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THE WHITE HOUSE
WASHINGTON

Date

5/7/99

To: Gene Sperling, Janet Yellen

From: The Staff Secretary (Goodfriend)

The attached revised
departure statement shows
changes in bold. Comments
to Jordan Tamagni.

▶ Jordan Tamagni
05/07/99 09:49:58 AM
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'99 MAY 7 AM 10:01

Record Type: Record

To: Carolyn E. Cleveland/WHO/EOP, David R. Goodfriend/WHO/EOP

cc:

Subject: Changes in Bold -- Cards to Follow

Revised 5/7/99 9:20am

**PRESIDENT WILLIAM J. CLINTON
DEPARTURE STATEMENT ON YOUTH VIOLENCE
THE WHITE HOUSE
May 7, 1999**

Good morning. This weekend, I will be visiting the communities so terribly damaged by tornadoes this week. Our thoughts and prayers are with the people of Oklahoma and Kansas, and with the people of Tennessee, who also endured terrible storms and destruction.

Before I depart, I want to comment on the new economic report issued today. We received more good news for America's working families. Unemployment is at 4.3%, with 234,000 new jobs in the last month alone. African-American unemployment is at its lowest level on record. And real wages -- after declining 4.3% in the 12 years before I took office -- now have risen 6.1% in the past six years. The American economy continues to see a remarkable combination of strong growth, vigorous job creation, and low inflation. Plainly, America's economic strategy continues to be the right strategy for prosperity -- and it is the one we should follow as we work to strengthen Social Security and Medicare for the 21st Century.

It is worth remembering that the move from economic stagnation to sustained prosperity is not the only turnaround our nation has seen in the past six years. Crime, welfare dependency, teen pregnancy, drunk driving, and a host of other social ills all seemed insurmountable for so long. But the American people knew better. And working together, in our homes and communities, we are turning around every one of these social problems.

We need the same kind of national commitment to protect our children and turn them away from violence. I believe we need a grass roots effort -- a national campaign that draws on all of our commitment, all of our resources, and that depends on all of us taking responsibility.

On Monday, we will hold a White House strategy session to **seek out the best ideas for this effort**, from the people who can really make a difference: parents and young people, teachers and religious leaders, law enforcement, gun manufacturers, and representatives of the entertainment industry. Together, we will talk about how we can shield children from gratuitous violence, keep parents involved in their children's lives, reach out to troubled young people and do more to keep guns out of their reach. **We will not ask who takes the blame, but who will take responsibility. And I will challenge everyone there -- and everyone in America -- to step up and do their part.**

We know this kind of sustained, organized effort can work. Four years ago, I called for a national campaign to reduce teen pregnancy. Today, under the leadership of former Gov. Tom Kean, that campaign is finding what works, spreading it to other communities, and working with the media to send the right message to young people. Two years ago, I called for a national effort by businesses to hire people off welfare. Today, under the leadership of Eli Segal, the Welfare to Work Partnership has grown to 10,000 companies that have helped us move more than 400,000 people from the welfare rolls to the job rolls. Time and again, we have seen that when citizens, businesses, communities, non-profits, and government take responsibility and work together, we can overcome any challenge. We are turning the tide on teen pregnancy and welfare dependency. Now we must turn the tide and reduce youth violence.

I am looking forward to our meeting on Monday, and to working together with the American people to give our children the childhood they deserve. Thank you.



INTERNATIONAL FAMILY THERAPY ASSOCIATION

400 400

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May 1, 1999

President William Jefferson Clinton

The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500-0001

99 MAY 7 AM 9:02

Dear President Clinton:

We know that the plight of families in the Balkans and around the world concerns you greatly. As the pioneering nation in developing family therapy theory and practice and the continuing leader in the field, the United States is in a unique position to bring expertise and knowledge to aid families and professionals in war-torn and poverty-stricken countries.

The membership of IFTA, the International Family Therapy Association, would like to offer its help in working with families which are experiencing tremendous trauma as a result of the ongoing conflicts and turmoil in the Balkans.

Based in the United States, IFTA is a nonprofit organization of mental health professionals from around the world. Its members include many who are considered leaders in the field of family therapy. IFTA fosters international cooperation among those practicing the psychotherapeutic treatment of families and individuals. The organization promotes professional training and education, research, and the exchange of talent and materials to aid professionals in bringing help to those who need it, especially in underserved areas of the world.

William C. Nichols, 1041 Ferncreek

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Send to Burckhardt?
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*'To injure no man,
but to bless all mankind'*

BOSTON • TUESDAY
APRIL 27, 1999

THE CHRISTIAN SCIENCE MONITOR

Sandy
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THE PRESIDENT HAS SEEN
5-7-99

Classroom peacemakers 1
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MEDIA VIOLENCE

Parents ask in court, 'That's entertainment?'

By David Holmstrom
Staff writer of The Christian Science Monitor

IT'S one of the toughest questions facing America: What would lead a teenager to go on a killing spree?

As people search for reasons behind the massacre last week in Littleton, Colo., and earlier US school shootings, many are looking hard, once again, at an entertainment industry that pumps out violent images for teen consumption.

But the concern has now moved beyond finger pointing. Parents of children slain in school shootings are suing a wide array of media companies, and free-speech protections notwithstanding, experts predict they will increasingly be the targets of lawsuits.

"As a result of the shootings, I anticipate that there will be increasing efforts to use the courts ... as a constraint against entertainment and information media," says Robert O'Neill, a law professor who heads the Thomas Jefferson Center for Protection of Free Expression at the University of Virginia.

Some say that blaming the movies for real-life violence is

War's mystery player — the KLA

■ Rebels have made bold moves politically. Their postwar role is a sensitive issue.

By Robert Marquand
Staff writer of The Christian Science Monitor

TETOVO, MACEDONIA — They drift down from the woods, bearded ghosts with Kalashnikovs. They attack Serbian tanks and columns, are often ambushed or take heavy losses, and melt back into the mountains.

The Kosovo Liberation Army (KLA) rose out of the countryside to fight two years ago, a crowd of peasants, Marxists, dissidents, bandits, and students frustrated with the Gandhi tactics of ethnic Albanian leader Ibrahim Rugova, who worried that any war with the Serbs would inaugurate a near-holocaust of the Kosovar Albanians.

Now with war, Albanians are body and soul behind the KLA, which was badly beaten and scattered by the Yugoslav Army after NATO airstrikes began. Poorly armed, fighting a superior army, they live under great pressure (see related story, page 6). For Kosovar Albanians they are beloved heroes, though not well known.



VOLUNTEERS: Ready to fight in the KLA, ethnic Albanians from Germany unfold an Albanian flag at the Albanian port of Durres. The KLA is at the center of several key issues for the US and NATO.

ENRICH MARTIN/AP

No one person yet runs the KLA. Not quite an army, and not quite a government, recently KLA leaders have taken bold moves to become both. Yet therein lies a sensitive problem — one few Kosovars talk about but that is now felt keenly among those thinking about what happens after the war, if Kosovo

becomes an international protectorate.

Publicly, Kosovar Albanians say the only issue now is a military solution; all else is gab. But privately, worries are developing over what Kosovo will look like if the KLA, not NATO, is viewed as the winner of the war.

See KLA page 6

10,000-PERSON MARCH

Should gambling ads

WORLD

Despite shortfalls, KLA shows muscle

■ Rebels push corridor into Kosovo. Among problems: few heavy weapons, inexperienced fighters.

By Jonathan S. Landay
Staff writer of The Christian Science Monitor

KOSHARE, YUGOSLAVIA — To Kosovo's ethnic Albanian rebels, "free" Kosovo is a murderous place where Serbian shells explode almost incessantly and snipers dispatch death from hiding places in forested ravines and cloud-wreathed ridge lines.

For more than a week, about 1,000 Kosovo Liberation Army (KLA) fighters have been punching a corridor down plunging slopes and twisted gullies into the province from bases 3,500 feet high on Albania's side of the Northern Albanian Alps.

The corridor is now said to be about five miles long. The KLA would have to advance another mile or so to break through to a rebel-held enclave near the village of Junik, where thousands of ethnic Albanian civilians uprooted by Serbian "ethnic cleansing" are believed trapped. Should they succeed, the rebels then hope to move on Decani, one of Kosovo's key towns and the site of a major Yugoslav military base.

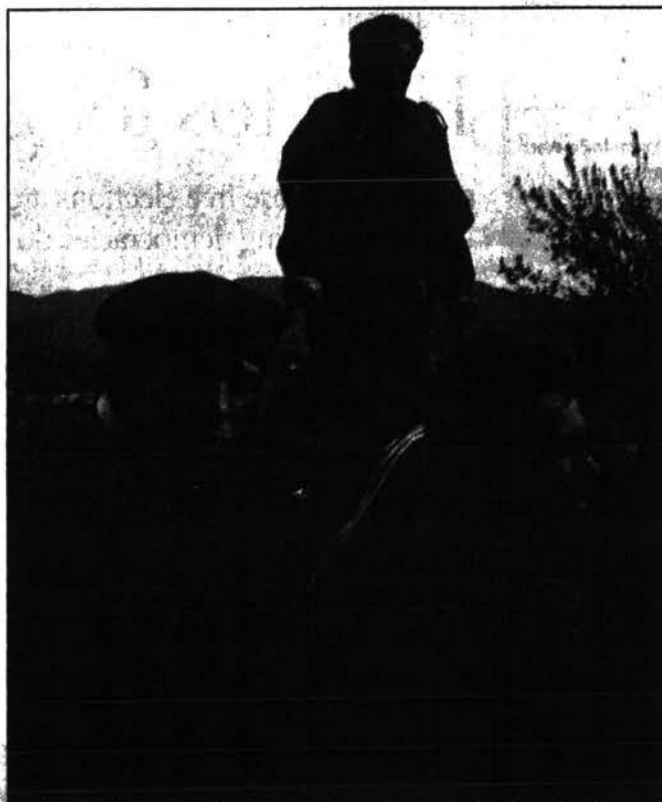
The offensive appears to show that the KLA remains a viable force despite the hammering it has taken since Yugoslav President Slobodan Milosevic unleashed his troops and police across Kosovo. In addition to the corridor, KLA units are said

to be in control of enclaves like that around Junik, although other units are having to lie low or stay on the move.

Indeed, the rebels assert that backed by Western air power and supplied with modern weapons, they could spearhead a NATO ground invasion. President Clinton and his Western counterparts, however, remain adamantly opposed to arming them.

The KLA's lack of heavy weapons is apparent in the offensive for the corridor. While they have steadily won ground, seizing a Yugoslav barracks at Koshare, equipment including a bulldozer and truck, and large stocks of arms and food, the rebels' advance has been slow and bloody. They are outgunned by the Serbs, which forces them to do most of their hardest fighting at night; they must endure the snows and rains of the peaks, as well as thick clouds that in a firefight make it difficult telling friend from foe. Their casualty toll could not be learned.

Guerrillas claim that twice the Serbs have fired shells that released noxious gas and burned their eyes, cracked their lips, and made breathing hard. "Fortunately for



ANDY NELSON — STAFF

BACK FROM BATTLE: KLA fighters recuperate in Bajram Curri, Albania, after taking part in an offensive in southern Kosovo. The offensive appears to show that the KLA remains a viable force.

us, there was a lot of wind and unfortunately for them, the wind blew toward their side," says Agron from Pristina. A doctor before joining the rebels, he says it was a "neuroparalytic" gas.

During a four-hour visit to the top of the corridor and nearby base camps, there was no sign of any NATO support for the offensive, even though American and

British military officials were said to have visited the area last week. Yugoslav tanks, troops, and artillery opposing the rebels are untouched by NATO's bombs, as are watchtowers along the border from which Serbian artillery spotters direct fire.

Rebels wounded while fighting in the corridor agree on the need for immediate support from the 26 Apache helicopters the United States has begun deploying in Albania for use against Serbian police, troops, and armor.

"Our great hope is that the Apaches can change things," says Guri, of Suva Reka, who was recuperating from shrapnel wounds in the Albanian border town of Bajram Curri. "We can hold out until then. With the Apaches our problems will be solved."

As for the 35 days of NATO airstrikes on Yugoslavia, he laments: "They have basically done nothing against the [Serbian]

ground troops. At least we have not seen anything in the vicinity of the fighting."

The rebels appear to be suffering from other problems. There are no other points on the border from where they are mounting offensives despite the presence of large numbers of KLA fighters in northern Albania. Some KLA sources complain of a lack of coordination and competent lead-

How the KLA could figure into a postwar Kosovo

KLA from page 1

Kosovars worry about what some call a chaotic and coercive Che Guevara or Fidel

Senators such as Joseph Lieberman (D) Connecticut want to arm the KLA. Defense Secretary William Cohen speaks optimistically of the KLA gaining strength. Yet

heated arguments.

Yet the KLA story is an unfolding drama that makes any fixed reading impossible. In recent weeks, a host of more educated

ing over the ground battle to its hard-core military wing, declared itself the new government of Kosovo. This means there are now two bodies claiming authority over

WORLD

ership, saying attacks elsewhere would force the Serbs to divert forces away from the corridor.

The KLA is also hampered by a dearth of experienced fighters. Guri and other wounded rebels say they received only 15 days of training before being sent into the corridor. "Of course, it's not enough, two or three weeks to train, but in this situation, we really have no other choice," explains Dzafer, of Ferizaj. "Ten experienced guys go over with 20 with little experience."

Yet the visit to the front revealed a mood of optimistic determination among the fighters, many of whom returned from Western Europe and the US, where they had emigrated.

FIGHTERS awaiting rotation into the corridor say radio monitoring of Yugoslav units shows troops with low morale, bewildered by the unknown territory, and beset by bad weather and shortages of food and ammunition. Serbian desertions, the rebels say, are constant. Some proudly display captured AK-47 assault rifles made at Zastava, Yugoslavia's main armsmaker.

"These guys are good fighters, have good equipment, but low morale," says one commander, who declined to be named. "We have taken a lot of prisoners." That statement could not be independently confirmed, and the whereabouts of any prisoners are unknown.

The KLA appears to be receiving help from the Albanian Army. Albanian soldiers bunkered along the border keep watch for Serbian counterattacks, shouting alerts when they detect one and then clearing positions that are filled by the rebels. The Albanian military also maintains liaison officers with the rebels and may also be

providing them some trucks.

"This is all free Kosova now," exclaims Florin Krashniqi, a key New York-based KLA operative, using the Albanian word for the province as he points down a steep valley into the corridor. Behind him stands a crumbling four-foot concrete obelisk marking the border of Albania and Yugoslavia, beside which grinning KLA fighters pose for snapshots.

On a ridge less than a mile below stands the barracks at Koshare that once housed Yugoslav border guards. Now it is the base of "Delta Force," a unit of some 200 KLA veterans who have been at the forefront of the offensive. But between the rebels and the village of Junik is said to be a strong force of Serbian troops and tanks dug in at the village of Batusa, protecting the strategic highway linking all of the main towns of western Kosovo, including Djakovica and Decani.

The top of the corridor is reached by a 10-minute hike from KLA base camps along muddy paths that skirt alpine pastures. Streams of crystal water course through ravines in which are set KLA camps of tents and plastic sheeting protecting piles of ammunition crates.

Huge divots in the pastures testify to frequent Serbian shelling; KLA fighters say Serbian gunners below fire randomly when the clouds blanket the hilltops.

Supplies are driven up from Bajram Curri in tractor-pulled wagons and then hauled to combat units on mules and horses. Fighters at rest occupy stone-walled homes of villagers who abandoned their farms when Serbian forces began shelling the area two weeks ago.

Outside one house, several guerrillas sit chatting atop one of 12 snowmobiles sent to them by supporters in the US.

'I will fight to stop Serbs killing us, but I won't be here while we kill each other.'

— a KLA commander

rural Kosovars. Some problems are caused by KLA Marxist rhetoric, a some-grown patois of revolutionary slogans

villages and finally met a young man with sunglasses who identified himself only as "No. 7." The diplomat asked a

Why calm prevailed at a mass protest in Beijing

CHINA from page 1

Most of the demonstrators had slipped into Beijing from other parts of the country under cover of darkness early Sunday and ringed Zhongnanhai, the western section of the Forbidden City where China's top leaders live and work.

"The police were obviously under strict orders from above to be as accommodating as possible to the protesters," says the Western official.

The protesters, a mix of peasants, workers, and students, streamed out of Beijing Sunday night as orderly as they

eral office and the State Council's Complaints Bureau are holding talks with representatives of the Falun Gong." The office declined to confirm whether the premier himself would meet with the protest leaders.

Beijing has been beset by sporadic but growing protests — from peasants disgruntled with corrupt local officials to workers laid off from bankrupt state-run firms. Authorities are apparently developing more moderate means to handle some forms of discontent.

Yet when dozens of dissidents attempted to set up the first formal opposition group since the 1949 Communist revolution, three leaders of the China Democracy Party were given decade-plus prison terms in December.

"Communist Party leaders are still prepared to crack down hard on anyone who represents a direct threat to their power," says a Chinese legal scholar who asked not to be identified. "But they are becoming much more progressive in handling other kinds of protests," he adds.

A police officer deployed near the party's headquarters to cordon the area off appeared to agree. "These protesters are not trying to oppose the government, and are nothing like the demonstrators of 1989," he says. "There is therefore absolutely no chance that we would use force to clear them away."

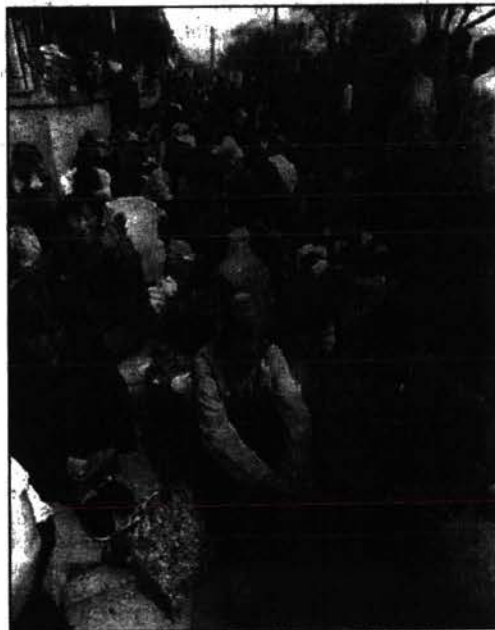
Rather than hoist antigovernment banners or chant political slogans,

SILENT PROTEST: In Beijing's largest protest in 10 years, followers of a movement called Buddhist Law demonstrated against persecution.

entered after organizers were promised a dialogue with the government.

One protest leader, a civil servant

demonstrators lined the streets in near silence. Most meditated, read, or tried to spread the teachings of their leader, Li



GREG BAKER/AP

VP

5-7-94

This is worth reading
is planning for 2000
I hope ~~they~~ don't tell
to Lord Sainsbury, the Tory
who wrote this —

BC

Looking Over Your Opponent's Shoulder

Summary

In politics, it is sometimes helpful to consider the situation from your opponent's point of view. This paper uses a chess-playing metaphor to analyse the current political situation, and concludes that New Labour is not content with having beaten the Conservative Party in the 1997 general election; its ultimate goal is to destroy us completely. Labour intend to achieve this aim through a series of important strategic moves:

- By defining the Labour Party as 'New', and the Conservatives as 'Old', and persuading the electorate that this makes New Labour contemporary and up-to-date, while the Conservatives are relics of the past and has-beens.
- By introducing a series of constitutional reforms which are designed to undercut traditional areas of Conservative support. These include reform of the House of Lords, changes to the first-past-the-post electoral system, and devolution of powers to local assemblies so that Britain splits into a series of smaller units.
- Keeping the debate on Europe alive by delaying entry into EMU, to maintain the pressure on the Conservative party, and to draw voters' attention to disagreements and splits in our ranks.
- Taking the central ground of British politics from the Conservatives, and keeping it through the "Third Way", which promises both economic safety and competent management, as well as better social services and a caring society.

What is needed is a creative and winning response from the Conservative party to New Labour's plans. We will need several qualities if we are to respond successfully:

- Confidence and determination. Politics is an adversarial activity, and it is crucial not to become downhearted when under pressure, or to believe that the next election is lost before the competition has even begun. We must be resilient and persistent, and take advantage of the mistakes which Labour is already starting to make.

copied
VP
Poderata

The Bow Group

Analysis and strategy. The Labour party has a plan, and we must have one too if we are to fight them successfully. If we attempt to muddle along, or to wait on events, or to be obsessed with where we went wrong last time, we will lose. If we develop new ideas and put New Labour under pressure, we can create weaknesses in their organisation and start to win.

Crisp, simple language. We need to be able to boil our new ideas down into powerful, simple phrases. The process of identifying these phrases will allow us to sort the intellectual wheat from the chaff, and hone our appeal into a series of ideals with the ability to attract the support of the electorate as a whole.

ove all, we must get on with the job. To pursue the chess-playing aphor, our opening gambit should simply be to move forward, and start /ing

Looking Over Your Opponent's Shoulder

Checkmate in Six Moves

When Bobby Fischer was playing Tigran Petrosian for the world chess championship he asked the referee to stop his opponent from walking round behind him and looking at the position from over his shoulder. A good chess player knows how important it is to wonder, occasionally, what the position looks like from the other side of the board.

What is Labour's aim? It is to destroy the Conservative party forever. They plan checkmate in six moves:

Move 1; Roget's Opening

Labour are looking for the right word to describe their policy, and there it is on page 72 of the Thesaurus; 'Modernization'. Its (highly positive) meaning is given as 'contemporary, up-to-date, topical, the latest thing, the in-thing, the new look'.

And where does that leave us? Conveniently, it's on the same page of the Thesaurus; 'Traditional'. Its (very negative) meaning is given as 'ancien regime, relic of the past, listed building, ancient monument, museum piece, antique, heirloom, bygone, victorian, dodo, dinosaur, old fogey, old fossil, fuddy-duddy, square, old-timer, back number, has-been'.

Now that they think they've got their opening position clearly in focus, they're ready for action.

Move 2; The Queen Sacrifice

The Queen Sacrifice is Labour's attempt to remove the queen and bishops from the board. Their move to reform the House of Lords relies on the fact that we will not die in the ditch to defend tradition. On the contrary, we will be obliged to make a grudging retreat before their forces of modernization; to accept, as President Clinton put it, that we must 'make change our friend'. After all, as we learn at our grandmother's knee, everything is not perfect, the world must move on, nothing is forever. So no more bowings and dollings, garters and stockings in the lords.

Command of the second chamber is the necessary precondition for...

Move 3; The Irregular Defence

The Irregular Defence is an attempt to rewrite the rules of the game. In the name of modernisation and fairness, Labour plan a change in the voting system. It has been around for so long, they will say, that its high time for a change to reflect the radical transformations in society. The fact that this accidentally disadvantages their opponent is beside the point.

Move 4; The Minority Attack

The Minority Attack is a move to encourage devolution. New Labour's aim is to create a national debate which raises questions over Britain's national identity, and which creates a profound unease and uncertainty about what Britain means or stands for. Soon, opinion polls will start to show a splintering sense of national identity, and a growing allegiance to England, Scotland and Wales. Labour knows this move strikes at the heart of Conservative values, leaving their opponent confused about what were thought to be settled notions of the United Kingdom.

And a Britain in bitesize pieces makes a more convenient dish to prepare for ...

Move 5; The Brussels Gambit (declined)

This move is an attempt to redesign the entire chess board. Instead of 32 pieces on 64 squares, Labour will attempt to merge the pieces and squares to create one, new, bigger game; a game that one day could be bigger than baseball.

But Labour will make this move very slowly. Chess favours the player who can best exploit the situation by keeping the tension as long as possible. So they will decline Brussels' invitation for an early move into a single European currency, preferring a 'wait and see' policy. This suits Labour well, because they're not waiting to see how the euro does, but to see how much pressure we can take before we crack.

The Endgame.

Five good moves. But in chess, however deeply engrossed you may be in the intricacies of the middlegame, world champions will always be thinking about the endgame that may result from exchanges. The transition from middlegame to ending is one of the most vital aspects of strategic play. When you lose a chess game without knowing where you went wrong, the chances are that it was in this phase of the game. So now we come to the final part of Labour's plan. A move of startling boldness.

Capture the Centre of Gravity

In 'Deep Blue' vs. Kasparov in Philadelphia in 1996 the world's strongest chess player faced the world's most powerful chess computer in a challenge match. Deep Blue's programmers were recruited from IBM for a mission with the stated aim of defeating the world champion. With Deep Blue reviewing a hundred million chess positions every second, Kasparov was beaten in the opening game. One of the things for which Deep Blue had been programmed was to move towards the centre of gravity. It had learned that in the geometry of the chess board, control of the centre - the 4 central squares and the eight squares round it - takes precedence; that control of the centre is needed to maintain communication between the two wings, enabling a player to bring unrivalled power to bear over the whole board.

Wilhelm Steinitz, the first official world chess champion on whose scientific ideas chess is now based, said it was always good, on principle, to take an opponent's centre pawn. With the endgame approaching, Labour's chess grandmasters want their king near the centre. Hence their final move, by which Labour, having got itself inside the door of no. 10, slams it in our face forever. How? By showing that we are as brain-dead as old-style socialism.

The Third Way; the American Way

Welcome to Labour's third way: the American way. The third way is beyond left and right. We all know that old-style socialism is dead because it leads

economic chaos. So, we will be told, does old-style capitalism, because it leads to cruel global markets whose brute force is beyond the control of governments or countries. At a stroke we are consigned to the same intellectual dustbin of history as communism and marxism.

Some Tory critics say 'the third way' is an empty phrase. Don't listen to them. They are the same Tories who dismissed 'New Labour' as an empty phrase. Others say the third way is just an intellectual edifice to justify one more theft of Conservative clothes – this time of the fine old Tory virtue of pragmatism. Don't listen to them either. They are the Tories who actually helped New Labour by telling everyone it was a copy of us. In fact, one of Margaret Thatcher's greatest attributes was her ability to spot an intellectual with an idea, and at once see its political potential. That is what Labour is doing with Professor Giddens' idea of the third way.

In the old days the left said the right was uncaring about the community. And the right said the left was irresponsible about personal freedom and dignity. At their recent conference at the NYU law school I heard at first hand how President Clinton and Prime Minister Blair now advise centre left parties to win elections.

They spoke of "prudent finance", "fiscal responsibility" "lower deficits". They spoke of competition, choice, flexibility in public services so that investment in it will pay off; of competition in the education system – ratings, grades, ratings. They spoke of tax incentives to study, because what you earn depends on what you learn"; of modernizing social policies like the earned income tax credit in exchange for welfare reform. We heard plans for tax breaks for longterm value creation. Tax breaks for good corporate behaviour. Policies for private sector growth. They rejected right wing neo-liberals who say government should shrink, get out of the way and in all will be well. That assumed, they said, that markets are always more efficient than governments. But that view predated globalization, which has produced an entirely new form of capitalism, beyond the reach of national governments. They spoke of this as the driving platform for the 21st century. The agenda that will dominate the next 20-30 years.

Dreams are Important

Some Tories dismiss all this as the usual hopes and dreams. But dreams are important. People give credit to someone who has his heart in the right place. In politics, as in law, motive is all. Labour is determined to modernize, their appeal to the heart, away from the old idea of equality at any price and the class struggle, to a more realistic and acceptable version. I raise all this not to discourage people, but to enable any Conservative supporter to see the board from their opponent's point of view.

We were left flat-footed by the launch of New Labour; uncertain whether to criticise it for being empty, or dangerous; a con-trick or candyfloss; a copy of us, or what. We were slow to face the fact that we are the generation of Conservatives whose misfortune it is to coincide with the conversion of our chief opponent from a marxist / socialist party to a modern social democratic party. So maybe Labour's third way is just stealing our clothes again. But I assure you they intend to polish it up till it shines and relaunch 'the middle of the road' and 'the art of the possible' as something contemporary, exciting, idealistic. Something that combines compassion with ambition. Competition with fairness. Globalization with community. Individual freedom with social justice. Every schoolboy's dream. And every voter's dream too.

A Winning Response

These are the six moves we should expect from an opponent who plans not just humiliation, but annihilation. Faced with this, some Tories have given up. These are the people who are already choosing the music and arranging the placement for the memorial service for the Conservative party, at which they will not shed a tear. The people who say that oppositions don't win elections. Governments lose them. So there is nothing we can do but sit and hope for the government to fail and then rise up on the back of their mistakes.

They exclude the possibility of breakthrough creativity. That is because it is hard to do. While it is true that completely original concepts are as rare in politics as in chess there is still enough opportunity in any game to combine old ideas in a way that will set the opponent problems to solve.

Our salvation lies in our own hands. Or more to the point, in the hands of men and women who, seeing the plight of the Conservative party, and all Labour's clever moves to come, do not hold their heads in their hands and weep at the cruelty of the gods. But who instead say, 'this is not impossible. We can do this'. For these people, there are three ways they can make a direct and immediate impact on the future of the party.

Confidence

Firstly, the most important thing we need is confidence. We have to believe, as Winston Churchill did, that in politics you can 'make the weather'. If you start from a weak position in chess, to inflict structural damage in the opponent's camp, you have to have confidence. We need to be reminded that political campaigning is, above all, an adversarial activity. This is a robust world. A world of trial by combat, in which you will hit, and be hit. Not a world for the squeamish or faint of heart. This is surprisingly easy to forget in the heat of battle. But in chess when your opponent comes up with a move that you have overlooked, or an idea that suddenly looks much stronger than you had previously thought, or the strategic dynamics are against you, it is easy to sink into gloom, feel your courage wilting, and assume that your position is hopeless.

At such moments, it may help to remind yourself that for many chess players the most difficult aspect of the game is maintaining emotional equilibrium as the position changes from good to bad. The only solution, difficult to put into practice, is to look at each move in a fresh manner. Somehow you have to put your previous thoughts aside and clear a path in your mind to let radically new ideas come through. This is where fresh, creative thinkers come in.

The strongest chess players have the ability and mental energy needed to approach each position on its own merits irrespective of what mishaps went before. One of the great advantages that computer chess programs have over human players is their ability to treat each position as a new problem, whereas humans are liable to get locked into particular mindsets. Throwing a pawn overboard is something most players find difficult to do.

A high-class game of chess is rarely a simple progression down a single track. Do not be disappointed if the first wave of your attack does not reap the desired benefits. It may well be enough for it to have distracted your opponents' men away from an area where nothing much seems to be happening now, yet you know will prove to be the site of the decisive battle.

Mr Blair is not Deep Blue. Which of course explains Labour's first major failure of logic since the election – a lapse of reason so profound that it threatens Labour's victory at the next election. What is it? Mr Blair's pollster Philip Gould makes clear that 'most people ... identify strongly with middle-class aspirations'. He points out that 'over 60 per cent of people now believe that they are ... middle class', and concludes that 'winning the century means winning middle class support'. He is right. Yet in the last two weeks, Labour spokesmen from the great departments of state, the House of Lords, the quangos, and no. 10 itself, have provided a chorus of anti middle-class, highly non-strategic sentiments. Labour's head of the Arts Council attacked the 'white middle-class' elite that attend arts events, while his boss, the secretary of state for culture, decried 'the toffs' who frequent Sadler's Wells. The prime minister's press secretary was repulsed by 'these old Etonians ... my God, are they speaking for Britain?' and the Labour leader of the House of Lords explained that expulsion of hereditary peers was urgent because '45 per cent were educated at Eton, and 37 per cent at Oxbridge'.

How Mr Gould must weep, because he knows that a failure of strategic logic on this scale will earn immediate punishment from the electorate. So you have to have confidence that it can be done.

Analysis and Strategy

The second area where we need help is to analyse our position with a cold, clear eye. We have to remember the injunction of the gods on the temple of Apollo at Delphi, 'know thyself'. That's not as easy as it sounds. Greek tragedy warns of the utterly self-destructive consequences of acting without knowing what we are doing. Becoming fully aware of what we are doing and why is the best protection against a catastrophe.

When you learn the game of chess, the board is a vast sea of pieces all coming at you from unexpected directions. Games are decided by simple oversights – unforced errors that earn immediate punishment. Gradually you learn the tactics. But as you meet stronger opponents you start losing games without knowing what happened. So the second stage of any player's development is learning how to force errors by making threats. If your opponent will not lose the game on his own, then you need to create some opportunities for him to do so. You create a weakness and plug away at it until your opponent wilts under the strain. Gradually you stop creating unforced weaknesses, and develop the judgement that makes up a master player's strategic sense.

We need that strategic sense in Conservative politics now more than ever. Mr Blair recently said: "politics is about ideas and winning elections. The more coherent the ideas the more the chance of winning elections". He is right. You need a real strategy. And this is where the party again needs help. Because some previous generations of conservatives seemed to abhor a strategy more than a vacuum.

Take the Duke of Cambridge, Queen Victoria's uncle and the commander of the British armed forces for 40 years: "It is said that I am against change. I am not against change. I am in favour of change. When it is appropriate. And it is appropriate when it is unavoidable."

Edmund Burke advised Conservatives to think about 'what is', not 'what should be'. Of course Burke meant that as a rebuke to utopian socialist dreamers with their heads in the clouds; by contrast with the feet-on-the-ground hard-headed realism of our party. He was praising pragmatism. But that fine philosophy can easily turn into a corruption of itself, where there is no point in planning anything because all that matters is 'events'. But 'Waiting On Events' spells 'WOE'. In 1993 Labour's chess grandmasters did not wait on events to rescue them. They did the opposite. They analysed the weaknesses in their position – the reasons given for not voting Labour. They removed them one by one, and called it 'New'. 'New', for them, was a one word strategy. 'New' meant 'Not Old'. 'Old' was bad, dangerous. So 'New' must be good, safe. That was it.

We lost our strategic bearings when Labour convinced the public their copying of our economics was a sincere conversion. From that moment the mechanism that won four elections in a row broke down. The wires were pulled out. But in chess it is not a good idea to pay any attention to the past history of a position. Normally, all that should concern you is the position in front of you. How you got there is a matter of complete irrelevance. So the position now is very clear. 'what is' is that they are in no. 10. What 'should be' is that we are in no. 10. To get there we need fresh moves that could revive our economic credibility.

Crisp, Simple Language

Thirdly and finally, we badly need crisp simple language to express our thoughts. In politics, an American senator once said, 'you campaign in poetry but you govern in prose'. But poetry is something certain Conservatives find difficult. While poets are prepared to take days over one word, that type of effort is thought to be demeaning and unnecessary by some Conservatives. You should ignore them.

When President Roosevelt wanted to persuade a profoundly isolationist America to help our Prime Minister in his darkest hour he invented one phrase, of two words to help him do it. He called his policy 'Lend Lease'. And he used radiant language to express it. 'Your neighbours house is on

The Bow Group

fire. He comes to you, and asks if he can have your hose. You say, 'I will not give you my hose. But I will lend it to you. You can borrow it to put out your fire. And when the fire is out, you will return it to me'. That's how it was done. A simple story of a fire and a hose. The rest is history.

We need to find such striking simple language. There was nothing complicated about 'Liberte, Egalite, Fraternite'. Nor about 'Workers of the world, unite, you have nothing to lose but your chains'. Nobody had to explain what it meant when they heard John Kennedy say 'A torch has been passed to a new generation of Americans'; or when they read on the Statue of Liberty 'Give me your huddled masses yearning to breathe free'. When they said, 'Go west, young man', they did, in their millions. When Clement Attlee said 'We won the war, now let's win the peace' he won the election. Nobody needed further elucidation when Jesus said 'do unto others as you would be done by', or when Martin Luther King said 'I have a dream'.

The great communicators in history have always been simple, crisp and to the point: 'Your country needs you'; 'No taxation without representation'; 'One man one vote'. These are not just words. They encapsulate the survival strategies of entire societies. Our party needs the same now.

Don't be embarrassed about this search for simple language. Don't listen to people who tell you this is insulting the intelligence of the public, or treating them like morons. On the contrary, it is treating the public with the respect they deserve. They're busy. They don't have time. They have a lot on their minds. So a precis is a modern form of good manners. This search for the right language has an excellent effect upon any new thing or new idea we might want to advance. Its action is that of the threshing machine. It sorts the intellectual wheat from the chaff.

When you're heading somewhere, let's say Brighton, you want a clear, crisp signpost, saying: 'Brighton, 20 miles' which points the way. Of course, it's taken a lot of hard work to draw up the map – compass readings, topographic analysis, research etc. But at the end of the day all you want is a simple signpost in the ground. Any other information is irrelevant and irritating.

Looking Over Your Opponent's Shoulder

I will give you an example. Every day a blind man sat on the pavement of Madison Avenue, his hat in front of him, begging for money. A sign read: 'I am blind'. Passers-by ignored him. One day, a famous advertising man saw his plight. He altered the wording on his sign and the cash started pouring into the hat. What had he done? He had changed the sign to read: 'It is spring. And I am blind'.

We have to write that sign. Conservative politics needs idealism. A set of ideals, written to a marching tune people can respond to. A model of the good society to which Conservatism can aspire. Labour has already planned six moves ahead. Only a new generation of Conservatives can give our party the confidence, the strategy, and the language it needs to counter them and become world champion again.

The chess board is before us. May I suggest our opening gambit:
Move forwardAnd start playing

About The Bow Group

The Bow Group has three aims;

- To create new and thought-provoking research for the Conservative Party.
- To provide a forum for its members to meet each other socially.
- To provide opportunities for its members to meet senior Party figures to discuss the issues of the day.

The Group has no corporate view, which allows it to approach every issue on its merits and with an open mind. Accordingly, the views expressed in Bow Group publications are those of the authors, and do not represent a statement of Conservative Party policy, or the views of other members of the Group.

Bow Group research is organised by John Penrose, the Research Secretary. John can be contacted through the Bow Group's offices, 1a, Heath Hurst Road, London NW3 2RU. Tel; (0171) 431 6400

THE WAY FORWARD FOR EUROPE'S SOCIAL DEMOCRATS

A Proposal by Gerhard Schroeder and Tony Blair

A new era is dawning in Europe. Social democrats are in government in almost all the countries of the Union. Social democracy stands reinvigorated as a political force - but only because it has begun in a credible way to renew its ideas and modernise its programmes.

The trademark of this new approach is the "New Centre" in Germany and the "Third Way" in the United Kingdom. Other social democrats choose other terms that suit their own national political cultures. But though the language and the institutions may differ, the motivation is everywhere the same. A large majority of people have long since abandoned a world view determined by the dogma of Left and Right. Social democrats must be able to speak to those people

Modernised social democracy holds fast to the values we have always held dear. Fairness, social justice, equality of opportunity, solidarity and responsibility to others: these values are timeless. But to make these traditional values relevant to today's world requires flexible, innovative and forward-looking policies capable of meeting the challenges of the twenty-first century. Similarly we need to apply our politics within a modern economic framework built on the principle of intervention by the state only where necessary, combined with private responsibility wherever possible.

Social democratic parties are modernising everywhere in Europe - but the distance travelled and pace of progress varies from country to country. This process of renewal must continue and gather speed towards a fully modernised Europe. The pace of change in the real world is quickening all the time. The world does not wait for politicians to catch up. The public expect their politicians to anticipate this change, to prepare for it, shape it and to lead.

The strengths of the politics of the New Centre and the Third Way lie in our modernising vision. It is about adapting to conditions that have objectively changed, not reacting to polls. It is based on a shared recognition of how much the world has changed and our determination that our parties must continue to change with it.

