



EUROPE

July/August 2002

Top Athletes

Who is leading the field?



\$10 million per year



\$20,000 per tournament won

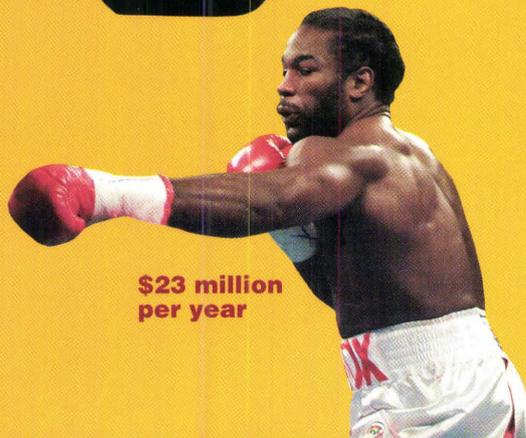
\$7.5 million per year



\$400,000 per year



\$59 million per year



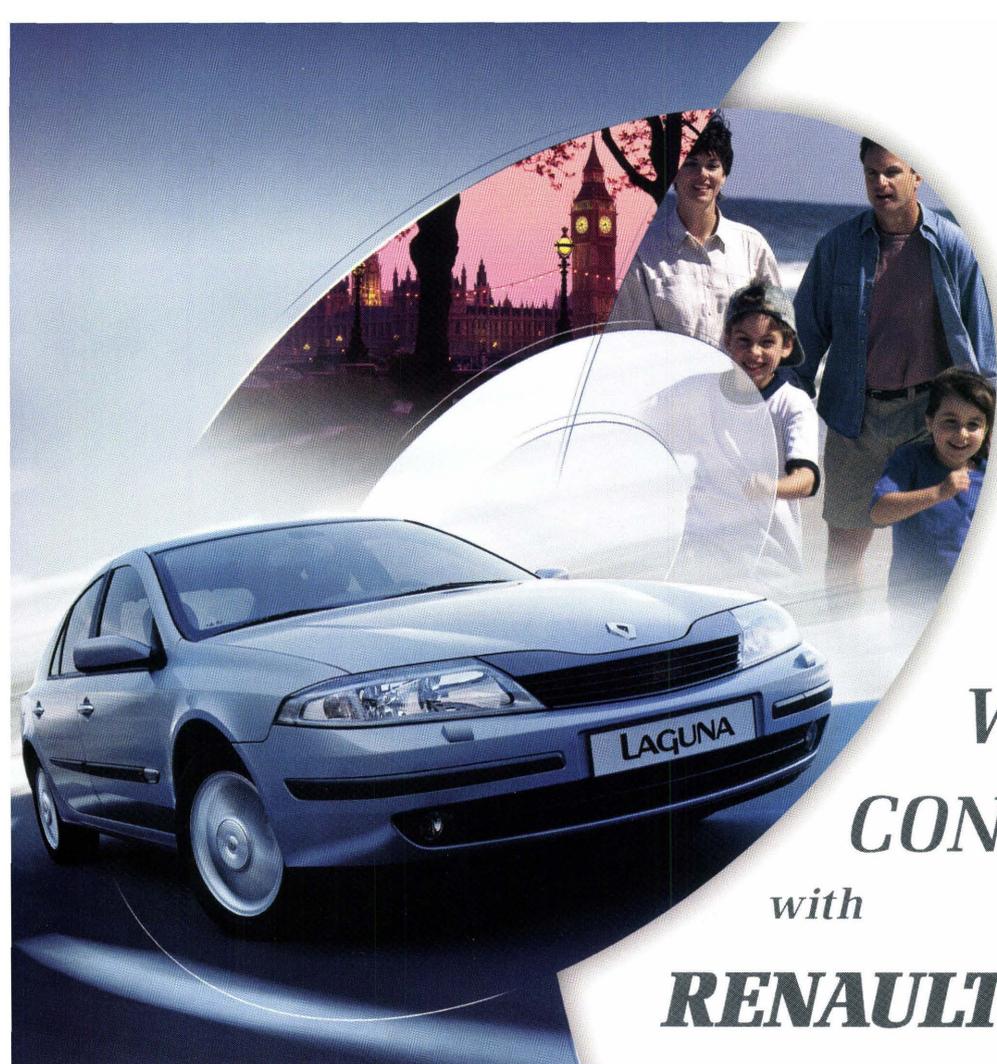
\$23 million per year

ECIS: 2

US \$2.95/Can \$3.95/EU €3



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LETTER FROM THE EDITOR

Can British Prime Minister Tony Blair pound out a victory in a referendum next year to take the United Kingdom into the euro zone? And what would happen if the British hold a referendum and they fail to adopt the euro?

We asked two contributing editors to consider the question. David Lennon, based in London, looks at the "The Big What If" in his piece on a possible British referendum on trading the pound for the euro. In *Europe Update*, Dick Leonard, co-author of a book of essays entitled *The Pro-European Reader*, discusses what might happen in an upcoming UK referendum on switching to the euro.

In "Tony Blair's Second Act," we look at the challenges facing the new prime minister during his second term in office, and we profile another star of the Labor Party, Trade and Industry Secretary Patricia Hewitt.

With the upcoming UN conference on sustainable development beginning in Johannesburg, South Africa, at the end of August, we interview the EU's environment commissioner, Margot Wallström, to find out the EU's plans for sustainable development. Wallström also speaks out on the Kyoto Protocol, differences with the US on the environment, nuclear power, and the European Environment Agency.

On a lighter note, we delve into the world of European sports. John Andrews, writing from Paris, explores the heritage of a variety of sports—from rugby to cricket to pelota. Writing somewhat tongue in cheek when comparing sports in Europe and the US, he states, "Surely, it is the Europeans, win or lose, who are entitled to boast the loudest."

If you thought only athletes in the United States made the big money then you need to read Andrews article "What Europe's Top Athletes Earn." It will most likely surprise you. Michael Schumacher, the well-known German racecar driver of Formula One fame reportedly brought in \$59 million last year in salary and endorsements. British soccer star David Beckham is paid around \$144,000 a week plus much more in endorsements. But if you choose to become a professional squash player, you can hope to make a mere \$20,000 per tournament.

Of course, all this money comes from the fact that the sports have become big businesses themselves. Bruce Barnard, reporting from London, discusses Formula One's formula for success and details how it has become one of the world's most lucrative sporting attractions. Meanwhile, European soccer teams, which represent the globe's most popular sport—except for in the United States—continue to grow as international businesses. We look at how the English soccer team Manchester United is marketing itself around the world, including through a joint venture with the New York Yankees baseball club.

Finally, for those tired of traditional sports, *EUROPE* offers a tour of the wide world of strange European sports, which include wife carrying in Finland to the world screaming competition in Poland. And to top it off we also explore Europe's bizarre festivals, including the annual pig festival in France to the bog snorkeling championships held in Wales. These are not your average sports or festivals and that is what makes them so much fun!



Robert J. Guttman
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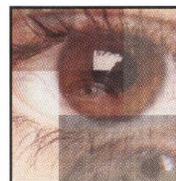
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EYE ON THE EU

Profiling personalities
and developments
within the European
Union



WILL ENLARGEMENT SNAG ON MONEY ISSUES?

Nine years ago, in June 1993, at a summit in Copenhagen, the EU heads of state and government set out the conditions under which membership applications from the former Communist states of Eastern and Central Europe (as well as Malta and Cyprus) would be acceptable. Next December—also in Copenhagen—they hope formally to agree on the admission on January 1, 2004 of no fewer than ten new members.

What are the chances of this once seemingly improbable conclusion being reached? Günter Verheugen, the EU commissioner responsible for enlargement, recently gave a bullish report to a packed conference in Brussels. The negotiations are right on schedule, he said, having speeded up under the Spanish presidency.

Cyprus is again leading the field with twenty-seven of the thirty chapters in the negotiation provisionally completed, closely followed by Lithuania and Slovenia (twenty-six), with only Malta (twenty-one) significantly behind. Bulgaria (seventeen) and Romania (eleven) are out of the race, with 2007 now penciled in as their likely date for admission.

These figures make it sound as if the bulk of the bargaining with the ten leading candidates is over and that the negotiations are well into the endgame. The truth, however, is that—for most of the countries—the serious haggling is only just beginning on the

trickiest chapters—those concerning hard cash—agriculture, regional policy, and the budget.

Until now, the main preoccupation of the EU negotiators has been to ensure that neither the agricultural nor the regional chapters will impose a crushing burden on Union funds. They have, therefore, tabled two proposals whose effect would be sharply to limit additional expenditure, at least in the short term.

On agriculture, the basic proposal is that direct payments to farmers in Poland and the other new entrants should be restricted in 2004 to 25 percent of those paid in the existing member states, rising in graduated stages to 2013, when full equality will be reached. Well before then, it is hoped, the CAP will have been fundamentally modified.

On regional policy, the expenditure would be limited by a new rule that no country will be entitled to receive regional aid in excess of 4 percent of its GDP. The practical effect of this would be that per capita regional fund payments would be at not much more than 50 percent of the level currently being paid in the EU's less wealthy regions.

The EU's parsimony is supposedly a consequence of the decisions made at the Berlin summit in 1999, which set overall spending limits for the years 2000–06, allocating a maximum of \$61.1 billion to spending on the new member states. This is just more than 10 percent of the EU's budget, or one-tenth of one percent of the combined GDP of the fifteen member states. It com-



pires with \$547.5 billion transferred to East Germany in the nine years after reunification.

Endre Juhász, Hungary's chief negotiator, has made some highly relevant criticisms of the EU's stance. Speaking to the European Parliament Budgets Committee, he pointed out that the EU's financial commitment made three years ago was made on the basis of six new member states. Now that ten members are expected, the figure should be increased, he argued, by around 20 percent, to take into account the higher population involved.

Such an adjustment would result in an increase of \$7.75 billion in additional resources for enlargement in 2004–06, plus an extra \$14.14 billion unspent from earlier years. This addition of \$21.9 billion—which would come well within the overall spending limits agreed to at Berlin—would go a long way to meet the objections of the applicant states.

If the EU were prepared to loosen its purse strings to this extent, it would virtually ensure a successful end to the negotiations.

Yet other obstacles remain that could still derail—or at

least delay—the whole process. The most obvious is the projected second Irish referendum on the Nice Treaty, which set out the institutional basis for enlargement. The vote is now expected in October, and a negative result could have disastrous consequences.

All the candidate countries (though—perhaps fortunately—none of the existing members) are committed to hold referenda before joining. In several of them, opinion polls have periodically wobbled in the past, but the latest survey by *Eurobarometer* yields strong majorities in every country except Malta, where the opposition Labor Party is opposed to membership and the margin in favor is only 6 percent.

So, with the possible exception of Malta, the chances of any of the current candidates following the Norwegian example of turning down a negotiated deal appear remote. There is everything to play for during the coming six months of negotiations, and despite the remaining obstacles, the prospects look reasonably good.

—Dick Leonard

EURO NOTES

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



STABILITY AND GROWTH PACT: HELP OR HINDRANCE?

The Stability and Growth Pact was once likened to a mediaeval torture chamber. Originally conceived by the German government in the mid-1990s, it was designed to enforce budgetary discipline in the future euro zone, if necessary through automatic penalties against fiscal miscreants.

Today, the Stability Pact is looking distinctly unstable. Several euro-zone governments, notably the newly appointed center-right administration in France, have questioned its efficacy. Even the center-left government in Germany itself faces the humiliating prospect of exceeding the pact's budget deficit target of 3 percent of gross domestic product.

The future viability of the Stability Pact is more than a statistical matter. It touches on the credibility of fiscal discipline in the euro zone. The European Central Bank, a vigilant supporter of the pact, has consistently pointed to its importance. The financial markets, which once overlooked its provisions, have come to see the pact as the best means of keeping governments on the path of fiscal virtue.

So what has gone wrong? The first answer is that euro-zone governments have repeated the failures of their predecessors in the late 1980s. At that time, political leaders failed to trim their deficits during a period of strong growth. In the ensuing economic slowdown, governments had little room for fis-

cal maneuver and every incentive to increase spending to boost domestic demand.

This is particularly true of the center-left French government led by Lionel Jospin between 1997–2002. Despite enjoying annual growth of 3 percent or more for most of this period, as well as falling unemployment, Jospin failed to make a serious effort to bring the budget close to balance, in line with the spirit of the pact. Indeed, the deficit barely receded to less than 2 percent of GDP.

The second explanation is that Germany, once the architect and champion of the pact, has had the most trouble meeting its provisions (with the possible exception of Portugal). The Kohl government barely came under the 3 percent deficit target necessary to qualify for entry into the euro in 1998. Earlier this year, the Schröder government barely escaped censure for failing to meet agreed targets for reducing its deficit.

The standoff over Germany's deficit led to a shabby compromise. Chancellor Schröder escaped a public warning letter from the European Commission in the run-up to the autumn general election. In return, he gave a commitment that his government would come under the 3 percent target this year and bring the budget close to balance by 2004. Four months later, both promises are now at risk because of lower-than-expected tax revenues and a

slower-than-expected recovery.

However, Hans Eichel, Germany's finance minister, is still sticking to his commitments. He reacted furiously when the new French government suggested that it wished to revise its own deficit reduction program, a move that was partly to accommodate President Jacques Chirac's promise to cut taxes during his successful spring campaign for re-election.

The third explanation for the slow unraveling of the Stability Pact is that what made good political and economic

Critics point out that it is excessively "pro-cyclical." That means that its provisions for automatic sanctions encourage governments to cut spending and raise taxes in a downturn. Some modifications were agreed upon a year ago to allow "automatic stabilizers" to operate, but only for those governments whose deficit reduction targets were judged to be on track.

Eichel himself raised the possibility of amending the Stability Pact last August, but he soon retreated. A senior German official says that re-

form makes economic sense but it would be politically damaging ahead of the election.

Ironically, the best prospect for an overhaul of the Stability Pact would be the entry of the United Kingdom into the euro zone. Gordon Brown, the intellectually formidable chancellor, argues that it lacks flexibility. In particular, he pro-

poses a more lenient view of capital spending when measuring budget deficits. Capital spending, he argues, is an investment in contrast to current spending.

UK Prime Minister Tony Blair has dropped several hints that he is preparing for a referendum on the euro next year. But British entry is still some way off, even if the referendum were to prove successful. In this case, the future of the Stability Pact's future lies largely in French and German hands, with most bets in favor of revision rather than the present uneasy status quo.

—Lionel Barber



German Finance Minister Hans Eichel.

sense in the run-up to the launch of the euro no longer holds so true in the post-euro world.

All governments—notably the traditionally high-inflation countries such as Italy, Portugal, Spain, and Greece—achieved near miracles in fiscal consolidation in order to qualify for the euro. But now that inflation has been conquered, these same governments are suffering "austerity fatigue". The imperative of reducing deficits to balance no longer looks so appealing, especially in election years.

In economic terms, the Stability Pact looks flawed.

e-EUROPE

Tracking the news
and trends shaping
Europe's technology
sector



CAN FUEL CELL CARS SAVE THE WORLD?

In June, engineers from DaimlerChrysler completed a cross-country journey they hope will go down in history alongside the likes of Charles Lindbergh's historic flight over the Atlantic. That's probably pushing it a bit far since the worst potential hardships they faced were getting stranded between rest stops or having nothing but talk radio to listen to for long stretches. Nevertheless, their successful drive across the US in a fuel cell powered car, the NECAR 5, could be a sign that the world is on the cusp of a major technological revolution.

At first glance, the fuel cell looks like the answer to some of the world's thorniest problems. Smog-belching cars and trucks could all be replaced with quiet vehicles that run on cheap and abundant fuel and emit only water vapor. No more carbon dioxide, no more brown haze hanging over cities, no more worries about the greenhouse effect. Furthermore, since fuel cells don't need gasoline, the flow of Mideast oil becomes a less important global issue, and transportation costs become more stable and predictable.

So what is a fuel cell? Essentially, it works like a battery, using a chemical reaction—rather than combustion—to create electricity. The idea actually dates back to 1839, when British scientist Sir William Grove discovered that it might be possible to generate electricity by combining hydrogen with oxygen to make water. Others advanced Grove's theory, but the inven-

tion of the combustion engine pushed it off the mainstream technology stage.

However, fuel cells weren't forgotten. They re-emerged at the forefront of technological advancement during the 1950s when NASA was experimenting with compact electricity generators for use in space. Meanwhile, Harry Karl Ihrig, an engineer in Wisconsin, came up with a decidedly terrestrial application, building a fuel cell powered tractor.

As the technology improved, it became apparent that fuel cells offer several advantages over internal combustion engines. Most notably, they are more than twice as efficient and far less polluting, emitting only heat and water.

Other technologies have emerged as contenders to replace combustion engines along the way. Several attempts have been made to produce battery powered electric cars, but their range is limited and recharging them tends to be a slow process. Hybrids, which combine batteries with gasoline powered engines that take over when the electric power runs low, are already in mass production by Honda and Toyota, but these still emit carbon dioxide.

"Fuel cells give you the range of conventional gas engines and the emission benefits of electrical vehicles," says Ferdinand Panik, head of DaimlerChrysler's fuel cell division. "You have a quick refueling process, unlike electric vehicles which need to be plugged in overnight. Yet, like an electric car, [the fuel cell car] has few moving parts and is quieter than a conventional car."

However, putting fuel cells in cars introduces many diffi-

cult challenges. First, there's the question of fuel and how to carry the hydrogen. It can be stored as compressed gas in special containers, similar to the way natural gas vehicles carry their fuel, or the fuel cell can be outfitted with a device called a "reformer" to extract hydrogen from other fuels, such as methanol. The latter method does give off some pollutants, although far fewer than gasoline engines.

In the early 1990s, Daimler began investing in fuel cell driven vehicles, and in 1998, chairman Jürgen Schrempf declared the technology "the most attractive alternative

NECAR 5, which combines the chassis of an A-Class Mercedes with a methanol fuel cell engine, averaged 300 miles per tank of methanol and drove through snow, sleet, rain, and 95-degree temperatures before pulling up in front of the US Capitol on June 5. According to the team's leader, Wolfgang Weiss, the fuel cell itself required no repairs, but the team had to make several adjustments to the car along the way and replace a water compartment, four fuel filters, and two belts.

Daimler Chrysler has said it plans to introduce the first commercial version of a fuel



The NECAR 5 team in San Francisco on May 20 before embarking on the first cross-country trip by a fuel cell car. They arrived in Washington on June 5.

propulsion system for the long term." The company has tested several prototypes since, but none had embarked on a journey comparable to the NECAR 5's trek across the United States.

The team of sixteen Daimler Chrysler engineers and technicians departed San Francisco on May 20 on a 3,262-mile route that would test the car's ability to deal with a variety of elevations, weather conditions, and terrain—not to mention rush-hour traffic in Chicago.

During its twelve-day trip,

cell powered A-Class by 2004 and is developing other fuel cell powered vehicles, including a bus and a delivery van.

Meanwhile, other car makers are exploring the fuel cell frontier. Ford, General Motors, Toyota, and Honda have stated they plan to have fuel cell powered cars available in the next three years. However, industry analysts remain circumspect, saying that the biggest hurdles will be making the cars' affordable and building a sufficient fuel infrastructure to support them.

—Peter Gwin

UNITED KINGDOM



Tony Blair's Second Act

After a big election victory, the popular prime minister has some tricky issues to worry about

By David Lennon

Marking five years in office Tony Blair remains a highly popular prime minister with a 46 percent approval rating. He has continued to shine despite displeasing many sections of the country on issues ranging from failure to improve public services to vacillating over the euro to supporting President Bush's policy on Iraq.

The Labor government is enjoying a run in the opinion polls unprecedented since polling began, and Blair can claim a level of sustained popularity beyond anything experienced by any British prime minister in the past 100 years.



Prime Minister Blair (left) visits a school with Chancellor of the Exchequer Gordon Brown.

How has he managed to achieve this? The answer: "It's the economy, stupid." To borrow a phrase from across the pond.

For this Blair has to thank his Labor Party rival, Chancellor of the Exchequer Gordon Brown, who has sustained the UK's most successful macroeconomic climate for decades.

Of course, the picture of the current state of the nation varies depending on

whom you listen to and what you are looking at. According to the chancellor, this is a prosperous country where inflation is at a historic low, unemployment is disappearing, debt is dwindling, and growth continues. Read the papers or watch the media and what do you get? This is a poor, dirty, crime-ridden country with a failing public health service and a collapsing transport system.

Reviewing Labor's first five years in

power, the reality is that the economy is stable and help has been provided for the poorest, but doubts remain about the health service, law and order, and education. Change has been evolutionary, and the UK seems to be emerging as a more confident country.

Brown has successfully negotiated Britain through the global economic downturn. The economy grew by 2.2 percent last year, the fastest rate of any of the group of seven leading industrial countries. The chancellor is optimistic about the future based on the forecast that the economy will expand by around 2.5 percent this year and 3-3.5 percent next year, on the back of a 6 percent rise in investment and an 8 percent increase in exports as world trade revives.

In his spring budget, Brown introduced a new penny tax on employers and employees alike to help finance the National Health Service. This hike in direct taxes produced only mild protest. It would seem that the chancellor has correctly read the mood of an electorate who for the moment, at least, look on some taxes in a positive way, relatively confident that even if their taxes go up slightly, their living standards will continue to rise.

This year's budget, the sixth of the Labor government, was the first to shift back to a tax-and-spend model. It was dominated by a pledge of an enormous 43 percent increase in health care spending over the next five years, which will bring the UK into line with Germany and France. This is the biggest and most sustained increase in public spending in nearly thirty years.

Some observers believe that having grasped the nettle of raising taxes, perhaps the government is now ready to tackle the politically risky referendum on the euro.

In international affairs, Blair's apparent closeness to President Bush has led to accusations that he is too influenced by the US president, especially on the issue of Iraq and what to do about its alleged weapons of mass destruction program and support of terrorists. More than a third of Blair's fellow Labor MPs oppose any attack. The prime minister vigorously denies that he is Bush's lapdog. "Most people around the world envy the position we have with America," he has responded. "My experience is that where America and Europe work at something together they can crack it."

Also, his cozying up to the right-wing leaders of Italy and Spain, though perhaps only tactical alliances to Blair, has raised many eyebrows among hard-core Labor voters, who are puzzled by the prime minister's apparent fondness for right-wing global allies.

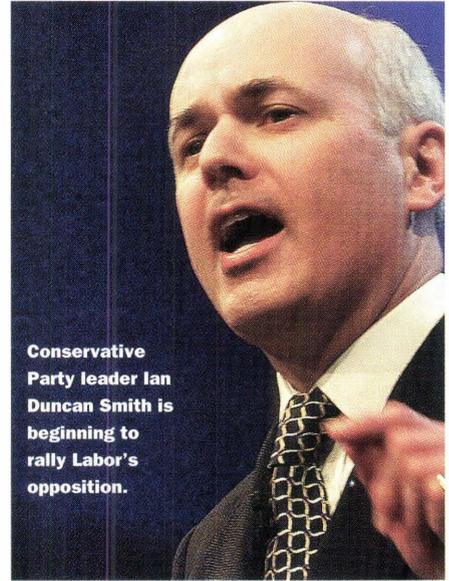
Domestically, the unions especially are unhappy with the trend toward the privatization of public-sector jobs, handing over swathes of health, education, and welfare to private operators. They point to the deteriorating state of the privatized railways as a case in point.

Ian Duncan Smith, the new leader of the opposition Conservative Party, is beginning to rally his forces so roundly defeated in last year's election. The best gift the Tories have received is the chancellor's decision to increase spend-

ing on public services, especially health. Conservatives oppose increasing taxes and enlarging public services. Instead, they believe improvement should be sought through making the services more efficient and competitive.

