdle to EU accession. It has hired Crown Agents, the United Kingdom's customs consultancy arm, to overhaul Bulgaria's customs service, considered a hotbed of corrupt practices, and to work closely with local officials on seizing contraband and making arrests.


Privatization has also moved up the agenda. In July, Biochim Bank, the country's fourth-biggest, was sold to Bank Austria, while the sales of a majority stake in Bulgarian Telecoms Company, the fixed-line operator, and BulgarTabak, the tobacco monopoly, are due for completion this year. These big privatizations are seen as a test of the government's success in reversing the image of Bulgaria as a difficult

than 20 percent of the population.

Last November, Bulgarians signaled their dissatisfaction by electing Georgi Parvanov, a former communist who heads the Socialist Party, to the figurehead post of president. In spite of his background, Parvanov backs the government's market reforms—though he calls for increased welfare spending—and

also supports Bulgaria's ambitions to join NATO and the European Union.

However, the economy is showing signs of change. Unemployment, which reached 19 percent of the workforce last year, has started to decline, with more than 60,000 new jobs created this year. International bookings picked up this season at Bulgaria's newly refurbished Black Sea resorts, which are becoming increasingly popular with tourists from the United Kingdom and Germany.

Banks are extending more loans to small businesses, and more than 15 percent of the population has a mobile phone—an important professional tool for owners of small and medium-size enterprises, which are expected to drive future growth. 

Bulgaria's former king Simeon Saxe-Coburg was elected prime minister in June 2001. (Inset, from left to right) The Bulgarian royal family in 1943: King Boris II, Prince Simeon, Princess Marie Louise, and Queen Giovanna.



Once a King, Now

Simeon Saxe-Coburg, prime minister of Bulgaria, admits to being the least experienced political leader in the volatile Balkan region. He was swept into power in June 2001 at the head of a brand new center-right political movement by voters frustrated by a decade of painful economic transition that left one in five workers without a job and brought relatively little foreign investment.

The coalition government Saxe-Coburg formed in partnership with a small party representing Bulgaria's ethnic Turkish minority has a big task: to pull the country out of poverty and relative isolation and ensure its entry into the European Union.

Though Saxe-Coburg has no back-

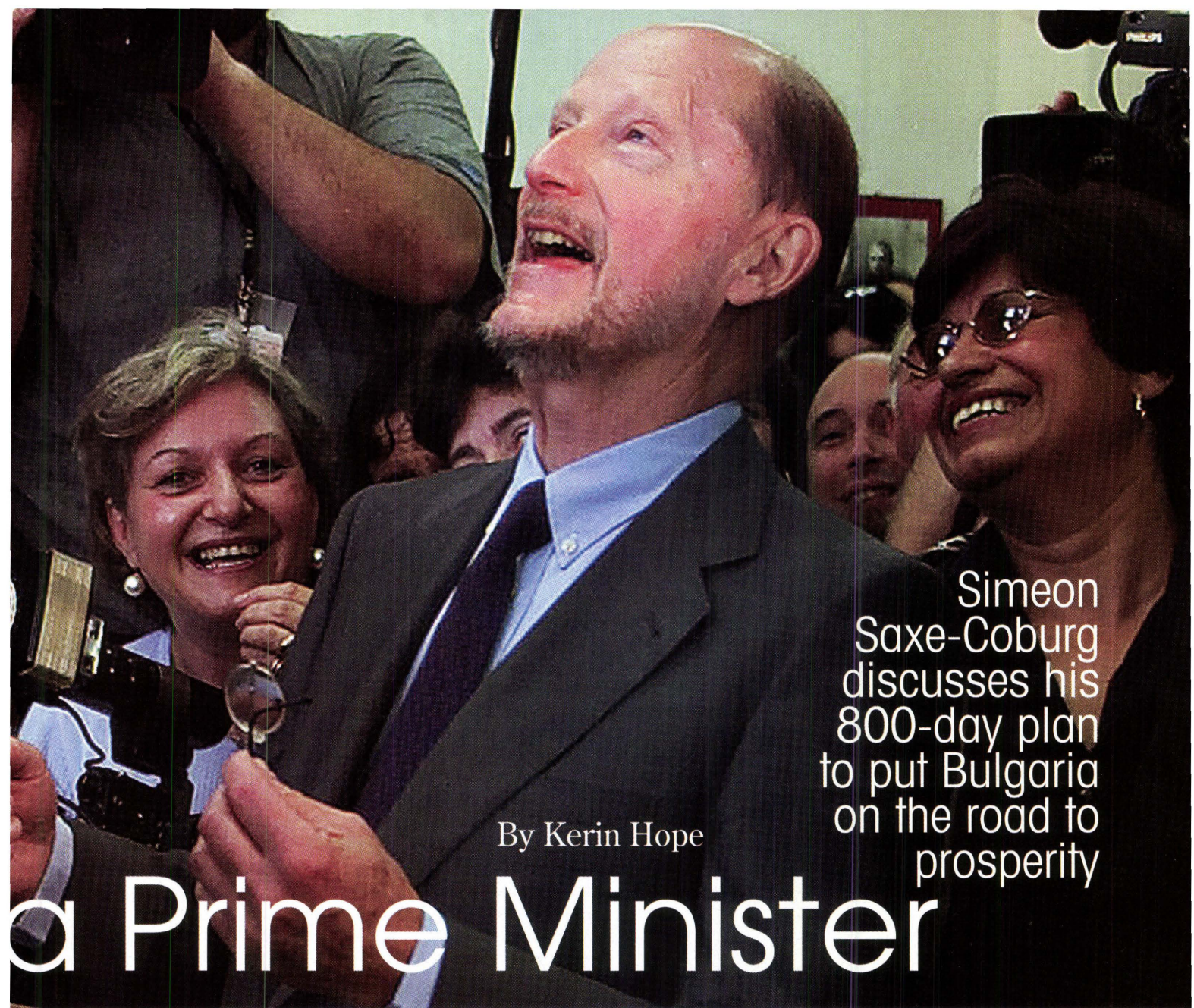
ground in politics, he brings other qualities to the job. The former King Simeon II—he was deposed by the communist regime at the age of nine and bundled onto a train heading from Sofia to Istanbul, together with his mother and aunt—is a successful self-made businessman. Following a career in Spain as an international financial consultant, with members of the royal families of Jordan and Saudi Arabia among his clients, he made numerous visits to Bulgaria after the demise of communism before deciding last year to run for office.

Saxe-Coburg says joining the European Union is his government's priority. While Bulgaria will not be included in the first round of enlargement in 2004, it is expected to achieve accession by 2007, according to European Commission officials.

"Providing we do our homework and work in a rational way, paying attention to the details, we'll arrive," Saxe-Coburg says. "We're not inclined to set deadlines—it depends on the Commission. But I'd be concerned if the delay in accepting us were too long. People are prepared to accept certain hardships and sacrifices but within a definite time span."

He adds, "My worry is that once the Union accepts five, six, or however many new countries it will take time for the changes to be digested. My own personal view is that the countries that aren't included this time should be given a very specific date—the year, the month, even the day—when they could join."

But Bulgaria must also look eastward, he adds. "We cannot ignore our



Simeon Saxe-Coburg discusses his 800-day plan to put Bulgaria on the road to prosperity

By Kerin Hope

a Prime Minister

geography and history.” Improving relations with regional neighbors Romania and Ukraine, and rebuilding the relationship with Russia—a delicate task because of Bulgaria’s extremely close ties under communism with the former Soviet Union—are also a priority.

“Our later attitude of suddenly turning our back to Russia hasn’t brought real results,” he said. “We have interests in this region, and we have to work out exactly what they are and what can be done,” he said.

One practical achievement Saxe-Coburg can point to is a deal struck in April with Greece and Russia to launch a much-delayed project to build a \$787-million pipeline that would carry Russian oil from Bulgaria’s Black Sea port of Burgas to Alexandroupolis on the northern Aegean.

At home, Saxe-Coburg has given himself 800 days to turn around Bulgaria’s economy, a deadline that he says represents “a normal business assessment.”

“If a company isn’t working, it takes one year to assess the situation and another to straighten things out. But by the third year, your shareholders should get some dividends,” he said. “But it’s not a static thing; we have to keep doing the work and producing results.”

He is well aware of the high hopes Bulgarians have invested in their former king and his international connections. “People’s expectations are not very close to reality. They’re very impatient,” he said. “Instead of saying let’s work hard for the next five years, they expect Simeon to fix things—or the

Americans or the Germans. But that’s not a healthy attitude. The work has still to be done.”

The obstacles to investing in Bulgaria cited by foreigners—an unwieldy bureaucracy, slow-moving legal procedures, and endemic corruption—will take time to overcome, he said.

“Corruption is a major concern; it’s offensive to be singled out as a corrupt nation,” he said. “But investigation is a slow cumbersome process, and so far there have been no spectacular arrests. But we’re working relentlessly, and sooner or later some people who think they’re above the rule of law will learn to respect it. These cases have to be well established in legal terms before they come to court, but we are determined to create a good business environment.” **E**



Ah

By Ester Laushway

Spa Hot & healthy vacations in Europe

My personal stress level can be measured by the number of long, hot baths I take: some days, only the fear of being permanently prune-skinned gets me out of the tub at all. I am not alone in finding warm water soothing. Hot springs have been relaxing muscle and mind, pampering body and soul ever since Roman centuries stripped off their armor at the end of the day and gratefully soaked their battle-weary bones in the healing waters of the hundreds of hot springs found all over Europe.

That was more than twenty-six centuries ago. Since then, there has been some ebb and flow in the popularity of thermal baths. Europe's monarchs always enjoyed "taking the waters" down through the centuries, and once their numbers dwindled, the wealthy soon took up where they left off. But in the jet-setting, adventurous last decades of the twentieth century, when the whole world came within easy reach, vacationers tended to spend their money and free time on more exotic and flashier fun than just quietly floating around a warm pool.

Now that the global tensions of this new millennium have people's nerves twanging like taut guitar strings, the

womb-like security of a warm water dip has never seemed more comforting, and spas are proliferating like mushrooms after rain. Those that were in a genteel state of decline are being refurbished and equipped with the latest treatments, and new ones are popping up wherever mineral-rich water, gas, or mud have worked their way from the Earth's molten depths to the surface.

The United Kingdom is one of the few locations in Europe with just one set of hot springs—in the aptly named city of Bath, a once famous (and infamous) watering-hole, discovered by the Romans, and enjoyed to the limit in the eighteenth century, when a contemporary writer was outraged by the total lack of modesty in the bathhouses. He shuddered at the spectacle of "people of both sexes bathing

by day and night naked." The baths were closed in 1978, not out of moral grounds but because of water pollution problems.

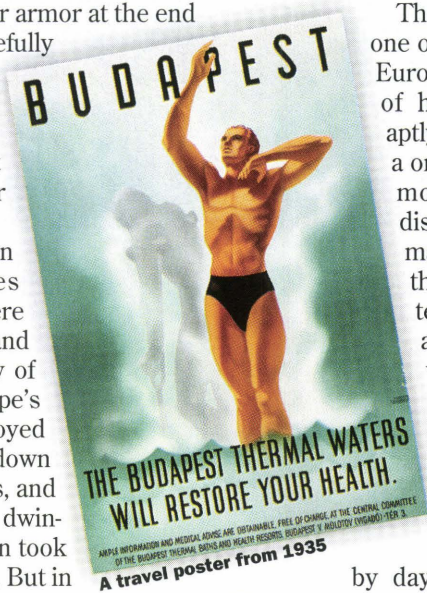
Chosen by the government as a Millennium Project in 1997, the new Bath Spa, designed as "a symphony in glass, stone, and water" is scheduled to open in February 2003. Its three thermal springs are believed to be heaven-sent: rainwater that has taken about 10,000

years to sink to a depth of 1.25 miles, is heated to ninety-five degrees Fahrenheit by hot rocks inside the Earth's crust before it resurfaces through a fault line underneath the city.