We share a common destiny within the European Union. We face the same challenges -to promote employment and prosperity; to offer every individual the opportunity to fulfil their unique potential; to combat social exclusion and poverty; to reconcile material progress with environmental sustainability and our responsibility to future generations; to tackle common problems that threaten the cohesion of society such as crime and drugs; and to make Europe a more effective force for good in the world.

The strengths of the New Centre and the Third Way so far have been its grasping of new realities and individual leadership. The time has come to form a common approach for European social democrats by deepening our shared understanding and learning from each other.

We need to strengthen our policies by benchmarking our experiences in Britain and Germany. With this appeal, we invite other European social democratic governments who share our modernising aims to join us in this enterprise.

I.

Learning from experience

Both our parties can be proud of our historic achievements. But at different points in our parties' history in the last twenty years, we paid the price of failing to develop new answers to the changes in society and the economy. Although in Britain and Germany we are now putting these mistakes behind us, they remain a constant reminder of where the Left went wrong.

The promotion of social justice was confused with the imposition of equality of outcome. The result was a neglect of the importance of rewarding effort and responsibility, and the association of social democracy with conformity and mediocrity rather than the celebration of creativity diversity and excellence. Work was one-sidedly burdened with ever higher costs.

The means of achieving social justice became identified with ever higher levels of public spending regardless of what they achieved or the impact on competitiveness, employment and private spending of the taxes required to fund it. Social conscience cannot be measured by the level of public expenditure. The real test for society is

how effectively this expenditure is used and how much it enables people to help themselves.

The belief that the state always knows best *what the people need* confused the expansion of government and its bureaucracy with the creation of a social democratic society. We allowed our political opponents to monopolise subjects our citizens care about: personal achievement and success; enterprise and responsibility.

Too often rights were elevated above responsibilities, but the responsibility of the individual to their family, neighbourhood and society cannot be offloaded onto the State. If the concept of mutual obligation is forgotten, this results in a decline in community spirit, lack of responsibility towards neighbours, rising crime and vandalism and a legal system that cannot cope.

The ability of governments to fine tune the economy to secure growth and jobs has been exaggerated. The importance of individual and business enterprise to the creation of wealth has been undervalued. The weaknesses of markets have been more readily appreciated than their strengths

II.

New programmes for changed realities

Ideas of what is "left-wing" should never become an ideological straightjacket.

Social democrats must have the confidence to update their ideas and embrace new thinking. This is the route for successful leadership in Europe today.

The European Left has broken with a longstanding tradition of distrust and interference with free markets. The politics of the centre-left must now move on to anticipate the needs and aspirations of society today. The unthinking party loyalty of voters based on traditional class affiliation is a thing of the past.

The politics of the New Centre and Third Way is about addressing the concerns of people who live and cope with societies undergoing rapid change - both winners and losers of *modernisation*. In this newly emerging world people want politicians who approach issues without ideological pre-conceptions and, applying their values and principles, search for practical solutions to their problems through honest well-constructed and pragmatic policies. Voters who in their daily lives have to display initiative and adaptability in the face of economic and social change expect the same from their governments and their politicians.

- In a world of ever more rapid globalisation and scientific changes we need to create the conditions in which existing businesses can prosper and adapt, and new businesses can be set up and grow.
- New technologies radically change the nature of work and internationalise the organisation of production. With one hand they de-skill and make some businesses obsolete: with another they create new business and vocational opportunities. The most important task of modern society is to invest in human capital, to make the individual and businesses fit for the knowledge-based economy of the future.
- Having the same job for life is a thing of the past. Social democrats must accommodate the growing demands for flexibility - and at the same time maintain minimum social standards, help families to cope with change and open up fresh

opportunities for those who are unable to keep pace.

- We face an increasing challenge in reconciling environmental responsibility towards future generations with material progress for society at large
- Public expenditure as a proportion of GDP in most European countries has more or less reached the limits of acceptability, despite some variations in the spending levels themselves. Constraints on 'tax and spend' force radical modernisation of the role of the state and reform of public services to achieve better value for money.
- Social security systems need to adapt to changes in life expectancy, family structures and the role of women. Social democrats need to find ways of combating the ever more pressing problems of crime, social disintegration and drug abuse.

III

Traditional values and goals - but a new politics to achieve them

People are looking for a politics without ideological blinkers, consistent in its values, realistic in its vision and pragmatic in its search for practical solutions for practical problems. This pragmatic attitude of mind should not be confused with a lack of principle, but seen as a continual search for the best solutions.

1. No ideological taboos: for example, for modern social democrats crime is a vital political issue, safety on the street a civil right. We do not hesitate to promote new concepts of efficiency, competition and high performance to create more customer friendly, less producer-dominated public services. We devise new policies to offer young people jobs and training - but we also expect everyone to take up the opportunity offered.

2. A supply side policy for the left: maintaining demand and improving supply side performance are not conflicting aims. We combine them in a new way by easing the burden of labour costs; by revising regulations to facilitate entrepreneurial initiative; by bringing science and industry closer together; and by making venture capital more accessible to growing firms. The primary role of the State in improving economic performance is to provide macro-stability; to make markets work better; to invest in human capital, infrastructure and the science base; and to improve trading and international links. Tax policy must encourage investment and leave the bulk of citizens' earnings in their pockets. We need structural reforms for structural problems. We describe our approach in more detail in the accompanying document.

3. An active welfare state: we want to transform the safety net of entitlements to a springboard to personal responsibility. For our societies, the imperatives of social justice are more than the distribution of cash transfers. The objective is the widening of equality of opportunity. People rightly demand high-quality public services and solidarity for all who need help - but also fairness towards those who pay for it. All social policy instruments must improve life chances, encourage self-help and promote personal responsibility. Periods of unemployment in an economy without jobs for life must become an opportunity to attain qualifications and foster personal development. Part-time work and low paid work is better than no work because it eases the transition

from unemployment to jobs: better for a person's dignity to work than be dependent on state support. Our guiding principle is work for all those who can: security for those who cannot.

4. Modern, joined-up government: the State should not row, but steer; not so much control, as challenge. Within the wider public sector, bureaucracy at all levels must be reduced; performance targets and objectives formulated; the quality of public services rigorously monitored; and bad performance be rooted out.

Social and economic policies are increasingly interconnected. Our approach must bring together what was once regarded as conflicting: ecology and competitiveness: productivity and employment: entrepreneurial spirit and social cohesion: personal freedom and safety. A policy to make cities worth living in, for example, fosters community spirit, creates new jobs and makes residential areas safer.

5. New entrepreneurial spirit: we want a positive climate for entrepreneurial independence and initiative. Small businesses must become easier to set up - and better able to survive. We want a society which celebrates successful entrepreneurs just as it does pop stars and footballers - and values creativity in all spheres of life.

At all levels of society we want to promote a go-ahead mentality. That requires a competent, and well-trained workforce ready to take new responsibility. Lifelong learning must equip individuals to be more flexible in their profession and work. The social security system should encourage initiative and creativity and open up new opportunities.

6. Modern partnerships: our countries have different traditions in dealings between State, industry, trade unions and social groups. But we all share a conviction that traditional conflicts at the workplace must be overcome. We want to see real partnership at work through for instance the extension of profit sharing. We want the trade unions to modernise - to protect individuals against arbitrary behaviour; and to work in co-operation with employers to manage change and create long term prosperity.

7. 'Environmental responsibility: we must marry together environmental

responsibility with a modern market-based approach. In environmental protection, the most modern technologies consume fewer resources, open up new markets and create new jobs. In tax policy, we should shift the burden away from employment and small businesses towards processes that deplete limited natural resources and cause environmental damage. These are areas for strengthening European co-operation and co-ordinating taxes.

8. A caring and cohesive society based on solidarity: our countries can become more adventurous and enterprising and at the same time be caring and cohesive. Poverty remains a central concern, especially among families with children. Our politics aims to strengthen family life without the state dictating to people how they should live their lives. We need specific measures for those who are most threatened by marginalisation and social exclusion.

9. Pro-Europe - pro reform in Europe: people will support further steps towards integration where there is real value-added and they can be clearly justified - such as action to combat crime and destruction of the environment, or the promotion of common goals in social and employment policy. But at the same time Europe needs reform - more efficient and transparent institutions, an affordable and equitable financing system, reform of outdated policies and action against waste and fraud. People accept that the coming together of the European States makes them more secure and more influential in an increasingly troubled world. Europe gives us the ability to act where national solutions are inadequate. But Europe's workings must be more open and accessible with a consistent respect for the principles of subsidiarity. All this is the basis for Europe's future enlargement.

10. Solving problems where they can best be solved: some problems can now only be tackled at European level. Others, such as the recent financial crises, require increased international co-operation. But as a general principle, power should be devolved to the lowest possible level. However responsibility for key issues such as the system of health, education and social security; and the structure of public administration will always remain with national governments.

IV

"Political benchmarking" in Europe

The challenge is the definition and implementation of a new social democratic politics throughout Europe. This requires a modernisation of parties, trade unions and industry alike. Modernisers must come to the fore in all groups and institutions.

We are presenting our ideas as an outline, not a finalised programme and we are sure that it will be possible to create a synthesis of these ideas in our government policies and those of the other European countries. The politics of the New Centre and the Third Way is already a reality in many city councils, in reformed national policies in European co-operation and in new international initiatives. Social democracy has always been internationalist. For us today that internationalism means learning from the best solutions we identify in each policy area and promoting their application throughout the whole of Europe.

To this end the German and British governments have decided to embed their existing arrangements for exchanging views on policy development in a broader approach. We propose to do this in three ways:

First, there will be a series of ministerial meetings, supported by frequent contacts among their close staff

In addition, we will secondly seek discussion with political leaders in other European countries who wish to take forward with us the ideas of the New Centre and the Third Way in their respective national contexts. We will start on this now.

And thirdly we will establish a network of thinkers, political strategists and discussion meetings to deepen the concept of the New Centre and the Third Way and to continually further develop it. We will thereby deepen the concept of the New Centre and the Third Way. This is the priority for us.

The aim of this declaration is to give impetus to modernisation. We invite all social democrats in Europe not to let this historic opportunity for renewal pass by. The diversity of our ideas is our greatest asset for the future. Our societies expect us to knit

together our diverse experiences in a new coherent programme.

Let us together build social democracy's success for the new century. Let the politics of the Third Way and Neue Mitte be Europe's new hope.

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THE PRESIDENT HAS SEEN

5-7-99

THE WHITE HOUSE

WASHINGTON

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March 19, 1999

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MEMORANDUM TO THE PRESIDENT

FROM: SIDNEY BLUMENTHAL

SUBJECT: THE POLITICAL MOMENT IN LONG-TERM PERSPECTIVE

Two weeks ago, I met with Maurice Saatchi in London. Saatchi is the creator of the biggest advertising firm in Britain and the key communications strategist for the Conservative Party. Margaret Thatcher's victories depended upon his genius, beginning, in 1979, with the catchphrase: "Labour Isn't Working." I met Saatchi at the Third Way conference at NYU, which he attended to see first-hand whether there is anything to the Third Way. He told me during our recent conversation that he believes that you and Prime Minister Blair have forged a winning center-left approach that now occupies the commanding heights of politics, leaving little room for the conservative parties to gain footholds. In a pamphlet just published by a Tory group, Saatchi warns: "Some Tory critics say 'the third way' is an empty phrase. Don't listen to them...Others say the third way is just an intellectual edifice to justify one more theft of Conservative clothes--this time of the fine old Tory virtue of pragmatism. Don't listen to them either." (I've enclosed a copy of the pamphlet. See especially pages 7-9.) Saatchi told me that if we continue to develop the Third Way, not simply in terms of this or that policy but as an overarching politics he could not at this time envision a center-right strategy to counter it effectively.

In London, I met with Blair's political brain trust: Jonathan Powell, Peter Mandelson and Philip Gould. They were generally frustrated by the slow pace in staging Third Way events. They feel that while Blair gets credit on the continent for the Third Way, the real power in the movement comes from our involvement and in particular the participation of the President. Mandelson observed that true vindication for the President will come not simply from defeating our opponents electorally in 2000, but in the President's creation of an infrastructure through the Clinton Center and through the advancement of the Third Way to gain control of the terms of the political debate.

In Bonn, I met with Bodo Hombach, Chancellor Schroeder's chief of staff and his top political strategist. He sought urgent advice on how to apply the lessons learned from the Clinton presidency in forging a German Third Way. While he is interested in specific policies and methods of operation, his intense focus above all is on how to succeed politically. The kind of

closeness to the US and UK governments that the Germans want now is beyond the tried and true military, diplomatic and economic ties of the immediate past. During the Cold War all manner of political tasks could be accomplished through these channels in the name of the anti-Communist cause. That is no longer the case. We discussed how the new approach of the center-left makes possible a reconceiving of the Atlantic community in modern, post-Cold War terms. In the Schroeder government's formative phase, the Clinton Administration's presence on the Third Way offers a measure of confidence and stability. US Ambassador John Kornblum said that the more we help Schroeder on this score now, in his difficult early period, the greater would be the rewards later. But we must provide a pattern of events and rhetoric that draws us together. (Hombach gave me a draft of an unreleased joint statement on the Third Way currently being worked on by Schroeder and Blair. I've enclosed a copy. You will find the language familiar.)

Last week, I met with Javier Solana, the Secretary General of NATO, at the suggestion of the First Lady and Secretary Albright. Solana explained his desire to help advance the progressive perspectives of the Third Way in any appropriate way he could. He stressed that the window of opportunity for establishing the Third Way as the dominant political governing mode is open right now. For it is now that you and like-minded progressive leaders are in power in the advanced industrial nations of the West, a congruence that might not last long. Just as the center-right in the 1980s forged its politics consciously, the center-left must act today. He cautioned that if it does not, the center-right, with more resources at its disposal, will return to power. It is essential, Solana emphasized, not to lose the moment.

A series of events, therefore, should be organized this year to create a sustaining momentum. These events will firmly establish your role as the founder of a new social contract and governing philosophy emulated around the world. They will provide a framework for understanding the wide-ranging domestic policies of the Administration; they will provide a narrative line making larger sense of two tumultuous terms. They will elevate the presidency above the ongoing legislative wear-and-tear. They will serve as a solid platform for Democrats. They will project you beyond the eight years into the future, not only as the architect of politics for a generation to come but as a continuing builder and shaper.

Among the outcomes of these efforts should be the creation of a center-left Bilderberg-like international conference of 50 to 75 people, including business leaders, government officials, intellectuals, and prominent leaders of civic organizations. The event would become annual, organized by the Clinton Center. (In London, I spoke with Evelyn de Rothschild, who expressed his strong interest in supporting this venture. Lynn Forester tells me that support can be raised for a Third Way conference in California under the sponsorship of the Clinton Foundation.)

Planning should begin now for events to be properly staged and sequenced. If the work starts immediately, the events will appear consistent and coherent. They will not seem hasty or isolated happenings, but part of a deliberate strategy with an underlying history of its own, including the Chequers sessions and the NYU conference, all of a piece--a beginning for the long-run.

5-7-99

THE WHITE HOUSE

WASHINGTON

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May 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Larry Stein *LS*

SUBJECT: Meeting with Democratic Leaders

After receiving your comments from my previous memo to you and coordinating with relevant senior staff and advisors, we would like to make the following two recommendations for meetings with Democratic leadership groups in the Congress as soon as possible:

1. A meeting with a group of House and Senate Democrats representing most of the leadership and other targeted Members (this group was outlined in the previous memo and has been slightly expanded to accommodate your suggestions). This meeting should, once again, be scheduled as soon as possible, held in the evening and in a Yellow Oval setting. The group would include:

Dick Gephardt
David Bonior
Patrick Kennedy (Chair of the Campaign Committee)
Brian Baird (Chair of the Freshman Caucus)
Jim Davis (Sophomore Class)
Ellen Tauscher (Tight Race)
Rosa DeLauro (Message Leader)
John Lewis
Martin Frost
Robert Menendez
Chet Edwards

Tom Daschle
Harry Reid
Bob Torricelli (Chair of the Campaign Committee)
Jeff Bingaman (Class of 2000 and Chair of Social Security Task Force)
Barbara Mikulski
Dick Durbin (Message Leader)
Byron Dorgan

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2. A meeting with House Ways & Means Democrats to be scheduled next week or the week after in the Cabinet Room primarily on the subject of Social Security.

Once the above meetings are scheduled, we should look for an opportunity for two additional events in the following order of priority:

3. A small dinner with you and the First Lady, the Vice President and Mrs. Gore, Sen. and Mrs. Daschle, and Congressman and Mrs. Gephardt to be held at the White House or a local restaurant as soon as is convenient.
4. a.) A dinner with the full Senate and House Leadership and their spouses to be held at Camp David, MD, when it can be accommodated. This would include a total of 36 guests. Getting a date on the books and notifying the invitees is more important than when it is scheduled.

House

Dick Gephardt
David Bonior
Martin Frost
Bob Menendez
Rosa DeLauro
John Lewis
Chet Edwards
Maxine Waters
Ed Pastor

Senate

Tom Daschle
Harry Reid
Barbara Mikulski
Byron Dorgan
Dick Durbin
Jay Rockefeller
John Kerry
John Breaux
Patty Murray

b.) Since Camp David could easily accommodate 36 guests for dinner, but not so easily accommodate all 36 for an overnight stay, then you may prefer to cut the full leadership group down to the core leadership group with spouses. This would include a total of 18 guests:

House

Dick Gephardt
David Bonior
Martin Frost
Bob Menendez
Rosa DeLauro

Senate

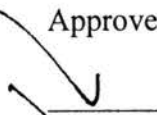
Tom Daschle
Harry Reid
Barbara Mikulski
Byron Dorgan

ACTION:

Approve

Disapprove

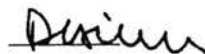
Recommendation #1



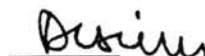
Recommendation #2



Recommendation #3



Recommendation #4 a)



Recommendation #4 b)

5-7-99

THE WHITE HOUSE

WASHINGTON

May 4, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
MARIA ECHAVESTE
STEPHANIE STREETT

99 MAY 4 PM3:55

SUBJECT: PRESIDENTIAL TRIP TO AMERICA'S NEW MARKETS

BACKGROUND

As we have discussed, you will host a CEO roundtable on Tuesday, May 11 to discuss the New Markets Initiative. The CEO Roundtable will serve as a venue for you to issue a challenge to the country and invite corporation participation in your July trip to underserved areas. The CEO Roundtable will also provide an opportunity to seek new commitments from corporations to invest in America's untapped markets. The morning roundtable on May 11 will be followed by an announcement in the Rose Garden about the July trip, when we expect to unveil major private sector commitments to underserved communities. After the Rose Garden announcement, you will be accompanied by a number of the CEOs and perhaps others on a brief trip to a city where we can illustrate the investment potential in new markets.

REQUEST

The purpose of this memorandum is to request your preference between two locations for the May 11 trip. You asked that we seek your guidance on what city to visit. We have analyzed a number of locations with an emphasis on Empowerment Zones and Empowerment Communities. We believe a visit to an EZ or EC will create a bridge between the New Markets Initiative and the community empowerment programs that have been a priority for both you and the Vice President over the last six years. Also, by focusing on Empowerment Zones it may make your May 11th trip less duplicative of your July trip that will include, but go beyond, Empowerment Zones.

We propose a visit to either Atlanta, Georgia or Akron, Ohio where we can highlight examples of economic success in untapped, non-traditional markets through visits to one or more business sites as outlined below.

Option 1: Atlanta, GA**Pros:**

- This city has an Empowerment Zone with many characteristics of a "New Market." The Atlanta EZ has a poverty rate of 57.4% and an unemployment rate of 17.9%. Approximately 44% of the residents lack a high school diploma.

- Atlanta is home to many important corporations such as Coca-Cola and BellSouth that we will enlist as partners in the New Market Initiatives. We can expect CEOs from these companies to participate in both the roundtable and the trip, if Atlanta is selected as the location.
- The City of Atlanta is home to many small businesses that illustrate the potential for successful investment in distressed areas. Business success stories in Atlanta and its Empowerment Zone include the following, one of which may make for an effective venue on May 11:
 - (1) **NationsBank** has received funding from Treasury's CDFI Fund to make investments in the National Community Investment Fund. The NCIF will use NationsBank's support to invest in community development banks and to expand its existing community development programs.
 - (2) **Diaz Wholesale and Manufacturing** is a small business recently featured in an *Inc. Magazine* cover story on the Top 100 Inner-City Companies, compiled from research conducted by Michael Porter's group, Initiative for a Competitive Inner City. Diaz manufactures and distributes Hispanic foods and employs 85 people.
 - (3) **United Water Services Atlanta (UWSA)** was recently chosen to privatize the city's water system and will locate its regional headquarters in the EZ. UWSA employs 425 people and has committed to hiring 20% of its employees from the EZ. The company has also committed to provide a total of \$500,000 for use as seed capital in new EZ businesses.
 - (4) **Renewal Atlanta** is a recycling plant that will generate 65 permanent jobs for EZ residents and 200 temporary jobs for students. However, building renovations for the plant have just begun.
 - (5) **Blimpy's** is opening its first franchise as part of a corporate agreement to open franchises in ten EZ/ECs across the country.
- A visit to Atlanta on May 11 will also complement the planned SBA Workshop on New Markets scheduled for May 6 that will focus on SBA's Small Business Investment Company (SBIC) program. The workshop is designed to recruit potential new SBIC investors and management teams with experience investing in small businesses in low and moderate-income areas.

Cons:

- The Atlanta Empowerment Zone experienced some well-publicized difficulties during its startup related to administration and management. These issues have been resolved, however there may be some remaining stigma.

Option 2: Akron, OH

Pros:

- Akron, Ohio is a model Enterprise Community with many new businesses, illustrating the potential of a new market. The EC has a 25% poverty rate and an unemployment rate of 18.1% with a population of 49,920. Akron is a classic mid-sized city with a population of 223,019.
- A visit to Akron would be a related follow through to the Town Hall meeting you conducted there earlier this year on race relations.
- The mayor and congressman from Akron have been strong supporters.
- There are several examples in Akron of private investment that exemplify the types of commitments we will be seeking from corporations. These examples include:
 - (1) **The Safe Harbor Minority Business Center** assists the development and growth of minority-owned office and service firms through support services and technical assistance. The 7,000 square foot center currently houses nine businesses. The center also operates a micro-lending program in conjunction with Akron's EC Program.
 - (2) **Enterprise Community Fund (ECF)** is a non-profit business loan fund – and a recipient of a CDFI Fund award -- that makes working capital loans to small and micro-businesses in the distressed neighborhoods of the Akron Enterprise Community. ECF also provides businesses with much needed technical assistance.
 - (3) **Akron Edison Industrial Incubator** was created in 1983 and is a model small business incubator with a multi-tenant facility that provides entrepreneurs with space and a wide variety of administrative, management, technical and professional services.
 - (4) **G. Stephens Construction** is a small firm partnering with Turner Construction through BusinessLINC, an initiative that encourages larger businesses to link with and advise smaller firms, particularly those in economically distressed communities.
 - (5) **The Middlebury Grocery Shopping Center** is under development in the central city area through a loan under the Economic Development Initiative. The center will ultimately employ 30 full time and 100 part time workers.

Cons:

- The Vice President has attended several recent events in Akron, including one last month on teen smoking.

E PRESIDENT HASS
5-7-99

SUMMARY OF RECOMMENDATION

After careful consideration and review of ten other potential locations (several of which you have recently visited), Atlanta, GA and Akron, OH were selected for recommendation. These two cities are characteristic of New Markets and they illustrate the potential for successful private investment in underserved communities. These cities also fit logistical travel constraints given our expected departure time from Washington following the morning roundtable. Please advise us of your preference.

Atlanta, GA  _____ Akron, OH _____ Discuss Further _____

5-7-99

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Mrs Gore
Podiatrist

Deeper Truths Sought In Violence by Youths

By ERICA GOODE

They seemed, people said at the time, like normal children from normal families, rattling along the bumpy emotional road that most people believe represents the normal course of the teen-age years.

But when psychiatrists investigated the suicides of 27 youths in the Pittsburgh area, interviewing the victims' friends, teachers and family members, their inquiry revealed not normal teen-agers but severely disturbed youths whose psychological problems were longstanding and whose unhappiness had leached out in a hundred clues that were ignored or undetected by those around them.

This contrast between surface assessment and underlying reality, mental health experts say, is typical of most cases in which teen-agers have committed acts of extreme violence. Since the shootings in Littleton, Colo., two weeks ago, public discussion has focused on a variety of cultural factors.

But the deeper truth of what happened at Columbine High School in Littleton, many experts say, may lie less in the troubles of the world at large than in the problems and personal histories of Eric Harris and Dylan Klebold, the two teen-age gunmen, who killed themselves after shooting to death 12 fellow students and a teacher.

"At first it looks inexplicable, if they don't seem to have the history of troubled relationships and temperamental difficulties," said Dr. James Garbarino, professor of human development at Cornell University and author of "Lost Boys: Why Our Sons Turn Violent and How We Can Save Them" (Free Press, 1999). "But as the days proceed and these boys' lives are put under the microscope, we may begin to see a pattern of early difficulties."

The realization that it is fragile children who are most likely to "break" in stark ways has emerged from a growing number of "psychological autopsy" studies of youthful suicides and less from studies of adolescents who have committed murders.

Some clues may be found in research suggesting that aggression against one's self and aggression toward others are not contradictory. People who attempt suicide, for example, show more aggressiveness and impulsiveness throughout their lifetime than people who are not suicidal. And other studies have shown that the turbulence, pathology and confusion considered normal in adolescence are in fact far from typical.

In a series of studies of adolescents in the United States and other countries, Dr. Daniel Offer and his colleagues at the University of Chicago found that the rates of mental illness in teen-agers were identical to those in adults.

Dr. Kenneth Howard, a professor of psychology who helped conduct the studies, said that while every teen-ager had ups and downs, "the typical adolescent is a pretty healthy, happy, purposeful person."

But, Dr. Howard added, "if your kid is behaving like a 'typical adolescent' — sullen, depressed, getting poor grades, having trouble with friends — that kid needs help and it's not a phase."

In contrast to this upbeat portrait of normal teen-age development, Dr. David Shaffer and his colleagues at Columbia University found, in an in-depth study of 120 adolescents in the New York area who committed suicide from June 1, 1984, to May 31, 1986, that 90 percent suffered from a diagnosable psychiatric disorder, like major depression or another "mood disorder," alcohol or drug abuse, previous suicide attempts or problems with disruptive behavior.

In more than a third of the New York suicides, the symptoms began

more than five years before the victim's death, the study said.

Among the risk factors identified by Dr. Shaffer and other investigators, including Dr. David Brent, the child psychiatrist who conducted the study of the 27 Pittsburgh suicides, were difficulties in school, neither being in school nor working, a family history of suicide, a significant lack of "satisfying communication" between children and their parents, exposure to parental discord or abuse, and stressful life events, particularly disciplinary or legal problems, and interpersonal losses.

In addition, suicide victims have lowered levels of serotonin, a messenger chemical in areas of the brain's frontal lobe involved with planning and impulse control, indicating that biological factors may leave some people less able to resist acting on suicidal urges, according to findings by Dr. J. John Mann and Dr. Victoria Arango, both of Columbia, and other investigators.

Similarly, studies of youthful murderers frequently find a history of

The common view of the 'normal' teen-age years may be off kilter.

abuse, humiliation, terror or neglect, along with evidence of psychiatric disorders and neurological abnormalities. Often, teen-age murderers show a pattern of disturbed relationships with others and destructive behavior that comes to light only after they commit a crime.

For example, Luke Woodham, who in 1997 killed his mother and two students and wounded seven others at his high school in Pearl, Miss., had been seen beating his dog with a club, wrapping the animal in a plastic bag, setting it on fire and tossing it into a pond, Dr. Garbarino writes in "Lost Boys."

Also common in many children who erupt in violence, many experts say, is a deadening of human feeling, a striking inability to feel remorse, love or empathy toward another human being.

Dr. Bruce Perry, chief of psychiatry at Texas Children's Hospital in Houston, said such children might know intellectually that they had done something wrong but were unable to connect to their action in an emotional way.

"I've sat in my office with a 14-year-old child who two days previously had killed somebody," Dr. Perry said, "and he sat in my office and colored and talked about it almost as if he were describing a sporting event he had observed, instead of an event that he had caused."

Mr. Woodham expressed a similar dissociation from reality in his tape-recorded confession, saying, "It was like I was there and I wasn't there." And students at Columbine High described the chilling detachment of Mr. Harris and Mr. Klebold as they went on their rampage.

In the wake of the Littleton attack, the search for answers has focused attention on guns, media violence, video games and the pressures on school children to achieve. But the message from studies of adolescents who kill others or themselves is that no single factor can explain their actions.

Instead, researchers say, young killers must be seen as extremely vulnerable children who accumulate risk throughout their lives and finally succumb. The situation is like a tower of blocks, Dr. Garbarino said, adding, "You put one more block on the tower and it topples over."

Against this backdrop, rates of suicides and homicides committed by teen-agers have risen sharply over the last three decades, though they have recently leveled off at record highs. And mental disorders like depression, manic depression and alcoholism are being detected earlier than previously. More than 1.5 million Americans under age 15 are seriously depressed, according to the National Institute of Mental Health. Other estimates put the figure higher.

Vulnerable children, because they may be the first to falter, could offer a warning, marking the fault lines in a culture in which more and more children are taking their own lives or those of others.

Teen-agers, said Michael Meade, founder of Mosaic, an organization devoted to working with adolescents at risk, are desperately hungry "for genuine involvement and genuine attention."

And in a world of violent images, ready availability of guns and pressure to succeed, adults cannot start listening too soon, Mr. Meade said.

Dr. Mann, the researcher at Columbia, put it this way: "When vulnerable kids crack, the weapons that are at hand make the consequences of that vulnerability more serious."

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William J. Crowe Jr.

Two Embassies Down . . .

More U.S. ambassadors than generals and admirals have been killed in service since World War II.

The NATO and U.S. military actions in Kosovo and Serbia have brought about a series of attacks on American embassies in Moscow, Copenhagen, Damascus, Skopje and Toronto. This, of course, is not the first time that unhappiness with our foreign policy decisions has brought dissidents to the steps of our embassies with flag burnings, physical attacks and even gunfire. I suspect the coming weeks will see more such incidents.

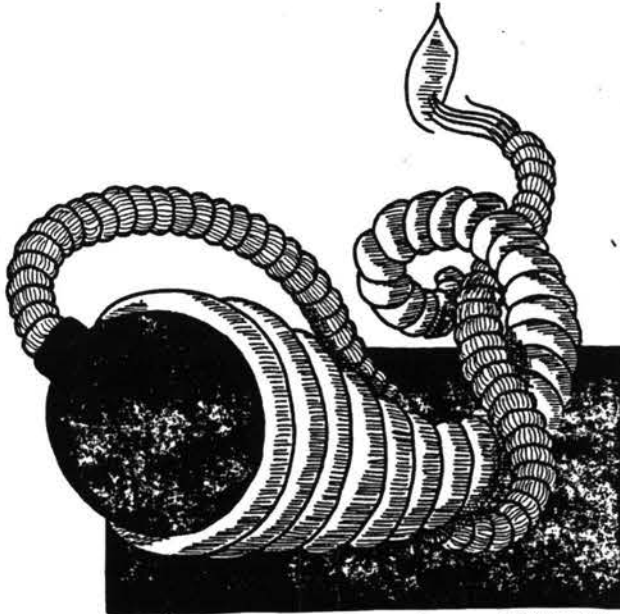
The focus of these attacks is not the State Department or the diplomats within those buildings, most of whom have no personal involvement with the policy decisions that are being attacked. Rather, the attacks are being made on the United States and its citizens. In the attackers' minds, they are directly humiliating our country and what it stands for.

In 1998 and early 1999, I chaired the State Department commissions investigating the bombings of our embassies in Dar es Salaam and Nairobi last August. The coordinated attacks against those posts resulted in terrible tragedy—more than 220 killed and almost 5,000 wounded. There were 12 Americans and 31 Foreign Service nationals killed.

Almost 14 years before we presented our findings to the secretary of state, another commission, formed after the 1983 Beirut embassy bombing, looked at embassy security. Adm. Bobby Ray Inman and his group found serious flaws in the way the government handled protection of our diplomatic installations abroad. Fourteen years later, more than 88 percent of our embassies still do not meet the security standards established by the State Department after the Inman Report.

We found that the failure was a collective one. The responsibility was shared by the State Department, three successive administrations, the Office of Management and Budget and Congress. No one seemed to take this serious issue to heart, and the result was that the overwhelming majority of our diplomatic posts abroad do not meet the necessary requirements for protection.

Our commissions called for a serious and immediate correction of this neglect. We called for annual expenditures of \$1.4 billion for 10 years to meet the recommended



BY MARGARET SCOTT

security upgrades and new construction requirements. The administration, in turn, asked for \$36 million in embassy security funding for fiscal year 2000, less than the cost of the one U.S. aircraft shot down in the current operation.

What are the requirements and how should we proceed? The most important long-term issue is physical setback of our buildings. Both the embassies in Dar es Salaam and Nairobi were located on busy thoroughfares, vulnerable to large vehicular bombs. New embassies must be located in such a way as to give them effective setback from the public streets. This doesn't mean that we isolate our posts or make them fortress-like. It simply means that we protect them from the most dangerous vulnerability.

The key short-term issue is windows. More than 90 percent of those killed and wounded in Nairobi were victims of flying glass. Even though the embassy windows had a Mylar film coating, every person standing close to a window facing the bomb blast was killed. To our surprise, the State Department asked for \$57 million in the emergency supplemental legislation following the August bombings to purchase more Mylar. Our report took strong issue with this decision. We believe that we must move quickly to use the technologically advanced laminated glass process in our embassies.

This is something that can and should be done immediately.

As one who served in uniform for 47 years, I know the great responsibility of putting military men and women in harm's way. Every effort is made to enhance their protection. I believe that we should establish the same standard for the men and women of our Foreign Service, who serve as our representatives in 162 countries around the world. I think that we owe them the same protection and security that our military forces receive, especially when we reflect that more ambassadors than generals and admirals have been killed in service since World War II.

It is ironic that, in situations such as Kosovo, we will spend billions of dollars in a bombing campaign designed to aid the ethnic Albanian population there with hardly a nod to the protection of American embassies and their staffs, all of which share increased risks from the crisis. We should never allow budgetary considerations to achieve greater importance than the lives of the people who serve our country with selfless dedication.

The writer is a retired Navy admiral who has been chairman of the Joint Chiefs of Staff and U.S. ambassador to Great Britain.

The Washington Post

TUESDAY, MAY 4, 1999

5-7-99

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Foreign Affairs

THOMAS L. FRIEDMAN

Kosovo
And
Columbine

MIAMI

The failure of the House of Representatives to muster even a one-seat majority in favor of the Administration's air war in Yugoslavia has given birth to a new dictum: Foreign policy stops at the water's edge.

It used to be that politics stopped at the water's edge, and that was where foreign policy started. But when the vast majority of House Republicans are unwilling even to give symbolic backing to the Administration's air campaign against Slobodan Milosevic, while U.S. pilots are in the middle of that war with 18 NATO allies, then you know we're in a new world.

It's now official: Bill Clinton has made the Republican Party crazy. And he has done that by taking all the Republicans' good stuff and leaving them with abortion. How crazy are the House Republicans today? Crazy enough to vote against the air war in Yugoslavia, but in favor of massively increasing the defense budget; crazy enough to vote in favor of expanding NATO, while dissing NATO's biggest post-cold-war operation. Say what?

But as dysfunctional as the House Republicans are these days, that is not the whole explanation for last week's 213-to-213 tie vote. In fairness, the House vote was about more than just hating Mr. Clinton.

I've just spent a few weeks on the road in America, from the East Coast to the Midwest to California, talking with people interested in current events, and the ambivalence that was reflected in the House vote is a true mirror of the ambivalence in the country about Kosovo. The early enthusiasm has waned — not because of Kosovo or Clinton, but because of Columbine.

Whatever enthusiasm existed for a ground war in Kosovo, or even the sort of intense air campaign that I have favored, has been diluted by the murders at Columbine High School in Littleton, Colo. And people in Washington are missing something important if they don't understand that.

The events in Littleton knocked the stuffing out of this country. It's not that people are using it as an excuse

for ignoring the hard choices in Kosovo. It is more profound. They are sincerely troubled by Columbine, and what it might say about their own schools, their own communities and their own kids, and it has broken the intense focus on Kosovo. People see the horrific pictures of refugees streaming out of Kosovo, they read about the atrocities, but, for many, their hearts and minds are engaged elsewhere. Littleton has gone to a very deep place.

It's not hard to understand why. The shootings in Littleton were not by deprived youths, and they were not carried out by an obviously depraved single gunman, who could be written off as a psycho. Rather, they happened in a "Leave It to Beaver" neighborhood — and the gunmen were Wally and Eddie Haskell. Until we hear from the parents in this story, until we unearth the psychological smoking gun that explains how a young man of privilege could go to the prom on the weekend and then shoot up his schoolmates the next week, it is going to gnaw at the country.

It has left people who live half a country away from Littleton feeling less safe. A man came up to me in Baltimore the other day and said that when he was growing up, no one in his neighborhood locked the doors, and kids, even those looking for trouble, had to go a long way to find it. The murders in Littleton, though, and particularly the fact that one of the presumed gunmen had his own blood-chilling Web site, had got him thinking afresh about his own kids, he said. He suddenly realized that, with the Internet, it didn't matter anymore what neighborhood he lived in, or whether he locked the doors or not — because trouble was now a fingertip away. With "one mouse click," his kids could be in a porn shop, a pedophile's living room, a casino, a gun shop, a neo-Nazi hall, and Lord only knows where else.

And there is something else out there, an unstated question, also gnawing at people: If our own kids can shoot other kids at school, how can we ever hope to cure Kosovo? We are chasing evil in the Balkans, hoping to catch it, and then we find it's right around the corner.

Columbine cannot be, and should not be, an argument for walking away from Kosovo. In fact, I found that if I scratched people, most still favored some sort of American activism in Kosovo. But you do have to scratch people more now, because they are, emotionally, otherwise engaged. Their hearts and minds are focused on a different front — the one in their own backyards. □

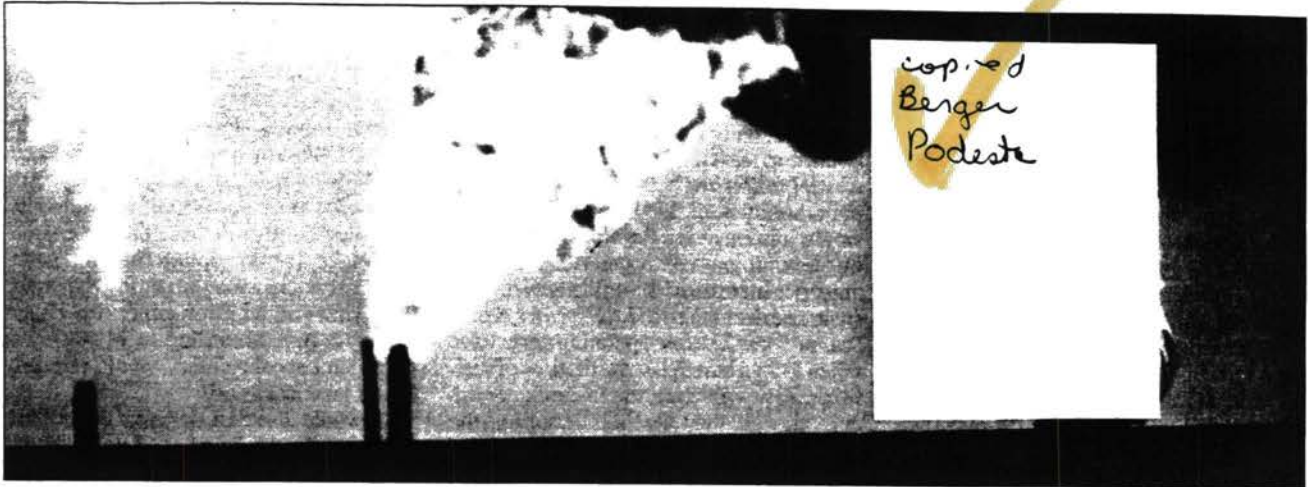
The New York Times

TUESDAY, MAY 4, 1999

CHEAP OIL

Sandy Fyl-BC

5-7-99



The next shock?