If Blair's New Labor stole many of the Conservative's policies in the past, it has now allowed clear blue water to emerge between the parties on the issue of taxation and public spending. This is a difference that the Conservative leader will try to exploit, especially if Brown's assumptions for economic growth prove to be overly optimistic and he is forced to raise yet further taxes to fund his ambitious spending plans. ☹

David Lennon, based in London, is a EUROPE contributing editor.



Conservative Party leader Ian Duncan Smith is beginning to rally Labor's opposition.

A pro-euro poster stands against a backdrop of London's Millennium Wheel on the eve of the new currency's inauguration elsewhere in the European Union.



The Big What If

What happens if British voters nix the euro?

No one knows for sure when, or indeed if, there will be a referendum in the United Kingdom on joining the euro. Some wonder if even the prime minister or the chancellor of the exchequer know themselves. Nonetheless, the current betting is that a referendum will be held next spring.

So, what happens if the British voters say no, as current opinion polls indicate? The same question also applies if the government simply shelves the issue, deciding it would be too harmful to its re-election prospects to call and lose a referendum.

The government is currently enjoying huge success with its economic policies, so the temptation is to continue as is. But can it? While the prospect of life outside the European Monetary Union (EMU) is less daunting than a decade ago, many peo-

ple fear that in the longer term the economy will suffer continually from exchange rate volatility if it fails to embrace the euro. In particular, they worry that the threat of sterling instability will be harmful to industry and trade.

Going in or staying out, each poses difficult questions. In either event, the goal must be to stabilize the pound without weakening control over inflation. To achieve this the government will be faced with four options, according to Chris Taylor, a former advisor to the Bank of England, who discussed the issue at the Royal Institute of International Affairs earlier this year.

The first option is to rejoin the Exchange Rate Mechanism, linking the pound's value to the euro. Denmark, another euro holdout, has done this with the krone. The downside is that it relinquishes monetary policy to the European Central Bank and would leave the UK economy susceptible to euro instability against the dollar.

The second is to unilaterally peg sterling to the dollar, seeking price stability on the strength of the US's low inflation record. However, such a move would leave the economy susceptible to dollar-euro instability for half its payments and 55 percent of its trade. Furthermore, linking to the dollar is politically unthinkable for a country that sees its future in Europe.

The third possibility is to stabilize sterling's real exchange rate while retaining the main emphasis on price stability. The downside here is

the inclusion of a "real" variable as an objective would be seen as a dilution of the government's commitment to price stability.

The fourth, and Taylor's preferred option, is to target sterling's nominal effective rate by reconstituting the exchange rate index. Give a simple 50 percent weight each to the euro and the dollar, which recognizes their roughly equal importance to the UK economy, and eliminate the smaller currencies from the basket. The UK would retain the right to set the inflation target and monetary control would remain with the Bank of England. The downside is that this "nominal anchor" could shift if the US inflates.

It is a truism to say that economics is not a precise science and forecasting the UK's future relationship with the euro certainly lacks precision, given that it has political as well as economic aspects. Action or inaction, joining or staying out, all have their consequences.

The UK could be in for a bumpy ride after a no vote. Such a result will require careful management, especially if there is a negative reaction among manufacturers and instability in the foreign exchange markets. However, Taylor argues against overestimating the problem, pointing to the prosperity of Denmark despite voting to retain the krone.

—David Lennon

A Rising

An old-school political street fighter, Patricia Hewitt is tough on trade, passionate about women's issues, but doesn't shy away from big business.

American officials involved in the heated discussions with Europe over US-imposed steel tariffs will be getting to know Patricia Hewitt very well as the battle progresses.

And they will find the United Kingdom's trade and industry secretary a formidable adversary well used to fighting her corner. "We will be demanding compensation from America for the damage done to our steel industry," she has already declared.

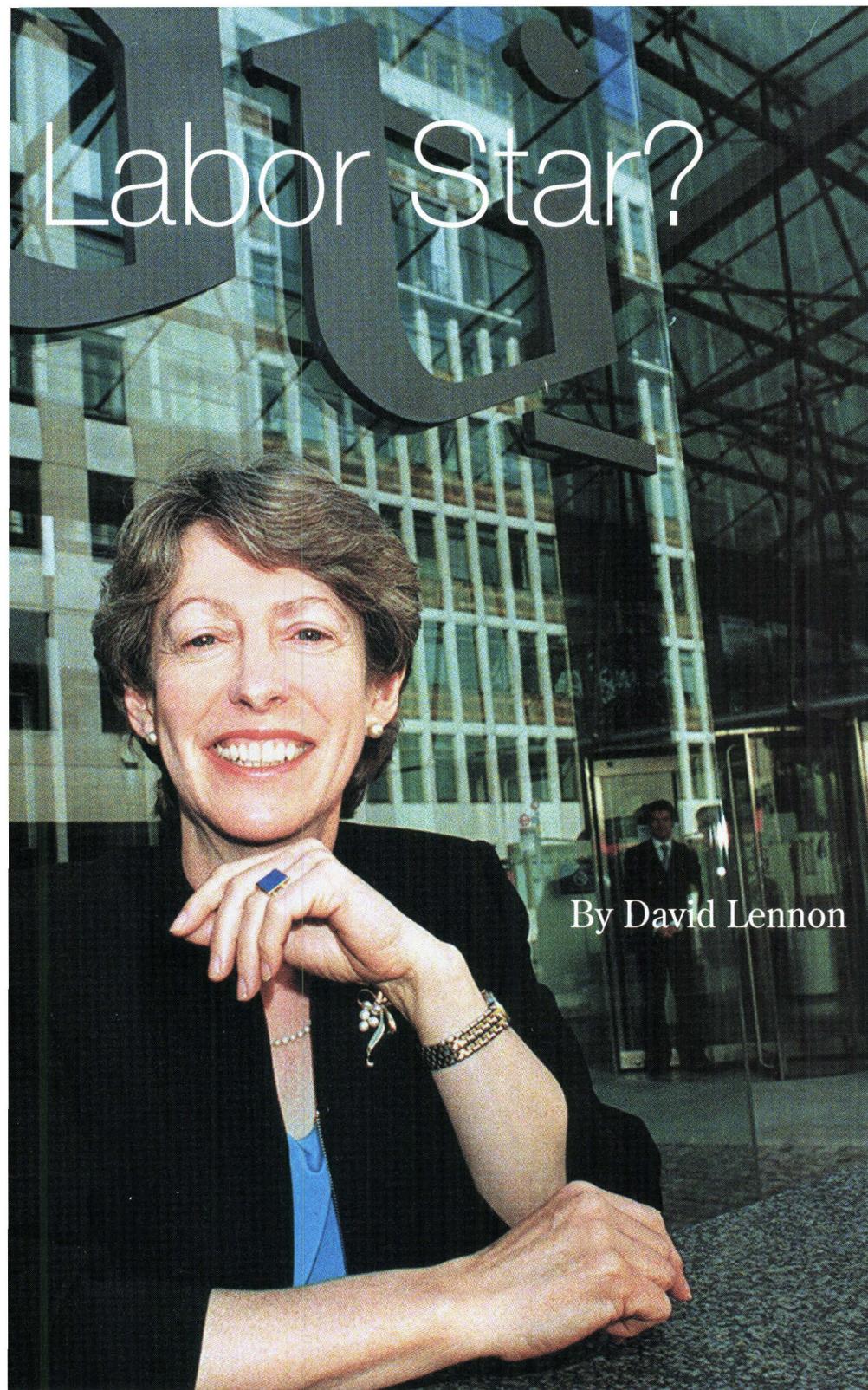
The "tragedy" of the steel tariffs,



ple fear that in the longer term the economy will suffer continually from exchange rate volatility if it fails to embrace the euro. In particular, they worry that the threat of sterling instability will be harmful to industry and trade.

Going in or staying out, each poses difficult questions. In either event, the goal must be

Labor Star?



By David Lennon

she says, is that before invoking them the US had been effective in the battle for freer trade. "We will do our best to keep the steel issue separate from the current round of negotiations, but there will be a knock-on effect."

Patricia Hewitt was born in Canberra, Australia, in 1948, where her father was a senior civil servant. After completing undergraduate studies at the Australian National University, she moved to England's famous Cambridge University.

She remained in Britain and during

the 1970s became a radical campaigner for women's rights and civil liberties, working for the Liberty and Age Concern organizations.

A decade later, she had made her way into the Labor Party's top power circle, becoming press officer to Labor leader Neil Kinnock. She held this post for five tough years as Kinnock fought to modernize the party and rid it of its radical and militant left-wing extremists. In 1985, she wrote a keynote speech for Kinnock, which helped define Labor's long road back to electabil-

ity. But after Labor lost the 1992 election, she endured severe criticism for "making a complete mess of the campaign," to quote now Deputy Prime Minister John Prescott.

It was at that low point that she answered the siren call of commerce and became director of research at Andersen Consulting (now called Accenture), between 1994 and 1997. This experience in the world of commerce may explain to some extent why she is so positive about strengthening the ties between Labor and business, despite grassroots Labor's suspicion that such links are unhealthy.

"This constant insinuation that if a minister and a businessman talk to each other, both of them are up to no good and somebody's trying to pocket some money is completely unwarranted and unfounded," she says indignantly.

Even if she enjoyed her time with Andersen, the lure of politics remained strong, and she was elected as a member of Parliament on the coattails of Tony Blair's New Labor landslide victory in 1997. She initially served as the economic secretary to the Treasury, moved on to become minister for small business and e-commerce, and in 2000 was appointed secretary of state for trade and industry. In addition, she also serves as minister for women.

Hewitt is very much on message for New Labor, but in the case of women's issues her former campaigning persona does slip out. In an interview earlier this year, she questioned why Princess Anne could not be next in line for the throne.

Hewitt admits that she does not think that the royals are hugely important in and of themselves but believes that such a change would be an important symbol of British modernization. "I find it bizarre that when we are celebrating the fiftieth anniversary of Queen Elizabeth, we still have within the royal family a system of succession that passes through the male line, so that any man in the line of succession is preferred to a woman."

Though not a great public speaker, even her critics admit that Hewitt is formidably intelligent and energetic. Her admirers believe that she may be a future chancellor of the exchequer, a position for which there are certainly no gender restrictions. ☺

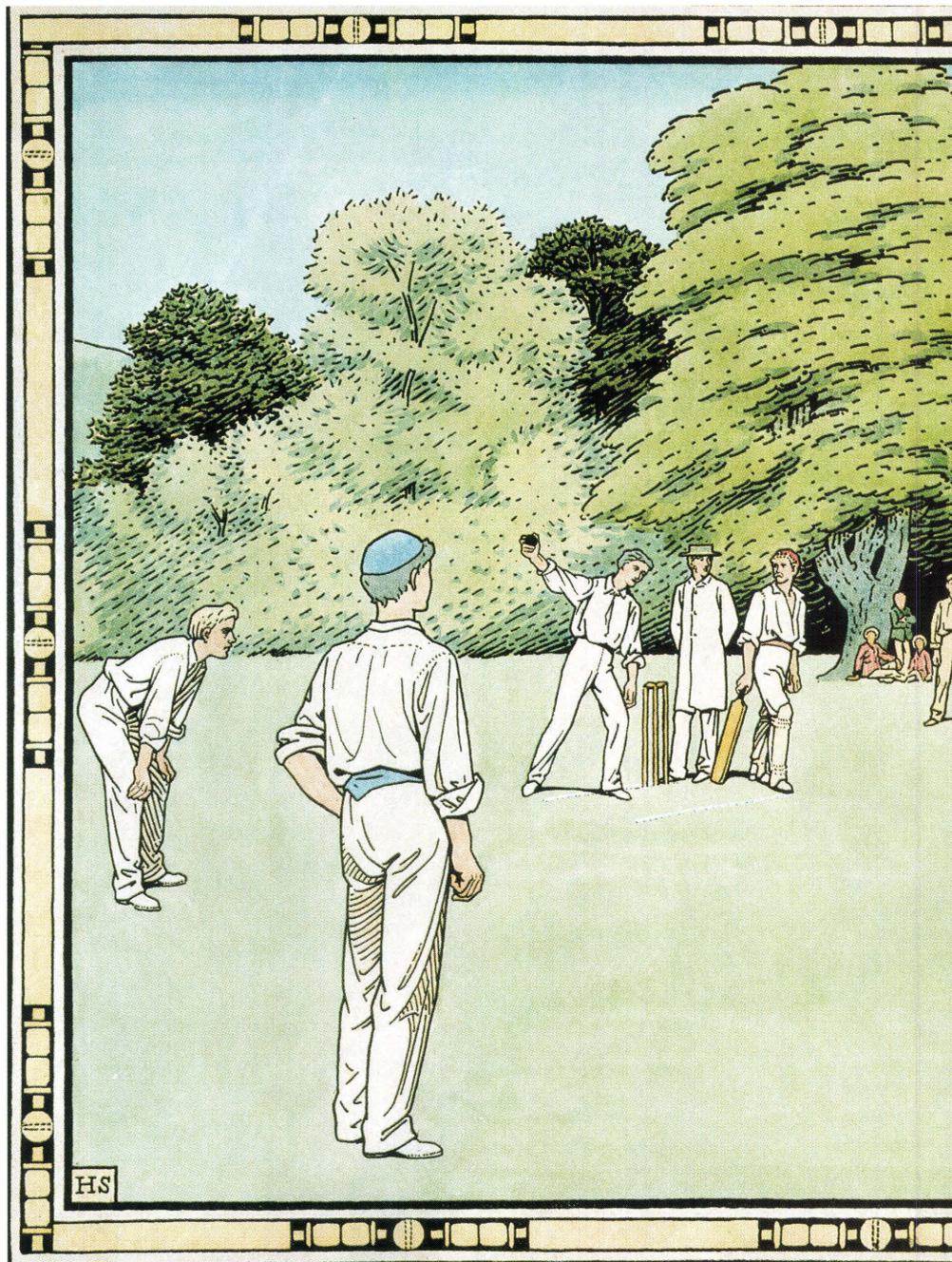
This Sporting Life

By John Andrews

Americans talk of a “World Series” in baseball, think football means something played by helmeted hulks, and identify hockey as something played on ice. Forgive us Europeans if we take offense: Surely we have a higher place in the pecking order of sporting descriptions. After all, we—and especially the pink-faced English—invented most of the modern world’s sports, some of them even before the United States came into existence.

What, for example, is baseball? Simply a spin-off from the British game rounders, normally played only by schoolgirls, and certainly inferior to cricket. As for a “World Series,” baseball rules the roost only in North America, Japan, and perhaps Cuba, whereas cricket inflames passions almost everywhere the British once had their empire, from the West Indies to Australia and New Zealand.

Similarly, America’s football is a sissy version (why else do the players need all that body armor?) of rugby, a sport whose infinitely greater variety attracts the crowds in Britain, Ireland, France, South Africa, New Zealand, and—increasingly—Italy and Argentina. And rugby, by the way, was allegedly invented in 1823 when William Webb Ellis, a schoolboy at the English boarding school Rugby, picked up a football and ran with it in his hands. In other words, rugby is descended from the sport Americans now know as “soc-



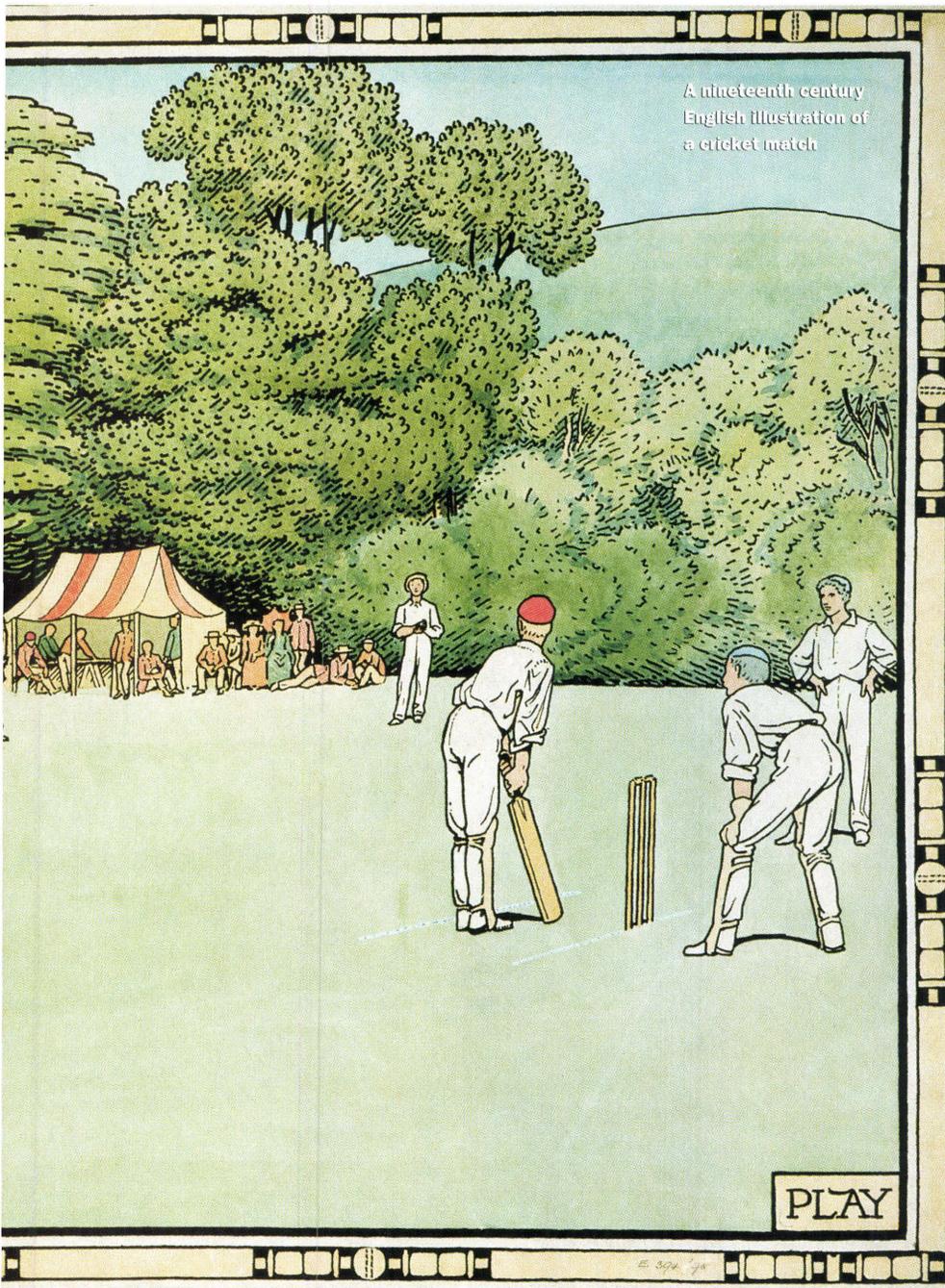
cer” (short for “association,” as in the Football Association which draws up the game’s rules). Moreover, of all the world’s sports, soccer is surely the most popular—which is why this year’s World Cup, producing thirty-two finalists from elimination contests around the globe, really deserves its name. As for the wonderful sport of hockey, ice-bound North Americans should remember that their skating version started as a winter version of field hockey, and in most of the world, from Holland to India, there is no need to say “field.”

Can we keep on boasting? Of course

we can: just think of tennis, table tennis (“ping pong” to some), athletics, and skiing. All began in Europe, even if (we have to admit) their leading practitioners are often American.

But perhaps our best boasts should be for those sports that are too esoteric to be on a world stage, or are at least too esoteric to be on American television. One of Europe’s best sporting inventions is surely “real tennis,” a sport of immense subtlety (even the rules take weeks to learn). The “real” is a form of the world “royal”, and indeed Britain’s Prince Edward is a keen player of the sport known to its few

A nineteenth century English illustration of a cricket match



American players as “court tennis.” Once upon a time there were courts by the thousand, but in France most were destroyed during the French revolution. Occasionally a new court is built in England or Australia or even in America, but the financial calculations are hardly attractive since a real-tennis court, with its angled walls and high ceiling, is about the size of a small house.

But real tennis is only a small example Europe’s sporting exotica. What about fives, a complex game played with gloved hands and a hard ball? One version is played in a three-walled

court, loosely modeled on the chapel walls of Eton College, the English school where it was first played. A lesser version, invented at Rugby school, is played in a four-walled court and is a handball version of squash. In northern Nigeria the Eton form is played

The Europeans—and especially the pink-faced English—invented most of the modern world’s sports

with a tennis ball in mud-walled courts.

Or what about pelota, the ferociously fast handball game of the Basques of Spain and France, which began life being played against church walls and was later exported throughout the Spanish empire as jai alai (which in Basque means “merry festival”)? Or squash, a racket sport putting extreme demands on fitness? Or rackets, a squash-like game played with a hard ball and much too dangerous for all but sportsmen with the very best hand-eye coordination? These days rackets is played mostly at the poshest of England’s boarding schools, though also a little bit in North America, as at New York’s Racquet and Tennis Club (note the transatlantic spelling shift!). Ironically, however, it began life not in the schools but in England’s two leading debtors’ prisons, as penniless gentlemen whiled away their time by hitting a ball against any convenient wall.

We could go on almost ad infinitum. There is, for example, a racket sport without a ball, namely badminton, invented in the nineteenth century on the country estate of the Duke of Beaufort, taken up by British cavalry officers in British India and played with a feathered object called the shuttlecock. There is also snooker, a vastly superior ancestor of pool and again perfected by British officers on imperial duty. And there is croquet, where genteel but viciously competitive folks use a long-handled mallet to hit balls through hoops and, of course, polo the horse-riding hybrid of croquet and soccer. Finally, we should not forget Spanish bullfighting—loved by Spanish aficionados but loathed by many foreigners—and a Portuguese version in which the bull is not killed.

Compare all that with America’s inventions of lacrosse, basketball, and though it is really the bastard offspring of squash and rackets, racquetball. Surely it is the Europeans, win or lose, who are entitled to boast the loudest. Not, of course, that the Americans will be convinced: As sports fans on both sides of the Atlantic have always known, half the fun of sports is arguing about them. ☹

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

What Europe's



By John Andrews

\$7.5 million per year



\$20,000 per tournament won



A hard day's pay for a hard day's play

Better to be a tennis player than a cricketer; better to be a soccer player than a squash maestro; but best of all to be either a Formula One racecar driver or a world-class boxer.

That, at least, is the financial logic for Europe's athletes (though another logic, of course, might say it is stupid, no matter what the rewards, to risk your life racing cars or swapping punches to the head). Germany's Michael Schumacher, for example, gets paid at least \$32 million a year, not counting his product endorsements, to drive his red Ferrari at terrifying speeds; by contrast, a run-of-the-mill English cricketer will be paid a miserable \$20,000 or so—and even a top batsman, such as England's captain, Nasser Hussain, will be lucky to make \$400,000.



\$400,000 per year

The reason for the discrepancies can be summed up in a single phrase: "market forces." Schumacher and his fellow drivers can be paid huge amounts of money—even the lowliest F1 driver will make at least \$1 million a year—not because they race, just seventeen times in a year, on circuits around the world from Australia to Monte Carlo, but because each race is a televised opportunity for corporate sponsors to advertise their wares to a huge audience. Indeed, before advertising restrictions were imposed on the television companies, it used to be said that F1 cars were glorified cigarette billboards. By contrast, cricket's biggest crowds and television audiences are in India and Pakistan, where the average purchasing power is a lot less than in Europe or the Far East.

In other words, television rules: the bigger its audience, the greater its advertising revenue, and so, the more money it is willing to pay for the right to show a sport.