You can be sure that with an architectural undertaking as expensive as this one, the water is now crystalline and free from health risks. The 265,000 gallons that bubble up out of the ground every day will feed the restored historic bathhouses as well as the futuristic new showpiece of Bath: a stone cube in a translucent glass shell, with all the bells and whistles any water baby could ever want, including a rooftop thermal pool, and several indoor ones, whirlpools, neck-massage jets, air-beds, and four all-glass, circular steam-rooms with overhead water mist.

Bath is one of a dozen spas belonging to the "Royal Spas of Europe," an association that promotes historic resorts where the aristocracy regularly came to frolic. It includes destinations as far north as Finland and Sweden and as far south as Spain and Greece.

In Germany, several spas carry the "Royal" label, including the glamorous health resort/casino of Baden-Baden in the Black Forest. It was the summer residence of the German emperor Wilhelm II for nearly forty years and lies at the fountainhead of one of Germany's hottest springs (154°F). There is no record of the Prussian ruler ever coming mustache-to-mustache with Mark Twain in the neo-Renaissance splendor of the Friedrichsbad bathing hall, but they were certainly both there in the



late nineteenth century. Although Twain grumbled mightily about the opulent bathhouse, with its cupola and pillars, where he said “you lose track of time in ten minutes and track of the world in twenty,” he did admit that it cured his nagging twinges of rheumatism. Perhaps what disturbed him most is that there are no clothes, not even a bathing suit, allowed inside the Friedrichsbad, and that on most days, the bathing is mixed—enough to make any man lose track of the outside world!

Bad Ischl, the oldest saltwater spa in Austria also has an emperor—Franz Joseph I—to thank for its transformation from a remote little mountain village to a “Royal” resort. Between 1848 and 1914, the Austrian emperor spent nearly seventy summers taking his cures in Bad Ischl, where he could choose between a spring with 27 percent salt content, a sodium-chloride-sulphate-sulfur spring, and thermal mud: all good for orthopedic ailments, respiratory diseases, and circulation disorders.

Nowadays, a bewildering array of modern treatments has been added to the traditional saltwater cures of Bad Ischl. In winter, the surrounding mountains provide some spectacular scenery and challenging ski runs for those who want a break from the tense business of having to choose between brine, sea salt, mineral, aroma flower, and sulfur baths.

Franz Joseph I was king of Hungary as well and, when in Budapest, could

pick from about fifty bathhouses. As the only city in the world with more than 100 thermal springs, Budapest was first spotted by the Romans, who were firm believers that cleanliness is next to godliness. They revered hot springs as sacred because of their healing powers and built bath complexes all over the empire.

The most sumptuous baths still in operation in Budapest today were built in the sixteenth and seventeenth century, when the city was ruled by the Turks, who were almost as fanatic about bathing as the Romans. Among the most beautiful is the Király Bath. The 88°F mineral spring that feeds it is loaded with calcium, magnesium, and hydrogen-carbonate, considered particularly effective for treating spine problems, arthritis, and fractures.

“Mud, glorious mud” does not just spell bliss for a hippopotamus. In the Slovenian town of Cheb, right by the German border, mineral mud, along with natural healing gas and carbonated mineral water gushing from twenty-one springs, attracted another Austrian emperor, Franz I. The Romans had been there first, of course, but the spa gained its “Royal” reputation because of the emperor and his court and was named Franzensbad in his honor in 1807. The eight nineteenth-century treatment buildings, set in a huge park with fountains, have stood the test of time, and people still wallow with great

enthusiasm in the miraculous mud, which is said to rejuvenate the skin.

Close to the Spanish town of Murcia, near the Mediterranean coast, the Archena Royal Spa has plenty of warm mud on offer, too, used in treating a variety of ear, nose, and throat problems. It is mixed and used in conjunction with the 125°F springs rich in calcium, sodium chloride, and sulfur, which originally (you guessed it) brought the Romans running. Today, the hot-springs complex is a large, modern health center, with an open-air thermal swimming pool and three hotels with direct access to the medicinal facilities.

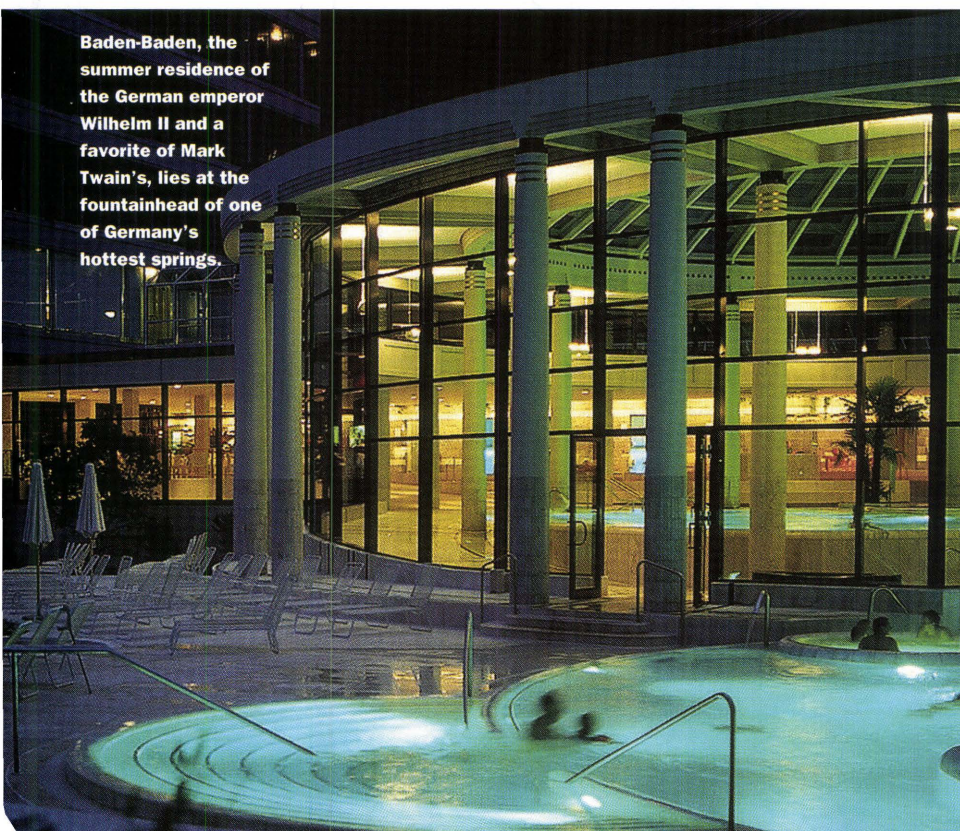
The mud-plus-water combo has also built the reputation of the Euganean Spa area in the Veneto region of Italy, not far from Verona and Venice. The therapeutic and relaxing properties of its springs, which travel through volcanic subsoil and emerge at 188°F, were discovered several centuries before the Romans. Since then, the four spa towns of the area (Abano, Montegrotto, Galzignano, and Battaglia) have built up a large enough clientele to fill 170 hotels, each one with a toasty warm mineral water pool and its own program of health and beauty treatments.

Having spent an afternoon at Abano, I would like to pass on a few words of advice. Getting into hot water is easy, but staying in too long can be downright dangerous. Once you start panting and sweating in the swimming pool when you’re just treading water, it is time to get out and cool off.

When choosing treatments, it is also helpful to know a bit of spa-speak. “Fango” is not some Latin dance craze but the fashionable word for mud. It is always produced and aged for about a year with the spa’s own thermal water, so that health-giving minerals can penetrate it and it can develop its own special algae. The reward for letting yourself be covered in it, until you look like a mud wrestler on a clumsy day, is the massage that follows. Here again, the vocabulary can be misleading. “Shiatsu” has nothing to do with miniature, yappy dogs: it is an energetic Japanese massage technique that works on vital pressure points in the body.

The spas mentioned above all belong to the Royal Spa chain, but there are hundreds more, in practically every European country. Bulgaria alone has more than 500 hot springs along its

Baden-Baden, the summer residence of the German emperor Wilhelm II and a favorite of Mark Twain's, lies at the fountainhead of one of Germany's hottest springs.



coast; Sardinia and Stockholm both have Japanese bathhouses; Finland and Italy have island spas: Naantali, located in the Baltic Sea near Turku, has Europe's only spa cruise-ship anchored near the springs, and the volcanic island of Vulcano, near Sicily, features particularly smelly mud baths that can be rinsed off in the natural saltwater Jacuzzis formed by underwater hot springs emptying into the sea.

France deserves a special mention for its long tradition of pampering the body with therapeutic soaks in mineral springs. Just look at a map of France and note how many places are called something-les-Bains. Those are all spa towns, and there are others without "the baths" attached.

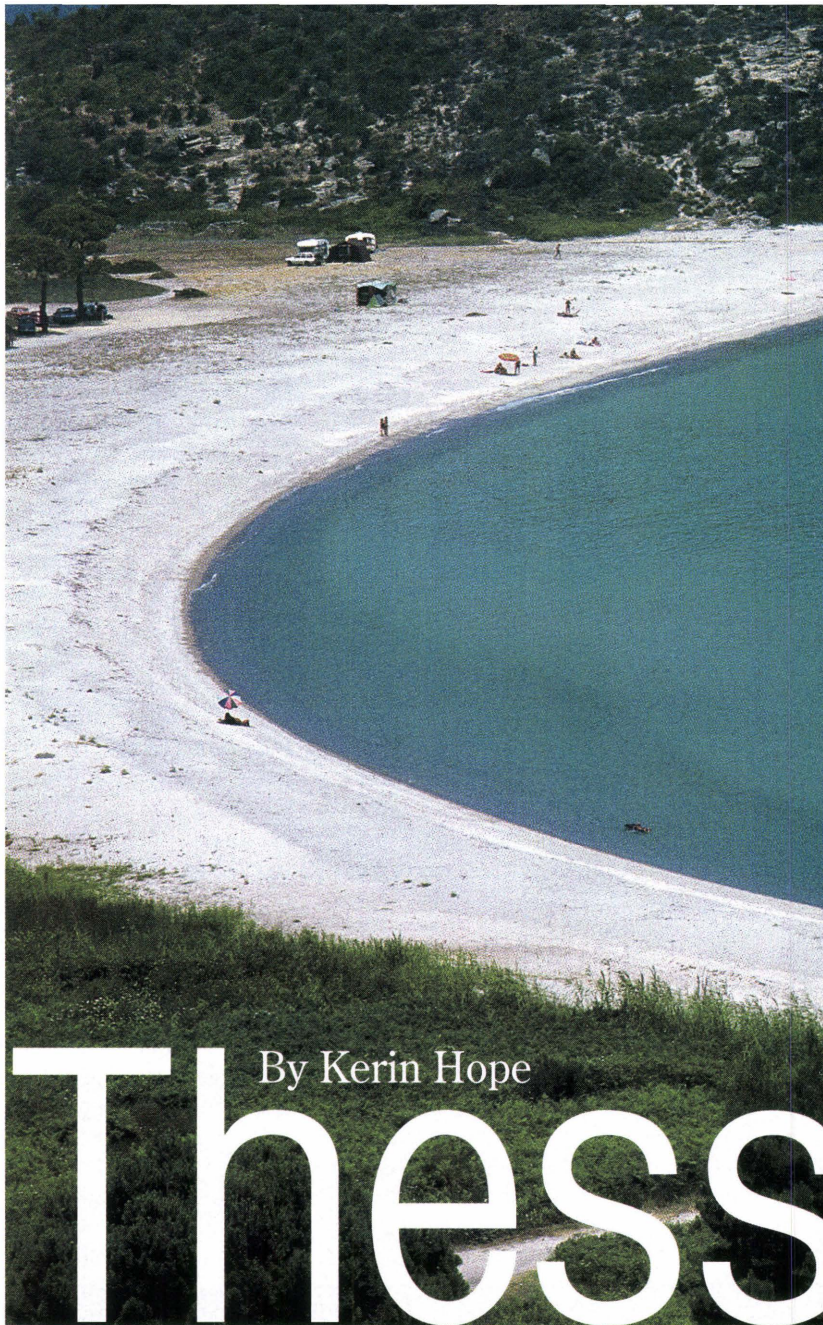
Twenty of France's top thermal resorts belong to the world's leading spa group, the Chaîne Thermale du Soleil. Its president is Christine Guérard-Barthélémy, who is married to the three-star chef Michel Guérard. It is no surprise that the luxurious spa they run in Eugénie-les-Bains in southwestern France draws people as much for its food as for its waters. Monsieur Guérard developed *Cuisine Minceur*, a gastronomic style of diet-cuisine that looks and tastes divine. The only thing it lacks is calories. Nothing but Cuisine Minceur is served at Eugénie-les-Bains, making it the favorite destination for France's wealthy weight-watchers.