The price of oil has fallen by half in the past two years, to just over \$10 a barrel. It may fall further—and the effects will not be as good as you might hope

OIL is cheaper today, in real terms, than it was in 1973. After two OPEC-induced decades of expensive oil, oil producers and the oil industry as a whole have more or less given up hope that prices might rebound soon. The chairman of Royal Dutch/Shell, Mark Moody-Stuart, three months ago unveiled a five-year plan that assumed a price of \$14 a barrel. He has since publicly mused about oil at \$11. Sir John Browne, chief executive of BP-Amoco, is now working on a similar assumption.

Consumers everywhere will rejoice at the prospect of cheap, plentiful oil for the foreseeable future. Policymakers who remember the pain of responding to oil shocks in 1973 and in 1979-80 will also be pleased. But the oilmen's musings will not be popular with their fellows. For if oil prices remain around \$10, every oil firm will have to slash its exploration budget. Few investments outside the Middle East will any longer make sense.

Cheap oil will also mean that most oil-producing countries, many of them run by benighted governments that are already flirting with financial collapse, are likely to see their economies deteriorate further. And it might also encourage more emissions of carbon dioxide at just the moment when the world is trying to do something about global warming.

There is a thought: \$10 might actually be optimistic. We may be heading for

\$5. To see why, consider chart 1. Thanks to new technology and productivity gains, you might expect the price of oil, like that of most other commodities, to fall slowly over the years. Judging by the oil market in the pre-OPEC era, a "normal" market price might now be in the \$5-10 range. Factor in the current slow growth of the world economy and the normal price drops to the bottom of that range.

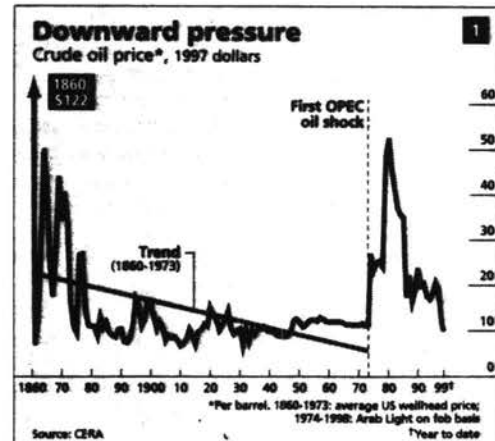
That the recent fall in prices has been so precipitous merely confirms that, for the past 25 years, oil has been anything but a normal commodity. Although the Middle East contains two-thirds of the world's proven oil reserves, it produces less than a third of the world's oil. If production were determined by cost and quality alone, most oil would come from these countries. Oil in the Gulf is cheap to extract—barely \$2 a barrel, a quarter of the cost in the North Sea. Unlike the heavy crudes of Mexico or Venezuela, it is of high quality and high value. Much of the world needs fancy technology and expensive rigs to extract oil; in Arabia, as the old hands say, "you just stick a straw in the ground and it gushes out."

The Gulf countries are to blame for their small share of the market. By nationalising their oil industries and doing their best through

the OPEC cartel to keep prices high in the 1970s and 1980s, they encouraged oil development elsewhere. With oil so profitable, prospectors searched inhospitable parts of the world. The perverse result is that high-cost regions (such as the North Sea) have been exploited before low-cost ones (such as Iran).

The oil industry is like a ship with its centre of gravity above the water line, says Jeremy Elden of Germany's Commerzbank. It can sail smoothly for years, but capsize suddenly in rough seas—and do so quite rapidly. An unprecedented combination of excess supply and weak demand has created just such rough seas in the past year. The finances of the Gulf states are suffering, as budget cutbacks and recent talk of defence cancellations have shown.

Yet if the Gulf producers thought that oil prices would remain low for some years, it would pay them to abandon all attempts to boost oil revenues by propping up prices, and instead to increase production. The result would be a world in which supply and demand were determined not by geopolitics and cartels, but by geology and



markets—meaning that, in today's conditions, the price would head down towards \$5. That sounds appealing. But it carries also a less happy corollary of a world that depends upon a highly unstable region for half its oil, with the proportion rising all the time.

Well down

A new report by Arthur Andersen, an accounting firm, and CERA, an energy consultancy, argues that the present price collapse is fundamentally different from the previous one, in 1986. Then, high prices had choked off demand; but as soon as oil became cheap again, the thirst for it returned. This time demand has barely picked up, even though the price has fallen by half.

One short-term reason is yet another unseasonably warm winter in the northern hemisphere. A more lasting one is the economic troubles of Asia, the region that had been expected to drive oil-company profits for years to come. Even such sceptics as David O'Reilly, one of Chevron's bosses, who continues to pooh-pooh what he calls a temporary "price siege", still worry that, because of Asia's crisis, demand might not rebound. Demand may fall further if and when America's record-breaking growth comes to an end.

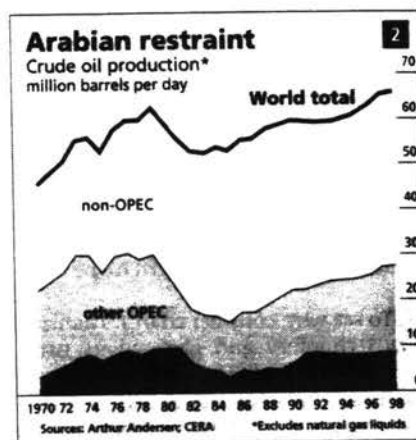
There is another threat on the demand side: worries over global warming. Although the science remains inconclusive, rich countries agreed at the Kyoto summit in 1997 that it is worrying enough to warrant pre-emptive action. So they have agreed to binding targets to reduce their emissions of greenhouse gases. Whether or how countries will hit these targets is unclear. But demand for oil (though not for cleaner gas) in the rich world is likely to be one casualty.

The supply situation is even gloomier for producers. Unlike 1986, oil supplies have been slow to respond to the past year's fall. Even at \$10 a barrel, it can be worth continuing with projects that already have huge sunk costs. Rapid technological advances have pushed the cost of finding, developing and producing crude oil outside the Middle East down from over \$25 a barrel (in today's prices) in the 1980s to around \$10 now. Privatisation and deregulation in such places as Argentina, Malaysia and Venezuela have transformed moribund state-owned oil firms. According to Douglas Terreson of Morgan Stanley Dean Witter, an investment bank, this has "unleashed a dozen new Texacos during the 1990s", all of them keen to pump oil.

Meanwhile OPEC, which masterminded the supply cuts that pushed prices up in the 1970s and 1980s, is in complete disarray. The cartel will try yet again to agree upon production cuts at its next meeting, on March 23rd, but, partly thanks to its members' cheating on quotas, the im-

pact of any such cuts will be small. OPEC members fear that Iraq, whose UN-constrained output rose by 1m barrels a day in 1998, may some day be able to raise production further. Last week Algeria's energy minister declared, with only slight exaggeration, that prices might conceivably tumble "to \$2 or \$3 a barrel."

Nor is there much chance of prices rebounding. If they started to, Venezuela, which breaks even at \$7 a barrel, would expand production; at \$10, the Gulf of Mexico would join in; at \$11, the North Sea, and so on (see map on next page). This will limit any price increase in the unlikely event that OPEC rises from the dead. Even in the North Sea, the bare-bottom operating costs have fallen to \$4 a barrel. For the lifetime of such fields firms will continue to crank out oil, even though they are not recouping the sunk costs of exploration and financing. And basket-cases such as Russia and Nige-



ria are so hopelessly dependent on oil that they may go on producing for some time whatever the price.

And \$5?

All this explains why oil prices will remain low. But there needs to be a shift in the policy of the world's biggest producer, Saudi Arabia, for them to be halved again. The kingdom has for years restrained output to support prices. However, if its rulers think prices are going to remain low anyway, their calculation may change.

"If it weren't for politics," insists Euan Baird, head of Schlumberger, the world's biggest oil-services firm, "every barrel of oil would be pumped out of the Gulf—especially Saudi Arabia." Politics is not dead yet, as troubles in so many oil countries, from Venezuela to Russia to Nigeria have made plain—indeed, it may be the very prize of oil that has created these countries' problems. But a new kind of politics may now be at work to make Mr Baird's assertion come true.

The latest oil-price shock has come at a sensitive time for the Saudi ruling family. Power is passing from the ailing monarch,

King Fahd, to his brother, Abdullah. The autocratic family has had problems with dissent in radical Islamist quarters. Low oil prices crippled the Saudi economy in 1998: output shrank by nearly 2%, both the current-account and the budget deficits soared to nearly 10% of GDP and debt approached 100% of GDP. This year will be worse.

The choice is simple. Either the Saudis must cut back their welfare state, by slashing benefits and raising taxes, or they must find a way of increasing oil revenues. But the ruling family's delicate domestic situation makes the first option difficult. So instead the Saudis may now do what once would have been unthinkable: throw open the taps. That, according to McKinsey, a management consultancy, would certainly herald an era of \$5 oil.

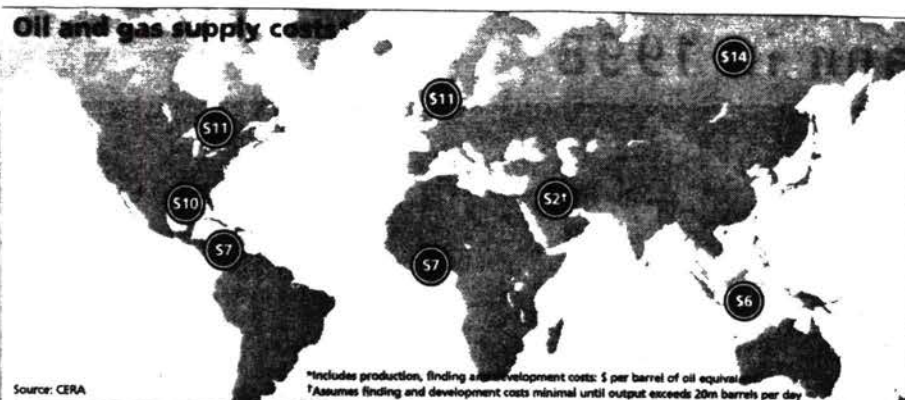
It would also destroy OPEC. But the cartel is already moribund, and unless Saudi Arabia can bring it back from the dead, which is highly unlikely, going for full production is the strategy that makes most sense for all the Gulf states. Mr Elden has crunched the numbers for the five main producers (Saudi Arabia, Kuwait, Iran, Iraq and the United Arab Emirates) at a \$10 price. His analysis shows that after a short period of lost revenues, the Gulf states would enjoy years of strong cash inflow, as they take market share from high-cost regions. He reckons that the real rate of return for the Gulf states on such an "investment" is 13%, well above the cost of borrowing to plug budget gaps. If Saudi Arabia, on its own, pursues volume, he reckons its rate of return would be an impressive 15%.

The catch is finding the money needed to buy equipment and develop fields now, so as to expand production fast. The strategy Mr Elden suggests of going for full production might cost perhaps \$110 billion, a good \$50 billion more than the Gulf states have to hand. But these countries will not have to beg for charity: their reserves have a present value of \$1.2 trillion. Foreign oil bosses are already queuing up, cheque-books in hand.

Sensitivities about OPEC are one reason why some people doubt that the Saudis will, say, double output to gobble up a 25% share within a few years. Plenty of oilmen think that Saudi Arabia is too cautious for that. The Saudis might instead respond to low prices by increasing output only slowly and quietly. Such a strategy would serve Saudi Arabia's political ends by keeping its chums in OPEC afloat, and its economic ends by forcing many private-sector oil firms to slash output from high-cost, non-OPEC fields.

There are signs that the nationalism of Gulf producers is crumbling. Kuwait is debating opening its oil fields to foreign investment. Even Saudi rulers have dropped some hints. Prince Abdullah, on his first visit to America last autumn, met Ameri-

Oil and gas supply costs



Source: CERA

*Includes production, finding and development costs: \$ per barrel of oil equivalent
 †Assumes finding and development costs minimal until output exceeds 20m barrels per day

Crude oil reserves and production

	Reserves bn barrels Jan 1st 1999	Production* m barrels per day 1998
Saudi Arabia	262	8.4
Iraq	113	2.1
UAE	98	2.3
Kuwait	97	2.1
Iran	90	3.6
Venezuela	73	3.1
Russia	57	6.9
Mexico	48	3.1
Libya	30	1.4
China	24	3.2
United States	23	6.4
Nigeria	23	2.0

Source: CERA

*Excludes natural gas liquids

can oil firms to discuss possible upstream investment in his country, a subject that would once have been taboo. Every few weeks, another top oilman visits the Saudis. Last month, Bill Richardson, America's energy secretary, arrived to woo the royals. Although the Saudis were coy on that occasion, Mr Richardson says he is confident that a framework for upstream foreign investment, beginning with gas, but likely to go on to oil, will be in place within six months.

The good news...

One might expect a collapse in oil prices to fuel an orgy of gleeful consumption. Indeed, when the oil price halved in the mid-1980s, world consumption did soar—by 2.7% a year for three years. But not this time, argues Joe Stanislaw of CERA, for two reasons. One is, again, the advance of technology, which has made alternatives to oil, such as natural gas, cheaper. In the mid-1980s oil consumption surged in part because when oil fell below \$20 a barrel, it was often substituted for gas. Now, advances in gas turbines have made gas more attractive, even if oil prices go below \$10.

Another factor is a legacy of previous oil shocks—taxes that are aimed at conservation. In all rich countries but one, taxes make up so much of the price of petrol at the pump that consumers hardly notice any drop in crude prices. In Europe, for example, about 80% of the purchase price (typically, \$1 a litre) is tax. The exception of course, is America, where taxes make up only a third of the price—but at about 40 cents a litre, the price is very low anyway. Philip Verleger, a petroleum economist, reckons that even a prolonged period of low oil prices (below \$10 a barrel) will provide a negligible boost to consumption in OECD countries, perhaps no bigger than 1%.

In poor countries, where taxes are lower and more new power stations and vehicles are being built, the effect of cheaper oil will be greater. Low prices will mean that more poor consumers can enjoy the benefits taken for granted by their rich-world brethren, although that will also mean they produce more greenhouse gases. In places like

China, most power now comes from plants using inexpensive, but filthy, coal. Mr Verleger points out that a \$5 world might encourage a shift to oil-fired plants or, better still, to cleaner ones using natural gas.

... and the bad

Yet a falling oil price will not be good for everyone. In particular, the oil companies and the producer countries will suffer. Low prices have left both screaming in pain—and there may be worse to come.

The six biggest American oil firms posted grim fourth-quarter results for 1998: their after-tax profits fell by 90%, or \$4.8 billion, compared with the same quarter a year earlier. The recent mergers of BP with Amoco and Exxon with Mobil mark a new round of consolidation in the industry. A big motive is to take costs out of the business: Exxon-Mobil for example, expects to save \$2.8 billion from its merger. With its own reorganisation and internal streamlining, Shell is hoping to save \$2.5 billion a year.

The big firms are also expecting Gulf countries to open up to investment and are creating formidable lobbying machines in readiness. This week two European oil firms, ENI and Elf, signed contracts to help develop Iranian oil fields. The new BP-Amoco will take its place near the front of the queue to see Gulf oil ministers, but it will also be able to call on new American friends to put in a good word. Sir John Browne lobbied Mr Richardson before his visit to Saudi Arabia.

If oil companies find that they can adapt, albeit painfully, OPEC countries will find it much harder. The revenues of the cartel's members plunged in 1998 to about \$100 billion, only one-fifth of their 1980 revenues in real terms, according to Marvin Zonis of the University of Chicago. All the oil producers are suffering, but some are in better shape than others. Mexico, for example, has diversified its export base, though the federal government still gets about a third of its revenues from Pemex, the state oil monopoly. Britain has a diversified economy that can weather the price drop. Norway has set aside surplus oil reve-

nues to pay for pensions for its ageing population as oil income wanes. Abu Dhabi and Kuwait, with few people and lots of cash, have been able to stash profits away for rainy days.

But other countries are heading for big trouble. Nearly half of Russia's hard-currency earnings come from crude-oil exports; that figure rises to about 80% for Venezuela and 95% for Nigeria and Algeria. In Russia (and also in the Caspian) low oil prices may make much production unprofitable. In Venezuela, where production costs are lower, the bursting of the oil bubble has helped to propel a populist military man, jailed for two failed coups in 1992, into the presidency. Prolonged low prices could trigger social explosions in several other unstable producing countries.

As for the country that has most ostentatiously frittered away its oil wealth, Nigeria, the delicate transition to democracy that took a further step with last weekend's presidential election (see pages 44-46) could yet be undermined by economic troubles. Nigeria is a low-cost producer, so it will still be in business even with low oil prices. But its mismanagement—Nigerians have recently had to queue for two days to get petrol—has been so bad that the transition could prove difficult nonetheless.

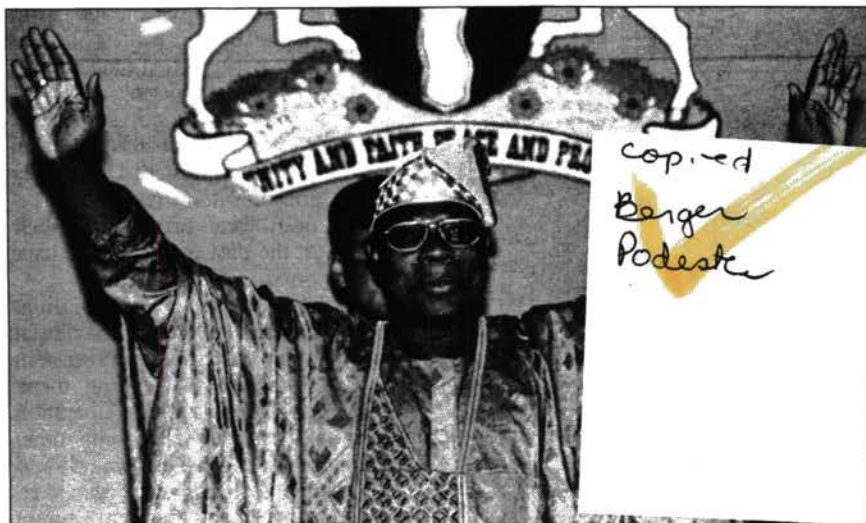
In the short run, at least, the oil monarchies of the Gulf could also be in difficulty. Low prices already threaten the delicate "ruling bargain" between dictatorial rulers and coddled subjects. A further plunge in revenues might put them at great risk. If they slash benefits or raise taxes, they risk a backlash that could even shove them out.

In the medium term, however, the Gulf states will find that their revenues recover and even increase with cheaper oil. So once they have made the transition to higher production, a \$5 world should not hold any terrors for them. But it may hold more terrors for the rest of the world—for, just as in 1973, it will find that it is increasingly dependent on a few unstable and unreliable Gulf countries, notably Saudi Arabia, Iran and Iraq, for its energy. Cheap oil may not then look quite so wonderful, after all.

NIGERIA'S FUTURE

5-7-99

Sandy - Ego - Pre



Can Obasanjo save Nigeria?

ABUJA

The task facing Nigeria's new president is immense. Is he up to it?

AS HE surveys the state of his country in the aftermath of his election victory on February 27th, President-elect Olusegun Obasanjo might be forgiven for thinking that what Nigeria needs is a sharp kick from a military boot. Yet, once a general himself, Mr Obasanjo of all people knows how years of military rule have corrupted and weakened his country. Can this crusty old warrior, who last ran the country—in uniform—in 1979, now drag Nigeria back from the brink of chaos?

For an ex-general, his political credentials are good. As military ruler in 1979, he nobly handed over to an elected civilian government. That government borrowed, stole and squandered until it was overthrown by the soldiers again four years later. Then the army, once seen as the only institution capable of running the country, turned instead to looting, and destroyed it. Nigeria's descent into chaos accelerated.

In the 20 years since Mr Obasanjo last held the reins of power, this vast, shambolic but energetic country of more than 100m people has seen its income per person slide from \$788 to \$679. Nigeria's currency, the naira, has gone from nearly \$2 then to little more than one cent now. Today's Nigeria has no constitution. Its economy, already plundered by high-level theft and corrup-

tion, will be further damaged by the continuing slide in the price of oil, the commodity that provides 98.9% of export earnings. More and more Nigerians now live in poverty, angry and demoralised. Can one man, however well-intentioned, make a difference?

Mr Obasanjo will be given no period of political grace, either before he takes office on May 29th or after. His defeated rival for the presidency, Olu Falae, a former finance minister, has already challenged the election result, claiming that voting was rigged and ballot boxes were stuffed. International monitors agree up to a point, but say that any rigging was done by the political parties, not by the government, and that anyway it was not on a big enough scale to affect the result.

With 7m more votes than Mr Falae, Mr Obasanjo has a comfortable-sounding margin. Yet he may still lack the clout to govern effectively in such a divided country. He won a clear majority in most central and northern states, yet did quite poorly in four south-western states (see map on next page). Both he and Mr Falae are Yorubas from the south-west, but Mr Obasanjo is distrusted there as a man co-opted by the north. In Lagos, Nigeria's commercial capital and the engine-room of what is left of

the non-oil economy, he won only 12%.

Perhaps the new president's greatest asset is that he comes to office after General Sani Abacha, the worst ruler Nigeria has ever had. Under pressure from international donors, Abacha had been planning a return to civilian rule, but his plan entailed all five officially sanctioned political parties proclaiming him their candidate for president. That prospect proved too much even for Nigeria's pliable political elite. It drove 18 northern leaders and another 16 from the south—known as the Group of 34—to join forces with a handful of democracy campaigners and oppose publicly the general's plan to "succeed himself". Last June, as they braced themselves for the general's wrath, Abacha died (whether from natural or unnatural causes is still not certain). Luckily for Nigeria, his relaxed and affable interim successor, General Abdulsalam Abubakar, did a prompt about-turn, released some political prisoners, and set in train the process that led to this week's flawed but free election.

Luckily for Mr Obasanjo, General Abubakar had already begun to restore relations with Nigeria's western donors and to persuade them to lift sanctions imposed in 1995, after the hanging of Ken Saro-Wiwa, a prominent minority activist. Negotiations began with the IMF and the general abolished the dual exchange rate that had allowed Abacha's cronies to buy cheap dollars. Until May 29th, when Mr Obasanjo takes over, the country will be run by a Provisional Ruling Council (PRC) of senior military officers.

Mr Obasanjo could use this time, first, to build a national coalition government, second, to work on his promised blueprint for Nigeria. Top of his agenda should be three issues: corruption, weaning the economy off its dependency on oil, and finding a more democratic federal system that spreads power and money more evenly through the country.

For the chop

Hardest of all, perhaps, will be to eradicate Nigeria's culture of theft. Take just one example. Nigeria is the world's eighth-largest oil producer, pumping about 2m barrels a day, yet for the past five years it has had a fuel shortage. The country's three refineries should provide Nigerians with oil, yet there is almost none. Queues of vehicles wait days at garages for a few litres. Why? Because Abacha found fuel import licences an effective source of patronage for his cronies, so he made sure that the refineries were not maintained and therefore that Ni-

Tehran, and prospering in other parts of the country. Islamic conservatives, who have doggedly resisted change in the 22 months since Mr Khatami was elected, may find it harder than ever to ignore what is evidently the people's will.

Mr Khatami hopes to use the newly elected city, town and village councils to decentralise authority and loosen the grip of the orthodox clerical establishment. "The elections are a vehicle for transferring power from the revolution's old generation to the new one," said Mostafa Tajzadeh, one of the president's allies. For their part, the hardliners did all they possibly could to bar reform-minded people from standing, especially in Tehran. But many of the reformers slipped back into the race, even at the last minute. This drama highlighted their cause, bringing many previously unknown candidates to public attention—and thus aiding their victory.

Officials estimate that about 25m people, or 65% of the electorate, voted. That is less than the turnout for the presidential poll in May 1997, but more than for the election last October of a religious assembly. As with the presidential election, young people (Iranians can vote from 15 onwards) constituted the bulk of voters.

The election was judged to be the fairest of the 20 or so polls held since the revolution. Some of the liberals competing for office were, amazingly for Iran, seen wearing a tie—that symbol of western decadence—in their campaign posters. Many independents have won seats in the provinces. Women also have done well, even though they are heavily outnumbered by men.

The top winner in Tehran was Abdollah Nouri, a former interior minister whose blunt reforming ways led to his impeachment last June by the conservative-dominated parliament. His boldness in speaking out for the rights of political dissidents, and denouncing vigilante violence, led to his being physically assaulted in September 1998. Another reformer who has suffered from the courage of his (new) convictions is Ebrahim Asqarzadeh, a former radical who helped to organise the attack on the American embassy in Tehran 20 years ago. Mr Asqarzadeh, who came fourth in Tehran, now advocates a rapprochement with the United States. He was badly beaten up, late last year, by a gang of fundamentalists after he invited the hostages he once held captive to travel to Iran on a goodwill visit.

A conciliatory attitude towards America is unsettling enough for the clerical authorities, but the challenge to them becomes near-intolerable when it is coupled with demands for full democracy within a theocracy. The neo-Islamists, as the reformers call themselves, claim they can reconcile western-style pluralism with Islamic teachings. The new thinking is all taking



Now, whom shall we choose?

place in the name of Islam and the 1979 revolution—the surest way, the reformers believe, to reach their goals.

The next challenge is the parliamentary election in 2000, when the reformers hope to put an end to conservative dominance of the assembly. But are the conservatives anywhere near ready to come to terms with the demands of the new generation?

Uganda

Horror in the hills

UNFORTUNATE Uganda: it was beginning to look like a pleasant place to visit again when Rwandan guerrillas grabbed a group of western tourists from a game park in the south-west, hacking and bludgeoning eight of them to death. Could this hideous incident mark a return to the country's grisly past? In fact, it is Rwanda's more recent, and even more horrible, past that inspired this week's killing.

The killers belonged to a gang of more than 100 Rwandan Hutus who had crossed from Congo over the thickly forested mountains. On February 20th, they attacked a village not far south of Bwindi National Park, hacking five people to death. A few days later they launched a feint to draw off Ugandan sol-

diers, and then attacked a tourist camp, killing a game warden and three of his rangers. At first they appeared to take the tourists hostage. But then they let some go and, on March 2nd, killed four Britons, two Americans and two New Zealanders. They left notes on the bodies saying that they did not want Americans and British on their land because they supported their enemy, Uganda's President Yoweri Museveni.

A series of murders and abductions, carried out by at least three different rebel groups, have plagued western Uganda for months. Until this latest incident, the victims had been local people and their deaths, 22 in the past month alone, have gone unreported.

This gang is a remnant of the militias responsible for the Rwandan genocide in 1994. When they were driven into eastern Congo, they reorganised, calling themselves the Armed People for the Liberation of Rwanda. They linked up with other groups opposed to a Tutsi-led Rwanda and its ally Uganda. Last year, they began to receive help from Congo's President Laurent Kabila. Uganda and Rwanda, believing themselves double-crossed, angrily set about trying to overthrow Mr Kabila, backing local Congolese rebels and sending their own troops deep into the country.

The Hutu militants believe Mr Museveni is the mastermind of a plot to create a Tutsi empire in Central Africa. The Rwandan government and the Tutsis in Congo are, they say, his pawns. Behind Mr Museveni, they see America and Britain. It was such paranoid fantasies that drove the 1994 genocide, and have now led to the killing of the tourists.

But, fantasies apart, there is little doubt that Mr Museveni wants to impose his will on the region—and that he is backed in this by America and Britain. He supports the rebels in southern Sudan and, in retaliation for this, the Sudanese government backs the rebels in northern Uganda.

Mr Museveni claims that he needs to keep troops in Congo to secure his borders. In addition, he has sent soldiers across the frontier in pursuit of the murderers. Britain acknowledges that Uganda has a genuine security stake in Congo.

But where were the Ugandan troops supposedly patrolling the border last week? Most of them were far inside Congo, because Mr Museveni really believes that the best way to secure his frontier is to change Congo's government. This is the issue that is embroiling half a dozen African armies, and at least as many African rebel groups, in continuing war.



geria had to import fuel. Much of it was then sold on the black market at twice the official price.

The fate of Mobutu's Zaire, where the state had withered away completely and the only system was corruption, now hangs over Nigeria. Some public servants still try to stay honest, but most, from bureaucrats to policemen and nurses, will not lift a finger without a bribe. Ordinary Nigerians are only mimicking their political masters. Corruption spreads from the top down. The Nigerian state does not command loyalty or service. It is regarded as a vast pie to be eaten—or "chopped" as Nigerians say—at every opportunity, especially by those who run it. Pat Utomi, director of the Lagos Business School, says: "Nigeria is the most privatised state in the world, only those who now own it did not pay for it."

Nigeria's public and private institutions—including foreign companies—are being eaten away by corruption. Roads, hospitals and schools disintegrate as funds for maintenance are pocketed. Daily power cuts in the cities force factories to close. Drug smuggling, money laundering and all sorts of frauds have made Nigeria synonymous with international crime. American drug officials speak almost in awe of the inventiveness and audacity of Nigerian crime syndicates.

The injection of petrodollars has meant that Nigeria's governments, particularly its military governments, have not been accountable to the people. They have relied on foreign oil companies and the army, rather than votes or taxes, to keep them in power. Local leaders, emirs, kings or chiefs could always be bought. It is a system most Nigerians seem to accept with a shrug.

If Mr Obasanjo wants to change this, he will also have to start at the top. But that means taking on some of the ex-military men who bankrolled his campaign. Here he could join forces with General Abubakar. Early on in his interim administration, the outgoing general trumpeted the discovery of \$800m, stolen by Abacha. The Abacha family finances were to be investigated. But then silence. Diplomats say that the stolen money has been distributed to members of the PRC, as their final pay-off before leaving office.

Chances are, the first demands on Mr Obasanjo will come from campaign backers, who will now want to recoup their outlay through government contracts and concessions. Some of Nigeria's richest men,

many of them former generals, hope that because they backed their former comrade-in arms, they will now be spared any probe into their fortunes. But Mr Obasanjo has promised an investigation into corruption. That would help win over some of his opponents in the south-west. Forcing a few prominent generals to turn out their pockets would make him the most popular man in Nigeria. Lebanon, Britain and Switzerland, where much of the stolen money lies, have indicated they would be willing to freeze bank accounts of those accused. The money recovered could be spent on the roads, hospitals and schools it was meant for. It would be a start, at least.

The economy, meanwhile, is in a critical state. Oil, or rather the misuse of oil money, has been the downfall of Nigeria.

\$15.2 billion. After debt repayments and investment in oil, there will be little left for the government to pay its army of public servants, let alone the country's twitchy soldiers. Forget about new roads or school books or medicine. The budget gap will widen if the oil price falls further. And with billions in unserviced debts, Nigeria cannot borrow more to fill the hole.

In January General Abubakar reached a tentative agreement with the IMF. Its staff will monitor basic economic policy until June, when they will negotiate an economic reform programme for Nigeria. Once the IMF is satisfied that Nigeria is on track, the country will be able to renegotiate its debt (the amount is disputed: \$28 billion, says the Fund, \$31 billion, says the World Bank, \$26 billion, says Nigeria). In

the meantime the Bank, which has had minimal contact with Nigeria since 1993, is trying to arrange a meeting of western donor countries to provide support for the new government in its first difficult year. The meeting, however, will not take place until next month at the earliest.

In the short term, the new government will probably be blamed for doing little or nothing to make life easier for the people. Yet, if it can survive this recession, Nigeria may find some harsh benefit in a lower oil price. Its future political and economic stability depends in large part on ending the dependency culture oil has created. The government needs to learn to collect taxes, for proper social spending, and Nigerians need to find more productive livelihoods. Like many a bust econ-

omy, Nigeria has talent, energy and creativity in abundance. Mr Utomi estimates that unrecorded economic activity, from metal bashing to bun selling in the streets, already produces double the output of the more formal non-oil part of the economy. The difficulty is to harness such entrepreneurship to make things Nigeria can export, alongside its oil.

Following the example of others with empty coffers, Nigeria has already begun to prepare its decrepit national power supply and telecoms for privatisation. Any benefit, however, will be long in coming. A more dramatic sell-off would be the oil industry. Were the government to sell its majority share, it would be relieved of the yearly burden of "cash calls", the millions of dollars needed for its share in continuing exploration costs.

But selling at this time would bring in less than the government might wish. And



After the price leapt in the 1970s, Nigerians abandoned almost all other economic activity in the mad scramble for a sop of oil wealth. The professional middle classes devoted themselves to getting government contracts and licences to import goods, while the oil-driven, high-valued naira destroyed Nigeria's traditional agricultural exports of cocoa, cotton and groundnuts. Millions of small farmers were quickly impoverished.

Running on empty

Now the state's coffers are empty, just when some extra spending might give the new government a breathing-space and a chance to appease angry losers. The arithmetic is horribly simple. The economy is expected to shrink by more than 1% this year. If the oil price drops to \$11 a barrel, Nigeria will receive only \$7.3 billion from its oil exports this year. In 1997, oil revenue was

privatisation is still politically unpopular in Nigeria. Some see it as selling off the family silver. Others fear that all the most valuable companies will be bought up for a song by the corrupt generals who milked and ruined them in the first place. To the outside world, however, such sales, managed tolerably decently, would at least be a sign that Nigeria now understood its salvation no longer lies with oil and the political corruption the business has spawned.

Split and fractured

Oil, however, has not only cursed Nigeria's economy. By making people believe they should be rich, it has also blighted politics, especially among those who live over it. The people of the Niger Delta have watched billions of dollars flow out from their soil as they have grown poorer. Now they are angry. The delta is home to some 8m people, split into thousands of small communities divided by language and ethnicity. The government's policy in the past, followed to some extent by the oil companies, was to play one group off against another. That has merely exacerbated rivalries: small wars have broken out in some areas.

Young militants have started to attack oil installations, kidnap oil workers and damage pipelines to demand compensation for oil spills. Some radical groups campaigning against the oil companies are demanding "control of resources and self-determination". This sounds like a call to break away from Nigeria, but the radicals say they will settle for direct negotiations with the oil companies for a slice of their income. Last year such agitation managed to halve Nigeria's on-shore production for several months.

The oil companies are chary of anything that suggests the oil belongs to anyone except the Nigerian government. However, Royal Dutch/Shell, the main onshore

operator and chief victim of the disruption, is trying to head off local anger by spending some \$40m on "community relations" this year, spread across the 1,500 communities in Shell's operational area. This sum does not include the millions more spent on compensation and ransom. Yet the rivalry between and within local groups is now so bad that Shell's well-intentioned efforts, building roads and schools, may only exacerbate jealousies and rivalries between villages, rather than pacify the delta region. For now, the fighting is done with old guns, bows and arrows. But these conflicts could yet turn the area into another Sierra Leone or Liberia.

Only Nigeria's government can stop this. General Abubakar, having withdrawn some soldiers from the region, has been trying to keep the temperature down by talking. Mr Obasanjo's new government, when it takes office, may be forced to look again not only at the land law, which designates all minerals as government property, but also the amount of revenue given back to the oil regions from central funds. The figure was once 15%, but has fallen to 3% under successive military governments. Almost none anyway reaches the ordinary people of the delta, who have become some of the poorest in Africa.

The delta crisis is also forcing a rethink of Nigeria's federal structure. Under military rule, the number of states was increased from 19 to 36, so that senior officers could be given jobs as governors and the opportunity to "chop". Real power however remained firmly at the centre. A consensus is now emerging, at least in the south, that Nigeria should be allowed to develop as six regions; north-east, north-west, middle belt, south-west, south-east and the delta, called south-south. Mr Obasanjo could transfer funds and power to these regions and allow the present states to be-

come provinces within them, with local government functions.

Will the new president be allowed to go beyond thinking about it? Election fraud and a loser crying foul are classic excuses in Nigeria for military intervention. This time, however, the soldiers are unlikely to try to step in immediately. They know that Abacha—and their own greedy behaviour—have made them too unpopular. Meanwhile, senior officers still provide the governors of the states and the bosses of the country's big companies—positions that have made them extremely rich. With luck, that means that most senior officers will be content to retire from their posts in government after May 29th.

Rank insiders?

The bigger danger will come from the second rank: colonels and brigadiers who have patiently lived on measly army pay, waiting for their turn at the trough. Many of them were promoted for loyalty to Abacha, rather than skill. They will feel slighted if Mr Obasanjo now passes them over to appoint his own men to top army posts. Another threat could come from junior officers, inspired by idealism rather than money, who want to purge the country of corruption by a violent revolutionary coup.

There have been coup attempts along these lines in Nigeria before, but none has succeeded because of the sheer size of the army and because its senior officers are too numerous and powerful. These days, however, a large part of Nigeria's 80,000-strong army is serving in the West African peace-keeping force in Sierra Leone—and suffering hundreds of casualties. This makes junior officers, who have borne the brunt of the fighting in a small country they care little about, even more dissatisfied. There have been reports of desertions and of troops refusing to be sent to Sierra Leone. Mr Obasanjo has said he will review the commitment to Sierra Leone. A strong internationalist, he is unlikely to pull the troops out willingly, but pressure from within the army may force his hand. Then how would the army spend its days?

In an attempt to head off any brewing discontent, Mr Obasanjo needs to work closely over the next few months and beyond with General Abubakar, making sure that he does not alienate the army completely, even as he seeks to restructure it and implement economic reforms to rescue the country from the army's own past excesses. He also needs a vision for Nigeria and a plan to bring it about. He revealed little of either during the election campaign. As for those army officers who stand to lose some of the perks they have grown rich on, many are confident that the civilians will mess things up again—and, sooner or later, they will be back in charge.



Awaiting a new burst of energy

The universal means test

The age-old Labour debate between universal and means-tested social benefits is being decisively resolved—in favour of means-testing

TONY BLAIR'S government has indeed crossed the Rubicon. Not, as some say, on the euro—but on welfare. Without fanfare, it has leapt from the left bank of welfare-for-all to the right bank of means-testing. Stand by for further advances, starting in Gordon Brown's budget on March 9th.

William Beveridge, the post-war inventor of Britain's welfare state, wanted a system where everyone paid insurance contributions and everyone got benefits: security, in Winston Churchill's words, "from the cradle to the grave". But even in Beveridge's day the contributions he suggested were never going to be enough to fund the benefits. Still less do they do so today when (for example) men collect their pension until age 79 on average, compared with 69 when Beveridge wrote.