\$10 million per year

That is why David Beckham, England's soccer captain, is paid around \$144,000 a week by Manchester United, the world's most commercially astute soccer team, to kick a ball around, and why the average annual wage for his teammates is a staggering \$2.5 million. By contrast, pity England's Peter Nicol, who as world squash champion is probably one of the fittest and hardest-working athletes anywhere: winning a tournament is likely to bring him a mere \$20,000, the kind of money that a journeyman tennis player takes for granted. The trouble is television cameras have a hard time following a fast-moving squash ball in a four-walled court, whereas a tennis court is absolutely perfect for them.

Athletes Earn

Clockwise from left:
soccer icon David Beckham; world squash champion **Peter Nichol;** heavy-weight champion **Lennox Lewis;** F1 driver **Michael Schumacher;** tennis ace **Anna Kournikova;** and cricket batsman **Nasser Hussain.**

\$23 million per year



\$59 million per year

Europeans in the NBA



While Major League Baseball continues to beckon players from throughout Central and South America and, increasingly, Asia, basketball is the one major professional sport attracting the significant numbers of European talent to the United States. In 1992, there were twelve foreign players in the National Basketball Association. Now a decade later the league boasts forty-two, with twenty-three hailing from Eastern and Western Europe.

The big question is whether the golden goose of television will keep laying eggs. Germany's Kirch TV and media group has just driven itself into bankruptcy partly by paying too much for the rights to show Formula One and soccer's World Cup, and digital television in Britain has had to renege on the exorbitant contract it signed with Britain's top soccer league.

Of course, for a lot of Europe's sporting stars the answer will be purely academic since they have already made more money than they can ever spend. Michael Schumacher, for instance, is reckoned by *Forbes* to have earned \$59 million last year in salary and endorsements, more even than America's golfing genius Tiger Woods (\$53 million). Lennox Lewis, Britain's world heavy-weight champion, managed \$23 million for the occasional bout of fisticuffs, and Russia's Anna Kournikova earned \$10 million playing tennis. Given that the eye-catching Kournikova did so without winning a single tournament, some cynics will doubtless argue that winning is not always what counts most. ☹

PLAYER	HOME	TEAM	2002 SALARY IN \$US
John Amaechi	UK	Utah Jazz	2,175,000
Dalibor Bagaric	Croatia	Chicago Bulls	854,640
Vlade Divac	Yugoslavia	Sacramento Kings	10,444,642
Predrag Drobnjak	Yugoslavia	Seattle Sonics	478,558
Antonis Fotsis	Greece	Memphis Grizzlies	332,817
Pau Gasol	Spain	Memphis Grizzlies	2,970,840
Zydrunas Ilgauskas	Lithuania	Cleveland Cavaliers	11,250,000
Andrei Kirilenko	Russia	Utah Jazz	831,120
Toni Kukoc	Croatia	Atlanta Hawks	8,050,000
Stanislav Medvedenko	Ukraine	Los Angeles Lakers	465,850
Hanno Mottola	Finland	Atlanta Hawks	465,850
Jerome Moiso	France	Charlotte Hornets	1,571,640
Radoslav Nesterovic	Slovenia	Minnesota Timberwolves	1,725,788
Dirk Nowitzki	Germany	Dallas Mavericks	2,157,595
Tony Parker	France	San Antonio Spurs	744,480
Vitaly Potapenko	Ukraine	Boston Celtics	4,762,500
Vladimir Radmanovic	Yugoslavia	Seattle Sonics	1,452,000
Zeljko Rebraca	Yugoslavia	Detroit Pistons	3,500,000
Vladimir Stepania	Georgia	Miami Heat	565,850
Predrag Stojakovic	Yugoslavia	Sacramento Kings	5,000,000
Jake Tsakalidis	Greece	Phoenix Suns	820,440
Hidayet Turkoglu	Turkey	Sacramento Kings	1,216,080
Ratko Varda	Yugoslavia	Detroit Pistons	332,817
Total European NBA Earnings 2002			\$62,168,507*

*Source: USA Today

Formula One's Formula for Success

Big money sport
not for the
fainthearted fan
or investor

By Bruce Barnard



The recent World Cup soccer tournament in Japan and South Korea will vie with the forthcoming Olympic Games in Athens as the world's biggest televised sporting extravaganza pulling in an audience of billions for a couple of weeks every four years. ■ But there's no competition for the world's most widely watched *regular* sporting event—Formula One (F1) motor racing, which boasts a global television audience of between 300–400 million for each of its seventeen Grand Prix held at race tracks around the world, starting in Australia in March and finishing in Japan in October.

Germany's Michael Schumacher leads his brother Ralf Schumacher at the Spanish Grand Prix in April.





Michael Schumacher arrives at the pits with his Ferrari during practice at Italy's Imola racetrack in April.

Like soccer, F1 is growing in popularity as it expands beyond its European base into the US and Asia. Moscow intends to join the Grand Prix circuit within five years, and Turkish racing authorities want to build a \$60 million F1 track at an abandoned coal mine on the outskirts of Istanbul. But they face stiff competition from a host of other countries bidding for a prestigious Grand Prix, including China, Bahrain, and Egypt.

F1, which once conjured images of daredevil drivers racing cars built by enthusiasts with shoestring budgets around the narrow curving streets of Monte Carlo, is now a highly sophisticated money-driven, media-savvy business generating an estimated \$3 billion a year from broadcasting, merchandising, and sponsorship deals. The transformation has been achieved almost single-handedly over the past twenty years by Bernie Ecclestone, a seventy-one-year old former English racecar driver who has become one of Britain's wealthiest people after selling big stakes in SLEC, the company that owns the marketing broadcasting rights to

F1, for well more than \$3 billion.

While F1 is regularly attracting huge television audience and hundreds of thousands of trackside spectators paying up to \$300 a ticket, the sport is facing its first major crisis in the recent bankruptcy of Kirch, the German media group that controlled SLEC. However, other problems are afoot, including the demise of a team run by Frenchman Alain Prost, a four-time champion driver; layoffs at other teams; and threats by the big five F1 car manufacturers—DaimlerChrysler, Mercedes, Fiat, BMW, and Ford—to establish a rival motor racing competition.

Despite the problems, F1 is a magnet for the major car manufacturers who use the Grand Prix as an advertising showcase. France's Renault quit the circuit in 1997 but returned in 2000 with the \$122 million acquisition of the Benetton team, and Toyota is making its debut this season, betting \$1 billion it can repeat the success of its German-based rally team.

It required deep pockets and indulgent sponsors to put eleven teams on the grid this year. Engines cost

\$250,000 a piece, and each car goes through around eight a year. A steering wheel costs \$35,000 and a gearbox more than \$100,000. Ferrari spent roughly \$1.5 million developing a new helmet for Michael Schumacher, its three-time world champion driver. And money doesn't buy success: Jordan-Honda, an Irish-based team, spent between \$150–\$175 million last year but didn't win a single Grand Prix and finished sixth in the overall Constructors' Championship.

Some drivers earn movie star-size salaries. Michael Schumacher gets around \$32 million a year and pulls in an extra several million from endorsements and merchandising, including the sale of 300,000 caps selling for \$30 each, while Jacques Villeneuve of BARHonda takes home \$12 million. Others, including those without a single Grand Prix win, earn \$5–\$6 million a year, and even a rookie banks \$1.5 million. Top engine designers can command up to \$3 million, while McLaren's Adrian Newey takes in nearly \$5 million annually.

So far, sponsors are willing to pick

Ferrari Steers onto New Roads

up the bill to be associated with the glamour and global reach of F1. Britain's Vodafone, the world's biggest mobile phone operator, signed a three-year deal with Ferrari last year and is reckoned to be plowing around \$150 million into F1 advertising. Times are hard in the telecommunications business, but Vodafone isn't having second thoughts about F1. "Ferrari are winners—and how else do you get better global exposure than in Formula One," said Vodafone chief executive Chris Gent.

Orange, Vodafone's French-owned rival, is paying \$100 million to sponsor the Arrows team for three years, and HSBC, one of Europe's biggest banks recently extended a \$31 million-a-year sponsorship of Jaguar.

Some sponsors, however, are walking away from F1 with disastrous consequences—the loss of Yahoo, Agfa, and Sony contributed to the collapse of the Prost team with debts of nearly \$30 million.

Formula One has also spawned a multi-billion dollar manufacturing industry in Europe that benefits the car-makers' commercial operations. Britain dominates the business with several thousand firms, ranging from the big players like Williams and McLaren to small one- and two-man outfits, collectively employing 50,000 people, generating annual revenues of nearly \$8 billion, and exporting around 70 percent of their output.

Britain is now facing a challenge from Germany, underscored by Toyota's decision to base its F1 operation at its Cologne test track, creating opportunities for small, specialized subcontractors across the country.

Ferrari, meanwhile, wants to cash in on its global popularity following three straight championship victories, by launching an initial public offering to help fund expansion into entertainment, including the development of Ferrari theme parks, flagships stores in New York, London, Paris, Tokyo, and Hong Kong. Furthermore, Ferrari, which is 90 percent owned by Fiat, is also enjoying an F1 boost to its commercial sports car division, which sold more than 6,000 cars last year, including 4,256 Ferraris and 1,767 Maseratis. ☺

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

Ferrari has long been a world-beater on the racing track, but now it's gearing up for a new challenge. In an effort to diversify revenues, the Maranello-based sports car manufacturer, 90 percent owned by Fiat, is mulling plans to enter the world of entertainment. The idea to branch out into leisure gathered momentum following a recent decision to expand the Ferrari museum at Maranello, the hometown of Ferrari just outside the northern Italian city of Modena. Work there will soon get underway on a new wing housing an interactive theme-park area where visitors will be able to get to grips with cars, play games, and essentially live the Ferrari experience.

The second step is to open a chain of stores. The first flagship shop was opened this April right in front of the Ferrari museum, and the plans now are to open five or six more worldwide. Two stores will be opened in Ferrari's biggest market the US, one in New York, the other in either Los Angeles or San Francisco. Other locations will include the group's second market, Germany, homeland of Ferrari's Formula One team driver Michael Schumacher, as well as Japan. According to Ferrari's chief executive Luca di Montezemolo, whose aim is to protect the company's exclusive image while capitalizing on the bright red brand to grow revenues, Ferrari is currently making \$16–\$17 million in royalties from merchandising,

a sum that can only increase as new outlets come on tap.

But opening stores is not the end of the story. The company is considering investments in Ferrari theme parks along the lines of Maranello, with joint ventures in the United States a distinct possibility. And there is the hotel trade too. While it seems there is no truth to rumors Ferrari will be opening a hotel in Las Vegas any time soon, a source at the company said the hotel business could well fit nicely with company strategy going forward.

Not that bankrolling all this will be a major problem. Last year Ferrari, which also makes

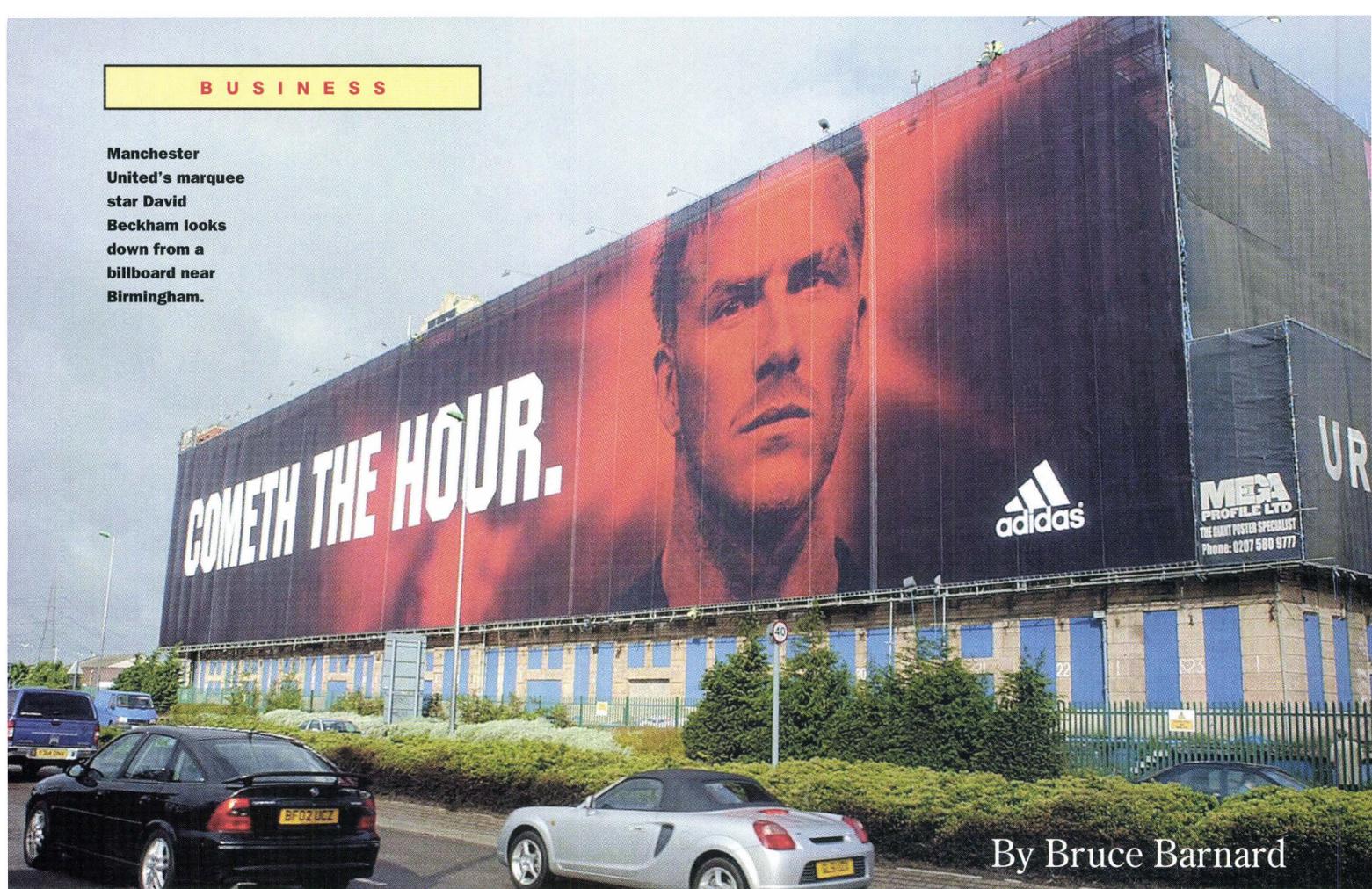
Maserati cars, posted sales of \$921 billion, 17 percent up on 2000. Revenues are expected to grow faster this year thanks in part to the recent launch of Maserati in the US where 1,500 cars are expected to sell this year. And more cash will come from the initial public offering. In an effort to cut its debt, Fiat has decided to float a minority stake of Ferrari by the end of the year. Ferrari will use its part of the proceeds, which could include \$276 million from new stock issuance, to fund not just a return of Maserati to the racing circuit but its consumer designs, too. Fasten your seat belts.

—Stephen Jewkes



Formula One director Bernie Ecclestone (left) awards Michael Schumacher with a "Bernie" trophy at the Catalunya Circuit near Barcelona.

Manchester United's marquee star David Beckham looks down from a billboard near Birmingham.



By Bruce Barnard

God Save Manchester United

Manchester United, the world's richest and most famous soccer club, is planning an assault on a country where the "Reds" refers to a baseball team.

The English club has forged a joint marketing venture with the only other sporting outfit that can match its global appeal—the New York Yankees—and will play a series of exhibition matches against local professional soccer teams in the US next year.

Manchester United's fame doesn't derive from being the world's best soccer club—it has won the European Cup, Europe's most prestigious trophy, only twice, compared with Real Madrid's tally of nine—including this year's victory. And it has a long way to match the achievements of its arch domestic rival Liverpool, which has won four European Cups and is the only English club to make a mark on the Continent.

The club started to attract an international following after a plane carrying

the team home from a European Cup match crashed on takeoff at Munich airport in 1957, killing most of the players, including some brilliant young stars. The club also earned a reputation for nurturing great individual footballers, including George Best, regarded by many as one of the world's all-time greatest players but who squandered his talent with high living, earning as much ink in the gossip columns as in the sports pages during London's "Swinging Sixties." Today, Man U, as it is known, boasts another media darling in David Beckham, probably the most recognizable soccer player in the world, captain of England's national team, and husband of one of the members of the Spice Girls pop group.

The aura surrounding the team—its 67,000-seat Old Trafford Stadium is referred to as the Theater of Dreams—has helped to create a massive fan base around the world and turn it into a truly global sporting brand—the US excepted.

Manchester United is reckoned to have roughly 50 million fans—20 million in Asia, including 8 million in three Chinese provinces—a tantalizing market that it is only now starting to tap into. The club's chief executive Peter Kenyon has estimated only 500,000—or one out of a hundred—of these are "active" fans, buying tickets, joining the membership club, buying a T-shirt, or subscribing to MUTV, the club's television channel.

The club's fame spread to a new generation in 1999 when it won the "treble"—the English Premier League title, the FA Cup, and, most importantly, the European Cup when it scored two goals in the final minute to beat Bayern Munich in a pulsating match in Barcelona that was screened across Europe and large swathes of Asia and South America.

Interest reached new heights in March when David Beckham broke a bone in his toe, jeopardizing his

Top: Manchester United's chief executive Peter Kenyon (left) juggles soccer balls with Terry O'Connor, the managing director of Courts Singapore store, which sells Man U merchandise. Bottom: Manchester United boasts 50 million fans worldwide.



chances of playing in the World Cup. Photos of his foot on the front page of the English tabloids reappeared around the world, providing another huge dose of publicity for the club. In line with a Japanese origami tradition that folding 1,000 paper cranes will make a wish come true, 100 Japanese fans folded 6,000, all in England team colors of red and white, for his recovery before the tournament.

The club is moving fast to increase the number of fans buying its branded goods and services. It boasts more than

a hundred products, ranging from toothbrushes and pens to savings accounts. It has opened stores in Singapore and Kuala Lumpur with more planned in Indonesia and Thailand and recently unveiled plans to open ninety "Reds Cafes" across Asia in the next ten years with the first outlets opening in Singapore and Beijing by the end of this year. It has signed a merchandizing li-

cense with JSV, a leading Japanese sports retailer, which will have Manchester United products in its twenty-five stores this summer. It is also adding several Asian languages to its Web site.

Despite its global appeal, Manchester United's finances are relatively modest, though it is still the biggest and most profitable soccer club in the world. It made pre-tax profits of \$44.8 million in the first six months to January 31 on record revenues of \$120 million despite spending nearly \$70 million buying two players, Juan Veron of

Argentina and Ruud van Nistelrooy of the Netherlands. The club will pull even further ahead of its rivals and attract the best players in the world if it can generate more revenue from its 50 million supporters.

Manchester United's transformation from soccer club to entertainment product has not gone unnoticed by the business world. Media mogul Rupert Murdoch made a \$1.5 billion bid for the franchise, but the UK government blocked the deal.

Nevertheless, the deals keep on coming. A \$440 million thirteen-year alliance with Nike comes into effect in August, giving the US sportswear group certain exclusive sponsorship, licensing, and merchandising rights. Apart from swelling the club's coffers by around \$160 million in the first four years, the deal will help spread the Manchester United logo even further around the sporting world. And with a little help from the Yankees, Manchester United might even achieve liftoff for the "beautiful game" in the land of the unbelievers. 

The sun never sets on the English soccer empire



The MINI Invasion



Forget the Beatles and James Bond, meet the latest British import, but is it really British?

It looks like the result of a one-night stand between a Volkswagen Beetle and a tarty English roadster. Stubby and wide-eyed yet flashy and full of buzz, it zips through traffic like a basketball point-guard bobbing and weaving among a herd of Shaquille O'Neil-sized sport utility vehicles. 'It' refers to the new Mini, BMW's reinvention of the iconic British subcompact, which the company launched last year in Europe. This spring, the Mini debuted in North America, and BMW is betting big that the quirky brand will thrive in the US.

Small cars, however, are a departure for BMW, which for more than two decades has held tenaciously to its luxury-based business model after a brief and disastrous dalliance with lower priced cars during the 1990s. But the question remains—with American tastes tending toward spacious SUVs and minivans, is there enough demand for such a hiccup of a car?

MINI HISTORY

The Mini was originally conceived at a time when small cars were the rage in Europe. After World War II, gas remained in short supply, and the need for cheap, cost-efficient trans-

portation was nowhere more acute than in Germany. Volkswagen had begun mass-producing the Beetle in 1946, and BMW and others had since developed even smaller and cheaper "bubble cars." The British carmakers had had their own successes, among them British Motor Corporation's Morris Minor, but in 1957, in the wake of the Suez oil crisis, the head of BMC worriedly told his top designer that in order to compete the company had to produce a better value. In other words, BMC had to build the roomiest, most fuel-efficient car out of the least materials for the smallest price to consumers.

The man charged with this mission, Alec Issigonis, a Greek émigré, had established himself as one of Britain's top car designers during the 1940s and 50s. He began envisioning what kind of car he could build that would compete with the Germans, and legend has it he sketched his first designs on the corner of a tablecloth.

The result was the Mini. Essentially, Issigonis created a box—ten feet long, four feet wide, and four feet tall. Its tiny ten-inch wheels were pushed out to the far corners, and the thirty-five-horse-

power engine was installed sideways to save space. Its Lilliputian package notwithstanding, the Mini could carry four adults and some luggage.

BMC launched the Mini in the summer of 1959 priced at less than \$800, well within the reach of most families. But the public wasn't sure what to make of the funny-looking new car, and only a disappointing 8,000 Minis were sold the first year.

MY GENERATION

Desperately trying to raise the car's profile, BMC's worried publicity department came up with the idea of giving Minis to celebrities. Soon, the Beatles, Twiggy, and Queen Elizabeth were photographed driving the little car, and the Mini became a must-have accessory among London's hip crowd.

Sales soon took off, and beyond its newfound cachet, people discovered what Issigonis had intended all along: the Mini offered the working classes and young people their own affordable transportation.

Some 140 different Mini models were produced over four decades, but none were more popular or successful



New Versus Old:

BMW's updated version (left) the original Mini (below)

than the Mini Coopers, which saw Isigonis team up with renowned racecar designer John Cooper. Introduced in 1961, the Mini Cooper and later the Mini Cooper S boasted more horsepower than the first versions as well as disc brakes. Racing buffs took note, and the Mini Cooper emerged as a star on the rally circuit.

The car's influence soon expanded beyond the road and began to permeate popular culture. British clothing designer Mary Quant said a Mini parked in front of her studio inspired her to name her 1965 fashion sensation the "miniskirt." Mini owners began customizing their cars—making each as much a statement of its driver's personality as a mode of transportation. John Lennon had his painted a psychedelic red, white, and green. Peter Sellers had his trimmed with wicker.

After reaching its production zenith in the early 1970s, the Mini began to lose some of its buzz. Rover acquired the Mini marque in 1986, and eight years later, Rover, itself, was bought by BMW. Finally in October 2000, the Mini factory closed its doors, after four decades of production and more than 5 million cars. The effect it had on British transportation during that time is difficult to overstate. A 1986 poll conducted on behalf of the company showed that nine out of ten Brits had either ridden in a Mini, owned one, or knew someone who owned one. Today, more than 100 Mini clubs remain active in the United Kingdom.

THE NEW MINI

Stepping into a brand-new Mini dealership in Union City, Georgia, I immediately note that the new Minis look very different from the original. Sure, they share some design elements, the bug-eyed headlights, the boxy shape, and wide stance, but the similarities essentially end there. BMW has redesigned the car from bumper to tailpipe, yielding a slightly bigger car filled with state-of-the-art engineering. With six airbags, antilock brakes, and 115 horsepower, this isn't John Lennon's Mini.

BMW makes two versions—the Mini Cooper and the supercharged Mini Cooper S. Two weeks before, I'd driven a two-tone yellow and black Mini Cooper, and heads turned at every stoplight. "It gets more attention than a baby panda," the salesman had warned me.

