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# Haider's party trounced in polls

By Batuk Gathani

**BRUSSELS, NOV. 25.** The Austrian voters on Sunday night dramatically rejected the far right, Freedom Party of Joerg Haider, whose political decline is now considered imminent. The Chancellor, Wolfgang Schuessel, and his moderate but centre-right Peoples' Party has emerged as the clear victor in the Parliamentary elections.

The Freedom Party lost nearly two-thirds of its support. This gives the Peoples Party the largest share of votes in more than three decades.

According to preliminary results released by Austria's Interior Ministry, with the exception of Freedom Party, all parties have gained additional voter support.

Mr. Schuessel's party has now ensured the continuation of the Government whose election agenda was focused on tax cuts, privatisation and more integration with the European Union.

Mr. Schuessel said he would continue to set the course of financial and social reforms in Austria, aimed at strengthening the country's economy and pension systems. It remains to be seen which other parties will be invited to join the coalition Government.

According to political observers like Fritz Plasser, a political scientist at the University of Innsbruck, the most practical result of the election would be a "grand coalition" of the Peoples



Posters of the Austrian People's Party, showing the Chancellor, Wolfgang Schuessel, in front of the Parliament building in Vienna on Sunday. — Reuters

Party and Social Democrats — which has dominated Austrian politics for most of the post-War period. Mr. Haider was unavailable for comment after the polls closed on Sunday evening and has so far neither appeared in public nor on television. Mr. Haider emerged on the European political scene in 1995 with a racist and anti-immigration agenda. Since then, he had been prominent among Western Europe's growing number of right-

wing and racist politicians, who pursue vote-winning anti-immigration and anti-European Union agenda. Today, in the recession-prone Europe with a high unemployment rate — nearing 10 per cent — such an agenda has an instant appeal.

Mr. Haider also triggered a controversy by praising Hitler's notorious "S.S." wing, which was created essentially to exterminate the ethnic minorities — particularly Jews and Gypsies. The S.S. also kept a watchful eye on the rank and file of the military and civilian personnel of the Nazi establishment. Mr. Haider's father was a member of the Nazi party.

Mr. Haider was embarrassed by the discovery of a videotape made in October 1994 showing him addressing a meeting of S.S. veterans. Among the guests was the daughter of the S.S. leader, Himmler, who masterminded the genocide of Jews and other minorities in Nazi Eu-

rope. Mr. Haider called the S.S. veterans "dear friends" and praised Nazi leaders. The videotape was broadcast on German television and widely reported in Austrian newspapers, triggering a wave of disgust.

His anti-Europe appeal had support from the recession-hit middle class businessmen and the anti-immigration rhetoric has a special appeal for the extreme right factions in the Austrian society. Mr. Haider has good looks, speaks well and is rated as highly telegenic.

With a population of over 17 million, Austria is described as post-War Europe's most successful and peaceful country. Formerly a bridge between the communist-ruled Eastern Europe and democratic Western Europe, Austria has been home to many East European refugees.

The country also symbolises the traditional European liberal and democratic traditions. Austria joined the European Union in January 1995. Although, initially, the E.U. membership put new strains on the economy, Austria has regained economic and monetary stability. It qualified for the European Monetary Union under the 1998-99 Maastricht guidelines.

Today, Austrians enjoy a high standard of living as a result of the very generous but costly social security system.

How the new Government manages to continue this without disturbing the established system remains to be seen.

## Haider may quit

**VIENNA, NOV. 25.** A day after his Freedom Party suffered a crushing defeat in parliamentary elections, the populist Joerg Haider said on Monday he was planning to step down as Governor of Carinthia province, hinting he would leave the political scene altogether.

Mr. Haider, who led the party until May 1, 2002, told Austrian state radio he would propose his plan to party leaders at a meeting and "try to achieve a consensus with them."

Mr. Haider said he has had enough of politics because, he explained: "If one has done reconstruction work for so many years and is presented with such a bill, one should know which decision to make for oneself."

Asked whether he might be persuaded to change his mind, Mr. Haider said, "This will be



Joerg Haider

where it plunged from 39 per cent in 1999 to 24.1 per cent this time.

Admitting he was "strongly shaken" by the election result, Mr. Haider said he saw in it "mistrust in me and my policies." That's why he would announce his resignation to the province's party executive and them to accept it. — AP

very difficult."

He argued that his party had lost heavily not only nationwide but also in his own province, Carinthia,

THE HINDU

# Austria's far-right down but not out

MARCUS KABEL

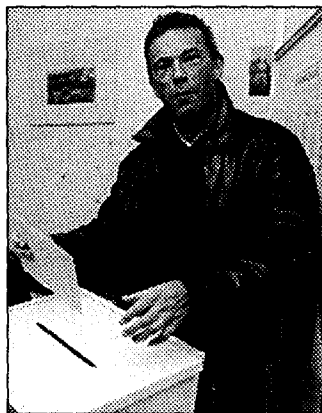
Vienna, Nov. 24 (Reuters): Despite being punished by Austrian voters today, Joerg Haider's far-right party looked set to regain its place in government thanks to the landslide victory of its conservative former coalition partners.

The coalition between the conservatives and Freedom Party had sparked international outrage when it was formed in 2000 and lasted less than three years before Haider's actions led to its collapse, leading to snap polls.

Today, the Freedom Party took only 10.2 per cent of the vote, preliminary official results showed, a massive 17 percentage points below its 1999 result and its worst tally since Haider took over the party in 1986.

Chancellor Wolfgang Schuessel chalked up the best result in two decades for his conservative People's Party with 42.3 per cent after taking third place in 1999 with 27 per cent.

"This is a historic victory for the People's Party," deputy party leader Wilhelm Molterer said.



Joerg Haider casts his ballot in Klagenfurt on Sunday. (AFP)

The opposition Social Democrats took 36.9 per cent, trailing the conservatives for the first time in a generation, and their potential coalition partners the Greens had 9 per cent.

Schuessel was tight-lipped about whether he would renew the coalition with Haider's party or return to the previous "grand coalition" with the Social Democrats that ruled for 13 years.

But he has signalled a will-

ingness to renew the pact with Haider despite bitterness over the coalition's collapse, and demoralised Social Democrats said they expected the same.

"If the two coalition partners want to continue, they can do so," said Social Democratic party leader Alfred Gusenbauer. "I have always said that second place for us will mean opposition."

Schuessel managed to woo Freedom voters disappointed at the far-right's in-fighting and policy squabbles, which caused the coalition to collapse in September and led to snap elections. In his biggest campaign coup, he also recruited the Freedom Party's most popular figure, finance minister Karl-Heinz Grasser.

## Swiss snub asylum rule

Swiss voters today rejected by a wafer-thin margin a proposal to give the traditionally hospitable country the toughest political asylum rules in the industrialised world. Results showed a mere 3,422 of 2.2 million votes cast separating the "Yes" and "No" camps — the smallest margin ever to decide on a popular initiative.

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# Scramble to fend off spill threat

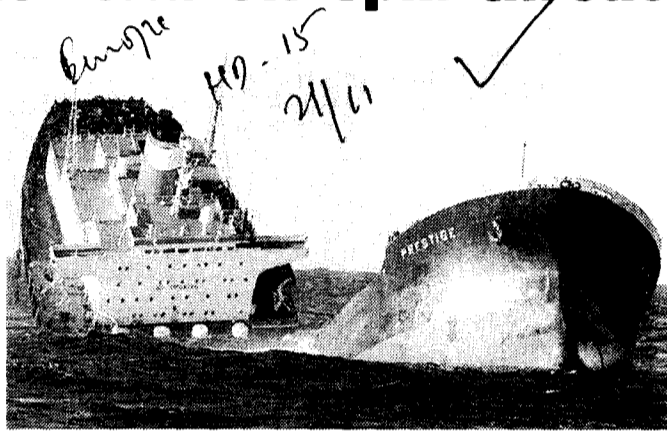
**SANTIAGO DE COMPOSTELA (SPAIN), NOV. 20.** Spain and Portugal raced on Wednesday to protect beaches and rich fishing grounds from an expected onslaught of fuel oil spilled from a tanker that broke in half and sank off their coasts.

Cleanup crews were scooping already spilled sludge from dozens of Spanish beaches, as environmentalists hoped the tanker's remaining cargo — nearly twice the 3,000 tonnes dumped from the Exxon Valdez near Alaska in 1989 — would solidify and stay inside the submerged vessel.

"We hope that the sunken part does not spill its fuel. But still it's a time bomb at the bottom of the sea," said Maria Jose Caballero, who heads the environmental group Greenpeace's coastal protection project. "There's nothing that makes us believe it won't finally burst and leak all its oil."

Experts have said there is a chance the oil still inside the sunken Bahamas-flagged Prestige might solidify in the Atlantic's deep, frigid water, limiting short-term environmental damage.

On Wednesday, maritime authorities and environmentalists were placing floating barriers



**THREATING MARINE LIFE:** The stricken Bahamas-flagged oil tanker Prestige, split in two, sinks about 233 km off the northwestern Spanish coast, on Tuesday. — AFP

outside rivers to protect fishing grounds and shellfish beds near the coast. European neighbours were expected to send boats equipped to scoop up oil at sea.

The Prestige ruptured in stormy weather last Wednesday, initially spilling about 3,000 tonnes of fuel oil. Despite efforts to salvage the vessel, it split in two and sank Tuesday, about 245 km off Spain's northern coast, near Portugal.

Salvagers said it dumped another 3,000 tonnes of fuel into the Atlantic Ocean on Tuesday. The latest spill, believed to be the ship's own fuel rather than

its cargo, was estimated to be 36 km long and 500 meters wide. While still far offshore on Wednesday, winds and ocean currents were projected to carry it east toward land.

Portugal's Environment Minister, Isaltino Morais, said containment efforts would focus on the coast because high winds and waves will probably make it impossible to scoop up much oil at sea. "We have to wait and be prudent because we still don't know whether we have passed the threshold of this crisis," Spain's Environment Minister, Jaime Matas, said. — AP



**T**HE construction of Europe has often seemed more like the building of a great medieval cathedral -- a painstaking process that takes generations, and whose final majestic shape can only be dimly imagined by a far-sighted few. True, there were always visionary European leaders who saw the citizens of Germany, France, and Sweden someday swearing double allegiance -- to a flag of 12 gold stars on a field of blue as well as to their own nation's colors. But over the decades, the gap between the European Union's vision of itself and the gritty business of uniting a whole continent of cultures often felt as unbridgeable as in those first dark days after World War II, when a few policymakers dared dream of a Greater Europe. To keep the faith alive, Brussels technocrats, like clerics of old writing out their psalters, produced binders full of plans and rules for a new Europe to pass on to the next generation. Believe, the acolytes said, and one day it shall happen.

Now, in the course of one short decade, it is happening. In 1992, Europeans got a single market and a standardized European passport, a pocket-size badge of unity. It was the first hard evidence that Brussels might do more than run a subsidy machine for the continent's farmers. Then last Jan. 1, Europeans woke up to a new money, the euro. In place of their faded marks, guilders, and francs, they got packets of green, red, and blue-tinted euro bills and weighty brass-rimmed coins. Germans, French, Italians, and others could feel the reality of Europe jangling in their pockets.

Monetary union, monumental as it is, is only a prelude. In a move so audacious that no one knows whether it will work or not, the West is now set to make most of the citizens of the old Soviet bloc Europeans. Over the next two years, nations from Estonia in the north to Slovenia in the south will be admitted into the EU after a few final rounds of negotiation. The island states of Malta and Cyprus will join, too. Enlargement -- a prosaic word for such an epochal event -- marks a true inflection point in modern human history. Proud and ancient states from Portugal to Latvia are voluntarily giving up huge swaths of sovereignty on a scale not seen since Charlemagne tried to unify the continent 1,200 years ago.

Brussels' embrace will add 23% to the EU's land mass and bring in 75 million additional citizens, making a new Mega Europe of more than 450 million people. Its economy of \$9.3 trillion will approach that of the US. The new entity could easily eclipse America if Europe rediscovers growth. "This is the dawn of a new era," says Lithuanian President Valdas Adamkus.

Always primarily a political project, expansion is intended to underpin democracy and free markets in the once-centrally planned dictatorships of Central and Eastern Europe, and create a zone of stability on the EU's eastern flank. Yet what Europeans have really wrought will not be known for years. The

heavily marketed to voters, there has been no selling of enlargement to the masses. Except for the Irish, whose constitution compelled a referendum, no Western Europeans have gotten to vote on it. Now ordinary citizens are wondering what's up. "Deep, basic questions are being asked, and French public opinion polls for one are extremely worrying," says John Kerr, secretary general of the European convention, which is coming up with a working constitution for the EU. "Would we be in that state had we had a public debate from the start?"

Politicians may still get their day. Many Dutch legislators want the Netherlands to schedule a vote on the issue early next year. That's an ideal setup for Western European populists, who can bash faceless Eurocrats for shifting jobs and money to the East. Grants and subsidies from the EU to the Eastern countries will run to \$40 billion between 2004 and 2006, a big chunk of the annual \$97 billion Brussels budget. "The cost is considerable," says Jules Maarten, a Dutch member of the European Parliament. "I don't think we can deal with a big-bang expansion."

Then there are the raised expectations on both sides. Western Europeans have been led to believe that their new neighbors will make them more competitive and provide a sizeable dose of prosperity. Perhaps. But don't expect a return to Europe's wonder years of

**THE FINAL COUNTDOWN**

- NOV. AND DEC. 2002 Existing members negotiate the remaining financial details of enlargement
- DEC. 12-13, 2002 European Council meeting in Copenhagen concludes enlargement negotiations with the 10 countries
- MID-APRIL, 2003 Signing of accession treaties at a summit in Athens
- SPRING, 2003 Referendum on EU accession in Hungary, Czech Republic, Poland, and Slovakia
- SUMMER, 2003 Referendum on EU accession in Baltic States
- FIRST HALF OF 2004 New members join EU
- 2006 First Countries likely to fulfil the criteria for introducing the euro
- 2007 Removal of many restrictions on free movement of labour between new members and existing EU

**MEGA EUROPE**

Soon, 10 states and millions of people in the old Soviet bloc will join the EU to form a new super-Europe. The question now: Is bigger better?  
David Fairlamb & John Rossant report



current leader of this effort, Romano Prodi, head of the European Commission in Brussels, recently told associates it "is like the Allied invasion of Normandy -- you just have to go ahead and have faith it's going to work."

That's because expansion is far more politically charged than anything Europe's rulers have attempted before. True, the distribution of a common European passport aroused some rump nationalism from folks who hated giving up the passports of the French Republic or Her Britannic Majesty. And the backlash against a European money seemed serious, especially among Germans. Half said they were reluctant to give up the mark -- until Jan. 1, when most pocketed the currency with enthusiasm.

But grafting on 10 new European states suggests a much rougher ride ahead. For one thing, unlike monetary union, which was

growth. "Expansion is important for many individual Western companies, but not necessarily for the Western economy as a whole," says Robin Marshall, an economist who follows the region for J.P. Morgan Chase & Co in London. Still, the existing EU economy will grow by an additional 0.2 per cent a year as a result of enlargement, says Prodi. Not bad. But Eurostat statistics show that adding 10 countries will only expand the EU's overall economy by 4.4 per cent or so.

Meanwhile, in the East, countries like Poland, the Czech Republic, Hungary, and the Baltic states envision a rush of investment similar to what some got in the 1990s. Investment will surely come, but multinationals have their pick of low-cost locales around the world. And productivity in the East lags badly. A German worker -- the world's priciest at 55 euros an hour -- can do the work of four

Polos.

There is another danger. Expansion could reinforce structural weaknesses that have left Europe with high unemployment and anemic growth. Ideally, Europe would have already reformed rigid labor markets, freed pension systems, and cut corrosively high taxes before embarking on expansion. It hasn't. Instead, "the EU will unfortunately bring a lot of bureaucracy [to Central Europe]," says Volkswagen's former chairman, Carl H. Hahn. Adds former Czech Prime Minister Vaclav Klaus: "The European social economy is a tragic mistake, and there aren't strong forces trying to dismantle it."

Klaus has a point. But the bureaucrats are pressing on. "The window of opportunity is now open and has to be used," says EU Enlargement Commissioner Gunter Verheugen. "Any delay is extremely dangerous."

**'ENLARGEMENT IS NECESSITY'**

**ROMANO Prodi, President of the European Commission, has been pushing a united Europe since taking office in late 1999. In early November, he discussed the new EU and other issues with BW European regional editor John Rossant. Excerpt:**

**What are the most important political and economic consequences of EU enlargement?**

First of all, this is a huge political priority. But enlargement is also a necessity because of globalization. It's a way to better confront the huge productive capacity of China, a way to confront the US economically. Being a unified continent means we will have a great capacity to have an active presence. And although the net gain to the overall European economy with enlargement will not be high. We're looking at 0.2 per cent increase in GDP per year, which is not negligible. And it will be more for border states like Germany and Austria. So there are positive gains which will balance out the initial costs of enlargement. Secondly, this is not the end of the [enlargement]



process. We have other countries on the list, apart from the 10. Like Bulgaria and Romania, and also Turkey, which is a candidate country according to the Helsinki criteria. And then, there are the Balkan states. But the real conclusion of EU enlargement in my mind is the inclusion of what I call friendly countries in a relationship of integration. Russia, Ukraine, the countries on the southern shore of the Mediterranean, and Israel. Countries with whom we will share everything but institutions. So we're talking about

reforms]. That's a lot. Should I have been silent about the Stability Pact? First there was criticism, but now a few days later, people are saying [the European Commission does] need greater authority. Clearly, this is a difficult moment in the economic cycle, but good times will come back. Don't forget: We've decided on enlargement, but it won't take place until 2004.

**How worried are you about the drift in transatlantic relations?**

Yes, this is really the first time I've seen a serious divergence between the US and Europe, and I'm worried. Until about a year and a half ago, we were largely focusing on trade disputes, but those things are normal. Now, we have much more serious problems touching deep political sensitivities on both sides. I don't underestimate our weaknesses and our mistakes. But we're going ahead with enlargement because this signifies the true end of the European tragedy, and there's no recognition at all on the American side of this.

**THE NEW SHAPE**  
As the European Union expands east, the economic and demographic profile of the club will change dramatically

THE EU TODAY	THE NEW EU*
AVERAGE PER CAPITA GDP: \$23,500	AVERAGE PER CAPITA GDP: \$27,000
2002 GROWTH FORECAST: 1.9%	2002 GROWTH FORECAST: 2.7%

EU MEMBERS  
EU PROSPECTS  
NON-EU COUNTRIES

\*INCLUDING THE 10 NEW MEMBERS  
\*\*EXCLUDES AREA CONTROLLED BY TURKEY

GDP FIGURES ARE ESTIMATES FOR 2002  
NOTE: GDP PER CAPITA FIGURES ARE ADJUSTED FOR PURCHASING POWER PARITY  
Data: JP Morgan Chase, Dresdner Bank, Eurostat, European Commission, National Ministries of Finance, Deutsche Bank



The EU has been preparing for this Big Bang since that day in November, 1989, when the Berlin Wall came down. To qualify for membership, candidate countries have had to privatize state assets, deregulate markets, and restructure industries. The candidates have enshrined the *acquis communautaire*, 80,000 pages of complex EU law, in their own legal systems. Even the compilation of national statistics must be brought into line with EU practice.

For most East Europeans, Ireland and Spain are models for what can be achieved by joining the EU. When the Emerald Isle enlisted in 1973, its GDP per capita was less than 70% of the European average and unemployment was almost 17%. Now the country suffers from a labor shortage, and living standards are way above average. "It was joining the European Union that made Ireland rich," says Noreen Aber, an Irish dairy farmer enjoying a long weekend break in Krakow. Spain, once a backwater, is now one of Europe's most vibrant regions. "[EU membership] underpinned Spain's success," says Polish Finance Minister Grzegorz Kolodko. "We want it to do the same for Poland."

In the late 1990s, as the East started its run toward EU membership, it looked as though joining the club would indeed generate prosperity. In anticipation of their joining the common market, Western companies -- most of them from the existing EU -- invested more than \$80 billion in the candidate countries. Attracted by the region's low costs, educated workforce, and proximity to core Europe, the likes of General Electric, Volkswagen, and Allied Irish Bank bought privatized assets, built strategic stakes in local companies, or set up new factories. "For the German economy and the euro economy, enlargement will bring a boost," says Heinrich von Pierer, CEO of Germany's Siemens. The result has been economic growth in the East of 4 per cent to 5 per cent a year, on average, since 1995, far higher than the 2 per cent achieved in Western Europe. Labor productivity, though low, is increasing fast. Economists predict it will grow by more than 7 per cent this year in Latvia, and 4.5 per cent in Poland.

Trade with the EU now accounts for more than 60 per cent of the GDP of each future member. Western companies, such as Siemens and French yogurt king Danone, have integrated their Eastern subsidiaries into global international supply chains. Sleep in a Berlin hotel, and the odds are the bed linen will be laundered in Poland. Eat in a Vienna restaurant, and many of the waiting staff will be commuters from Slovakia.