For the Labour Party, this creates a dilemma. On the one hand, the left has traditionally supported universal benefits. Many on the left argue that unless the middle class benefits from the welfare state, it will refuse to pay the taxes to subsidise welfare for the poor. Moreover, concentrating benefits on the poor means more means-testing, and means-testing has often been regarded as humiliating and divisive. Its opponents also point out that it can reduce incentives to work and save, can encourage people to fiddle the system, and can create "poverty traps" in which it becomes hard to move off benefits and into work.

On the other hand, the left is also concerned about beating poverty and reducing inequality. The more state benefits go to everyone, the less generous they are. The more they are directed at the middle classes, the less they will do to redistribute wealth.

Labour has long struggled to wriggle free from this dilemma. In the 1970s, it tried two solutions. One was "claw-back", which taxed back higher benefits from the better-off. The other was "targeted universalism"—whereby universal benefits were paid to groups with special needs such as the disabled. Neither prevented welfare bills soaring; and much of the extra money still ended up in middle-class pockets.

The final ingenious throw of the univer-

salists was invented in the 1990s by Frank Field, who briefly became welfare minister under Mr Blair. Mr Field cloaked universalism in individualistic garb. He argued for restoring the principle that people's benefits should be linked to their contributions. For pensions, for example, individuals would have personal accounts, and would be allowed to own the assets bought by their contributions. Those who were unemployed would get their contributions paid by the state. Mr Field's approach proved politically attractive. The rhetoric of personal responsibility appealed to the right; his universalism appealed to the left.

For a while Mr Field seduced the prime minister. But the chancellor argued that Fieldism did little for the poor and did almost nothing to redistribute wealth. And like Mr Field, Mr Brown also made arguments that appeal to the right. He pointed out that Fieldism implied a large tax increase, in the form of higher national insurance contributions. The brute truth is that social-insurance-based welfare is hugely expensive. It largely explains why state spending in social-insurance Europe now takes

up broadly ten percentage points more of GDP than in Britain.

Mr Blair came to agree with Mr Brown. The government's new pensions plan, published in December, rejected making contributions compulsory. Instead it changed the state's existing second pension, SERPS, so that it will eventually become, in effect, for poor people only. Mr Brown has insisted, against civil-service opposition, that the state's basic pension, payable to all, will rise in line with inflation, whereas the means-tested supplement to poor pensioners will rise with earnings. So the means-tested element will grow as the flat-rate element withers on the vine.

The cost of caring

The same thinking is apparent in the wet blanket ministers cast over the majority recommendations of the Royal Commission on the Care of the Elderly, published on March 1st. The majority wanted personal care of elderly people to be free for everyone who needed it, and not merely for the seven in ten poorer pensioners in care homes who are currently state-funded. They argue that this approach avoids penalising the thrifty. But a minority report issued by two members of the committee (including David Lipsey, *The Economist's* public-policy editor) pointed out that this would not only mean an extra £1.1 billion (\$1.8 billion) in state spending now, rising to £6 billion by 2051, but that all this money would go to better-off people and their heirs, and none on better services for poor people. The government appears to sympa-

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Do their means justify the ends?

these with the minority.

It would be surprising if the budget did not carry this process further. Rumoured targets include child benefit, now payable to everyone, which the chancellor may claw back from richer people; and MIRAS, the state subsidy to mortgages.

But some in Whitehall are looking, though tentatively, even further ahead. For example, they ask, is it right that the government should pay to feed and house people in hospital, as well as for medical expenses? The introduction of "hotel charges" would happen only over the dead body of Frank Dobson, the health secretary. But Mr Dobson will not be health secretary forever.

When the incomes of the better-off 20%

of pensioners are likely to double in real terms by the year 2021, why should they also receive the basic state pension? At the moment the Treasury does not think the savings from tackling this are worth the political cost. But that could change.

The politics of getting rid of universal benefits are fraught. But British voters, whatever they tell opinion pollsters, seem to balk at paying more than 40% of their incomes in tax. This means that for a government of the centre-left the alternative too is fraught. For at that level of spending, the government cannot provide both welfare-for-all and adequate help for those who cannot provide for themselves.

Foreign policy

New blood

IT IS a cliché to speak of the "Rolls-Royce brains" inside the Foreign Office. New Labour seems less than awestruck. Ministers are said to have found it hard to shake up the ways of a department stuck in complacent ways. Civil servants are said in turn to be irritated by new-fangled notions such as "rebranding Britain" and an "ethical dimension" to foreign policy.

Robin Cook, the foreign secretary, has therefore been introducing new blood. He has started by seeking help from pressure groups, such as Amnesty, which diplomats sometimes look upon as thorns in their sides. The Foreign Office has recruited Amnesty International's former parliamentary officer to advise on human rights, and a member of Save the Children to work on the rights of children. Lest civil servants miss the point, staff from the Foreign Office's own human-rights department are to be seconded to bodies such as Article 19 and the Minority Rights Group. And Mr Cook has told new ambassadors to countries with a poor human-rights records to collect an Amnesty briefing before they go.

Publicly, Foreign Office professionals are enthusiastic about these innovations: the more sources of thinking the merrier, they say. Generations of Britons reared on "Yes, Minister" know better. No civil servant lightly surrenders his monopoly of advice to ministers.

Now there is worse. All over London, foreign-policy types were struggling this week to suppress their fogeyish instincts as another of Mr Cook's innovations hove into view. This was the launch, at (where else?) the Institute of Contemporary Arts, of the Foreign Policy Centre, a new think-tank that is independent of the Foreign Office but makes no secret of its closeness to one T. Blair (patron) and R. Cook (president). Its director is Mark Leonard, a bright young thing of 24 years (and sometime intern at *The Economist*), who was the brains when at Demos, another Blairite think tank, behind the rebranding of Britain.

Britain already has some foreign-policy think-tanks, such as the Royal Institute for International Affairs (Chatham House). But such institutions are usually called "venerable", code for saying that they now seem somewhat staid. Newer outfits, such as the Centre for European Reform (also run by a former *Economist* journalist), have made a bigger impact on Mr Blair's government.

Mr Leonard has decided views about the inadequacy of foreign policy as it is currently practised. He argues in an eve-of-launch article in the *Financial Times* that whereas in the past foreign policy seemed "far removed from ordinary life", it now

Sins of commission

ON MARCH 1st the Sutherland commission on long-term care of the elderly reported, and the Wakeham commission on Lords' reform met for the first time. Royal commissions are back in fashion. Lady Thatcher set up none in 11 years, but Tony Blair has managed two in two. This is still slow going during a century which has seen 149 such commissions—including, among others, one on arsenic in beer and one on university education in Dundee.

Quality has fluctuated too—reaching its zenith in Beatrice Webb's minority report to the Royal Commission on the Poor Laws in 1909 (which first floated the idea of the National Health Service) and its nadir in the 1923 report of the Royal Commission on the Fire Brigades, where 10 of the 11 commissioners, including the chairman, signed one or more notes of dissent.

Walter Bagehot, a great Victorian editor of this paper, distinguished between the "dignified" and the "efficient" parts of the constitution. Royal commissions are certainly dignified. The Queen's note appointing the commissioners records "our further Will and Pleasure that you do, with as little delay as possible, report to Us your opinion upon the matters herein submitted for your consideration", which the commissioners do, in a copy bound with a red, white and blue ribbon. Len Woodley, a judge on the Sutherland commission, had to sign as "Leonard Woodley, one of Our Counsel learned in the law". Whether Her Majesty reads the report we cannot know.

But are commissions also efficient? No open review of royal commissions has taken place since the Balfour Committee on the Procedure of Royal Commissions' of 1909-10. Today's commissions have no more recent guidelines to



look at.

In 1982, a lively public debate about royal commissions was sparked by two eminent chairmen: Lord Rothschild, who chaired the Royal Commission on Gambling, and Lord Benson, who chaired the Commission on Legal Services. Lord Rothschild—who pointed out that his commissioners did not include a single gambler—was especially cynical. "Royal Commissions, particularly if they are of the second quality, start their work in the belief that they will not be doing their job unless they recommend radical changes... They should be disabused of this idea." Sir Stewart Sutherland, who trumpeted his report's radicalism at its launch, evidently disagrees.

Royal Commissions do not come cheap. The Sutherland commission cost the taxpayer £1m. If they are to work, they and the ministers who appoint them need help. Guidance, based on past experience, is needed on timetables and membership; on how they take evidence; on what they should do to consult the public; and on the way in which they conduct their debates. All in all, royal commissions could probably do with a bit more efficiency and a bit less dignity.

RUSSIA: THE KEY PLAYERS

BY CHRISTOPHER BUCKLEY

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WITH Boris Yeltsin growing increasingly frail, speculation has intensified over who will lead Russia into the next century. Here-with a guide to the personalities jockeying to assume control:

VIRIL VIRILLOVICH, forty-eight, retired tank commander.

Hard-liner. Nicknamed "The Implacable" when he ordered his tanks to level the Moscow McDonald's after discovering that he had been given a girl toy in his Contentiy Hamburgiy (Happy Meal). Advocates use of nuclear weapons as means of improving tax-collection procedures. Hobbies: listening to Joni Mitchell CDs; hunting wild boar; making in-
-ers nervous.

Quotable quote: "First we must hang the so-called reformers. Only then can we have true reform."

YEGOR ZUKZUKIN, fifty-four, leader of Gulag Party.

Has enjoyed surprising electoral success with platform of prison camps, slave labor, random beatings, throwing people out windows in the middle of the night, and eight-hour lines to buy rotten horse meat and mismatched Bulgarian sandals. Colorful speaker, mesmerizes crowds with command of tractor-output statistics from the Stalin era.

Quotable quote: "When you stop killing people in huge numbers, they get notions."

LUBYANKA TATIMOVNA, thirty-two, hostess.

Proprietress of the Lusty Duck, night club favored by members of the nomenklatura ruling elite. Statuesque, attractive, rumored to have caused Boris Yeltsin's last heart attack by encouraging him to arm-wrestle one of her bouncers. Came to public attention as regular guest on popular TV show "Our Lives Stink." Her campaign slogan, "Everyone must have more sex," appears to be catching on in the northern rural areas; also in the southern industrial areas; also

in Siberia, Mongolia, Tajikistan, Uzbekistan, Ukraine, Kamchatka, Cleveland.

Quotable quote: "You are having a good time? You look so good tonight! You have lost weight! So handsome!"

VADIM KUKARENKO, fifty-one, business tycoon.

Quick to recognize the economic opportunities following the collapse of the Soviet Union, he purchased the Russian



nuclear-submarine fleet and resold it to Disney for as yet unspecified purposes. Later embroiled in controversy over scheme to sell bread to military made from used hockey pucks. With entourage of former Spetsnaz (Special Forces) commandos and snipers, he is a presence at any negotiating table. Enjoys eating caviar off the breasts of Georgian prostitutes. Trademark: Hermès neckties with motifs of hundred-dollar bills and AK-47s. M.B.A., Harvard.

Quotable quote: "Well, if you don't accept my terms, you are always free to leave. Yurgo here will show you to your car."

ANATOLY BLOT, forty-three, economist. Strong advocate of free-market economy. Has come under attack for his con-

troversial proposals, such as charging food, housing, Hermès ties, and other basic needs. Once viewed as Yeltsin's "fair-haired boy," despite total baldness. Fell into disfavor when caught watering the President's vodka during a G7 summit meeting. Latest proposal to stave off hyperinflation: replace the ruble with Marlboro cigarettes.

Quotable quote: "If things continue at the present rate, I am, to be frank, contemplating moving to New Jersey."

BORIS KORKOV, sixty-two, former head of K.G.B.

Began career letting air out of dissident Andrei Sakharov's car tires. Came to attention of K.G.B. chairman and later General Secretary Yuri Andropov by proposing to surgically implant electronic listening device in every Soviet child at birth, saving enormous surveillance costs. Now a successful entrepreneur. Advises corporations how much to pay him not to pass all their secrets to the Taiwanese. Platform is straightforward: wants to make all important decisions on national defense, economic and foreign policy, production quotas, which models get to have sex with him.

Quotable quote: "Would it interest you to know where your wife was last night between six-thirty and eight-forty?"

LEB GLEMKIN, fifty-four, mayor of Chelyabinsk.

Known as "Mayor I Agree with You Two Hundred Per Cent!" after habit of telling everyone what they want to hear. Reported to have U.S. political consultants on his payroll. Currently promoting his "Contract with Russia." Notable provisions: electricity, drinkable water, more edible food, vacuum cleaners that don't explode; no taxes, less disease, universal wart removal. Could prove popular.

Quotable quote: "A chicken in every Kiev."

NICHOLAS III, seventy-nine, tsar (status pending).

Monarchist. Advocates shooting former and current Communists, turning over all land in Russia to him, making people bow before him, address him as "Baba."

Quotable quote: "You may withdraw now. I am going to have my nap. Then I will have my tea." ♦

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Iraq Opposition Group's Aid Delayed

By The Associated Press

WASHINGTON (AP) -- Despite strong support on Capitol Hill for funneling military aid directly to Iraqi opposition groups, the Clinton administration still hasn't released any of the \$97 million Congress provided for that purpose.

The Iraqi groups are divided and the administration is proceeding cautiously -- too cautiously, critics suggest.

Even as it is being pulled by the Republican-led Congress to do more to punish Iraqi President Saddam Hussein, the administration is seeing cracks developing among U.S. partners in the region concerned that the United States may be doing too much.

"We do not wish to see Iraq bombed daily," the foreign minister of Qatar, a moderate ally in the Gulf region, said at a joint news conference on Tuesday with Defense Secretary William Cohen.

Meanwhile, Turkey has expressed misgivings about providing assistance to the Iraqi opposition because of its own Kurdish problem -- fearing it might fuel the fires of independence toward creation of a separate Kurdish state in northern Iraq and, eventually, southeastern Turkey.

Recent reports that the White House was planning to hire Kenneth Pollack, a former military analyst at the CIA now at the National Defense University in Washington, as an Iraq specialist has further annoyed administration critics.

Pollack had criticized the plan to remove Saddam from power by helping to mount a democratic revolution -- including in an article in the January-February issue of Foreign Affairs.

"He's stated very openly ... his questioning of the Iraq Liberation Act and whether or not that is a plan that will work," said Sen. Sam Brownback, R-Kan., at a hearing of the Senate Foreign Relations subcommittee on Near Eastern and South Asian affairs, which he chairs.

P.J. Crowley, a White House National Security Council spokesman, declined to say on Tuesday whether a decision had been made to hire Pollack. Crowley did say that none of the \$97 million worth of military aid authorized by the Iraq Liberation Act of 1998 "has been exercised at this point."

Supporters of that legislation are also distressed that the administration continues to allow Marine Gen. Anthony Zinni, the U.S. military commander in the Persian Gulf, speak out against the administration's strategy. Zinni has said the legislation could lead to "another rogue state."

The program, propounding support for an overthrow of Saddam's

regime, was first opposed by the administration. But President Clinton signed it in late 1998 after it passed Congress with overwhelming support.

It required the president to select organizations that might qualify for the aid, mostly surplus U.S. military equipment. But after Clinton designated seven such organizations in January, two of the groups quickly said they did not want the aid.

"There isn't any clear sense of any groups out there where we could get a bang for the buck," said Sen. Joseph Biden of Delaware, the senior Democrat on the Senate Foreign Relations Committee.

He said that while he recognizes GOP support for the program is high, "this is still a work in progress."

Biden said he continues to believe the "most fertile ground" for destabilizing Saddam remains with the regular Army. U.S. warplanes have hit some 200 Iraqi targets since mid-December, clearly wreaking damage to Saddam Hussein and his army.

But administration critics claim they're tired of the waiting game. "It seems to me that we are hesitating and stopping and doing things that are on the periphery," Brownback said.

Both Jones, an assistant secretary of state for Near East affairs, told him at Tuesday's hearing that the groups involved, including the London-based Iraqi National Congress, still aren't ready to get the aid.

"We want very much to disperse the equipment ... but need to make sure we do it in a responsible way, a way the groups can use," she said. "We don't believe they are in a position now to receive it."

"So patience is the watchword?" Brownback asked her.

"No, not patience," she replied. "It's a tremendous amount of talking, cajoling, meetings, traveling around to make sure we get the right people in the meetings, bringing Iraqis together who have not talked to each other for quite a long time, bringing Iraqis together who haven't worked together, creating a genuine coalition among the Iraqis who don't naturally necessarily come together."

END

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TITLE

Intelligence

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For the President

BY JUDITH FEDER AND MARILYN MOON

from Jay Rockefeller

It is now an open question whether Medicare will provide adequate health coverage to the baby-boom generation as it begins turning 65 just over a decade from now. The source of uncertainty is not whether America has the resources to sustain the program; we do. The real challenge comes instead from proposals to save Medicare. Far from preserving its benefits, the major restructuring proposals under discussion would radically alter the principles on which Medicare rests and erode the protection it affords.

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The enactment of Medicare in 1965 reflected political support for three fundamental principles regarding health care for the elderly. We decided then that insurance is the right way to spread the risk to the elderly of sizable health care costs, that redistributing income through the tax system is necessary to make that insurance affordable and universal, and that the insurance and taxes are best administered by the federal government if the system is to serve all of the elderly regardless of their income or health.

These principles of insurance, redistribution, and government responsibility are now at risk. The challenge comes from both sides of the political aisle in proposals that would convert Medicare from a universal entitlement to public insurance into a government voucher for private insurance. Such a shift has become the major issue in deliberations by the Bipartisan Commission on Medicare's Future. If these proposals prevail, Medicare may become a dwindling basis of security in old age.

MEDICARE'S PROBLEM

Medicare unquestionably faces big financial problems. In the not-too-distant future, the costs of the hospital insurance program (Part A) of Medicare, which is financed through a dedicated payroll tax, will exceed the revenue that the tax brings in. This immediate problem stems not from the aging of the population, but from the fact that health care costs, whether public or private, tend to rise faster than payroll. When Congress passed

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the Balanced Budget Act of 1997, it slowed the rate of growth in Medicare's payments to providers and health plans and shifted some payment responsibilities for home health services out of Part A. That action delayed the date when revenue will be exhausted to about the time the baby-boom generation begins entering the program.

At that point, there is a problem that is uniquely Medicare's. By 2030, the program is likely to have double the number of beneficiaries it has today—76 million compared to today's 38 million. Social Security's actuaries project that in 2030 one in five Americans (and, counting disabled Medicare beneficiaries, one in four Americans) will be Medicare beneficiaries—compared to about one in eight today. Too few workers will be paying the payroll tax to support the elderly population that depends on it.

Instead of considering alternative ways to address this imbalance, the standard reaction is to say that Medicare is fiscally "unsustainable" and that government responsibilities for the health care of the elderly have to be retracted. But to treat the problem as purely budgetary obscures the real challenge of an aging population and ignores Medicare's fundamental purpose. For the last 30 years, Medicare—with some significant help from Medicaid for low-income elderly and for long-term care—has provided affordable health insurance for the nation's elderly citizens without the problems that plague health insurance for younger Americans. Medicare is nearly universal, and it avoids dividing the healthy from the sick and the poor from the better off.

Limiting the government's liabilities for health care won't make those liabilities go away. Rather, it will shift them back to the elderly and their families. In either case, Medicare's signal advantages—its ability to spread risk and to make insurance affordable—will be lost. That is not solving the problem; it's abdicating responsibility.

This shift of risks back to the elderly would take place under the option that many reformers have been promoting: transforming Medicare from the *defined benefit* it now represents (the guarantee to beneficiaries of a specified set of benefits) into a (the guarantee only of a fixed-dollar amount, or voucher, for purchasing private insurance). The Balanced Budget Act passed by the Republicans in 1995 for the most part adopted this strategy, and that was one of the major reasons

President Clinton vetoed it.

Two years later, however, the President joined Congress in a proposal that would gradually pave the way for a voucher approach. Although the Balanced Budget Act of 1997 slowed the growth in Medicare costs by cutting payments to providers, it also set up an expanded "choice" system for Medicare. This is an arrangement allowing beneficiaries to choose from a number of competing health plans, including the traditional Medicare system. In theory, such a competitive system can achieve greater efficiency in Medicare by making consumers sensitive to price and providers sensitive to costs. In practice, however, a competitive system poses a major challenge to the principles of risk spreading, redistribution, and government responsibility on which Medicare rests.

BREAKING UP THE POOL

For the bulk of its history, Medicare has operated as a single insurance pool, spreading the costs of any individual's illness across the full population. By contrast, a system of competing health plans threatens to fragment the pool, separating the healthy from the sick. The easiest way for insurers to keep premiums low, and thereby win more enrollees, is to attract the healthy and avoid people who are sick and will run up heavy claims. Not only insurance plans, but also healthy beneficiaries have a short-term stake in this separation since they pay less until they need health care. But this fragmentation or risk selection undermines the pooling of risk that insurance is supposed to provide. It leaves sick people in a smaller pool with higher costs.

Any system of choice, even Medicare's previous arrangements allowing beneficiaries to join HMOs, raises the likelihood of risk selection. The Balanced Budget Act took explicit steps to minimize that likelihood, including rules to require health plans to accept all applicants and charge them the same premiums, regardless of their health. It also required Medicare to adjust its method of paying health plans to pay less for healthier patients and more for sicker ones.

Other provisions, however, actually aggravated the problem. The Medical Savings Accounts (MSAs) established under the act are attractive to people with both minimal health needs and the resources to take risks and profit from tax shelters. New "provider-sponsored" organizations, run by

doctors and hospitals, are exceptionally well-positioned to separate the healthy from the sick, since they will know which beneficiaries are which and will benefit financially from sorting them appropriately. Although these arrangements have been slow to take off, advocates of "choice" see the limited availability of private plans as the problem needing to be fixed—not the likely appetite of the plans for skimming off the cream.

Even the architects of choice recognized that if plans are paid based on average risk and they enroll beneficiaries who are healthier than average, Medicare will overpay and the taxpayers will lose. To correct that problem, the Balanced Budget Act required the secretary of Health and Human Services (HHS) to develop a new way of paying Medicare's health plans that recognizes or "adjusts" for risk selection. When the act was passed, everyone agreed that was a good idea, although a difficult one to implement. But once HHS announced a method that, not surprisingly, would reduce payments to health plans, the insurance industry cried "foul." In part, the dispute reflects the technical difficulty of tying payment to risk. But it also reflects the political difficulty of countering the rational behavior of private insurers. As a result, it seems unlikely that Medicare will be able to overcome the tendency of insurers to attract the healthy and avoid the sick, and the fiscal problems that sorting creates.

THE RISK TO EQUAL TREATMENT

Federal policy has promoted equal treatment of Medicare beneficiaries regardless of income in two ways. First, it has limited what health plans and providers can charge above what Medicare pays. Second, through Medicaid, it has extended assistance to low-income families to cover the payments that Medicare requires. The 1997 legislation began to unravel these protections.

For the first time, the act authorized so-called "unrestricted fee-for-service" or traditional indemnity insurance plans in Medicare. Unlike other plans offered to beneficiaries, these plans and their providers are allowed to charge more than Medicare's limit. Another provision allows physicians and beneficiaries to contract directly for services outside the Medicare program, with no restrictions on charges—a provision known as the Kyl Amendment, which some would like to expand.

Advocates of these provisions argue that they are "liberating" Medicare beneficiaries from unreasonable restrictions, enabling them to pay more to get more. In practice, however, such provisions are far more likely to liberate physicians to increase their charges and avoid beneficiaries who are unable to pay. Although there has been little market response to these new provisions so far, their introduction into the program lays a foundation for pulling the higher-income elderly away from the rest.

New policies affecting the elderly poor have had a more significant impact. Historically, Medicaid has helped low-income beneficiaries pay the premiums and co-payments required of Medicare beneficiaries. The Balanced Budget Act, however, limited Medicaid's obligation to cover the co-payments; now it must do so only to the extent that Medicare pays a provider less than a state Medicaid program would have. Where Medicaid fees are low, as they are in many states, this policy change cuts off help that the elderly poor have counted on. In the future, the low-income elderly will be treated more as Medicaid than as Medicare beneficiaries, and they will thus face the very barriers to treatment that Medicare was supposed to eliminate.

The Balanced Budget Act also increased the premiums that beneficiaries are required to pay, while explicitly limiting assistance to seniors with low and modest incomes. Although the act established state block grants to make up for these cuts, the grants are adequate to serve only about a third of the beneficiaries who could qualify for help. Many beneficiaries with modest incomes will find the price they must pay for Medicare's protection beyond their means.

A SET-UP FOR FAILURE?

Choice and competition do not eliminate a role for government. "Managed competition" implies that government establishes and enforces rules for health plans and provides information and support to consumers—all to promote efficient service delivery rather than avoiding risk and denying care. But whether policy will actually take this direction is open to question.

In recent years, proponents of health care competition have been more committed to competition than to its management. Even carrying out the Balanced Budget Act itself—approving plans, setting better rates, educating beneficiaries—is an enormous

mous task that requires more resources than Congress has apparently been willing to provide. Inadequate preparation for further expansion of private options may actually prove a setup for government failure.

Although the Balanced Budget Act of 1997 did not eliminate the entitlement to Medicare's traditional fee-for-service program, its structural arrangements set the stage for moving Medicare the rest of the way toward a voucher approach. If that happens, Medicare beneficiaries would receive a fixed amount to shop with and their access to the traditional program would depend upon the ability to pay extra.

Already there is considerable agreement across party lines on vouchers. The chief difference of opinion is about how the vouchers should be set. One way is to establish a dollar value for the vouchers and then allow it to grow at a predetermined rate. That approach explicitly ignores the cost of health care or pretends that the magic of managed care and the marketplace will keep it low. The alternative is to peg the voucher to a share of the average premium, which would mean that the value of the voucher would rise as costs increase. That approach, called a "premium support," still favors a competitive system but does not assume savings in advance. For that reason, it is more benign than the fixed-growth approach.

Even the "good" voucher, however, threatens to abandon the three premises on which Medicare is based. A system that sends individual seniors out to shop among competing health plans is not the same as a system that brings all seniors together into a single health plan. The competitive market would be likely to separate the sick from the healthy. Instead of the redistributive arrangements that assure the affordability of Medicare, the elderly would face a market in which the better-off would pay more and the less well-off would take what they can get. And in the long run, budgetary politics may transform the "good" voucher into a "bad" one, downgrading the "premium support" from average costs to "average minus 5 percent," minus 10 percent, and so on.

This restructuring of Medicare is also a fraud as a solution to the fiscal problems that the program really faces. Managed competition or managed care will do little more to reduce Medicare's per-capita costs than Medicare can already achieve using traditional cost controls. Medicare's enormous market

TITLE

power has long enabled it to obtain the discounts in purchasing that private managed care plans have lately discovered. In fact, Medicare has already taken advantage of the discounting strategy that has probably contributed most to the recent slowdown in private health care costs. And Congress used this market power in the Balanced Budget Act of 1997 to bring Medicare's per-capita spending growth into line with or even below growth projected for the private sector. The only way to gain any further savings is to push Medicare well below the private-sector growth rates.

Moreover, Medicare's benefits are not that comprehensive to begin with. They do not include prescription drugs and do not limit out-of-pocket expenses like most policies provided through employers do. As a result, the typical Medicare beneficiary already pays about 20 percent of income on Medicare premiums, cost-sharing, and health services that Medicare doesn't cover, without even counting spending for long-term care.

The restructuring now being proposed only solves Medicare's financing problem if it dismantles Medicare's protections. That's no solution. Slowing growth in health care costs is a national problem, which Medicare cannot solve on its own. Medicare's particular problem is not per-capita costs; it's the number of "capitas." And to address that problem, the right focus for public policy is on revenues.

The most ardent proponents of restructuring claim that the nation cannot afford new revenue for Medicare. But the economy is growing, and the population as a whole, including the elderly with significant incomes, provides a sufficient tax base. As the elderly increase from the current 12 percent to 20 percent of the nation's population, they will necessarily, and appropriately, absorb a larger share of national income. The current payroll tax does not provide for the increased funds Medicare will need to support the larger numbers of people who will need Medicare. Whether by increasing that tax or relying on other revenue sources, the financing must change. A modest increase in the payroll tax (or other comparable revenue sources), combined with efforts to control Medicare spending over time and perhaps modest increases in beneficiary contributions, can keep the program on a strong footing for many years to come. For example, the Medicare actuaries have estimated that a 0.5 percent increase in the payroll tax both on employers

X and employees would by itself extend the date of exhaustion of the Part A trust fund to 2032. (WHAT IS THE DATE IF YOU ALSO COUNT THE REVENUE THAT THE PRESIDENT WOULD TAKE FROM THE SURPLUS? P.S.)

President Bush used to justify limits on social expenditures on the grounds that Americans had "more will than wallet." The truth is that we have more wallet than will. The United States is no less able today than it was 30 years ago to use the dividends of economic growth to provide health care for the elderly. The question is whether we have the political resolve to do it.

POSSIBLE CALLOUTS

Convert Medicare into a voucher and it may become a dwindling basis of security in old age.

Limiting the government's liabilities for health care won't make those liabilities go away.

Under the new provisions, the elderly poor increasingly face the very barriers to treatment that Medicare was supposed to eliminate.

The chief difference of opinion among advocates of restructuring is about how the vouchers should be set.

Restructuring Medicare with vouchers is a fraud as a solution to the fiscal problems that the program really faces.

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 been underpaid for years.
 But that push, a revival of the
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 has run smack into another vision

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In Los Angeles County, the
 situation was worsened by Propo-
 sition 13 in the 1970s and a prop-
 erty tax shift to the state 20 years
 later, which sapped county cof-
 fers, coupled with scandals over
 abuse of the county's pension

An attorney, Shiell has repre-
 sented county social workers in
 child abuse cases for 12 years. He
 manages a group of lawyers from
 the county counsel's office who
 receive county pay, a county pen-
 sion and Civil Service protection.

parison, 70%
 paid county counsel's employees
 are men.
 "We're supposed to be up-
 holders of the law. We should be
 setting an example, rather than
 Please see JOBS, A15

THE PRESIDENT HAS SEEN

Unmarried Teen Mother Will Be Attending MIT

By HILARY E. MacGREGOR
 TIMES STAFF WRITER

When Nora Cadena got pregnant at 16, she wondered if she was going to turn into another teenage statistic—a young Latina dropping out of high school to become a single mother.

But rather than caving in to the diminished expectations of her teachers, parents and friends, she promised herself she would finish high school and get into a top college.

"I just wanted to be the best," Cadena, 18, said recently. "I have a baby. A lot of people stereotype me. I got it from my teachers: 'Oh, she's pregnant. She's going to drop out.'

"But I had the attitude, 'I'm going to

prove you wrong.' All the negative comments, all the stereotypes—that just helps me."

The young woman stayed in school until her water broke, returning to San Fernando High School three days after giving birth to pick up a computer assignment because she didn't want to fall behind.

This spring, Cadena was accepted by the Massachusetts Institute of Technology for the class of 2003.

In September, she will travel 3,000 miles across the country to Boston with Chassitty for four years of college at one of the nation's best schools.

The daughter of Mexicans who immigrated to the United States when she was a year old, Cadena is an exam-

ple of what a young person can accomplish with determination.

She also provides insights into the extra motivation required of first-generation Mexican Americans, whose working-class parents usually have little education and do not know the American system well enough to provide academic advice.

In cases like Cadena's, an encounter with an interested teacher or advice from a local graduate a few years older can change the course of their lives.

Cadena's parents—unemployed at the moment—know from the pats on the back, the congratulatory phone calls and visits from teachers that their daughter has done something extraordinary. But even now, as they

accompanied her from one scholarship interview to another, they did not understand exactly what it was.

Not only had her parents never heard of MIT, they had never heard of Massachusetts.

"I just returned from Boston on a six-hour flight," Cadena said the day after spending a weekend at MIT to work out child-care arrangements. "So now they know it's far. And they know it is cold."

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 Schaveste
 Podesta
 Burkhardt
 (for reply)*

Pancho Villa and the Battle of T...



BRIAN VANDER BRUG / Los Angeles Times
 San Fernando High senior Nora Cadena and daughter Chassitty will be heading for Boston soon.

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: MAY 03, 1999

NAME OF CORRESPONDENT: THE HONORABLE BOB GRAHAM

SUBJECT: WRITES IN SUPPORT OF VAL J. HALAMANDARIS
RECOMMENDATION OF HENRI LANDWIRTH FOR THE
PRESIDENTIAL MEDAL OF FREEDOM

99 MAY 7 PM 12:06

DISPOSITION

ROUTE TO:
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LARRY STEIN

response with

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Phil

COMMENTS: ENCLOSURES

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303186

United States Senate

WASHINGTON, DC 20510-0903

April 22, 1999

The Honorable William J. Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

Mr. Val J. Halamandaris, Executive Director of the Caring Institute, has asked me to join him in recommending Mr. Henri Landwirth for the Presidential Medal of Freedom. I encourage you to give this recommendation every possible consideration.

Mr. Landwirth rose from a childhood as a prisoner in German concentration camps to become a prosperous and respected hotel owner and operator. Most importantly, as his wealth grew he generously gave to children and senior causes. He gave scholarships to economically disadvantaged youths in Israel and created exchange programs to allow Israeli children to study in the United States. Mr. Landwirth founded Give Kids the World, an organization which brings joy to terminally ill children.

Enclosed is additional information to consider as you review Mr. Landwirth as a candidate for the Presidential Medal of Freedom. Your consideration of this matter is greatly appreciated.

With kind regards,

Sincerely,



United States Senator

BG/mkc

Enclosure

HENRI LANDWIRTH

Henri Landwirth as a child faced death every day as a prisoner in Auschwitz and other German concentration camps. He not only survived, but prospered, and became the personification of the American dream, dedicating his life to helping others.

Landwirth was born in Belgium in 1927. His childhood was shattered by the advance of the Nazi army across the face of Europe. He watched as friends and family were starved, beaten, killed, or simply disappeared. Landwirth's father, Max, was killed fairly early in World War II. His mother, Fannie, and his twin sister, Margot, were all placed into the same concentration camp. Tragically, Henri's mother lived within a few months before the end of the war only to be put on board ship with a thousand others that was then blown up at sea.

Landwirth was lucky. In 1945, he was brought before a firing squad but inexplicably, the soldiers lowered their rifles and told Henri to run. He ran for days until he collapsed. He was found and nursed back to health by a Czechoslovakian couple who informed him that the war was over. Landwirth, now 18, searched refugee camps until finally he found Margot.

In 1950, Landwirth emigrated to the United States, making his way across the Atlantic on a cargo ship with only \$20 to his pocket. Three months after passing through Ellis Island, he was drafted by the United States Army. Thereafter, he used his rights under the GI Bill to take courses in hotel management and found employment in a New York City hotel. He started at the bottom, but worked his way up the ladder by doing the work of others as well as his own. For example, he bribed the night accountant with a bottle of whiskey and then did that man's work for him. In this way, he learned every job in the hotel.

Married in 1954, he went with his bride to Florida and within a few months he and his wife had moved to the state. He worked in a department store and as a short-order cook until he landed a job running the 100-room Starlight Hotel in Coco Beach, Florida.

Fortune smiled on Landwirth. These were the early days of America's space program and the Starlight became home to the original Mercury 7 astronauts as well as their families, the media, and other VIPs who gathered there. When Walt Disney moved to Florida, Landwirth sensed the opportunity and along with several partners, including Senator John Glenn, obtained a Holiday Inn franchise near the main gate of Walt Disney World.

The more Landwirth prospered, the more he did for others. He worked with retarded children and built a clinic for children with cerebral palsy, and a senior citizen center. He gave scholarships to economically disadvantaged youths in Israel, and created an exchange program to allow Israeli children to come to the United States as visiting scholars. He began transportation programs for the handicapped and disabled and provided housing and meals for families, giving them food or emergency financial assistance.

In 1985, Landwirth founded Give Kids the World as a means of bringing joy to terminally ill children. He personally contributed a million dollars toward the creation of a specially designed hotel and recreation complex for sick kids and their families. He persuaded builders, suppliers, and laborers into donating their services and in short order, the village was up and running. Landwirth secured free airline tickets for the children and their families, a free vehicle, free meals, as well as free tickets to Disneyland. More than 4,000 terminally ill children and their families visited the village in 1991.

Asked why he does all of this, he says, "I love life. I shouldn't be here. By all rights I should have died. My whole life was a miracle. I feel it is my duty to give something back. You have got to give of yourself — not money, but the essence of yourself. That is what makes life meaningful."

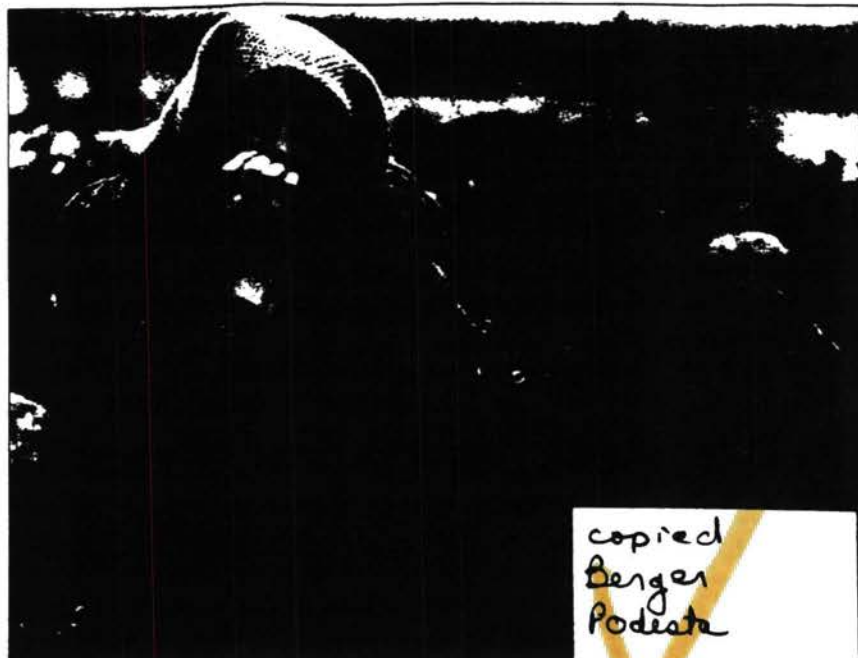
REFUGEES

Saunders

Worth reading

THE PRESIDENT HAS SEEN

5-7-99



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Exporting misery

Refugees have often been used as weapons of war by unscrupulous leaders. To help those fleeing Kosovo, the West must learn from other cases of mass flight—or risk aiding Slobodan Milosevic instead.

AS NATO'S bombing campaign began, its military leaders gave warning of Serbia's excellent air defences. They spoke of methodically destroying its military infrastructure. The alliance's political leaders spoke confidently of forcing Slobodan Milosevic back to the negotiating table. What neither the soldiers nor the politicians seem to have expected was that Mr Milosevic's greatest weapon was not Serbia's surface-to-air missiles or fleet of fighter aircraft, but his willingness to unleash the Serb army, police and paramilitary forces on Kosovo's largely defenceless 1.6m ethnic Albanians, turning hundreds of thousands of them into refugees within days.

In retrospect, NATO leaders should have foreseen that, unable to hit back against them directly, Mr Milosevic might provoke a refugee crisis instead (he had uprooted many even before the bombing began). Moreover, refugees were bound to play a central role in the Kosovo conflict in some form eventually, as they did in Bosnia. In

fact, refugees have been an important factor in most recent conflicts.