This day, however, I'm here with passengers—to get a feel for how four men, one of them well over six feet tall—fit in this diminutive "city" car.

I shake hands with James, the young dreadlocked Mini rep, and explain why we're here. He leads us to a metallic-silver Mini Cooper S parked out front, and we load up. I start in the backseat behind the driver, expecting to have to contort my knees to fit. It's snug but comfortable enough for a quick spin. However, the tall guy would surely suffer in the backseat on an extended trip.

As we ease out of the parking lot,



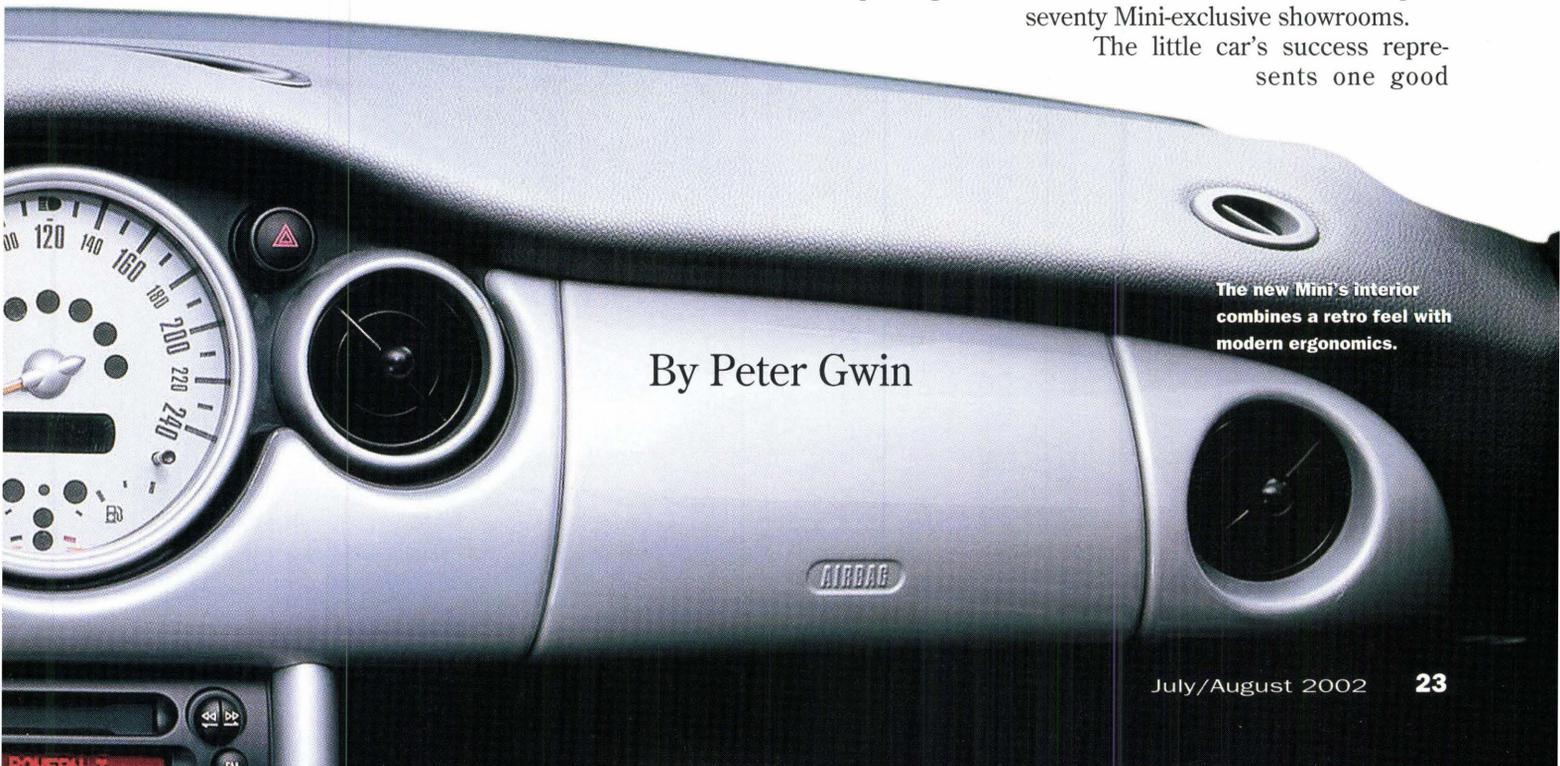
James points out the interior features. Most noticeable are the large circular analog dials that give the dash a retro feel. The designers even used old-fashioned toggle switches for the dashboard controls rather than buttons.

The first two drivers in our group put the car through its paces, and the little car jumps off the line at every standing start and glides through every curve without so much as a quiver. When we return to the dealership to let them out, both have big grins on their faces. I point this out to James. "It's a familiar response," he says.

BMW'S GAMBLE

Back in Munich, Helmut Panke, who took over this spring as BMW's new CEO, is surely grinning himself. Introduced in the US in late March, the Mini is zooming far ahead of expectations. (4,142 had sold by the end of May, ahead of the pace for BMW's goal of selling 20,000 cars in the first year.) The company has waiting lists at nearly all of its locations and is gearing up a dealer network that will encompass seventy Mini-exclusive showrooms.

The little car's success represents one good



The new Mini's interior combines a retro feel with modern ergonomics.

By Peter Gwin

thing to come out of BMW's otherwise disastrous decision to buy Rover and broaden its markets by offering a line of cheaper cars. The Mini brand was the only part of the group that BMW kept when it finally sold money-losing Rover for a token \$15 in 2000.

Mini also marks the company's attempt to go after a younger market. With an estimated 4 million new drivers joining the ranks every year, the under twenty-five crowd is drawing more attention from automakers. With entry level BMWs hovering around \$30,000, the Mini Cooper is base-priced at \$16,850 with the supercharged S version starting at \$19,850.

However, the Mini has proved so popular that it's attracting a swarm of eager drivers from every age group. Bill Walsh, a forty-year-old Washington, DC copyeditor, plunked down a \$500 deposit to put his name on a waiting list for a British racing green Mini Cooper S, which he's unlikely to drive home until at least summer 2003. The kicker: The S models are so scarce he hasn't even been able to take a test drive.

Dea Zugby, a sixty-three-year-old government employee living in Maryland, put down a deposit last fall. In March, she stood in line with nearly 200 prospective Mini owners just to sit in a demo for a few minutes.

Both say the Mini's heritage had little effect on their attraction to the car; rather it was BMW's reputation that sealed the deal, although the BMW label doesn't appear on the car. That's fine with Walsh, however, who said he is turned off by the BMW image as a "yuppie status symbol."

MY TURN TO DRIVE

When it's my turn behind the wheel, James guides me beyond the streets of Union City to a two-lane country road, all the while commenting on the car's features with the nonchalance of a salesman who knows his product sells itself. On a curvy stretch, he urges me to speed up and "really feel what the car is about." I downshift and the engine revs, a satisfying, low throaty reverb. I zigzag about ten miles over the speed limit through a series of turns and barely feel my weight shift. The road straightens; I shift up and hit the gas; the growl settles into a quiet hum. The Mini seems to stretch out its legs as the pine trees whip by. James smiles at me, tilts his seat back slightly, and presses the toggle switch to lower his window. I catch a glimpse of myself in the rearview mirror and I'm grinning. ☺

Peter Gwin is EUROPE's senior writer.

British Book Publishing

Driven by Flights of Fancy

By Bruce Barnard

British book publishing is sweeping all in its path as the Harry Potter series and the *Lord of the Rings* trilogy continue to smash sales records in bookstores from Baltimore to Beijing. But these very English global bestsellers, which have both spawned blockbuster movies, are benefiting US firms more than the UK publishing industry, providing support for AOL Time Warner's claim that its mega-merger creation in 2001 would result in an integrated media conglomerate able to deliver unprecedented cross-promotional synergies.

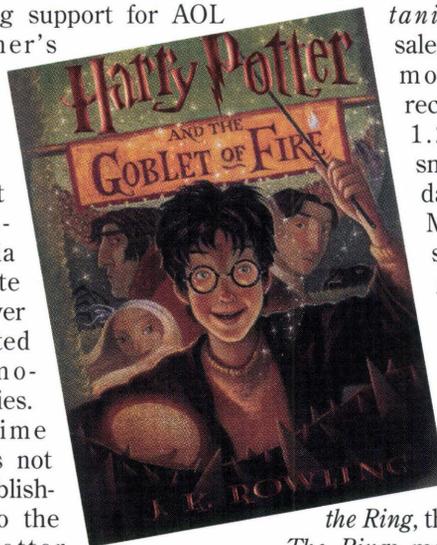
AOL Time Warner does not hold the publishing rights to the Harry Potter books, but it controls everything connected to them, from movies to merchandizing. Harry Potter is a prime example of an asset "driving synergy both ways," according to Richard Parsons, the company's co-chief operating officer. "We use the different platforms to drive the movie, and the movie to drive busi-

ness across the platforms."

J.K. Rowling's story of an orphaned boy wizard and J.R.R. Tolkien's tales of a Middle Earth Kingdom, populated by orcs, elves, and hobbits, have been transformed into Hollywood blockbusters. *Harry Potter and the Sorcerer's Stone* became the second-biggest box office hit in history, overtaking the *Star Wars* prequel *The Phantom Menace* with revenues of close to \$1 billion, and video sales will help it to narrow the gap with the all-time leader *Titanic*. Video and DVD sales of the Harry Potter movie smashed all records in the UK with 1.2 million copies snapped up on the first day of their release in May. And there is no sign of interest flagging as millions of readers grow impatient over the delay in bringing out the next installment of the boy wizard's adventures.

The Fellowship of the Ring, the first of three *Lord Of The Rings* movies, was the fourth-biggest box office hit in the US last year, and the sequel, *The Two Towers*, which opens on December 18, is expected to continue that success.

The two authors are unlikely new economy heroes. Harry Potter computer games are breaking all records. Games publisher Electronic Arts is expected to sell one million



EUROPE update

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REPORTER'S NOTEBOOK: BRUSSELS SCRIBE VIEWS EU FUTURE

EUROPE's editor-in-chief, Robert J. Guttman, recently interviewed contributing editor Dick Leonard about a UK referendum on the euro, the future of Europe and the EU, and his recently published *The Pro-European Reader*, a compilation of essays co-edited with his son Mark Leonard and published by Palgrave-Macmillan. Leonard, a former member of the British Parliament, has been based in Brussels for the past three decades. His reporting and analysis have appeared in numerous publications, including *The Economist*.

Why has the United Kingdom been a "reluctant European" as you mention in *The Pro-European Reader*?

The underlying reason has been nostalgia for the time when Britain was a world power and its empire straddled a quarter of the globe. Being on the "winning" side in World Wars I and II, and escaping defeat and occupation, which was the fate of most other European nations, meant that the massive decline in Britain's relative power and influence was concealed from the average Briton.

Lingering illusions should have been extinguished by the Suez fiasco of 1956, when Britain was unable to assert its will—even when allied to France, the other former great colonial power. They were in France, which four months later signed the Treaty of Rome, and subse-

quently the Franco-German Treaty, which effectively guaranteed France a predominant role in the European Community. Yet many in Britain did not get the message, and though the UK subsequently signed up to every European initiative (except—so far—the single currency), it has almost invariably done so late and half-heartedly.

The younger generation has been—and remains—more positive. It has still to contend, however, with the malign influence of (mostly foreign) newspaper proprietors, whose papers follow an ultra-patriotic British line, and lose no opportunity to misrepresent and denigrate the achievements of the European Union. Fortunately, the influence of these newspapers now seems to be in decline, and the Blair government, in particular, which was initially very wary of the tabloid press, no longer seems to be so intimidated by them.

Could you present a scenario where a referendum takes place and the UK joins the euro zone in the near future. How does Blair swing public opinion in favor of the euro?

My hunch is that Blair will call the referendum on May 1, 2003, the same day that local elections are scheduled. This would be a few weeks after the projected Swedish referendum, which

the polls predict will show a good majority in favor of the euro.

The British polls still show the anti-euro supporters in the lead, though the gap has substantially narrowed following the ultra-smooth introduction of euro notes and coins last January. During the course of this year, millions of Britons will have the personal experience of handling the new currency during their holiday and business visits, and the Blair government hopes that this will further soften their resistance. Probably early in 2003 the government will publish its verdict on the five economic tests set by Finance Minister Gordon Brown. These tests are not susceptible to precise yes or no answers, though there can be little doubt that the underlying question of whether the British economy is converging with that of the euro zone should be answered in the affirmative. The real test is one of political will, and my judgment is that Blair and his colleagues are, in fact, prepared to face the undoubted risk of defeat in a referendum to recommend a move which they are convinced is in Britain's best interest.

If they do take the plunge, they should be heartened by what happened in the earlier referendum, in 1975, on whether Britain should remain in the European Community. Six months beforehand, the

polls were showing that 55 percent were against British membership, yet in the event the pro-Europeans won with a 2:1 majority. The main reason for the turnaround was that the voters had much greater respect for the pro-European campaigners—Harold Wilson, Edward Heath, and Roy Jenkins—than for their opponents—Tony Benn, Michael Foot, and Enoch Powell.

Judging by current opinion polls, the same thing may well happen next year. The probable leaders of the pro-euro campaign—Tony Blair and Gordon Brown—are streets ahead of Tory leader Ian Duncan Smith, the inevitable leader of the anti-campaign. The antis will also suffer from their failure to enroll any leading politicians from outside the Conservative Party. The only Labor figure of any significance on their side is former finance minister Dennis Healey, now aged eighty-five. By contrast, prominent pro-euro Conservatives, such as ex-finance minister Kenneth Clarke and former deputy premier Michael Heseltine—score highly in the opinion polls—much better than their party leader.

All referendums involve risks—as the Irish and Danish prime ministers can testify—but I personally have little doubt that, if Tony Blair summons up the courage to face the voters, he will win, and win handsomely.

REPORTER'S NOTEBOOK . . . (CONTINUED)

Do you foresee the UK becoming the third link along with France and Germany in being in the forefront of EU affairs in the future?

That is a possible outcome, but one which I would deprecate. The Franco-German alliance has served the EU well in the past, but has now lost its former primacy. The future must lie in a more collegial Europe, rather than with a "directory" of three or four large powers.

Can the UK be staunchly pro-American and a member in good standing of the European Union?

In general, yes, as the fundamental interests and values of the US and the EU are broadly consistent. On particular occasions and on specific issues, choices—sometimes painful ones—may have to be made. In my view, Britain should normally give priority to its European orientation.

Do you truly believe there is an entity called Europe that exists today? Isn't it true there will be a Europe

when there is a EU soccer team and not only national teams?

There is certainly such an entity, and the European Union is increasingly its embodiment. But if the question is whether the *primary* loyalty and identities of its inhabitants are to the EU rather than to member states or—in some cases—to local regions, the answer is no, and is likely to remain so for some time. If there were a EU soccer team, I don't think it would play many fixtures—its only plausible challenger would be a Pan-Latin American team. Nevertheless, people are—and this is borne out by opinion polls—increasingly conscious of being "European," and of sharing common values and experiences. This feeling is further fostered by foreign travel, the growing facility of Europeans to speak each other's languages, and by the myriad personal links built up between individuals and families. It is, however, unlikely ever to replace national sensibilities—Europe will not

become a melting pot. In the future, its citizens are likely to feel as if they are Germans *and* Europeans, Britons *and* Europeans, rather than having to choose between two identities.

Margaret Thatcher's new book *Statecraft* confirms she is definitely not pro-EU in any way. How strong is her point of view among people in the UK today?

Thatcher retains a fanatical following, particularly among Conservative Party members and—to a certain extent—the older generation. Yet it is dwindling in size, and many Tories privately concede that their party has been ill-served by adopting such an extreme anti-EU position in the last two general elections in which they were heavily defeated. Part of the blame for this they assign to her. I don't want to sound unkind to a remarkable political leader, but her sell-by date seems now to be well in the past.

Looking down the road in the next twenty-five years,

what do you see for Europe? A fading away of the nation state? An elected European president?

The nation state will continue, but so will the pooling of sovereignty, which I would expect to increase, particularly in the fields of defense, security, and foreign policy. More likely than not there will be an elected president within twenty-five years, but his powers will in no way approach those held by the US President. The Union will, I believe, retain its essentially hybrid nature, with a core of policies determined by supranational institutions, and the remainder dealt with on an intergovernmental basis. Perhaps the most important issue to be resolved will be the delineation of the Union's eastern borders: whether, eventually Russia, together with Ukraine, Belarus, and Moldova, should take their place as full members, or whether some comprehensive partnership agreement should be negotiated with them instead.

EU NEWS

Tony Blair's Cabinet Reshuffle

UK Prime Minister Tony Blair announced a cabinet reshuffle on May 29, a couple of months earlier than expected. Although the names have moved around a bit, the top players remain essentially the same as Blair has indicated that he is generally happy with the team. The reshuffle was brought forward by the resignation of Transport Secretary Stephen Byers, following months of pressure and criticism over the way he had handled the UK's trouble-plagued transport portfolio. Blair named as Byers' successor Alistair Darling, a Scot, who has been a cabinet minister since 1997. Darling vacates the position of work and pensions

minister, which Blair handed over to Andrew Smith, the former chief secretary of the Treasury.

Blair also made history by appointing Britain's first black cabinet minister, Paul Boateng, who was promoted from financial secretary to chief secretary of the Treasury. Following his appointment, Boateng said, "First and foremost I am a cabinet minister.... My color is part of me, but I do not choose to be defined by my color. I work for a world in which people are not judged by their color but by the content of the character. I want to be judged by my work in this position."

In other cabinet moves, John Prescott will take on local government and the regions in a newly created Of-

fice of the Deputy Prime Minister; Ruth Kelly becomes financial secretary; John Healey becomes economic secretary; and Anne McGuire moves to the Scotland Office.

Johannesburg Summit to Target Five Areas

Thousands of representatives from a broad range of governments and international organizations will gather to discuss the global environmental situation at the World Summit on Sustainable Development (August 26–September 4) in Johannesburg, South Africa.

The European Union figures to be one of the key participants at the summit, which comes a decade after the 1992 Earth Summit held in Rio. European Commission Presi-

dent Romani Prodi remarked during a speech in April inaugurating Green Week 2002 that progress toward the goals established at Rio has been slower than expected. "We need to reaffirm our political commitment to sustainable development," he said. "We need to focus on good governance, on the preservation of natural resources, and on how to change our wasteful patterns of production and consumption."

In preparing for the summit, United Nations Secretary-General Kofi Annan identified five areas of concentration: "These are five areas in which progress would offer all human beings a chance of achieving prosperity that will not only last their own lifetime but can be enjoyed by

their children and grandchildren, too.”

The five areas are:

Water—to provide access to at least 1 billion people who lack clean drinking water and 2 billion people who lack proper sanitation

Energy—to provide access to more than 2 billion people who lack modern energy services; promote renewable energy; reduce over-consumption; and the Kyoto Protocol on climate change

Health—to address the effects of toxic and hazardous materials; reduce air pollution; and lower the incidence of malaria and African guinea worm

Agriculture—to work to reverse land degradation

Biodiversity and Ecosystem Management—to reverse the processes that have been destroyed about half of the world's tropical rainforest and

threaten 70 percent of the world's coral reefs

Commissioner Bolkestein Visits US

Frits Bolkestein, European commissioner for internal market, visited New York, San Francisco, and Washington, DC at the end of May for meetings with several high-ranking officials of the US administration, financial institutions, and agencies.

Bolkestein was in Washington to discuss the EU's Financial Services Action Plan (FSAP), consisting of forty-three measures, which he said are “intended to transform the European financial world into one large liquid and deep financial market.” He said the FSAP, which is supposed to be completed by 2005, “will lead to an open, liberal, and non-discrimina-



European Commissioner
Frits Bolkestein

tory market for financial services and the potential benefits of that situation for the EU and for the US are large.” Bolkestein added, “A transatlantic securities market of 700 million people would be quite an achievement...I should like to achieve a transatlantic financial community which would be integrated and where investors on both sides of the Atlantic

would easily find their way to investing in each other's economies.” An important step forward, he said, would be to make trading screens of European stocks accessible to American investors. He also met with the Securities and Exchange Commission to discuss various regulatory issues linked to the cross-border provision of financial services.

During his visit, Bolkestein also discussed EU proposals regarding tax evasion related to the savings of non-residents. Bolkestein said there “should be a common effort in fighting tax evasion, in particular given the links with the financing of terrorist activities and the running of drugs.” He said the way to achieve that was through an effective and appropriate exchange of information between the EU and the US.

WHAT THEY SAID...

“We, meeting here today, are a living contradiction of the forces which divided and weakened a continent for two generations. For everyone who despaired during the frozen stretches of the cold war, this gathering represents a hope of a better, saner future....We have created a new mechanism to facilitate the search for common ground and common understanding, to meet common challenges and to stop that common enemy.”

—George Robertson, NATO secretary general, following the establishment of the new NATO-Russia Council

“Here we have the East and Europe who are getting married. And I believe that this marriage will be a fantastic marriage. As

far as history is concerned and as far as the security of the world is concerned.”

—Silvio Berlusconi, Italian prime minister, on NATO

“I remember, more than half a century ago, humankind paying tens of millions of lives for the shortsightedness of politicians in the face of a common threat.”

—Vladimir Putin, Russian president, on NATO

“In paying homage to those who fought for liberty in 1944 and in fighting today against terrorism, we reject fanaticism, racism, and xenophobia.”

—Jacques Chirac, French president, during Bush's visit to the beaches of the D-Day landings of World War II in France

Jonas Weiss, 1969–2002

It was with great sadness that *EUROPE* learned of the death of Jonas Weiss, a former editorial intern and Stockholm contributor.

Jonas, who was thirty-three years old, died on May 27 in a car accident while traveling between Baghdad, Iraq, and Amman, Jordan.

Jonas joined the magazine as an editorial intern in 1992 and continued to contribute articles on a freelance basis afterward. In 1995, when Sweden joined the European Union, we hired him as our inaugural Stockholm correspondent, a post he held until 1997 when he left to pursue a career with the Swedish Foreign Service.

During his time as a diplomat, Jonas served stints in Belgrade and Moscow and frequently visited areas of conflict. He was most recently stationed at the Swedish Embassy in Amman but often traveled to Baghdad to report on the political situation in Iraq, where Sweden does not have an embassy. It was during one of these trips that the car in which Jonas was riding was involved in an accident, and he died from his injuries.

Lars Weiss, Jonas' father and a well-known television reporter in Sweden, told the Swedish newspaper *Expressen*, “Jonas was moved by and constantly interested in conflict areas, to go there and meet people, not just other diplomats or politicians. He wanted to understand how people lived. He had no interest whatsoever to go to cocktail receptions in London or Washington.”

He is planning to establish a memorial trust in his son's name. Jonas is survived by a wife and a daughter.



BUSINESS BRIEFS

Air France, derided as a state-supported basket case five years ago, has turned the corner in spectacular fashion, turning a profit in 2001 despite the global collapse in air travel following the September 11 terrorist attacks which pushed its major European rivals deep into the red.

The carrier, which is still majority state-owned, reported group net income of \$145 million in the financial year to March 31, down 64 percent from \$399 million in the previous year while operating profit slid 47 percent to \$223 million on revenues up 2 percent at \$11.66 billion. More significant, the airline recorded one of its best ever fourth quarters, traditionally the weakest period for international airlines, with almost \$1 million in profits against a \$38 million loss a year ago.

Air France's success in remaining profitable following the post-September 11 turmoil contrasted sharply with its competitors like **British Airways**, which suffered a pre-tax loss of \$292 million in 2001, its worst performance since privatization fifteen years ago; Germany's **Lufthansa**, which made its first net loss since 1993; and **KLM**, the Dutch flag carrier, which crashed to a loss of \$212 million from a year-earlier profit of \$141 million.