Everything is stunningly beautiful at Eugénie-les-Bains, from the hotels and gardens right down to its pasteurized mud, which is a milky white, so unctuous that it buoys you and gives the welcome illusion of weightlessness. Rheumatism is also treated with the 68° to 100°F spring waters that are high in iron, calcium, sulfur, and magnesium and also contain arsenic, apparently good for you in small doses.

Other Chaînes du Soleil stations include a brand-new spa built in a unique cave setting in the medieval town of Jonzac, in the Cognac region. Its 144°F springs, only discovered in 1979, are used for state-of-the-art thermal treatments such as the soothing ultraviolet light chamber, where a fine aerosol mist of mineral water is inhaled by asthma sufferers. Amélie-les-Bains, near the Spanish border, has a swimming pool dating from Roman times and another, ultra-modern bathhouse that specializes in beauty and fitness programs, while Cransac, known as the Vesuvius of the south-central Aveyron region, emits hot sulfur vapors particularly good for arthritis and various sports injuries.

Looking at the perfect bodies that grace the catalogue pages of all these spas, the bare goddesses that look seductive even when caked from head to foot with mud, may make you want to abandon your bathtub at home and have some of what they are having. Two Web sites that will help you get your feet wet are: www.royal-spas-of-europe.com and www.sante-eau.com. ☺

Ester Laushway is a EUROPE contributing editor based in Provence, France.



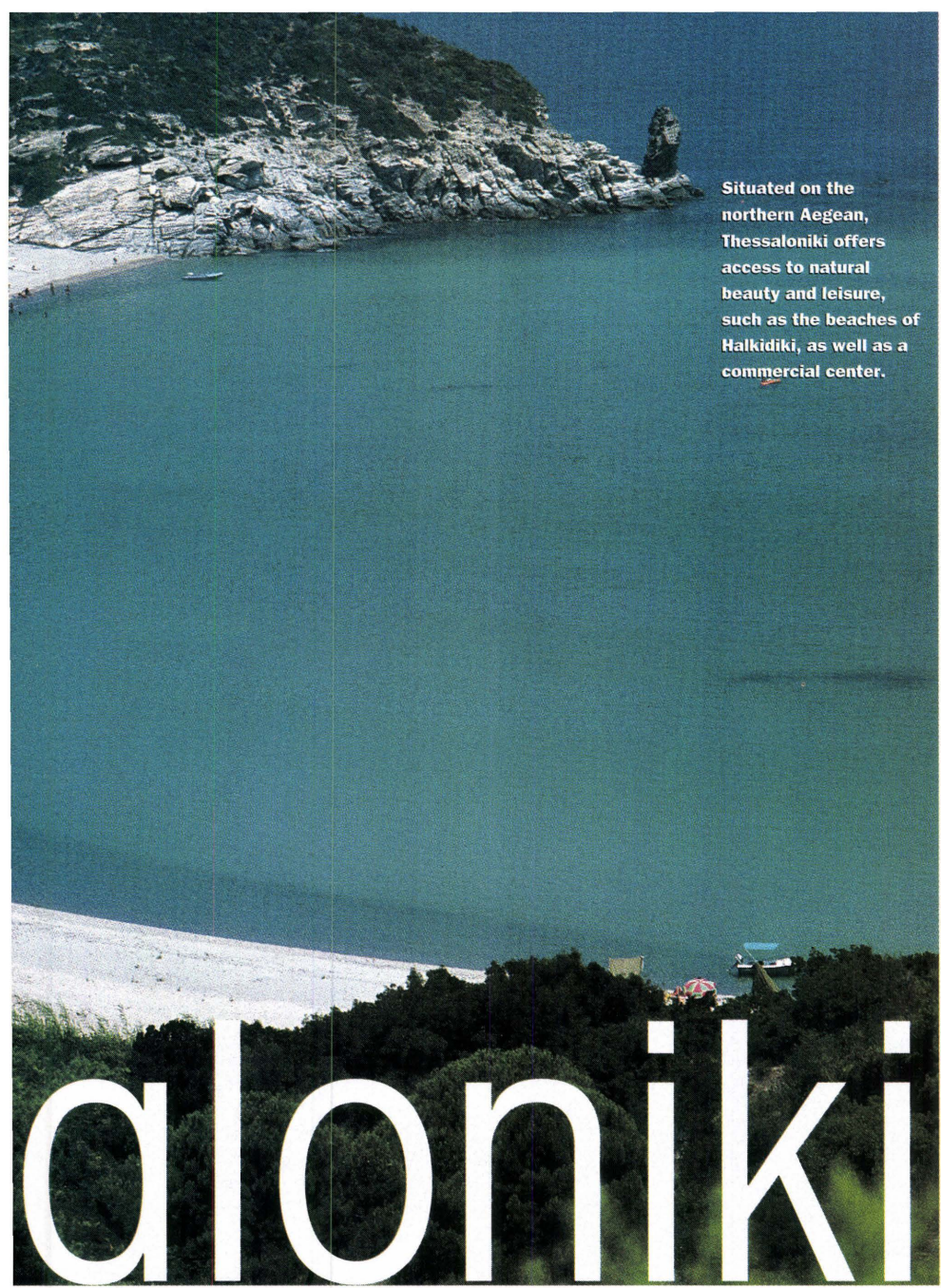
By Kerin Hope

Thess

A Balkan

A century ago the Greek merchants of Thessaloniki, a commercial city with a spectacular waterfront overlooking the northern Aegean, were outnumbered by a cosmopolitan mix of Armenian, Turkish, and Jewish traders whose businesses sent them traveling through the Balkan lands to the Danube River and the Black Sea.

Since the collapse of communism opened up borders to the north, the city has rediscovered its role as a Balkan crossroads. On weekends its seafood tavernas, supermarkets, and automobile showrooms fill up with visitors who have driven south from Sofia and Skopje. From further afield, Russian fur merchants and Ukrainian grain traders play for high stakes in the casino at the luxury Hyatt hotel—designed to resemble a Byzantine emperor's summer pavilion.



Situated on the northern Aegean, Thessaloniki offers access to natural beauty and leisure, such as the beaches of Halkidiki, as well as a commercial center.

a tradition of fine cooking brought by immigrants from Asia Minor.

It also boasts two “must-see” museums with world-class collections. The archaeological museum, with unique displays ranging from ancient Greek jewelry to Roman-era glassware, is the first stop—though the spectacular finds from the tomb of King Philip of Macedonia, father of Alexander the Great, are now displayed at Vergina, an hour’s drive away. Less well known is the National Contemporary Art Museum, which has acquired the internationally renowned Costakis collection of Russian avant-garde art—on show at the Lazariston monastery while a permanent home is being built. Halkidiki, the city’s seaside playground, lies an hour’s drive away. With its turquoise sea, pine

Venetian conquerors built the city’s White Tower to resemble a giant chess piece.



forests, and white sand beaches, it is a magnet both for local residents and tourists from the landlocked Balkans.

Thessaloniki’s ambition is to become a Balkan business hub. It is increasingly a city where businesspeople from the region make contacts and sign deals, where international conferences and trade shows are regular events. The city had hoped to enjoy a couple of days in the international spotlight next June as the venue for the European Union leaders’ summit during Greece’s EU presidency. However, because of increased concerns over security following the September 11 attacks and the Bali bombings, the leaders will meet in the secluded setting of a hotel resort in Halkidiki. Still, Greek officials say EU sherpas preparing for the summit will certainly be offered a taste of Thessaloniki’s attractions. ☉

Thessaloniki

Crossroads

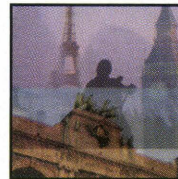
Thessaloniki was the Byzantine empire’s second city and the architecture of the city center—rebuilt after it became part of the modern Greek state in 1913—was intended to underline the Greekness of its past. Huddled among office and apartment blocks climbing the hillside above the waterfront are a half-a-dozen unique Byzantine churches filled with mosaics and frescoes. The Byzantine museum, a striking modern brick-and-glass variation on the religious theme, boasts a stunning selection of saints’ portraits embla-

zoned in gold leaf.

Thessaloniki residents say their favorite activity is eating and drinking, and the densely packed rows of cafe tables in squares overlooking the sea bear them out. Stroll past the White Tower, a giant chess piece built by Venetian conquerors, for a view of the sea before you sit down; or head for Ladadika, a former Jewish trading district close to the port, which features some of the city’s liveliest bars and tavernas. Thessaloniki can claim to be Greece’s gastronomic capital, thanks to

CAPITALS

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



A former quarry in the Athens suburb of Nikaia is being transformed into the 2004 Olympic weightlifting venue.



ATHENS

HOUSE OF THE WEIGHTLIFTERS

The concrete amphitheater under construction in a disused quarry in Nikaia, a low-income suburb of Athens, is a new departure for the organizers of the Olympic Games. The “House of the Weightlifters” will be the world’s first purpose-built stadium for a sport that does not usually attract much attention.

Except, that is, for Greece and the surrounding Balkan countries, which have produced a steady supply of world-class weightlifters.

Pyrrhos Dimas, who won gold medals at the Barcelona, Atlanta, and Sydney Olympics, is a Greek sporting icon—although he was born in Albania, home to a sizeable ethnic Greek minority.

Dimas is still Greece’s top-ranked weightlifter and has resumed training this year with an eye to capturing a record fourth medal in Athens in 2004.

His success, along with those of half-a-dozen other Greek weightlifters—including several also born in Albania and the former Soviet Union—has made weightlifting one of the most popular sports in Greece. Women have also started to take it up, with good results in recent European competitions.

The \$34 million weightlifting complex, which includes a residential block for athletes and elaborate training, warm-up, and medical facilities, is intended to become an international center for the sport and help ensure that Greece continues to come up with medal winners.

It will also give a boost to the Nikaia area, providing a venue for rock concerts, a broad expanse of grassy recreation areas, a soccer field for local teams, and walkways with a spectacular view across Athens’ port of Piraeus and the Saronic Gulf.

Thomas Amargianos, an architect with Betaplan, an Athens-based practice that specializes in building sports facili-

COPENHAGEN

ties, says the building was designed to echo the amphitheaters of the ancient Greek and Roman world.

"Weightlifting is the only sport where you see the athlete just from the front. He's like the protagonist in an ancient play," he says.

The 5,000-seat stadium, with tiers of seats arranged in a semicircle, focuses on a raised platform, like a stage, where the weightlifter performs. A spotlight of natural light falls on him (or her) from a circular gap in the aluminum sheets that form the stadium's roof.

Behind the athlete rises a towering blank wall, like the scene-building in an ancient theater. Amargianos says: "Usually weightlifting competitions take place in an indoor stadium or exhibition hall with a temporary platform. This stadium is designed to intensify the drama of a world-class competition."

A third-floor walkway around the building gives a panoramic view of western Athens—from the rocky Aegaleo mountain where Xerxes, leader of an invading force of Persians, watched the rout of his fleet by the Athenian navy in 480 BC, around to the Acropolis hill where you can just about pick out the marble columns of the Parthenon temple.

The stadium is built of heavy-duty concrete to reflect the rough surfaces of the surrounding quarry. But the bulk of the building is backed away from the residential streets that climb the hillside toward the quarry, to avoid overwhelming the view from apartment balconies. And the athletes' residence is also designed to be unobtrusive—built into the hillside with grassy terraces looking toward the sea.