According to one estimate, the Gulf war temporarily or permanently displaced 5m people. The United Nations High Commissioner for Refugees (UNHCR) last year reckoned there were 12m refugees around the world, as well as 1m asylum seekers, 3.5m recently returned refugees and millions more displaced within their own countries. At least 3.2m Palestinians are still classified as refugees. In Iran alone, some 2m refugees—from Afghanistan and Iraq—live in border camps. Well over 1m Afghans have sheltered in Pakistan since 1979.

Many other leaders before Mr Milosevic have driven people into exile to confound an enemy, even in peacetime. With some justification, a White House spokesman once described each of the 130,000 Cubans expelled by Fidel Castro in 1960 as a "bullet aimed at the United States".

Mr Milosevic's ultimate aim in provoke

ing such a sudden refugee crisis is still unclear. But there is little doubt that, by expelling so many ethnic Albanians so rapidly, he has already threatened further instability throughout the Balkans—something NATO had been desperate to avoid.

NATO spokesmen estimate that 776,000 people have been forced from their homes in Kosovo in the past year. Of these, nearly 456,000 have crossed Kosovo's borders since the NATO bombing began—and Serb attacks intensified—on March 24th. Some 60,000 left before the recent fighting, and roughly 260,000 are reportedly displaced within Kosovo itself.

These flows, rivers, floods, waves and tides of people have brought a confused and belated response from the West. So great has been the impact of the bedraggled masses that neighbouring Macedonia, fearful of upsetting its own delicate ethnic balance, bused thousands to Albania. According to some reports, Macedonia has even sent some of the refugees back into Kosovo itself which, if true, would be a breach of international law. Albania itself has so far been much more hospitable.

Meanwhile, western governments have bickered over the best way to help this hapless tide of humanity. The United States suggested airlifting 20,000 to an American military base in Guantanamo Bay, Cuba, but then abandoned that plan when few refugees wanted to go. European countries and UNHCR never liked the idea of moving refugees elsewhere, even to reassure the restive Macedonians, and argued that as many as possible should be cared for in the region.

Like other refugees in similar situations, the Kosovars seem to want this, at least in the short term. Aware that western countries are increasingly reluctant to accept refugees as permanent immigrants, many refugee experts and policymakers have also become more enthusiastic about the benefits of settling refugees as close to home as possible. But there are also some semi-permanent refugee settlements that promote chronic political instability. They have in Congo, Pakistan and the Middle East.

Presenting NATO with such a crisis, it may be assumed, was one of Mr Milosevic's aims in driving them out of Kosovo. His more immediate aim was to close Kosovo's borders, preventing them from being used as a base for the most prominent of the Kosovo Albanian guerrillas, the "Kosovo Liberation Army".

REFUGEES

rages. In any case, the decision has further complicated NATO's military calculations, and made it harder to bomb Kosovo itself.

Mr Milosevic may also be trying to control what type of refugees there can be—some reports suggest that young Albanian men in particular have been stopped from fleeing Kosovo. There have been reports of massacres. Pol Pot, the leader of the Khmers Rouges, sealed Cambodia's frontiers between 1975 and 1978, and then went on systematically to murder 1m people.

But the refugee crisis has also had effects which Mr Milosevic may not have anticipated. For one thing, it has rallied NATO. Gil Loescher, professor of international relations at the University of Notre Dame, argues that the "refugees are the glue keeping NATO together. The main objective of the war is now to return the refugees." With the aim of helping refugees, NATO is now sending 8,000 soldiers to Albania to join the 12,000 already in Macedonia.

Clearly, the exodus of the past three weeks has also raised the stakes over Kosovo. The sight of families waiting—and dying—in squalor on the border between Kosovo and Macedonia, and the tales they brought of brutal expulsions and summary executions, have strengthened public support for NATO bombing and even the use of NATO ground forces. This cannot have been one of Mr Milosevic's goals.

Cold war certainties

The sudden rush of refugees from Kosovo has been terrible, but it is hardly unprecedented. Europe itself has a long history of such flows and has, on occasion, coped well with them. The term "refugee" was first used in 1685 for Protestant Huguenots fleeing Catholic France to Britain, where most eventually prospered. During the Spanish civil war in the 1930s, some 400,000 civilians crossed into France in 10 days—and were quickly aided, put into camps, then repatriated or settled locally. After the second world war America's Marshall Plan channelled aid to some 6m displaced people; UNHCR was created to help the 1.2m of them who could not return home.

What can be learnt from these, and other, refugee flows? The most important lesson is that the nature of the conflict will affect the plight of the refugees, and thus what kind of aid they need the most. Amid the ideological contest of the cold war, refugees had a wider political significance. Then they were escaping repressive, usually communist, regimes. The 1951 UN convention that defined a refugee as anyone fleeing persecution for "reasons of race, religion, nationality, membership of a particular social group or political opinion" was quickly interpreted by western democracies to mean anyone fleeing a communist country.

This was the best kind of refugee to be

Those escaping through the iron curtain were welcomed with a permanent home in the West. For western leaders to grant asylum to a (well-educated, white, Catholic, East European) defector from communism was to show the moral and practical superiority of the West.

But with the cold war's passing, refugees have lost this symbolic value just as their numbers have grown. No longer political pawns in a global conflict, their significance is now local, which makes them far less attractive to rich western countries,



and far more difficult to help.

Many of today's conflicts are, like that in Kosovo, ethnically-driven civil wars which send people spilling into neighbouring states that usually do not want them. Returning such refugees is sometimes to compound the humanitarian catastrophe. Many Hutus who fled after Rwanda's genocide in 1994 were, guilty and innocent alike, forced to return at the point of a gun to a country still gripped by ethnic hatred.

On the other hand, refugees from a conflict created more by economic or political, than by ethnic, rivalries have much better prospects. Around 1m refugees from Mo-

zambique's civil war, which was not solely an ethnic struggle, have been repatriated from Malawi and South Africa.

A second lesson seems to be that how a conflict ends can determine the long-term fate of its refugees. Many Palestinian refugees from the 1948 Arab-Israeli war still languish in miserable conditions in camps in Lebanon and elsewhere with no hope of returning to their former homes. The situation of these Palestinians—50 years without citizenship of any state—is what refugees generally fear the most, after their physical safety is assured.

By contrast, following the peace process which settled Guatemala's civil war, and that which helped end a similar conflict in Honduras, many refugees are returning, voluntarily, from neighbouring countries. Guy Goodwin-Gill, professor of international refugee law at Oxford, argues that the "very successful" return of refugees to these countries has been made possible by the process of national reconciliation which followed the ceasefire agreements, rather than by the end of fighting itself. Under international supervision, justice and police systems have been reformed and the UN has monitored resettlement.

Four poor solutions

Considering these two factors—the nature of the conflict and how it ends—what conclusions might western policymakers draw to help them cope with Kosovo's refugees? There are, broadly, four possible ways to assist them: create a safe haven within Kosovo; give them shelter in camps outside Kosovo but in the region; resettle them somewhere farther afield; or return them to their homes—NATO's stated goal. All of these options have big drawbacks. The return of Kosovars to their homes is the best long-term solution but, judging from experience elsewhere, it will also require the most expenditure and the longest political commitment from NATO countries—and will probably work only if prefaced by a complete victory over Mr Milosevic. Unless that comes quickly, the other three less-attractive options are likely to be considered, at least in the short term.

Safe havens, camps and resettlement are all designed to remove civilians from immediate danger. This is a worthy goal, but one which tends to reward the "ethnic cleanser". Without real military muscle to back them up, safe havens have sometimes proven anything but safe for those who were supposed to be protected, as the Kurds in northern Iraq and the Bosnian Muslims in Srebrenica discovered. The "safe haven" of Srebrenica became infamous after UN peacekeepers were frightened into standing idly by while the Serbs massacred 6,000 Muslim men. "Safe havens won't work [in Kosovo] without a comprehensive political settlement," argues Notre Dame's Mr

Loescher. A carve-up of the province, which is what Mr Milosevic may be planning, would leave many Kosovars as refugees in their own land and the West with a long-term security headache.

Nor do camps in neighbouring countries offer any long-term solution to refugee flows. Although in the short run they allow emergency relief—the distribution of food and medical aid, for example—they can quickly become sources of instability. Camps in eastern Congo during and after the Rwandan genocide became bases and sources of food and weapons for the extremist Hutu militias which had led the genocide before themselves being expelled. The mujahideen and the Taliban who pursued Afghanistan's civil war over the past 20 years were formed, armed and trained in the refugee camps of Pakistan. The same, predicts one UNHCR official, could quickly happen among refugees in Albania or Macedonia as more men and some women join the Kosovo Liberation Army.

For the refugees, in any case, camps rarely offer much of a life. Salvadoran refugees in Honduras in the 1980s were dumped in camps and refused the right to work, to travel or even to leave the compounds for ten years. The American proposal to house Kosovars in barracks in Cuba was therefore fiercely opposed by the UNHCR and others. Such a place is a "rights-free zone, where babies born have no citizenship and the people are open to abuse," says Bill Frelick, who works for the US Committee for Refugees, a charity.

If neither camps nor safe havens are good prospects, then what of resettlement? That, in many cases, has become the de facto solution. Resettlement can occur either in the region, or elsewhere in the world. In the past, refugees have often been moved to distant countries and given new lives. Many of the Vietnamese boat people eventually found homes in the United States. Many Asians expelled from Uganda in 1972 by the murderous dictator Idi Amin were resettled in Britain. Palestinian refugees in Jordan have become Jordanian citizens and now play an important role in that country—a far better fate than that of the Palestinians stuck in Lebanon's camps.

But, as refugee numbers have grown, western countries have become less willing to accept new immigrants. During Bosnia's war about 500,000 people fled to the European Union—350,000 to Germany, most of the rest to Scandinavia and Austria. Although those in Scandinavia and Austria now have the right to stay, two-thirds of the refugees in Germany have since been sent back to Bosnia, often against their will. Temporary, not permanent, asylum is the latest western preference.

NATO's official goal of repatriation is the best long-term option both for refugees and for other countries, but it is also the



most costly and difficult choice for western governments. Ensuring Kosovars a safe return home will be more difficult than the few successful repatriations of the past. In Mozambique and Guatemala and after the many African wars of independence, refugees were welcomed or accepted back. But this has not happened in the wake of the ethnic purging in so many parts of ex-Yugoslavia. Repatriation has proven difficult almost everywhere: people are traumatised by their experiences, distrustful of neighbours and reluctant to return.

The scale of the task facing NATO is best indicated by the two closest parallels of successful repatriation: Cyprus and Bangladesh. Thousands of refugees were able to return to Cyprus after the partition of the island, but only with the help of huge amounts of EU aid and the presence of UN soldiers, who are still stationed there 25 years later to police an uneasy peace.

In 1971 violence between Hindus and Muslims in what was then East Pakistan, exacerbated by economic collapse, floods and famine, led to millions fleeing into India, which considered the exodus the result of a deliberate policy of Pakistan's government. This stampede of refugees was first halted, then reversed within months, but only after India went to war with Pakistan, invaded and occupied East Pakistan, and then created the new state of Bangladesh. Only by tackling the broader security problems did India resolve the refugee crisis and persuade people to return home. The same is likely to be true in Kosovo.

Long-term options

For Kosovo then, some lessons are evident. Safe havens, long-term camps and temporary resettlement are all badly flawed. Permanent resettlement is unlikely to be granted by wealthy countries. Therefore repatriation of refugees to their homes must remain the ultimate goal. But that depends on how the conflict is ended. If, as in East Pakistan, an outright military victory is achieved, then the refugees can be sent

home in safety. As in Mozambique, Guatemala and Europe after the second world war, refugees can sometimes be returned home if countries are being rebuilt in the wake of a war which has truly ended. But sometimes, as with the Palestinians, the Afghans and the Rwandans, voluntary repatriation is impossible and the problems faced by—and caused by—refugees are likely to grow.

Some of these problems might be mitigated by three policies, none easy but all worth a try. The threat to regional security could be reduced by keeping civilian refugees strictly separated from combatants, and preventing the use of humanitarian aid to feed soldiers. If refugees must be resettled elsewhere, they will find this easier to accept if they are told what is happening and given some choice of where they go. And if it becomes possible to send them home, they should be allowed to judge, with visits, whether it is safe to return, as has been attempted in Bosnia.

Ultimately the outlook for the Kosovars, though bleak, is likely to be better than that of the 200,000 or so refugees elsewhere in the world. For one thing, they are likely to get more help and attention than most—at least as long as the cameras and the money keep rolling. "It's a hell of a lot worse to be a refugee from Sierra Leone than from Kosovo," says one UNHCR official. For western governments and their people, there still seems to be a double standard when it comes to the misery of refugees.

More important, NATO countries may feel some responsibility for Kosovo's refugee crisis which, though they did not start it, they have inadvertently played a hand in starting. This could eventually boomerang on the clever and callous Mr Milosevic. He may have successfully parried NATO bombs with Albanian refugees, and created huge headaches for the alliance in doing so, but he may also have given NATO the best reason of all to push for a decisive end to the refugees' safe return.

**A GUIDE TO
EDUCATION
AND
LIFELONG LEARNING.**



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THE CHRISTIAN SCIENCE MONITOR

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By Gail Russell Chaddock
Staff writer of The Christian Science Monitor

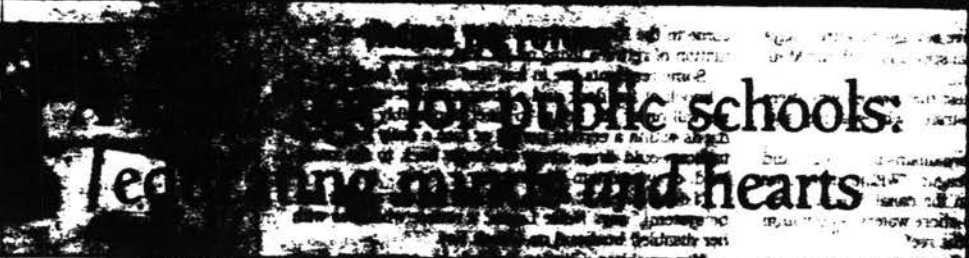
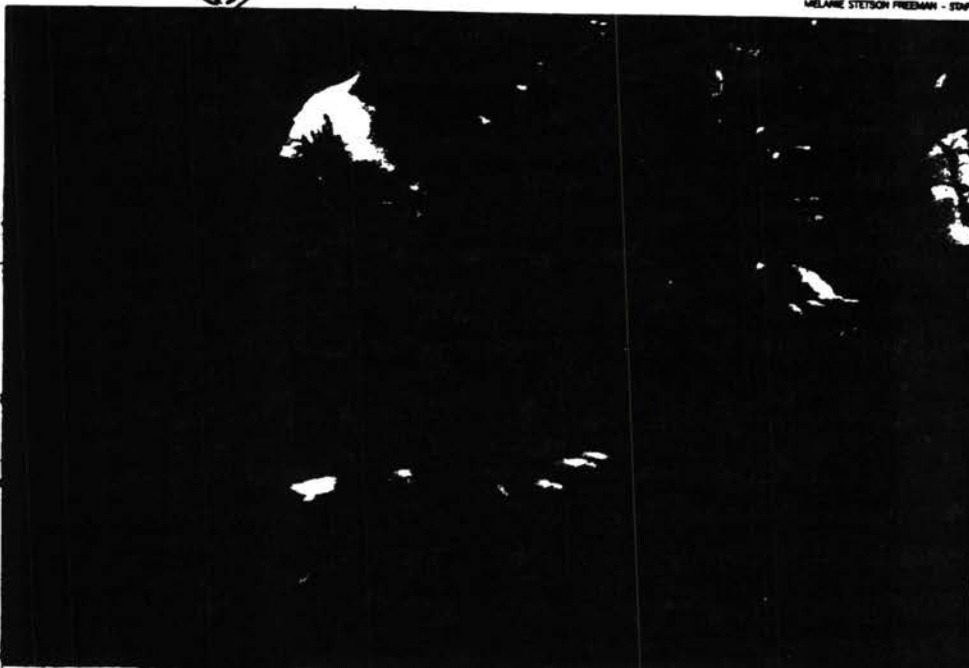
You're reinventing your public schools to keep up with the 21st century: You've got the computers hooked up. You've tackled the new state standards to the schoolhouse door. You're teaching to the standards, testing to the teaching, and the scores are going up.

Just one problem left: The students aren't always here to want to be there. It didn't take the boys in black trench coats with guns in Littleton, Colo., to make the point that there's more to creating a culture of learning in a school than computers, tests, and spiffy new facilities.

Listen closely to the teachers, parents, and principals on the front lines of school reform. As they talk about the future of public schools, they're often targeting qualities that can't be measured, purchased, or hauled in on a flatbed truck, such as heart and common sense.

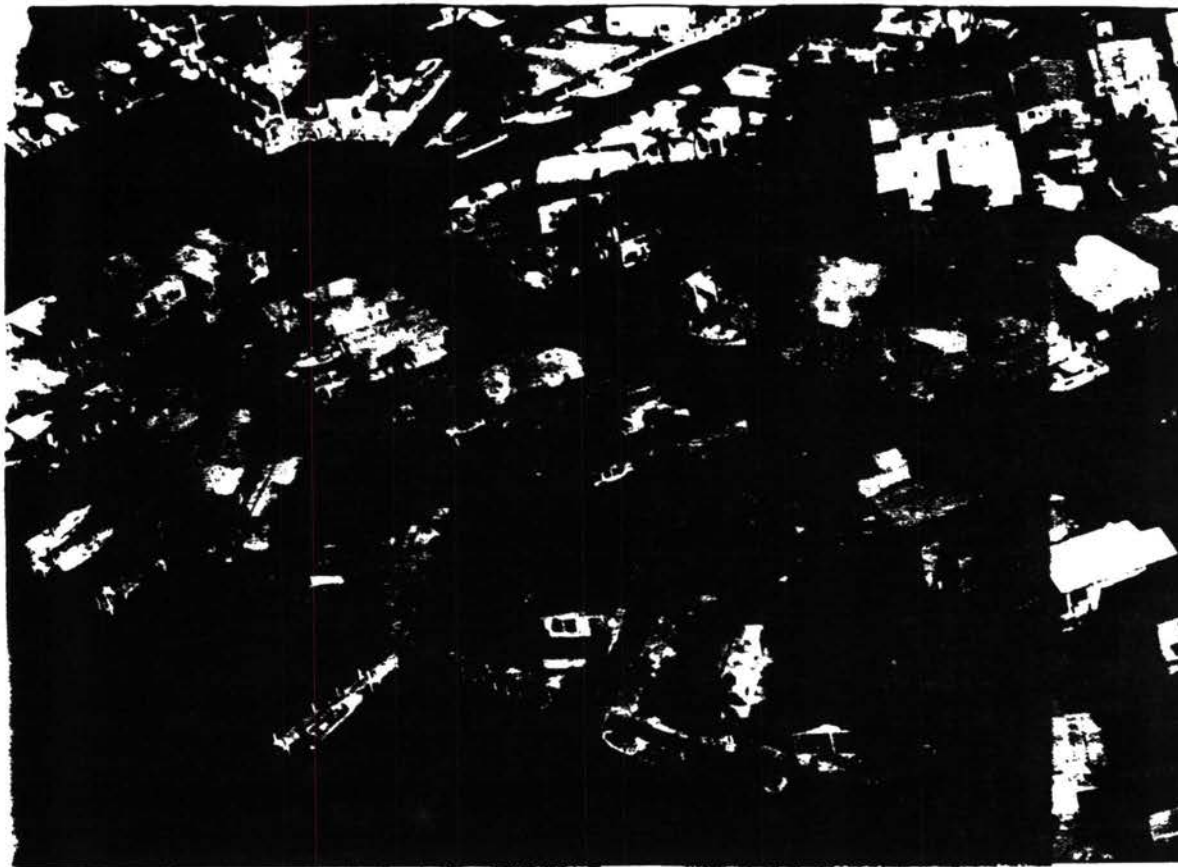
Maxine Santroy-Ford was brought in to rebuild Giffen Memorial Elementary School, after it was identified as the worst school in Albany, N.Y. The school's record was so poor that philanthropist Virginia Gilder

Continued page 16



PRACTICE MAKES PERFECT: Musicians (top) strike up at New Trier High School in Winnetka, Ill. Above, Worcester, Mass., student Leon Tran starts an assignment.

JOHN HODGELL - STAFF



OVERCROWDING: Many of the houses in the Keys, packed side by side, have inadequate sewage-treatment systems, and residents worry about the high cost to upgrade them.

don't have sewage backups," says environmental specialist with the Monrovia Department.

He conducted a test that proved why there also illustrates why water-quality

tracer organisms into a toilet and Mr. Teague. "Within hours, we found the organisms in the canal. Within a few days, they were in near-shore waters. And within a week, they were at the reef."

The effect of the waste water on the ecosystem is under stress. Much of the problem may be a result of natural phenomena, such as warming. Others say the reefs are in decline, in large part because of high nutrient levels from untreated or poorly treated sewage.

Key West and tiny Key Colony Beach near Marathon have modern sewage-treatment plants. Most other islands in the Keys rely on small-scale treatment facilities. In addition, there are 20,000 septic tanks and cesspits, which are basically buried in the ground covered with concrete. Many don't even have a cesspit. Like the waste pipe of houseboats, the waste pipe goes to sea.

Fixing the problem

For residents, it is hard to find a solution that there is a serious water-quality problem. Many folks are reluctant to accept the main problem, because it will be expensive.

High-technology systems that use bacteria and nutrients can cost over \$80,000 to \$200,000 - far beyond the means of many Keys residents. The average in-

come in the Keys is \$24,899, and there is a large population of retirees living on far less.

Some residents live in fear that one day there will be a knock at the door and a government sewage inspector will order the house to meet impossible standards within a certain period or face a daily fine. Such tactics would drive many residents back to the mainland, or worse, into bankruptcy.

"I don't have \$12,000 to \$20,000 to upgrade the septic system," says Nellie Lanier, a retiree who lives with her disabled husband on Conch Key.

Her neighbor, Charles Pulford Jr., says most Keys residents want to solve the water problem, but few can afford to upgrade their sewage-treatment systems.

"We are not fighting the upgrade. We're not saying leave us alone, let us pollute. We're fighting for our financial lives," says Mr. Pulford, a commercial fisherman who believes the federal government should help residents by offering low-interest loans payable over 30 years.

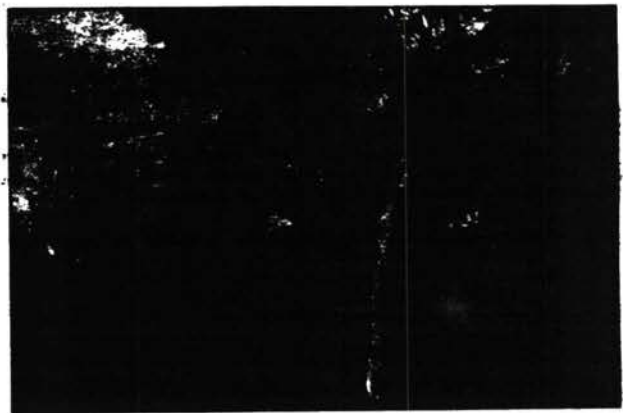
Others are worried that fixing the sewage problem will only increase other problems.

"Water quality is not just people's bathrooms. It is tourism and boats - it is overpopulation of the Keys," says Gerald Ward, a commercial lobsterman.

"They are going to build more hotels and more motels and push all these little people out," he says, motioning toward his quiet, palm-shaded neighborhood of fishermen and retirees. "I bet you come back here in 10 years and not a single one of these old buildings will be here. It will be a gated complex [of luxury homes]."

Others agree that sewage isn't the only problem, but it is a problem that can and must be addressed.

The Florida Keys are the only marine system in the United States where we have the habitat, the diverse marine life, the endangered species, and the only living coral reef," says Charles Causey, a longtime water-quality activist in the Keys. "There are so many natural systems here that we don't have any more of, and that is certainly worth protecting," he says. "Not for the Keys, or the State of Florida, but for the world."



OTHER FACTORS: Commercial lobsterman Gerald Ward believes fixing the sewage problem will simply increase other problems, like overpopulation.



TOM BROWN/SCOTT

HOWARD GARDNER, PROFESSOR: *'An understanding of the principal disciplines (history, mathematics, the arts, the sciences) provides the preferred - indeed, the indispensable - education for the future.'*

Howard Gardner / What students should learn

Varied paths to a good education

In his new book, Harvard University Prof. Howard Gardner discusses curriculum choices for US schools in the future. What follows is an excerpt, with a conclusion provided by the author.

Ten or fifteen years ago, it was said that America's economic woes were due to its inadequate schools, while the triumph of East Asia was due to its excellent schools. Now, at the cusp of the millennium, the United States is the nation most successful in the economic sphere, while few if any would argue that its schools have substantially improved. Indeed, recent international comparisons suggest that American schools are mired in mediocrity, if not worse. Clearly, the link between a certain kind of education and economic prosperity is tenuous at best.

Just because of America's current hegemony, however, the country finds itself in a unique position. It does not have to model its educational system on those of other, putatively more successful countries. It does not have to excel in - or even accept - other countries' tests. This country is at liberty to embrace the system it wants and devise measures it finds suitable. For the reasons stated in the earlier part of this book, an education aimed toward understanding is best suited for a world that is changing rapidly. It makes sense, for other countries as well as the United States, to establish pathways for understanding.

But I am not a dictator; in fact, I am a democrat. I still want my children to have the education of my choice, but I am realistic enough to recognize that the rest of the world will not necessarily endorse my preferences or the reasons for them.

Is there a way out of this dilemma? My solution is a surprisingly simple and straightforward one. We should move toward the creation of a manageable number of distinct pathways.

Analogies can be found in airline or long-distance telecommunications companies. There is no need for a single national airline carrier or telephone company; we know the limits of these monopolies. On the other hand, it is not necessary, or even advisable, to have dozens of airlines or carriers from which to choose.

The rational educator in me suggests that half a dozen path-

ways, designed according to quite specific guidelines, would be the best alternative, particularly in a heterogeneous nation like the United States. The pathways will have different textures: or, to use my implicit metaphor, they should be variously "landscaped." In the shadow of the year 2000, here is a plausible set of six pathways:

1. *The Canon Pathway.* Inspired by Allan Bloom, William Bennett, and Lynne Cheney. For those who desire a system that features traditional American (and Western) historical and artistic values. Students from all over the country will have read the same books and be able to discuss them.

2. *The Multicultural Pathway.* Inspired by James Banks, Jeanne Jackson, Ronald Takaki, and many recently formed university departments. For those who desire a system that features the nature and identities of America's chief racial and ethnic groups. Students will study their own cultures and compare them with other groups, particularly those that have hitherto received unfair treatment at the hands of America's majority population.

3. *The Progressive Pathway.* Inspired by John Dewey, Francis Parker, and Deborah Meier. For those who desire a system in which individual differences and growth patterns are respected, the curriculum grows out of community concerns, and democratic values are lived, not merely studied. Students will be genuinely in-

4. *The Technological Pathway.* Inspired by Bill Gates, Louis Gerstner, and much of the American corporate-financial world. For those who believe that

involved in community activities and will seek to create and sustain a school community that embodies democratic values.

See GARDNER page 17

'Every student deserves a chance to understand the world in a disciplined way.'

Interview / Diana Lam

1: supporting students

Diana Lam came to through the ranks of public schools. As a superintendent of the 1994-95 school year, she oversaw schools that met standards for and much more. In September, a new school board took office, and she moved to the district office, where she is now a senior advisor to the superintendent.

On the prospects of public education:

Public education is able to change into a high-performing learning organization that meets children's needs. The movement toward state or district standards is a good start, for it at least creates high expectations for every student. Then, we have to come up with the infrastructure pieces that will support student achievement. If they don't meet the standard, do we just give up on them?

On downsizing schools:

We're where we were in the 1970s, when all the Detroit auto executives drove their oversized cars from their suburban homes, went to work in the inner city, and never noticed what was right next to them on the highway - smaller cars. In education, we're in a similar place. As school boards,

unions, superintendents, or administrators, we are not responsive to what our clients - the children and their families - really need: smaller schools.

On the needs of Hispanic kids:

When I was in Boston in the early 1970s, only two Hispanic kids graduated one year. It wasn't that they were dumb, but there was nothing in the school for them. We have to create environments that

poor preparation, especially in content areas. What will happen in the 21st century is a major change in how we license teachers, so that schools of education don't have a monopoly on this. There are signs that this is already happening. The Edison Project (in New York) is creating its own teacher-training piece, and Expeditionary Learning is becoming a licensing institution in the state of Colorado. You seldom find in schools of education the kind of preparation needed to do experience-based learning.

On changes in school governance:

[It's] desirable, but it will take a lot longer. There needs to be a major clarification of what is the role of the superintendent and what is the role of a school board. In urban districts, the temptation is too great for boards to micromanage.

On reform:

I think it's getting harder. What's easier is to talk about reform. Before, we got scared just talking about it; now we can talk quite articulately. But we're still in the conversation stage.

On politics in education:

Although we all speak about the children and their families and our great hopes ... there are still too much politics and special-interest groups involved in education. We need to create environments where children really do come first.

- Gail Russell Chaddock

'The future of public education depends on how quickly and willingly it is able to change into a high-performing learning organization that meets children's needs.'

are friendly toward families who have not had good relations with school systems. When parents come to school, we don't always treat them with the utmost respect. We need to change that.

On rebuilding the teaching profession:

We need to pay more attention to teaching as a profession. Nobody gets up in the morning saying, "I want to do a really bad job." But many of our teachers - and that includes licensed teachers - have a very

Reinventing Our Public Schools

MAXINE SANTROY-FORD, PRINCIPAL: *The key to the turnaround of her school, she says, is rebuilding an expectation that all children can learn, and that a good life is possible.*

Continued from page 14

offered scholarships to any student who wanted to leave Giffen to attend a private school. Nearly 80 kids did. The school brought in a new reading program with a strong record (Success for All), tightened up discipline, recruited new teachers, and brought parents into the school to help.

But the key to the turnaround is rebuilding an expectation that all children can learn and that a good life is possible, says Principal Santroy-Ford. "We have so many kids that are so angry at such a young age, when they should be having fun," she adds. "It's a tough area and it's a challenge, but you just have to come in here every day with the belief that all students can learn and that this is an academic facility."

In Washington, Irasema Salcido built her new public charter-school experiment on a strong curriculum (Modern Red Schoolhouse) and the promise that the school would prepare kids for college. But a feud between two groups of girls threatened to eclipse learning. Glares and bumps in the hall evolved into threats ("I know where you live") and spilled over into class.

"I could have just suspended the two students [most] involved, but it wouldn't have solved the problem," says Mrs. Salcido, who is principal of the Cesar

Continued page 18

Paul T. Hill / The face of the future

Little will stay the same

Within 30 years, Americans will no longer equate public education with current bureaucratic and political structures. We will redefine it as any arrangement that teaches children and promotes equal opportunity.

Forces now at work will cause these changes. Technology will create new options for teaching and learning. Concerns about student motivation and safety will lead to smaller schools. Demands for choices, especially among African-American parents in big cities, will blur the distinction between private and public schools. Mayoral takeovers of big-city systems will lead to greater emphasis on literacy and numeracy. Educated people will have several routes into teaching and many adults will spend a few years in the profession.

In my work for Brookings Institution and the University of Washington, I try to help community leaders improve educational opportunities for poor and minority students. These people are committed to public education but will consider any workable option.

Such changes will be easier to make than most people imagine. People now in charge of the schools can be as stubborn as they like, and the changes will still come. More than half the people teaching today will be retired by 2030. Nearly all schools in 2030 will have been founded since 2000. The population growth and the need to reduce average school size will force changes.

What school will mean

Children will have many ways to comply with compulsory attendance laws. They will go to a school, or they will spend their time learning in groups. Others will be at home with books and computers, and meet with students in libraries, for example. Peer interactions and safety will still matter.

Every child will have a computer and use it daily. Every child will have a teacher who supervises his or her work, sometimes face-to-face and sometimes through the computer.

No matter how much they use computers, children will also read books and write prose compositions. Then, as now, the people who make the greatest contributions will be those who read, understand arguments, and formulate and show evi-

dence for their viewpoints and defend them.

Tomorrow's teachers will spend more time directing children to the computer-based lessons they need, and less time presenting material. Teachers will still be the first to know when a child has missed something, and the only ones who can promptly set a child back on the right path.

Schools will be smaller, with most having fewer than 300 students. Elementary schools will focus almost exclusively on reading and writing until children have mastered them. Every

grant children learn English and catch up academically.

Like commercial structures, school buildings will have movable walls and wiring that make them easy to adapt. Big older buildings will host several small schools. Expensive facilities like gymnasiums, theaters, and stadiums will be centralized and run by the city or county.

Options for parents

Parents will be able to move children out of schools where they are not learning, and use public funds for a new school.

Not all public schools will be run by the traditional school district. Any school that has a state license, teaches mandatory core subjects, and admits students regardless of race or income can accept public funds.

Nonprofit organizations, museums, libraries, software companies, and even churches willing to provide nonsectarian education, will be able to run publicly funded schools. Universities can run high schools. Government and foundations will provide extra money to make sure quality organizations provide schools in low-income neighborhoods. Government will publish student test scores, and it will cancel the licenses of low-performing schools that do not improve rapidly.

Finding teachers

Today's shortage of new education-school graduates will be permanent. The teaching force will include many educated people who retired from other careers or whose children have left the nest.

Any college graduate of good character will be eligible to teach, but anyone who teaches more than three years

must be sponsored by a master teacher. Colleges of education will lose their monopoly on teacher preparation. Schools will hire their teachers, and teachers will negotiate their salaries. Salaries will be high for "mainstay" teachers who anchor a school's academic program.

Skeptical? Look around.

Communities as diverse as Chicago and Federal Way, Wash., are trying to create new small schools, each focused on a specific method. Parents, especially African-American parents, are demanding choices.

Foundations are investing more in



MELANIE STETSON FREEMAN - STAFF

MOVING FEAST: 130 students at New Country School in Henderson, Minn., share one big room. The charter school focuses on project-oriented learning, with students running an embroidery business (above).

elementary teacher will be a reading or math teacher first and a specialist (social studies, science) second.

Every school will have a clearly defined way of teaching. Some schools will emphasize mastery of facts and skills, and others will emphasize exploration and discovery. Some will engage students through art, others through science or math, and others through connections with careers. Some will be virtual schools that run via computer connections and organize learning opportunities in libraries, research labs, museums, businesses, and performance halls. A few will specialize in helping immi-

PAUL HILL, PROFESSOR: '[Americans] will redefine [education] as any arrangement that teaches children and promotes equal opportunity.'



'Necessity and new freedoms are unleashing innovation.... Tomorrow's schools can, and most certainly will, be different and better.'

new institutions - for example, by creating school incubators to make it possible to replace failed schools. States and localities are working frantically to develop new sources of good teachers. Even the Supreme Court appears to be moving toward new rules that will allow parents to use public funds in church-run schools.

Necessity and new freedoms are unleashing innovation. Public systems are scrambling to improve their schools, especially in cities where private donors have offered to pay thousands of poor children's tuition in pri-

rate schools. More than 1,000 charter schools are experimenting with new forms of public education and are learning to survive in an environment of choice. Illinois philanthropist Carl Ball is using charters to develop a new system of public schools. New American Schools is helping to develop a system of eight new schools, and they are new for-profit schools are also developing new training for teachers and principals.

Tomorrow's schools can, and most certainly will, be different and better.

Education aimed at understanding

GARDNER from page 15

America must maintain its competitive edge, and that mastery of technologies represents the best way to ensure a well-trained and flexible workforce. In these schools, the particular curricula will be less important than immersion in a full range of technologies. Students will learn to use these technologies - for example, to create and critique media products.

5. *The Socially Responsible Pathway.* Inspired by assorted civic organizations, including environmentally oriented groups, agencies that foster social entrepreneurship, and the Educators for Social Responsibility. For those who are conscious of the world's enormous social and economic problems and want to encourage the development of human beings who will be actively involved in improving the world. In these schools, the particular focus falls on national and global issues that are susceptible to solution.

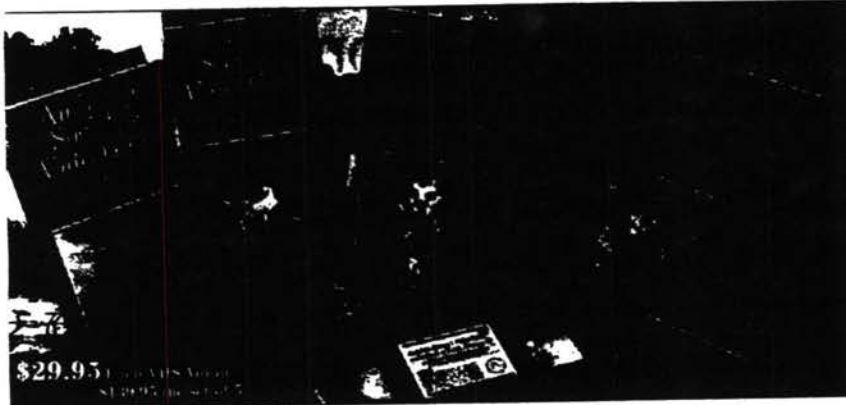
6. *The Understanding Pathway.* Inspired by Socrates and presented in this book. For those who believe that human beings have a desire to explore and to understand the most fundamental questions of existence, and that curricula ought to be organized around the tackling of these epistemological concerns - familiarly, the true, the beautiful, and the

good. Students in this pathway visit and revisit these classical questions, armed, in succession, with literacy skills, disciplinary skills, and the possibility of multidisciplinary or interdisciplinary approaches. They exhibit their understandings publicly; they are motivated to ponder these questions, and their interconnections, well after formal schooling has ended.

...

Were I completely neutral, I would simply close at this point. In my new book, "The Disciplined Mind," however, I argue strongly that an understanding of the principal disciplines (history, mathematics, the arts, the sciences) provides the preferred - indeed, the indispensable - education for the future.

I base this conclusion on two considerations. First, the scholarly disciplines represent the most important intellectual achievements in human history; every student deserves a chance to understand the world in a disciplined way. Second, powerful media and technology will make it possible for students to accumulate much of the "wisdom" of other pathways that I've enumerated. Only a formal education of at least a decade, however, carried out under the tutelage of informed disciplinarians, suffices to introduce the ways of thinking of the several disciplines.



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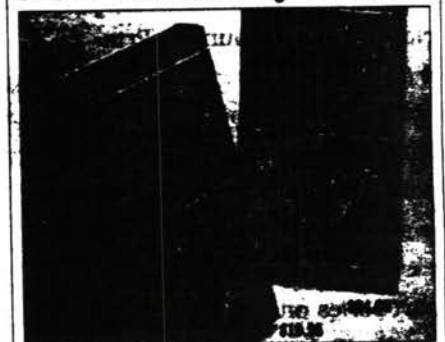
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GARY ORFIELD, PROFESSOR: *'Schools will face many changes in the next century. But few, if any, will have more impact than the vast demographic transformation already under way.'*

Continued from page 16

Chavez Public Charter High School for Public Policy, which started last fall with 60 students. Instead, she called a Saturday meeting to ask parents for help. On April 24, 10 families met for two hours to talk things over.