Air France benefited from rising traffic on its routes to Africa, the collapse of **Air Afrique**, Belgium's **Sabena**, and **Swissair** and the strength of its hub at Paris Charles de Gaulle Airport. Chief executive Jean-Cyril Spinetta expects operating profit this year to exceed last year's \$223 million but says Air France faces a tough challenge from low-cost carriers on European routes.

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Europe's two leading automobile dynasties, **Agnelli** and **Peugeot**, are facing very different futures as the global consolidation of the industry raises fresh questions about family control.

The Agnelli family are agonizing over whether to sell the 103-year-old **Fiat** car business after mounting losses at the core auto division pushed Italy's largest industrial group into the red for the first time in eight years, triggering a \$2.8 billion refinancing after creditor banks warned its \$6.2 billion debt risked being downgraded to junk status.

The opposite process is underway in France where the Peugeot family plans to tighten its grip on **PSA Peugeot Citroen** after the firm decided to buy back 25 million shares, or 10 percent of its capital at a cost of \$1.4 billion. The latest share purchase would lift the family stake from 26.46 percent to more than 29 percent over the next eighteen months. Gianni Agnelli, the family patriarch, has repeatedly said he would never sell Fiat Auto, but he agreed to sell 20 percent of the car division to **General Motors** for \$2.4 billion two years ago with an option to sell the remainder any time between 2004 and 2009. But a sale now seems increasingly likely as the car unit has failed to make money in five of the past six years and is destabilizing the rest of the group. The family's wealth is now spread across many sectors including stakes in **Club Mediterranée**; **Accor**, the French hotel group; food company **Danone**; and the **Chateau Margaux** vineyard.

The Peugeot family, meanwhile, might lift its control of PSA above 50 percent, according to Pierre Peugeot, chairman of the firm's supervisory board. "It is in the company's interest that the core shareholder group is reinforced to ensure its development." Unlike Fiat, Peugeot ranks among the world's most profitable car firms, with net income surging from just \$14 million in 1997 to \$1.6 billion last year, thanks to a stable of popular models and its dominance of the diesel engine market.

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The magic has rubbed off Europe's top telecommunications companies, which have been transformed from star performers driving the continent's economy to debt-burdened stragglers in a little over two years following the bursting of the mobile telecoms bubble.

The sector's fall from grace was dramatically highlighted by **Vodafone**, the world's largest mobile phone operator, which unveiled the biggest loss in British corporate history—\$19.7 billion in fiscal 2001 after nearly \$29.4 billion of write-downs on various acquisitions.

But the firm, which has 100 million subscribers around the world, remains bullish about the future and did not write down mobile phone acquisitions made at the height of the telecoms boom, notably the record-breaking \$164 billion takeover of Germany's **Mannesmann**. The company raised operating margins on its mobile business by 3 percent to 36 percent, and chief executive Christopher Gent said he is ready to make acquisitions "of more companies we know and love."

Other big players are less bullish as they struggle to trim soaring debts taken on when they acquired licenses for third generation mobile phones. Germany's **Deutsche Telekom**, Europe's largest telecoms company, has pledged to cut its \$63.7 billion debt to \$47 billion by the end of 2003 through the sale of six cable television networks and the stock market flotation of its T-Mobile unit. By contrast, **France Telecom** was planning to take over **MobilCom**, a German mobile operator in which it has a 28.5 percent stake, in early June, adding to a \$58 billion debt mountain.

•••

BNP Paribas, the biggest bank in the twelve-nation euro zone by market capitalization and net in-

come, said it will have between \$4.6 billion and \$8.3 billion in cash to spend on acquisitions over the next three years.

The French bank, formed from the merger of BNP and Paribas, has been actively building up its international business, acquiring **Cogent**, a London-based asset management administrator, from Australian insurer **AMP** for \$338 million, and paying \$460 million for **Conors**, the German online stockbroker.

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The **European Commission** has warned it may outlaw monopolistic practices in member states' stock exchanges that make it six to seven times more expensive to clear and settle securities across EU borders than in the US.

The Commission said it has identified "a number of possible competition concerns ... including exclusive arrangements between exchanges and clearing and settlement systems."

The Commission is said to be uneasy about the relationship between **Deutsche Borse**, the owner of the Frankfurt stock exchange, and **Clearstream**, the Luxembourg-based clearing and settlement house it acquired earlier this year.

The Commission says it wants to cut cross-border clearing and settlement costs through legislation that would unify EU members' tax and regulation of the sales of stocks, bonds, and other securities. If this fails, it might address the problem "under EU competition rules."

—Bruce Barnard



Contributors

Bruce Barnard reporting from London

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copies of the Sony Play Station 1 version alone by July. AOL and its New Line Cinema unit created an extremely successful official Web site for *The Lord of the Rings* movie and got 800,000 subscribers to upgrade to AOL 7.0 in order to enter a competition to be flown to the movie's world premiere in New Zealand where it was filmed.

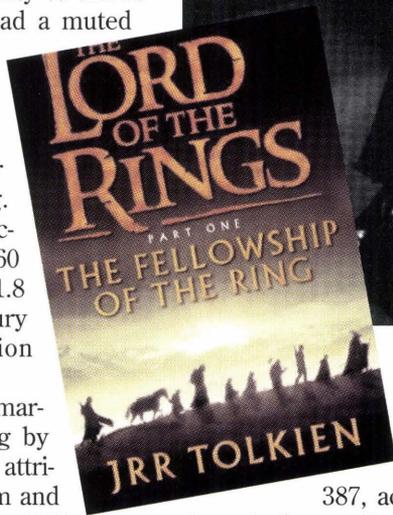
With seven Potter movies planned and two more *Lord of the Rings* already in the can, AOL Time Warner appears to be sitting on a goldmine.

To be sure, Harry Potter, which has already sold nearly 120 million copies, has also provided a shot in the arm for the UK publishing industry—if not for the eight publishers who rejected the original manuscript as “too long.” J.K. Rowling is reported to have earned around \$40 million last year, and her books contributed more than half of the sales and 40 percent of the profits at Bloomsbury, her London-based publisher.

But as Harry Potter is a singular phenomenon and *Lord of the Rings* owes its renewed popularity to the recent movie, they have had a muted impact on the UK industry. A few large firms dominate the British publishing sector with thousands of smaller houses eking out a living. The top ten publishers accounted for more than 60 percent of sales worth \$1.8 billion in 2001. Bloomsbury holds the eighth position with 2.9 percent.

But despite wafer-thin margins, vicious price cutting by booksellers, and a high attrition rate among the “mom and pop” publishing houses, the UK industry remains as vibrant as ever. More than 100,000 new books, including nearly 10,000 works of fiction, are released every year, more than in the US where the market is several times bigger. Successes like Harry Potter are vital for the industry because their massive profits allow companies to publish minority interest books that likely won't make money, although some astute publishers have a knack of turning the most unlikely books into bestsellers.

The UK industry is continually consolidating, but it remains extremely fragmented. British publishers topped



New movies based on J.R.R. Tolkien's (1892-1973) *Lord of the Rings* trilogy are boosting the books' sales.

European mergers and acquisitions in the year to July 2001 with sixty-two deals out of

387, according to a report from Andersen Corporate Finance. But times are tough, the report shows, with books the slowest growing sector in Western Europe and US publishing compared to newspapers and magazines. Book revenues grew by 1.8 percent to \$24.7 billion in Europe last year, while they climbed 5.2 percent in the US to \$28.8 billion.

UK publishers also are continuing to make inroads into the US, though none can compete with giants like Germany's Bertelsmann. Pearson, the media company that publishes the *Financial Times*, the London-based daily business newspaper, is active in the US

through its Penguin unit, which owns Viking, New American Library, and Putnam Berkely, and an educational book business, the biggest in the United States. Britain's biggest bookseller, W.H. Smith, is also a popular sight in the US through its 236 shops in airports and a further 421 in hotels.

Industry insiders worry that the delay in publishing the new Harry Potter book could hurt the industry at large. Rumors have abounded on myriad fan Web sites that the fifth installment, entitled *Harry Potter and the Order of the Phoenix*, won't come out until 2003, at least six months after it was originally scheduled to coincide with students' summer vacation. A spokesperson for Bloomsbury denied that timeframe, insisting that the firm still expected to publish the book this year. ☺



Margot Wallström

European Environment Commissioner

EUROPE editor-in-chief Robert J. Guttman recently interviewed European Environment Commissioner Margot Wallström during her visit to Washington, DC in April. Commissioner Wallström discussed the upcoming World Summit on Sustainable Development in Johannesburg, South Africa, the Kyoto Protocol on climate change, which the EU later ratified on May 31, and other environmental issues.

Could you briefly explain what the World Summit on Sustainable Development is, what it hopes to accomplish, and how it came about?

It is ten years after the so-called Earth Summit in Rio de Janeiro where several documents were decided upon. Two international conventions: a convention on climate change and a convention on biodiversity, as well as an “Agenda 21”—an environmental agenda for the twenty-first century—were decided upon. This is a followup to that meeting to see where we are now ten years after Rio and ten years after these fantastic targets that were set out in the document of Agenda 21. Unfortunately, we will have to say that a lot of things have happened, of course, in the world but the main environmental challenges remain unchanged—that has to do with fighting poverty. We have not been able to fight poverty, and we are continuing to overuse our natural resources. We are losing biodiversity at an unprecedented rate, and we have other big problems in providing access to clean water, sanitation, or energy to most people on this planet.

EUROPE INTERVIEW

Is the summit under the auspices of the United Nations?

Yes it is. I hope that we will be able to close that implementation gap. We have all of the necessary goals and targets, but we now have to start to take action. We need to move from words to deeds. We need an agenda for change, and we need partnerships for action—that is governments, together with non-governmental organizations (NGOs) and companies, to actually implement what we have decided.

Will most of the EU heads of state be attending or just environment ministers?

I think that [there] will be many ministers attending, both development ministers and environment ministers. I hope the finance ministers and, of course, the heads of state and prime ministers will come. The real trick is to create those interlinkages between the environmental, social, and economic development of this world.

Where does the Kyoto Protocol stand right now?

We have to agree to disagree on the Kyoto Protocol. I don't think the United States will come back into the Kyoto Protocol shortly; that will take some time. I do, however, hope they will. I hope we will be able to convince them to join the only existing international framework for tackling climate change. Since they are the biggest emitter of greenhouse gases, I think it will increase their credibility if they actually return to the process.

Do you expect it to be implemented by the end of this year?

Yes, even without the United States.

The EU member countries are known for their high environmental standards. Is the inclusion of new Eastern European countries in the Union, with less stringent standards, a cause for concern?

What we have to do is assist them with putting into place both the legislation necessary to transpose all our laws and directives into their own legislation before accession and also to help them by financial means to build up, for example, an infrastructure to take care of wastewater and industrial pollution and so on. I think we have been very successful in doing so, and we have actually negotiated successfully with most of the candidate countries. They will not have been able to address all the environmental problems or be completely ready with everything in place [by the time they join], but they will have started the process. They will have all the necessary legislative framework in place. There will also be pressure from the member states to not allow environmental dumping, which will automatically drive an improvement.

Speaking of climate change, is that what you see as the main environmental problem today?

I would say so. It has the longest perspective and the most serious effects of any political issue we have been addressing lately.

Briefly, what is causing climate change?

Through human activities of different kinds, we are emitting too much of, for example, carbon dioxide, which is the biggest greenhouse gas. The biggest problem is we create a kind of greenhouse effect on this planet, making the global temperature rise and consequently that has effects on the climate, the weather conditions, and also our agricultural sector.

You said the Environmental Protection Agency is more advanced in working on children's health issues than Europe is. What kind of things are you talking about?

The EPA already has a kind of coherent program for addressing children's health problems like asthma, allergies, lead poisoning, and other issues as well as, for example, chemicals and how they affect children. They have a program designed for it. We've only started to look at that and how to address this issue. The issue can be made immensely broad, and at the same time, we have to narrow it down and concentrate on the problems that exist.

What is the EPA's counterpart in Europe?

Well of course we have our own environmental ministries and agencies. We have the European Environmental Agency, based in Copenhagen, which helps us in providing all the facts and statistics about developments on the environmental field. We have the institutions to work with that, but it's more about how to coordinate it.

Does the European Environmental Agency have the same powers as the EPA?

No, not really. It's not an authority like the EPA, but they do help

us with collecting all the data, statistics, and facts we need.

Do you have any hope, with the Bush administration, that someday you will agree to agree on environmental issues?

I've continued to have hopes that one day the United States will return to an international and multilateral approach to this issue of climate change. But, of course, I don't get very much support here for that, and they continue to say that they will follow their own line. I think it's good that they present it not as an alternative to the Kyoto Protocol, but it is very much a domestic policy.

Congress has voted down looking for oil in Alaska. What are your thoughts on this decision?

We have to look for the future sources of energy and that is of course renewable energy sources. Wind power, solar power, and all of those sources of energy that we have not explored need to be explored. The potential is a hundred thousand times bigger than what we actually explore today, so we need to do more using those alternative energy sources.

In the meantime, before these energy sources can be used, what are your

thoughts on today's exploited sources of energy?

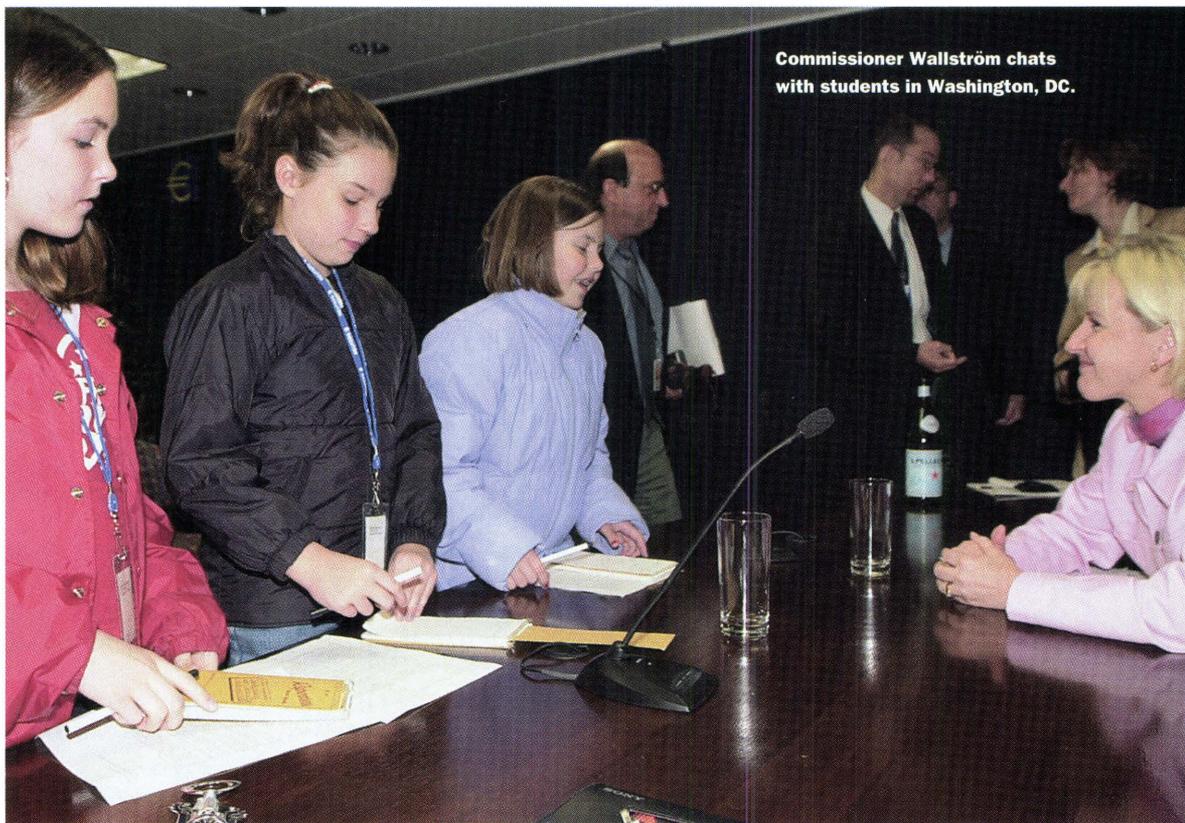
We can do much more on energy saving. It's a tougher political message to say to voters that maybe they shouldn't buy so many of these SUVs and have so many cars or even that they should remember to turn off the lights and to save energy. I think the potential for that is enormous both in Europe and in the United States.

What is your view on nuclear power?

Well I have a personal view of nuclear power. I don't see that as a sustainable energy source either. It fulfills the criteria for an unsustainable development where you send the bill and the problem to future generations. They will have to solve the problem of nuclear waste, and unfortunately, we will have to deal with that for thousands of years to come. It is not the best solution.

What is the objective of the study group on climate change in the United States that you have established?

We do have an EU center here in Washington where we are setting up a small study group on climate change. We hope that it can help to bridge our different approaches and see where to cooperate for the future. ☺



Commissioner Wallström chats with students in Washington, DC.

Durham's Delights

Durham's centerpiece is its cathedral, but there's a wealth of other attractions that beckon the visitor.

Hidden in a tourist no-man's-land, this Northern English county charms visitors with a bounty of history and beauty

By Sophie Jillings

Before I was accepted into Durham University, I knew very little about County Durham. Coming from London, some 300 miles away, County Durham seemed worlds away, a cold, gray, and—frankly—boring corner of northern England. However, my first few weeks in the area proved I had suffered from woefully false preconceived notions. Almost immediately, I fell in love with the place and its inhabitants. Now, a couple of years later, I continue to find myself astonished by the beauty of the land, awed by its historical breadth, and charmed by its villages.

County Durham is one of the more overlooked regions of England. Hidden in a veritable no-man's land in the Northeast, it is situated off England's well-worn tourist track, as York seems to be the boundary for travelers venturing up from the South, and it lies too far south for all but the most intrepid Scottish tourists to explore. Those visitors who do actually make it to my university town usually head for the cathedral for which Durham is known. "I unhesitatingly gave Durham my vote for best cathedral on planet Earth," writes travel author Bill Bryson in his book *Notes from a Small Island*. It's easy to see the reason for his enthusiasm. A striking example of Norman architecture, Durham Cathedral has been classified—along with Durham Castle—as a UNESCO World Heritage site. It is said that the cathedral's stonemasons invented such Gothic architectural features as pointed arches, flying buttresses, and ribbed vaults. As the final resting place of the relic of Saint Cuthbert (635–687 AD), Durham's patron saint, the cathedral has attracted a colorful parade of pilgrims and criminals since it opened in 1132—some seeking divine grace and healing, others claiming sanctuary from the law.

The cathedral aside, Durham City and the surrounding countryside beckon visitors with an array of activities. Its multifaceted history offers an attraction for nearly every taste—from Roman and Norman architecture to ancient battlegrounds to Victorian industrial heritage.

The city of Durham provides the perfect central base for a thorough exploration of the area. Although it has a

healthy population of 38,000, the city, itself, is tiny, basically consisting of two main roads and a market square. Nevertheless, it offers a surprising amount of quality entertainment.

If you decide to stay in Durham over a weekend, you must visit its market square on Saturday where the jovial fish and cheese sellers and the aroma of fresh baked confectionery might well overwhelm you. However, the daily indoor market is where bargain hunters like to roam. Bear Bottoms, located just off the market square on the passage-way to Elvet Bridge, gives daily demonstrations of the art of teddy-bear making and restoring and has a wide selection of collectors' bears for sale.

Not far from the city's center, the botanical gardens, the Light Infantry Museum, and the Oriental Museum are all well worth a visit. The latter holds the country's finest collection of oriental art and pottery, while the Light Infantry Museum offers an interactive exhibit depicting life in England's industrial heartland during the Second World War.

Of course, this by no means exhausts Durham's attractions. There's still the castle to visit, parts of which

date back to the Norman conquest, including a sumptuous dining hall and an intimate medieval chapel. While Durham Castle once housed the mighty Prince Bishops, who reigned over the northern provinces, today the university's students and faculty bask in its historic demeanor. Of course, there are regular tours of the interior, but the beauty of the bailey on which the castle stands, whether surrounded by spring blossoms or icy snow, is often enough to stop in their tracks passing tourists and students alike, joined in mutual appreciation and awe.

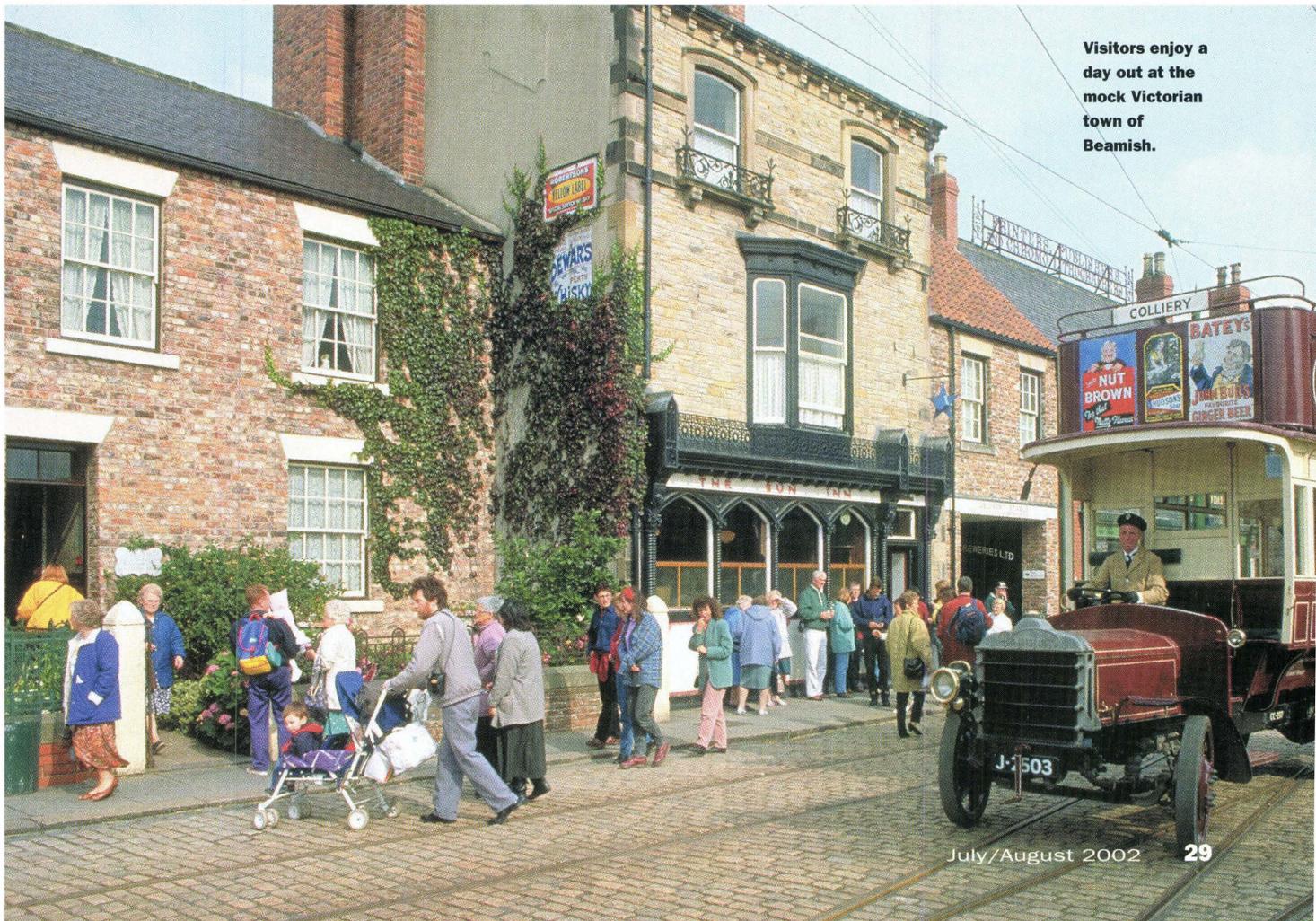
When you've exhausted the city itself, it's time to jump in the car and tour the surrounding area. I would highly recommend a trip to Beamish, a small town situated only twelve miles away. Beamish Museum will entertain both adults and children and has won several awards for its outstanding mock Victorian town with working pub, garage, bank, and candy shop. Visitors have to change money into the currency of the period in order to purchase anything. Guides in period costumes are eager to fill you in on the day's gossip—from 1913. Visitors can tour a coal mine, which portrays the dreadful con-

ditions, ride a replica steam-engine-powered railway, and visit an operating farm.