The weightlifting stadium, with construction already three months ahead of schedule, will be among the first new sports facilities to be completed for the Athens games. But it will not be the only venue designed to upgrade an underprivileged neighborhood.

A wrestling stadium is under construction at Liosia, home to a large community of immigrant workers from Eastern Europe, and another indoor stadium is being built at in a similar neighborhood in Galatsi. These venues, along with the artificial lake for rowing at Skinias on the northeast coast of Attica and the equestrian center outside the village of Markopoulo south of the capital, are intended to provide a legacy from the Athens games that can be adapted to serve the needs of local communities.

—Kerin Hope

WE WANT THE EURO, TOO!

The once skeptic Danes seem to have taken the euro to their hearts. The majority of voters in Denmark, who along with the electorates in the United Kingdom and Sweden elected to keep their nation's currency and remain outside the euro zone, now wants to give up the Danish krone.

Before euro banknotes and coins were introduced into circulation in the twelfth nation euro zone last year, Danes continued to discount the new currency. "Monopoly money," some said. "Unstable currency," others argued. Yet today, almost one year later, attitudes have changed radically. According to various polls in the Danish media, almost 59 percent of the Danish population now favors the euro over the krone. This is especially remarkable considering that the Danish economy is booming and the krone is currently stronger than ever in relation to the euro. But what has triggered the Danish change of opinion?

One of the major reasons Danes have modified their attitude is the prospect of easier international mobility. "When talk about the euro first began, I was skeptical and opposed to the idea of introducing the common currency into Denmark," asserts twenty-seven-year-old graduate student Lene Holm Lollike. "But after having used the euro during my holiday in Greece, I have changed my point of view completely. Now, I feel that it would be beneficial to introduce it in Denmark as well, as it would simplify traveling so much."

Fifty-one-year-old education administrator Leonor Bisgaard shares the same view. "The release of the euro has made its necessity and practicality apparent. With the common currency, it doesn't matter where you are in Europe, you'll always have money with you. And if you decide to travel abroad, you don't have to worry about changing currencies in time, just as you avoid paying big fees to do so," she explains.

The euro similarly holds a certain appeal to Jes Haslund, a twenty-eight-year-old computer programmer at the Danish hearing aid manufacturing company Oticon. Yet, Haslund's positive attitude is not an outcome of the euro's release.

"My attitude toward the euro has become increasingly positive as I have

heard more and more about it. In the beginning, I was perhaps skeptical for patriotic reasons, thinking, 'Oh no, there goes our old krone.' But I have realized that it doesn't really matter in the long run whether our currency is called euros or kroners," he explains.

The difference between having euros and kroners has become negligible at Magasin, the largest department store chain in Denmark.

"We have chosen to treat the euro much as we treat the Danish krone because it is an essential European currency," says communications manager Jeannette Spies. "This means that we have set the exchange rate at 7.44 kroner—a rate which is close to that of the Danish National Bank. We did that as a service to our customers who shouldn't have a fee imposed on them because they choose to pay with the euro," she says.

While a majority of Danes are thus far positively inclined toward the new coins and notes, 35 percent still remain skeptical and would reject the common currency if a referendum were held tomorrow.

Yet, as the Danish weekly *A4* has pointed out, the imbalance between those in favor of the euro and those opposed to it has never been greater than it is today. Therefore, the question remains how long Prime Minister Anders Fogh Rasmussen dares to wait before he calls for a new referendum on the euro.

—Maria Bernbom

LUXEMBOURG

FINALLY A 'U OF L'?

They have talked about building a university in Luxembourg for about 120 years. Now at last it looks like it is happening. Legislation setting up the institutions, faculties, and financing will go before parliament shortly. Much of the essential groundwork has already been completed.

It is not absurd that a country of only some 400,000 inhabitants should lack a university, but it does mean that Luxembourg is missing out on one of the perceived symbols of nationhood. It has also meant that most students are forced to go abroad to complete their higher education. That may not have compromised their studies, but it has deprived them of contact with their own nationals and exposure to their own culture and history at a formative time in their lives.

Higher education already exists in

Luxembourg. The Institute Supérieure de Technologie (IST) located near the European institutions provides a four-year post-secondary study course that does not have university status but qualifies students to continue their learning up to a master's degree in German universities.

Ideally the buildings and facilities of the IST would provide the nucleus for the new University of Luxembourg (UL), but there is insufficient space for expansion, and the decision has been made to open up a brand-new site where a major steel-works used to exist at Belval. This will be one of three UL campuses, housing the science faculties, but the ambition is to make it into a "city of science" and an extensive urban infrastructure is already taking shape. Other already existing educational institutions, at Walferdange and Limpertsberg, will host the arts and humanities and probably law and economics.

You may well wonder where a country the size of this will find the students and the staff to make the UL a realistic proposition. The short answer is that in both cases they will largely come from other countries. There are about 3,000 students at present in post-secondary school education in existing institutions in Luxembourg, with 4,000 young Luxembourgers studying in neighboring countries. A number of Luxembourg teachers and lecturers presently work in universities in the closely neighboring countries of Germany, France, and Belgium.

If the decision is ultimately made to introduce two-year management and computer sciences studies, along with the development of "pools of excellence" for post-graduate studies, this would mean there could be 10,000 students at the UL in ten years' time. The expectation is that faculty staff will be lured into (or back to) Luxembourg by the much higher salaries on offer while students will be drawn to the country by its highly developed financial sector and the presence within it of a number of EU institutions—all potential high-paying employers.

What is clear already is that the UL will not exist in isolation but will form part of a higher education nexus spreading out across four countries. It may become normal to study for two years at the UL, go off to another country for two years, then return to Luxembourg for post-graduate studies. By the same token first-year university students from France or Germany would have the option of coming to Luxembourg rather than being forced to accept places in less

popular universities in their own countries as at present.

We can perhaps see here the germ of a kind of EU educational structure that may well seem commonplace to European students a generation or so into the future. Luxembourg—with its wealth, its talent for speaking so many languages, and its ambitions right up to the post-graduate level—seems just the right place for it to start.

—Alan Osborn

An artists' group in Graz had hoped to immortalize the city's famous son with a statue of the Terminator.



VIENNA

SCHWARZENEGGER TERMINATES GRAZ MONUMENT DEBATE

Arnold Schwarzenegger has been had. Called Austria's greatest cultural export, "Arnie," as he is known in the German-speaking world, recently weighed in on a debate over whether or not his hometown should erect an eighty-

foot monument in his honor. However, the famous actor was unaware that the entire controversy was part of an apparent practical joke perpetrated by a group intent on lampooning the public's fascination with pop culture.

Forum Stadtpark Graz, a group of artists whose Web site refers to themselves as "a well-known Austrian avant-garde art forum," recently proposed the Schwarzenegger monument project to be completed by 2003 in Graz, the Austrian muscle man's hometown. According to the plan, a statue of Schwarzenegger dressed as the killer robot he portrayed in the *Terminator* movies and holding a globe on his shoulder would tower over City Park, dwarfing the statues of Mozart and Emperor Kaiser Franz Joseph. Two "Russian artists," Vladislav Efimov and Aristarkh Chernyshev, were credited with the design, which they estimated would cost almost \$5 million. A Forum Stadtpark press release, noting that Graz will be a European Cultural Capital during 2003, added: "By a striking coincidence, *Terminator 3: Rise of the Machines* will be released that same year, once again starring Graz's most important cultural export commodity."

Forum Stadtpark's tongue-in-cheek project declaration sparked a community debate that rose right up to the top. As expected, some citizens were offended that an actor should be immortalized in this way and compared it to monuments to Soviet propaganda. Others agreed that Schwarzenegger was indeed an important cultural ambassador for Graz.

Herwig Hoeller, a spokesman for the project, claims that the proposal received a tremendous amount of support from foreigners and locals alike. "I have received e-mails from many people saying they will certainly visit Graz when it is finished," Hoeller said.

On September 25, the Terminator himself decided to weigh in on the issue. Schwarzenegger declared that he was honored but that the money would be better spent on causes like the Special Olympics (of which he is a patron). "I suggest that the money is spent in a more productive manner, so that it can aid the people of Graz," Schwarzenegger officially commented.

It is unclear how far Forum Stadtpark was willing to take their prank; however, no significant money appears to have been raised, and city approval was never sought.

In conclusion, what began as a satire came to a fitting close: Schwarzenegger's

public relations image won the day; the city of Graz got international recognition as the home of a Hollywood superstar; the Forum Stadtpark gained notoriety by fooling the media; and, perhaps optimistically, pop culture icons everywhere learned about the need for moderation and sensitivity.

—Alexandra Hergesell

PARIS

LAROUSSE'S WAY WITH WORDS

Great teachers are few and far between. Far more common are those who dutifully spoon-feed learning into their students or dish it up in unappetizing, indigestible lumps. Both methods tend to deaden intellectual appetite.

Pierre Larousse, born in 1817 in northern Burgundy, was one of those rare people who had the gift of turning knowledge into a delectable feast, which he spread out for everyone to help themselves. The guiding principle behind the first dictionary he published—and all the others that were to follow, large and small, unilingual and bilingual, sometimes specialized, often illustrated, and always a treasure trove of fascinating information—was "Teaching Everyone about Everything."

Larousse started his career as a teacher, but by the age of twenty-three, he felt so frustrated by the antiquated textbooks and methods being used in French schools that he quit his job and devoted the next decade to being a student again himself. In

1849 he self-published his first book, a primary-school spelling course that was also designed to teach French children how to write and speak properly.

In 1851 he found a soul mate in Augustin Boyer, another ex-teacher trying to make a career for himself as an independent, innovative educator. The two became friends, and the following year founded the publishing house of Larousse et Boyer.

The great dictionary adventure had

begun. The first Larousse, the *Nouveau Dictionnaire de la langue française*, was published in 1856. It was the ancestor of the immensely popular illustrated *Petit Larousse*, which made its first appearance in 1905 and now can be found on the bookshelves of eight out of ten French households. The full-color diagrams, maps, photos, and drawings on every page range from scientific data like the table of the elements, to handy illustrations like the one itemizing all the different parts of a house, to fun, full-page inventories of different types of mushrooms, military uniforms down through the ages, and so on. It is part dictionary, part encyclopedia, both hugely informative and entertaining.

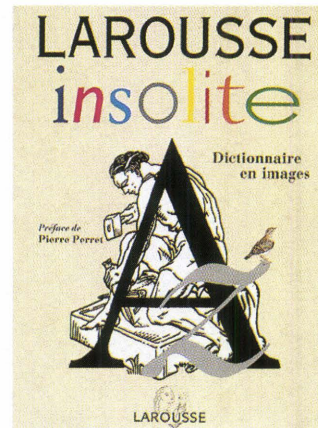
Pierre Larousse never lived to see the *Petit Larousse*. Instead, he devoted all of his energies (before he died at fifty-seven of the aftereffects of a stroke, probably brought on by exhaustion) to an even more ambitious project. He dreamed of publishing an encyclopedia, a monumental work encompassing the knowledge of the nineteenth century, comparable to the great

Encyclopédie masterminded by Diderot a century earlier.

The first volumes of the *Grand Dictionnaire universel du XIX siècle* were published in 1863. The lively, inquisitive, unconventional mind of its creator, a fearless crusader against ignorance, is palpable in the articles he contributed. He personalized them with extra quotations, explanations, jokes, and little stories. Included under his article on "Anecdotes," for example, is the invita-

tion: "Let us laugh without waiting to be completely happy, lest we wish to die without ever having laughed." Under the heading of "Dogs," he gives a detailed biography of his beloved dog Moustache, which he calls the "bone of my bones, the flesh of my flesh."