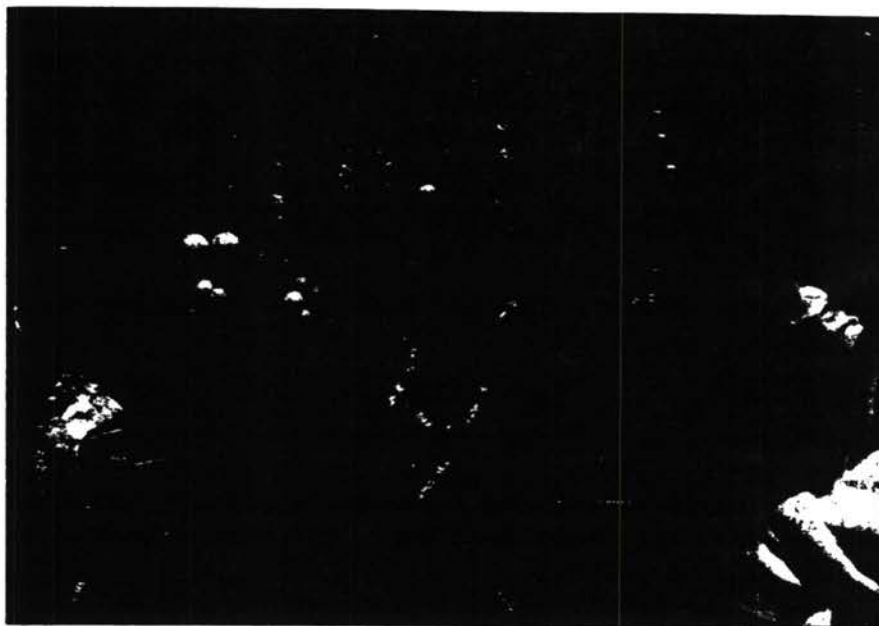
"This is about your kids' futures, and I need your help," she said. "School is a sacred place, just like family and church. It has to be a safe place for all of us. And this could destroy what we hope for our school."

The following week, the friction level was down. Students signed contracts promising better behavior and parents pledged to help. But the important outcome was that "it gave us a chance to get closer to a community," Principal Salcido says.

Such examples show the human face of reinventing public schools. There's no formula. But there are consistent themes that have emerged from the Monitor's six-part series on this issue.

- Smaller is better. Many successful public charter schools start small, try to define a purpose for the school, and make sure that students and their families sign on to that purpose. Even high-achieving mega-schools, such as New Trier High School in Winnetka, Ill., are looking for ways to create small, stable groups within the school.

Continued page 20



THAT BUZZY FEELING: Prekindergarten children at Pinkston Street Elementary in Raleigh, N.C., enjoy an outdoor break. The school has undergone a vast restructuring after being rated the worst in the state in 1997.

Gary Orfield / Renewing civil rights

An era of missed opportunity

Predictions of the future of the 21st century are often based on the trends of the 20th. It would seem, however, that in some ways and strangely accurate in others.

Who could have foreseen the vast scale of higher education or that the lowly Irish and Southern European immigrants would be part of the establishment, often railing against letting new groups into their schools? Who could have imagined that vast libraries would flash around the world for free on electronic webs that affluent nine-year-olds would find perfectly normal?

As *Plessy v. Ferguson*, the 1896 Supreme Court decision that upheld separate facilities for whites and blacks, was being consolidated in a rigid segregation system, who could have imagined the civil rights revolution and a national holiday for a black preacher who gave it its voice? Who could have foreseen girls surpassing boys right up through college and many graduate programs?

In other ways, school has not changed nearly as much as one might think. Adolescence has always been hard, and racism is far from solved. Some families still have much more influence than others, and poor kids still get much worse schools. New immigrants are still often treated badly.

But historic technology and learning opportunities are in the schools with affluent children. Schools will face many changes in the next century. But few, if any, will have more impact than the vast demographic transformation already under way. The Census Bureau predicts that our school-age population will have only 42 percent whites or European-Americans in 50 years. We already have five states—including our two largest—where whites are a minority in public schools.

If the existing trends continue, we will have around 95 million Latinos in the nation in 2050. About a tenth of our people will be Asian and about a sixth will be African-American. For the first time since European settlement, we may be turning away from Europe and toward a broader exposure to other major cultures.

One central theme of American education, law, and politics in the 20th century was the struggle to end official apartheid and incorporate African-Americans in our major institutions. The first half of the century saw rigid exclusion and inequality.

The 1954 Supreme Court decision on *Brown v. Board of Education* was followed by two decades of struggle that ended apartheid and brought the greatest emphasis on integration and equity in US history. The subsequent

decades reflected a conservative-dominated era in which civil rights protections were gradually cut back and segregation and inequality grew.

Almost totally ignored was the emergence of Latinos as our largest group of minority children at the end of the 20th century. They are the youngest major group in the US and have a much higher birth rate than other groups. They will soon be the majority of all students in California and Texas. The influence of this huge change will sweep the nation.

Education is a central part of the dream for all Americans. We expect the public schools to help make genuine opportunity possible for all and to convey the common experiences that bind us together as a nation.

The first decades of the new century will be seen either as a transition to a resumption of the themes of equity and opportunity largely abandoned during the Nixon and Reagan years, or a consolidation of deep structures of educational inequality like those laid down after Reconstruction and not seriously challenged for more than a half century.

We will see a continued decline of urban school districts, followed by a sweeping and erratic set of reform efforts that may imperil public schools. The trends are toward greater racial and economic stratification, particu-

HOWARD FULLER, FORMER HEAD OF MILWAUKEE PUBLIC SCHOOLS: *'We need to redefine what we mean by public education and open up the process of who can deliver public education in America.'*

Interview / **Howard Fuller**

Distinction between public, private will blur

As head of Milwaukee public schools from 1991-95, Howard Fuller presided over the first city voucher experiment in the United States. In his 1995 resignation letter, he wrote that "powerful forces conspire to protect careers, contracts, and current practices before tending to the interests of our children." He is one of the first prominent African-American leaders to support school choice. The founder and director of the Institute for the Transformation of Learning at Marquette University in Milwaukee, he spoke recently with the Monitor.

On the need for reform:

The current system works well for many kids; but it does not work well for a significant

number of kids. Many are poor and children of color. For these kids, there is a crisis. No one wants to see these people say, "I'm not getting an education or what I need to get on in this economy." We cannot read: We cannot read and we cannot save ourselves.

On school choice and public education:

Public education is the system to educate our children. The system has a lack of knowledge about what to do. The government has the political power to do what we know needs to be done... If poor parents don't have the power to influence the system, it's both an issue of class and race.



MELANIE STETSON FREEMAN - STAFF

HANDWORK: Kindergartners make beads in art at Bruce-Guadalupe School in Milwaukee. The private school grew quickly after vouchers started.

On how vouchers will help:

Vouchers help create a competitive environment. They give low-income parents a voice and additional options for their kids. If you create a system where dollars follow the child, you put pressure on a system to change in the distribution of resources inside the system.

What's significant (about the Milwaukee choice experiment) is

that for the first time, parents have the right to ask questions. We're at the beginning of helping people to become informed consumers. But you can never get there unless you start. People are beginning to understand that they have a right to ask questions and they can choose.

On high-stakes testing:

Testing is good, because you begin to talk about consequences. The problem is that

the only people now being held accountable are the kids. If they fail the test, the kids suffer; but their teachers... do not. Also, it's unrealistic to think that a standardized test alone will tell you what kids know.

On the future:

In order for a school to be public, it need not be run by the government. We need to redefine what we mean by public education and open up the process of who can deliver public education in America. In the future, the distinction between public and private will be much more blurred. Some of the lines we have drawn will not be as defined. And that could help all of us create better learning environments for kids.

- Gail Russell Chaddock

early within large metropolitan areas. We will see dramatic differentiation of suburbs. The population of minority and poor students is already increasing rapidly in sectors of suburbia, while other segments are becoming extremely affluent and isolated.

Problems will be accentuated by a continued aging of the population. A huge racial gap will grow between students and aging voters that will affect politics and resources for youth. There will be battles over the cultural and historical content of schooling, as well as the language of instruction.

If one were to project the trends several generations into the next century, there would be grave threats to the future of a rapidly changing society. We will enter the new century with the highest level of child poverty and economic inequality of any major advanced society. We go in with healthy suburban schools and colleges, but a health based too much on fragmentation and exclusion.

We enter this period with a brief movement for racial justice that ended 30 years ago, followed by a systematic retreat on many fronts of that revolution. We are a metropolitan people without effective metropolitan institutions and we have an economy that requires post-secondary education for reasonable security but lacks the policies that make it generally possible.

I believe that the present era will be seen as one of wasted opportunity. People will wonder how the obvious

increasing educational opportunity during the civil rights era. Much has been learned about the conditions for effective compensatory education.

'Our educators must turn our attention toward successfully dealing with massive changes.'

Language instruction could be built into schools as a resource rather than a problem in two-way bilingual classes. Schools could provide more-developed windows on world cultures and help prepare leaders.

It will be a decisive challenge of the early 21st century. Our existing leaders have neither the vision nor the courage honestly to address this challenge. We need new leaders with the understanding and eloquence of those who finally defeated apartheid in the South in the 1950s and 1960s.

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GAYLE FALLON, PRESIDENT, HOUSTON FEDERATION OF TEACHERS: *'It's time we decide if we want a public-education system. There are few things in education you can't fix with common sense.'*

Continued from page 18

Teachers say that smaller groups can help kids feel included.

A new set of findings from the landmark Tennessee-based Project STAR (Student/Teacher Achievement Ratio) reports that students who were in small K-3 classes outperformed students in larger classes all the way through high school. This small-class advantage is particularly strong for black students.

• Distinctions are blurring between public and private schools. Entrepreneurs are playing a bigger role in public schools, from supplying extra instruction to managing whole schools. And momentum is building in some states to help kids exit failing schools through tax credits or publicly funded vouchers.

Some 1.25 million poor families applied for 40,000 partial-tuition school scholarships awarded on April 21 by the New York-based Children's Scholarship Fund, a private philanthropy. Last week, Florida lawmakers agreed on a plan for the first statewide government vouchers for students at schools that twice failed statewide tests. This week, New Mexico Gov. Gary Johnson



MELANIE STETSON FRIEDMAN - STAFF

GROWING ENROLLMENT: Publicly funded voucher programs like the one that gave Bruce-Gardner School in Milwaukee a boost are a hot-button issue this year as more states consider programs to help kids exit failing public schools.

faces off with lawmakers over the same issue.

The Republican governor has vetoed the state budget and says he's willing to shut down the government if the Democratic-controlled legislature does not reconsider its rejection of a plan to give vouchers to every student.

Choice advocates hailed the Florida plan. "Parents will now have a fail-safe guarantee.... If their school fails, they'll be afforded an alternative. That's a powerful message...." says Jeanne Allen, president of the Washington-based Center for Education Reform. Critics say that such a diversion of funding to private schools will make it harder for public schools to improve.

The Florida plan sets up a

two-tiered system where public schools get more state scrutiny and less state money, and private schools get no state scrutiny and more state money," says Bob Chase, president of the National Education Association.

But the high-voltage debate obscures what may be a more significant trend: Some of the most troubled public schools are already talking on many private-school features. And private schools worry that accepting public vouchers could expose them to more public regulations.

For example, 400 Chicago schools now have corporate sponsors, up from 100 two years ago. Eighty percent of the kids in Chicago public schools are now in uniform. Students are expelled

for nonattendance and any dangerous behavior. The city contracts with 22 alternative schools run by entrepreneurs to help kids not meeting new standards.

"Two years ago, we closed seven high schools and laid off everyone," says Paul Vallas, the new chief executive officer for Chicago public schools. "We wanted to make a point that poor schools would not be tolerated."

In addition, some 1,200 public charter schools nationwide are defining their mission, choosing a curriculum and hiring teachers and staff accordingly. In January, Mr. Vallas invited Chicago's parochial schools to apply for public charter-school status (with religion to be taught after hours).

• Schools in the 21st century

will be more open and accountable. The teaching profession is opening to nontraditional candidates. More reliable information about school resources and achievement is available to the public. And information via the Internet is empowering parents.

Kentucky parent Richard Innes used reports available online to challenge recent claims that Kentucky led the nation in improvement of reading scores on the latest National Assessment of Educational Progress. Much of that gain appears to stem from the exclusion of significantly more of Kentucky's special-education students from taking the test, he says. NAEP officials are reevaluating data and plan to report on this issue on May 14.

"I'm just an average parent, but I ask tough questions," says Mr. Innes, a retired military officer in Villa Hills, Ky.

"In many cases, [parents] feel isolated in their own communities," he adds. "By getting on the Web and being able to talk to people, the information flow has exploded...."

The jury is still out on how plans for reinventing public schools will take hold. Some commentators in this section are optimistic: Prof. Paul Hill sees a future with new small schools, different and better (page 16). Prof. Howard Gardner says that the success of the US economy has given it a unique opportunity to define its own pathways of learning (page 15).

But Prof. Gary Orfield worries that the next decades could be ones of missed opportunities. If sweeping and erratic reform efforts weaken public schools and increase racial and economic polarization (page 16). Former superintendents Howard Fuller and Diana Lam remind us that improving schools is a daily battle, gloves off and in the trenches. Wheelock College President Marjorie Bakken urges readers not to give up on today's college students who want to become teachers.

Not giving up is a unifying theme. In the end, it may come down to how teachers, parents, and the public view kids.

Even before the Columbine High School killings last month, the view of kids in America was not positive. Only 38 percent of the public thinks that today's children will make America a better place — and only 32 percent of teens, according to a survey released yesterday by Public Agenda in New York. But nearly 9 in 10 say that with enough attention, almost all kids can get back on track. And improving public schools is at the top of the list of solutions, according to this poll.

But, cautions Gayle Fallon, president of the Houston Federation of Teachers, "It's very dangerous today for a teacher to get into the life of a kid."

"If a kid said, 'I need to talk,' I'd sit until midnight. Now, we're inundated with allegations of physical and sexual abuse. These are termination offenses.... One answer is to put teachers in a position where they never face the charge — that means you're never alone with the child."

"But it's time we decide if we want a public education system. There are few things in education you can't fix with common sense."

■ Send e-mail comments to chadlock@cspe.com

MARJORIE BAKKEN, WHEELOCK COLLEGE: *'Don't give up on today's college students who want to be teachers. They are neither the idiots they have been called nor are they like some of the ideologues on either side of this conversation.'*

Marjorie Bakken / Training the teachers

Want to improve teaching? It'll take teamwork.

I was sitting in my office's reception area recently when Christina Kaiser, the president of the Student Government Association at Wheelock College, entered. In her usual breezy manner, she began to chat with me before she realized that she was actually looking for another office. Before she left, I asked how her student-teaching assignment

was progressing. Christina paused, and her breezy mood abruptly changed. She turned to me and said seriously, "Next week is takeover week." Takeover week is the critical moment in student teachers' lives. It is when their teaching is no longer practice but the real thing, as they undergo strict scrutiny of their classroom teaching and practices. I wished Christina well and told her I was sure she would succeed.

After she left my office, I continued to think about her. Not about whether she would have a successful takeover week, but rather: Has, or will, Christina pass the teacher-certification test? Massachusetts, like many other states across the United States, has taken from the colleges and universities final authority over whether someone can teach. As a result, the test is the real barrier to her becoming a teacher in Massachusetts.

Some conversations have taken place between the State Department of Education and Massachusetts colleges and universities. The state developed guidelines for each subject area in education some time ago, and Wheelock incorporated those frameworks into its curriculum.

Wheelock students generally do quite well on the subject matter of the test.

But the dialogue was nearly nonexistent on another component of the teacher test: literacy and communication. There, prospective teachers, including those at Wheelock, do not do as well. In fact, there have been quite stunning failures, and the teacher-preparation colleges in Massachusetts became a matter of public embarrassment last summer and fall.

Although the headlines no longer scream about the failure of prospective teachers, the big question remains: Are teacher-preparation programs really preparing poor educators?

At Wheelock, we have eagerly prepared ways to help students pass the test and begun to prepare ways to address significant changes in the curriculum. With respect to test preparation, for example, a little-known aspect of the test is that even though it takes all day, the relatively isolated UMass-Boston site has provision was made to have a cafeteria open for the lunch break.

As absurd as it may sound, we found we needed to make sure our students got box lunches so that their afternoon per-

formance reflected something other than blood-sugar level. It's the truly academic level. We want to know as whether our existing programs are providing adequate training in language and communications. We certainly do not dispute our responsibility to make sure that the teachers we train are literate.

I believe that the teacher-preparation programs need to do the same, given reasonable guidelines from the State Department of Education and the Board of Higher Education.

There is ample precedent for this. More than a decade ago, state education officials decided that all teachers be required to have liberal-arts and science degrees. Wheelock College, which then had only an education major, embraced the requirement. We asked for and received guidance from the then Higher Education Coordinating Council and the Department of Education.

We want that kind of effort to emerge from today's state effort to develop standards for teachers and teacher-preparation programs.

A recent report by the Association of Independent Colleges and Universities in Massachusetts recommended, among other things, that educators should work with state agencies to strengthen teacher training, and that there should be reliable and valid teacher testing. It also suggests eliminating certification of teacher-training programs that don't meet appropriate standards.

I have some additional suggestions that I think can propel the discussion forward and give colleges and universities the impetus to undertake this effort.

First, small groups should be established across the state that will work with colleges and universities, school systems, and state officials to prepare a strong teaching force in the state.

Second, we should congratulate the students who pass the test, rather than pointing out the numbers who do not. Some students are passing with flying colors. Give them a "signing bonus" if, indeed, the state needs to give monetary teacher bonuses at all.

Third, continue to assess and improve the test by consulting with psychological and psychometric groups and other experts on testing methodologies.

At the same time, schools must embed the test-taking process into the fabric of

'In the midst of an impending teacher shortage, these students are committed to becoming teachers. Let's help them do that.'

teacher-preparation programs. This doesn't mean that faculty must teach to the test, but that the information from the test gives schools of education an opportunity to improve all aspects of the curriculum.

Above all, don't give up on today's college students who want to be teachers. They are neither the idiots they have been called nor are they like some of the ideologues on either side of this conversation. In the midst of an impending teacher shortage, these students—like Christina, who did well in her takeover week—are committed to becoming teachers. Let's help them do that.

CALL TO SCHOLARS

Summer 1999

The Institute on the Arts & Civic Dialogue

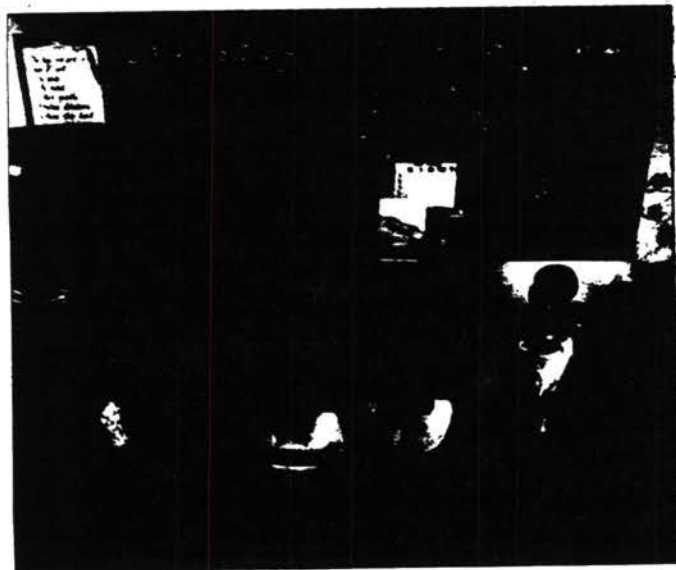
at Harvard University in association with
the American Repertory Theatre
and the W. E. B. Du Bois Institute

is seeking applications from scholars interested in being part of a creative community structured around 4 to 6 major artists and their collaborators. Week-long residencies in Cambridge will be available for scholars from June 26 through August 8, 1999. Activities will include: group discussions, guest speakers, seminars, workshops, collaborative research, master classes, public forums, and other related events.

The Institute is seeking to generate discussion among scholars, artists, social activists and audiences on the following general topics of interest:

Beauty	Food & Hunger
Girls at Risk	Gossip
Incarceration	Reproduction &
War	Reproductive Rights

For application information visit
<http://www.arts-civic.org>
or call us at 617 496-9672



ROBERT HARRISON - STAFF

FRONT LINE: In Houston, Judith Boldt teaches phonics to first-graders. Many US teachers are facing a new hurdle to getting into the classroom: state-mandated tests.

The Home Forum

Mystery of the frogs

Scientists are puzzled by their absence; here's how you can help

JEEPERS, creepers, listen to all those peepers!

Have you ever heard so many frogs singing so loud it almost hurt your ears?

I did recently when I went out with several dozen people on a "frog hike" at the Kortright Centre for Conservation in Vaughn, Ontario. It's just north of Toronto in Canada.

Most of the frogs we heard were spring peepers. Their song is a simple "peep ... peep ... peep." But when there are about a gazillion of them, it adds up to quite a racket.

They're just little guys - about the size of the last knuckle of my thumb. But they're pretty hardy. They come out and start breeding almost as soon as winter is over. The male peepers "sing" to attract mates and claim territory.

All over the world, scientists are realizing something that kids playing in ponds and out in the woods have known for years: Frogs and toads are pretty interesting - and pretty important.

If you want to help researchers understand more about these critters, you can become a volunteer monitor, visiting ponds and wetlands in your area to listen for the songs of frogs and toads. You'll learn about your environment, and you'll be making a real contribution to scientific knowledge.

Scientists call frogs and toads "sentinel species." That doesn't mean that they stand guard, though. It means that if there are problems in an area - polluted water,



MELANIE STETSON FRIEDMAN - STAFF

BULLFROG: These big frogs need deep water, as their tadpoles overwinter in the water.

for instance - frogs and toads are among the first to know.

And when they start to disappear from an area, that may be a sign of trouble.

About nine years ago, researchers around the world started noticing that there were fewer and fewer amphibians. ("Amphibian" is a scientist's word for frogs, toads, and salamanders. It's from

an old Greek word meaning "having a double life," which refers to their spending time both in the water and on land.)

Scientists compared notes and found that they pretty much all had the same problem: They would study a certain amphibian in a certain spot one year. But when they went back the next year, there were none, or almost none, left.



You can learn to recognize frog and toad calls by listening to recordings on Web pages, tapes, or CDs. But even if you don't have access to recordings, don't give up! A lot of the calls are easily described in words.

Now playing at a swamp near you

The frogs pictured here are the eight kinds that the Toronto and Region Conservation Authority is working with volunteers to help. The frogs are spread throughout the north. Notice that you will find them near some of them where you live, too.



Leopard frog
It "snores" or croaks, making a sound like fingers rubbing a wet balloon.



Boreal chorus frog
It sounds like someone running a finger across the tips of a metal comb's teeth.



Woodfrog
Makes a quacking sound like a duck.



Spring peeper
It sounds like its name: "peep ... peep ... peep." Chorus of peepers sound like crickets.



American toad
Makes long, bubbly trills.



Gray treefrog
Gurgles like a ringing cell phone (well, sort of).

EARLY BREEDERS
(mid-April through mid-May)

MIDDLE BREEDERS
(mid-May through mid-June)

Fun frog facts

- How to tell a frog from a toad: Frogs have smoother, moister skin; toads are dry and 'warty' looking (although they cannot give you warts!). Toads spend more time on land, and they are stockier. Toad eggs are laid in strands, like a necklace. Frog eggs are laid in masses.
- Frogs and toads have such thin skins that they can breathe oxygen through them when they hibernate.
- When they swallow, some toads and frogs sink their eyeballs back down into their heads to help push the food down their throats.
- Some frogs in northern North America literally freeze over the winter. They have a special glucose 'antifreeze' in their system that protects their vital organs when 35 to 40 percent of their body water turns to ice.
- You can tell male green frogs and bullfrogs from female ones by looking at the round 'tympanum,' or ear, beside their eyes. In males, the tympanum can be twice the size of the eye; in females, it is about the same size.
- One of the most familiar frog calls is one that many people have never heard in real life. According to biologists at the University of California at Davis, when Hollywood filmmakers wanted frog calls to convey the feeling of nighttime outdoors, they recorded local frogs. 'Consequently,' the biologists say, 'the "ribbit, ribbit" calls of this species have become the stereotypical frog call, even in regions where they don't occur.'

R.W.

Where to find more on frogs

For Frogwatch-Ontario, go to www.cchi.ca/frogwatching/Intro.html for information, frog calls, and online registration.

In the United States, go to www.frogweb.gov/adopt.html. Here, too, you can register, get information, and listen to frog calls. Tel.: (301) 497-5819. Or write: Frogwatch USA, Patuxent Wildlife Research Center USGS-BRD, 12100 Beech Forest Road, Laurel, MD 20708-4038.

You can also check out a good guidebook, such as Peterson's or Audubon. Ask

your local librarian to help you.

A major exhibition called 'Frogs' is at San Francisco's Exploratorium science museum through February 2000. You can visit the exhibit online and link to other frog sites at www.exploratorium.edu/frogs



RED-EYED TREE FROG: This American amphibian has evolved its feet so it can grip leaves.



Green treefrog
It twangs like the sound of a loose bongo string.



Bullfrog
Rumbles a distinctive 'jug o' RUM, jug o' RUM.'

R.W.

LATE BREEDERS
(mid-June through mid-July)

TODAY'S ARTICLE ON CHRISTIAN SCIENCE

A spiritual look at issues of interest to young people

Did you know you can be popular?

MOST KIDS REALLY WANT to be popular. They want people to like them and include them in what is going on.

I used to think you had to be a certain kind of person to be popular. Wear the right clothes, have the right face, be able to say cool things.

But I know all sorts of kids who are popular and really well-liked. Some are big. Some are small. Some are good-looking. Some aren't. Some have lots of money. Some don't. Since so many different kinds of kids are popular, I've decided that stuff doesn't matter. So, what does?

I'll tell you what I've figured out. Being popular means you like yourself so much that you can like other kids just as much. You're sure of your own worth—that you're really OK. That's when it's easy to share, and to include other kids in your friendship. When someone feels you really like and appreciate them, that's when they like and respect you. They want to be with you. That's more what it is that makes you popular.

So what do you do in order to like yourself? You know who you really are. You know who you really are. It says in the Bible that God made us, and that's perfect. Maybe you know that you're good and wise and kind and honest. This makes you perfect. You have your own perfect. You're perfect. Jesus said, 'The perfect therefore, as your Father [God] is perfect—that is, New International Version.'

Our perfection isn't in our fingers and toes—in our physical selves. It's actually the qualities of God that make up who we really are. God is wise, and He makes us wise. God is loving and lov-

ing, and He makes us loving and loving. Because it's from God, who goes on forever, our perfection is also going on—forever.

In that case, when you look into the bathroom mirror, you're not looking at who you really are. But you can see who you are when you look into what God is like and see that's what you're like. When you do something good, that's who you really are. When you are

happy or caring or honest, that's who you really are.

And one excellent thing is that God is constantly showing each of us how to be like Him—how to be and do good. You can just listen to hear God and follow His lead.

When Jesus said we should be perfect, it meant putting our perfection to work every day. That means letting that perfection sort of spill out everywhere. When you're with other kids, your caring (which is really from God) can bubble out as friendliness and humor and even love. Your wisdom (the ideas God is giving you) can pop out in interesting things you say. The good feelings God is giving you to share can make people feel included and valued. That's being a good friend.

There are some big ideas about how to be a friend in the book 'Science and

Health with Key to the Scriptures.' For instance, the author, Mary Baker Eddy, said that when Jesus looked at other people, he actually saw their perfection, even when it wasn't obvious at all. He saw them the way God made them. And seeing them this way healed and helped them.

You can try to do that, too. After all, if you're really perfect, the other kids must be, too. (Remember, this perfection isn't anybody's physical self or personality. It's their real, spiritual self.) When you can know this about the kids you meet, they are going to feel this. It will help them see their worth and value themselves. The kids that are the best friends for you to have will want to be with you.

It's the most natural thing in the world for you to be popular.

Delight yourself in the Lord and he will give you the desires of your heart.

Psalms 37:4

(New International Version)

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NEWS IN BRIEF

LAST UPDATE: NOON, MONDAY, MAY 3, 1999

U S A

President Clinton and Russian special envoy Viktor Chernomyrdin discussed a new diplomatic bid to end the conflict in Kosovo. Chernomyrdin said before flying to Washington that he was carrying a letter from Russian President Boris Yeltsin, outlining concrete suggestions for ending the hostilities. He refused to give details. Meanwhile, the Rev. Jesse Jackson was to arrive in Washington with a letter for Clinton from Yugoslav President Slobodan Milosevic. Jackson said NATO's initial response to Yugoslavia's release of three US soldiers it had held as prisoners showed the "arrogance of power." (Related stories, pages 1, 7; editorial, page 10.)

Clinton and visiting Japanese Prime Minister Koizumi were expected to unveil a deregulation package underscoring Japanese commitment to a more open economy. Telecommunications, pharmaceuticals, housing, retail distribution, and energy are among the economic sectors that would be affected, U.S. trade officials said.

The Supreme Court limited federal courts' power to second-guess immigration officials who decide aliens must be deported because they committed "serious nonpolitical crimes" outside the U.S. It was a victory for the Clinton administration and a defeat for a Guatemalan who entered the US illegally in 1993 at San Ysidro, Calif. (Story, page 4.)

Safety officials were probing an accident that claimed the lives of 13 people near Hot Springs, Ark. The amphibious tourist boat that sank with 21 people on board was in a shop for repair of a drive-shaft seal two days before Saturday's incident, one official said. The vehicle of World War II vintage - called a "duck" because it can travel on either land or water - sank shortly after entering Lake Hamilton as passengers scrambled to put on life preservers. Investigators said they were focusing on a canopy over the boat that may have prevented some people from escaping.

Officials at Miami International Airport lifted a ban on sales of the latest issue of Cigar Aficionado magazine, which had been taken off shelves because it was deemed flattering to Cuban President Fidel Castro. Miami-Dade County Mayor Alex

Penelas had called the move a form of censorship. The June issue, which questions the US trade embargo against Cuba, was ordered off all airport newsstands late last week.

Children closely supervised by parents are less likely to engage in risky behavior, according to a new study that backs up a widespread assumption. University of Maryland researchers tracked 383 children ages 9 to 15 in Baltimore public housing over a four-year period. Those who felt parents set limits and talked with them about their concerns were reportedly far less likely to use alcohol and marijuana, sell drugs, or have unprotected sex. However, as children got older, the influence of friends rose even if parental monitoring stayed the same.

Online ad revenues more than doubled to \$1.92 billion in 1998 - surpassing spending on outdoor ads - the Internet Advertising Bureau reported.

WORLD

Seventy percent of Yugoslavia was without electricity after NATO used a secretive new explosive that short-circuited much of the power grid without otherwise damaging it. But there also were reports that for the second time in three days a NATO explosive struck a bus, causing heavy casualties. The report could not immediately be confirmed. Meanwhile, another senior Serb politician predicted President Milosevic would bow to international pressure for an end to the Kosovo crisis within three weeks. [Related stories, pages 1, 7; editorial, page 10.]

At least 19 people died and as many as 116 others were hurt as new violence erupted in the Indonesian province of Aceh, reports said. Military spokesmen described an exchange of gunfire between troops and civilians. But witnesses said hundreds of soldiers had converged on a village in search of a sergeant who was being held hostage. Resentment of the Army is high in Aceh, despite an apology earlier this year for past atrocities. The province has been home to a low-level separatist insurgency for years.

Israeli Prime Minister Benjamin Netanyahu may have found a **ready-made** issue to inject momentum into his reelection bid: **accusations** of a slur directed at traditional water use, analysts said. He was trailing Labor Party challenger Ehud Barak in **opinion** polls until a prominent actress and Barak supporter **dismissed** his constituents -

mostly Sephardic Jews of Middle Eastern descent - as "riffraff" at a campaign rally. Barak did not distance himself from the remark until a day later, by which time Netanyahu was using it in a new ad. An almost identical incident in 1981 helped to turn an election campaign into victory for Prime Minister Menachem Begin.

IL LANA ARABATE PER TORNARE

The victory of Panama's first woman president was being called especially sweet because she defeated the son of the Army general who overthrew her husband 31 years ago. Ruling-party candidate Martin Torrijos conceded defeat to coffee-company owner Mireya Moscoso (above, celebrating at her campaign headquarters), who campaigned on pledges to slow the privatization of state enterprises and keep politics out of the operation of the Panama Canal. She's scheduled to assume control of the canal from the U.S. in May. Her late husband, Francisco Armiño Arias, was ousted in a 1968 coup led by Gen. Omar Torrijos Herrera.

defensive after peace negotiations between the main forces of the rebels and the Colombian government have to begin. The rebels announced earlier talks, in January, broke down almost as soon as they began. Without elaborating, the two sides said they'd found "concrete advances" in the peace process and appealed for patience during the new negotiations.

Compiled by Robert Kilborn
and Lance Carden

BUSINESS & FINANCE

The challenge of forming a new government in Turkey opened with a harsh confrontation between Prime Minister-designate Nilüfer Dündar and a female Islamic member of parliament. Dündar, who's being looked to as a unifier of opposing political forces, pointedly attacked Merve Kavakci, who arrived to take her oath of office wearing a traditional Muslim head scarf. The move angered many of her colleagues. Ecevit accused her of challenging Turkey's secular order, broke off the swearing-in in protest, and vowed to campaign for a strict dress code.

EDITORIALS/OPINION *Guns Fy*

Let's Respect Both Sides of the Development Coin

By Amartya Sen and James D. Wolfensohn

WASHINGTON — Development economics is the discipline that addresses the world's most enduring problem: persistent and widespread poverty. Three billion people live on less than \$2 a day, 1.3 billion do not have clean water, 130 million children do not go to school, and 40,000 children die every day because of hunger-related diseases.

Within this deprivation is another dimension: hundreds of millions of girls and women whose lives are diminished and shortened by inadequate economic means and discrimination in social status and medical attention.

Not surprisingly, a problem that has remained unsolved through human history generates controversies over how it should best be tackled. Two general attitudes prevail in development economics.

One favors a hard-nosed, even fierce approach, emphasizing sacrifices to be made for the sake of a better tomorrow,

In development, freedoms are both the primary ends and the principal means.

and advocating tough macroeconomic medicine. Unfortunately, this is often accompanied by an almost calculated neglect of urgent social concerns, seen as "softheaded." This view often perceives social safety nets, social services, even human rights as folly — perhaps high-minded, but folly all the same.

Set against this is an alternative outlook that sees development as an essentially friendly process, based on mutually beneficial exchange — of which Adam Smith spoke so eloquently — complemented by the working of social protection systems, of freedoms, of laws and of judicial systems that can earn the confidence and respect of citizens.

We lean toward this alternative outlook, but also agree that it must be reinforced by sound macroeconomic policies, which are required to generate

the resources that social and economic development demand. Profligate spending that ignores resource constraints, and fiscal or monetary requirements, can cripple an economy, and ruin this social progress.

By the same token, excessive stringency on the macroeconomic side can have dire consequences for social programs such as health care and schooling. It can even undermine the financial system itself. In this sense, the two issues are like two sides of a coin; each is incomplete without the other.

Our shared understanding has developed in recent years, during which one of us has presided over the World Bank while the other has researched and written on development as a process of expanding the freedoms that people enjoy. These include freedom from starvation, from undernourishment, from illiteracy, from preventable and premature death, but also freedom of speech, of political participation and of social cooperation.

For the World Bank, too, development is a process that ends with freedom from poverty and from other social and economic deprivations.

So how do we proceed? One approach is outlined in a World Bank discussion paper which presents a "comprehensive development framework" (CDF). This proposal is being debated by governments, civil society organizations and corporate leaders, among others.

The CDF calls on the development community, which is struggling to come to terms with the lessons of the global financial crisis unleashed in 1997, to build strategies that combine macroeconomic policies with the social and structural foundations essential to long-term sustainable and equitable growth.

Some of the ideas underpinning this framework are also found in a forthcoming book by one of us [Mr. Sen], "Development as Freedom," which argues that development can be seen as a process of expanding the real freedoms that people enjoy. These freedoms are both the primary ends and

the principal means of development.

They include freedom to participate in the economy, which implies access to credit, among other facilities; freedom of political expression and participation; social opportunities, including entitlement to education and health services; transparency guarantees, involving freedom to deal with others openly; and protective security, guaranteed by safety nets like unemployment insurance or famine relief.

The end of the Cold War has been accompanied by a growing recognition of the importance of political, social and economic participation, by widespread demands for human rights and gender equity, and by an emerging globalized economy. This offers an unprecedented opportunity to make development work.

To do this, we need a consolidated package of specific requirements that includes honest governments, open legislative and transparent regulatory

The aim should be to avoid the dangerous extremes of profligacy and overstringency.

systems, properly trained and remunerated officials, and a vigorous commitment by leaders to fight corruption at all levels.

We also need an effective and impartial legal and justice system, with protection of and positive support for rights and freedoms of various kinds, a well-organized and supervised financial system, effective social safety nets and essential social programs.

Further, there must be education and knowledge institutions that offer access to all at primary levels, and that are open and competitive at secondary and post-secondary levels. There must also be a real commitment to extend the coverage of health services, family planning, and clean water and sewerage systems to all.

Physical infrastructure is also needed, including adequate, reliable and appropriately priced sources of energy, roads, transportation and telecommunications. Natural environments, including forests, air, water and biodiversity must be protected, as well as culture and heritage, a major source of identity and pride for people everywhere.

Finally, these challenges must be tackled together, with overlapping strategies to develop rural and urban areas, as well as the private sector.

But the design of the framework itself is not enough. The key is how it is implemented. Countries themselves, not donor agencies or foreign experts, must be in the driver's seat. Even when a general framework is broadly accepted, particular strategies have to be discussed and developed at the national level. Only then will development be broadly based and broadly owned.

Reaching that goal must involve wide participation, including governments, multilateral organizations, social and political institutions, trade unions and employer organizations and many other types of nongovernmental organizations, and the private sector.

The list of concerns outlined here is large. But so is the challenge of development. It is easy to close our eyes, to keep the agenda narrow and straight, but this can lead to damaging oversights in development policy. Allocation of resources must be decided with all issues considered together; this is the only way to avoid the dangerous extremes of profligacy and overstringency.

The new international financial architecture now under discussion demands a participatory and a comprehensive approach, with attention paid to the interlinked development freedoms. Unless we adopt such an approach and consider the two sides of the coin together, the new international financial architecture risks being a house built on sand.

Mr. Sen, master of Trinity College, Cambridge, received the Nobel Prize in Economic Science in 1998. Mr. Wolfensohn is president of the World Bank. They contributed this comment to the International Herald Tribune.

Where Governance Is Foul, Watch for More Košovos

3/5/99

By Graham Fuller

WASHINGTON — The world had better get used to what is going on in Kosovo, because it represents the wave of the future.

We require drastic reconsideration of policies as we rethink issues of minorities, borders and national sovereignty. In the next century minorities will be increasingly unwilling to live within borders to which they have been arbitrarily assigned by history, when the conditions seem intolerable.

More than ever before they will demand a voice over who will rule them and how. Lots of states simply employing force are destined to founder.

The key will be good governance. If the states cannot provide good governance, their minorities may expend blood or treasure to gain maximum autonomy or independence. The challenge for the world then becomes: How hard will the community of nations fight to preserve borders and territorial sovereignty of states that are brutal, incompetent or failing?