From there it's on to the town of Barnard Castle and the famous Bowes Museum. The exhibits at this stunning chateau conjure up images of pomp and circumstance and gatherings of the rich and famous during the late eighteenth century. It's easy to find yourself caught up in the storied grandeur of the place, gliding through the rooms, feasting on the displays of furniture, ceramics, textiles, and local antiquities, not to mention the musical instruments and fashions of the times. Most impressive, however, is the castle's art collection, which is exhibited throughout and comprises the largest collection of French paintings in Britain and a great assortment of Spanish fine art.

With such a wealth of attractions in County Durham, you may have to plan a return visit to see them all. However, a measure of caution is in order: you might fall in love with the place. Don't say that I didn't warn you. ☺

Sophie Jillings is a former EUROPE intern and a student at Durham University.



Visitors enjoy a day out at the mock Victorian town of Beamish.

Now for Something Completely

Differere

Hidden amidst the cultural pick-n-mix of the summer festival season in Europe, which is chockablock with music, theater, dance, and other tasteful offerings, are some more unusual, often downright nutty celebrations. Not only are they cheaper than opera tickets in Verona but they will also provide you with far funnier snapshots for the family album. Here is a brief guide to whimsical and wacky events in July and August:

First, the bad news. I hate to be the one to break this to you, but you are too late for this year's Bellows Festival in Nontron, in the Dordogne region of

France. You should have been there in early April, dressed in a nightshirt, cotton cap, and wooden clogs, carrying fireside bellows. Then you would have been able to march single file through town, singing a silly song, and blowing air up the nightshirt of the person in front of you.

You have missed your chance for that one until next year, but there are still many delights possible, from yodeling to bog snorkeling, all over Europe.

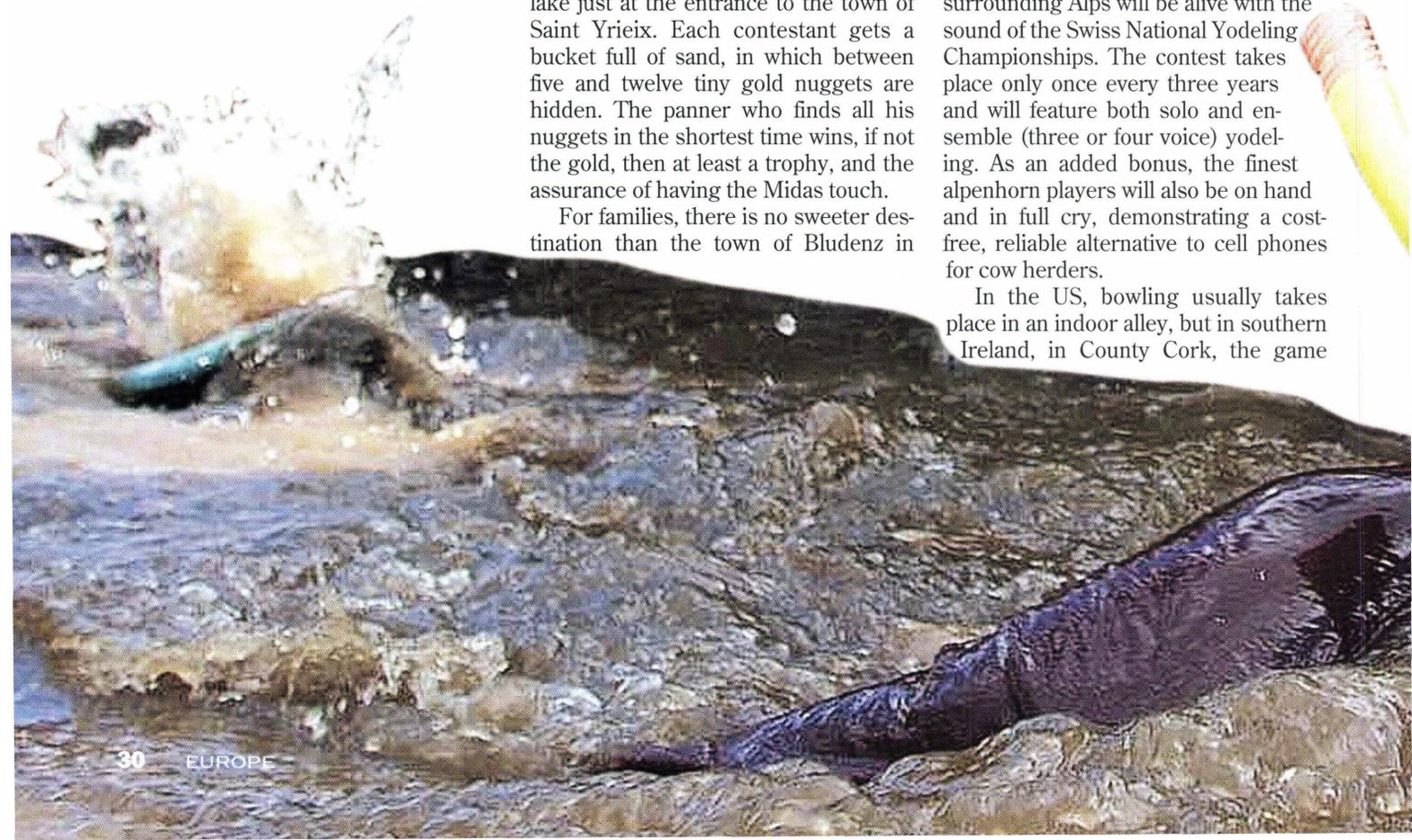
In central France, July is ushered in with the *Concours d'Orpailage* (Gold-panning Contest) on the banks of the lake just at the entrance to the town of Saint Yrieix. Each contestant gets a bucket full of sand, in which between five and twelve tiny gold nuggets are hidden. The panner who finds all his nuggets in the shortest time wins, if not the gold, then at least a trophy, and the assurance of having the Midas touch.

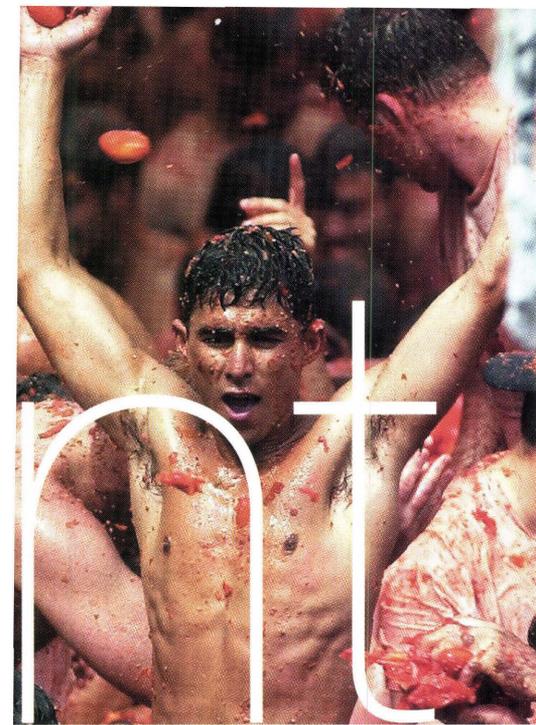
For families, there is no sweeter destination than the town of Bludenz in

Austria. On the first Saturday of July, it holds an annual Milka Chocolate Festival, centered around the famous milk chocolate bar in its lilac wrapper. There is a parade, of course, featuring a giant Milka truck, looking just a shade like a pansy, with its delicate purple paintwork. There are children's games and activities of all kinds, including face painting, a climbing wall, and a scooter challenge. Most importantly, however, more than 200 pounds of chocolate will be handed out as prizes.

On the same weekend, in the town of Fribourg in western Switzerland, the surrounding Alps will be alive with the sound of the Swiss National Yodeling Championships. The contest takes place only once every three years and will feature both solo and ensemble (three or four voice) yodeling. As an added bonus, the finest alpenhorn players will also be on hand and in full cry, demonstrating a cost-free, reliable alternative to cell phones for cow herders.

In the US, bowling usually takes place in an indoor alley, but in southern Ireland, in County Cork, the game





bizarre

By Ester Laushway

A tour of Europe's festivals

takes on an extra spin by going out on the road. Every July, the traffic-stopping Senior Road Bowls attract players from right across the country. The idea is to bowl a twenty-eight-pound ball down two miles of road in the smallest number of throws possible. The second leg of the championship takes place in August, across the border in the Northern Ireland county of Armagh.

Celebrating patron saints is a national pastime in Spain, but not many places do it in the elevated style of the town of Anguiano in the Rioja region.

Half the worshippers who follow the effigy of Mary Magdalene through town dance along to the sound of bagpipes and drums, perched on stilts. Just how this uplifting *Danza de los Zancos* (Stilt Dance) got started is unknown, but it has become an annual reason to get high on July 22, Mary Magdalene's official day.

Not nearly so cheery is another annual celebration in the small Spanish town of As Neves, just south of the Miño River, which marks the border between Portugal and Spain. On July 29, the town's patron saint Santa Marta, known as the "saint of death," is honored with the Fiesta of the

Near-Death Experience.

Throngs of devotees who have had a close brush with the grim reaper gather to pay their respects to the saint and to regale each other with tales of their personal near-death experiences. Everyone attending is

expected to turn up in a coffin, with a few friends and family

members on hand to carry them in the procession. The odd loner who comes by himself ends up having to carry his own coffin through town.

The town of Thisted in Denmark invites all amateur pipe smokers (professionals discouraged) to try to outsmoke other contestants in the World Pipe Smoking Championship on July 31. The rules are simple: Each participant is handed a brand-new pipe, two matches, and one-tenth of an ounce of tobacco—and free beer to lubricate the throat. Whoever keeps his pipe alight the longest is the winner. The record to beat this year is 1 hour, 36 minutes and 36 seconds.

On the first Friday in August, the Austrian town of Windischgarten lets rip with its annual Lederhosen Festival. Everyone, young or old, who owns a pair of the stylish leather shorts held up with suspenders, is heartily welcome. If you do not happen to have some in your wardrobe, you can still go along and enjoy the election of Miss Lederhosen, who no doubt has a splendid pair. Other competitions include a prize for the lederhosen that have traveled the furthest, the most original pair, and the best child-sized ones.

Wearing lederhosen can be a sweaty business but nothing compared to the



Top: At the Tomatina festival in Buñol, Spain, participants pelt each other with ripe tomatoes. Bottom: A contestant struggles through a Welsh bog attempting to win the coveted title of "World Champion Bog Snorkeler."

pore-cleansing Sauna World Championships held in the Finnish town of Heinola every August. Participants flock to it from all over Finland, Germany, and the Netherlands, and the grueling proceedings are covered by Finland's top sports commentator. This is definitely not a competition for those with blood pressure problems or a weak heart. You have to sit still and upright for as long as possible, while the heat keeps being cranked up and up. The winner, presumably, is the one who passes out last.

If you really want to pig out this summer, then the place to be is at the annual *Pourcailhade* (Pig Festival) held on the second Sunday in August in Tri-sur-Baïse in the French Pyrenees. Here you can eat *charcuterie* until you can barely grunt, enter the sausage eating competition, or try for the prize of the best piggy outfit. The undoubted highlight, though, is the national pig squealing competition, where contestants have to imitate the different squeals in the key moments of a pig's life, such as birth, feeding, and love-making.

On the same day as pig fanciers are rooting around in France, potential high-flyers will congregate on England's Sussex coast, for the International Bognor Birdman trials. Since 1971, this has been an annual attempt

to shake off the shackles of gravity and soar off Bognor Pier, using nothing but a homemade flying machine and a heady dose of optimism. Costumes are obligatory, the crazier the better, and over the years, Mary Poppins, Peter Pan, Superwoman, and the like have wowed the crowds with their brief, glorious instants aloft before plunging ignominiously into the sea. There is a highly motivating prize of \$35,000 for the flyer who stays airborne over the longest distance. Among the craft designs already submitted for this year are a propeller-driven biplane, a Big Bird, and a large flying fish.

If you want to get down and dirty, then nothing can beat the annual World Bog Snorkeling Championships, held on August 27 in the Waen Rhydd bog just outside the Welsh town of Llanwrtyd Wells. Dreamed up in 1986 during a particularly drunken session at the local pub, the championships are a one-of-a-kind fundraising initiative. To participate, all you need to do is pay the \$7 entry fee, strap on mask, snorkel, and flippers, and make a leap of faith into the sixty-yard trench cut into the bog. Once you are immersed in the marshy waters, the whole art of bog snorkeling is to glide forward through the murk as fast as possible without using any recognizable swimming strokes—and without inhaling any of the foul slime. Whoever completes two lengths of the trench in the shortest time wins, with all proceeds this year being donated to the Cystic Fi-

brosis Trust. The present world record to beat is one minute and thirty-nine seconds.

If the claustrophobic aspect of bog snorkeling puts you off, but you love getting really filthy, then head for the Spanish town of Buñol in Valencia and *La Tomatina*. Every year, on the last Wednesday in August, more than 20,000 revelers come to literally paint the town red. At 11 am, five rockets packed with ripe tomatoes are launched into the air, and the Tomato War is on. For two hours everyone in Buñol hurls ripe tomatoes at each other from a massive munitions depot of 250,000 pounds of red fruit. The only rules are that you cannot chuck anything except tomatoes, and that you have to squish them before firing them into the crowd.

Within hours of the last tomato's explosion, the carnage is cleaned away with everyone's help, and the party carries on with bands, fireworks, and lots of food and wine.

That brings us to the end of August, and probably the end of summer holidays, but the fun need not stop there. Harmless lunatics are out there, year-round, finding a reason to celebrate, and you can join them whenever you need a little vacation from being a sensible grown-up. ☺

Ester Laushway, who lives in Provence, is a EUROPE contributor.

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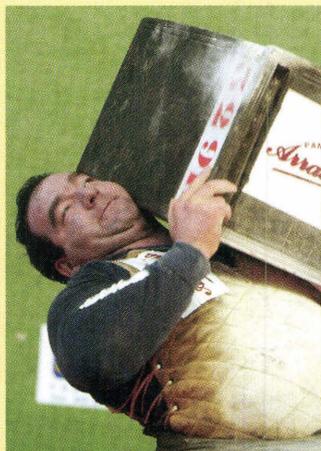
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A birdman in his homemade flying machine readies himself for the flight off Bognor Pier.

The Wide World of (Strange) Sports



Europe has forever been a continent of great sporting occasions. In today's big name sports Europeans may toast the Tour de France, tee off at the British Open, or shove and shout through a soccer match, but they have not put aside lesser known, more convivial games of the country folk. The quaint little villages that dot the continent from east to west, north to south, have their own big name sports. These games attract world-class athletes, spectators from around the globe, and big payoffs (although not in terms of monetary value).

World Screaming Championships The championship attracts participants from as far off as the US, Austria, Japan, and the Czech Republic. Participants battle it out to see who can emit the most earsplitting scream.

Stone-Lifting There is a noise of a different kind going on all over the Basque Country in northern Spain—the low guttural groan men make when lifting heavy objects. Stone lifting involves two men, each with a heavy flat stone, lifting it up and down, over and over until one man can't anymore, and the other is proclaimed the winner.

Wife Carrying Carrying heavy objects is a sport in many countries. In Finland, a weighty matter of military importance led to the sporting event known as “wife-carrying.” In the 1800s soldiers who wanted to fight under the brigand Rosvo-Ronkainen had to first prove their battle skills by carrying heavy loads over a challenging track. Today, this historical tradition is kept alive as a sport by brave Finnish competitors and their braver wives.

Mosquito Slaughter Fest Hunting has always been a passion for Europeans. From kings to peasants, all hunted for food as well as fun. Every September 2, twenty-five hunters in Valle Lomelina, Italy, gather for what can only be described as slaughter. The prey, however, are not innocent creatures of the wood, but vile carriers of disease, a plague to human-kind. With their bare hands, the twenty-five brave men of Italy engage in battle with the loathed mosquito. For five minutes, twenty-five men slap and slaughter their enemy. The man whose hands hold the most corpses is declared the winner and awarded a gold medal and a gold mosquito trophy. While some mosquitoes must die in this “sport,” most do not. And while some contestants and spectators leave the sporting event without any itching bumpy souvenirs, most do not.



World Gurning Championship If reading about these lesser known yet highly entertaining sports causes you to scrunch your nose, furrow your brow, and contort your face in disgust, do yourself a favor and enter the World Gurning Championship, where an ugly face is considered an art.

Gurning is the sport of crumpling your face into the ugliest shape possible.

Cheese Rolling Contest Contestants attempt to catch a giant seven-pound Double Gloucester cheese as it is rolled down a forty-five-degree hill. Many competitors end the day bruised and banded.

These are just some of the alternative sporting gems that exist across Europe. There are many more sporting occasions that

you can see and take part in—the Odalengo Truffle Hunting Competition (Italy), the Munich Festival Beer Drinking Challenge (Germany), and the Kiruna Snowball-Throwing contest (Sweden).



Clockwise from top: a Basque stone lifter; a Finnish wife carrier; the world's best “gurners.”

Although sporting goods manufacturers have declined (so far) to sponsor these events, it does not deter the athletes who train for their moment of competition and glory. There's no place in Europe where a sport of one kind or another doesn't have a player or an on-the-spot spectator passionately playing or purveying the game at hand.

—Aniela Zagajski

CAPITALS

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



After winning a stunning victory in the May elections, Christian Democrat leader Jan Peter Balkenende takes over as prime minister of the Netherlands.

AMSTERDAM

THE FORTUYN EFFECT ON THE NEW DUTCH GOVERNMENT

The murder of Pim Fortuyn has cast its shadow over the Dutch general elections that took place on May 15. Fortuyn, the charismatic anti-immigration populist whose political movement skyrocketed from nowhere into the limelight of Dutch politics, was killed on May 6, presumably by a lone animal rights and environmen-

tal activist. But the death of Fortuyn did not deter the electorate to vote for his party, simply called List Pim Fortuyn (LPF). After he had won an astonishing third of the votes in municipal elections in Rotterdam, earlier this year, the List Pim Fortuyn took 17 percent of the votes in the national poll. From nowhere, it launched the anti-immigration party into second place. Only the centrist Christian Democrats collected a larger share of the votes, setting up its leader, Jan Peter Balkenende, as the Netherlands' likely next prime minister.

The elections resulted in a political disaster for the parties that had governed during the last eight years under Prime Minister Wim Kok. Together, they lost almost half their parliamentary seats. The social democratic PvdA was the most dramatic loser, but the liberal VVD also lost badly. Their leaders, Ad Melkert (PvdA) and Hans Dijkstal (VVD), who only months before had each held hopes of becoming the next prime minister, resigned in the wake of their parties stunning defeats.

The Christian Democrats, after having

lost power in the elections of 1994, had proved toothless in their role as opposition party. As recently as November, they suffered a leadership crisis. Lacking an alternative, they chose an outsider, forty-six-year-old economics professor Jan Peter Balkenende. With his Calvinistic background, stressing family values, social prudence, and opposing economic liberalization, he turned out to be a beacon of stability in an increasingly turbulent political environment.

However, the governing parties' situation turned grim with the municipal elections in March. Pim Fortuyn, a former Marxist, sociology professor, consultant, and columnist-turned-anti-immigration politician, took a third of the votes in the city of Rotterdam, traditionally a socialist stronghold. Backed by no real party but rather his own political "list" of hastily chosen unknown candidates, he seemed headed for a huge victory in the May parliamentary elections. All the major parties suddenly woke up to this rightist threat and unleashed a chorus of Fortuyn condemnation. The political scene quickly deteriorated into a climate of hatred and accusations. Fortuyn loved it. With his warning that the Netherlands could not bear any more immigration and that Islam was a "backward culture," he had clearly struck a cord. The popular support for him grew daily.

Then on May 6, with the elections just nine days away, at a few minutes past six in the afternoon, the rising political star left a radio interview when he was approached by a man on the street and shot several times at point-blank range. Fortuyn died on the scene. The suspect, caught within minutes, turned out to be a radical environmental activist. Fortuyn's death, the first political murder in the Netherlands since 1672, shocked the country, stunned politicians of every stripe, and shook the population at large. For a week in May, the Netherlands was immersed in mourning, outrage, and an almost religious worshipping of Pim Fortuyn. There were silent marches in Rotterdam, flower tributes at his house, wakes, and protests. The funeral service in the cathedral of Rotterdam was attended by the national political leaders and his last journey to the cemetery evoked emotions like the burial of Princess Diana in Britain.

Despite the obvious confusion, the government decided to go on with the planned elections on May 15. By then, it was assumed that the electorate would

have come to its senses and not use the ballot as a condolence register. However, the election result showed that the popular rejection of the governing parties was deep-seated. Despite last-minute warnings by Kok, the outgoing prime minister who continues to be widely respected, the decapitated List Fortuyn took 26 seats out of a parliament of 150. PvdA tumbled from 45 to 23 seats; the liberals from 38 to 23; and the junior coalition partner, D66, from 14 to 7. Many voters, fearful of political chaos, turned to the safe haven of the Christian Democrats, lifting their number of seats from 29 to 43 and, after eight years of opposition, returning them to the center of power.

It was the biggest upheaval in the annals of modern Dutch politics. However, when historians describe how this came about, they will undoubtedly record that Netherlands' most unpredictable elections were brought about by the flamboyant Pim Fortuyn, both alive and dead.

—Roel Janssen

LUXEMBOURG

US INVESTS IN DE-LUX FUNDS

Thanks America! Your participation in Luxembourg collective funds last year was instrumental in keeping this tiny country at the head of Europe's investment fund business at the end of 2001.

The number of funds active in Luxembourg rose during the year by 8 percent to 7,414 while total fund assets rose in value by just less than one percent to \$822.8 billion. Not sensational growth perhaps, but then by any measure, it was a miserable year for investment all over in Europe. Nevertheless, total investment funds in Luxembourg are still twice as much as in the London market.

The figures come from the annual survey of the Luxembourg fund business by the London-based research company Fitzrovia International. The study goes on to show how significant the American input was: Investments by US promoters rose by almost \$20 billion to \$184.9 billion during the year, increasing the American share of the total from 20–22.5 percent. Without this increase from the US, the overall value of investments would have declined noticeably.

Why should giant US investors be so interested in Luxembourg? "It's the world's primary center for selling funds across Europe," says Ed Moisson, Fitzrovia's communications director.

"Luxembourg has become an ideal launch point for fund companies wishing to sell funds across the continent."

More specifically, "Luxembourg's early adoption of European UCITS (undertakings for collective investments in transferable securities) legislation means that funds domiciled there can be marketed into different European centers."

If America gains, so does Luxembourg. "US fund promoters in Luxembourg have been at the forefront of moving continental Europe towards an equity fund culture," says Moisson. While the US is second to Switzerland in the share of all funds domiciled in Luxembourg, American institutions head the equities league, holding close to a third of the total equities of \$290.8 billion.