One year after Pierre Larousse died in 1875, the 20,700 pages of the *Grand Dictionnaire universel* were finally bound into fifteen volumes and published. To mark the occasion, the French architect



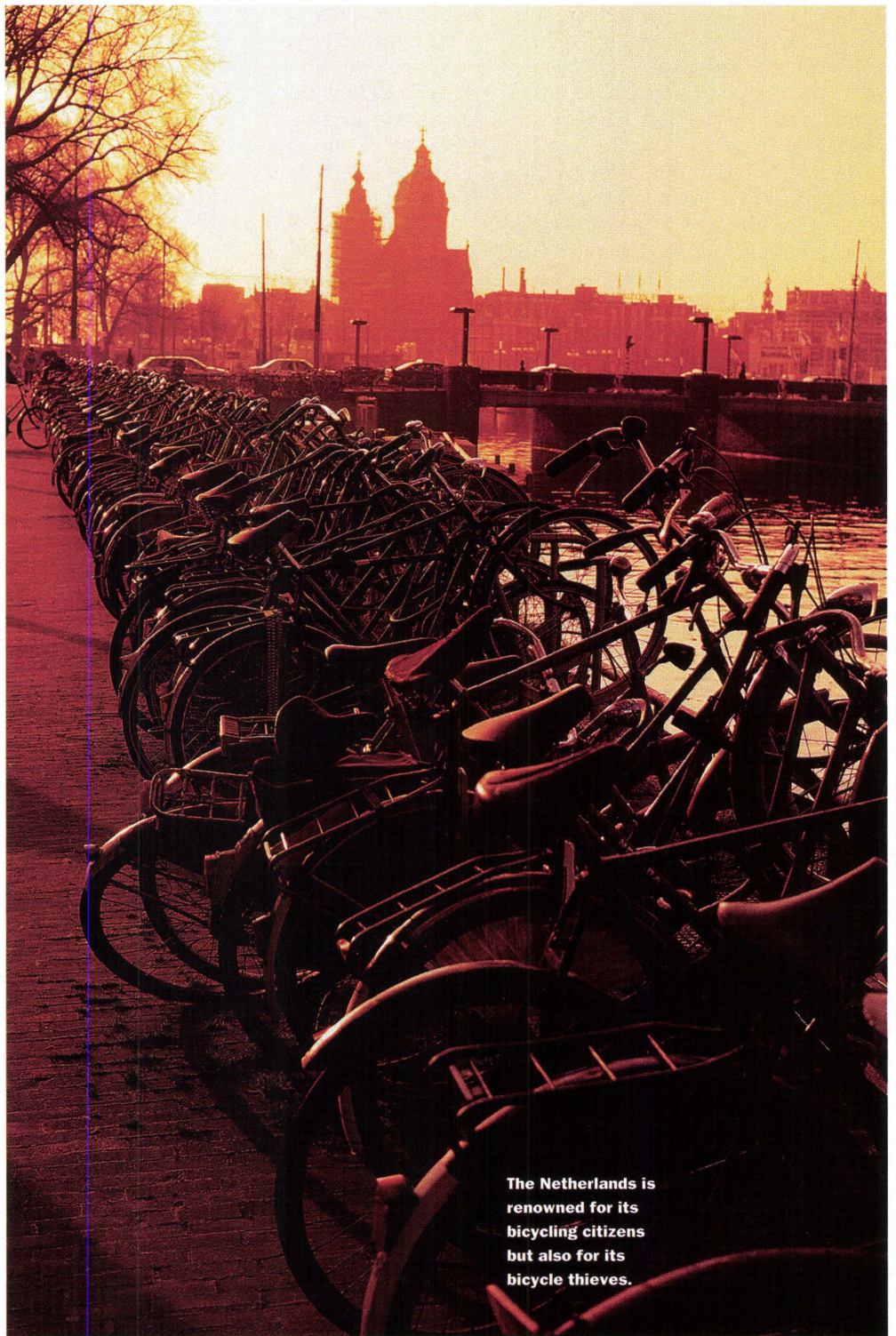
and designer Emile Reiber created the first Larousse logo: a dandelion scattering its feathery seeds, surrounded by the words “*Je sème à tout vent*” (I sow to the four winds). The motto has stayed the same ever since, even though the logo has undergone six transformations throughout the decades, with a little sex-appeal being added by a long-haired maiden blowing on the dandelion.

The 150th anniversary of Larousse was celebrated in Paris at the Palais de la Découverte, a hands-on science museum that has an approach to learning similar to that of Pierre Larousse. It, too, believes in making knowledge accessible to everyone. In the midst of its interactive displays, where children joyously learn by doing, a space was set aside from September to November for an exhibition retracing the history of Larousse. Most striking were the framed illustrations on display, some of which are delightfully out-of-date now and some of which were whimsical even a hundred years ago.

More than 1,000 of them have been gathered together by Larousse publishers (now part of the Vivendi group) into a commemorative “pictionary” that is an entrancing feast for the eyes. Quaint costumes, bizarre objects, brightly-colored animals, and other visual wonders fill the 208 pages of this unique *Larousse Insolite*, published in France this fall. Under the letter A, for example, is a drawing of an irresistible young maiden sporting an *accroche-cœur* (a kiss curl), as well as a sketch of a busy housewife wrestling with a metal monster that is apparently an *aspirateur* (a vacuum cleaner).

This Larousse dictionary will not be one of the ones that are translated into forty-one languages, but there is really no need to understand French to enjoy it. The alphabetical parade of droll and fascinating images speak for themselves. They are saying that Pierre Larousse had the right idea back in 1852 and proved it: learning can be endlessly fascinating and a lot of fun, as well.

—Ester Laushway



The Netherlands is renowned for its bicycling citizens but also for its bicycle thieves.

AMSTERDAM

BIKE THIEVES RIDE FREE

For many visitors, part of the fun of visiting Amsterdam involves renting a bicycle and joining the native masses as they pedal across the city or cruise the countryside. In spite of the frequent adverse weather conditions, the nearly flat

Netherlands is a bicycling paradise. And learning to ride a bike is part of every Dutch childhood: The bike “traffic” exam at the end of primary school is obligatory.

Indeed, the Dutch regard the bicycle as something of a national icon. Ubiquitous are photos of members of the royal family and government leaders riding on their sturdy bikes. When, in 1997, the European Summit was held in Amsterdam, then-prime minister Wim Kok offered

bikes to his fellow political leaders, and most of them joined him in pedaling a short distance along the canals.

With just about as many bikes as inhabitants in the country, it is somewhat surprising that stealing bicycles is also a national problem. Almost a million bikes are stolen annually. In Amsterdam alone the number is a staggering 180,000. Decades ago, they were stolen primarily late at night by people who needed a lift home, but nowadays it seems to have become a way of life for drug addicts, tramps, and petty criminals. No lock, however sophisticated, appears to stop them. The result is a huge trade in second-hand bicycles, which are stolen and then sold for a scant sum to a receiver, who often sells them back to the original owner. The nicer models are exported and sold in, among other places, Paris.

The whole process has devolved into a loosely organized racket. A couple of years ago, a former junkie proudly wrote a book about his profession, called *100,000 Bicycle Valves*. He presented the first copy of the book to the spokesman of the Amsterdam police department, which many saw as a statement on the lack of attention Dutch law enforcement agencies give to what is probably the most common form of street crime. In fact, when someone's bike is stolen, the police will write a report solely for insurance purposes. No effort at all is made to track down the stolen bike or to arrest the culprits.

Earlier this year, Dutch leaders appeared ready to break this cycle. After three years of discussions, a special committee, which had been established to address the issue, presented its recommendations for a solution. The core of their plan revolved around a robbery prevention chip embedded in the frame of all new bicycles. When a bicycle was stolen, its owner would notify authorities, who would record the theft in a national database of stolen bikes. With a hand scanner, police officers could instantly check suspected bikes and find out if they were registered in the database as being stolen. Thus, it was hoped, robbers would be discouraged from stealing bicycles and the chances of recovering them would improve.

Unfortunately, cyclists' hopes were soon dashed when the attorney general recently announced that bike robberies would continue to be low on the priority list for law enforcement officers. Neither police nor prosecutors will actively hunt

down bike robbers, he said, as it would distract from their limited capacity for tackling more serious forms of crime.

With the rise of serious crimes currently one of the major issues in Dutch politics, this looks like a logical decision. The political outcry now is to become increasingly tough on those perpetrating home violence, robbery, drug trafficking, and illegal immigration. Politicians have said the answer lies with more police, more prosecutors, more prisons, and more cells in order to give back the population its sense of security. Taking into account that last year, the police only solved 15 percent of the reported crimes, the need to target strategically the worst criminals seems obvious.

Thus, the national pastime of stolen bicycles is considered to be a lesser evil. They may be a nuisance to the owners, a financial blow to many, a course for complaints, and a reason for ever higher insurance premiums, but the incidents are so common that they are considered part of daily life. Like losing a pen or forgetting an umbrella, bicycles are stolen. It is something to be kept in mind when one takes a ride on a bicycle, perhaps rented, in Amsterdam or elsewhere in the Netherlands.

—Roel Janssen

STOCKHOLM

GREENS FLEX MINORITY MUSCLE

It is hardly politics as usual in Sweden these days. After years of more or less just being grateful that they were still part of the national political scene, Sweden's Greens have shaken up the political establishment and made themselves a party with which to be more seriously reckoned.

For the Greens, it was touch and go whether they would get the 4 percent nationwide vote necessary to retain their place in the Riksdag, Sweden's parliament. They made it with 4.6 percent, a tiny 0.1 percentage point increase over their vote total four years ago. At the same time, the ruling Social Democrats also did somewhat better than expected, winning 39.8 percent, a 3.5 percentage point increase.

But even with the extra votes, the Social Democrats do not have their own majority in the Riksdag. The Social Democrats have ruled for most of the past fifty years in Sweden, and they traditionally run a minority government, rely-

ing on parties to their left to help get legislation passed.

This year, however, Green leaders said "enough." They demanded ministerial posts, saying that if they didn't get them they would form a government with parties in opposition to the Social Democrats.

It was a risky strategy. Social Democratic Prime Minister Göran Persson is not known for taking kindly to upstarts or bending gracefully to pressure. The Greens chanced Persson simply deciding that he could manage without them.

Green co-leader Peter Eriksson says he is more than satisfied with how things turned out. "We've set in motion a process for changing the way the government is created, which has prevailed since the cold war, and we've gotten the best political agreement the Greens have ever negotiated with the Social Democrats," he says.

It is unlikely that the Greens thought they would get cabinet posts. But by making that their opening offer, they made it clear they wanted the political status quo to change. They also showed themselves to be stronger than the Left, the other party that has traditionally supported the Social Democrats. The Left, which lost ground with voters, was prepared to continue as usual. It was only after the Greens' demand that Left leader Gudrun Schyman said that her party also wanted ministerial jobs.

After reaching an impasse with the Social Democrats, the Greens made good on their word and began negotiating with other parties. Although they and the Greens were too far apart for anything practical to develop, the discussions concerned Persson enough that he made an offer for much closer cooperation than he had been willing to accept previously.

And that, really, was what the Greens had been after all along. Their point made that they were not going to roll over and play dead for the Social Democrats, the Greens were willing to accept a broad program, covering everything from social welfare to environmental protection and taxes. Unlike previous common programs, this one calls for the Greens to go out publicly with the government when significant policies are announced; thus making sure the voters know on whom the Social Democrats have to depend.

The new program has already gotten Persson into hot water with his own party. It includes one of the Greens' pri-

orities: tolls for cars coming into Stockholm when traffic backs up. But the Social Democratic Party in Stockholm, which took back city hall from the Conservatives in the election, had promised city dwellers there would be no car tolls before 2006 at the earliest.

Whether the Swedish government will live up to its agreement with the Greens is an open question. There is a strong chance that the government will try to pull back from such close cooperation or renege on some of its promises to the Greens. But having demonstrated once that they were prepared to fight for more say in governing politics, it is a good bet the Greens will not hesitate to do it again.

—Ariane Sains

L I S B O N

NEW GOVERNMENT FORCED TO TIGHTEN FINANCIAL PLANS

The Portuguese are in for some further severe belt-tightening in 2003, with the government having pushed through a state budget that cuts both current and capital spending in a bid to rein in an out-of-control public sector deficit.