As a result, the candidate countries' economies have started to converge with the EU's. But it's a slow process. One indicator produced by Deutsche Bank measures convergence based on GDP growth, productivity, and a range of other economic factors. It will take Slovenia, the most developed country, up to a decade to catch up with the EU average. The economic gap between most of the candidate



countries and the EU average is far bigger than it was for previous newcomers. The problem is most acute for Poland, the largest country in the region, with a population of 38.8 million. After years of banner growth, Poland has slowed to a virtual standstill. Unemployment is 17 per cent. "It could be 40 years before Poland reaches average EU living standards," predicts Willem H. Buiter, chief economist of the European Bank for Reconstruction & Development in London.

One problem is that the new members can expect far smaller handouts from Brussels than the likes of Spain and Ireland received. With Western economies slowing, existing EU members aren't in much of a mood to be generous. Sure, Western farmers will get their EU subsidies -- but they'll only get 25 per cent of the EU level in 2004, and won't reach parity until 2013. By that time, subsidies in the West will have been cut by some 20 per cent in real terms. Other grants will be capped at 4 per cent of a candidate country's GDP, compared with 8 per cent for previous new mem-

**THE UPSIDE OF EXPANSION...**

**UNDERPINS DEMOCRACY AND STABILITY** Expansion will promote democracy and the rule of law in the transition economies of central and eastern Europe, and provide the EU with region of stability on its eastern flank

**A BIGGER SINGLE MARKET** The new EU will have more than 450 million citizens. Enlargement will sweep away trade barriers, creating the largest single market in the world. Old and new members will gain.

**MORE INVESTMENT** Billions of dollars of foreign capital have already flowed into central and eastern European countries in anticipation of EU membership. Joining up will help insure that the region remains attractive to investors.

**ENCOURAGES FURTHER REFORMS** The candidate countries have already privatized most state assets, reduced the role of government in the economy and created fully functioning market economies.

**...AND THE DOWNSIDE**

**WILL HURT SOME MANUFACTURERS AND FARMERS** East European farmers and some producers will suffer due to competition from more efficient and aggressive western producers.

**SLOWER EU DECISION-MAKING** Decision-making in Brussels, already slow and complex, will be more difficult with 25 members at the table.

**SHARPENS EU BUDGET PROBLEMS** The EU will have to cough up around \$13 billion more a year to finance expansion.

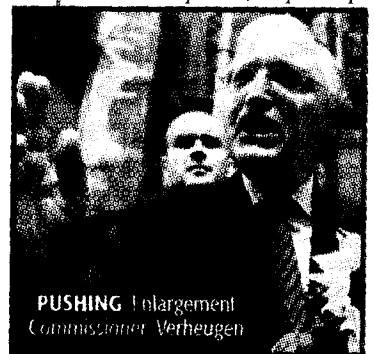
**COULD FUEL RIGHT WING POPULISM IN WESTERN EUROPE** In the expanded EU the fear of influx of cheap central and east European workers could strengthen anti-immigrant and racist sentiments in western Europe

bers. European Commission officials say that at this stage of their development, the newcomers aren't capable of absorbing more than that. Maybe. But their economies will doubtless be held back for want of money. And the discrepancies in payments are gener-

ating backlash in some countries such as Poland, where radical farm leader Andrzej Lepper is building a big following.

To be sure, many Eastern businesses will be given a new lease on life when the final trade barriers separating them from Western markets finally come down. One company confident of selling more is Kovinoplastika, a Slovenian manufacturer of sheet metal tool sets, hot-chamber casting machines, and cad-cam equipment. Its production costs are 10 per cent to 15 per cent below those of competitors in Germany or Austria. Managing Director Marjan Vampelj already has new distributors in the West. But selling to the existing EU will be even easier after 2006, when the first new members can start converting to the euro. Another company poised to do well is Media Menu, an Estonian information-technology company focused on Internet-based solutions. Owned by Swedish and Norwegian investors, it can undercut prices of its EU competitors because labor costs in Estonia are one-sixth those in Finland.

But for every Eastern European winner, there could be a loser. Western manufacturers may have higher costs. But they also tend to have productivity levels twice as high as they are in the East, as well as savvy distribution skills. Many have already made inroads in Eastern markets and will doubtless increase their sales efforts after expansion. "We could be crushed by them," says Philips



**PUSHING** Enlargement  
Cunneen/Verheugen

"Large-scale foreign investment acts as a catalyst for the creation of small and medium-size enterprises," points out Alain Pilloux, business group director for Central Europe at the EBRD in London. "That's vital because these countries need to develop a tier of mid-size business."

The problems, complaints, and fears are sure to mount as the deadline for expansion approaches. But the mandarins of Brussels are committed. They take the long view, and count the political gains of union as already won. Others still struggle to win in the new Europe. Jerry Bis, a 39-year-old Polish miner, spends his days pounding the pavement in Krakow, looking for any work.

"What we need is more investment to get the economy moving," he says. "Joining the EU might give us that." Will the EU deliver that job to Bis and other hapless workers? Can Europe ultimately afford the great upturn? Those remain the final, essential questions. - BusinessWeek



# Gibraltar rejects joint sovereignty

GIBRALTAR, NOV. 8. Nearly 99 per cent of voters on Gibraltar have rejected the idea of Britain sharing its colony with Spain in a stinging rebuff to any plans for joint sovereignty.

Thursday's referendum carried no legal weight but packed considerable political punch in the near 300-year old dispute between Spain and Britain over the British colony at Spain's southern tip.

Although there was never any doubt about strong opposition, the result exceeded expectations with 98.97 per cent of the 21,000-strong electorate voting 'no' to the question: "Do you approve of the principle that Britain and Spain should share sovereignty over Gibraltar?"

Just 1.03 per cent, or 187 people, voted 'yes.'

The plebiscite was called by the Gibraltar Chief Minister, Peter Caruana, to protest the British Foreign Minister Jack Straw's statement on July 12 that an agreement in principle had been reached with Spain on sharing sovereignty.

"Fellow Gibraltarians, today we have sent a clear message to the world and it is roughly divisible into three parts," said Chief Minister Peter Caruana. "One, that this is our homeland. Two, that we are a people with political rights that we will not give up, and three, that those rights include the right to freely decide our own future and that, we will certainly not give that up."

To rousing cheers at the election centre, Mr. Caruana said



Gibraltarians wave flags after the announcement of the results of a referendum rejecting overwhelmingly a British plan to share sovereignty of the colony with Spain, in Gibraltar on Friday. — AFP

Spain must now take into account that "98 per cent of Gibraltarians do not want what Spain wants." He also urged the neighbouring country to end what he described as the "systematic contempt with which it

treats the people of Gibraltar."

He then called on Britain "to take stock of this referendum result," adding that "joint sovereignty is a dead end."

Outside the centre, some 450 Gibraltarians celebrated the re-

sult, cheering "Oe, Oe, Oe, Oe" in imitation of fans at soccer matches.

Britain and Spain have both dismissed the vote as irrelevant but few doubt it will affect efforts to end their dispute. Britain has said it is prepared to share rule if residents go along. Gibraltar insists it wants to remain British and refuses to attend any talks unless given an equal say.

British forces captured the 426-meter (1,400-foot)-high rock from Spain in 1704. Spain formally ceded it nine years later has never given up on trying to get it back. Once a strategic military post, Gibraltar is now a major tourist resort with important offshore banking and port facilities.

The old garrison town was plastered with posters saying "Give Spain No Hope," and a Spanish hit song dubbed with lyrics against shared sovereignty could be heard from shops and bars.

Britain ruled out any arrangement with Spain over Gibraltar after Thursday's vote.

"There is no possibility of any sort of any agreement with Spain ... that can be put into place without the approval of the people of Gibraltar," Britain's Minister for Europe, Denis MacShane, said on Friday.

Gustavo de Aristegui, Spain's ruling party's spokesman, said the referendum had not been called by "competent authorities" and was "not legally binding." — AP

9 NOV 2002

THE HINDO

# Europe's marginalised community

By Vaiju Naravane *HD-15*

Ostrava, the Czech Republic:

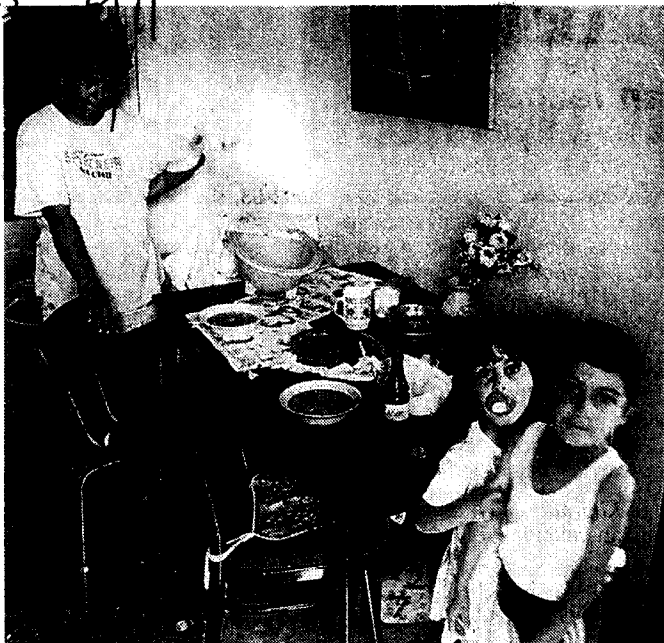
This is a big day for Kumar Vishwanathan and his humanitarian association, Vzajemné Souziti, which in Czech language translates as "Life Together". His dream of a housing project for Roma gypsies and poor Czech citizens has become a reality and the first of the beneficiaries have moved in.

For several years now, Mr. Vishwanathan has been working for the rights of one of Eastern Europe's most despised, ostracised and marginalised communities, the Roma or gypsies.

The project is located in a village called Slezska Ostrava (on the outskirts of the industrial town of Ostrava near the Polish border) and provides housing in semi-detached bungalows to very poor families, both Roma and Czech, who have been living in dank, run-down houses badly affected by repeated flooding. The idea is to bring two deeply divided and mutually suspicious communities together in an experiment in "Life Together".

The gypsies are Europe's most deprived and fastest growing ethnic minority. There are an estimated 9 million Roma in Europe, some 6 million of them in Eastern Europe. The Roma originally came to Europe from central and north-western India in three waves of migrations between the 5th and 12th centuries, reportedly fleeing religious persecution, although there is little historical proof for this claim. Most Roma have become sedentary and hardly anyone now speaks Romani, supposedly a dialect of their original Indian tongue.

Twenty-two-year-old Katerina Hodostova has the thick, dark features and stocky frame characteristic of the Roma. "Never in my life did I think I would live in a house like this. A room for the children, one for my husband's mother, one for us, a proper living and dining, even a garden in the backyard. We pay a rent of 2,300 kroner. In our old house in Hrusova which had damp



**A FRESH BEGINNING: A Roma family in their house built by a voluntary organisation near Ostrava in Czech republic.**

patches, leaky taps and shared conveniences, we paid 4,300 kroner plus the heating. This is all thanks to Kumar's association," she says.

Eva Burova, a social worker with "Life Together" told *The Hindu*: "Ostrava has a population of 300,000 people of which 20,000 are Roma. In my entire

## **FOCUS ON IMMIGRATION — III**

life, I have known maybe three Roma who have university degrees. They are systematically discriminated against and are seen as alcoholics, thieves, and compulsive liars. They are right at the bottom of the social scale. Our association helps them to help themselves."

Mr. Vishwanathan's is an exemplary story of commitment and drive. After earning a degree from the Birla Institute of Technology, this native of Andhra Pradesh went to the Patrice Lumumba University in Moscow to earn a degree in physics. There he met his Czech wife and after the fall of the Berlin, moved

to Ostrava where she was finishing her education.

"My involvement with the Roma began in 1997 when the Czech Republic was hit by terrible floods. They lost their homes but received very little attention from the local authorities. I had heard so many terrible one-sided stories about them that I decided to find out for myself and for a year I lived in a cabin with them. They were suspicious of me at first. But since I was educated, I could help them make applications, deal with local authorities. I had to stay there and make myself useful in order to win trust. I worked a great deal with children and slowly my cabin became a community centre. They had nothing. No blankets, little furniture, no rubbish collection and rudimentary toilets. An entire family would live and cook in the space of five square metres — it was very dangerous. I contacted NGOs and established links with local authorities," recalls Mr. Vishwanathan.

The statistics for gypsies as compared to the national averages for other ethnic minorities

are appalling: Their jobless rate is over 60 percent, more than six times the national average in most of Europe while their life expectancy is behind by as much as 10 years. Even today, although schooling has been compulsory for over half a century, only one in five gypsy families can send its children to secondary school. Verbal and physical abuse against the Roma are a common feature. The European Commission and the Council of Europe have both urged Eastern European Governments to uphold the human rights of the Roma. Nevertheless, they remain a downtrodden and largely despised community and although the Roma are looked on with suspicion in Western Europe too, it is in the East that discrimination and racial hatred is mostly practised.

The Roma, however, are beginning to organise themselves and with help from persons such as Mr. Vishwanathan, have begun claiming their rights. Many have begun to flee their home countries for Western Europe. There is now a new fear that masses of Roma will inundate the West. "The migration of the Roma will make the influx of Third World migrants to the West look like a mere trickle. Six million gypsies in Eastern Europe, most of them anxious to flee to the more prosperous West where they feel they will receive better treatment. At the moment, Western European Governments systematically deny them visas and right of entry. What will happen in 2004 when Poland, Hungary, the Czech and Slovak republics will join the E.U.? What will happen when Bulgaria and Romania become members? "We are going to see mass movements of people on a scale not seen before and these will not be welcome moves," says the sociologist, Judith Scott, who is preparing a doctoral thesis on the subject.

Europe is sitting on a demographic time bomb, Ms Scott says.

(Concluded)

THE HINDU

6 MAY 2002

# Smuggling of people well-entrenched

By Vaiju Naravane

Avellino (southern Italy) and Milan.

Italian police pulled 18-year old Eri Asan Amin, more dead than alive, out of a locked and sealed sea container that had been loaded onto a truck en route to its final destination. The driver made a rest stop in Avellino, a modest suburb of Naples and called the police on hearing noises in the container.

In an operation that took over an hour, they pried open the container doors to remove the dead and lease the living. Five of the nine stowaways had died of suffocation.

Amin himself barely made it. From his hospital bed he told *The Hindu*: "I am an Iraqi Kurd. I don't know how I came here or the route we took. We paid the agent \$2500. All he told us was: 'When they find you put your hands in the air and say 'asylum'.' We were not given any food and very little water. It was dark inside the container and I don't know for how long we sailed. All I know is that I woke up here, in this hospital. I thought I was dying. I know some of the others are dead."

Police have been able to piece together what happened. Amin and eight other Iraqi Kurds were placed in the container by unscrupulous people smugglers with promises to get them safely into Italy.

Inspector Libero De Simone told *The Hindu*: "They paid over \$2500 apiece for the trip that began in northern Iraq, took them across Turkey, Bulgaria and Greece, and ended here in Avellino. Their harrowing sea crossing started in the western Greek port of Igoumenitsa."

Italy has Europe's longest coastline, over 4500 km, making it porous and very difficult to police. Laid out almost laterally, the Tunisian coast in the south is only 60 km away, while Albania, Slovenia, Croatia and Montenegro lie just across the Adriatic sea. With well-entrenched organised crime gangs forever on the look out for new and

profitable ways of amassing money, it is hardly surprising that Italy has become the centre-piece of people smuggling into Europe.

An estimated 500,000 illegal immigrants pour into Western Europe each year, a large chunk of them into Italy. Many of them are fleeing war, religious and political persecution. But most are running away from economic deprivation, misery and hunger. They come from Albania, Russia, central and eastern Europe, Turkey, Iraq, Afghanistan, India Pakistan, Bangladesh, Sri Lanka, mainland China and south east Asia. In India and China, agents demand as much as \$10,000 per head. The Italian, Russian and Albanian Mafia play their part. The

## FOCUS ON IMMIGRATION — II

huge international people smuggling network includes the Japanese Yakuza, the Chinese Snakeheads as well as countless 'freelance' family groups operating with nothing more elaborate than a couple of mobile phones.

Corrupt border guards, policemen and government and customs officials are bribed handsomely to look the other way. Some of these links lead straight to top government and elected officials in countries like Bosnia or Albania, where the country's Vice-Prime Minister was accused of people smuggling.

Kuldeep Singh, a Sikh youth from Phagwara waits patiently in the long queue outside the Indian consulate in Milan. "We paid an agent four lakh rupees. My parents even sold some family land to afford his rates. I got here by air, road and sea and when we were within sight of land on the ship, we were put into small boats and told to row or swim ashore. From Bari where I landed, I made my way here to Milan where I had been given a contact."

Kuldeep Singh has already found illegal

employment milking cows at a dairy farm near Milan. Like many others he wants to take advantage of the Italian Government's decision to amnesty all illegal immigrants in the country and give them resident status. Which is why he is in the queue. He will tell the Indian consul that he arrived in Italy legally; that his passport was stolen. He will make a declaration of theft and ask for another passport. He will then ask his employer to certify that he is a good and honest worker. Armed with these documents he will make his case before the immigration authorities.

This past month the influx of illegal immigrants into Italy has become a torrent. The Government plans to amnesty illegal aliens because deporting all clandestine immigrants — an estimated 500,000 — would be too difficult and expensive. The amnesty will be coupled with a draconian new anti-immigration law that will make it extremely difficult to win political asylum and mean automatic deportation for economic migrants.

For people like Kuldeep Singh, this is a not-to-be-missed opportunity that will mean a work permit, a bank account, the possibility of sending children to a proper school and renting a house. Other European Governments, however, doubt Italy's ability to effectively police its borders. The two most popular immigration routes into Italy are from Tunisia to the southernmost Italian island of Lampedusa (for north African Arabs and black Africans), and the 80-km Albania-Italy run favoured by Kosovo Albanians, Afghans, Kurds and Chinese. These smuggling rings are very organised and extremely profitable.

Greece and Turkey are the two main staging posts the would be migrants passing from agent to agent until their final destination is reached. Some of the contracts and 'deals' promoted by mafia agents include a 're-try' should an initial attempted crossing fail.

4 NOV 2002

THE HINDU

# A flight from poverty and oppression

By Vajju Naravane

Sangatte, near the Channel Tunnel, northern France.

France and Britain have agreed that the controversial refugee camp at Sangatte on the French side of the Channel Tunnel connecting the two countries will stop admitting new refugees by mid-November and close down permanently by April 2003.

Britain has long accused France of encouraging asylum seekers to attempt the hazardous illegal crossing into Britain as stowaways on freight trains or trucks. France has said British rules are more favourable to asylum seekers and act as a beacon attracting them with welfare handouts and other benefits.

"By closing the camp the refugees will not go away. They will camp out in the streets or in parks and use the bushes as toilets as they did before," says Ms. Dominique Santoro who is a social worker in the nearby port town of Calais. "They congregate here because Britain is where they want to go. The British Government has more to offer asylum seekers. They are in France on sufferance and the Government here gives them nothing except a temporary stay permit until their asylum application is processed. They do not have the right to work, relying on charity hand outs and what little money they brought with them. The living conditions here are grim and very basic. Despite what the newspapers say about the government pampering refugees, I can tell you, their life is no picnic," she says.

Sangatte which has long been in the headlines as a source of friction between

Britain and France is in fact a rundown, reconverted hangar that served as a warehouse during the digging of the tunnel. In 1999 the disused and dilapidated building was handed over to the Red Cross with instructions to turn it into a shelter for the hundreds of refugees thronging the port, the railway station and the city of Calais. Originally conceived for 400, the camp, now housing 1800 is full to bursting. Earlier this year, a desperate Kurdish asylum seeker stitched his lips together in protest against the inhuman treatment meted

## FOCUS ON IMMIGRATION — I

out to refugees and the appalling conditions in the camp

The French Government says those willing to return home voluntarily will be given 2000 euros, "not as a payback to compensate for the expenses they incurred to get here but to make return easier", according to French Interior Minister, Nicolas Sarkozy. The first set of Afghans left last month. Camp officials said the men who had run through their money and had failed to make it to Britain despite several attempted crossings were only too glad to return home. Those who stubbornly refuse the handout will be "otherwise dealt with".

It takes wild courage and iron determination to attempt an illegal crossing. And yet, every night desperate refugees, men women and children, walk the 3.2 km from the camp to the perimeter of the Channel Tunnel terminal at Co-

quelles in the hope of leaping onto a slow moving freight train that will take them to Britain. Many have died in the process. Access to Eurotunnel's Coquelles terminal is monitored by over 200 closed circuit television (CCTV) cameras. Every gate has a 24-hour guard and the site is surrounded by 35 km of razor wire. The vast majority of those caught by heat sensors, sniffer dogs or security men carrying carbon dioxide detectors are bussed or forced to return to Sangatte on foot. They will wait a day or two, then attempt the same crossing again and again, until one day, they succeed. Over 63,000 such hopefuls were turned back last year alone.