Our international order since

the Treaty of Westphalia has rested on the basis of sovereignty of nations and "sanctity" of borders — that is, until the borders are changed by one or another event. Borders are generally treated with reverence.

Yet how does one explain to a Tibetan that he is required to live within the borders of a China that practices culturicide, simply because the British empire signed a treaty with the Ching dynasty forming a buffer against the Russian empire?

This is not a moral argument. We are talking realities, about the willingness of minorities in the next century to put up with gross misgovernance in a world rife with talk of democratization, globalization, civil society, nongovernmental organizations, human rights, porous borders and ever more UN norms. How long can we expect minorities to accept unacceptable status quos? They are in the process of placing this problem on our doorstep.

Lots of regimes are not going

to give in quietly. You can always hire a Saddam Hussein to keep the lid on oppressed minorities indefinitely. But any nation that goes that route dooms itself to pariahdom, mired in tyranny, enervating internal conflict and terrorism. Foreign investment, international presence and even tourism won't touch it.

Many nasty or incompetent regimes will be on notice: Run a system that is sufficiently attractive to your people, including minorities, or face the consequences. The world is not going to bail you out.

But who then has the right to a state? Anybody? The short answer is basically "yes," all those who feel strongly enough about getting it. Bad governance is a strong incentive.

But not everybody will want a state. A Yugoslavia or a Soviet Union is a perfectly valid idea as such, if such conglomerates work. But not when they are created by force and fail to deliver adequate governance.

There is a cycle here. The chances are that many despotic states are going to break up into smaller ethnic units in the first stage. Then these new ethnic units of the world will probably agree to recombine in new ways with new partners, but on a voluntary basis of negotiated rights within a federation.

Europe is now just such a community, and states are clamoring to join. If Moscow can run a great act in the future, peoples will seek to join that enterprise as well.

The process of nations falling apart and peoples recombining will not be orderly. But what is the alternative? Forceful concentration camps?

Who believes that we can put the Yugoslav humpty-dumpty together again? Does the West now wish to commit itself to move heaven and earth to preserve failing states and the borders of disastrous states? Must Iraq stay together if history has destroyed it?

Will the Turks get smart about handling their Kurds? Are Indonesia or Afghanistan

viable any longer? And the borders of much of Africa, its peoples hopelessly divided by arbitrary colonial borders, are scarcely likely to survive.

We need an international group, much like Amnesty International, to place states on warning lists, states in peril of breaking up at some juncture. "Marriage counseling" with a variety of techniques — regional autonomy, federation, minority rights, referendums — can help. Whatever it takes.

But it might not work in lots of cases. That is where the international order will show greater wisdom in learning how to facilitate divorces than in preserving vicious rulers, and their arbitrary borders, whose policies have caused them to forfeit their so-called right of unquestioned sovereignty.

Messy? Yes, but isn't that what we already have now?

The writer, a former vice chairman of the National Intelligence Council at the CIA, contributed this comment to *The Washington Post*.

Not Air or Land but a Victorious Combination of Both

By Peter Herry

PARIS — As bombs rain down on "strategic" targets while Serbian forces empty Kosovo, public opinion in Britain, France and the United States largely approves NATO's "air campaign." At the same time, many of those polled feel that a "ground campaign" will eventually be required. Most defense experts in the three countries mirror those conclusions.

The war in Kosovo has a vocabulary problem. The terms "air" and "ground" seem to offer a classic choice of military options. In fact, they offer incomplete choices, fail to reflect accepted U.S. or NATO military concepts, and thus blur — perhaps fatally — the search for a military solution of NATO's current dilemma.

The saying that hope is not a method expresses that dilemma. A single-dimension strategy based on the use of force to "signal" and "punish," instead of decisive force used in all dimensions to compel, leaves only the hope that all will come out right.

There is a better choice. The campaign which offers the surest, and in the long run a less costly, way to accomplish the alliance's political goals — surer than the hope-to-win choice of an air-only effort, and leaner than a "ground campaign's" hundreds of thousands of troops — is the one already embodied in the war-fighting doctrine of NATO and the U.S. armed forces: a truly joint campaign in all dimensions.

In the joint U.S. and NATO military doctrine published after the Gulf War, the term "air campaign" was deliberately never used. The Gulf War had made clear two things about airpower. First, airpower has so immensely matured as a military tool that air interdiction is now conceptually the equal of land and sea maneuver — something that soldiers and sailors do not like to admit. But second, the use of airpower, although essential to success in modern warfare, is not alone sufficient to ensure such success.

There are plenty of problems associated with ground campaigns as well, problems which have kept that option off the table so far in this war. Fear of significant numbers of casualties and extremely difficult terrain, as well as completely inadequate ports and infrastructure for large land forces, give pause to all but the most fervent advocates of a land solution.

But it is precisely the shortcomings of single-dimensional solutions that a truly joint campaign is designed to avoid. The superb functioning and capabilities of allied airpower, and the enabling power of allied naval forces, makes adding land combat power to the equation much less costly and much more effective.

Keeping the military aim focused primarily on the occupation of Kosovo and the repatriation of refugees makes the operation more achievable. This also makes an extensive Serbian guerrilla movement less likely, since there are relatively few Serbian civilians in the province to nurture a guerrilla resistance.

Given that aim, NATO can leverage its overwhelming power to protect the introduction of land forces, using all the tools available: light infantry, armored, motorized, airborne, airmobile and special forces, plus operational maneuver from the sea. That mix of forces, relying on massive air and naval power, means substantially smaller land forces.

Once introduced, the simple existence of land combat power (if only in Albania, where it should have been deployed be-

fore the first bomb was dropped) should force the Serbs to abandon some of their passive defense measures such as spreading out their tanks in ones and twos.

As the concepts that are supposed to guide future U.S. military operations stress synchronized land maneuver and air interdiction create an agonizing dilemma for opponents. Concentrating will brutally expose Serbian forces to heavier losses from interdiction. But if they stay hunkered down, their passive measures to reduce losses to interdiction mean they

cannot effectively counter allied surface maneuver.

Single-dimensional operations are not the way it's supposed to be done in the post-Gulf War era. It is not too late to start using all the tools in NATO's bag.

The writer, a retired U.S. Army colonel, was the principal author of the manual "Joint Warfare of the U.S. Armed Forces" and a professor of strategy at the National War College. He contributed this comment to the *International Herald Tribune*.

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0, 75 AND 50 YEARS AGO

with great alacrity the opportunity to profit by what does not belong to them. That the great radio audience does not pay for its entertainment is no reason why the original creators of that entertainment should not be paid and that their copyright should not be respected.

1949: Family Values

NEW YORK — The current drift of American culture, with its lack of concern for the problem of human relationships, was blamed as the underlying cause of family instability by a group of authorities in the fields of education, welfare, medicine and law. The trend is away from human values. The individual is judged by his material accomplishments, with a decreased adjectival of that individual to his family. Dr. Langmuir criticized educational patterns which place the emphasis on intellectualism rather than on home-making.

1924: Radio Piracy

PARIS — [The Herald says in an Editorial:] It was to be expected that there would be resistance to the gratuitous appropriation of authors' and musical composers' rights in America by the commercial exploiters of radio-telephony. The radio exploiters have seized

A Kosovo Job for NATO's Special Forces

NEVER mind all the facile talk about ground forces, as if this were the siege of Stalingrad. Were NATO serious about improving the lot of the hundreds of thousands of miserable people either massacred by the Serbian mobile killing units or fleeing the Serbs toward Albania and Macedonia, it would have sent its superb special forces into Kosovo to hunt and destroy the killers.

This is a textbook mission for the special forces. They are well prepared for it, and the NATO allies have excellent units. All these groups have trained together, they know and trust one another, and they can teach a much needed lesson to the murderous Serbs who remind one of the dreaded Nazi Einsatzgruppen of World War II. Nothing would have more stabilized Kosovo than the defeat of those Serbian units, and nothing would have more effectively demonstrated the NATO allies' ability to win this conflict.

— Michael Ledeen, commenting in the *Los Angeles Times*.

Summary
definitely!
PC

LEXINGTON

5-7-99

Lawyer Sam's war

ADDRESSING the Senate on April 20th, Madeleine Albright denounced Serbia's "war crimes and crimes against humanity". At a dinner hosted by the American Bar Association a fortnight earlier, she declared that NATO is acting "within the law to uphold the law". Throughout the Kosovo crisis, the secretary of state has used lawyerly language both to condemn Serb behaviour and to justify NATO's. Of course, everyone knows that American legal disputes have the ferocity of war. Now the imitation is reversed: American war is legalistic.

You can find the embodiment of this legalism in a scruffy suite of offices on the sixth floor of the State Department. Law books line the shelves; a copy of the *American Journal of International Law*, freshly thumbed, lies on a coffee table. A law professor, clad in pin-striped suit and pin-striped shirt, reclines in an armchair; he has arrived, he says, at "an inescapable determination that crimes are taking place" in Kosovo. The Serbian assault, he continues, is "patently illegal", not just appalling; it combines crimes against humanity, grave breaches of the Geneva Convention of 1949, violations of the Laws and Customs of War, and probably genocide as defined in the 1951 Genocide Convention. NATO is collecting evidence, building a case, the law professor carries on, not mentioning the fact that NATO is also reducing the suspects' country to rubble.

The professor is David Scheffer, and he now goes by the title of Ambassador for War Crimes. The post did not exist until he took it two years ago; its creation reflects the administration's increasing appetite for legalistic foreign policy. In a time of cut-backs, moreover, Mr Scheffer has managed to expand his staff from three to six, with a seventh due to join on in the near future. One floor up another international law professor, Harold Koh, has taken up residence as the new assistant secretary for human rights. And last year a third kindred spirit, Mort Halperin, who once wrote a book with Mr Scheffer, took over the State Department's policy planning office.

The legal types at the State Department have often been cold-shouldered by colleagues, who are more interested in realpolitik than jurisprudence. Last year, for instance, Mr Scheffer had the thankless task of representing America at the negotiations for an international criminal court: according to the rumours, he wanted America to sign on, but his bosses overruled him. Now Mr Scheffer feels that Kosovo may boost lawyers' stock. It has put legal language into Mrs Albright's mouth. It has prompted the State Department to suggest the names of nine Serb commanders for indictment by the war crimes tribunal in The Hague. And it has thrust Mr Scheffer into the limelight: he gets more face-time with top Clintonites and more air-time on television. The war may be "a watershed not only for NATO but for international law", he says: for the principles, in fact, that he has advanced since his days in academia.

The trouble is that these principles are hard to define, and even harder to live up to. Before joining the administration, Mr Scheffer argued the case for "humanitarian intervention": the international

community should act to prevent abuses of human rights in places like Somalia or the Balkans, even if in doing so it infringes national sovereignty. But he cautioned that such interventions should be authorised by the UN Security Council. The UN Charter, after all, is the cornerstone of international law, and it forbids armed interventions unless they are necessary for self-defence or are supported by the Security Council. Without the Charter, big countries would feel free to intervene at will in the domestic affairs of smaller neighbours.

In the Kosovo war, however, the Security Council did not give NATO a mandate to intervene. This gives the administration's critics a field day. Jack Goldsmith, a law professor at the University of Chicago, argues that Kosovo exposes the flimsiness of international law. NATO claims to be upholding humanitarian law, but it is violating the UN Charter; it claims to be fighting war criminals, but is prepared to negotiate with them. Meanwhile, Kofi Annan, the secretary-general of the UN, sympathises with the intervention even though he regrets that the Security Council was bypassed. Which prompts Mr Goldsmith to ask: what is the point of the Security Council, or of the UN Charter that it supposedly enforces?

This argument, now conducted mostly among law professors, has yet to emerge into the mainstream. President Clinton, unlike his secretary of state, has carefully spoken of Serbian "brutality", rather than Serbian "crimes". Republicans, for their part, have been too busy criticising the administration's slow progress against ethnic cleansing to worry about the State Department's legal thinking.

But once the fighting is done, the debate between international law's proponents and critics may grow noisier. For the compromise that has kept it politically quiet is probably not sustainable.

Mr Clinton tries to have it both ways on international law. He denounces foreign dictators who contravene humanitarian conventions, but refuses to go along with international laws that threaten American interests, notably those creating the international criminal court and banning land mines. This inconsistency has inoculated Mr Clinton against conservative critics at home: he could not be accused of sacrificing American interests on the altar of internationalism. But the inconsistency also engenders deep resentment abroad. As the number of international treaties and tribunals grows, America's selective participation will seem more embarrassing.

In the end, America may have to make up its mind on international law, and this question may become a litmus test in Washington. It is hard to see Republicans, in their current unilateralist mood, showing much enthusiasm for international treaties. But the Democrats are split. The party comprises realists, interested in power not law, along with Woodrow Wilson's heirs, who yearn for a robust system of international justice. This Democratic split runs right through the Clinton administration. That fact alone is probably enough to guarantee that Republicans will make an issue of it.



5-7-99

all it seems: the new rankings no longer include criteria applied previously, such as aircraft age, load factors, accidents and frequent-flyer awards. The fact is that while US Airways did well in terms of handling baggage and making sure passengers had the seats they had paid for, its level of consumer complaints rose by 7.7% in 1998 compared with 1997—to a level more than three times higher than Southwest's. As for United, which was number five in last year's ranking, a little humble pie is clearly called for. "We're not satisfied," said a spokesman. "We feel we need to do a better job in several categories. I think next year you'll see a dramatic improvement."

One hopes so, and not just for United. Mr Headley says: "The airlines seem to be taking the attitude, 'We get you there safely with your belongings. What else do you want?'" The detailed answers may vary from airline to airline. Northwest Airlines might have fewer complaints—twice the industry average, and the worst of the majors—if it got passengers to their destinations on time (in 1998 only America West was more dilatory). TWA would do well if there

were fewer cases of "involuntary denied boarding", jargon for what happens when a flight is overbooked.

But the general answer might be to treat passengers as valued consumers, whose custom is worth keeping. Messrs Headley and Bowen comment: "Airlines are beginning to initiate anti-consumer-oriented rules. These rules seem designed to manage passengers into patterns which some airlines think will improve productivity." Some examples of changes they cite are limiting carry-on bags, increasing the charges for a change of ticket and declining to give accurate information on delays.

Is change possible? The academics bemoan the trend to "mega-carrier relationship agreements", and note that of the nation's 1,000 most popular routes, only half are served by a low-cost carrier. But perhaps the majors, making healthy profits thanks to low fuel prices and a booming economy, will

Check-in queue

Airline quality

Rank	1998
1	US Airways
2	Continental
3	American
4	Delta
5	Southwest
6	America West
7	Trans World
8	Alaska
9	Northwest
10	United

Source: University of Nebraska

fall victim to their own hubris. One voter-friendly bill now before Congress is the Airline Passenger Fair Treatment Initiative (a "Passengers' Bill of Rights"). This would require airlines to provide accurate and timely information about delays and other problems, and would increase the penalties for mishandled luggage or

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In Florida, kicking butts *BReed*

MIAMI

BARELY a year ago, Florida brought in an anti-smoking campaign not only aimed at teenagers, but also run by them. It has been so successful, health officials say, that it has led to a 10% drop in teenage smoking in the state in the past year, including a 19% drop in the number of 12-14-year-olds who smoke. These figures make it the most effective such campaign in the country.

The Florida Pilot Programme on Tobacco Control, as it is known, was launched last year with \$71m from the state's \$13 billion settlement with the tobacco industry. More than 8,000 teenagers across the state now belong to the programme's youth advocacy group, Students Working Against Tobacco (SWAT). Their chief weapon is an irreverent campaign of TV and radio commercials and billboards in which they accuse tobacco companies of hiding the truth for the sake of profit. In

one TV ad, "The Demon Awards", modelled on the Oscars, a tobacco executive proudly visits hell to collect his prize for the highest number of deaths in a year. In one billboard, a bikini-clad male tobacco executive reclines by a pool, cigarette in hand, above the message, "No wonder tobacco executives hide behind sexy models."

Parents, teachers, doctors and the Centres for Disease Control and Prevention all strongly support this campaign. But Florida's politicians are less convinced. In the course of debate over next year's budget, they are busy trying to cut SWAT's funding. The governor of Florida, Jeb Bush, says he backs the anti-smoking campaign, but wants to trim spending on it to \$61.5m. The Florida Senate is now offering \$60m. But the state's lower house—after first proposing no money at all—wants to slash its budget to \$30m.

Critics say the money would be better

spent on educational tools rather than trying to be cool. SWAT says they are missing the point. "Being cool and appearance is everything," says Judy Peacock, the 16-year-old Miami-Dade County representative for SWAT, who on April 13th celebrated national "Kick Butts" day by organising a mock funeral for Joe Camel during her lunch break at school. "They want to take the cool out. But the reason we have been so successful is because we have this catchy campaign."

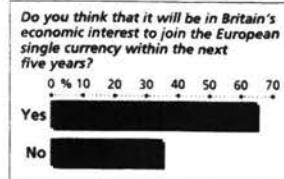
Experts agree. Surveys in other states have shown that teenagers are quickly turned off by the standard educational approach, and are even liable to smoke more. But according to SWAT, an increasing number of teenagers in Florida—59% compared to 45% last April—don't think smoking is so cool any more.

Could it be that the tobacco industry is behind the politicians' resistance? The industry denies involvement in any budget lobbying in Florida. But it contributes heavily to state political races, to the tune of \$425,000 last year. And it doesn't like SWAT's commercials. In last year's \$195 billion settlement with 46 other states, \$1.5 billion was set aside for a five-year anti-smoking campaign. But the industry insisted on a clause to prevent the money being used for "personal attacks on, [or] vilification of, any person...company or government agency, whether individually or collectively." Philip Morris recently launched its own \$200m ad campaign to warn teenagers about smoking. Time will tell whether that works any better.

A setback for the euro

5-7-99

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Two-thirds of Britain's economists cannot be right

WE HAVE some possibly disturbing news for those who believe that Britain should embrace the euro: most of the country's economists agree with you. We asked 256 of them whether they thought it would be in Britain's interests to join the European single currency within the next five years. Of the 164 who replied, 106, or 65%, said yes.

The last time massed ranks of British economists aligned themselves behind a particular view on policy was in the early 1980s, when 364 signed a declaration opposing Margaret Thatcher's policies. The Iron Lady relished the verdict, regarding it as confirmation that all was well. Times have changed. Today Britain has a government that is keen on experts. Tony Blair and Gordon Brown have said they are in favour of the euro in principle, and will doubtless be pleased, if a little surprised, to see that most economists are with them.

We, at any rate, were a bit surprised—not least because published academic work on the euro (much of it by American economists, for some reason) is on balance quite sceptical. Economics students answering our question in an examination would be expected to say whether Britain and the euro zone constituted an "optimal currency area". On the standard tests, which look at factors such as trade and (especially) the cross-border mobility of labour, the answer is no. To conclude that Britain and the euro zone should nonetheless merge their currencies, you need to deploy other arguments.

we interviewed some of the econo-
villing to be probed (see page 59). A
lefts of exchange-rate stability—
l for in the standard theories, be-
capital markets. Others said that a
disadvantaged in the competition
ent. Another theme was the spur to
pean producers that would come

from greater transparency in pricing, again a factor that the traditional theory has tended to ignore.

One broader finding also emerged: it seems that optimists tend to be pro-euro, and cynics and pessimists anti. Pro-euro economists were by no means unanimous in thinking EMU well-designed; some even feared that without revisions (notably in the operation of the central bank) its chances of success were poor. But they trusted that the problems would be addressed and put right—and many felt that Britain, if it were in, could play a big part in this. The anti-euro crowd took a grimmer view. They tended to think that the same problems would not be solved, and that Britain's voice would be ignored whether the country was in EMU or not.

The issue seems to turn less on economics or politics than on whether your temperament is sweet or sour. It turns out that, once you get to know them, British economists are mostly quite sweet.

Democracy and Islam

Samiyab
Warta Madya



They don't mix, say the Algerian and Turkish armies. Algeria has made a mess of its election, an example Turkey should not follow

ALGERIAN and Turkish generals cannot drop their conviction that they know what is best for their people. This Thursday, the Algerians, in an unprecedented burst of democracy, were supposed to choose a civilian president from a respectable array of candidates. The army, unable to trust them with a free choice, promoted its favoured candidate, Abdelaziz Bouteflika, so unremittingly that on the eve of the election all the others withdrew (see page 48). Turkey's parliamentary election on April 18th will not blow up in so dramatic a way. But the Turkish army shares the Algerian army's profound fear of Islamic fundamentalism and, as a result, is reluctant to let unfettered democracy run its course.

None of the Algerian would-be presidents was an open Islamist, though one leading candidate had been endorsed by Islamist exiles. In any event, and whatever its reasons, the army decided to play safe by vigorously pushing its own man. But remember 1992: the army cancelled an election that the Islamist party was on the point of winning, and "playing safe" cost Algeria seven years of civil war and the loss of more than 70,000 lives. The Turkish army, for its part, in 1997 engi-

neered the collapse of a secular-Islamist Turkish coalition, led by an Islamist prime minister, that might have laid down the ground rules for civilised compromise.

The soldiers' case rested, and still rests, on the thesis that radical Islamists are not to be trusted in positions of power. The practice of democracy, together with respect for universally recognised human rights, are, they argue, incompatible with fundamentalist Islamic faith. And, indeed, some unyielding Islamists would agree: democracy, they say, cannot be reconciled with Islam because Islamic law is the essence of life, ruling all public and private behaviour. But in practice, the case is unproven, since the military upholders of democracy were not prepared to take the risk of waiting to find out whether political Islamists would indeed try to make life intolerable for secular Algerians and Turks, let alone whether they would hand back power when the time came.

Unproven in Algeria and Turkey, but in Iran an experiment in combining fundamentalist Islam with a reasonably honest version of democracy is being tried out, day by day. Not always successfully: whether this fragile marriage en-

dures remains to be seen. But the debate alone is undermining old prejudices. People vote freely, but strictly in the context that a supreme "religious jurist" has the final say. However, since the election of Muhammad Khatami as Iran's relatively liberal president, some politicians have found themselves on collision course with the sages, arguing about the disposition of authority. Even more important, a number of bold Islamic intellectuals have begun to talk of new interpretations of the holy word. Political power, they argue, should rest with the people: the clerics should not believe that they have a mission from God to run people's affairs. Some even appear to question the Islamic republic's most sacrosanct concepts—and one has been put on trial for his audacity (see page 48). But the rethinking has started. The phrase "Islamic reformation" is now sometimes heard in Iran.

If it's bad, vote it out

The *Economist* has argued, and still argues, that in a free election the party that gets the most votes should be allowed to have a go at government, however abhorrent its views—so long as there are checks and balances that protect the rights of others. To many Muslims as well as to most non-Muslims, fundamentalist Islamic strictures are indeed abhorrent.

Who would wish to subject anybody to the savageries of Algeria's Islamist terrorists, to the inflexible edicts of Afghanistan's Taliban or suggest to any reasonably liberated woman that she has to accept the laws that govern the sexes in Saudi Arabia? But guerrillas and authoritarian regimes have nothing to do with free choice: their rules, based on a rigorous, and sometimes cruel, interpretation of the Koran, are imposed by force or by tradition or a combination of the two.

"Most Muslims understand their religion as a message of liberation, tolerance, compassion and social justice," said Edward Mortimer, a British writer, in a recent lecture. "How many of them practise it as such may be questioned, but then similar questions can be asked of the adherents of any world faith." Religious extremism, in all its forms, is horrible. Islamist doctrine, *pur et dur*, can be frightening. But allow people some common sense: in a practising democracy, they are unlikely to vote, or anyhow vote twice, for oppression.

The Algerian army, distrusting this common sense, decided to manipulate the result it felt safest with. The tragedy for Algeria is that the whole business will almost certainly put off any chance of a reconciliation between the secular government and the Islamist political opposition. Playing safe may once again prove the most dangerous course of all.

In praise of old technology

Sometimes the traditional ways really can be the best

THE march of technology is a social as well as an economic phenomenon. Some whole industries, such as personal computers, seem to rely on the insatiable desire of people for the latest gadget. Never mind whether you really need it: just throw away your old computer, television, hi-fi or whatever and buy a newer, better (and often cheaper) one. An unwelcome side-effect is an instinctive tendency to disparage older technologies in favour of newer ones.

Yet ditching the old completely can often prove a mistake—because technologies that are dismissed as yesterday's habits sometimes turn out to be not such old hat after all. What was once regarded as obsolete can, with a minor tweak or embellishment, be revived as fast as any old fashion.

The latest instance of an old technology to be rehabilitated in just such a way is clockwork. Once a standard method of powering clocks, watches and children's toys, it fell from grace with the rise of battery-powered gadgets. Yet, as the power needed by modern circuitry decreases, clockwork is becoming a feasible power source once more. Wind-up radios and torches are on sale. The American military is evaluating hand-cranked satellite-navigation devices and landmine detectors that would save soldiers from having to lug bulky battery packs around (see page 84).

Plenty of other mechanical devices have been revived too. A hundred years ago, all calculators were mechanical, but they were displaced by electronic ones containing valves, then transistors, and finally microprocessors. Now microscopic mechanical components are staging a comeback at the heart of a new class of silicon chips. Such microelectro-mechanical systems can sometimes do things that electronics

cannot: tiny silicon arms and levers can, for example, act as compact filters, timekeepers, optical switches and sensors.

Transport offers other examples. Filthy, soot-belching steam locomotives were rejected in favour of diesel and electric ones decades ago. Now new, modernised steam engines are sometimes more efficient and more environmentally friendly than diesels. Airships and balloons are also poised to return to the ascendant. New airships, built with space-age materials and filled with inert helium rather than explosive hydrogen, are taking to the skies. Plans have even been floated to use them as fixed communications relay-stations over big cities. Researchers are looking into the use of balloons to carry scientific instruments over the surface of other planets.

Or consider the triumph of paper. The computer has entirely failed to dethrone paper; instead, computers make it easier to generate documents, and the introduction of the PC, far from fostering the paperless office, has led to a huge increase in bumf. It is even possible to spot a similar pattern in wars: as events in Kosovo are showing, even the stealthiest fighter/bomber cannot substitute for the man on the ground with a machinegun.

Whirr

The lesson of history is, in short, that even apparently moribund technologies such as clockwork have a persistent habit of, well, springing back to life. That is worth remembering next time you hear the death-knell being sounded for a supposedly outmoded way of doing things. Last year's habit can often turn out to be next year's habit too.



*Sunday
Express*
80

5-7-99

Qaddafi says farewell, Arabia, and sets his sights on Africa

Libya's maverick ruler has changed his ambition from pan-Arabism to pan-Africanism. His motive remains anti-American

SINCE Muammar Qaddafi, Libya's rich and restless leader, handed over for trial two Libyans accused of blowing up an airliner over Lockerbie in Scotland in 1988, it has been one shindig after another in his desert tents. With the United Nations' ban on travel to Libya and other sanctions suspended, visitor after visitor has come to pay homage to the "Philosopher of the Revolution". Some look for contracts, others for hand-outs and all to guess what he's up to: munificence or mischief?

It felt like the good old days, when the flamboyant Colonel Qaddafi was a major figure in the region. First in Tripoli to welcome Libya back into the international fold was the Italian foreign minister, Lamberto Dini. Before last year's fall in the oil price, Italy imported about \$4.5 billion-worth of oil from Libya. Agip, Italy's big oil company, is licking its lips at lucrative deals.

A stream of businessmen followed, mainly from the oil industry. Libya has only 5.3m people but earned some \$5 billion last year from oil. Libya's reserves (30 billion barrels) match those of Britain and Norway combined. Its oil is high-quality stuff, near European markets and cheap to extract (costing as little as \$1 a barrel in some places). In Geneva this week, Libyan officials met bankers, oil and gas executives and other foreign businessmen to see how Libya's economy might be opened up. If they were worried that the United States was maintaining its own sanctions against Libya, they did not show it, though the American threat to penalise any company investing over \$40m in Libya's oil industry may make some European companies pause before plunging in.

Airlines, however, are falling over each other to compete for the Tripoli route. Air Malta boasted it was first in; Royal Air Maroc claims the first scheduled flight for April 26th; Alitalia, Lufthansa and British Airways expect regular flights to begin shortly. Contractors are scrambling to re-vamp Libya's airports and its own airline.



Libya's political resurrection is even more dramatic. Colonel Qaddafi may have given up the Lockerbie suspects and told his secret service not to plant more bombs on American or European aircraft, but his revolutionary rhetoric is as bold as ever and still driven by a passion for poking the Americans in the eye. In recent speeches he has attacked the United States for "thuggery" and "racism", and he has called for American companies to be ejected from Africa. He also wants the abolition of nation-states, which he claims are an instrument by which the rich world, led by the United

States, divides and rules the poor world.

Most Arab leaders, though they have heaped praise on their pan-Arab brother, have stayed away. Only Yasser Arafat and Jordan's King Abdullah have turned up in person. Colonel Qaddafi still burns with resentment at the half-hearted support given him by Arab states in the Lockerbie affair. The Organisation of African Unity (OAU), on the other hand, decided last year not to observe the UN's air embargo, and several African leaders have flown defiantly to Tripoli. Though he came by land, Nelson Mandela gave Colonel Qaddafi a big fillip in 1997 by dropping in to thank him for help given to the anti-apartheid struggle. Best of all, it upset the Americans.

So Africa is to be the colonel's new playground. He has changed the name of the national radio station from Voice of the Greater Arab Homeland to the Voice of Africa and declared pan-Arabism "a mirage". He has given up on it. Instead, he wants to unite Africa, beginning by re-writing the charter of the OAU and eliminating references to colonial boundaries. He has already asked the secretariat to arrange a special summit later this year in Tripoli to coincide with the 30th anniversary of his coming to power.

Africans are queuing up. Nine presidents and a stream of officials from other African countries have visited Tripoli since April 5th. The chief lure is the Libyan president's wallet. Those who do not benefit from it fear their enemies might, so they are prepared to do obeisance in the Qaddafi tent.

Libya's attempts in the mid-1980s to seize a slice of land known as the Aozou strip from its neighbour, Chad, are forgotten. Now the colonel appears to be trying to play the international statesman, calling himself a peace-broker. Last week he got Yoweri Museveni of Uganda and Laurent Kabila of Congo to sign a peace accord and offered to send troops to monitor it. As past beneficiaries of his largesse, they no doubt felt they had to sign, though the deal is unlikely to be implemented. The Libyan leader also sent an envoy to the peace talks on Sierra Leone in Togo. Sudan's civil war has

not been neglected, either. Having met government and opposition representatives, he declared that he would bring them together in Tripoli and make peace.

This hardly fits with what the colonel has actually been doing: quietly channeling funds to rebels in West Africa, such as Charles Taylor, now president of Liberia, Foday Sankoh, the leader of the Revolutionary United Front in Sierra Leone and anti-government groups in Guinea. The rulers of the Gambia and Burkina Faso have also received gifts from Colonel Qaddafi and are now allies—at least in words—in his radical cause. Libyan diplomatic representation has increased dramatically in West Africa (while falling in the Arab world), as has financial support for radical newspapers and radio stations.

But the money is not endless. The colonel has expensive hobbies: he is building a river through the Sahara, and wants to start work on a railway connecting the country's coastal towns. America claims he maintains a costly chemical-weapons programme, as well as helping to pay for Palestinian terrorist groups. And his inefficient, socialist state and corrupt bureaucracy eat up much of his oil revenue.

Furthermore, his diplomatic troubles are not over. America, Britain, France and Germany all have outstanding complaints about Libyan terrorism. America's sanctions remain. To make matters worse, ordinary Libyans harbour impossibly high hopes for the post-sanctions era. For years they have heard the government blame sanctions for all that is wrong in Libya. If Colonel Qaddafi does not want to disappoint them, he will need to concentrate a little more on domestic affairs.

Syria

Gathering clouds

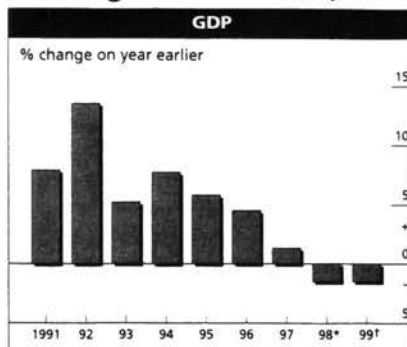
DAMASCUS

TROUBLE looms for Syria. But Syrians won't read about it at home, because the press is state-run. Nor will anyone see much about it in the international press, because it is hard for foreign journalists to get into Syria and hard for them to get information if they do. But there is no hiding the low oil price and the lack of rain that are hobbling the two sectors that make up 40% of Syria's economy. The inevitable recession will make it hard for President Hafez Assad to resolve his two most pressing political concerns: making peace with Israel and finding a suitable successor.

As in so much of the Middle East, the main worry is the oil price. Last year's collapse reduced the value of Syrian exports by a quarter. Previous falls in the oil price have been offset by rising production, but Syrian

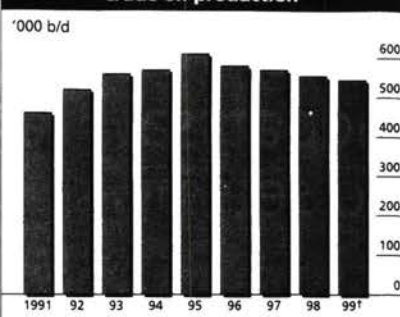
Heading for trouble

Syrian:



Sources: EIU; Syria Central Bureau of Statistics; IEA

crude oil production



*Estimate †Forecast

production has now peaked and will steadily decline over the next few years unless big new finds are made. Domestic consumption is climbing steadily and in five to ten years Syria will, once again, have to import oil.

Remittances from Syrians working abroad and investment from the Arab Gulf used to offset the decline of oil exports. But low oil prices have also sent the Gulf economies into recession. Remittances and investment have fallen accordingly. Russia's economic downturn has reduced the stream of small traders who came overland through the Caucasus and Turkey with suitcases full of cheap consumer goods.

And now Syria is facing its worst drought in over 25 years, so bad that even the local press cannot ignore it. The government is so worried that it has stopped publishing rainfall figures. Unofficial figures from the Damascus area suggest the total this year is half as much as usual. The hills around the capital, which should be a fresh green at this time of year, have already turned a dull brown. The worst-affected areas are the fertile Hauran plain, south of Damascus, and the wheat-belt east of the Euphrates river.

An inefficient state-run economy will do little to reduce the drought's impact. Exports of wheat, barley and cotton will fall, and with them the incomes of farmers, who make up nearly 30% of the workforce. Syria's population is growing at more than 3% per year, and last year the economy shrank by 1.5%. Almost everyone will grow poorer.

Mr Assad, now 69 and by nature cautious, may not be the man to take the drastic action needed. He might remember that, in neighbouring Jordan in 1996, the austerity that followed IMF-prescribed reforms led to riots. His own reforms, such as introducing a simplified, single-rate foreign-exchange mechanism, private banks and mobile phones, remain on the drawing-board.

And at present Mr Assad is more preoccupied with politics. The outcome of the forthcoming Israeli election could revive, or perhaps kill off, the comatose peace process between the two countries. Even more

important for Mr Assad is his own mortality. He has brought his son, Bashar, to prominence and culled senior officials who could challenge him. But if Mr Assad junior ever comes to power, he might find the greatest threat to his rule coming not from disgruntled apparatchiks, but from Syria's broken-down economy.

Algeria

No mandate, no wonder

ALGIERS

THERE can be little sense of triumph in the victory of Abdelaziz Bouteflika, Algeria's newly elected president. His rivals pulled out the day before the vote, turning polling day into a dangerous farce. Protesters took to the streets of towns and cities the moment his walkover was announced. Foreign television channels captured images of riot police baton-charging demonstrators. France and America, Algeria's most influential allies, expressed misgivings. Is Algeria, struggling to end a seven-year-old Islamist insurgency, on the brink of another disaster?

In the short term, the answer is probably no. Although the six other presidential candidates continue to meet and repeat claims that the army rigged the ballot in Mr Bouteflika's favour, their resolve is already faltering. Two of them have denounced demonstrations, saying they may lead to violence. In Algiers, the capital, only a few hundred protesters braved rain and police truncheons to shout anti-Bouteflika slogans. During the campaign, Mr Bouteflika and his military backers neatly split the opposition and co-opted the more malleable elements. Anti-government agitation is likely to die down, at least for a time.

If Algerians seem indifferent to the opposition, they are also largely indifferent to the winner. Although the government claimed 61% of the voters cast ballots and

America's boldest governor

THE governor of New Mexico looks normal. He sounds normal. But he is definitely not normal. He likes hang-gliding, parachuting, 100-mile races. He runs, bikes or swims for two hours each day—and he begins this routine at five every morning. He once shut himself inside a freezer, to prove he could withstand the cold; he clamped an alligator clip on to his tongue, to show he could withstand pain. Now he aims to prove that he can stand heat, too, better than anybody. While other governors tiptoe around the issue of education reform, fearing that they will be burned, Gary Johnson declares that every pupil in New Mexico must have a school voucher.

Take a breath, and savour the mad scale of this ambition. Although Milton Friedman came up with the idea of school vouchers nearly half a century ago, it has barely been put into practice. Milwaukee led the way in 1990 with a voucher programme that covered 1,100 poor students; the scheme has been expanded since, but still covers only 15,000 children. Cleveland followed in 1995 with a programme covering 2,000 pupils, but the courts (pending an appeal) have found Cleveland's design to be unconstitutional. Nowhere in America is there a state-wide voucher scheme. Florida, Texas, Pennsylvania and Arizona have recently debated the idea; but all are plotting pilot projects, limited to the poorest or academically weakest pupils.

In New Mexico, Mr Johnson is being far bolder. He wants to cover 100,000 children in the first year of his programme, and all of them soon after. And his style is as remarkable as his objective. In other states, pollsters have persuaded politicians not to mention the "V word": voters seem to think that vouchers, which give poor children the option to leave the public schools, will drain the public system of resources. (In fact, so long as they are properly designed, vouchers drain resources only as fast as they drain resource-consuming pupils.) So Florida's vouchers are called "opportunity scholarships", Pennsylvania has "opportunity grants", and other states have given up on vouchers in substance as well as language, experimenting instead with various kinds of tax credit. Mr Johnson will have none of that. "I was told not to use the V word," he says of his campaign last year. "I used it whenever possible."

It is not that New Mexico lends itself easily to this kind of radical idea. Its people adore big government, which is only natural given that public spending accounts for half of New Mexico's economy, compared with a third in the rest of America. A year ago the pollsters said that Mr Johnson—a Republican, and a stridently free-market one at that—would have a hard time getting elected to a second term: the Democrats had fielded a strong Hispanic candidate, and Hispanics account for 40% of New Mexico's people. But Mr Johnson defied the odds. He won, and comfortably; he is the first governor of New Mexico ever to win two consecutive terms in office.

The governor's record helps to explain his bravado on educa-

tion. If you remind him that voters have rejected pro-voucher referendums in Oregon, California, Washington and Colorado, or if you dare suggest that the polls augur poorly for his plan, the governor responds with genial disregard: "Damn the polls," he says, "I move them." On the issue of prisons, the governor recalls, polls said three-quarters of New Mexicans opposed privatisation four years ago. But the governor privatised them anyway, and now most New Mexicans applaud him.

Just possibly, Mr Johnson may already be shifting the climate of opinion on education. Before he began to speak out in favour of vouchers, fewer than half of New Mexico's parents supported the idea; but a recent survey suggested that 58% have now come round to it.