Prime Minister José Manuel Durão Barroso's right-of-center Social Democratic Party, the dominant partner in the governing coalition, had promised tax cuts during the campaign leading up to the general election in March. Now, he says, the perilous state of public sector finances bequeathed by the outgoing Socialist administration makes that impossible before 2004.

Within weeks of the new team's taking office, Portugal narrowly escaped a formal reprimand from the European Commission for overshooting the deficit limits for countries in the euro zone. Members of the euro zone are committed to keeping their deficits below 3 percent of gross domestic product, and although other euro zone members, notably Germany, have had trouble doing this, Portugal's showing has been particularly poor. Announcing a revised 2001 deficit of 4.1 percent of GDP, the new government accused its predecessor of having deliberately fudged the figures for that year and announced plans for a thorough—and inevitably painful—overhaul of state finances, involving spending cuts across the board.

By raising the thresholds of the various income tax brackets for 2003 by less

than the rate of Portuguese inflation, the budget tightens the screws on all taxpayers. But the biggest losers are public sector workers, who have been told that the benchmark for their wage increases for 2003 will be average European inflation, not the national rate of increase in consumer prices (about 1.5 percent higher). That means they face a real cut in their standard of living.

At a time when the government is also using its majority in parliament to force through labor market reforms that whittle away hard-won employees' rights, the move has triggered outrage from trade unions. This fall saw a series of mass protests garnering support from all three main left-of-center parties.

Meanwhile, Finance Minister Manuela Ferreira Leite, whose profile has been almost as high as that of the prime minister himself, was swiftly dubbed *Dama de Ferro*—Iron Lady—a tag once reserved for the United Kingdom's Margaret Thatcher.

Barroso himself has sensibly kept his head down in the hope that an initially painful period of economic stagnation—the budget foresees growth of no more than 1 percent for 2002 and about twice that in 2003—will be followed by tangible results in the form of a sustainable economic rebound. Unfortunately for him and his fellow citizens, how soon that happens depends largely on developments in Spain and Germany, Portugal's two most important export markets.

—Alison Roberts

R O M E

FIAT FACTORY TRANSFORMED INTO TURIN ARTS CENTER

Italy's automotive giant is undergoing a major crisis as fights to stave off creditors amid a slumping market for its cars. It was once said that if Fiat sneezed, the whole country caught a cold. Fortunately, this is not quite the case anymore, but the difficult situation in which the company controlled by the Agnelli family has found itself has surprised and alarmed Italians everywhere. Just a few months after Alitalia, the country's flagship airline, announced a reorganization that seems bound to give up control to Air France and become little more than a regional airline, Italians now find themselves facing the end of another cornerstone of their postwar national industry.

However, Giovanni Agnelli, the octogenarian patriarch of the family that controls Fiat, has his mind on other things besides his company's woes, namely art. Known to Italians as *l'Avvocato* (the Lawyer), Agnelli and his wife, the elegant Marella Caracciolo, have decided to donate their private art collection to the city of Turin, where Fiat's headquarters are located.

Regardless of the psychological motivations behind this gesture, art lovers everywhere come out the winners. From Canaletto to Canova, from Matisse to Picasso, the collection includes only twenty-five paintings, for now, but all are masterpieces and of immense value. It is not by chance that "*l'Avvocato*" is also known as the prince of collectors.

But the main point of interest is where this permanent collection will be displayed—the roof of the Lingotto, the historic Fiat factory building, in the middle of what was once the vehicle test track (itself a jewel of industrial archeology since rooftop test tracks have not been built for more than fifty years).

Renzo Piano, the famous Italian architect, built a six-level structure in the shape of a parallelepiped above the abandoned track to house the new picture gallery. The local press immediately renamed it *Lo scrigno*, the box, which rises as an imposing severe structure. Its 1,100-square-foot exposition space is lit almost entirely with natural sunlight, thanks to a crystal roof with frosted fins, which prompted critics to comment that it almost looks like a flying carpet.

Underneath, in the lower levels of the former factory, there are another 3,300 square feet dedicated to exhibits and concerts. In short: the city that will host the 2006 Winter Olympic Games has a new citadel of culture, whose center of attraction will be the strange and soaring "box." It is reached by going 120 feet up in a crystal elevator. A trip into the clouds, to forget the crisis.

—Niccolò d'Aquino

B E R L I N

BRANDENBURG GATE UNVEILED

Quick: What's the German capital's paramount landmark? The Berlin Wall, right? Wrong. (The wall was chiseled into oblivion thirteen years ago.) Hitler's bunker? Nope. That's been paved over. Need help? Just check the change in your pocket next time you are in the country. It is on the back of every 10, 20,



The renovated Brandenburg Gate, Germany's most famous symbol, was unveiled on Reunification Day, October 3.

and 50 cent coin minted in Germany: the Brandenburg Gate.

Okay, if you read this magazine regularly you probably got the answer right away. You may even have seen the gate yourself while visiting Berlin. But you have not seen it within the last two years. That is because the monument (which is used on Berlin's official logo) has been hidden away all this time behind a wall of scaffolding. Renovation work on the gate was not completed until just this fall.

On October 3—the twelfth anniversary of German reunification—the protective sheath was finally removed. Nearly a million people turned up to watch, including Chancellor Gerhard Schröder and former president Bill Clinton. They witnessed a somewhat bizarre unveiling ceremony performed by a fashion designer who arrived by hot air balloon. After exiting his gondola at the top of the monument, Willy Bogner then gripped the tongue of a gigantic zipper and was lowered to the ground, thus parting the drapery.

The gate revealed to Germans on Reunification Day was a far cry from the battered heap of sandstone that used to sym-

bolize Germany's division. The newly renovated construction is now brighter, smoother, and (it is hoped) more stable than at any time since the age of the kaisers. Rescued from decay, the Brandenburg Gate today has been recast as the preeminent symbol of unification.

Like any significant piece of architecture that has survived this long in Berlin, the Brandenburg Gate has been many things to many different people. It was built originally by the Prussians in 1788 to serve as Berlin's western gate. (The city used to have at least twelve gates; the others were torn down.) Visually, the Brandenburg Gate was a winner from the start, forming an eye-catching terminal to the long avenue that proceeded westward from the Berlin City Palace. Until the fall of the German Empire, only royalty were allowed to pass through the gate's central portal.

The Brandenburg Gate's designer, Carl Gotthard von Langhans, modeled the structure on the entrance to the Acropolis in Athens. Sculptor Gottfried Schadow topped it off with a statue of Eirene (the winged goddess of peace)

driving a chariot drawn by four horses. In 1806 Napoleon's army stole the statue—known as the *Quadriga*—and took it to Paris. Following their victory over France in 1814, the Prussians got it back and converted Eirene into Victoria, the goddess of victory. Somewhat controversially today, she still bears a Prussian eagle and iron cross.

Architectural historians regard the Brandenburg gate as Berlin's first neo-classical building. For kings and generals (not to mention despots), it provided a great backdrop for a military march. Today the gate is the German capital's main marketing logo. Its clean lines are a graphic artist's dream.

Bill Clinton called the overhauled landmark a "gate of hope." Given the monument's turbulent history, that description seems fitting. Before leaving Berlin, the former American president was given a sizable stone from the gate as a token of the city's appreciation. It is an appropriately weighty souvenir, and one with far happier connotations than the obligatory chip from the Berlin Wall.

—Terry Martin



As violent crime has increased, Londoners have complained that the bobby's mission should be focused on walking the local beats.

LONDON

BALKANIZED BOBBIES?

There are so many police cars whizzing about London these days with their sirens blaring and lights flashing that sometimes you have to wonder if you are living in the middle of a New York police television series.

Yet, overall crime in the UK has been falling for five years. However, the type of crime that is most feared—violent, personal, confrontational crime—is growing. Emergency calls to the police about drunks, gangs of youths, road rage, and drug dealing has almost doubled in five years. And each time someone calls “999” (which Brits dial in an emergency instead of 911), it means at least one police car on a high-speed mission of mercy.

The once reassuring figure of the

bobby on the beat has all but disappeared as new forms of crime and legislation have combined to create a range of police tasks that did not exist two decades ago.

“As well as coping with an increasingly complex criminal justice system, the police have to deal with child protection, counterterrorism, drug trafficking, people-smuggling, and so on,” says Ian Blair, deputy commissioner of London’s Metropolitan Police.

“The amount of time available for visible patrol has thus diminished, and the result has been a decline in public reassurance as well as a decline in police capacity to deny criminals the kind of habitat where they are most effective,” says the man from the “Met,” as the London police department is known.

A recently published report by two respected criminologists suggests the police in London are regarded both by the public and its own members as increas-

ingly remote and less visible or accessible. Londoners feel less safe, and they want something done about it.

In the case of education or healthcare, you can enroll your children in private schools or buy private health insurance. In other words, you can step outside the state provision. This is a far more difficult step when it comes to policing. Nonetheless, a number of London boroughs are thinking of setting up their own police forces to patrol their streets, parks, and housing estates.

The deputy commissioner is less than thrilled with what he says would be a return to the period before the creation of the first professional police force in the early 1800s. “It could be described as the Balkanization of policing,” he comments.

This is why the police have convinced legislators that there is a need for a new form of patrolling officer called a community support officer. Six pilot

projects were launched in the fall.

Though their powers are limited, for example they cannot make arrests, the community support officers will provide a permanent, visible patrol service, preventing the low-level disorder that leads to more serious crime. The Met plans to develop this as a franchise allowing the boroughs to buy it for deploying within their area.

This is a revolution in British policing, perhaps the end of the tradition of a single public police force. As the welfare state gives way more and more to the market state, some wonder can it be long before the gated communities of the affluent in the US become commonplace here too?

—David Lennon

DUBLIN

COUNTRYSIDE ROVING BY RAIL

The story of the railway in Ireland is one of rapid development in the nineteenth century followed by decline, consolidation, and renewal in the twentieth century. It began on December 17, 1834, when the first locomotive left the capital city of Dublin on a short journey to the rapidly growing suburban port at Kingstown (now Dun Laoghaire), providing what some historians claim was the first commuter railway.

Within a few short years, a mainline system operated from Dublin. It was followed in the late nineteenth century by a network of small, romantic, but uneconomic narrow-gauge systems, bringing the city to the country and vice versa.

Today, the Irish railway network is a much depleted version of the more grandiose system operated in those early days. But, with the huge improvement in Ireland's economic conditions, millions of dollars have been invested in upgrading tracks and stations—much to the delight of railway enthusiast Jim Deegan and his highly successful company, RailTours Ireland.

Deegan and hundreds of other Irish people share a passion for railways as members of the Railway Preservation Society of Ireland, which strives to keep alive the age of steam trains and their ancient but luxurious carriages.

Perhaps surprisingly, the support for steam travel grows every year. This month hundreds of tots-to-teens will join more elderly travelers on a series of "Santa Specials," steam trains providing a

happy and different introduction to the Christmas season. The society also makes a healthy profit from leasing out the trains to filmmakers and business organizations intent on providing clients and staff with a very different form of wining-and-dining on the move.

But back to Jim Deegan: Through his early days in Bord Fáilte, the Irish state board charged with promoting tourism, he had met thousands of inbound visitors to Ireland—a cross-section ranging from wealthy tourists to backpackers. Most had the same intention—to tour the country and take in as many sights and delights in the shortest possible time.

Not always so easy, of course, despite Ireland's relatively small size. But, how about indulging his railways passion by using the rail network? Deegan and his friend, former banker David Humphries, decided to dip their toes in the water and invest in RailTours Ireland, a small company that promised "a chunk of Ireland in a day."

Seven years later, the company is thriving and last year guided more than 25,000 visitors to some of the most remote parts of the country—all in one day. It is now the biggest single customer of the state-owned Irish rail company Iarnród Éireann, attracting visitors from all corners of the world—North and South Americans, Australians, Italians, Germans, Scandinavians, Indians, Pakistanis, Asians, and South Africans.