While this sad and desolate place has become a buffer zone between two of the world's richest nations, it has also come to symbolise the western world's failure to address the issue of immigration in any but a repressive, knee jerk manner. The presence of Sangatte underlines the absence in Europe of any coherent policy on immigration. No wall, no fence, no system of policing, no legal framework can or will stop people fleeing oppression and poverty in their own countries.

The presence of the refugees in Sangatte has also led to social tensions in the village and in Calais. "I now keep a revolver by my side. Anyone trying anything funny and I won't hesitate to fire," says Claude Devos, who owns the local café Le Weekend. "Business is down. These people have given us a bad name and tourism has slumped," he grumbles. Many in Calais describe the refugees as 'wild', 'dangerous' or 'savagae' — some kind of human sub-species.

In an attempt to dispel these preconceived notions, Michel Derr, the camp's director commissioned a team of social scientists to prepare a report on the camp. What emerges is startling. Contrary to popular belief, most residents are educated; almost all of them have passed high school while some hold impressive university degrees. The average price they paid to get here is \$6000. The majority of the 284 persons questioned said they came to Europe not because of economic reasons — most of them had employment, businesses or land back home — but because of insecurity, violence and persecution. Nor surprisingly therefore, 90 per cent of the camp's inhabitants are Iraqi Kurds or Afghans.

There are two sets of conflicting treaties in force in Europe, the Dublin Convention of 1990 and the Schengen Treaty. According to the former, to which Britain is a signatory, all refugees must remain in or be sent back to the E.U. country where they first landed as asylum seekers. The facts of how and where people first landed are difficult to verify. With an obvious need for harmonisation of regulations as well as a more equitable distribution of refugees across Europe, the E.U. has fixed 2004 as the target date for coming up with a common immigration policy. The initial discussions are already running into heavy weather because States regard any question relating to migratory flows as a matter of sovereignty. There is no doubt, however, that with large parts of Europe now voting right, the inclination will be towards increasingly restrictive legislation.



# A jolt to Ulster peace process

By Hasan Suroor

LONDON, NOV. 1. In yet another blow to Northern Ireland's beleaguered peace process, the IRA has decided to suspend contact with the independent international decommissioning body, headed by General John de Chastelain, accusing the British Government of not fulfilling its obligations under the Good Friday agreement.

The move, which came less than a week after the Sinn Fein leader, Gerry Adams, rejected calls for IRA to disband, was seen as a rebuff to the British Prime Minister, Tony Blair, who has been pressing armed Republicans to give up their weapons.

Observers called it an 'angry' reaction to Mr. Blair's recent attack on Republicans, particularly his statement that the peace process would not succeed if IRA continued to be "half in, and half out of this process". His remarks echoed the Unionists' insistence that the IRA must wind up if the Republicans want to remain in the Provincial Government.

In a statement, the IRA attacked the British Government and Unionists for trying to "impose unacceptable and untenable

ultimatums on the IRA" — a reference to the Blair/Unionist call for its disbandment. It said that while Unionists had "set their faces against political change", the British Government had "not kept its commitments" under the Good Friday Agreement.

The "real threat" to the peace process came from the "British establishment and its agencies", it said in a veiled attack on the recent police raids on the IRA/Sinn Fein offices in Belfast following allegations that Republicans were running a "spy ring" in the Northern Ireland administration.

"The IRA, therefore, has suspended contact with the IICD (Independent International Commission on Decommissioning). The onus is on the British Government and others to create confidence in this process. They can do this by honouring their obligations," the statement said, but reiterated its commitment to the peace process.

A senior Sinn Fein leader, Martin McGuinness, said the IRA's decision seemed to be a reaction to the British Government's decision to suspend the provincial administration under

unionist pressure. However, the Ulster Unionist Party chief who was until recently head of the Northern Ireland Government, maintained that the IRA move "vindicates our decision to force suspension".

This is the second time that the IRA has suspended contact with the decommissioning body, and some dismissed it as a pressure tactic.

7 NOV 2002

THE HINDO

# Anglo-French meet off after Blair-Chirac row

By Hasan Suroor

*Europe*  
**LONDON, OCT. 30.** An extraordinary public spat during which the French President, Jacques Chirac, accused the British Prime Minister, Tony Blair, of being "rude" to him has led to the cancellation of a summit between the two leaders planned for December, plunging Anglo-French relations to a new low.

The French decision to call off the summit was seen as a personal rebuff to Mr. Blair, who had sharp exchanges with Mr. Chirac over the European Union's agricultural policy at an E.U. leaders' meeting in Brussels last week. An apparently angry Mr. Chirac told Mr. Blair: "You have been very rude and I have never been spoken to like this before."

*10-15*  
*30/10*  
Downing Street confirmed that there were "vigorous exchanges", and speaking in the Commons, Mr. Blair reiterated his opposition to the French position on agricultural subsidies on which France and Germany reached a tentative agreement behind Britain's back, provoking a bitter British "backlash".

While Mr. Blair avoided a direct reference to his row with Mr. Chirac, the issue dominated British political circles and the media. As details of the trans-continental quarrel emerged, commentators described it as the most serious personal confrontation since the former Prime Minister, Margaret Thatcher, had had a run-in with the then French President, Francois Mitterrand. The BBC called it a "pretty serious bust-up" and the Leader of the Opposition

in the Commons, Ian Duncan Smith, ridiculed Mr. Blair for claiming to put Britain "at the heart of Europe". He said Mr Blair was "marginalised" at the Brussels meeting where France and Germany struck a "deal" over the controversial Common Agricultural Policy without taking Britain into confidence. The impression that the British Prime Minister was ignored by the Big Two was reinforced as television channels replayed images of an angry and flushed Mr. Blair stomping in the corridors of the conference room after being told of the Franco-German agreement.

The tension in Anglo-French relations came even as the two countries continued to differ sharply over Iraq with France implacably opposed to the British support for America's military aims in Baghdad.

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# Ireland says 'yes' in referendum

By Hasan Suroor

LONDON, OCT. 20. The European Union today got the go-ahead to admit ten more countries after the Irish Republic voted 'yes' in a referendum called to approve the contentious Nice Treaty which provides for the E.U.'s enlargement from 15 to 25 members.

The new entrants would include several former communist bloc countries such as Hungary, Poland, the Czech Republic and Latvia.

Nearly 60 per cent of the 2.9 million voters were reported to have voted in favour of the Treaty and the 'no' camp was quick to

concede defeat, though the final tally was still awaited. There was a collective sigh of relief across the E.U. as a 'no' vote would have plunged its future into a great deal of uncertainty, delaying its expansion by at least three years. The outcome of the bitterly fought referendum was seen as a personal triumph for the Irish Prime Minister, Bertie Ahern, whose standing in Brussels would have suffered a major blow if he had failed to win support for the Treaty.

He lost the first referendum held 16 months ago on a low voter turnout, and this time he was determined to extract a 'yes'. Critics accused his Government of 'rigging' the rules and the format of the referendum to get the desired result. There was also anger among the 'no' fraternity, comprising the Sinn Fein, the Greens and civil rights groups, over the decision to call a second referendum after the people so overwhelmingly voted against the Treaty only last year. "In order to push ahead with Nice, the Irish Government disregarded last year's clear referendum result, changed the rules and changed the question," a conservative member of European Parliament, Daniel Hannan, said accusing the Irish Government of resorting to 'undemocratic' means to win the referendum.

The 'yes' campaigners, however, were jubilant and claimed that they lost the first referendum not because there was not enough support for a unified Europe but because their own campaign had not been sufficiently energetic and people did not fully understand the implications of the referendum. This, they said, was reflected in last year's low turnout of just about 35 per cent compared to around 45 per cent in Saturday's poll. Ireland's Deputy Prime Minister, Mary Harney, said she was "very pleased" with the result but cautioned that the vote was not for a "United States of Europe", a reference to fears that a unified Europe might lead to an erosion of national sovereignty of member-states.

"We are not going to support a United States of Europe and anyone who tries to fast-track the agenda will find out that we will not buy into it," she said. Mr. Ahern, who believes that Ireland should be in the heart of Europe, saw the outcome as a vindication not only for his pro-Europe policy but also for his domestic agenda. The 'no' vote in last year's referendum was seized by his critics to portray it as a show of no-confidence in his Government.



**PERSONAL TRIUMPH: The Irish Prime Minister, Bertie Ahern.**

20/10  
10-14

# Ireland votes in E.U. referendum

By Hasan Suroor

LONDON, OCT. 19. Europe was holding its breath as Ireland went to the polls on Saturday to vote in a crucial referendum that would decide the future shape of the European Union.

While a "yes" vote in what was being described as a "date with history" would pave the way for 10 more countries — most of them former communist nations in Eastern Europe — to join the E.U., a "no" would throw its expansion plans into chaos.

Early indications and opinion polls indicated a thumbs-up for the "yes" camp, personally led by the Irish Prime Minister, Bertie Ahern, but until late in the afternoon it still seemed premature to declare a victory.

This was the second time in 16 months that Ireland's nearly three million voters were being asked to give their opinion on an issue which has deeply divided the country, largely because few understand the full implications of the Nice Treaty which they are being asked to approve. The entry of new members is only one aspect of the 90-page dense document and sceptics fear that its other provisions such as the proposed institutional mechanisms would compromise Ireland's national sovereignty.

In the first referendum last summer, people voted overwhelmingly against the treaty on a low voter turnout in what was seen as a huge blow to Mr. Ahern's efforts to push for a unified Europe.

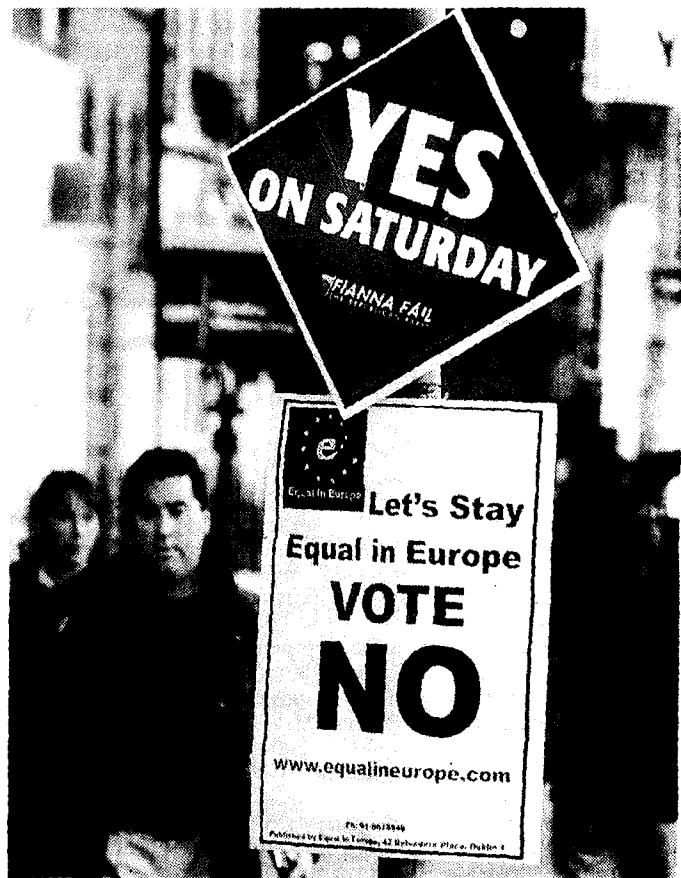
The defeat, attributed to a lacklustre campaign by the pro-Europe groups, was also interpreted by Mr. Ahern's opponents as a show of no-confidence in his Government's domestic policies. A "yes" vote in Saturday's referendum would not only boost his standing in Brussels but also give his party something to crow about at home.

The opponents, a curious mixture of liberals and right-wingers, were angry over the decision to call a second referendum despite an unambiguous "no" barely months ago. The Sinn Fein, which spearheaded the "no" campaign, accused the Government of trying to bulldoze people into changing their opinion.

"The people are the court of final decision, but even though they have made their position clear, the Government is refusing to accept their wishes," a party spokesman said.

The Sinn Fein and the Greens, who have come together on a "no" platform despite their hugely divergent politics, are opposing the treaty on the ground that it would erode Ireland's independence.

Their posters warned that the treaty would lead to a "federal United States of Europe" with Ireland and other E.U. member-states being drawn into a European "super state". "No to Nice — Defend Democracy, Neutrality and Independence", proclaimed a Sinn Fein poster. Both sides pulled out all stops to canvass support in a closely fought campaign with the "yes" campaigners, in particular,



A NICE OPTION?: Pro and anti-Nice Treaty placards are seen on the streets of Dublin on Saturday. — AP

leaving nothing to chance. The Government was relying heavily on support from the country's farmers who have benefited much from Ireland's membership of the E.U. Ireland's economy has transformed spectacularly since the country joined the E.U. in 1973 — a point which the "yes" cam-

paginers aggressively put forward to argue the benefits of a more integrated Europe.

Albert Reynolds, a former Irish Prime Minister, said other countries whose entry depended on a "yes" vote deserved the "luck of the Irish". On Saturday, their luck hung in balance.

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THE END



# Europe watches as Ireland votes in polls

MICHAEL RODDY

Dublin, Oct. 19 (Reuters): Voters in Ireland's capital turned out in force today under the keen gaze of Europe for a referendum which will endorse or derail European Union expansion plans, but rural turnout was mixed.

Ahead in opinion polls, the "Yes" camp was hoping for a big turnout to overturn a similar plebiscite last year in which the Irish rejected the EU's Nice Treaty with just a third of the 2.9 million electorate bothering to vote.

With three hours to go before polls close, state broadcaster RTE said in its evening news that turnout in Dublin city was 25 per cent, which officials said was higher than last time, while in some areas turnout was much higher, at up to 45 per cent.

"I think you'd have to probably have to have a particularly hard neck to vote to exclude so many people," said lawyer Ken Fogarty, voting in north Dublin.

Elsewhere around the country, Waterford in the south had 30 per cent turnout and Limerick city was reporting 35 per cent, but voting tapered off to 20 per cent in Clare, Tipperary and the midlands and was below 20 per cent in parts of remote Donegal.

The *Irish Times* newspaper reported on its website ([www.ire-](http://www.ire-)

*land.com*) that early indications suggested between 39 and 43 per cent of the electorate would cast their ballots. The vote was expected to climb when people attended this evening's Roman Catholic mass.

Ireland alone among the 15 EU members requires a popular vote to ratify the treaty, signed in the French resort two years ago. Unless it does so this year, the treaty will be invalid and the process of EU expansion likely to be held up for years.

Hanging in the balance is the future of 70 million eastern Eu-

ropeans, once isolated behind the Iron Curtain, who after a decade of painful free market reforms are now looking forward to invitations in the next few weeks to join the Union.

Irish Prime Minister Bertie Ahern's own political fortunes may also depend on whether he can reverse the earlier result.

"I voted 'Yes' because it's the right thing to do," he said as he voted in Dublin. "It's a very important vote but hopefully we've all done enough — we've all worked very hard."

Ireland sent shockwaves through Europe last year when it rejected the treaty which lays the framework for EU expansion to include a dozen new states, all of them in eastern Europe except Cyprus and Malta. The "No" vote was based on fears the treaty might infringe Ireland's policy of military neutrality.

Ministers were embarrassed by that result and worried about losing influence within the EU, from which the Irish have reaped huge economic gains in 29 years of membership making them 20 per cent better off than the European average. The government has pumped millions of euros into its new "Yes" campaign.

Polls this week put the "Yes" vote comfortably ahead, with the latest showing 42 per cent for and 29 per cent opposed.

## IRA defies call to lay down guns

Londonderry (Northern Ireland), Oct. 19 (Reuters): The IRA defied Britain today, rejecting as unreasonable demands that it lay down its guns as a prerequisite for reviving Northern Ireland's stalled peace process.

The comments by a "senior source" in the guerrilla group, in a briefing to selected journalists, was a response to calls from British Prime Minister Tony Blair and main Northern Irish Protestant leader David Trimble for the IRA to abandon violence for good.

# France holds key to final Iraq deal

EVELYN LEOPOLD

UNITED NATIONS, OCTOBER 18

**F**RANCE holds the key to resolving a UN wrangle on possible war against Iraq, having signalled that it favours a modified US draft resolution removing explicit authorisation of force, diplomats said on Friday.

Having previously led opposition to a tougher US draft, Paris has now raised hopes for

an end to a month-long deadlock in the UN Security Council over how to deal with Bagh-

dad's alleged weapons of mass destruction, the diplomats said.

"So far the US changes are acceptable to France," said one diplomat. But he said negotiations between Paris and Washington were still taking place.

British Foreign Secretary Jack Straw said on Friday that London and Washington reserved the right to act alone against Iraq, with force if necessary, if the UN failed to get President Saddam Hussein to disarm. Straw said Britain and

the US were committed to tackling Iraq and its suspected stock of weapons of mass destruction via the UN, but only if it produced results.

He told BBC Radio: "We reserve the right to act within international law in respect of the use of force which may or may not be covered by a new resolution. It is entirely appropriate for America, as for us, to reserve their position if the UN does not meet its responsibilities."

Russia was said to be considering trying to add some proposals of its own at the UN debate on Iraq. "We think that political and diplomatic measures and methods are far from exhausted," Russian Defence Minister Sergei Ivanov was quoted as saying.

French President Jacques Chirac, who again insisted on Friday that military action should be only a last resort, has still to review the latest US proposal. — Reuters

19 10

**Sharon back from US**

**JERUSALEM:** Israel PM Ariel Sharon returned on Friday from talks with US President Bush to face tensions that threaten Washington's efforts to instill calm as it seeks Arab support for possible war on Iraq. — Reuters

# Collapse of Dutch Govt. adds to E.U. woes

By Batuk Gathani

**BRUSSELS, OCT. 17.** The coalition Government in Holland that came to power less than three months ago, collapsed on Wednesday night, as two key Cabinet Ministers involved in a power struggle abruptly resigned. This makes the Prime Minister, Jan Peter Balkenende's Government the shortest one in Holland since World War Two.

European analysts are hoping that the collapse will not set a nasty precedent, as it has set the stage for a general election. Apart from the serious economic and political repercussions on the domestic front, the collapse adds to the enlargement woes of

the European Union.

The centre-right coalition Government in Holland had proposed tough scrutiny of the membership credentials of candidate countries wishing to join the E.U., which currently consists of 15 members. There are 10 applicants waiting in the membership queue. The proposed new requirements for membership may prevent some of the new applicants from joining the E.U.

While Dutch diplomats argue that there is no xenophobic tinge to the Government's stand, it is also a fact that the coalition was elected on a centre-right anti-immigration agenda. The diplomats have

been quoted as saying that the Government's stand was not that countries such as Poland, Slovakia, Latvia and Lithuania should not be allowed to join the E.U. but that a "final check" should be made to find out whether they met all the criteria for membership. There is now much uncertainty about the E.U. expansion programme amid much bickering about the "membership criterion" by Holland, which like any other member of the E.U., can block the entry of a new applicant.

The E.U.'s Commissioner (Minister) for enlargement expressed the hope that the new Dutch Government would honour the commitment to the

Union's expansion. Analysts note that the political crisis in Holland could pale into insignificance if the voters in Ireland in Saturday's referendum on the "Nice Treaty" on the E.U. enlargement do not give their approval. Ireland's mainstream Labour Party said its members would vote against implementation of the treaty. Such imponderables have added more hurdles to the enlargement agenda.

There are 10 East European and Mediterranean applicants in the final stages of negotiations for joining the E.U.

The more optimistic perception is that after much hiccup there may be a new consensus emerging.

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# Northern Ireland Govt. suspended

By Hasan Suroor

<sup>1610</sup>  
*Europe* <sup>40-14</sup>  
**LONDON, OCT. 15.** In a big blow to the Northern Ireland peace process, the British Government has suspended the provincial assembly and administration for an indefinite period following a crisis over allegations of spying against Sinn Fein and its armed wing, the IRA.

They have been accused of running a spy ring in the heart of the Government and the police claim to have seized a number of 'sensitive' documents from Sinn Fein/IRA activists after a series of sensational raids on their offices in Belfast. Republicans have angrily dismissed the charges as "politically motivated".

The Northern Ireland Secretary, John Reid, resisted the unionist pressure to expel Sinn Fein from the ruling coalition and instead chose the less damaging course of suspending the local governing structures, and imposing direct rule from London.

It is the fourth time since the Good Friday agreement ushered in the historic power-sharing arrangement between republicans and unionists in 1998 that the administration has been suspended because of continuing tensions over IRA's activities.

The suspension came a day before the Ulster Unionist Party (UUP) was to quit the Government on the plea that the republicans' actions were not consistent with their promise to abide by the Good Friday

Agreement. The hardline Democratic Unionist Party (DUP) had already withdrawn its two Ministers and the UUP's threat to follow suit left London with no option but to suspend the administration which was facing collapse anyway.