Though Luxembourg's great strength as a financial center is its management of collective funds, it can be plausibly argued that the cult of the equity is more deeply entrenched here than in any other EU country. A few people made astonishing gains from stocks in the 1990s when the index of the thirteen largest Luxembourg companies rose tenfold.

But the winners were few in number. For all their love of financial things, the Luxembourgers are not stock market players in a way that Americans would recognize and least of all now after two years of tumbling prices.

But the institutional investors are different. There is a longstanding expertise in Luxembourg not found in other EU financial centers, and it is one of the main reasons the Americans, Germans, and Scandinavians have been happy to build up their operations here in recent years. The 2001 survey suggests their faith has not been misplaced. As Paul Moulton, chief executive of Fitzrovia, says, "any increase in the size of the industry would be impressive given the market conditions, so it is notable that total fund assets in euro terms increased by 6 percent."

—Alan Osborn

STOCKHOLM

A CALL FOR CELL PHONE MANNERS

For the third time, the cashier politely asked the woman waiting in line at the Stockholm bookstore to go to her register. But the woman was too busy to hear—too busy talking on her cell phone.

While the cell phone phenomenon may be widespread in parts of the United States, it is nothing compared to any part

of Sweden. About 80 percent of Swedes have mobile phones. And it often seems none of them know where the “off” button is.

This cell phone pervasiveness has created a culture of increasingly bad manners. People answer their phones in meetings, to announce that they are in meetings and can’t talk. People yap away while checking out at stores, often ignoring the poor cashier who’s attempting to tell them what their purchases cost.

On buses and subways in Stockholm, phones ring incessantly and half the passengers jump simultaneously to answer each call because there aren’t enough individual ring signals to go around. People stop in the middle of sidewalks, ears to phones. They blockade store aisles. Should you suggest they move, the response is usually just a puzzled glance.

SJ, one of the companies that operate long-distance trains, has been forced to set aside cell phone-free cars for passengers who want a little peace and quiet. Of course, just like with non-smoking cars, people are constantly dashing out of them because their habit won’t wait. Or sometimes they just ignore the ban and call anyway.

The situation is made worse by the headsets more and more cell phone callers use. In Stockholm, you might be forgiven for thinking that half the city is going around talking to itself. If you don’t see the headset wire, it’s easy to think someone’s trying to start a conversation. Of course, if you answer back, they glare at you for interrupting their cell phone chat.

For kids, getting their first phone has become a right of passage and that first phone comes younger and younger. Toy phones filled with candy give way to the real thing by the time many kids are just eight years old. Cell phones for the younger generation really started to take off a few years ago when service providers started marketing prepaid phone cards. This means that parents no longer have to worry about getting phone bills equivalent to hundreds of dollars at the end of the month.

But there are now several generations who have never known a world without cell phones. This, say Swedish psychiatrists and social observers, is creating a culture where phone calls aren’t regarded as private. On the contrary, they’re thought of as a social, group activity, not least because what teenagers like to do best with their phones is send small

text messages. The question is, what else won’t be private before long?

Worse yet, adults aren’t teaching children and teenagers proper cell phone manners because they don’t have any themselves. Some teachers leave their cell phones on during classes, and allow students to talk on theirs as well. And when a teacher tries to inject a little sanity into things, the consequences can be frightening. Recently, a teenage student punched a teacher after he refused to stop talking on his cell phone during class and she tried to take it away from him.

Then there is the cell phone as politics. In Stockholm, Greenpeace mounted a campaign to get mobile phone owners to send text messages to politicians protesting a proposed change in environmental policy. The idea was so successful that dozens of politicians and high-ranking civil servants were forced to shut off their phones when the memories overloaded.

There is no telling where this may all end. But one thing is certain: Someone is bound to call and tell me.

—Ariane Sains

ROME

A PENNY SAVED IS A CHAMPIONSHIP

No more crazy spending for Italy’s professional soccer teams. It has long been a tradition among the top league teams of Serie A squads to lure top players away from other European and South American teams with million-dollar contracts, but next season profligacy will be replaced by parsimony. The conditional tense is mandatory in this soccer-happy country. The good intentions to tighten the purse strings are there. The presidents and owners of all the top teams have said things must change for two very good reasons.

First of all, almost every professional team is deeply in the red, and since increasingly Italian teams have become publicly held corporations, they have to answer to their stockholders. The financial world is amazed at these new entries on the stock exchange. All it takes is one goal, a game lost or won, and the team’s shares fluctuate wildly. Even the *Sole 24 Ore*, the daily business newspaper, now covers soccer more like a financial sector than a sport. Furthermore, many analysts are only partly kidding when they advise

prospective investors to read carefully all of the three Italian daily newspapers dedicated to sports in general and soccer in particular.

The second reason spending is expected to scale downward is the age-old dilemma of getting value for dollar, or euro in this case. The teams that have spent the most to bring in the best international talent have obtained middling results. Exhibit A for this trend is Inter Milan. Team owner Massimo Moratti has been the butt of jokes after years of shelling out millions to buy famous players who regularly fail to win the championship. This year, Inter Milan’s umpteenth disappointment, which the newspapers reported more diligently than they did national or international events, was played out in the space of just a few minutes. They began the last day of the final tournament in first place convinced that the trophy was theirs, but they ended the day in third place, to the despondence of their own fans and the jeers of those of all the other teams.

Inter Milan, however, isn’t alone in its turmoil. Other top teams continue to suffer the vagaries of poor balance sheets, including this year’s Italian champion, Turin’s Juventus, which is owned by the Agnelli family of Fiat fame and boasts top talent like Alessandro del Piero and David Trezeguet, who, by the way, boast stratospheric contracts.

This season, the owners’ heads were turned by the performance of the fairytale team from Chievo. This tiny team from the outskirts of Verona with a reasonable payroll of little-known players was promoted into the rarefied realm of the nineteen-team Serie A for the first time in its history. (Italian professional soccer, as with most European leagues, uses a system of promotion and relegation. After each season, the best teams in lower divisions win promotion to play in the upper divisions for the next season, and the worst top division teams are relegated to play in the lower divisions.) Chievo even led the league for a good part of the season and finished fifth in the league, breathing down the necks of such big spending giants as AC Milan, AS Roma, Juventus, and Inter Milan. With its strong finish, Chievo ensured its participation in the European tournaments that are reserved for the best teams of each continental championship.

All this success came without spending a fortune on its players. Maybe this



The current Danish trend toward elaborate weddings has been inspired in part by royal weddings, such as this one that took place in September 1998 between Anne-Marie Beauvillain de Monpezat, niece of Queen Margrethe, and Vincent Diego, a French economist.

model won't thrill Italian players, but the bean counters and investors will love it. As for the fans, they say: just win.

—Niccolò d'Aquino

COPENHAGEN

DANISH BRIDES CATCH BIG WEDDING FEVER

Gorgeous dresses are bought, stylish parties arranged, and picturesque churches sought out to set an ideal stage for the big day. A day where dreams are believed to come true and the ordinary woman is transformed into a fairytale princess as if by magic. Yes, weddings have come to represent the ultimate romantic fantasy for many Danes.

Indeed, the dream lives more ardently in today's Denmark than it has done for years. Figures from Statistics Denmark show that 38,844 couples said, "I do" in 2000. This is the highest number since 1969 and represents a marked increase of 9.6 percent compared to the year before. At the same time, Danish weddings have

become increasingly glamorous—and expensive.

According to a researcher at the Danish Folklore Collection, the state archive for documentation and exploration of Danish daily life culture, young Danes have primarily been inspired by the movie industry and the many royal weddings held across Europe in recent years. The latter is especially notable since Danes are very fond of the Danish royal family and eagerly follow the lives of the royals.

Indeed, Denmark was immersed in wedding frenzy in November 1995 when Prince Joachim, third in line to the Danish throne after his mother, Queen Margrethe II, and his brother, Crown Prince Frederik, married the successful Hong Kong businesswoman, Alexandra Manley. The ceremony embodied all that a romantic wedding fantasy could possibly entail: European royalty in exquisite robes; a prince and a princess-to-be united before God and man; flowers and candles in abundance.

A similar grandiose wedding in Norway last year similarly aroused enthusiasm. There, the mythological Cinderella

fantasy was re-created in full as the handsome Norwegian Crown Prince Haakon married the beautiful single mother Mette-Maritt, who came from an ordinary Norwegian family.

The royal displays of pomp and circumstance have no doubt helped to fuel the increase in Danish weddings. However, the ceremonies come at a price. A professional wedding planner estimates the average price of a traditional Danish wedding with fifty guests at \$6,250. And in contrast to America, where it is customary that parents finance their children's big day, Danish couples most often pay for the wedding themselves—often via considerable loans to be paid off over a number of years.

Therefore, financial issues may explain why Danes marry relatively late. The average age for both bride and groom is twenty-nine years old. By contrast, first-time brides in the United States are on average twenty-six years old while American grooms are twenty-eight.

But as most Danish couples put off their wedding until they have finished their education and have embarked on a

career, the fact that Danes traditionally start studying at a later age and spend more time on their education than Americans do might provide an additional reason.

Still, in today's Denmark, age and professional accomplishments evidently do not clash with girlish dreams of big weddings. And so, it makes sense for Danes to wait until they can truly indulge in their fantasy.

—*Maria Bernbom*

PARIS

BEACH PARTY POLITICS

It is surprising just how much of life in France is political. Even its beaches, which you would expect to be fairly neutral territory, are the subject of fierce polemics among at least three rival factions. Each of them claims to be the only one able to truly judge the quality of the bathing water.

One association will award a Blue Flag to a beach, praising its clear, clean sea, while just a couple of miles further on, the other association has been known to plant a Black Flag, warning swimmers against venturing into the unhealthy brine. The third lobby, in the meantime, argues that both are just angling for publicity, without really knowing what they are doing, and that it alone truly cares about the environment.

Of the three players kicking this political beach ball around, the Blue Flag group is the one that has grabbed the most international media attention. Created in France in 1985 to reward seaside resorts that had made a special effort to maintain unpolluted beaches, the award was extended to all of Europe in 1987, the European "Year of the Environment." Managed by the Foundation for Environmental Education in Europe (FEEE), the Blue Flag concept was expanded so that marinas, as well as beaches, could get into the swim. That summer, 244 beaches and 208 marinas from ten countries were honored with the Blue Flag.

Since then, the criteria have grown stricter and more numerous, to include everything from water quality to safety and services, environmental management, education, and information. In spite of the ever-lengthening list of conditions, more and more Blue Flags are flying all over Europe. Last year, 2,046 beaches and 713 marinas in 22 countries were given a clean bill of health. In France, the

count was 425 beaches and 85 marinas.

What has muddied the limpid waters is the arrival in Europe of a group of Californian environment-conscious surfers calling themselves the Surfrider Foundation. Created in the US in 1984, their laudable goal is to "enhance, save, and protect the oceans, waves, and coastlines through research, education, information, and local action." They formed a French chapter in 1990 and immediately started creating waves by handing out Black Flags to beach resorts that were, according to their information, "experiencing serious pollution problems."

They base their assessments on data they collect from various state agencies that carry out bacteriological and chemical testing and then analyze the results. Less scientifically, they ask their surfer members, which they call "keepers of the coast," to report any tummy bugs, rashes, and other illnesses caught when they fall into the drink. What is rather unexpected is that the Surfriders pass judgment not just on big surf resorts like Biarritz, but also on beaches where the water is as flat as a millpond and without a surfboard in sight.

In 1998, 118 French seaside towns were blighted by the dreaded Black Flag; by last year that number had dropped to 69. The mayors of the blacklisted resorts are part of the third interest group: the National Association of Tourist Resort Mayors (known by its French acronym ANMSCCT). Not surprisingly, they denounce the Black Flag awards as being subjective and unreliable. The mayor of La Rochelle on the Atlantic Coast was so outraged at having his town repeatedly listed for allowing heavy metal industrial wastes from a chemical company to be dumped into the sea that he threatened to take the Surfrider Foundation to court if they did not retract their dire rating.

Just about the only thing on which the mayors and the Surfriders agree is that the Blue Flag qualification is no guarantee of clean water, either. True, it is based on water samples taken from June to September by the highly official DDASS—the regional Sanitary and Social Affairs Ministries. So far, so good, but DDASS moves with the majestic pace of most government bodies and does not get around to analyzing and publishing its readings until the following summer season, when they are a full year out of date.

Mayors and Surfriders alike are asking that frequent water checks be carried out year-round and promptly analyzed to

allow a more credible rating system. The president of the mayors' association, Didier Borotra, did not stop there. He roundly denounced "unfair publicity campaigns," warning that the mayors would take the offensive against such smear tactics. "In a word," he declared, "we won't let ourselves be pushed around anymore." In the meantime, the Blue Flag association is getting ready to celebrate its fifteenth anniversary with a special Blue Flag day planned for July 27.

It is all very confusing. Should bathers in France seek out the Blue Flag beaches and shun the Black (which are sometimes side by side) or do neither and just take the plunge into water that looks inviting? In the absence of any real consensus, the French will probably follow their instincts and take the whole beach controversy with a pinch of (sea) salt.

—*Ester Laushway*

LISBON

GREEN TEETHING PROBLEMS

Portugal has won praise from international organizations in recent years for the strides it has made in implementing policies to protect its environment. While there have certainly been many teething problems—environmentalist groups frequently go to the European Commission to lodge complaints against infrastructure projects that they see as violating some environmental guidelines—there is no doubt that progress is being made.

Now the country is taking another important step, with the Serra da Arrábida—a range of forested hills on a peninsula twenty miles south of Lisbon—the first natural area in mainland Portugal to apply to be a UNESCO World Heritage Site. (The forests of the island of Madeira, off the coast of Africa, already have this status). The environmental organization Quercus that took the initiative of putting in the application, and both local and central government have approved it.

Arrábida consistently strikes visitors dumb with its rare beauty. Its mountainous, thickly wooded area contrasts strongly with the more low-lying developed land to its north and east. Students of Portugal's natural heritage go further still, calling it one of the world's unique landscapes.

"This is one of the last significant vestiges of the primeval Mediterranean for-



The forested hills of Serra da Arrábida could soon be designated a UNESCO World Heritage Site.

est, harboring several important species," said Francisco Ferreira, president of Quercus. "It's a chalk landscape that's 180 million years old, which is fantastic because it comprises 1,600-foot hills right next to an estuary and the ocean."

Although Arrábida is already a natural park and part of the EU's Nature 2000 Network of key habitats, it bears some ugly scars. The sandy soils have long made it an attractive source of materials for the construction industry, and there are several active quarries causing considerable nuisance in the form of noise and dust.

Arrábida also has one of the country's largest cement plants, at Outão. To the horror of environmentalists (and local residents), the last Socialist government designated this plant as one of two that would be used to incinerate dangerous waste in their furnaces, after experts

ruled that Portugal did not produce enough such waste to justify building a dedicated incineration plant.

Portugal's new Social Democrat government has already said it will not go ahead with this plan for "co-incineration," as it is called here. But Quercus and other campaigners are hoping that UNESCO status for Arrábida, if it wins it, will help ensure that such proposals are never again considered.

—Alison Roberts

DUBLIN

BAY WATCH

Dublin city, the Irish capital, is set on the banks of the storied river Liffey and centered in the heart of a horseshoe-shaped bay, overlooked by the Hill of Howth on its north side with Killiney Hill

and the rolling Dublin and Wicklow mountains to the south.

It has always been a center of commerce. By the eighteenth century, it had become the second city of Britain's growing empire. But its port, through which the city depended for its rapidly growing trade, was a series of treacherous and largely uncharted sandbanks—disastrous for the increasingly larger ships plying their trade.

Mariners of the time, with remarkable understatement, described it as "the most perilous port in the whole world for a ship to enter and leave in certain circumstances."

Continuous deaths from shipwreck eventually

forced the authorities to commission a scientific survey. In the winter of 1800, enter one Captain Bligh—yes, him of *Mutiny on the Bounty*—who made a meticulous survey and provided a comprehensive chart of the bay.

But Bligh's chart and others gathered dust until November 1807, when two ships carrying militiamen bound for foreign service, and their families, were shipwrecked. Four hundred lives were lost.

Public opinion demanded an immediate response. Amid the storm of indignation emerged Richard Toutcher, a Norwegian master mariner and minor ship owner living in Dublin. He proposed and campaigned for an "asylum or refuge harbor" almost seven miles from central Dublin on the southern edge of the bay at the little fishing harbor of Dunleary.

Construction of the new harbor began

in 1816 and was completed in 1842 and stood as a remarkable engineering feat at the time. Twin piers embraced an almost 250-acre site, and it became for many years the largest enclosed harbor in the world—with a name change.

In August 1821, as building proceeded and to commemorate the visit of King George IV, the port was renamed Kingstown—a name it retained for almost a century until, in 1920, it was again re-designated, this time as Dun Laoghaire (the Irish language version of the old Dunleary).

Within a short time of its completion, it became the busiest port on the western shore of the Irish Sea, with steam-driven mail and passenger ships offering daily services to and from Britain.

Its development was considerably helped by the construction, in 1834, of Ireland's first main railway line between Dublin and Old Dunleary—frequently referred to as “the first commuter line in the world.”

Today Dun Laoghaire is a distinctive landmark in Dublin Bay, a busy ferry port and marina transformed from a stony wasteland in to the fourth-largest town in the Irish Republic.

Now a new coastal plan is aimed at further expanding Dun Laoghaire's attractions and importance. It is planned that the port's redundant Carlisle Pier, which served for decades from 1859 as the arrival and departure point for millions of mail boat travelers, will become “a major public cultural attraction of national importance.”

An Irish Diaspora Museum, a 250-bedroom hotel, restaurants, bars, shops, and apartments are all included in an imaginative plan formulated in his Berlin studio by the international architect, Daniel Libeskind. It is all part of a coastal regeneration development stretching from the protected Booterstown Marsh along the seaside to the James Joyce Tower at Sandycove, with Dun Laoghaire as its focal point. It's a far cry from the “refuge harbor” of the early 1800s.

—Mike Burns

HELSINKI

SUMMER FESTIVALS AL FRESCO

The Finland Festivals organization estimates there are approximately sixty major festivals in the summer months. They are mostly musical events, but there are plenty of other kinds as well: festivals centered on lace, for instance, on

honey or even porridge. Any kind of festival is welcome to break up the frequent tedium of the long Finnish summer.

By far the most popular is the Seinajoki Tango Festival, founded in 1985, which is the biggest music festival in the land, drawing more than 100,000 spectators who come to watch the selection and crowning of the year's Tango King and Queen. An audience of some 2 million also watches on television, which amounts to incredible ratings give a population of slightly more than 5 million.

The tango was first performed here as a dance just before the First World War. The first Finnish tango record was minted in 1915. This form of music became immediately popular and has remained deeply embedded in cultural and recreational life ever since.

The dance is enjoyed year-round but is a particular pleasure outdoors during the light-filled evenings of the summer months, especially in July when most Finns are on vacation. At choice sites on lakesides, platforms are constructed for al fresco dancing to live music.

The Finnish tango has been transformed from its original Argentinean inspiration. It is less dramatic for a start, slower, and overly romantic but still retains the essential elements of loss, longing, and sadness that make the whole ritual wonderfully Finnish.

But this did not prevent the mayor of Buenos Aires from publicly complaining that the Finns have stolen the most famous product of his city.

A folklorist has observed that the tango repeats old stories of a paradise lost. The lyrics can be categorized as: be mine, you are mine, and why aren't you mine anymore/now/yet? They have titles like “Full Moon,” “Stars Over the Ocean,” “Song of the old Maple,” and “Fairylad.”

There are a few places in this capital that cater to the tango-loving customers. The most famous is called The Old Maestro in the city center, many of whose clients are up from the provinces to spend a few days in Helsinki.

It has been observed that beat and disco music are mainly confined to the south and west of Finland and that a “tango line” from Vaasa in the west to the port of Kotka in the southeast divides the nation.

In both those cities and north of them, the tango and local variants of the dance dominate the popular musical repertoire. As one might have expected, the Seinajoki Festival is in the northwestern

reaches of the country, deep in Tangleland where the dance is to the nation what the waltz is to Vienna.

Recently a popular documentary was made about a sixties tango band called Land of Happiness, and every music shop has a full range of homegrown tango favorites, some of them going back to the 1930s. Indeed, alongside the certain presence of Sibelius recordings, I have a small collection of them myself. As the Finns experience, no other rhythm gets into the blood so quickly and stays so permanently.

—David Haworth

BRUSSELS

LITTLE BRUEGEL COMES TO LIGHT

For more than 100 years, it had been believed that only forty-five pictures by the great Flemish painter Peter Bruegel, the Elder, (1528–69) remained in existence. Each of them was in a public museum, with the sole exception of *The Haymaking*, which was restored to the Lobkowicz family in Prague after the fall of communism.

Now a forty-sixth picture, owned for generations by a noble Flemish family, has been authenticated and will be put up for sale at Christie's auction house in London on July 10. Provisionally estimated to bring \$6 million, the painting's extreme rarity may in fact push the bidding far higher.

The picture is round and very small—only eight inches in diameter. It represents a Flemish proverb: “The drunkard pushed into the pigsty.” It is in excellent condition, though covered with very thick varnish that darkened the painting considerably. Although referred to within the family as the “little Bruegel,” they never believed it was the work of the painter since it appeared to be neither dated nor signed.

For a quarter of a century, it has been on loan to the Mayer van den Bergh Museum in Brussels, but it was also exhibited for some time at the National Gallery in London, where it was hung alongside the much larger *Adoration of the Kings*. The gallery also produced postcard reproductions.

More recently, it has been submitted to elaborate X-ray and microscopic tests at Belgium's University of Louvain-la-Neuve. These confirmed its age and miraculously uncovered a partial signature and date in the bottom left-hand corner.



Sir Winston Churchill
at his easel in 1946.

The letters "RUEG" were revealed and the date "MDLVII" (1557), which makes it one of the earlier of Bruegel's surviving pictures. Historians have identified it as a presumably lost picture, which was listed in an inventory of Bruegel's work made at the time of his death.

Will the picture remain in Belgium? This is far from sure. Although the owner would like it to go to a public museum here, Belgium—unlike many other European countries—has no legislation restricting the export of national treasures. So it will go to the highest bidder and is just as likely to end up in Denver, Tokyo, or Vladivostok as in Bruegel's adopted city of Brussels.

Brussels does possess five of Bruegel's paintings, though unfortunately both its versions of the famous *Fall of Icarus* have recently been revealed as fakes. For the rest, it has to make do with the work of Pieter Brueghel, the Younger, (1564–1638) who normally spelled his name with an 'h' added. A prolific artist, 1,500 of his works survive—most of them unfortunately not very good copies of his father's paintings.

—Dick Leonard

LONDON

CHURCHILL TRUMPS SHAKESPEARE FOR GREATEST BRITON

Who was the greatest Briton of all time? Sir Winston Churchill, Britain's wartime leader who stood bulldog-like against Hitler and stiffened the resistance of Britain to defy and defeat the Nazis during the Second World War, says a recent poll.

The portly man with the fat cigar who led the nation during its darkest hours comfortably fought off the challenge from the world's greatest playwright William Shakespeare and the naval genius Lord Nelson who defeated Napoleon at sea, according to the poll conducted by the British Broadcasting Corporation (BBC). The fact that two war heroes were in the top three reflects the post-September 11 mood, say the pollsters.

The BBC intends to make programs about the first ten chosen, which also includes modern figures like pop musician John Lennon but only one woman, Queen

Elizabeth I. Sir Isaac Newton, the father of modern physics, Michael Faraday, inventor of the electric motor, and the renowned engineer I.K. Brunel also made the list.