The way Deegan tells it, the attraction of the "one-day specials" is an early morning departure from Dublin to, say, the country's second city, Cork, or the Ring of Kerry, or the Cliffs of Moher, or Connemara, or the Aran Islands, or the Vale of Avoca, or the Giant's Causeway in North Antrim, with breakfast on the train, a luxury coach tour of some of the most spectacular scenic areas—including visits to ancient castles, the coastline, and beauty spots—and dinner served on board the train during the journey back to Dublin. Prices vary from \$29 to \$109, and you can take packed meals with you if you wish to save the price of on-train food.

Not all RailTours customers are visitors. Many are foreign families living and working in Ireland who want to capture as much of the country as they can during their stay. This makes Saturday one of the most heavily booked travel days.

And each group has its own "host" to iron out any difficulties or problems that may arise. It is a far cry from 1834.

—Mike Burns

BRUSSELS' ENGLISH BULLETIN

Toots Thielemans, the world famous eighty-one-year-old jazz harmonica player, is a Belgian institution. Born Jean-Baptiste Thielemans in downtown Brussels, he has lived in New York for more than fifty years but regularly visits his native city and keeps a secondary residence in the neighboring countryside.

So it was natural to call upon his services when a gala concert was held this fall to celebrate the fortieth birthday of another Belgian institution—the English-language newsweekly, the *Bulletin*. Now the longest-running, and easily the most successful, foreign language publication in any European city, it has kept successive waves of expatriates—many of them Americans or Canadians—up to date with what is going on in Belgium's capital, now widely seen as the capital of Europe. It also caters to a devoted Belgian readership eager to know how their country is viewed through foreign eyes.

The *Bulletin* is run as a family business. Its founder, Monique Ackroyd—half British, half Belgian—started it in the cellar of her house in 1962, with nothing but her typewriter and a kitchen table at which to work. She produced the first issue, which ran to eight pages and cost five Belgian francs, all by herself and then went out to canvas for the necessary advertising.

Today the magazine has a staff of thirty, but much of it is written by the many foreign journalists (including, I must confess, myself), whose day job is reporting on the European Union for the media in their own countries. Its fortieth anniversary issue contained 104 glossy pages, and cost €2.50 (\$2.00).

The paper sets out to cover every aspect of Belgian life—from politics to fashion—and includes the highly admired and comprehensive Arts and Lifestyle sections. It also devotes a lot of space to European Union affairs as well as NATO, whose headquarters are also in the city.

Ackroyd, now age seventy-seven, still watches over her creation with an attentive eye but long ago gave up direct control. After the first five years, she handed over the editorship to a remarkable Irish journalist, Aislinn Dulanty, who for twenty-three years presided over a massive expansion until her death, from cancer, in 1990. Her place was then taken by her daughter, Brigid Grauman, who is

still at the helm a dozen years later. Ackroyd herself continued as publisher until 1986, when she made way for her son, Johnnie Stuyck.

Its 50,000 readers include several dozen nationalities, though one in three is British and one in five American. The editorial staff hails from ten different countries, and it is about as near to a cosmopolitan publication as one can get.

Thielemans himself kept up a running commentary in English, French, Dutch, and the local Brussels dialect throughout his performance and proclaimed, "Long live the *Bulletin*" as he left the stage. The 2,000-strong audience responded with enthusiasm, with yells of "Come back for the eightieth anniversary."

—Dick Leonard

M A D R I D

A TOURIST TOWN MAKEOVER

Almost any day of the year the sun shines brightly on the beach town of Benidorm situated on Spain's Mediterranean coast, and people of all ages flock here from around Europe for a weekend break or a much longer stay.

In the winter, the town is full of retirees from Sweden, Germany, the United Kingdom, or the Spanish hinterlands warming themselves on the seaside promenade or chatting in the sidewalk cafes on the ground floors of the many high-rise hotels and apartment buildings. Summertime brings the families drawn by the wide, clean sands of the safe beach, the new playground equipment situated every hundred yards, and the nearby Terra Mitica theme park.

"We receive more than 5 million visitors a year, half of them foreigners and half of them Spaniards," explains Mònica Gasco, spokesman for Benidorm City Hall and the man in charge of getting out the word on the town's attractions and new, spiffed-up image.

Benidorm was Spain's first mass tourism destination, and its success in the 1960s and 1970s at luring foreign-exchange spending visitors from abroad was copied by towns all along the Mediterranean, as well as the Balearic and Canary islands. As the tourist numbers increased, the sector became the country's leading source of foreign exchange, and Spain now consistently ranks, year after year, as the second or third most-visited country in the world after France and the United States.

But as unbridled tourism eventually blighted the town along with many formerly quaint fishing villages and stretches of once-pristine shoreline around the country, Benidorm became a byword for overdevelopment. It was held up to emerging tourism destinations in other countries as the model not to be followed. In the 1980s, Benidorm also earned the dubious reputation as the preferred holiday choice for "lager louts," young men, mostly British, whose idea of a perfect vacation was round-the-clock drinking and raucous behavior.

"We don't have that problem anymore," says Gasco. "The lager louts have all moved elsewhere or grown up. In fact, some now come here with their families to enjoy Benidorm's more tranquil attractions."

Benidorm has changed in other ways over the past decade. New four-star hotels are opening, the theme park is bringing in the families, and a fresh generation of visitors is discovering the town's delights thanks in part to an annual marketing budget of \$600,000.

—Benjamin Jones

H E L S I N K I

CATCHING A COLD WAR SPY

A season of ruminant public concerns during the fall was jolted by reports of an espionage case involving the chief political advisor to the nation's former president, Martti Ahtisaari.

Following information from the CIA, which for ten years has been determinedly panning for gold in the retrieved papers of the Stasi (defunct East Germany's secret police), Finnish security services have fingered "Agent XV 11/69" for allegedly passing eighty-eight highly sensitive documents to communist spies.

He is Alpo Rusi, fifty-three, a decorated career foreign service officer whose alleged offenses took place between 1969 and 1977.

He served variously in Hamburg, Copenhagen, and Bonn. His past also includes being a visiting fellow at the Institute of East-West Security Studies at Columbia University in New York during 1988–89 and between 1983 and 1986 was a member of Finland's United Nations delegation.

Among other publications, he wrote *After the Cold War: Europe's New Political Architecture and Dangerous Peace*. He served as vice coordinator of the Balkan

Stability Pact, 1999–2000. Rusi has now withdrawn his Center Party candidature for next year's parliamentary elections.

Headquartered in an unassuming central townhouse (except for the phased array gadgetry on the roof), the Supo (Security Police) have let it be known they have a "very serious case" on their hands—not least because they believe they now know Agent XV 11/69's original B class East German handler was replaced by an A class colleague, (code name "Elke"—that is, "Moose") reflecting the importance of the information passed.

It turns out "Moose" was also the controller of Gabriele Gast, one of the then West Germany's most notorious traitors, who served twelve years after she was caught.

If proved or admitted, the accusations against Rusi could attract a prison sentence of four years to life. Thus the tranquility of the diplomat's current sabbatical job teaching international relations in Rovaniemi, the only university north of the Arctic Circle, was violated by a blast from the cold war past.

Yes, he concedes, he once met an East German intelligence officer all those years ago and suggests that papers might have been filched from him. For counter-intelligence purposes this is a less than robust defense.

But there is no hint that by the time Rusi was seconded to be one of President Ahtisaari's aides (1994–99) furtive contact with foreign services had continued. In any case, by then the Soviet Union and its satellites were already history.

If there is no treachery and only embarrassment for the former head of state, why has the case fastened on Finland's imagination so strongly? In part it has to do with nostalgia, with political folk history. The seventies were a period of great international ferment. The Helsinki Security Conference involving thirty-two states took place in 1975 when there was maximum Soviet pressure on Finland to modify—or compromise—its neutral status, so Agent XV 11/69's activities covered a decade of great sensitivity for the Finns.

One only has to mention the names of some of the security conference participants for history to seep into recollection: US President Ford, Soviet President Brezhnev, French President Giscard d'Estaing, West German Chancellor Schmidt, East German leader Honecker, and Finnish President Urho Kekkonen,

Thirty years after Benidorm emerged as Spain's first mass tourist destination, the town is getting a makeover.



host of the whole affair.

Historically and for self-evident geopolitical reasons, this city has always been a cockpit of international intrigue—just as, for comparable reasons, Vienna has a similar reputation. From both neutral capitals over the years, agents and traitors have been exfiltrated to the West and ditto to the East.

In the seventies, many Finnish families endured what they called “home Russians”—that is, Soviet operatives who invited themselves for domestic hospitality involving a meal, a sauna, and inevitable vodka toasts to “eternal friendship between peace-loving peoples.”

Many Finns who subsequently had distinguished careers, in politics especially though not exclusively, participated in this Soviet freeloaders’ program whose real purpose, of course, was intelligence.

Rusi was probably spotted as a potential high-flyer during this murky period, a time when many Finnish Social Democrats (as he used to be) took it as

axiomatic that East Germany was as near political and economic perfection as one could find.

Perhaps motive—or hubris—is in here somewhere. I have not yet met a Finn who spoke well of Rusi, and this long before the current allegations; his intellectual arrogance is said to be enormous, in contrast to his nonexistent social skills. Well ahead of the secret police’s allegations, few could understand why former President Ahtisaari appointed him to such an influential post, and many more are wondering now.

Seeing a conceited apparatchik take a tumble always warms an editor’s heart, and the headlines had all the grace of a rhino charge. The current President Tarja Halonen has counseled “wait and see” until the investigation is complete.

For many in the public, the verdict is already in, and speculation has slipped the leash: who will be the next to be seized by old shadows?

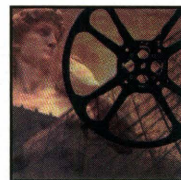
—David Haworth

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ARTS & LEISURE

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



ART

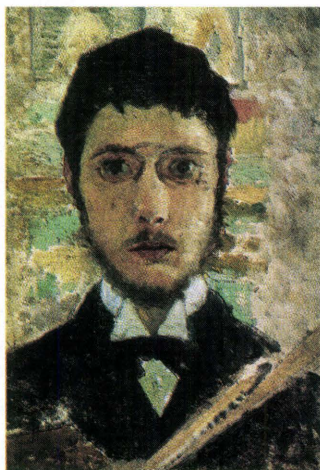
PIERRE BONNARD: EARLY AND LATE

The Phillips Collection Washington, DC until January 19; Denver Art Museum March 1–May 25

Pierre Bonnard was a member of the avant-garde who was misunderstood; a radical innovator who never stopped experimenting, who wanted constantly to renew himself, a visionary

who defied categorization, remaining highly independent throughout his career; and, ultimately, an artist who influenced the twentieth century,” writes Elizabeth Hutton Turner, curator for the exhibition at the Phillips Collection in Washington, DC.

Whether or not one agrees with Turner that Bonnard was a “visionary,” this diverse and colorful display of more than 130 of his works in a range of media offer convincing evidence to support her assertion that he was an important twentieth century influence.



Bonnard's Self Portrait, 1889 and The Dog's Lunch, 1910



Bonnard (1867–1947) trained as a lawyer in his native France but was drawn away from a legal career by painting, with his first artistic success coming in 1889 when at the age of twenty-two his design for a France-Champagne poster won an award.

Noted for his colorful landscapes painted during an extended stay in St. Tropez and his vivid Paris street scenes, Bonnard drew on East Asian art for inspiration. “Bonnard, together with the young artists known as the *Nabis* (Hebrew word for prophets) searched for alternatives to the Western tradition of painting and found them in the master Japanese artists of the late Edo period (nineteenth century). A friend of Bonnard’s called him ‘the very Japanese Nabi.’”

The exhibition also features a photographic display Bonnard made of his companion, Marthe in 1900. “This is the most coherent body of his photographic endeavors. These snapshots are studies in movement like those of Degas,” writes Turner. “Bonnard is moving as he is making the pictures and directing the action like a cinematographer.”

Turner points out that the experiments with photography and other media were all functions of the artist’s larger quest. “Pierre Bonnard’s diverse art—his prints, his book illustrations, and his paintings are explorations of a single question: How do we see? Like Edgar Degas before him, Bonnard brought new ways of seeing and novel procedures to painting, a new awareness of time and space registered

in new color and composition. For most viewers, Bonnard has assumed preeminence as a master of color.”