Dr. Reid hoped that it would offer a "breathing space" to both sides to sort out of the crisis. In remarks, clearly directed at republicans, he said: "The time has come for people to face up to the choice between violence and democracy." This was a reference to allegations that republican extremists in the IRA continued to be involved in subversive activities-including violence and espionage-even as their political arm, the Sinn Fein, was a part of the Government. The British Government has consistently echoed the unionist line that Sinn Fein cannot run with the hare and hunt with the hound at the same time.

Dr. Reid called on all parties to start negotiations in order to save the peace process envisaged in the Good Friday Agreement. "The Agreement remains a template for political process here in Northern Ireland. I hope the decision I have taken today marks a breathing space — a chance to gather strength — before that process moves forward once again," he said soon after announcing the suspension on Monday.

The move was attacked by the Sinn Fein leader, Gerry Adams, who accused Dr. Reid of making "very dishonest" remarks in relation to his party.

DE WINE

15 OCT 2002



# Fortuyn's party may make gains

By Vaiju Naravane *Europe 10-14 1875*

**THE HAGUE (NETHERLANDS), MAY 15.** The atmosphere at The Hague's Nieuwpoort parliamentary correspondents club is electric. The large room is filled to capacity, the air dense with cigarette smoke as journalists and parliamentarians shout over the din of cutlery and the blare from wall-mounted television screens.

Hans Gorlinga, Peter Van Deutekom and Eildert Mulder, all in their fifties are on home turf here. They have covered this beat for several years and are on first name terms with most politicians. Over dinner, they take a snap poll. Thirty-two, says Eildert. Eighteen, says Hans. Peter, more cautious, says fifteen.

They are, of course, talking about the electoral chances of "The dead man's list." Pim Fortuyn, the openly homosexual, anti-immigration, extreme right politician, murdered last week by an extremist animal rights activist, is dominating Dutch politics from the grave. There is no doubt in anyone's mind that the PFL or Pim Fortuyn List will emerge as the country's second largest political party when the results of today's parliamentary elections come in late tonight. Its leader, Peter Langendam, who took over the party reins after Fortuyn's death, has, however, announced that he will be quitting politics once the election results are in.

Voting is by proportional representation with seats allotted according to the percentage of votes won. Party leaders then call on Queen Beatrix with proposals for a workable coalition, which then sets out a consensus policy and programme.

Polls give Fortuyn's party 28 of the 150 seats in parliament. The Christian Democrats (CDA) are expected to win 31 seats. They could form a right-wing alliance with the Pim Fortuyn List

or, more acceptable to most of their supporters, forge a centre-right alliance with the Labour Party. The Labour Party led by the outgoing Prime Minister, Wim Kok, is set to be the big loser with its seat count dropping dramatically from 45 to 25. The liberal VVD, now a member of the ruling coalition, also seems to have suffered from a distinct shift to the right and is expected to lose 13 seats for a tally of 25.

Peter, Hans and Eildert have voted left all their lives. Today, they all plan to vote right. "This is an unusual election. There is enormous confusion and uncertainty in the minds of people." Paradoxically, the

## DUTCH ELECTIONS

outgoing Government led by Mr. Kok has performed well. "Unemployment is at a record low of 2.5 per cent and household incomes are up by 20 per cent, and yet the people are dissatisfied or worried," says Peter.

Hans Gorlinga, who covers parliament for the daily *Trouw* said: "I just met the Labour Party spokeswoman. She was completely baffled, totally at sea. The economic indicators are good, and yet the party is reviled. It is as if the electorate were blaming the traditional parties for what happened to Pim Fortuyn."

Last week over 20,000 persons attended Fortuyn's funeral at Rotterdam Cathedral and twice that many signed the condolence book in a public outpouring of grief that is alien to this usually undemonstrative country. Fortuyn was a flamboyant politician whose fledgling political party created a stir last March when he took a third of the Rotterdam city council seats in municipal elections. However, the electorate's dramatic shift to the right is clearly not just the result of a sympathy vote and looks set to cause a

major upheaval in the political landscape with the Christian Democrats, CDA, the main beneficiaries.

Fortuyn, who campaigned with the anti-immigration slogan of "The Netherlands is full", tapped into a growing sense of insecurity about immigration and crime. For many, more foreigners mean more unemployment and crime, even though violent crime is at the same level as 1986 according to the Central Office of Statistics. This perception could be more apparent than real.

Eildert Mulder, who has written a book on the immigrant community in The Hague says: "There are two essential questions that we must ask now. Can the now rudderless Pim Fortuyn Party really convert the sympathy factor into votes? And does this support reflect a rising tide of right-wing sentiment with phenomenal dissatisfaction with traditional consensus politics or is it symptomatic of a new wave of xenophobia washing across Europe? Yes, immigration has become a question. In The Hague, for instance, immigrants make up 40 per cent of the population. If you add illegal immigrants, the percentage goes above 50. There is also a demographic shift with over 50 per cent of the young coming from immigrant homes. Because we have wished to be politically correct, this question has never been discussed. Now it appears that the floodgates have been opened."

Unemployment among second-generation immigrants is at practically the same level as among the native population and there is a developing middle class. There are now 2.8 million people, or 17.5 per cent of the population, with at least one parent born outside the Netherlands.

But only 4.2 per cent of the people do not have Dutch nationality.

POWER TO BE SUSPENDED FROM TONIGHT

# N Ireland back under sole Britain rule

*Europe*  
*5-2*  
*15/10*

Associated Press

BELFAST (Northern Ireland), Oct. 14. — Britain will strip power from local Catholic and Protestant politicians tonight and resume sole responsibility for running Northern Ireland, the British governor announced.

Northern Ireland secretary Mr John Reid said the order to suspend the authority of Northern Ireland's power-sharing administration and legislature would take effect at midnight (2300 GMT) and last indefinitely.

The Prime Ministers of Britain and Ireland, Mr Tony Blair and Mr Bertie Ahern, said they were "deeply saddened" by the move. But in a joint statement, they said it would prevent the outright collapse of the coalition, which has taken years of negotiations to forge and sustain.

"It is our sincere wish that the Northern Ireland institutions be restored as soon as possible," said Mr Blair and Mr Ahern, whose close cooperation paved the way for the province's 1998 Good Friday peace pact. Britain has successfully shut down and revived the Catholic-Protestant administration before. But analysts predict this crisis will be the toughest yet to resolve because of rising Protestant hostility to sharing power with Sinn Fein, the Irish Republican Army-linked party that has grown increasingly popular among Catholics, thanks to the peace process.

But many people on both sides of this still-divided community remain confident that the political crisis won't trigger widespread bloodshed by Northern Ireland's myriad armed groups.

Mr Reid's announcement followed a threat by the major Protestant party, the Ulster Unionists, to withdraw from power-sharing because of alleged IRA spying. First minister Mr David Trimble, leader of the Ulster Unionists and the local administration, had set Tuesday as a deadline for Britain to intervene. He wanted Mr Reid to expel Sinn Fein rather than to take power from all four parties in the coalition. Mr Trimble said he accepted Mr Reid's move as "a poor second best," and offered to resume cooperation with Sinn Fein if the IRA disbanded. Four people, including Sinn Fein's top legislative aide, are behind bars awaiting trial for espionage-related charges following police raids 4 October. The suspects are accused of stealing documents from Mr Reid's

office that allegedly include details of potential IRA targets and records of talks between Britain and other key parties.

Mr Reid said the accusations against Sinn Fein had damaged Protestant confidence, but kicking out any party now would be premature. He expressed hope that negotiations in coming months would rebuild trust, and allow Britain to restore power to locals before elections to Northern Ireland's legislature in May.

In their joint statement, Mr Blair and Mr Ahern signaled that restoring Ulster Unionist-Sinn Fein relations would require a clear-cut end to IRA activity. They said Sinn Fein's connections to an illegal underground organisation must be "brought to an unambiguous and definitive conclusion."

"It is now essential that the concerns around the commitment to exclusively democratic and nonviolent means are removed. The time has come for people to clearly choose one track or the other," they said.

The British move meant the Monday afternoon debate inside the Northern Ireland's 108-member legislature would be its last for the foreseeable future.

Mr Reid, a Scotsman appointed by Mr Blair in 2000, will oversee Northern Ireland's 12 government departments with the help from a beefed-up contingent of four legislators from London. Mr Reid said he planned to consult regularly, starting next week, with the powerless administration's top two figures — Mr Trimble and the Catholic deputy leader, Social Democratic and Labour Party chief Mr Mark Durkan — to promote continuity and minimise government disruption. Today's suspension of powers was the fourth ordered by Britain since Mr Trimble's coalition took office in December 1999, following a USA-brokered compromise. Under that plan, Sinn Fein received two administration posts on condition that the IRA began to disarm.

Britain resumed sole control in February 2000, after disarmament officials confirmed that the IRA had yet to get rid of any weapons. Three months later, Britain switched power back to local hands after the IRA pledged to put its stockpiled weaponry "beyond use."

When no disarmament followed, however, Trimble resigned as government leader in July 2001, and vowed not to return until the IRA moved.

# Irish crisis worsens

By Hasan Suroof

*hump*  
LONDON, OCT. 6. The political crisis in Northern Ireland deepened today after a senior Sinn Fein official, alleged to be an IRA 'mole' in the provincial assembly offices, was charged with having information likely to help terrorists.

The move against Dennis Donaldson, Sinn Fein's head of administration in the Assembly, came as the Northern Ireland Secretary, John Reid, warned that the peace process was at a 'critical' stage and demanded 'answers' from the Sinn Fein leadership.

"This is a very serious and very grave matter and over the next couple of weeks I think we are in a critical position. We certainly need answers from Sinn Fein and the republican movement. The people of Northern Ireland need answers and certainly the Prime Minister needs answers," he told the BBC's "Breakfast with Frost" amid

*7/10*  
growing Unionist pressure to expel Sinn Fein from Northern Ireland's coalition Government.

Mr. Donaldson, who was arrested along with three others after Friday's raids on Sinn Fein offices in Belfast, is accused of running a 'spy' ring in the heart of the provincial administration. It is alleged that a messenger in the Northern Ireland government headquarters, who has since been sacked, was entrusted with the job of photocopying sensitive documents, including classified correspondence and security briefings, and passing them on to IRA. Police claim to have seized a number of incriminating documents.

Dr. Reid, whose own office is believed to have been among the targets of the 'spying' operation, indicated that the British Government would press Republicans to demonstrate their unequivocal commitment to the peace process. It was stated that the British Prime Minister,

*HD-15*  
Tony Blair, would do some plain-speaking when he meets the Sinn Fein leader, Gerry Adams, shortly. The Republican leadership has already been warned that it cannot continue to ride "two horses"—be a member of the Government and at the same time support the subversive activities of IRA.

The Ulster Unionist Party (UUP), which has threatened to leave the Government in January if the IRA is not disbanded, today threatened to advance the deadline following this week's developments.

The UUP leader and head of the provincial government, David Trimble, called the 'spy' scandal "bigger than Watergate" and said Unionists no longer believed that Republicans were genuinely committed to the peace process.

The Sinn Fein however has dismissed the allegations as "politically motivated" and accused hardline Unionists of trying to wreck the peace process.

THE IRISH

7 OCT 2002

# Europe ponders the Iraq issue

By K. K. Katyal

*The divergences on Iraq are certain to have a close bearing on the working of the European Union, especially the evolution of its common foreign and security policies.*

IT IS an exciting time to be in Europe now that the evolution of its opinion on the Iraq crisis — and the ties with the U.S. — is moving towards a crucial stage. The way the European view takes shape will have major long-term implications, determining in the process the nature of trans-Atlantic equations. The national positions of the various countries of Europe will be as important as their internal pressures. It is going to be a defining moment for the relationship between the U.S. and Europe — and for the security architecture in the European Union. Also, while being in London, it is hard not to become aware of the new warmth in the India-U.K. relationship. The Prime Minister, Atal Behari Vajpayee, who will be in Copenhagen on October 10 and 11 for the summit with the E.U., may pay a quick working visit to London soon after for talks with his British counterpart, Tony Blair.

Three countries — Britain, Germany and France — are vital to the evolutionary process in Europe; especially the first two, which represent two extremes, with France in between. To say that Great Britain has cast its lot with the U.S. on Iraq, and on security matters (but not on economic issues), is to stress the obvious. Mr. Blair remains steadfast in support to the U.S., even as there is a marked hardening in the stance of its President, George W. Bush. The idioms used by Mr. Bush and Mr. Blair are conspicuously identical. But there are clear signs of a ferment in the Labour Party camp. In Germany, the outcome of the federal elections holds the key to the country's position. There are some significant nuances in the positions of the two main parties, the Social Democrats and the present Opposition, the Christian Democrats.

The pressures within the political establishment in Britain are certain to come to the fore during the party conferences over the next three weeks — of the Liberal Democratic Party from September 22 to 25 at Brighton, of Labour from September 29 to October 3 at Blackpool, and of the Conservatives from October 7 to 10 in Bournemouth. As of now, the reservations over the U.S. stand on Iraq, and Mr. Blair's unquestioned

support are most pronounced among the Liberal Democrats. The Conservatives are supportive of the U.S., with only a tiny minority raising critical questions on whether and if so to what extent Britain's interests are threatened by Iraq. In the Labour Party, the vast majority backs the Prime Minister's stand and is opposed to any dilution of the trans-Atlantic alliance. But there are discordant voices too — some critics at the senior level have been managed but the backbenches and trade unions are adamant. Two senior Ministers — Gordon Brown, Chancellor of the Exchequer, and John Prescott, Deputy Prime Minister — who had gone public in their dissent, have been brought around to the official viewpoint, but Robert Cook, Leader of the House in the Commons and former Foreign Secretary, as also the backbenchers are not convinced of the soundness of the Government's stand. To remove confusion and to dispel doubts, Mr. Blair has called a one-day session of Parliament on September 24 but has rejected the demand for a vote on the Iraq-related resolution. There is no danger of the motion on Iraq falling through but there is a real possibility of a section of the Labour Party opposing it. The backbenchers are more strident against the official stand, considered unsustainable after Saddam Hussein's readiness to an unconditional return of the weapons inspectors.

In the case of Germany, the outcome of the federal elections is extremely important. The Chancellor, Gerhard Schroeder, has taken a tough stand during the election campaign against the U.S. on Iraq — categorically stating that Germany will not take part in any American "adventure" — as his party managers disapprove of Washington's "warmongering". In the event of his victory, he has ruled out even commitment of funds to any U.S. operation against Iraq. In comments to *The New York Times*, Mr. Schroeder crit-

icised the U.S. Vice-President, Dick Cheney, saying Germany would not support the U.S. action even if it were authorised by the U.N. Last week, a senior Cabinet Minister (of Justice), Daeubler-Gmelin, likened Mr. Bush's tactics to those used by Hitler — "Mr. Bush wants to divert attention from his domestic problems. It is a classic tactic. It's one that Hitler used" — and, in the process, earned a severe rebuke from Washington for these "outrageous and inexplicable" remarks. As against this, the Christian Democrats and their leader, Edmund Stoiber, attach considerable weight to the trans-Atlantic alliance and show understanding of Mr. Bush's position. According to the party, the Social Democrats' policies risk Germany's isolation.

A section of European officials, however, feel that Mr. Schroeder, if re-elected, may go slow on the U.S. stand on Iraq and, as one diplomat put it, "America-bashing may fade into the electoral past". It is to be seen how U.S.-German relations shape in case the Social Democrats retain power.

The divergences on Iraq are certain to have a close bearing on the working of the E.U., especially the evolution of its common foreign and security policies. Even otherwise, Germany's E.U. policies are a matter of concern to Brussels. As noted by *The Guardian* in a despatch from Brussels, "a victory for Mr. Stoiber might be easier for the European Commission because Mr. Schroeder had indulged in the familiar support of Brussels-bashing, picking fights about economic liberation and other issues". Then there are individual likes and dislikes. The French President, Jacques Chirac, for instance, has a soft corner for Mr. Stoiber, seen in Paris as attaching greater weight to French-German ties than Mr. Schroeder.

From among the smaller European nations, the U.S. could count fully on Poland (due for entry into the E.U. on January 1, 2004). There is little doubt

about that even though the Polish Prime Minister expressed the other day his preference for a diplomatic and political solution, and wanted intervention by the U.S., if it becomes necessary, to take an international dimension — that is, to be by the coalition under a U.N. mandate.

For Mr. Blair, the job of taming the Labour dissidents is one major concern that has an immediate relevance. The other worry arises out of the goings-on in the E.U. The outcome of the German elections, to cite one example, would mean a lot to the U.K. — the victory of the Social Democrats would sharpen the conflict between Berlin and London, while the success of the Christian Democrats would mean harmony between the two countries. However, on the future architecture of the E.U., both German contenders stand for a stronger role for the Commission than does the U.K. (or France).

Iraq and related matters are certain to be discussed between Mr. Vajpayee and Mr. Blair, apart, of course, from the India-Pakistan problem and the Kashmir situation. (By then the Assembly elections in Jammu and Kashmir would be over). India, as is known, is opposed to the idea of a regime change in Iraq, though it had called for the return of weapon inspectors to Iraq, well before Baghdad indicated its willingness in this regard.

In the current fast-moving situation, it is hard to foresee the situation at the time of Mr. Vajpayee's visit to London. In case the crisis lingers in the present form, the two sides may not go beyond reiteration of their known positions — Mr. Blair calling for all-out support to the U.S. in any campaign against Iraq, and Mr. Vajpayee favouring ways to avert a conflict. For all the bilateral warmth for the U.K., India would find it difficult to go along with Mr. Blair's extreme stance.

It will be quite an ironic twist. In the case of South Asia, the combined Anglo-American pressure is directed at defusing of tensions between India and Pakistan and finding ways to guard against an armed clash. In the case of Iraq, it will be the other way round — India urging London and Washington to resolve the problem without recourse to force.



# Macedonia shrugs off Albanian scars

ALISSA J. RUBIN  
SKOPJE, SEPTEMBER 16

WITH honking car horns, celebratory gunfire and surging crowds, exuberant Macedonians celebrated the outcome of Parliamentary elections in which the ruling coalition was defeated overwhelmingly by more moderate parties.

The largely peaceful election was itself a victory for this small southeastern European country just a year after violent fighting that pitted ethnic Albanian rebels battling for more rights against ethnic Macedonians who feared that the

rebels' real intent was to divide the country.

One of the winners was a new party formed by Ali Ahmeti, the former leader of the ethnic Albanian guerrillas. Macedonians of both major ethnicities were cautious in assessing the impact of the election. They said they remained wary that, despite campaign pledges, politicians might find it hard to resist corruption, and added that the parties that lost power had also promised to run a clean government.

About 840 international monitors patrolled the polling booths, backed up by 700 NATO troops. —LATWP



Young supporters of the Macedonian Social-Democratic Party celebrate their party's victory in the general elections in Skopje, the first since the country skirted civil war with its Albanian minority last year. Reuters

# Flood fears swamp Budapest as river rises

ADAM TANNER

**Dresden, Aug. 17** (Reuters): German authorities scrambled today to evacuate thousands of people from cities on the Elbe river as record floods appeared to peak in the eastern architectural jewel of Dresden.

Elsewhere in flood-ravaged central Europe, where at least 91 people have died in a week in Germany, Russia, Austria and the Czech Republic, Budapest became the next capital city under threat of being swamped with Hungarian officials saying flood levels were due to peak there tomorrow or Monday.

As a wave of floodwater headed down the Elbe in Germany, thousands were evacuated from the heavily industrial city of Bitterfeld amid fears of an environmental disaster if water from a burst dam reached nearby chemical plants.

Emergency workers toiled in the city to build temporary defences with sandbags.

About 8,000 people around the German town of Torgau had to abandon their homes and several thousand more were set to be evacuated around the central city of Magdeburg, officials said.

German Chancellor Gerhard Schroeder is to attend a summit with leaders from the other flood-stricken states of Austria, the Czech Republic, and Slovakia in Berlin tomorrow.

German officials said European Commission president Romano Prodi would also attend the talks, expected to require a multi-billion euro clean-up.

As recent torrential rains swelled the Danube river, its level in Budapest rose inexorably, but Hungarian officials predicted the city's 10-metre defences would be high enough.

They expressed cautious optimism though Danube water levels have broken records on the upper section of Europe's largest inland shipping route.

After a steady and dangerous rise all week on the Elbe in Germany, floods in Dresden appeared to have reached their peak although volunteers continued to place sandbags across the baroque city. Historic buildings were inundated.

"We hope that the high point has been reached but we can't be sure," said Dresden government spokesman Kai Schulz.

The weather service forecast light rain today, but nowhere

near the levels earlier in the week that caused record floods in Prague, Dresden and other cultural treasures of Central Europe.