Women did not do as well in the poll as expected. In addition to the first Queen Elizabeth, only former prime minister Baroness Thatcher and the late Princess Diana made it into the top twenty. The nursing heroine Florence Nightingale, the women's suffragette leader Emmeline Pankhurst, and Queen Boadicea, who fought the Romans, are in the top fifty.

While military figures and statesmen dominate the top of the list, scientists proved to be held in high esteem by the public. Four of them made it into the top twenty, including the naturalist Charles Darwin and Alan Turing, who broke the Nazi's Enigma code and was a pioneer of modern computing. The fact that a film about his work was released last year presumably helped to boost him up the ranks.

To some extent the same could be said of Elizabeth I, who was featured not only in recent films and television minis-



Berlin police chief Dieter Glietsch presents a fragment of one of the recovered paintings.

eries about her life but also was wonderfully portrayed by Oscar-winning Dame Judi Dench in the smash hit film *Shakespeare in Love*.

This brings us neatly to the great Bard of Avon himself. Shakespeare's popularity in Britain has never been higher. His plays are constantly being performed 400 years after his life, and he is undoubtedly acclaimed the world over as making Britain's greatest contribution to world culture.

Therefore, it was no surprise that the man whose way with words so enriched the English language should be chosen as the runner up. Actually, he might be a little disappointed that his ranking slipped from two years ago when BBC radio listeners selected him as the man of the millennium. On the other hand, he might have shrugged and said it's much ado about nothing.

—David Lennon

BERLIN

TOO HOT TO HANDLE

For fans of German Expressionist art, April 20 was a dark day. It was on that Saturday morning, shortly before dawn, that burglars broke into Berlin's Brücke Museum and made off with valuable works by Erich Heckel, Ernst Ludwig Kirchner, Max Pechstein, and Emil Nolde—all members of the *Brücke* (bridge) group, one of the earliest German creative alliances to decisively influence the development of twentieth century art.

The frames from the stolen paintings turned up in Berlin five days later, floating in the river Spree. But there was no sign of the canvases. Police said they were pursuing a number of leads, but the trail seemed to go cold.

The *Brücke* alliance, formed by revolutionary architecture students in Dresden in 1905, was conceived as a platform for experimentation. Subjective expression, spontaneity, and closeness to nature became hallmarks of the group, of which Heckel and Kirchner were founding members. Stylistically, the movement distinguished itself by reducing forms to basic essentials and detaching color from naturalistic representation. Later, the Nazis banned their work, deeming it "degenerate."

Of the nine paintings stolen from the Brücke Museum, six were by Heckel and one each by Pechstein, Kirchner, and Nolde. Only the Kirchner—on loan to the museum—was insured. The others were part of the permanent collection, which (like most collections in Berlin) is not insured against theft because of the high cost of premiums.

Because the paintings are so rare and

recognizable, art experts said selling them would be nearly impossible. That gave rise to speculation that the theft had been a contract heist, carried out on the orders of an obsessed collector. Another theory was that the burglars would try to offer the paintings to a museum in return for a ransom. Each passing day further weakened hope that the thieves were *Dummköpfe* who would try to flog the paintings to whoever was dumb enough to buy them.

But *Dummköpfe* they were. They apparently entrusted the paintings to the residents of an apartment in Berlin where police found the stolen goods on May 20. The canvases had simply been rolled up and stuffed into a black travel bag, which the police said was not particularly well hidden. Five people were arrested, although investigators do not believe the thieves themselves are among them.

For the Brücke Museum, the recovery of the paintings comes as a major relief. The institution's curators are preparing a series of exhibitions for 2005 to mark the one-hundredth anniversary of the Brücke group's founding. The museum would have had nine fewer objects to display. Still, the damage was bad enough: one of the stolen paintings, *Young Girl* by Pechstein, was torn in half. One section has yet to be found.

The robbery could have negative repercussions for the museum. The pool of private collectors willing to lend their precious art objects to the museum may shrink. Who wants to entrust their treasures to an institution with such lax security? To pull off the heist, the burglars simply cut through a fence, muffled the alarm, covered the alarm light with a cardboard box, broke a window, grabbed the paintings, and ran. It was all over in a matter of minutes.

Ironically, the Brücke group's own aesthetic credo is partly to blame for the museum's vulnerability. In deference to the Brücke group's "closeness to nature" principle, the museum was built on the edge of a dense forest. The trees, though wonderfully symbolic, offered the thieves convenient cover.

—Terry Martin

VIENNA

A QUESTION OF KLIMTS

Austrians rank the work of Gustav Klimt (1862–1918) among their national treasures. One of the founders of Austria's Art Nouveau movement, Klimt is

best known for his sensual depictions of women in canvases such as *The Kiss*, which were considered scandalous when he painted them but are now revered as part of the nation's cultural heritage. However, a piece of this heritage could soon find its way out of the country as six Klimt paintings are the subject of a court battle proceeding in California. Maria Bloch-Bauer Altmann, now eighty-five, who as a Jew was driven out of Austria during the Nazi regime, is claiming legal ownership of these paintings, which since 1945 have been part of the Austrian Belvedere Gallery.

Randol Schoenberg, Altmann's American lawyer, argues that the Austrian Nazi state stole Altmann's possessions. The Austrian government claims that the paintings were legally willed to the Belvedere by their former owner Adele Bloch-Bauer, Maria Altmann's aunt, who died in 1925. However, Schoenberg contends that the will has no legal authority because the paintings were not supposed to go the state until after her husband's death. Ferdinand Bloch-Bauer died twenty years later in 1945, after the Nazis had invaded his home and looted his possessions.

The recent history of the case, notwithstanding, the story behind it begins with an artist and his patroness. At the beginning of the twentieth century, Vienna was a vibrant cultural center, known for its artists and intellectuals. Adele Bloch-Bauer, the beautiful daughter of an aristocratic Viennese family, longed to belong to this circle. However, because she was a woman she could only participate as a patroness. She formed a close relationship with Gustav Klimt, Vienna's most celebrated painter at the turn of the century, after her husband commissioned him to render their portrait after their wedding. Later, the artist featured her in his 1907 canvas, depicting her surrounded by gold geometric shapes. The painting was the talk of Vienna and turned Adele into an instant icon. Critics speculated that she was the model for some of Klimt's later more provocative works, and rumors circulated that the two had an affair. True or not, it is clear they remained close until her death of meningitis at forty-three.

In 1938, when Hitler marched into Vienna, the Nazis ransacked all the homes of prominent Viennese Jews, including the Bloch-Bauer residence. The six Klimts along with the rest of the family's extensive art collection were taken and divided between German and Austrian officials. It remains unclear exactly how the paintings

ended up at the Belvedere at the war's end seven years later.

Meanwhile, Maria Altmann and her husband fled to Holland. Her uncle, Ferdinand Bloch-Bauer, escaped to Switzerland. He died shortly after returning to Austria at the end of the war. According to Altmann, he was broken-hearted at what had happened to his family in Austria and in his will named Maria and her two siblings as his heirs.

It has already been a long legal battle for Altmann. In 1999, an Austrian minister agreed to hand over to her sixteen Klimt drawings and some porcelain figures from the Bloch-Bauer's collection; however, her request for the Klimt paintings was denied. To sue for the paintings in Austrian courts, she would be required to post a deposit based on the paintings' value, which has been estimated at well more than \$100 million. So she filed suit in her home state of California.

The Austrian government maintains that the case is a legal dispute that should be tried in Austria. Representatives for the Austrian government and the Belvedere Gallery appealed a Pasadena court's decision to send the case up to the US district court in Los Angeles. They have also insisted on pursuing a full legal process instead of a financial settlement, which Altmann has said she would accept. A spokesperson from the Austrian Ministry of Culture told *Der Standard* this spring that the decision not to settle was made "out of fairness to an exile, because if her claim is justified, the property must be returned."

—Alexandra Hergesell

MADRID

SUBWAY HUB NEARS COMPLETION

Throughout the spring, 500 construction workers, engineers, technicians, and city planners toiled twenty-four hours a day, seven days a week to complete what Madrid officials say will be the largest urban transport hub in Europe and one of the finest in all the world.

Scheduled for a mid-June opening, the three-story, underground facility at Nuevos Ministerios, located in the heart of the Spanish capital's financial center and beneath the city's main north-south traffic artery, the Paseo de la Castellana, has cost \$162.8 million and taken more than two years of intense activity to build.

According to city planners, 150,000 travelers each day will pass through the

hub where three subway lines converge and which also houses a train station used by commuters on the local railway lines serving Madrid's burgeoning suburbs to the north and northwest of the city.

There are also 1,000 temporary parking spaces for taxis and for 160 private vehicles. Thirty-six escalators, ten glass elevators, and twelve moving sidewalks will whisk travelers around the 485,000-square-foot facility.

One day, the station will also be a stop for the planned high-speed AVE train linking Madrid and the popular Mediterranean city of Valencia, Spain's third largest and the gateway to the popular seaside resorts of the eastern region.

However, perhaps the most important link will be a new and faster way to travel by subway train line to Madrid's Barajas International Airport. Until now, those wishing to take the subway to their plane from Nuevos Ministerios had to change at least twice, but with the new line only one change is required, at the Mar de Cristal station in the city's northeast.

Spain's government-run AENA organization, which operates the country's airports and oversees civil aviation, has installed thirty-two check-in counters so air travelers can check their luggage before making the twelve-minute subway trip out to Barajas. The bags are loaded on to special cars on the subway trains bound for the airport.

AENA officials traveled to London and Hong Kong to study their new airport-rail connections and the solutions operators in those cities came up with to move baggage from the center to the airports.

—Benjamin Jones

ATHENS

CONTROVERSY SWIRLS OVER OLYMPIC MASCOTS

When Greece's mascot for the 2004 Olympics was unveiled in Athens, the audience gasped. At first glance Fevos and Athena, the two kids chosen to symbolize the Greek games, appeared to have more in common with Bart Simpson, the shock-headed anti-hero of the television cartoon series, than with the seventh century BC clay figure that inspired their creation.

But at least the launch of Fevos and Athena triggered a lively debate about just how far modern designers should go in updating images based on ancient

Greek art. In any case, it was always going to be difficult for Athoc 2004, the games' organizers, to choose a mascot that reflects classical Greek style without offending the purists.

Athoc's first idea was to follow tradition and adopt the owl, the symbol of Athens in ancient times both because of its links with the goddess Athena, the city's patron, and because it appeared on the city's silver coinage. In fact, the owl came back into circulation on Greek coins this year with the launch of the euro in January, appearing on the one-euro piece. But as Japan had used a design of four owlets as mascots for the winter games in Nagano in 1998, Athoc officials felt it was too soon for a repeat.

Almost 200 companies and individual designers took part in the tender for the mascot, including half a dozen entries from the United States. Athoc says it wanted to promote a contemporary image for the games that would target a young audience. It also wanted a flexible design that would differentiate the Athens mascot from its predecessors, and underline the unique quality of a Greek games.

Fevos and Athena were designed by Paragraph, a startup Athens studio. Apart from the owl, they had to fight off strong competition from a centaur, the mythical half-man, half-horse creature that features in classical Greek legends, on painted vases, and on temple sculptures.

Fevos and Athena are less elegant than the centaur but more appealing. Criticism has focused on their long necks and outsize feet, both features of the red-and-white painted original in the National Archaeological Museum in Athens.

Spyros Gogos, leader of the Paragraph design team, concedes they look rather different from other cartoon versions of figures from Greek antiquity but says they'll make history. His ambition is for Fevos and Athena to become more recognizable than Cobi, the surrealist sheepdog created by the Spanish cartoonist Mariscal for the Barcelona games in 1992 and who went on to become the much-loved host of a television show.

Anecdotal evidence suggests the cartoon kids are acquiring popularity, especially with Greek children. The original doll, known to archaeologists as a "bell-shaped idol" now occupies a special display point at the museum. Since Fevos

and Athena made their appearance, visitors have made a point of taking a closer look, members of the museum staff say.

The doll was made in Boeotia, a district of central Greece that was famous throughout antiquity for producing high-quality clay figurines, and would have been suspended so that children could play with its jointed feet. The tradition of making long-necked, stripy figurines that were placed in graves goes back to prehistoric Greece; this one is bigger than most that have been found.

Elizabeth Stassinopoulou, curator of vases at the National Museum, says she's a bit skeptical about identifying the figure as a toy because of its size and quality of workmanship. "It's a high-quality ceramic, and it may have been crafted as a religious offering," she says.

But whatever its original purpose, the figure will be linked inseparably with the Athens Olympics, in the advertising campaign for the games and on hundreds of items of merchandise. Stassinopoulou says Fevos and Athena are already becoming a fixture at the museum. "We were rather shocked by them at first, but we've found they grow on you," she said.

—Kerin Hope

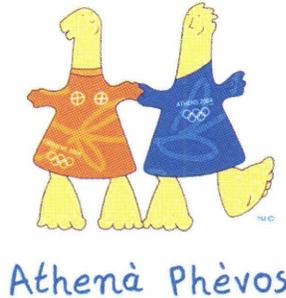
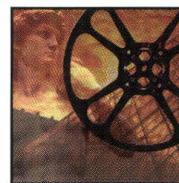


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ARTS & LEISURE

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



FILMS

EUROPE'S SUMMER MOVIE CROP

Moviegoers looking for something beyond the sturm and drang of the blockbuster bonanza can choose from a wide variety of imported entertainment. Here follows a sampling of Europe's summer cinema offerings coming soon to select theaters on this side of the Atlantic.

MY WIFE IS AN ACTRESS

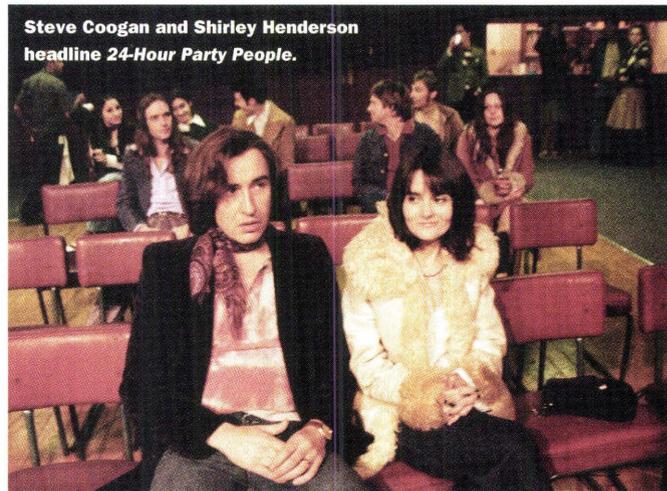
Written and directed by Yvan Attal; French with subtitles; opens July 12

Reality and fiction are twisted in the strands of this movie's plot. Charlotte Gainsbourg plays an actress who is married to a writer, played by Yvan Attal, who is also the film's writer and director as well as Gainsbourg's real-life husband. This French comedy, Attal's debut, chronicles the husband's jealousy of his wife's new leading man.

SONGS FROM THE SECOND FLOOR

Written and directed by Roy Andersson; Swedish with subtitles; opens July 3

This Scandinavian comedy finally makes it to US theaters after winning the Special Jury Prize at Cannes two years ago. There is no conventional plot just a series of loosely connected vignettes. The film is comprised of an assortment of characters waiting in an airport queue. One by one their stories are revealed: a faithful of-



Steve Coogan and Shirley Henderson headline *24-Hour Party People*.

fice worker who has just been fired, a furniture storeowner and attempted arsonist, a magician who has erred gravely during one of his tricks, along with a host of other travelers. Their stories spill into each other, briefly overlapping before lurching on to the next. Nevertheless, the discontinuity is eased by a compelling soundtrack composed by Benny Andersson of ABBA and sung in part by the cast.

24-HOUR PARTY PEOPLE

Directed by Michael Winterbottom; written by Frank Cottrell Boyce; opens July 19

Michael Winterbottom, whose previous work includes *The Claim* and *Welcome to Sarajevo*, celebrates the Manchester music scene in his latest offering. Tony Wilson, a local television news reporter whose life is altered after a Sex Pistols concert, becomes a manager, club owner, and prominent figure on the music scene. British comedian Steve Coogan stars as Wilson in this energetic and ambitious film that attempts to capture a city and its expansive music culture over the course of nearly two decades.

READ MY LIPS

Directed by Jacques Audiard; written by Audiard and Tonino Benacquista; French with subtitles; opens July 5

In this cross between social critique and comedy, Carla (Emmanuelle Devos), an overworked and neglected secretary whose poor hearing forces her to read lips, teams up with



Ivan Attal wrote, directed, and stars in *My Wife Is an Actress* alongside his real-life wife, Charlotte Gainsbourg.

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BOOKS

Paul (Vincent Cassel), a striking but stupid ex-con, for one big heist. The exceptional screenplay by Jacques Audiard and Tonino Benacquista made this a festival favorite.

ON GUARD!

Written and directed by Philippe de Broca; French with subtitles; opens July 19

This French thriller set in the eighteenth century stars Daniel Auteuil as a swordsman hired by a count (Fabrice Luchini) to murder a duke (Vincent Perez). The swordsman and the duke end up hitting it off and head to Paris together. The story gets even more interesting as an illegitimate baby and an imminent wedding weave into the plot.

ALL OR NOTHING

Directed by Mike Leigh; opens in July

This film about interweaving tales of a sundry group of characters on a south London housing estate made a splash at the Cannes Film Festival. It follows the

lives of a taxi-driver husband, checkout girl wife, and two overweight and unhappy children. The family's life becomes intertwined with the neighbors' when the son has a heart attack. The crisis forces the husband and wife to look at their loveless relationship and its effect on the family.

MERCI POUR LE CHOCOLAT (NIGHTCAP)

Directed by Claude Chabrol; French with subtitles; opens July 31.

A crime drama set in the picturesque lakeside community of Lausanne, Switzerland, begins when a chocolate company heiress (Isabelle Huppert) marries a pianist (Jacques Dutronc) for the second time. The plot thickens when a young girl (Anna Mouglalis) arrives to explore rumors that she and the pianist's son were nearly switched at birth. The film takes intriguing turns as dubious accidents and a suspicious sleeping-pill incident are exposed.

—Aniela Zagajesk

STATECRAFT: STRATEGIES FOR A CHANGING WORLD

By Margaret Thatcher; Harper Collins; 512 pages; \$35; 471 pages

The concept of Europe, has always, I suspect, lent itself to a large measure of humbug," writes Margaret Thatcher in her new book *Statecraft: Strategies For A Changing World*. The former British prime minister lets readers know in no uncertain terms that she really does not like the idea of Europe and really dislikes the European Union.

These thoughts should not come as a complete surprise to anyone who has followed her political career. However, her outspoken, candid, and contemptuous remarks about the EU and Europe take away from an otherwise well-written book, which takes a *tour d'horizon* of the world and world leaders.

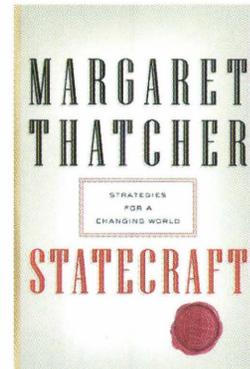
Regarding Europe, Lady Thatcher remarks, "During my lifetime, most of the problems the world has faced have come, in one fashion or another, from mainland Europe...and Europe as a whole is fundamentally unreformable."

Regarding the European Union, she discusses its "prevailing style of politics." She writes: "This style is difficult to sum up in one word: it is, in fact, an unusual mix of the authoritarian, the bureaucratic, and the interventionist on the one hand, with the compromising, the uninspiring, and ineffective on the other. The European Union is forever awash with plans, programs, and projects. But the result,

more often than not, is an inefficient muddle...Its attempts to play a role on the world stage have been universally embarrassing."

Lady Thatcher also, as one might imagine, is strongly against her country giving up the pound in favor of the euro. As she states, "Britain should not contemplate giving up the pound."

Although she is not shy about sharing her most controversial opinions, she seems to hedge her bets when she talks about Britain leaving the European Union. "But it should be made clear right at the start that in order to secure our objectives we would



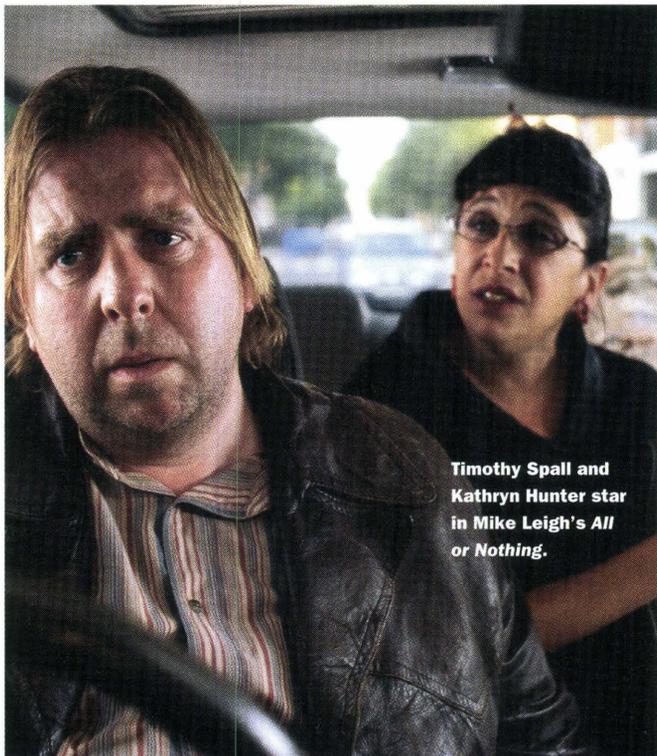
be prepared, if it became necessary, unilaterally to withdraw membership."

She then goes on to discuss some vague idea about joining NAFTA and thinking and trading globally—"not confined within the bounds of a narrow Europe."

While arguing that Europe needs Britain more than Britain needs Europe, Thatcher is inconclusive about what would happen if her country actually did withdraw from the European Union. She seems extremely angry at the EU and Europe in general, but her plans about what Britain should do if it wasn't a member of the EU are not spelled out in any detail.

The former prime minister's overview of the world, especially her remarks on Asian nations and Russia, are quite perceptive and informative. However, her diatribe against the European Union and Europe greatly lessens the appeal of her book, which is nonetheless worthwhile for its views on how foreign policy is practiced in the world today.

—Robert J. Guttman



Timothy Spall and Kathryn Hunter star in Mike Leigh's *All or Nothing*.

in CLOSING

Golden Jubilee

This is the year of the Royal Jubilee in Britain, a celebration of the fifty years that Queen Elizabeth has spent on the throne. The Jubilee is an important event in Britain's history, providing an opportunity for both pageantry on a grand scale and hundreds of small-scale neighborhood parties and festivities.

Although the main celebrations took place between June



Although she was coronated on June 2, 1953, Queen Elizabeth had acceded to the throne in February 1952 after her father, King George VI, died suddenly.

1-4, Britain hopes that the event will prove a yearlong attraction to foreign visitors. An official campaign "Only in Britain. Only in 2002" aims to attract an extra one million tourists and generate some \$700 million in revenues. In the

United States, television advertisements will feature Prime Minister Tony Blair, who is considered one of the most influential ambassadors for Britain among US audiences.

Queen Elizabeth, now seventy-six, is the fourth-longest serving British monarch. Only Queen Victoria who reigned for sixty-three years, George III (fifty-nine years), and Henry III (fifty-six years) have occupied the throne for longer. There have been suggestions from time to time that the queen might abdicate in favor of her elder son Prince Charles, who is now fifty-three, but she said in an address to Parliament earlier this year that she would continue so long as she was able to. Second in line to the throne is Charles' elder son William.

The queen is an immensely popular figure in Britain. She has consistently commanded public respect and devotion at a time when the institution of the monarchy itself has come under unprecedented challenge and when the lives of her four children have increasingly become the focus of often critical media attention.

—Alan Osborn



The Duke of Edinburgh and Queen Elizabeth celebrate fifty-five years of marriage this year.

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