—Robert J. Guttman

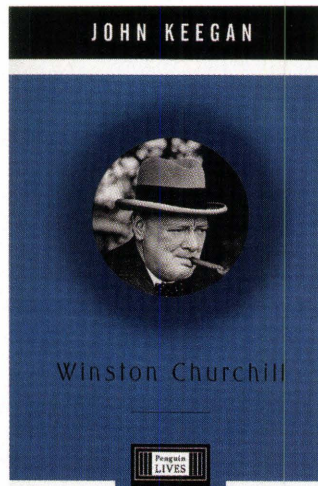
BOOKS

CHURCHILL

By John Keegan; Viking/Penguin; 196 pages; \$20

The answer to the question of what sustained Churchill and the British in the darkest days is that it was his own words. From them the people took hope and Churchill drew inspiration.”

Winston Churchill was a man of many talents, but as author John Keegan points out, his main achievement as wartime leader was “his own words.” Edward R. Murrow, the well-known CBS correspondent based in London dur-



ing World War II, remarked, “One of Churchill’s greatest achievements as wartime prime minister was to have ‘mobilized the English language and sent it into battle.’”

This brief book—only 196 pages—part of the Penguin Lives series, gives the reader a satisfying overview of one of Britain’s best known prime ministers with sketches from his early years as a soldier and journalist, his campaigns against appeasement and Nazism, to his final days as a painter and outspoken critic of

communism.

Keegan, a noted British military historian and author of more than twenty other books, believes Churchill “had one of the most extraordinary political” and “personal lives of the modern age.”

It is interesting to note that many of the issues that Churchill dealt with during his lengthy career in the House of Commons and in numerous Cabinet positions are issues that remain at the forefront today. From World War I onward, he was interested in the issue of Turkey, the Middle East, Ireland and terrorism, the role his country should play in Europe, and Great Britain’s special relationship with the United States.

Ultimately, Keegan, who views Churchill both as a “romantic” and a “realist,” points to the leader’s brilliant oratory for his success: “In 1940 his words captured the hearts of his people. In 1941, and in the years that followed, his words drowned out the drumbeat of totalitarianism . . . revived belief in democracy among the downtrodden, inspired a new patriotism in the defeated, created a new confidence, and transmitted a promise of victory that was believed. Morally, Churchill set the agenda of the Second World War.”

—Robert J. Guttman

THE IDEAS THAT CONQUERED THE WORLD: PEACE, DEMOCRACY AND FREE MARKETS IN THE TWENTY-FIRST CENTURY

By Michael Mandelbaum; Public Affairs; 402 pages; \$30

The international liberalism that Woodrow Wilson advocated in Paris after World War I has become the domi-

nant current of history in the wake of the Cold War,” writes Michael Mandelbaum in his new book *The Ideas That Conquered the World: Peace, Democracy and Free Markets in the Twenty-First Century*.

A noted foreign policy analyst at Johns Hopkins School of Advanced International Studies, Mandelbaum remains optimistic about the current state of the world. Although his attempt to tie the dominant ideas of today to views held by President Wilson more than eight decades ago feels like a stretch, he does present an interesting although not totally convincing argument on how the post cold war world order is being constructed.

As he writes, “It is a world dominated by three major ideas: peace as the preferred basis for relations among countries; democracy as the optimal way to organize political life within them; and the free market as the indispensable vehicle for producing wealth.”

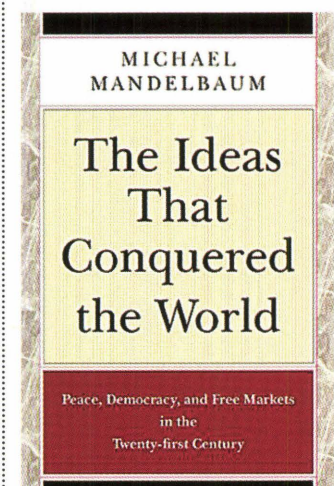
The author of a previous book entitled *The Dawn of Peace in Europe*, Mandelbaum is quite positive about the role of the European Union in the past few decades and sees tremendous potential for the future. “Relations among EU members were impeccably peaceful in the second half of the twentieth century,” he notes, “making Western Europe an oasis of non-belligerence on the territory where, in that century’s first half, the most violent and destructive wars in all of recorded history were waged.”

A firm believer in the liberal theory of history, which prides itself on democracy, prosperity, and peace (all three of which the European Union has today), the author says “if the European Union is a foretaste of the way the world of the twenty-first century will be organized, therefore, it is more plausibly a

harbinger of a liberal international order than an illiberal one.”

He also discusses the EU’s enlargement process, which will include taking in ten new members in the next few years. “More members made coherent action of any kind more difficult,” he writes. “The EU’s aspirations to speak with a single voice and act decisively in the international arena were in tension with its simultaneous aspiration to encompass as much of Europe as possible.”

This reviewer would question his assertion that “NATO expansion was a needless mistake, the equivalent, for the conduct of American relations with the rest of the world, of an unforced error in tennis.” Many foreign affairs analysts, especially those from the new member countries, argue that NATO expansion is a positive



factor for peace in Europe and beyond.

Hopefully, the triad of peace, democracy, and free markets will be as successful in the twenty-first century as the author imagines. It certainly beats the alternatives of terrorism, totalitarianism, and poverty. While the world may not be as secure, safe, and prosperous as Mandelbaum predicts, he has written a thought-provoking book that deserves to be read by as large an audience as possible.

—Robert J. Guttman



in CLOSING Life Goes On

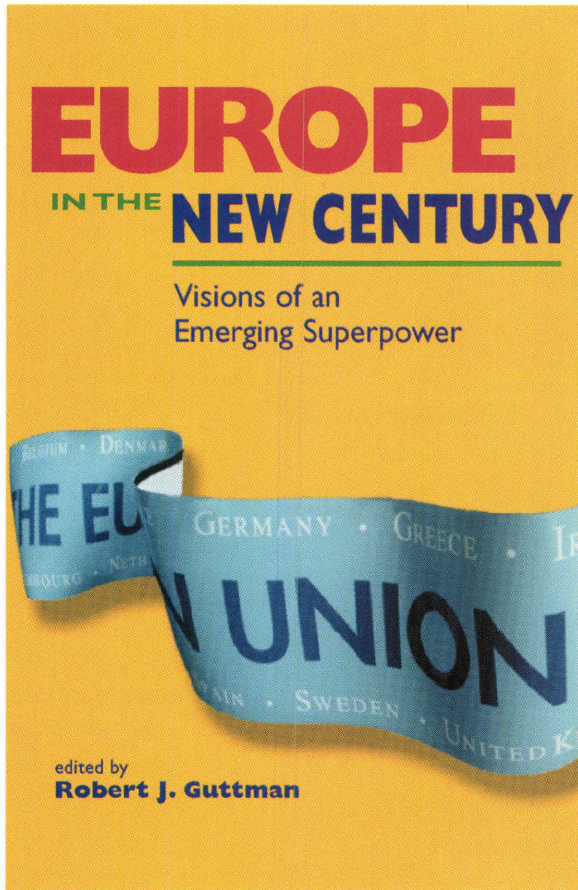
EUROPE, the official magazine of the European Union, began as a newsletter in 1954 when the European Commission, then known as the European Community for Coal and Steel, opened its first office in Washington, DC.

The newsletter became a black and white magazine called *European Community* in the 1960s, and with the issue published in January 1979 (above), the first color issue of *EUROPE* was born. Now twenty-four years later, we publish the final issue.

However, to illustrate the fact that life goes on, consider the two men on the cover of our first issue: Former president Jimmy Carter won this year's Nobel Peace Prize and former European Commission president Roy Jenkins recently published his eighteenth book, entitled *Churchill: A Biography* (which we reviewed in *EUROPE*).

I hope you enjoy the enclosed 2003 calendar as a reminder of *EUROPE* magazine. I wish you all a happy and peaceful New Year.

—Robert J. Guttman



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

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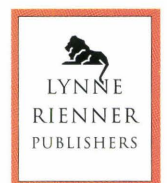
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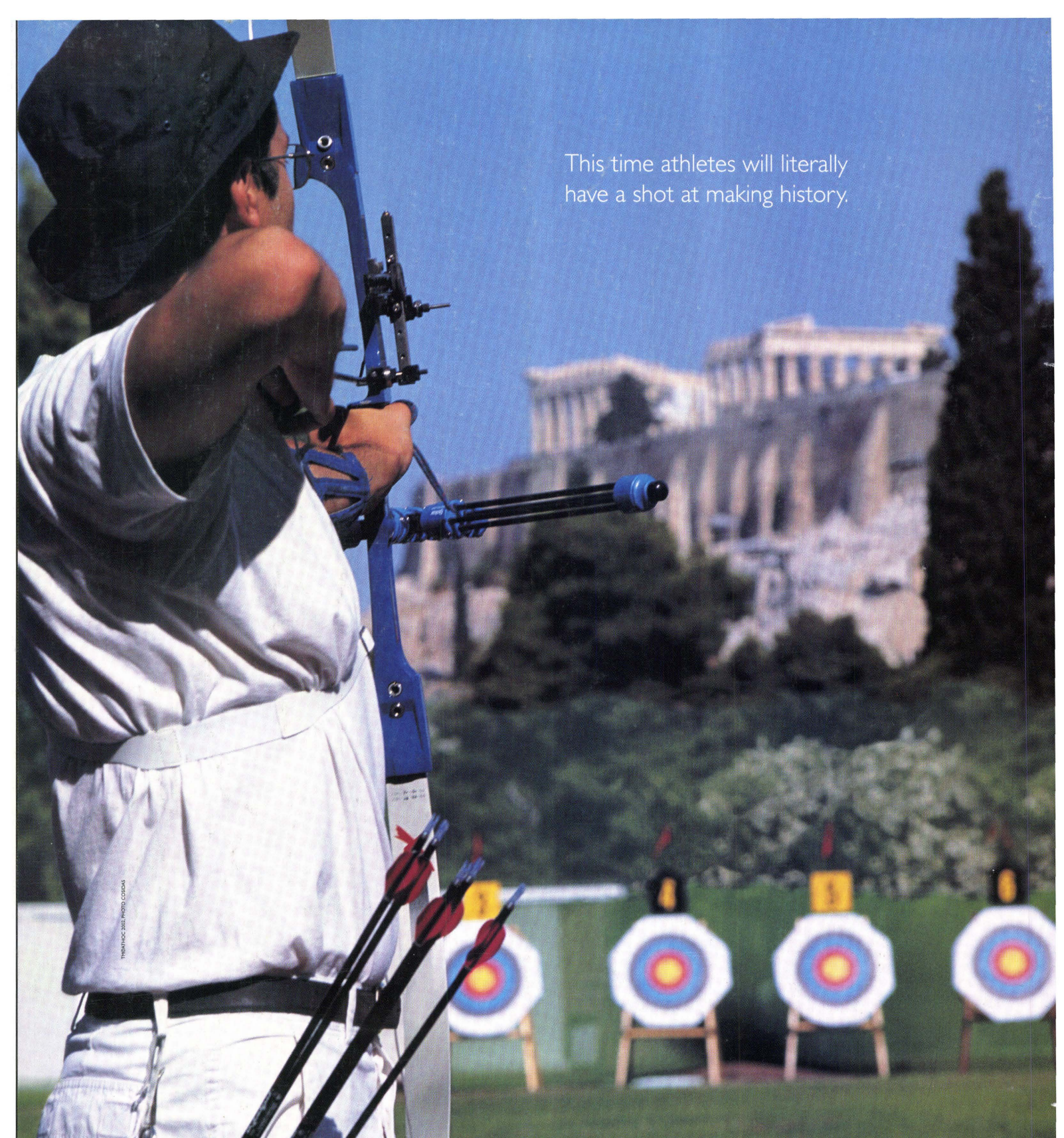
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