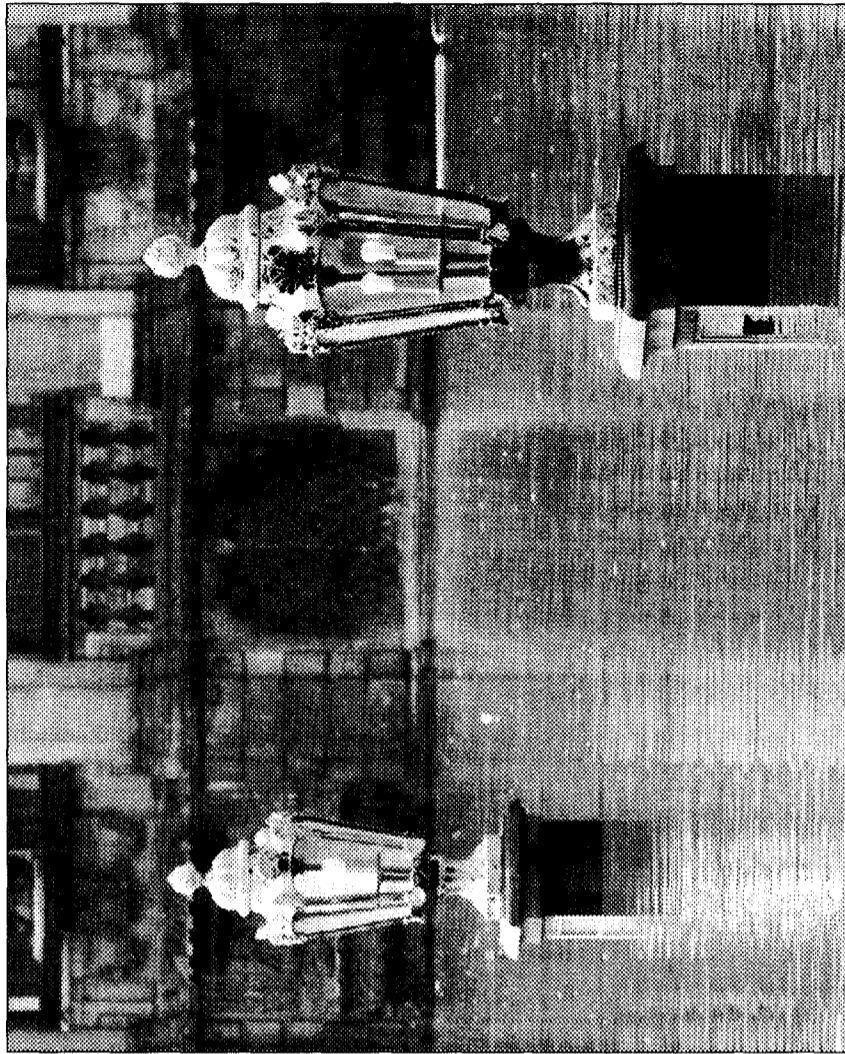
Though many parts of Dresden remained dry, the historic inner city rebuilt after the World War II firebombing — including architectural landmarks like the Zwinger Palace, the Semper Opera and the Royal Palace — was flooded.

Five thousand people fought the floods in Dresden, where helicopters clatter daily overhead, sirens echo and pumps drone with orange and red hoses snaking out of basements.

"We're pumping out slowly but the Elbe keeps giving back," one fire fighter near the Semper Opera said.

German officials have continued to evacuate nearby towns on the Elbe river around Dresden, the capital of Saxony, 200 km south of Berlin. Meissen, famous for its porcelain, was among those affected, officials said.

Officials said plans were going ahead for the evacuation of thousands of residents around Magdeburg and in its eastern sector.



Street lamps indicate the flood level in front of the Zwinger Palace art gallery in Dresden. (Reuters)

SPAIN / PARLIAMENT OUTLAWS BATASUNA

# Violence won't end, says ETA's political wing

*Example  
HD-14*

By Vaiju Naravane *MJ 8*

PARIS, AUG. 27. Police in Spain's Basque country today defused a bomb planted by suspected militants of the Basque separatist organisation ETA after the parliament in Madrid voted to outlaw ETA's political wing, the Batasuna party.

The bomb alert was given just hours after police closed down the headquarters of the party in the north-western Spanish city of San Sebastian. Reacting to the decision by Parliament to allow the banning of Batasuna, a senior party office bearer, Euzkadi Lasa Altuna, in a telephone interview to *The Hindu* warned that violence would not come to an end.

"Madrid has served us with a declaration of war. This stupidity is going to cost them and the price will be very high. They can't try to repress us but they cannot put us down. Even the dictator Franco could not silence us. What can a puny man like Jose Maria Aznar do," he said referring to Spain's conservative Prime Minister who has sworn to weed out Basque terrorism. The Spanish Parliament's vote to ban Batasuna was based on a tough new anti-terrorism law passed last June allowing the Supreme Court to permanently ban groups aiding, abetting or supporting terrorism.

"We have a huge following here in the Basque country. Our funds come from contributions sent in by our supporters. All the polls indicate that the people from our provinces think of themselves as Basque first and Spanish afterwards. That fact cannot be changed," Mr. Lasa Altuna said. Political observers said the move, instead of reducing terrorist activity would lead



**THE WRITING ON THE WALL: A child runs past graffiti showing the symbol of the Basque separatist group ETA, a snake wrapped around an axe, and words in Basque reading, "Dark times are coming, the struggle continues", in the northern Spanish town of Ibarra on Monday. — AP**

to more attacks and more deaths. Batasuna (the latest in a string of names the party has given itself) regularly wins between ten and 20 per cent of the vote in Basque regional elections. For over thirty years, ETA, Batasuna's military wing, has been waging a relentless separatist war against the Spanish Government. Over 800 people have been killed and hundreds injured in terrorist attacks in the name of Basque self-determination and unification. ETA describes the three million Basques as "a nation divided".

Asked about the links between ETA and Batasuna, which has systematically failed to condemn terrorist killings, Mr. Lasa Altuna said, "There are different types of violence. The Spanish state practices the worst kind, that of cynicism and of repression. As for our links with ETA, we are both fighting for the same goal — self-determination for the Basques. We are a nation divided. We would like the four Basque provinces to be

united. Self-determination is a universally recognised right; if the Croats can have it, or the Slovenes, why not us? The Basques are one of Europe's oldest peoples. So why this discrimination," he asks.

The Basques are one of the most ancient peoples of Europe, identified even in Roman times as un-put-down-able. The Basque language is unique and resembles no other European language. The Basques' independence and fearlessness led Spanish rulers in the Middle Ages to afford them special freedoms. The modern day ambition of political independence was first formulated by Sabino de Arana Goiri with the founding of the Partido Nacionalista Vasco in 1894. Euzkadi Ta Askatasuna or ETA was born in 1959 as a result of schism within the PNV.

The old party founded by Arana disapproves of armed struggle and is willing to settle for a high degree of autonomy within the Spanish state.

Europe

## EUROPE'S DILEMMA

110-ii  
27/6

THE ALARMING RISE in popularity of extreme rightwing political parties with virulently anti-immigrant views is spurring different reactions from different Governments in Western Europe. But the one lesson that moderate political parties have learnt in the past few years is that unless they are seen as seriously tackling the problem of uncontrolled immigration, the far right parties will continue to manipulate the issues arising from this for their electoral gain. Hence the new-found urgency to start a serious discussion of the issue of immigration, legal and other, at the summit of European Union leaders in Seville, Spain, during the weekend. As the discussions showed, the varying historical experiences of the E.U.'s member-countries rule out a common policy approach to the problem of immigration. Thus, a community of nations that has achieved remarkable integration on a wide spectrum of life, including the launching of the common currency, euro, finds itself thwarted in its attempt to harmonise action against illegal immigration. But the longer the delay in finding acceptable, decent solutions the greater the threat from fascist forces, already on the prowl in many member-nations.

As the E.U. leaders search for answers, there is the very real danger that they will play into the hands of xenophobic extremists. For, Europe's dilemma is difficult to resolve without inviting the charge of discrimination and rights violations. The ageing population in Europe is in critical need of the services of immigrant labour without which their economies will suffer. The need is for cheap but safe labour. The German experience is typical. Last week, on the eve of the Seville summit that aimed to tighten borders

against illegal immigration, the German President signed an immigration law that significantly expands the residence permits available to workers from countries outside the E.U. The move met with stiff opposition from conservative elements long opposed to immigrants and their integration into German society. If the left-of-centre Government in Berlin was ready to risk an adverse fallout and an opposition campaign especially with elections due in three months, its action was acknowledgement of the shortage of skilled workers in key parts of the economy, particularly in Information Technology. The easing of immigration restrictions for skilled workers expands Germany's own green card programme introduced two years ago.

The German decision contrasts with the moves in Denmark, Italy and Austria. All three countries, which have witnessed the rise of support for far right groups, have tightened immigration laws, making it much more difficult for refugees of poverty to gain acceptance. Italy, whose eastern shores bring in hordes of illegal immigrants, has enacted a law to get illegal immigrants actually shipped out. Britain pursued at the summit the idea, wholly repugnant and mercifully repudiated at Seville, of linking economic assistance to the recipient country's willingness to take back its nationals who are denied refugee status. Is there a common solution, one single answer to the dangers posed by the National Front in France, the Freedom Party in Austria and the Northern League in Italy? The E.U.'s dilemma arises from the need to strike the right balance between its own requirements of skilled labour and its duty and debt to those masses of humanity on the periphery whose only crime is to seek a better way of life.

THE HINDU

# Bomb-shaken EU summit agrees on immigrants blueprint

AGENCE FRANCE PRESSE

SEVILLE, June 22. — European leaders agreed today on measures to turn back a tide of illegal immigrants, without going so far as to slap sanctions on poor countries from which they come.

Wrapping up the two-day summit that was shaken by a string of bomb attacks in other parts of Spain, the leaders reaffirmed the EU's planned 2004 enlargement into eastern Europe.

Discussions were delayed today as the leaders took in the World Cup match between South Korea and Spain. And Seville was bracing for tens of thousands of demonstrators expected on the streets in the evening, at the tail end of the summit. Illegal immigration was the dominant issue for the meet hoisted beneath the mosque-like dome of the Seville convention centre, an architectural reminder of the eight centuries until 1492, when Muslims ruled much of Spain.

Set to be endorsed was a proposal to create "without delay" a body that would bring together the chiefs of the 15 EU member states' border police services. Diplomats say it could serve as the embryo of a single European border police, but not for many years yet. The leaders also agreed to review by the year-end the list of countries whose citizens need visas to enter the EU.



Surrounded by police, protesters sit on a street in Seville during an anti-globalisation demonstration on Saturday. — AFP

## Bomb blast in Spain

SANTANDER, June 22. — A car bomb exploded in this northern Spanish town today afternoon, the fifth attack in two days blamed on the Basque separatist group ETA, and timed to coincide with a two-day EU summit in the south of the country. Earlier today, a bomb exploded in a resort in Costa del Sol, but there were no injuries. A person claiming to be speaking on behalf of ETA called a Basque road assistance organisation to warn of the attack. Police immediately sealed off the area surrounding the car containing the bomb. — AFP

They also agreed to launch a "common identification system for visa data" based on a feasibility study to be presented in March next year.

EU leaders agreed to speed up the conclusion of agreements with third countries on the speedy repatriation of illegal immigrants, and the adoption by the end of this year of

a programme to send Afghan refugees back home, now that peace has returned there.

The adoption at the next EU interior ministers' meeting of legislation to tighten up penalties for persons involved in smuggling foreigners into Europe was also considered by the representatives of the member nations.

23 JUN 2002

THE STATESMAN

# France blames U.K. for crisis

By Hasan Suroor

LONDON, JUNE 1. The asylum row between Britain and France hot-  
ted up on Saturday after the  
French Government suggested  
that the U.K.'s refugee crisis was  
of its own making.

Rejecting the charge that lack  
of adequate security at the  
French end of the Channel Tun-  
nel was responsible for the  
stream of illegal immigrants into  
Britain, France said the fault lay  
with the former's lax asylum  
rules.

The French Interior Minister,  
Nicolas Sarkozy, said refugees  
wanted to go to Britain because  
it was easier to find asylum there  
than in any other European  
country. "They want to go to Eng-  
land, where there are no identity  
controls and where an asylum  
request is all they need to be able  
to work," he told *Le Monde*  
newspaper, reacting sharply to  
the British criticism that the  
French refugee camp at Sangatte,  
near Calais, barely 1.5 km  
from the Channel Tunnel, en-  
couraged daily attempts by its  
inmates to enter Britain illegally.

Despite intense pressure,  
France has refused to close  
down the camp or shift it saying  
only a "harmonised" E.U.-wide  
asylum regime would solve the  
problem. In other words, it  
wants Britain to bring its asylum  
rules — the most liberal in Eu-  
rope — in line with those in oth-  
er E.U. countries. France has  
promised to increase security at  
Sangatte, but Britain is not hap-

py with the progress. Mr Sarko-  
zy's remarks came a day after the  
British Home Secretary, David  
Blunkett, announced a contro-  
versial plan to send illegal im-  
migrants back to either their  
own native country or to a "safe  
third country" they might have  
passed through on their way to  
Britain. The move, which is seen  
in European countries as an at-  
tempt by Britain to "dump" its  
unwanted refugees on them,  
evoked a sharp response from  
the French ambassador here  
who made it clear that in the ab-  
sence of a bilateral agreement,  
Britain could not take such a de-  
cision "unilaterally".

The plan was also attacked by  
refugee groups which called it a  
breach of international human  
rights as it seeks to deny failed  
asylum seekers — those whose

applications have been rejected  
— the "right" to stay on in Bri-  
tain while their appeals are  
pending. Under the proposed  
rules, they would be able to file  
an appeal only from the country  
to which they have been  
deported.

The United Nations Commis-  
sioner for Human Rights has re-  
acted sharply to the alarm in  
Europe over immigration and  
said that fears of an influx are  
exaggerated.

Meanwhile, the European  
Commission has warned France  
against delays in improving se-  
curity around its side of the  
Channel Tunnel following com-  
plaints that hundreds of inmates  
of the Sangatte camp try to  
sneak into the tunnel every day  
in a desperate bid to enter  
Britain.



**HOPES DRYING UP?:** Asylum seekers dry their clothes on a fence of the Sangatte refugee centre in northern France early this week. — Reuters

0 2 JUN 2002

THE LUNDON



## Dutch election on schedule

Blind  
19-19

9/5

By Batuk Gathani

**BRUSSELS, MAY 8.** The Dutch general election, scheduled for May 15, is to go ahead, despite the murder of the controversial right wing politician, Pim Fortuyn, on Monday.

Fortuyn presented a challenging paradox on the Dutch way of life. An openly gay, former socialist professor with a history of liberal social views, he was against more immigration into the country but often said that he was not a racist, describing himself instead as a "man of the world". Of late, he had been a severe critic of Muslim orthodoxy and religion.

Today, Fortuyn is being mourned by a wide cross-section of the Dutch population, which includes many of the minorities against whom he spoke. A local observer notes: "Rotterdam mourned Fortuyn on Tuesday as thousands of people, men and women, old and young, families with children, solid Dutch burghers, lanky

African students and young Turkish girls in modest hand scarves, stood in a snaking line to enter their names in books of condolence at city hall, or added their bouquet to a growing mould of flowers in front of Fortuyn's brick townhouse."

Such a display of mass grief has overwhelmed many foreign observers, who had predicted an upsurge of racial tension in major Dutch cities, none of which has so far taken place.

Fortuyn's political party, Fortuyn List, today resolved not to replace him as its head until after the general elections on May 15.

The List party had been expected to emerge from the election as one of the largest political forces.

Minus Fortuyn's populist appeal and charisma, however, List may not have much political future; much will depend, however, on how the new Dutch Government responds to populist sentiments for greater restrictions on immigration.

THE HINDI

5 9 MAY 2002

# Results show major shift to right

By Vaiju Naravane

**THE HAGUE, MAY 16.** In what can only be described as a historic, even astonishing election, the outgoing Labour-Liberal alliance in The Netherlands was given the whipping of its life, while the Christian Democrats (CDA) and the List Pim Fortuyn (LPF), named after the populist anti-immigration politician, Pim Fortuyn, assassinated ten days ago, won a landslide victory.

Wednesday's vote in The Netherlands confirms Europe's decisive shift to the right with concern over immigration and immigration-linked crime becoming central issues. Over the past one year, leftist governments have been thrown out in Italy, Denmark, Portugal and France. The high score of Mr. Jean Marie Le Pen's National Front party in France has fuelled fears that Europe might be on the verge of flirting with neo-fascist forces again.

In The Netherlands, the Christian Democrats, ousted from power eight years ago after seventy years of uninterrupted participation in government, have returned with a bang winning a record 43 seats in the 150-member Parliament. The List Pim Fortuyn, often called "the dead man's list" and a now leaderless movement whose charismatic chief was shot dead by an alleged animal rights activist ten days ago, has ridden the crest of a populist and sympathy wave to coast in second with 26 seats. The party was formed a mere three months ago. There are indications that the Christian Democrats could begin negotiations with the Pim Fortuyn List on a possible coalition. But such a move would not receive the support of mainstream CDA voters.

The outgoing Prime Minister, Wim Kok's Labour party (PvdA) and its liberal allies, the free market VVD or People's Party for Freedom and Democracy, and the D66 liberals have taken the severest drubbing of recent times, losing more than half their seats. Labour now has 23 seats, down from 45; the VVD's seat count fell from 38 to 23

while the D66 halved its earlier score of 14.

Jan Peter Balkenende, 45, the dynamic new Christian Democrat leader who has been nicknamed the "Harry Potter of Dutch politics", is tipped to lead the new government. With his party's strong showing, he will not necessarily need the support of the Pim Fortuyn List but could govern with the liberals and a few smaller parties. He is expected to shift public policy decidedly to the right, urging a curtailment of Holland's ultra-liberal laws on euthanasia and abortion.

Security at the Hotel des Indes in The Hague was extremely tight with sniffer dogs and uniformed gorillas — private security men — blocking passage to journalists who had not asked for the LPF's private

## DUTCH ELECTIONS

accreditation. In a glittering, gilded salon dominated by a portrait of the shaven-headed Fortuyn cradling his two pet Pekinese dogs, the LPF spokesman, Mat Herben, said: "It's a wonderful result but there is no real joy. Today we feel like orphans. Our teacher is dead. If Pim had lived this would have been the biggest party ever."

Fortuyn's party was made up of a handful of handpicked persons. Now he is dead, his party has fallen apart with its leaders quarrelling among themselves. The Number Two on his list is Jaoa Varela, a 27-year-old immigrant from Cape Verde, often described as Pim's "token black". The party president, Peter Langendam, was forced to resign after holding the left responsible for Fortuyn's murder.

Although Fortuyn is dead and the future of his movement is uncertain, political observers say it could fall apart in the next year or two, the issues he raised have come to dominate public debate. "He threw a boulder into a tranquil pond. The effect was that of an earthquake. The ripples will not die down," said writer Eildert Mulder, who has published a book on the immigra-

tion situation in The Hague.

Immigrants make up ten per cent of Holland's population of 16 million, the majority being Muslims from Turkey and Morocco. Nevertheless, there is a sizeable community from the Dutch Antilles and Surinamese, about 100,000 of Indian origin.

"Fortuyn has scored almost 25 per cent in The Hague. Nearly 50 per cent of the population of The Hague is made up of migrants. Many migrants have voted for Pim Fortuyn. Partly because they were fascinated and attracted by his flamboyance and style, but also because a substantial number of immigrants are worried about the rise in crime."

Among the immigrant population, support for Pim Fortuyn came from the Indian community. "The Indian community here comes mainly from Surinam and we are originally from Uttar Pradesh having gone there as indentured labourers in the 19th and early 20th centuries.

There is nostalgia for the mother country and the Hindus here were happy when the BJP was elected. Kashmir is not an issue, but Ayodhya and the recent burning of the Godhra train certainly find an echo. After Ayodhya many people collected money and sent bricks for the Ram temple. Fortuyn criticised the Muslims, describing Islamic culture and religion as backward.

Many Hindus were tempted to vote for him because he was anti-Muslim. They do not realise that they too are foreigners and that tomorrow they too will become targets. Times are very bleak and I foresee a clampdown on immigration, family reunions and asylum seekers. This election will lead us to a definite shift to the right," Rabbinder Singh, a Surinamese Indian who is a socialist party municipal councillor in The Hague told *The Hindu*.

Muslim leaders denounced the move to the right. Yassin Hartog, head of the Islamic Citizenship Office in The Hague said: "The risk now is that the extremist elements in PFL will take over further radicalising the divide."

THE HINDU

17 MAY 2002

# E.U. slams charges of anti-Semitism

By Batuk Gathani

BRUSSELS, MAY 11 The E.U. Foreign Policy chief, Javier Solana, has bitterly rejected complaints in the American media that Europe was becoming a "bastion of anti-Semitism". Mr. Solana denounced "those who want to give the impression that Europe has been transformed into a xenophobic, racist and anti-Semitic territory. It is false". He added that European political parties still defended traditional European democratic values.

Against an increasingly dire situation in West Asia, Europeans have become concerned with the growing influence of the Jewish lobby in the U.S., particularly within the national media and in the administration of the President, George W. Bush. Scathing coverage in the American press denouncing Europe as anti-Israel has become more pronounced with the controversial policies of the Israeli Prime Minister, Ariel Sharon.

Under the direction of Mr. Solana, however, the E.U. is still in the process of identifying common foreign and security policies. The E.U. has also gone out of its way to ensure that both Russia and the U.N. are involved in global issues affecting the E.U., ranging from peace initiatives in West Asia to nuclear arms control. One European observer today stated that "insensitivity in Washing-

ton and disunity in Brussels" have damaged trans-Atlantic trust.

American scrutiny of European criticism of Israeli policies continued last week, when a prominent American columnist wrote about European anti-Israeli biases by highlighting its supposed anti-Semitic ideology. Without naming the columnist, Mr. Solana said that such claims were "of striking brutality" and called the U.S. media coverage in general "profoundly unfair", adding that certain articles "give me much pain, because they are deeply unjust".

Mr. Solana recently undertook a daring diplomatic initiative — over loud protests from Mr. Sharon's Government — to meet the Palestinian Authority leader, Yasser Arafat. European officials have consistently argued that Mr. Arafat must play a prominent role in any peace process. A European columnist today wrote about "the (U.S.) insinuation that the refusal to endorse the policies of Mr. Sharon is evidence of a resurgent anti-Semitism. The charge is as wounding as it is absurd. Most of Europe is rightly ashamed of its history ... But criticising Mr. Sharon is not the same as condoning the persecution of Jews. The conclusion drawn is that some in Washington have decided that they will brook no challenge to the (Bush) administration's unwavering support for Mr. Sharon..... ?"

# Two stories from Helsinki

By K. K. Katyal

HELSINKI, APRIL 19. Here are two stories — one from the past, the other from the present.

First the past. "It is the only normally working Lenin museum in the world," says a person with a pronounced scholarly look as he conducts us across the vast hall on the third-storey building in the centre of Tampere, the third big city of Finland. He is Aimo Minkkinen, the director.

He is conscious of the distinction he enjoys as the head of this unique institution as also of his association with an exciting phase of history. The museum is all about Lenin — photographs and documents, some of them original, related to the period when he planned for the revolution in Russia during his stay in Finland, furniture and other items from the flat where he lived in Helsinki in the autumn of 1917, and paintings and sculptures.

The museum was opened on January 20, 1946, in this hall — the Workers' Hall, the venue of historic Tampere Conferences in 1905 and 1906, in which Lenin participated and where he and Stalin first met as part of the strategy planning for the revolution.

"We are not concerned with ideology or politics. We tell history. Our Government supports us," says the director. The Russian attitude is not negative either — "You are preserving history even though we do not like Lenin" is their view. Before the disintegration of the Soviet Union, large groups from there used to visit the museum regularly — "as if the visit was mandatory" — but now bigger groups come from other countries. It has been run by the Finnish-Russian Friendship Society from the very start.

Why did Lenin choose Finland for his stay during a crucial period when he was hunted down by the Czars for his "subversive activities"?

"Because he found it safe to be here. He trusted the Finns. Even his bodyguards were Finns. Communications with Russia were easy. The strong labour, social democratic movement in Finland provided a

conducive setting," explains the director.

Finland was under the Russian control for 100 years till the beginning of the last century, after 500 years under the occupation of Sweden. The movement for independence was strong and sustained and because of the pressure generated by it, the Russians found it difficult to retain their control. But Lenin's role in its freedom is a historical fact.

"The freedom was not a gift from Russia or any of its leaders. But Lenin did clear the way." One of the two sections of the museum is devoted to Lenin's role in this context, before and soon after the revolution in Russia. One of the important documents, preserved here, is the proclamation of Finland's independence, with Lenin as the first signatory.

The English translation of the document

## FINLAND TODAY - III

is as follows: "The Council of People Commissars St. Petersburg the 18th December (31.12) 1917 No.101. In response to the proposal of the Finnish Government concerning the recognition of the independence of the Republic of Finland, the Council of People's Commissars, in full accordance with the principle of the nation's right to self-determination, has decided to propose the following to the Executive Central Committee: a) The full recognition of the independence of the Republic of Finland. b) The forming of a special committee, consisting of representatives of both parties. This committee, acting with the approval of the Finnish Government, will plan the necessary measures resulting to the secession of Finland from Russia." The documents and pictures exhibited in the museum provide a peep into Lenin's role in facilitating the independence of Finland — right from his first visit here in November 1905, in the midst of a general strike, which brought him close to the Social Democratic Party.

The rest of the account is as follows: at the first Conference of the Russian Democratic Labour Party, in this building, which

brought 41 delegates from Russia, including Stalin, Lenin promised independence to Finland after the revolution, reiterating the assurances on various occasions till 1917.

In December that year, the Soviet Government, through the People's Commissariat was the first to recognise the independence of Finland. A delegation from Helsinki, which visited St. Petersburg, was given the proclamation of independence by Lenin.

Now the present. The story of two enterprises, Nokia, the world leader in telecommunications equipment — mobile handsets and digital phones — and Kone, manufacturers of elevators and escalators. Unlike the Swedish competitor, Ericsson, which, upset by heavy taxation, threatened to move the headquarters elsewhere, Nokia takes pride in being Finnish.

According to its top boss, "Finland is important for Nokia. The people, the atmosphere, the education and the basic economic policies are right. Nokia's corporate culture, its underlying ethos and the strength of its product development are Finnish." Nokia has not let the challenge of globalisation affect Finland's independence.

If Finland means a lot to Nokia, the mobile giant too has helped to make the country known in various parts of the globe. There seems to be a conscious decision by Helsinki to concentrate on a fewer knowledge-based industries to get over the handicap of the small size of the country. There is scope, it is pointed out, for the use of the Indian software technology in the company that has achieved the commanding heights of the global market. Another success story is Kone. Set up in 1924 by a private family, it could now boast of an intercontinental spread, thanks to a step-by-step expansion, with the acquisition of enterprises in Sweden, Italy, U.S., Australia and a tie-up with Toshiba of Japan.

To Kone India, in Chennai, a software unit for the control systems of elevators was added last year. That is another channel through which Finland is known in India.

(Concluded)

# Disturbances rock Belfast again

By Hasan Suroor

*blunpe* *119-15* *2/14*

LONDON, APRIL 19. Tension today was reported to be running high in Belfast, the capital of Northern Ireland, after what the police described as a series of "major disturbances" took place Thursday night. The trouble flared up in the Ardoyne Road area of north Belfast — a chronic flashpoint between the rival Protestant loyalist and Catholic nationalist communities.

Troops were standing by today to prevent a recurrence of last night's clashes in which petrol bombs were used, igniting a tank of heating fuel and setting off a huge explosion. Gunshots were fired, but no one was reported injured. The trouble, which started late in the evening, continued for several hours, and security personnel had a difficult time restoring order.

Both sides of the conflict accused the other of starting the violence, but the suspicion seemed to be centering on loyalist extremists, who were also involved in a series of bomb attacks earlier this month. Nationalists alleged that the trouble started when loyalists threw a crude bomb at a house, causing extensive damage. There was swift retaliation from the other side and when the police arrived, they were confronted with a "tense stand-off".

As the police on Friday tried to reconstruct the sequence of events with the help of footage from nearby security cameras, nationalists stepped up their campaign for action against loyalist paramilitaries. Sinn



Police Service of Northern Ireland officers examine the scene of a bomb attack on the police training grounds in East Belfast, Northern Ireland, on Wednesday. The bomb, which caused minor damage, is widely thought to have been the work of dissident Irish Republican terrorists. — AP

Fein, the radical nationalist party, said there had been tension in the area for the past three days with loyalists throwing stones at nationalists' houses.

"There has been stone-throwing, usually by teenagers...but [Thursday] older people were attacking houses. Word gets round very fast here and so a crowd of nationalists came up to sort-of-defend the area," said a Sinn Fein member, Gerry Kelly.

A Progressive Unionist Party member, Billy Hutchinson, however, said the provocation came from the other side. "When I

arrived, nationalists were firing fireworks... They were also firing golf balls at people and the police were trying to push them back," he told the BBC. Despite efforts by leaders of both sides to push forward the peace process, local relations between the communities remain tense; according to a recent survey, the momentous Good Friday agreement of 1998 has had no impact on the sectarian divide in Belfast. Last summer, the loyalists and nationalists in the Ardoyne Road area fought almost daily battles for weeks over a disputed route to a school.

20 APR 2002

THE HINDON

Europe  
110-15

# Dutch army chief steps down

19/4

By Batuk Gathani

**BRUSSELS, APRIL 18** In an unprecedented move, the Dutch army chief, General Ad van Baal, was persuaded to resign on Wednesday, a day after the Dutch Government stepped down accepting moral responsibility for the massacre of some 7,500 Bosnian Muslim refugees in Srebrenica in 1995.

The report, by the Netherlands Institute for War Documentation, condemns the Dutch troops in Srebrenica for unwittingly assisting in "ethnic cleansing" by Serbian troops. The Dutch Defence Minister, Frank de Grave, told Parliament that Gen. van Baal, who had been in command for just one year, could "no longer



**Gen. Ad van Baal**

function well" in that role. The decision has raised eyebrows in European military circles due to the brevity of Gen. van Baal's

tenure as army chief.

Mr. de Grave indicated that this might be "only the beginning of a shake-out", as he sought further clarity on the background of the massacre, seen as the worst atrocity in Europe since World War II. At the time of the incident, Gen. van Baal was second-in-command of the army.

The Opposition's perception is that the Dutch Prime Minister, Wim Kok is "playing politics" and has questioned whether Mr. Kok and his colleagues would have resigned had the general election, slated for May 15, not been so close. There are some 2,100 Dutch military personnel posted abroad, of which nearly 1,200 are in Bosnia.

19 APR 2002

THE HINDU



# Finding stability in coalitions

19/4 By K.K. Katyal 10-12

**HELSINKI, APRIL 18:** Come to think of it, Finland has most of the time been ruled by coalitions. Highly surprising to us in India, used to single-party governments for decades. And Finland has made a reasonably good job of the participatory system while we have yet to imbibe the coalition culture. The comparison, however, is valid only up to a point. Finland is a small, homogenous orderly society of five millions as against India with its huge size, diversities and a billion-plus population.

The composition of Finnish coalitions has varied over the years, representing different permutations and combinations. The present ruling combine comprises the Socialist Democratic Party, the Left group, Conservatives, Greens and the Swedish-speaking party. It is one of the rare occasions when the Left-oriented SPD and the Conservatives share power and, because of that, it is called the "rainbow coalition". The main force in the opposition is the Centre Party, representing agrarian interests which, normally, should be a natural ally of the SPD and, by the same logic, the Conservatives ought to have been in the Opposition. But realpolitik takes queer forms in democracies and Finland is no exception. Not all in SPD are happy about it — a senior party MP, Mr. Kimmo Kiljunen, called it an unholy coalition — and hope that this anomaly will be removed in the parliamentary elections due next year.

The next election will be the first under the amended Constitution which sets new norms for government formations. Previously the President had the discretion to invite any member in a newly-elected House to try and form the Cabinet, but now the leader of the biggest party will have to be invited. The initiative has, thus, passed from the President to Parliament. Hence the importance of being the largest party: it

will be in a position to shape the next dispensation — a coalition, it goes without saying.

The coalitional politics has achieved the present stability after several ups and downs. There was the initial spell of instability (after the country's independence in 1917), with minority cabinets in office failing to provide smooth governance. Then came coalitions, with different sets of partners. During the war, the base of the Government became unusually wider with parties of the Left and Right co-existing in an omnibus set-up. Another period of shaky governments followed after the War and

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## FINLAND TODAY — II

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it was in the mid-80s that a stable pattern emerged.

Why did Finland opt for coalitions? The replies to this question posed to Prof. Jukka Paastela of the Department of Political and International Relations, University of Tampere, to the SPD member of Parliament, and Mr. Jouni Molsa, a senior journalist of the country's biggest daily, added up to a cogent explanation. Here are their points: Finland has a multi-party, not a two-party, system and, as such, coalitions are a political necessity. At times the Presidents favoured and worked for coalitions to promote stability and unification. People are given to compromise and consensus. In the last two decades, three parties have had nearly the same strength and hence there is no escape from power-sharing.

It is a vibrant democracy, marked by competitive politics not only among parties but also within parties. At the moment, considerable excitement has been caused by the decision of the Foreign Minister, Mr. Erkki Tuomioja (who was in India this week on a brief visit) to make a bid for SPD's chairmanship — the post held by the Prime

Minister, Mr. Paavo Lipponen. Though their basic philosophy is the same — both are socialists, both stand for a welfare state, with emphasis on shelter, food, education, health care for all citizens — their approaches differ in nuances. And that makes the debate on the subject highly lively. The Prime Minister is credited with a more pragmatic approach, cautious by temperament on dealing with both national and international issues. He tends to find solutions for current problems through the European Union.

The Foreign Minister, on the other hand, is forthright, and leans heavily on foreign policy. The Prime Minister is widely known in Europe, has worked hard in putting Finland in the core of the EU decision-taking system and it is because of him that the country has not been on the sidelines. The Foreign Minister, with greater involvement in global politics, has a wider focus, covering, apart from national and EU matters, a vast range of issues like aid to developing countries, human rights, armament reduction and international agreements. To cite one case, the Prime Minister's approach to West Asia is cautious, while the Foreign Minister regards Israel as part of the problem.

The contest is important because the SPD Chairman will be the Prime Minister, subject, of course, to the agreement of the allies in the coalition. Finland has four separate election calendars, of which Parliament, elected every four years (1991, 1995, 1999, etc) and the President, chosen for a six-year term (1988, 1994, 2000) have a higher profile. Then there are municipal elections and the contests for the European Parliament. According to a noted commentator, there has been a growing tendency among the voters to pay greater attention to the choice of individual MPs than to the parties. A typical Finnish approach to politics.

THE HINDU

# The Finns and European Union

189A By K. K. Katyal 40.12

**HELSINKI, APRIL 17.** A brief five-day visit to Finland (at the invitation of its Foreign Ministry) is enough to bring out clearly the importance attached by it to its membership of the European Union. In informal conversations, leading figures of the foreign policy establishment, non-official think-tanks and the media emphasise the value of this association both in economic and security terms.

"This was the biggest change, a fundamental change after the country's independence," according to the State Secretary, E.U. Affairs, Alec Aalto. The biggest change indeed since the country became free in 1917, after 500 years of Swedish rule and 100 years of Russian control. Independence brought in its wake a new set of problems, particularly the fear of a big neighbour, Russia. The sense of insecurity was heightened because of Finland's location — in the north-eastern corner of non-Russian Europe — and the consequent isolation. The E.U. membership was seen as a way out of the problems created by history and geography.

Finland's lot was particularly unenviable after the end of World War II. It had to find a working relationship with Russia, while remaining part of Western society. During the Cold War days, Finland was the target of snide remarks from the West, which, however, understood its predicament. "Now it is realised that we managed a difficult situation successfully," says Mr. Aalto.

He elaborates the rationale of the E.U. entry thus: "we recognise the value of the E.U. for small nations (which find themselves exposed to all manner of pressures, real or perceived); division of Europe into well-developed and less-developed countries is dangerous — cooperation among them helps to even out social and economic conditions; there is a big economic advantage for Finland — it now has access

to a vast market." Finland supports the expansion of the 15-member group — for the same reasons. That, however, would not solve its problem of dealing with two important countries, Russia and Ukraine.

In the words of Mr. Aalto, the E.U. has to address two major questions — one, how to make it economically and socially stronger, through sustainable development, but not at the expense of environment or social cohesion, and, two, creation of long-term institutional framework.

The talk of a united Europe here does not

## FINLAND TODAY — I

go beyond generalities and references to different models — a federation, confederation, a community of sovereign States, with more and more resources for common aims, both in economic and foreign policy areas. Officials are conscious of the keenness of some member-countries to maintain a special status. And in support is cited the fact that two of them, the U.K. and France, are permanent members of the U.N. Security Council and that the British Prime Minister, Tony Blair, conducted himself as an independent player rather than a representative of the E.U. in his diplomatic moves in support of the U.S. after the September 11 terrorist strike.

As a matter of fact, the Finns were caught between two conflicting pulls on the E.U. entry. On the one hand, they would not want to be left alone any time in the future. On the other, they disliked the involvement of foreigners in their affairs. On balance, they chose "the lesser of the two evils", to quote a former Finnish diplomat. As a way out of the contradictions, it decided to join the E.U. but to keep out of the NATO. Finland, thus, took a course different from one of its Nordic neighbours, Norway. The security-related logic dictated the other course for Norway — it joined the NATO kept out of the E.U. The protection pro-

vided by the NATO membership was seen as taking care of the security problem and keeping it as part of the West. The "no" to the E.U. was regarded as assertion of its independent identity.

However, the debate in Finland on the NATO has not concluded — and it transcends party divisions. Within the Government, too, different Ministers are identified with different positions on the NATO. By and large the Army establishment (not excluding the Defence Minister) is for the NATO, most of the civilian segment against it. However, all of them recognise its pivotal role for security and stability of Europe.

Finland takes part in NATO's "Partnership for Peace" programme — as evident from the country's role during the Kosovo crisis, some three years ago, and the decision to send 800-strong contingent for peacekeeping.

As the Foreign Minister, Erkki Tuomioja, notes in an interview: "We recognise the need for NATO (and its value in crisis management). It is a tremendous asset. It does not create divisions. We are able to cooperate with it. The NATO can use Finnish facilities."

Finland, according to the Minister, has the option to join the NATO though it has chosen not to exercise it. Others — in the think-tanks — feel the pressure on the NATO entry would increase in November, when the Baltic States are invited to join the military group.

Politicians, according to them, may not support the NATO till the elections next year but may take a pragmatic course later.

Relations with Russia and the role in the Nordic community are among Finland's other concerns. It seeks to use its E.C. membership in two ways in relation to Moscow — one, as aid to establishment of good working relationship, and, two, to seek to influence the community's thinking on Russia in a positive direction.

(To be concluded)

10.12.2007

THE WINDOW

# Dutch govt falls over Srebrenica

A report

The Hague, April 16 (Reuters): The Dutch government collapsed today after Prime Minister Wim Kok's Cabinet resigned en-masse over a report condemning the Netherlands' failure to prevent the worst massacre of the Bosnian war.

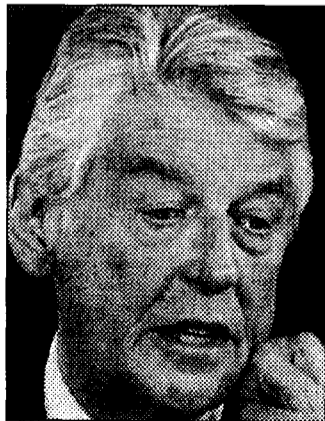
Kok's coalition stepped down after a crisis meeting to discuss the fallout from an official report last week which blamed politicians and military top brass for the failure of its UN peacekeepers to prevent the 1995 Srebrenica massacre.

In Srebrenica, a Bosnian town close to the Serbian border, 110 lightly-armed Dutch troops from the multinational UN force were assigned to protect Muslim residents and refugees in what had been designated a "safe area" for them. In the event the Serbs took the town without a shot being fired.

The Netherlands Institute for War Documentation (NIOD) report, commissioned by the government five years ago, condemned the Dutch troops for unwittingly assisting in "ethnic cleansing" by helping the Serbs organise the final exodus of thousands of Muslims from the town — women and children to Muslim territory but men to their deaths, mostly by shooting in fields and barns.

But it reserved its harshest criticism for the political and military leadership for sending the troops to Srebrenica with ill-defined goals and a weak mandate. "I will go to the Queen and hand over the resignation of all ministers and junior ministers," Kok said.

He said he would announce the government's dissolution to head of state Queen Beatrix before going to parliament to say his 29-member coalition was resigning over the embarrassing foreign policy crisis. The chaotic end to Kok's coalition cast a long shadow over the career of a prime minister, credited with slashing unemployment, less than a month before the country goes to the polls.



Dutch Prime Minister  
Wim Kok. (Reuters)

Europe

# 'Substantial' arms move by IRA

By Hasan Suroor

**LONDON, APRIL 8.** The IRA today announced a second phase of arms decommissioning in a move that was widely welcomed as a significant step towards further normalisation of the situation in Northern Ireland.

In a statement, it said it had put a "substantial" amount of arms "beyond use" in a bid to "stabilise, sustain and strengthen" the peace process which started four years ago with the signing of the Good Friday Agreement. The claim was confirmed by the independent in-

ternational decommissioning body led by Gen. de Chastelain. "We have witnessed an event in which the IRA leadership has put a varied and substantial quantity of ammunition, arms and explosive material beyond use."

As on the occasion of the first phase last October, secrecy surrounded the type and amount of weapons that were destroyed. Nor was the location where the "event" took place disclosed. Though the move had been expected, yet when the announcement came, it caught the sceptics by surprise. The IRA proved wrong those of

its critics who had been saying that its first act of decommissioning six months ago was a "one-off stunt" and not part of a process eventually leading to the destruction of IRA's entire armoury.

Gerry Adams, president of IRA's political arm, Sinn Fein, denied that it was a "gimmick" intended to coincide with elections in Ireland next month. "It has nothing to do with the elections," he said, describing the move as an evidence of IRA's "commitment" to the peace process. Calling it a "huge" move, he commended the IRA for taking a "unilateral initia-

tive" despite what he described as the British Government's "failure" to fulfil several of its obligations under the Good Friday agreement. Police reforms and scaling down the British military presence in Northern Ireland were the two main areas where promises had not been kept. "The British Government has to see this (decommissioning) as another opportunity for it to fulfil its obligations," he said. A spokesman for the Prime Minister, Tony Blair, welcomed the IRA's move, as did the Northern Ireland Secretary, John Reid and the Irish Prime Minister, Bertie Ahern.

9 00 00

THE HINDO

# Hungary makes crucial election choice

## Associated Press

BUDAPEST, April 7. — In the country's fourth free elections since the return of democracy, Hungarians cast ballots today for a government that will likely lead them into the European Union.

In the last pre-election polls, the incumbent Centre-Right coalition led by Prime Minister Mr Viktor Orban's Fidesz-Hungarian Civic Party held a slight advantage over the Socialist Party and its main candidate, Mr Peter Medgyessy.

Mobbed by local reporters, Mr Orban, voting at a downtown polling station along with his wife and three children, said he was "confident," but refused to predict an outcome.

As Socialist candidate Mr

Medgyessy cast his ballot at another polling station, some voters, many sporting rosettes with the red-white-green national colours, welcomed him with applause.

Polls opened at 6 a.m. and were to close at 7 p.m local time. First official results were expected around 10 p.m.

Parliament's 386 seats are at stake. The winning party or coalition will name a Prime Minister and form a government.

A runoff will be held on 21 April in those of the 176 individual constituencies where no candidate wins an outright majority or where turnout is less than 50 per cent. The rest of the parliamentary seats are decided in votes cast not for candidates but for parties.

Voter turnout was expected to be around 65-70 per cent, some

10-15 points higher than in 1998, thanks in part to a general feeling that there is a lot at stake.

By 3 p.m. nearly 52 per cent of the country's 8.1 million eligible voters had cast ballots, compared to less than 40 per cent at the same time into voting four years ago, the state-run news agency MTI reported.

"This is the vote after which I'm expecting to live better," said Budapest voter Ms Eva Nemeth, 66, a retiree, without revealing whom she was supporting. "If things go they way we want, I hope money will be distributed keeping us more in mind."

Mr Orban's government hopes to be the first in Eastern Europe to gain re-election since the fall of Communism. The country held its first post-Communist democratic elections in 1990.

Electoral defeat is expected to bring about deep leadership changes in either party.

"If they lose, an internal reshuffle in the Socialist Party can't be avoided," said analyst Mr Ervin Csizmadia.

Another key issue is the role of the Hungarian Justice and Life Party, criticised for its extremely nationalistic and anti-Semitic rhetoric, and led by former playwright Istvan Csuska.

"If EU accession were not to happen because of a mistake by a Fidesz-led government, we would be unable to face up not only to our voters, but to our consciences, as well," said Fidesz vice-president Mr Laszlo Kover.

Only a few minor irregularities were reported, but MTI said four people died of heart attacks while at polling stations and a fifth on his way to cast his ballot.

## Pact signed, says Kostounica

140-15  
BELGRADE, MARCH 14. Serbia and Montenegro signed an accord today that would radically restructure Yugoslavia, giving the nation a new name and its republics greater autonomy to prevent the country's final breakup.

The agreement, reached under mediation by the European Union, was signed by the Yugoslav President, Vojislav Kostounica, the Montenegrin President, Milo Djukanovic, the E.U. foreign policy chief, Javier Solana, and other Serbian and Montenegrin officials.

The new country, consisting of two semi-independent states, will be renamed Serbia and Montenegro, said the Serbian Prime Minister, Zoran Djindjic. Both republics will share a defence and foreign policy, but will maintain separate economies, currencies and customs

15/3  
services. "The new country would be neither a federation nor a confederation, but would represent a new original solution," said Mr. Kostounica earlier today.

Mr. Kostounica told reporters earlier that the political accord called for new federal elections in the autumn, and that the Parliaments of both republics would set to work on constitutional changes. The country's new name will not take effect until lawmakers ratify the accord.

"This is a new beginning in relations between Serbia and Montenegro," Mr. Kostounica declared. "We have reached an agreement which is acceptable for both Serbia and Montenegro."

There was no immediate reaction from Mr. Djukanovic. — AP

THE HINDU

15 MAR 1992



# Chirac angry over Jospin charges

By Valju Naravane

Eno

19-15

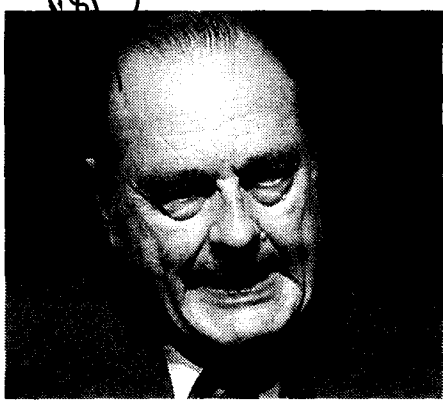
19-3

PARIS, MARCH. 12. The French President, Jacques Chirac, is a very angry man. His Prime Minister and electoral rival, Socialist Lionel Jospin, called the 69 year old President who is seeking a second term "tired, old and worn out." In an interview published on Monday, Mr. Chirac described his younger opponent as "aggressive, arrogant and contemptuous."

With the first round of the election just six weeks away, the French are beginning to relish what has become a regular trade-off of insults.

Mr. Chirac's election, the Socialist Prime Minister told reporters, "will not be a good thing for my country. In 1995 I was there to save my side. This time I am here to win," he said, referring to the election that brought Mr. Chirac to power. Mr Jospin lost that election, but two years later, the French Left won an overwhelming victory in the legislative polls that made him Prime Minister under France's unique system of power-sharing called co-habitation.

Mr. Chirac, who was for over a decade the powerful Mayor of Paris before his election as President in 1995, is going through a turbulent campaign. There is phenomenal discord in the right wing camp with former



Jacques Chirac

Ministers, Charles Pasqua and Francois Bayrou both running. The multiple candidacies on the right are bound to weaken Mr. Chirac's prospects in the first round, pollsters predict. Mr Chirac is also facing problems of credibility, with several scandals from his past now catching up with him.

A former anti-corruption judge, Eric Halphen, has just published a best-selling book of memoirs detailing the difficulties he faced while investigating allegations of corruption against members of Mr. Chirac's

RPR party. A former colleague and elected official, Didier Schuller, who recently returned from a seven-year exile in the Dominican Republic dealt another blow to Mr. Chirac's electoral chances. In front of anti-corruption judges, Mr. Schuller confirmed reports of an elaborate system of kick-backs erected by the RPR Party at the Paris town hall when Mr. Chirac was the capital's Mayor.

The French political landscape this time around is fractured with a blurring of the traditional Left versus Right divide. Former Socialist Minister, Jean Pierre Chevènement, has launched what he calls the Republican Pole, in a bid to win disaffected voters from the centre-left and the centre-right. Others in the running include candidates from environmental groups, the extreme right, the communists and the extreme left. Arlette Laguiller, who champions workers rights representing orthodox leftist views, is tipped to win about seven per cent in the first round, while Jean Marie Le Pen who is the candidate of the extreme right wing National Front Party will probably rake in about ten per cent of the vote.

Mr. Jospin has managed to present himself as a good manager. His no-frills personality indicates that he is at least respected by the French, if not loved by them.

THE HINDU  
15 MAR 2002

# Portuguese crisis first test of single currency

**BRUSSELS, JAN. 26.** European Union officials are seriously worried about the Portuguese economy, which is swinging violently from boom to bust.

It is fast becoming the test case of the euro's "one-size-fits-all" system. Portugal could be in visible distress by 2003, when Britain could face a euro referendum.

Last month's E.U. economic report said five euro economies had been destabilised by the European Central Bank's interest rate policy but singled out Portugal as "alarming". Anibal Cavaco Silva, the former Prime Minister, called it "catastrophic".

Portugal had to slash interest rates to join the euro, setting off a consumer boom and explosion in property prices. The country has been living far beyond its means for several years. Now it has an incipient debt crisis.

Bernard Connolly, chief economist for AIG International and a former European Commission official, said Portugal now faces an unstoppable deflationary spiral.

"Portugal is at the same stage as Argentina in 1998, just as the downturn was getting under way, but its public finances and external debt are dramatically worse than Argentina's then. The country is going to be

crucified, doubly so if the euro now reverts to parity against the dollar."

E.U. finance ministers decided not to issue Lisbon with an early warning on Monday over its deteriorating public finances. This has very serious implications. Portugal can now finesse the E.U.'s stability pact, which prohibits budget deficits of more than three per cent of GDP. Legally, countries can only be punished if they are warned in good time.

Critics say the stability pact has just taken its first hit below the waterline. Ironically, it was Germany that blinked when the moment of decision came. They too are

perilously close to the limit. Chancellor Gerhard Schroeder wanted the issue kicked into touch until after this year's elections.

General Gustav Hugglund, the E.U.'s military chief, said this week the 60,000-strong rapid reaction force would launch its first exercises in May but admitted it would be another 10 years before it could carry out "all operations".

Gen .Hugglund, a Finn, lamented that the Airbus A400M military transport aircraft would not be ready until 2008 to 2012, leaving the E.U. dependent on American planes.— © *Telegraph Group Limited, London, 2002*

THE HINDU

27 JAN 2002

# Catholic postal staff shot in Belfast

Europe  
5/11  
ASSOCIATED PRESS  
1971

BELFAST (Ireland), Jan. 12. — A Catholic postal worker was shot dead as he arrived for work in North Belfast today, and an outlawed Protestant group claimed responsibility for the murder.

Police said the 20-year-old man was shot several times outside a Royal Mail sorting office in the largely Protestant dominated Rathcoole area. He died two hours later in hospital.

Two men in dark clothes and with scarves pulled across their faces fled in a silver Renault car, police said. The car was found abandoned later. A group called the Red Hand Defenders said it had carried out the killing. Police consider the name a flag of convenience for members of Northern Ireland's largest illegal paramilitary group, the Ulster Defence Association, and other illegal Protestant groups.

"At the end of a sickening week, this is the most sickening event of all," said Mr Alban Maginness, a north Belfast member of Northern Ireland's assembly, who represents the moderate Catholic Social Democratic and Labor Party.

The assassination followed a quiet night in the Ardoyne area of the city, after two nights of constant rioting in which hundreds of Catholic and Protestant youths hurled fire bombs, acid bombs and stones at the police trying to keep them apart. More than 80 police officers were injured.

This week's violence flared near Holy Cross, a Roman Catholic primary school, that was at the center of angry sectarian clashes last autumn.

THE STATESMAN

17 JAN 2001

# Belfast calm as Catholic school reopens after unrest

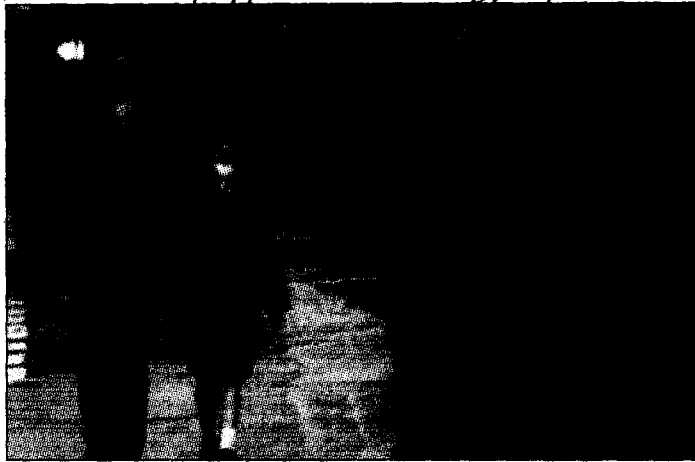
Belfast, January 11

ROMAN CATHOLIC girls returned to a school beset by violence in north Belfast on Friday after a night of sectarian rioting injured more than 30 police and soldiers.

"I can't believe we've returned to the bad old days again, but I have no car and this is the only way I can take my child to school," said a Catholic mother who gave her name as Mary, holding her daughter Catherine's hand as she walked to the Holy Cross Catholic girls' school.

All through Thursday night and Friday morning, Catholic and Protestant youths hurled bombs at police and troops, keeping them apart in the flashpoint Ardoyne area. More than 30 police officers and soldiers were hurt and six cars burned in the ugliest sectarian clash in Northern Ireland in months. One Catholic mother said Protestants taunted her as she walked her niece to school, but there were few incidents.

Father Aidan Troy, chairman of the school's Board of Governors, said most Holy Cross pupils had returned. "I'm so relieved that the children are in school. Some of them are upset and some very quiet but the majority are there and that's what we



REUTERS PHOTO

A young girl and her father walk past soldiers as they make their way to Holy Cross Primary School in Belfast on Friday.

called for," he said.

Hard-line Protestant politician Billy Hutchinson said Ardoyne residents did not want to be "political pawns" and the latest dispute was not about Holy Cross School.

At least eight armoured police Land Rovers lined the Ardoyne Road, where houses of pro-British Protestant loyalists face the Catholic Holy Cross school. A police helicopter hovered overhead and police on foot kept a watchful eye under rainy skies.

Police said they hoped for calm after the riots and had adopted

what a police source called a "softly, softly approach".

The school was closed on Thursday after a dispute nearby the day before prompted the riots.

Politicians and community leaders had spent the day trying to calm passions in the run-down district, but their efforts were in vain as hundreds of youths took to the streets. A police spokesman said 31 police and three soldiers were hurt in the clashes. Police said some 90 petrol bombs were thrown by the rioters

Reuters

1 2 JAN 2002

# Street dispute takes sectarian turn in Belfast

Belfast, January 10

A FIGHT between two women on a Belfast pavement was enough to spark the worst street violence the Northern Irish capital has seen in months, highlighting the searing sectarian hatred, which divide the province.

Up to 500 Catholics and Protestants battled in the streets around the Holy Cross Primary School, which last year became the focus of a bitter dispute between the rival communities living cheek-by-jowl in a run-down corner of north Belfast.

Police said the rioting, which began on Wednesday afternoon and continued into the early hours of Thursday, was "sustained and highly orchestrated," with shadowy guerrilla groups on both sides stoking the disorder.

Three crates of ready-made petrol bombs were found by police. More than 130 of the weapons were thrown by rioters, along with acid bombs, flares, fireworks bricks and bottles.

A police armoured vehicle was destroyed by a petrol bomb, and six cars were hijacked and burned. Fourteen officers were injured and four Catholics were wounded when a gunman opened fire with a shotgun. None were badly hurt.

"The actual outbreak yesterday we think was spontaneous, but in this area, in both communities, once you scratch the surface the paramilitaries are there, and the paramilitaries on both sides were involved," north Belfast's police chief, Assistant Chief Constable AIn McQuillan, told BBC radio.

"Particularly... in the nationalist (Catholic) area we saw clear evidence of people orchestrating the rioting." But McQuillan said the trigger had been an altercation on the pavement between a

Catholic woman and a Protestant woman which swiftly escalated as rival gangs took to the streets, with riot police caught in the middle trying to separate them.

Each side blamed the other for sparking the violence. Catholic parents said they had been jostled and spat on as they went to collect their children from school. Protestants said Catholics had pulled down a roadside wreath left in memory of a murdered Protestant taxi driver.

On Thursday morning the streets were eerily quiet and the Roman Catholic school — in a Protestant enclave bordering a Catholic area — was closed as teachers and community leaders held urgent talks and politicians appealed for calm.

The 12-week Protestant protest at the Holy Cross school shocked the world last autumn, with television images of tearful young girls guarded by riot police and troops as they ran a gauntlet of hate on their daily walk to school.

Although the protest was called off in November, community leaders and police say little has changed on the ground. "There has been friction every day with the parents going to school, and I have to say it has come from both sides," said McQuillan.

"There have been words exchanged, people staring each other and we know the problem hasn't gone away — the basic state of community relationships have not improved."

Britain's Northern Ireland Secretary John Reid told Sky News: "There are people in Northern Ireland who have turned their backs on the past, the vast majority, but there are some who are unable to do that — they offer more of the past."

Reuters

THE HINDUSTAN TIMES

11 JAN 2002

Europe 10-19

# Neo-fascist emerges as successor a/j

ROME, JAN. 8. Italy's Deputy Premier, Gianfranco Fini, the leader of a once-fascist party, was emerging on Tuesday as a possible replacement for Renato Ruggiero, who resigned as Foreign Minister after a public spat within the Government over Italy's commitment to Europe. The Prime Minister, Silvio Berlusconi, has said he would serve as interim Foreign Minister for at least six months, taking some time to reform the Ministry and find a replacement for Mr. Ruggiero, who was one of the most internationally respected Ministers in the media baron's conservative Government. But many analysts pointed out it would be difficult for Mr. Berlusconi to serve as both Premier and Foreign Minister for six months, and said he should name a replacement quickly.

*Corriere della Sera* wrote in an editorial that half a year seems an "almost eternal" time. Since Mr. Berlusconi took up the interim post on Sunday, two appointments have already been postponed: a meeting scheduled for Tuesday in Rome with the Foreign Minister of Spain, which holds the rotating E.U. presidency; and a meeting in Paris with the German, French and British Foreign Ministers, set to take place on Thursday.

Mr. Fini said he considers himself a "natural candidate." But, he added, it was up to the conservative coalition to decide. If he were appointed, Mr. Fini, who once de-



The Italian Deputy Premier, Gianfranco Fini (right), listens to the Prime Minister, Silvio Berlusconi, during a debate in Parliament in this Nov. 7, 2001 file photo.

scribed the Fascist dictator, Benito Mussolini, as one of last century's "greatest statesmen," would be the first former fascist to serve as Foreign Minister. His party, now called National Alliance, was forged from the ashes of Mussolini's Black Shirts, but has abandoned its roots to become a broader, more moderate movement.

Considered a pro-European official within the sometimes euro-skeptical conservative coalition, Mr. Fini stood by Mr. Ruggiero

when the latter supported plans to create a European common defence industry. Italy eventually pulled out of the project. Mr. Ruggiero resigned last week, protesting the Government's lukewarm reception of the euro. The move left many in Italy and abroad with doubts over the Government's commitment to Europe. Mr. Berlusconi, however, has insisted his support for European unity is solid. — AP

Telegraph reports:

Mr. Berlusconi was testing the

patience of his fellow European leaders even before recent events.

He insulted the Finns at the Laeken summit in December, saying they were not fit for the E.U.'s new food safety agency because "they don't even know what prosciutto is". Just weeks earlier, he undercut E.U. diplomacy in West Asia by vaunting "the superiority of our civilisation" over a Muslim world stuck in the Middle Ages.

The French Finance Minister, Laurent Fabius, said on Monday that the loss of Mr. Ruggiero was serious enough to require a formal explanation from Rome. "Italy is one of the pillars of Europe and one could be quite worried. There is a need for clarification at the level of the heads of Government," he said.

The Belgian Foreign Minister, Louis Michel, called the turn of events a "triumph of the anti-Europeans".

The changes in Rome alter the balance in the European system of government. For half a century, Italy has backed every significant move towards closer union, seeing Brussels as an improvement over the horse-trading and corruption of Rome.

Brussels is particularly alarmed by the Defence Minister, Antonio Martino, who committed the heresy of suggesting that the euro "could end in failure". — ©Telegraph Group Limited, London, 2001



# Euro revolution

*summary 5-9* Will one size fit all? *8/1*

In a momentous change 12 out of 15 European Union countries have jettisoned the currencies with which they have had a long and even emotional attachment and switched to the euro. Six billion banknotes and 37 billion coins are in circulation and old nationalisms have been shredded along with old currencies. The logistics of the changeover appears to have been successfully managed, although many merchants and businesses appear to have taken advantage of the changeover to mark up their prices hoping their customers won't notice. The way was paved for the euro by the Maastricht Treaty, which stipulates that nations must hand over the steering of the money supply, short-term interest rates and other monetary issues to the European Central Bank. The point, though, is, with monetary policy shifted to the level of the ECB, can fiscal policy and political decision making remain unaffected? What happens if a clash arises between the two? It is evident that in the era of globalisation, the greatest experimentation with national sovereignty and the concept of the nation-state is happening in Europe, and countries may have to bring their taxation, employment and social policies in line if economic and monetary union is to work.

Things may, of course, work out entirely differently. Now that countries no longer have the power to devalue their currency should their products become uncompetitive, they could, at least in theory, suffer the fate of Argentina which had its currency pegged to the dollar, and go into recession. Would other EU members bail out the suffering country, or would they behave like the IMF does towards Argentina? This is, when the chips are down, a political issue — how would, say, the successful German worker react if he were told the taxes he paid were being hiked to assist his struggling unemployed counterpart in Portugal? If, in fact, the euro idea wins out, the United States needs to watch out on several fronts. One, the euro will give the almighty dollar a run for its money. Two, the world in general may find the European model, which favours social solidarity and a caring welfare system rather than freewheeling individualism and raw market power, more attractive than the US model.

THE STATES

HPD-14

# Ruggiero quits Cabinet over euro

By Valju Naravane

ROME, JAN. 6. Italy's Foreign Minister and widely respected former head of the World Trade Organisation, Renato Ruggiero, slammed the door on the eight-month-old centre-right Government of the Prime Minister, Silvio Berlusconi, causing consternation in Italy and the European Union.

His departure has dealt a severe blow to the already tainted international image of Italy's media-magnate-turned Prime Minister.

The euro has thus claimed its first victim, since the quarrel between Mr. Berlusconi and Mr. Ruggiero was essentially over European policy. Mr. Ruggiero maintains close personal ties with a number of international leaders

and has served as E.U. spokesperson and Commissioner. His induction into the Government had reassured other European nations worried about extreme right wing views dominating the new Italian Government; It now appears their worst fears have come true.

Mr. Ruggiero resigned late on Saturday following a very public clash with Mr. Berlusconi who is coming under increasing criticism for his authoritarian and often anti-European attitudes. The respected business daily *Il Sole 24 Ore* in a signed editorial said: "Ruggiero's international contacts would have constituted a precious asset for any government, particularly Silvio Berlusconi's which in Europe and elsewhere remains an object of mystery." Mr. Berlusconi's ruling



The Italian Foreign Minister, Renato Ruggiero (right), talks with the Prime Minister, Silvio Berlusconi, in Parliament in this undated picture. — Reuters

coalition known as the House of Freedoms, is composed of the reformed former fascist party, his own right-wing Forza Italia (Go, Italy) and the anti-foreigner Northern League. Euro-sceptics

dominate his Government and Umberto Bossi, Minister and leader of the Northern League shocked Europeans by saying, "I don't care a hoot for the euro" the day after the new currency was issued. The Deputy Prime Minister, Gianfranco Fini, who is one of those tipped to take over the Foreign portfolio, is a confirmed Eurosceptic.

Mr. Berlusconi publicly sidelined Mr Ruggiero from any decision-making in the question of Italian support for the development of the Airbus military transport plane, an eight-nation multi-billion dollar venture. Mr. Berlusconi has also wished to move Italy closer to the U.S. and has made highly embarrassing remarks denigrating the Islamic civilisation.

THE FINED

HPD-14

## NEW CURRENCY ✓

**S**ince the Euro transition did not happen overnight, January 1, 2002, is more of a signal and needs to be considered in the broader context of European integration. The idea of single currency and monetary integration dates to the Sixties, although it went through ups and downs like the snake (limited currency fluctuations within a band) that was knocked out of existence because of oil price shocks and the more recent European Monetary System. Other than issues of nationalism, some governments have been sceptical because of fears of loss of economic sovereignty in monetary policy and to a lesser extent, in fiscal policy. That 12 countries eventually opted for the Euro zone (Britain, Denmark and Sweden are not yet members) is largely due to the efforts of Germany, France and Italy, although the new Italian government has turned doubtful. As an intervention currency, the Euro has of course been around for three years and a corporate bond market in the Euro also existed. From January 1, 2002, this virtual currency has become visible to citizens in the sense that national currencies are being replaced by the Euro, with phased transition for some members.

There are three implications for India. First, there was the transient software opportunity in Euro conversion and by all accounts (unlike Y2K), India has missed this bus. Second, there is the issue of reduced transaction costs when an exporter deals with one currency rather than twelve and the overall impact is beneficial, as has also been the case when in the process of trade integration, standards and procedures have been unified across 15 countries. Third, there is the long-term issue of whether the Euro is likely to be replaced by the dollar in foreign exchange transactions, including invoicing. 70 to 80 per cent of India's trade invoicing is done in dollars and this is far out of proportion to the importance of the United States of America in India's trade. With the European Union as a whole accounting for one-third of India's trade, the importance of the Euro should increase. However, this becomes a function of the strength of the European economy and in the last three years, the Euro has dropped significantly against the dollar. While the impetus behind European integration is an emphasis on economies of scale and productivity increases to take on the economic might of the US (and Japan), there are clear problems of transition. And these will become more acute once the relatively backward 13 countries in Eastern Europe also join EU. Any talk of the Euro's replacing the dollar is therefore premature. However, there is yet another implication for India. With three major blocs forming in America (the North American Free Trade Agreement will spill over into South America), Europe and east Asia (the Association of South-East Asian Nations will soon extend to South Korea, Japan and China), India will be left out in the cold.

THE TELEGRAPH

# Britons would be foolish to run from <sup>to</sup> euro: Blair

**Dhaka, Jan. 3** (Reuters): British Prime Minister Tony Blair today gave one of his strongest endorsements of the euro so far, saying Britons would be "very foolish" to run away from the single currency.

"The euro is now a reality. So I think the idea that we can run away from it or hide our head in the sand and pretend it doesn't exist would be very foolish," he said. Blair, speaking to reporters in Bangladesh at the start of a tour of South Asia, said the launch of euro notes and coins in 12 of the 15 European Union member states on Tuesday was a fact the British people had to face.

Asked why he supports British membership of the euro, Blair said: "It is because of the very fact... that you have got the rest of Europe in the single market using the single currency (and because of) the potential stability."

He said: "We have got to prepare for it, but the final decision is for the British people. Our position on the euro hasn't changed." Blair has always said he is in favour in principle of joining the euro but, mindful of hostility among the public to the idea of scrapping the pound, he has pledged only to take Britain in if the economic conditions are right.

His comments will be seen as a further signal that his government is using the launch of the euro in 12 EU countries as a way to try and persuade Britons to accept it as well.

They will also fuel speculation that Blair is preparing for a relatively early referendum on the issue, possibly planning to put the decision to the British people in 2003.

Europe minister Peter Hain incensed anti-euro campaigners on Tuesday when he said the pound would probably not sur-

vive as a parallel currency to the euro.

In a withering response, foreign secretary Jack Straw said yesterday that campaigners on both sides needed to tone down their rhetoric, adding that British entry into the single currency was not inevitable.

## Strains in Italy

Strains emerged in Italy over the birth of the euro but problems elsewhere were scarce today as the European Central Bank said the largely smooth start had exceeded its expectations.

"Now two days after the introduction of euro cash, I can say the huge task has so far progressed very smoothly, beyond our own expectations and hope," ECB President Wim Duisenberg said after the bank's first meeting since the launch.

"We can already pronounce this unprecedented move a tremendous success," he added.

But in Italy, a founding member of the European Union, the government appeared in disarray over the rollout, and even the Vatican said it was facing delays in issuing 670,000 special euro coins bearing the image of Pope John Paul.

Italy's automatic cash machines also lagged behind. Duisenberg said by 1 pm GMT today only 85 per cent of Italy's cash machines were issuing euros.

## First forgery

Germany reported the euro zone's first cases of counterfeit euro notes today including a crude forgery made from two magazine photos stuck back-to-back. Police said one man used a fake 500 euro note, made from life-size photographs cut from an information leaflet about the new single currency, to obtain almost 1,000 German marks (\$450) in coins in a casino.

# Will Euro unite Europe?

Vijay Dutt  
London, January 1

WHAT WILL Euro buy? The launch of the Euro with fireworks and soaring rhetoric, and hailed as the most momentous change in monetary history has raised the question: will it unite or divide the 12 countries and 304 million people it binds into a single currency?

Six billion notes and 37 billion coins have been distributed to banks, cashpoints, shops, businesses and consumers amid fanfare in Brussels and a musical programme in Frankfurt. Most European leaders have made morale-boosting statements.

German Chancellor Gerhard Schroeder told his sceptical people: "The German Mark meant a lot to us. We link the Mark with memories of good times in Germany. But you can be sure that even better times are ahead."

But while he said the people were seeing the dawn of what they had dreamt of for centuries — borderless travel and payment in a common currency — the change-over was called a leap into the unknown, a plunge and a great gamble by the British media.

The people here have, howev-



er, accepted that the use of the new currency is inevitable now and are calculating what can they buy with Euro when they travel outside the UK. Most stores have begun to display prices in Euro as well but the tellers are all confused about the exchange rates. Presently, £3.05 will fetch a Euro fiver.

A rough guide is available for the Euro-traveller. One Euro will buy two baguettes from the famous French bakeries, half a stein of lager in Bierkeller, half a pizza in Rome, one glass of ouzo in Greece, half a pint of the Irish Guinness and two sangrias in Madrid.

A rip-off is feared here. Retailers and manufacturers are allegedly pushing up prices under cover of the switch.

Restaurants, hotels and package tour bills are considered vulnerable to hidden increases. The confusion will prevail for some time with vending machines. The re-modelling, for instance, of the 200,000-odd Coca Cola vending machines will need time.

Political upheavals are predicted too. European Commission President Romano Prodi has called for Europe-wide economic and tax policies. He said the next step should be to draw up common rules on how countries should run their economies. The French have asked for a 'Budget Federation'.

Prodi's predecessor Jacques Delors told BBC's Radio 4 that "Euro zone needs a leader for political matters and not just monetary ones". Adding to confusion over such statements is the latest stand by ECB President Wim Duisenberg. He now wishes to stay on and not let in a successor.

The Eurosceptics here are naturally getting nightmares with such New Year wishes from across the Channel. But Tony Blair is trying slowly to persuade people to agree to the single currency. British pound could be on its way out by 2004.

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2 JAN 2002

10-19

**EURO / NEW CURRENCY BECOMES LEGAL TENDER**

# Europe enters new monetary era

By Vaiju Naravane *Europe*

**PARIS, JAN. 1.** Europeans rang in the New Year with a new currency, the euro, which became legal tender for 300 million people at the stroke of midnight on Tuesday night.

Imaginative fireworks around the euro theme stretching from the Arctic to the Mediterranean, heralded what many European leaders described as "an historic event" and a "major milestone" in Europe's history.

The first recorded euro purchase, 1 kg of lychees, was made on the French Indian Ocean island of Reunion whose geographical position makes it the first European territory to welcome the New Year and handle the euro.

In Paris, huge queues formed outside Automated Teller Machines to get a feel of the new bank notes. Most cash machines were out of order but people queued patiently outside those that worked in freezing temperatures to be amongst the first to get their hands on the new money.

"I want to buy myself a drink with a euro note, not with a coin. I want to feel the notes, see them, smell them before dawn breaks," said Stephane, a college student.

At Carr's, a popular Irish pub, euro aficiona-

dos from several European countries swapped coins. The only currency notes to be had here were French ones and these were adjudged "ugly, garish and fake looking, a bit like monopoly money."

Several other currencies outside the 12-nation euro zone will be pegged to the euro, including those from Eastern Europe and Africa, particularly Francophone Africa which has been part of the CFA franc zone.

The euro thus becomes the most widely-used single currency since the Roman Empire. The euro project has its roots in post-War reconstruction. After two world wars devastated the old continent, European leaders, particularly Germany's Konrad Adenauer and France's Charles de Gaulle, felt it was important to bind the continent together through closer economic and political ties in order to ensure peace and stability. They launched the common market, the European Economic Community, with the signing of the Treaty of Rome in 1957. In 1993, the dream of a single currency became a reality with the signing of the Maastricht treaty on European construction.

Europe has not seen war since the end of the Second World War, except for tensions be-

tween Turkey and Greece (Turkey continues to be denied membership) and internal, localised conflict, especially in the Balkans.

Banks have been working overtime, handing out small euro starter kits of coins and sending truckloads of the old currency to central banks for destruction. National mints have been running extra shifts in order to print the new notes and issue the new coins. It has been an incredible logistical exercise. The 12 euro zone countries together have printed enough notes to stretch from the earth to the moon and back twice over. The E.U. members Britain, Denmark and Sweden have opted not to join the single currency, but the euro could become a parallel currency there too as it is expected to be accepted by large stores such as Marks and Spencers, Harrods or Ikea.

In Vienna, the European Commission President, Mr. Romano Prodi, marked the launch by buying his wife a bouquet of red and white roses, saying he was happy with the launch so far, but work would be needed to educate citizens about the currency.

In France, the cash launch will be complicated by planned strikes by banking and postal workers called for Wednesday.

JAN 2002

# Launch of euro marks a new era

By Batuk Gathani

BRUSSELS, DEC. 31. At midnight on Monday, 12 members of the European Union will forsake their national currencies and embrace the euro.

From the New Year, the Eurozone's 305 million citizens in 12 European Union countries will begin to use the euro as their money. The conversion to euro from 12 currencies has been a massive operation. The event also has special significance for India as by the end of 2002, Europe may account for a third of Indian exports and imports, according to current Indo-European trade flow projections. The European Central Bank said more than 15 billion currency notes worth more than euro 630 billion or \$557 billion have been produced along with more than 51 billion euro coins with some 16 billion euro. A spokesman for the European Commission said never before in history had so many people in so many countries simultaneously adopted a new currency.

Apart from the ambitious programme of economic and fiscal consolidation of the E.U., the euro highlights new political parameters as the E.U. embarks on a phase of expansion to include 13 more European countries within a decade or two. According to financial analysts, it is a matter of "time and convenience" before Britain, Denmark and Sweden — the three non-eurozone members of the European Union — join the European Monetary Union and adopt the euro as their currency. The euro "will be far more than a single currency for



**THE TASTE OF THE PUDDING IS IN THE EATING: Chef Giulio Buonomo shows off a "euro" pizza, prepared with tomatoes, cheese, basil and a euro symbol icing, at his restaurant in central Naples, Italy, on Monday. (Right) Two employees of a shop selling decorations in Berlin present two oversized plastic euro coins which are on sale. — Reuters**

Europe as it will contribute to a common European identity, stabilise the community and foster peace", according to a spokesman for the committee that awards the International Charlemagne prize for the greatest contribution to European unity.

There are differing perceptions about the euro's future in the international market place as a keen second rival to the dollar. The consensus view is that a strong euro will contribute to a strong global economic world. The euro has already become the world's second largest currency in terms of GDP — and with the proposed expansion of the E.U. and the eurozone extending to some 450 million people, the eurozone may have a larger GDP than the United

States — according to the *Wall Street Journal*. But presently the E.U. lags behind America in terms of economic growth, employment and innovation. It is argued that the euro may change that but then a great deal will depend on how European politicians manage their economic and political agenda and how transparent the eurozone becomes as a marketplace.

The Noble Laureate and eminent economist, Mr. Robert Mundell, wrote: "The introduction of the euro will be one of those epochal events that can only be understood in the context of long period of history." Sluggish economic growth in the euro-zone region — hovering just below two per cent per annum — has brought the euro to its lowest

against the dollar. The euro has effectively devalued by 28 per cent against the dollar since its launch four years ago. The current economic data in the euro-zone region indicates a sharp slowdown in goods and services with faltering business confidence, particularly in Germany — the economic locomotive power of the euro-zone region. The ECB is not inclined to resorting to the traditional remedy of slashing interest rates to boost business confidence.

It is argued that the European Central Bank has to be rejuvenated and revamped if the euro is to succeed. There are rumours that the ECB Governor, Mr. Wim Duisenberg may be replaced.

## Braving the new euro world

By Vaiju Naravane

PARIS, DEC. 31. This morning I went to my local market to shop for year-end goodies, my shiny new euro coins burning a hole in my pocket.

I had patiently stood in line for my "euro starter kit" — the equivalent of 100 francs, that will allow me to pay for my first butter croissant of the year tomorrow. But I was impatient to use them as they jingled merrily in my pocket.

There were other euro enthusiasts in the market, and many of them had, like me, tried to make purchases with the new coins. "I'll take a cheque in euro. But coins, only from tomorrow," I was told again and again.

The last three months in Paris have been marked by fear and gloom and it was good to see a bit of New Year cheer. There was a lot of shouting and teasing, double entendre and ribaldry. The last day of the year is when stall owners take gentle pot shots at their best customers, allowing themselves a naughty joke or two.

As always, I stopped at the fish stall, fascinated by the display of strange creatures from the deep. Today, there were octopuses, malev-

olent of eye, with long trailing tentacles, ink squid, delicate red mullet, ugly John Dorys, large, succulent scallops, sea bream, and bass, not to forget sea snails and urchins, the coral-coloured flesh of the latter carrying the tangy smell of the Mediterranean. And there were oysters. Mountains of them, from Brittany, Normandy and as far away as Corsica.

"That's 380 francs for you, my beauty," Mr Jean Petit, the fish monger hollered at the diminutive and bird-like Madame Mouton. He is anything but small. Clad in a rubber apron and knee-high Wellington boots, he emptied fish entrails, scraped off shiny scales, chopped and filleted with astounding speed, while carrying on simultaneous conversations with clients and out-shouting his best friend Mr. Pierre who owns the stall next door. "Demandez les Bretons, les Fines de Claires, les Bel-lons..." roared Mr Petit. "Demandez des tourteaux, des langoustes vivantes..." roared back Mr. Pierre.

"How much is 380 in euros? I only have my cheque book..." said Mrs Mouton. "Oh, la la, you should know the conversions backwards by now, *ma Chre*," chided Mr. Petit. "That's 57 euros and 93 cents."

"And mind, you don't cheat me, I have my euro converter right here," shot back Mrs Mouton. "Prices are going to go up for sure. Once the euro has started functioning, will you charge me for 57.93? Certainly not. You'll round it off to 60 euros, 58 if you are honest. But that still means I'm going to end up paying more than before. It's the same with bread. My baguette costs me 3.80 francs today. In euros it is 58 cents. From tomorrow, I'm sure I'll be paying 60 cents. I don't like the euro. The franc symbolised our national sovereignty, it was steeped in history. This new money that no one understands has no past. But does it have a future? I wonder," she said.

Those Europeans who travel — students, professionals, businessmen, academics — have welcomed the euro. No more hassle of changing money, no more commissions to pay, no more mental calculations. Europe is going to be one big happy family. But believe it or not, there are many Europeans who have not gone abroad, have never seen the inside of a plane or even visited their own capital cities. They do not see the need to scrap something that's been around for centuries.

## A NEW EPOCH BEGINS *Europe*

BUT FOR THE shadow cast on the world because of the menace of terrorism, the advent on the New Year Day of the Euro as a single currency in physical form throughout the 12 countries in the Euro-area would perhaps have called for global jubilation not unmingled with some trepidation as to how the event will ultimately impact on Europe and the rest of the world. The physical replacement of the francs, marks and lire by the new Euro beginning on January 1, 2002, and expected to be completed by the end of February, is not merely the beginning of a new epoch in global economic history. It could be a profoundly emotional moment for large sections of traditionally nationalistic citizens across Western Europe who will mentally evacuate a whole culture of a national currency and enter a new world of a synthetic construct called the Euro.

It is a tribute to the leaders of the European Union that they have succeeded in pushing the agenda for integration against odds and now at the time when a global recession is perilously gnawing away at the economic resources of practically all the 12 countries and particularly the core economies of Germany and Italy. The advent of the Euro, as the physical currency, morphing from the unit of account in financial and foreign exchange markets, a status attained by the new currency three years ago, can itself serve as a powerful stimulus for economic rejuvenation in the Euro-area although the belief that the Euro will soon eclipse the U.S. Dollar as the dominant currency of international trade could well prove to be a premature burst of over-enthusiasm.

The switch-over from a regime of 12 national currencies to a single, uniform Euro dispensation, scheduled to be completed in two months, will itself be a monumental undertaking. The task of putting into circulation 14.5 billion new bank notes and 50 billion new Euro coins is itself estimated to cost U.S. \$ 44.5 billion which would represent windfalls for many companies which

would be involved in the logistics and the overall implementation of currency switch-over. There is no doubt that what would prove to be new opportunities for such businesses as vending machine manufacturers and software programming cannot but imperil the business of money-changers, a large presence in the European cities and towns. With all prices and transactions across the Euro-area being marked in terms of the new composite currency, the Euro, the expectation is that a community of 300 million people will truly emerge as the sovereign consumers in a common market. They will no longer be obfuscated by non-comparability of prices for the same products across national frontiers. Competition will become more meaningful and transaction costs will markedly decline, thereby making the European Union a much stronger economic entity. Whether all this will translate into a Euro leadership of the world's currency markets, is a different question. Europe's leadership, with all its strong commitment to economic integration, continues to nurture protectionist nationalist loyalties where it comes to trade liberalisation, competition policy and labour market deregulation. The Euro in its new form, as a physical currency, is no guarantee that barriers to competition will automatically get dismantled.

As Europe's long-standing trade partner, India can hardly regard the currency revolution in the Euro-area as a mere matter of curiosity. Indian business will have to contend with the new competitive strength of its German counterparts while gearing itself to deal with a vastly expanded, unified market in Europe, with the benefit of a much-reduced exchange risk. From an era of niche marketing, Indian corporates and financial institutions, having a business presence in Europe, may have to "rejoice" into large turnovers, may be piggy-back riding on strategic European partners.

THE HINDU

- 1 JAN 2002