And the more the governor talks, the more converts he is likely to win. He argues vigorously that other education remedies have failed: since taking office in 1995, Mr Johnson has raised education spending by nearly a third, but drop-out rates and test scores have showed barely any improvement. Since money has not solved the problem, the governor goes on, it is time to shake the system up. By making children mobile, comes the conclusion, vouchers will require schools to improve themselves, or lose their pupils.

The governor's determination promises a fight worth watching. The Democrats who run New Mexico's legislature have close ties to the teachers' unions, and the unions hate vouchers. They have summoned their members to fight an anti-voucher crusade, distributing the call through the

state's network of parent-teacher associations and through radio advertisements. As a result, the Democratic law makers have sent Mr Johnson two budgets, neither of which authorised vouchers. The governor vetoed both of them.

Mr Johnson says he will carry on wielding his veto. If there is no budget, so be it: the state government will shut down in July, and remain shut until the Democrats see reason. Of course, when a similar drama took place in Washington, DC, three years ago, it was the Republicans who were humbled in the end. But Mr Johnson reckons that was because Republicans occupied Congress rather than the executive branch: New Mexico is different. In the end, he may be willing to accept a voucher scheme covering somewhat fewer than the 100,000 pupils he wants; but he is not going to give up. He would rather sacrifice his popularity. Vouchers, he says, are "a great issue to go down on."

If he can avoid going down, small New Mexico may suddenly have big consequences. A Johnson victory would prove that school vouchers can make good politics as well as good sense, and encourage other Republicans to campaign on them. Already, a quiet pro-voucher tide flows in America: though only 51% of respondents in last year's Gallup poll favoured vouchers, that is up from 43% two years earlier. But the tide needs a bold surfer if it is to have policy consequences. Gary Johnson, fitness fanatic that he is, seems the ideal candidate.



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Desperately seeking a perfect model

America is widely held to be a clear winner in the world's economic beauty contest. But have the judges really studied the figures?

SUPERMODELS beware: a serial killer is on the loose. In recent years, once popular models from places as far apart as Sweden, Germany, Japan and East Asia have all, in turn, been pronounced dead. Meanwhile, the American economy has gone from strength to strength. The obvious conclusion is that all countries, rich and poor, should adopt the American model of flexible labour and product markets, and shareholder capitalism. But has America's performance really been superior?

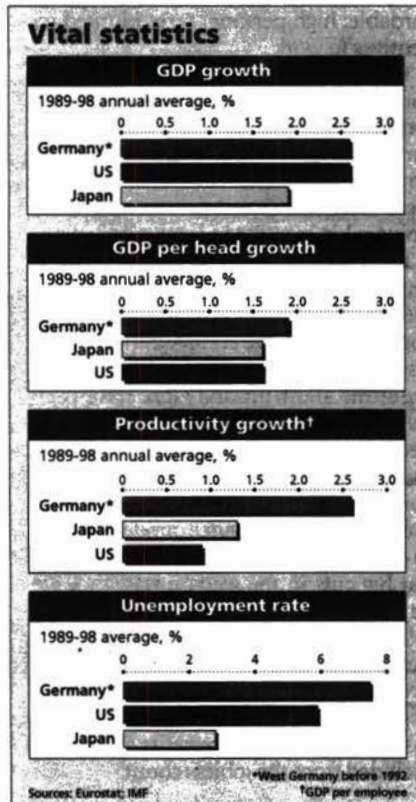
It is true that most of America's rivals are on the casualty list. A decade ago, many pundits urged America to follow the Japanese model to improve competitiveness. Now that same model is seen as fatally flawed. Only two years ago, the East Asian tigers were being paraded as paragons of economic virtue. Now, in the midst of de-

pression, these countries are being widely condemned for crony capitalism. As for Germany's once admired social-market model, it is now often criticised as a *Wirtschaftsblunder* that has been responsible for slow growth and high unemployment. Even New Zealand's model, of which *The Economist* has been a big fan, has been looking somewhat sickly: it was the only rich country besides Japan that suffered from recession last year.

Meanwhile, America's performance has been unrivalled. Or has it? *The Economist* has judged the big three economies on three measures: growth in output; productivity; and job creation.

America has certainly thrived over the seven years from 1992 to 1998, with average annual GDP growth of 3.1%, compared with a feeble 0.8% in Japan and 1.7% in Germany. But these popularly touted numbers are misleading. First, since 1992 America's economy has steadily expanded, whereas both Japan and Germany have suffered recessions. There is no easy way to strip out the impact of the economic cycle, but a longer period makes it easier to avoid comparing apples with oranges: ten years takes in America's most recent recession as well. And, second, America's population has grown much faster than that of other countries.

The single best measure of economic performance is growth in GDP per head: this has averaged 1.6% in America over the past decade, exactly the same as in Japan, and less than in Germany (see chart). Germany's growth has been inflated by the boost from unification, but even after allowing for this, the country's growth per head was broadly the same as America's. True, Japan's 1.6% average growth was inflated by a couple of years of its bubble, but then America's economy currently also looks bubble-affected—with a high risk, therefore, of a sharp slowdown or recession at some stage over the next few years. It is also worth noting that the British economy, which has done the most to copy America, has grown more slowly than either Germany or France over the past decade.



The second gauge of economic performance is **productivity**, an area in which America, it is claimed, is enjoying a miracle. Its level of productivity (GDP per worker) remains higher than elsewhere, and in recent years the rate of increase has quickened. But over the past decade, America's productivity has grown slightly less rapidly than Japan's, while Germany's has grown twice as fast. It is true that America's official figures probably understate productivity growth, but such measurement problems affect other countries, too.

The only area where America clearly outperforms is in our third measure, **job creation**: unemployment has fallen to only 4.2% of the labour force, less than half Germany's rate of 10.5%, and now, for the first time, below Japan's (probably understated)

rate of 4.6%.

Overall, however, the notion that the American economy stands on top of the world is questionable. It is also vulnerable to criticism because of its wider income inequality. It is often asserted that America has traded higher inequality for faster growth; yet over the past decade, average incomes have risen by similar amounts in the three countries, despite America's bigger income differentials. The richest 20% earn nine times as much as the poorest 20%, compared with a ratio of four times in Japan and six times in Germany. Despite higher average incomes in America, the poorest 20% in Japan are about 50% better off than America's poorest 20%.

Used models

If America's economy were now to go into recession, its "model" would come under fire from other directions as well. Does that mean that it is no better than any others? Not necessarily. There are several possible explanations for why America's performance has been similar to its rivals' over the fairly long term. In Japan and Germany, GDP per head lags America's, so it is easier for them to grow. Catching up, by adopting technology invented elsewhere, is easier than being the economic leader.

Second, the differences, as opposed to the similarities, between economic models tend to be exaggerated. In their zeal to make a successful economy fit their favourite theory, economists of one persuasion or another are too quick to swallow myths about the nature of that economy. The most extreme example of this is East Asia. Free-market advocates once pointed at the region's rapid growth as proof of the virtues of market-friendly policies; many of them now blame its troubles on government meddling in banking, industry and trade—to which interventionists, in contrast, had previously given much of the credit.

The successful part of Japan's economy in the 1970s and 1980s—meaning the export sector—actually looked more like the American free-market model than the supposed Japanese blueprint of government intervention. Indeed, in some respects, Japan's government has meddled less than others: the country's total tax burden is actually slightly lower as a percentage of GDP than America's, and it is much less than Germany's.

Nor is the American model quite what it is advertised to be. For instance, despite its reputation as an unfettered market for corporate control, anti-takeover practices, such as poison pills, flourish—and have

even increased.

Economic studies suggest that the best recipe for growth is a long one, but with no single magic ingredient: it includes high saving, low taxes, openness to trade, good education, the rule of law, and sound monetary and fiscal policies. Each model emphasises particular ingredients, giving it particular strengths. Germany and Japan, for instance, offer better education than America and they have higher rates of saving. The American model is the most successful job-creating machine, but Germany and Japan are better at combining growth with equality. Although the point is often stretched too far, different models may also suit different countries, given their various cultures. This may partly explain the current interest in the Dutch model (see box) in continental Europe.

A third explanation of America's rather modest performance over the past decade is that the ideal model changes with economic circumstances—and the American model might be only just coming into its prime. In the 1960s and 1970s Japan's high-quality training and lifetime employment helped to solve labour shortages and prevent disputes, and the cosy relations between firms, banks and governments may have encouraged higher investment. To

The good (and bad) model guide

A SUMMARY of economic models' best and worst features:

• **The American model.** Good points: flexible labour and product markets; low taxes; fierce competition; and shareholder capitalism, which puts pressure on managers to maximise profits. Bad points: wide income inequalities; low welfare benefits; poor quality of "public goods", such as primary and secondary education; low investment and very low savings rates.

• **The Japanese model.** Good points: lifetime employment encouraged loyalty and high skill levels; public services, especially education, of high quality; close relations between banks and other firms; corporate cross-shareholdings shelter managers from impatient shareholders, allowing them to take a long-term view of investment. This, it was once argued, gave Japan an advantage over American capitalism, obsessed with short-term profit. Bad points: these "virtues" are now seen as vices at the root of the country's problems: firms sheltered from the full force of the market feel little pressure to use capital efficiently.

• **The East Asian model.** The region has long been an intellectual battleground for economists. Some saw East Asia's

rapid growth as proof of the virtues of market-friendly policies—low taxation, flexible labour markets and open trade. Others argued that South Korea's industrial policy was evidence of the possible gains from selective government intervention. The truth is that there is no single "East Asian model": economic policies vary hugely from relatively liberal Hong Kong to heavy-handed South Korea; from widespread government corruption in Indonesia to squeaky-clean Singapore. What the East Asian countries shared was an openness to trade and higher savings than in other emerging economies.

• **The German social-market model.** Good points: excellent education and training; a generous welfare state and narrow wage dispersion breed social harmony; close relations between firms and banks assist high investment. Bad points: overly powerful trade unions, high taxes, overgenerous jobless benefits and widespread labour and product market restrictions have led to persistently high unemployment.

• **The Swedish model.** Once advertised as a "third way" between capitalism and socialism. Good points: relatively open markets combined with a comprehensive welfare state, narrow wage dispersion

and employment schemes that pushed the jobless back into work. Bad points: rising inflation and recession increased the budget deficit, and as unemployment rose, costly job schemes were no longer affordable; high personal taxes blunted incentives to work.

• **The New Zealand model.** Radical reforms in the 1980s transformed the rich world's most regulated and closed economy into one of the most free-market, with the lowest tax rates, lowest trade barriers and widespread privatisation. Bad point: a big increase in inequality.

• **The Dutch model:** Once an extreme example of Eurosclerosis, some now see the Netherlands as a model for the rest of Europe. Workers have accepted smaller pay rises in return for more jobs; rules on part-time and temporary jobs have been relaxed; and social-security taxes have been trimmed. The result has been a dramatic fall in unemployment—to 3.6%, compared with an average in the euro-11 area of 10.6%. The Dutch model appears to offer a way to cut unemployment without big cuts in the welfare state or wide pay differentials. However, the headline jobless rate paints too rosy a picture: one-third of workers are part-time, the highest proportion in the rich world, and an unusually large number of people receive disability or sickness benefits and so are excluded from the jobless count.

RCC would not be a regional government; rather, it would support regional projects by using its authority to issue bonds.

What will come of the Chicago report? Probably quite a lot. The Commercial Club is made up of Chicago's business elite. All 400 members of the club voted to endorse the spirit of the report, if not its individual recommendations. "These are the guys who worked with Daley to turn around the school system," notes one participant in the process. Mayor Daley has applauded the report while stopping short of endorsing all its recommendations; meanwhile, the governor of Illinois has created an infrastructure task force to study the state's needs. A Commercial Club committee led by the former president of Inland Steel has already raised \$4m to help promote and implement the goals of the plan.

The Commercial Club takes its plans seriously. This is the same club that commissioned the Plan of Chicago in 1909 (often referred to as the "Burnham Plan") that preserved much of the lakefront and left an enormous positive imprint on modern Chicago. The club not only devised this plan, but promoted it. One member financed the publication of a primer that summarised the details of the plan, and over 100,000 copies were distributed to Chicago schoolchildren so that they would understand the importance of urban planning. (Study question 36: "What is the effect on the city of the current diagonal streets?")

Proponents of Chicago Metropolis 2020 describe the plan as a starting point for discussion. Other cities would do well to join that discussion too.

Education

Fail the test, miss the grade

HOUSTON

THE pupils need her more than ever, so—despite the fact that she is expecting twins in a few weeks—Diane Adkins is still helping in the classrooms of Sherman elementary school in Houston, Texas. The standardised reading tests are held in late April, and 60% of Sherman's pupils have limited proficiency in English. Besides, this year the test is more important than ever.

Last spring, Houston joined the growing number of urban school districts that are ending the practice of "social promotion": the automatic shifting of pupils up a class at the end of the academic year, even when they have failed to meet the standards for their grade. Houston now bases promotion largely on standardised tests; if students fail, they have to stay behind.

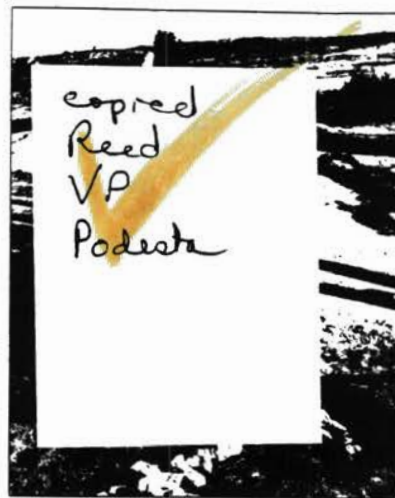
Teachers used to argue that keeping

Defining hate

LAST October Matthew Shepard, a homosexual student, was beaten and left to die on a fence outside Laramie, Wyoming. On April 5th Russell Henderson, a local roofer, was sentenced to two consecutive life terms in prison for killing him. He escaped a death sentence partly by agreeing to testify at the trial of the second man charged with the killing.

A day later, President Clinton asked Congress to expand federal laws against hate crimes to include offences based on sexual orientation or disability. In 1997, he said, more than 8,000 hate crimes were reported in the United States. At present, the law covers only crimes motivated by a victim's race, religion or nationality; and it applies only in certain "federally protected" circumstances, such as when the victim is voting, or in public school, or travelling on an interstate highway. Typically, the presence of "hate" increases the sentence.

Under Mr Clinton's proposal, a hate crime could take place anywhere. The new law would certainly cover the case of Matthew Shepard, who apparently



The Laramie memorial

made a pass at one of his killers in a Laramie bar. It would also cover, no doubt, dozens of incidents in which the fact that a victim is black or homosexual or Catholic is purely incidental to a random act of violence. But who could prove it?

children down a grade was bad for their morale and made them more likely to drop out of school. But, faced with mounting evidence that American children (mostly in cities) are leaving school without being able to read or do basic maths, many teachers have changed their minds, and now prefer to keep pupils back until the basic standards are met.

In the muddle of new ideas and policy gimmicks that characterises the debate over American education reform, ending social promotion is now the most popular proposal. President Clinton has particularly praised Chicago's schools, which have had a policy of keeping pupils back for the past three years (combined with extra tutoring and summer school). Yet it has proved expensive: \$100m a year, together with the drawback of a huge crowd of students in the lower grades.

In Texas, Governor George Bush, who favours the policy, is trying to address these disadvantages. In February, the governor guided a bill through the state Senate that would hold back pupils who did badly in their subjects and could not pass the state-wide standardised test. At the same time, he set aside \$203m for remedial classes and extra teacher training to ensure that pupils kept behind would receive help. If the bill passes the House as well, it would end an old practice of allowing students to advance despite failing the test. In 1997, 42,000 nine-year-olds failed the Texas test,

yet more than 38,000 of them advanced to the next grade.

Mr Bush has made ending social promotion the centrepiece of his education agenda, and will no doubt advocate it nationally if he finally decides to run for the Republican nomination. His education plans have met with little resistance from those traditional nemeses of Republican politicians, public-school teachers and bureaucrats, largely because he has avoided blaming school officials for all the ills of the public schools. Instead, he has provided the carrot of ample funds for local school districts, while continuing to demand that the districts remain accountable for the adequate performance of their pupils.

Although the idea of ending social promotion is gathering pace, there is disagreement over whether it raises academic standards. According to one researcher at the University of Colorado, it not only demoralises pupils but often fails to address the specific learning deficiencies that may be holding them back. Some civil-rights groups also argue that by relying too heavily on standardised tests to decide whether a child goes up a grade or not, pupils whose first language is not English are at a disadvantage.

Yet the other path, of advancing unqualified students willy-nilly through the academic ranks, has left thousands of American pupils ill-prepared for life beyond the classroom. In the latest national

assessment of school performance, 40% of American ten-year-olds were unable to read at their grade level. Last year in Houston almost 9,000 more students entered high school than managed to leave with a diploma. Such a drop-out rate has its roots in the earliest years of school, when underperforming students are pushed through the system. As with a faulty assembly line, when defects go unspotted until the end of the process it is usually too late to fix them.

California politics

A big Green upset

OAKLAND

IN AKIRA KUROSAWA'S film "The Seven Samurai", residents of a beleaguered village seek the help of intellectual swordsmen for protection from well-armed bandits. Last week, in Oakland, voters unhappy with the city's old politicians elected to the California Assembly a new member with similarly peculiar credentials. Audie Bock, who took office on April 5th, is a Kurosawa scholar and has written two books on Japanese cinema. She is also a member of the Green Party. As such, she becomes the first third-party member of the Assembly, the state's lower legislative house, since 1917, and the first Green elected to partisan office in the United States.

The 16th Assembly district, which encompasses Oakland and the neighbouring towns of Alameda and Piedmont, had long been under the firm control of Democrats. Ms Bock's rival for the district's seat, Elihu Harris, Oakland's former mayor, was assumed to be a shoo-in. He is a well-known black in a largely black district, and, after winning a special election in February that winnowed the final candidates for the seat down to himself and Ms Bock, he virtually stopped campaigning. He refused to debate with Ms Bock (who is white), and closed his downtown Oakland campaign office. He also made the political blunder, in the special election, of giving away coupons for a free chicken meal to voters who presented their voting-ticket stubs. In the second election, Ms Bock won by just 327 votes in a district in which Green Party registration is a mere 1.2% of voters.

Political experts say it was Democratic arrogance, not Green ideas, that squeezed Ms Bock into office, although much of her platform is similar to pronouncements made by Jerry Brown, Oakland's new and progressive mayor. Ms Bock, of course, believes the American electorate is finally showing some will to loosen the iron grip that Democrats and Republicans have had on the nation's politics, a grip which, until

recently, has kept third parties out on the far fringe even in California. She sees herself as the third sign of hope, after Mr Brown's election last year and that of Jesse Ventura as governor of Minnesota.

In Sacramento, the state capital, she hopes to promote universal health care, the issue that got her into politics in 1996 when she volunteered for Ralph Nader's Green campaign for the presidency. She says she will also strive for greater reform of public education, and "even though this will probably get me into trouble", wants marijuana legalised. On her first day of Assembly work she naturally travelled not by car, but by train from Oakland, a nearly two-hour trip. She has already enquired about facilities in the capital for electric cars (none at present), and is busy learning the knack of forging political alliances from the unlikely interests. During her campaign, she says, she kept uncovering "closet Greens at all levels of society". On her first day in office, she kept uncovering "closet Kurosawa fans in the Assembly".

Crime

Stealing from the dead

NEW ORLEANS

A FEW feet away, street musicians play jazz standards and tourists browse; but high culture reigns inside the antique shops on Royal Street, in New Orleans. At Harris Antiques, classical music wafts through the air as patrons navigate a maze of marble and wood. Apart from New York, Arthur Harris says, New Orleans has the country's largest high-end antiques market, and the best of it is packed into a few streets in the French Quarter. Royal Street has a reputation to uphold.

That is why Mr Harris didn't trust the men who came by his shop more than a year ago, hawking wrought-iron chairs and cement pots from the back of a car. The goods looked badly weathered and strangely familiar, he said. He told the men,

Reading the tea leaves

WASHINGTON, DC



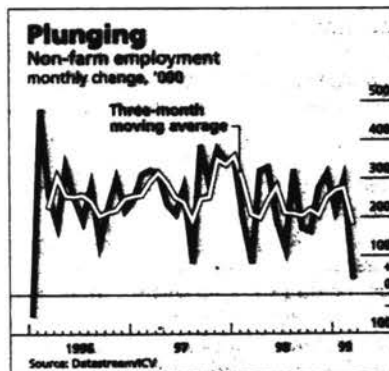
THE employment report, released on the first Friday of every month, is very keenly watched. Financial markets look for rapid wage growth or other signs of inflationary pressure; politicians hope for ever-lower unemployment. At first sight, the March employment report—released on April 2nd—had something for everyone.

Unemployment fell to 4.2%, the lowest figure since 1970. Yet, despite tight labour markets, there is no sign of wage pressure. Average hourly earnings in March rose a modest 3.6% compared with the previous year, the lowest annual increase since the autumn of 1996. Throughout 1998, in contrast, the average increase in hourly earnings was 4.1%.

But behind the rosy headlines lurk signs of weakness. The index of hours worked—a rough proxy for growth in economic output—fell by 0.5%. The number of new jobs created rose by only 46,000 after seasonal adjustment, far fewer than in previous months and far less than most analysts had expected.

Fortunately, most of this unexpectedly low job growth was due to the weather, which was unseasonably mild between December and February and bad in March. Firms did not lay off as many workers as usual during the winter months, and took on relatively fewer workers in March. Construction employment, for instance, fell by 47,000 in March; restaurant jobs fell by 48,000.

Given the weather factor, most economists have not read too much into the March employment report. After all, consumption is still looking strong. Inflation-adjusted personal expenditures rose by 0.7% in February, implying that real consumption could rise by more in the first three months of 1999 than it did in the last quarter of 1998. Although the drag from the trade deficit is likely to increase compared with the end of 1998, and the pace of housing starts may abate or even fall, there are few signs of a serious slowdown. Indeed, the Conference Board announced on April 6th that its index of leading indicators rose for the fifth straight month in February.



Taming global finance

BOOKS
IN
BRIEF

Policymakers across the world are worried about its financial structures. Three new books suggest different ways to improve things

THE NEW GLOBAL ECONOMY AND DEVELOPING COUNTRIES: MAKING OPENNESS WORK. By Dani Rodrik. Johns Hopkins University Press; 100 pages; \$13.95. Plymbridge; £11.50

DANI RODRIK has a reputation as the insiders' maverick on globalisation. A trade economist at Harvard University, he is no radical. But he is not afraid of challenging conventional wisdom either. An earlier book of his asked how far industrial countries could take globalisation. His new book questions its benefits for developing countries.

Integration into the world economy has become the overriding goal of economic policy in most poor countries, he believes. Worries about international competitiveness now crowd out traditional concerns such as poverty. The assumption, constantly reinforced by international financial institutions, is that breaking into global markets is the best (the only?) way to improve economies and reduce poverty.

The snag, in his view, is that there is little convincing evidence that openness alone, that is, low barriers to trade and capital flows, actually improves economic growth. Openness, he concludes, ought not to be a policy goal in itself. He concedes that openness can bring indirect benefits to poor countries—the transfer of ideas and technology from the rich world, say, or access to foreign savings. However, these are potential benefits that will further a country's economic development only if the right domestic institutions and policies are in place.

Above all, a developing country, Mr Rodrik thinks, needs a strategy for domestic investment and a sound framework for handling political conflict. The lesson of post-war history in poor countries, he argues, is that the key to faster growth is more domestic investment. And openness alone will not guarantee that. What is more, openness makes a country vulnerable to shocks from outside and the sudden withdrawal of foreign capital.

Recent history's other lesson, he believes, is that the best political shock-absorbers are democracy, the rule of law and social insurance. In conclusion, he urges poor countries to "engage the world economy on their own terms". Unfortunately, Mr Rodrik does not offer more than a few quickly sketched ideas how.



TOWARD A NEW INTERNATIONAL FINANCIAL ARCHITECTURE. By Barry Eichengreen. Institute for International Economics; 200 pages; \$18.95. Eurospan; 150 pages; £15.50

THE current debate about reforming the international financial architecture has produced a dizzying array of proposals, ranging from a global central bank and a global financial regulator to the general reimposition of capital controls. Most of these grand ideas are unworkable, many are inconsistent and none has a hope of being implemented. Barry Eichengreen's book, whose subtitle is "A practical post-Asia agenda" is exactly the opposite. It offers a concise analysis of the main problems ailing today's international financial system and a host of modest, but useful, suggestions for reform.

Mr Eichengreen places great emphasis on crisis prevention. Much can be achieved, he reckons, by developing international standards of acceptable practice on everything from accounting standards to corporate governance. These standards should be promulgated by the relevant private-sector bodies, such as the International Accounting Standards Committee. Regulators can then increase the incentives for compliance, for instance by raising capital adequacy requirements for lending to countries with low standards. Mr Eichengreen reckons also that crisis prevention means curbing short-term foreign borrowing by poor countries. He is particularly for imposing taxes on

foreign borrowing, as pioneered by Chile.

As for crisis-management, Mr Eichengreen argues that, judging from recent experience, neither massive public bail-outs nor a hands-off approach are going to work. Debts have to be restructured in a coherent, orderly way, with a central role for the IMF. He recommends collective-action clauses in bond contracts and standing committees of bondholders. These ideas are not new. But nor are they enacted. World finance would be safer if they were.

DEBT AND DELUSION. By Peter Warburton. Penguin Books; 315 pages; £20

THERE is no lack of books explaining why America's financial boom will last forever and no lack of those predicting imminent financial ruin. "Debt and Delusion" is of the second sort, but written by a respected economist and market watcher. A combination of financial and economic mismanagement since the early 1980s, for which Peter Warburton blames central banks, and a growing addiction to debt among governments, firms and households, have sown the seeds of disaster. The rapid growth of world bond markets and an explosion of complex financial derivatives underpin this gloomy prediction. The world bond market, he points out, is now worth about \$25 trillion—a year's worth of economic output from the world's top 20 countries, and a six-fold increase from 1982. Booming equity markets have obscured the danger of this debt overhang. When, as they will, equity prices fall, the unwinding of derivatives positions will bring calamity.

Mr Warburton suggests what might trigger the bust: tensions within European monetary union, a shock to the American bond market, financial meltdown in Asia triggered by Japan or even the fallout from a millennium computer bug.

Alarmed? Mr Warburton understates the extent to which governments, especially the American government, have moved towards fiscal prudence. He mischaracterises derivatives: in general they reduce, rather than increase, risk. He fails to explain that the conquering of inflation has brought about a fundamental shift in equity valuations. His basic worry, that today's financial system rests in part on shaky ground, is perfectly reasonable. But the suggestions he offers about what might realistically be done to make them more secure cover all of one page.

time Mexico City continues to draw poor families from rural states who still see the capital as an economic magnet.

The net result is an impoverishment of the city that exacerbates already serious problems such as scarce revenues, poor housing conditions, underemployment, indigence, and crime.

THE PRESIDENT HAS SEEN

5-7-99

Sandy

employment. Now a former subsistence farmer from Chiapas is more likely to end up selling trinkets on Mexico City's streets.

"The loss of industrial jobs was particularly sharp in the 1980s, and it has continued since then," says Gustavo Garza, an urbanologist at Mexico City's Colegio de Mexico, a graduate research center. Aver-

the kids in, she nevertheless is busy working on a move out of the city in July.

"I realize we can make this change because of our economic level," she says. "People who aren't so fortunate have to resign themselves to coping with it."

Despite what some dub "professional flight," urbanologist Garza says Mexico City will recover its attractiveness as it

steps the city can take to remain "livable for professionals," and they aren't all expensive examples from more monied first-

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The government long ago gave up trying to tame Bajram Curri, where thievery runs rampant and the KLA has a major operation.

An Albanian town awash in guns and warlords

THE convoy was 15 miles short of town when the Kalashnikov-brandishing bandits struck, lured by the four expensive trucks and their cargoes of food and soap for 2,400 Kosovar Albanian refugees.

Policemen guarding the trucks hauling the aid for Concern Worldwide, a private Irish group, fired back. The bloodless hour-long clash April 27 ended with the arrival of more cops and Albanian troops. Outgunned, the gang fled.

Nowhere else in Albania has there been such an attack on a convoy bearing relief for some of the 395,600 ethnic Albanians purged from Kosovo. But this is no ordinary place. This is Bajram Curri.

Located in the Northern Albanian Alps, the poorest region of Europe's poorest state, Bajram Curri has returned

to its centuries-old past of brigandage and warlordism, awash in so many guns that few people venture out after dark. The government long ago gave up trying to tame this town, where five of the 5,000 people have been murdered this year, residents say.

The insecurity is heightened by a huge Kosovo Liberation Army (KLA) presence. With the apparent consent of Tirana, the Albanian capital, the rebels use Bajram Curri as a transit point for camps on the border

with Kosovo, which runs about eight miles to the north. Camouflage-clad rebels are everywhere, seated outside the Club Kosova restaurant, sauntering in the streets, and recovering from wounds in the hospital.

United Nations aid agencies pulled out of Bajram Curri in October. In the past few weeks, bandits have heisted four four-wheel drive vehicles and hundreds of thousands of dollars of equipment from at least eight news organizations. Even a key KLA operative who

came to Bajram Curri to "make it safe for journalists" had his Jeep stolen by armed thugs in the town center less than three hours after arriving. He got it back only because of his friendship with the chief warlord.

So brazen are the thieves that they have stolen four vehicles from monitors

of the Organization for Security and Cooperation in Europe (OSCE), the only international presence still here. The thieves returned one vehicle but cruise the streets in the other three, which still sport OSCE emblems.

Asked why the bandits are allowed to continue operating, one fatigue-dressed policeman grins: "They have relatives in the police." That may be why some "officers" — young men with bandoleers hung on chests, Kalashnikovs stashed on front seats, dark glasses af-

fixed to eyes — were seen during a recent visit driving several vehicles pilfered from Western journalists.

Residents say the near-anarchy has spawned the re-emergence of tribal rivalries and *hakmarrje*, or the blood feud, a centuries-old practice among the clans of northern Albania and Kosovo. Under a tribal code known as the "Canon of Lek Dukagjin," a slight of one's honor must be erased by killing the offender. But the code then requires the victim's closest male relative to avenge the slaying, creating a cycle of murder and counter-murder that can force men into hiding for years.

BAJRAM Curri is said to be the domain of the Haklaj clan, led by Fatmir Haklaj, a burly man in his early 30s. He is the police "commander," in theory a post subservient to the uniformed chief, but in reality the top slot.

The collapse of communism in 1992 loosened Tirana's grip on Bajram Curri; it ended completely in 1997 when anarchy erupted with the failures of pyramid schemes in which tens of thousands of Albanians lost their savings. It was then, people say, that Mr. Haklaj and his brothers, ending five years of sheltering in the mountains from a blood feud, returned to Bajram Curri and took charge.

— Jonathan S. Landay

A LETTER FROM

Bajram Curri,
Albania

copied
Bajram
Podesta

THE WHITE HOUSE
WASHINGTON

Date 5-7-99

To: SALLY KATZEN

From: The Staff Secretary

POTUS WILL RECEIVE
THIS WEEKEND.

Any comment?

- [Signature]



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

VP
99 MAY 4 PM 5:32

May 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GEORGE T. FRAMPTON *RSK for*

SUBJECT: ELECTRICITY RESTRUCTURING

In a recent weekly report (attached), I updated you on the Administration's proposed electricity restructuring bill. Since that time, the proposed bill was approved and transmitted to Congress in mid-April. On that weekly report, you inquired about the Public Utilities Holding Company Act (PUHCA). Specifically, you asked about the requests we have received to support repeal of PUHCA regardless of whether our electricity restructuring bill passes this year.

PUHCA prescribes procedural guidelines for both Federal Energy Regulatory Commission (FERC) and State access to records of a holding company (including subsidiaries, associates and affiliates) of a public utility or natural gas company. While we agree that amendments to PUHCA are warranted in the context of comprehensive Federal electricity restructuring legislation, the Administration has repeatedly opposed such amendments on a stand-alone basis.

The interlocking nature of the system of Federal laws regarding utility restructuring make it important that these statutes be amended either as part of a comprehensive legislative package on restructuring or concurrently with such a package, rather than on a piecemeal basis. Only by doing so can we ensure the provisions important to the environment remain a part of the package.

The Administration's proposed electricity restructuring bill that was introduced last Congress contained a number of provisions designed to promote competition in the wholesale and retail electric generation markets, including a proposal to repeal PUHCA. The bill also included several measures designed to protect consumers from the potential for holding company abuses, such as enhanced merger review and market power limitations, and to protect the environment. Our revised bill contains some new or slightly amended versions of these measures.

Attachment



copied
Frampton
Podesta

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON D.C. 20503

4 2 9 9

April 2, 1999

11-4221-2758

MEMORANDUM

RESIDENT

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. MVT for

SUBJECT: CEQ WEEKLY REPORT

*Unlabeled getting a lot of
input to support repeal of CACA
may be a very difficult year
about that*

SUSTAINABLE COMMUNITIES

Electricity Restructuring

The Administration working group has reached closure on the substantive issues involved in clearing DOE's revised electricity restructuring bill. This version of the bill contains some new or slightly amended environmental provisions. The bill should achieve somewhat higher levels of carbon reduction than that submitted last Congress without undermining the significant consumer savings resulting from restructuring. There also is consensus that you should issue a directive to DOE and EPA at the time the bill goes to the Hill ensuring consistent and timely reporting of carbon emissions from the utility sector in the coming years during the debate on restructuring and climate change. Clearance of all documents should be completed to permit announcement of the bill during the week of April 12.

As Congress continues to consider what it will do about electricity restructuring legislation, action continues at the state level on the issue. In Maryland, the legislature recently passed an electricity deregulation bill that does not include significant environmental provisions, and has been criticized by environmental groups. For this reason and others, Governor Glendening is considering vetoing the legislation. Regardless of what action the Governor takes, this situation points to the need for federal legislation to help ensure that major environmental issues are addressed nationally.

Clean Air

The White House clearance process for EPA's proposed rule on Tier II auto tailpipe standards and lower sulfur gasoline is nearing completion. In order to meet the statutory deadline for issuance of a final rule by the end of the year, the proposed rule needs to be published in early April, and White House offices are working to bring the process to a close in that time frame. The EPA has very ably worked with all interested agencies and offices over a period of months, and no intractable substantive differences within the Administration over this proposal have surfaced to date.

Mr. President,

My name is William Sizemore. I am an Elementary School principal at V.P. Earle Elementary School in Landrum S.C.

I'm on my way to 5-7-99 after attending a reading conf. Send to Burkhardt school was a state winner for reply

Mr. President, I am a administration has done so much

Yes

No

However, as an educator, about one political issue is of wholesale retention of children who do not pass certain tests is not educationally sound.

Sir, I know it sounds good to say that we are going to stop social promotion, but the answer is much more complicated than that. I'm not against ever retaining a child. However, mandatory retention will destroy the self-esteem of more children than most realize. What we will see in a few years is a generation of drop-outs that will complicate even more an already complicated society.

Before this plan is implemented, we should first address the issues of overcrowded classrooms, learning disabilities, accountability of teachers and administrators, special children being forced into the mainstream, etc. etc.

Mr. President, our school has risen over 40 points in our state ranking in five years because of

...to have a major say-so in curriculum that best meets the needs of students.

Also, by challenging each student from bottom to top to be successful.

Mr. President, I can ~~not~~ cover such a complicated problem in such a short time. However, I want to encourage you to open discussions with real teachers, parents and students to help solve educational problems.

Our school has evolved into a successful school in a few short years because we put the true needs of our students first. Often we had to discover what we were doing wrong. Then we had to have the courage to change.

Sincerely,

William A. Sejemore

O.P. Earle Elementary School
Lanndrum S.C.

864-457-3416

I know it must be tough being famous. My name is William Sizemore. I am an elementary principal of a public school in South Carolina.

I am an admirer of the president and would like very much for you to give him this note concerning education.

Please forgive me for troubling you. Thank you for your consideration.

William Sizemore

SENATOR BOB DOLE

901 15TH STREET, N.W.

SUITE 410

WASHINGTON, D.C. 20005

99 MAY 7 PM 2:49

5-7-99

The Honor
President
The White
Washington

Send to NSC? ☒
Yes ☒
No ☐

Dear Mr. F

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As we have seen in recent weeks, the pressure is building among certain segments of Capitol Hill and in some NATO capitals to bring this conflict to an end -- even though the goals that we and our allies have said are non-negotiable have not been attained. There may even be those in your administration who share this view.

These pressures will likely grow in the aftermath of Jesse Jackson's mission to Belgrade and the release of US soldiers who were apprehended by Serbian forces. While, like all Americans, I welcome the overdue release of these captured soldiers, everyone knows that this was just a ploy by Milosevic to "rehabilitate" himself in the eyes of the world. After all, as our soldiers were being released, thousands of Kosovars were being brutally pushed out of their homes to join the million already forcibly exiled in scenes reminiscent of the Second World War.

I am writing to you to express my firm belief that ending this conflict without a NATO victory -- which means a defeated and deposed Milosevic, the withdrawal or destruction of all Serbian forces in Kosova, and a settlement providing for the safe return of all Kosovar Albanians to their former homes under the protection of a NATO force -- is fraught with danger for America's interests. We must seek a just peace, a stable peace, and a permanent peace. Milosevic's reign of terror must end.

Today you will be meeting with the Russian envoy to discuss possible "diplomatic solutions." It is essential that we recognize that the Russians are not motivated by humanitarianism and democratic principles, but by their affinity for this destructive Belgrade regime and a desperate desire to return to the center of global politics. Any compromise deal that Milosevic is willing to sign and the Russians are willing to support cannot possibly be in the long-term interests of the United States and NATO. Furthermore, any proposal for you to meet

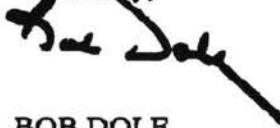
-2-

directly with the war-criminal Milosevic is designed to bring dishonor upon the Office of the Presidency and to diminish the position of the United States as leader of NATO and the free world.

Mr. President, nothing could be worse than surrendering our principles, values, and credibility because we lack the will to do what it takes to win. I believe that you must clearly articulate to the American people what is at stake in this conflict -- namely, the stability of the region, the future of the most successful alliance in history, and the principles of human dignity and freedom upon which this country is founded. If you do this, I am confident that they will support you as you make the decisions necessary to bring NATO to victory, including the deployment of US ground troops.

History will record that, at the end of the twentieth century, the United States and its NATO allies had the means to defeat a brutal, belligerent, but second-rate dictator in Europe. The only question not yet answered is whether history will record that there was the will to do so.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Dole", with a long, sweeping horizontal stroke extending to the right.

BOB DOLE

OFFICE OF SENATOR BOB DOLE
FACSIMILE COVER SHEETTO: SRB/JS
KOSOV
PRESS

DATE: _____

TO: President Clinton
% SAMUEL BERGER, NSC

FAX NUMBER: _____

FROM: Sen. DoleCOMMENTS: Letter attached.
Thank you.NUMBER OF PAGES INCLUDING COVER SHEET: 3

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Phone (202) 371-6007

Fax (202) 371-6262

Senator Bob Dole
Verner-Liipfert-Bernard-McPherson&Hand
901 15th Street, NW, Suite 410
Washington, DC 20005-2301

The Economist

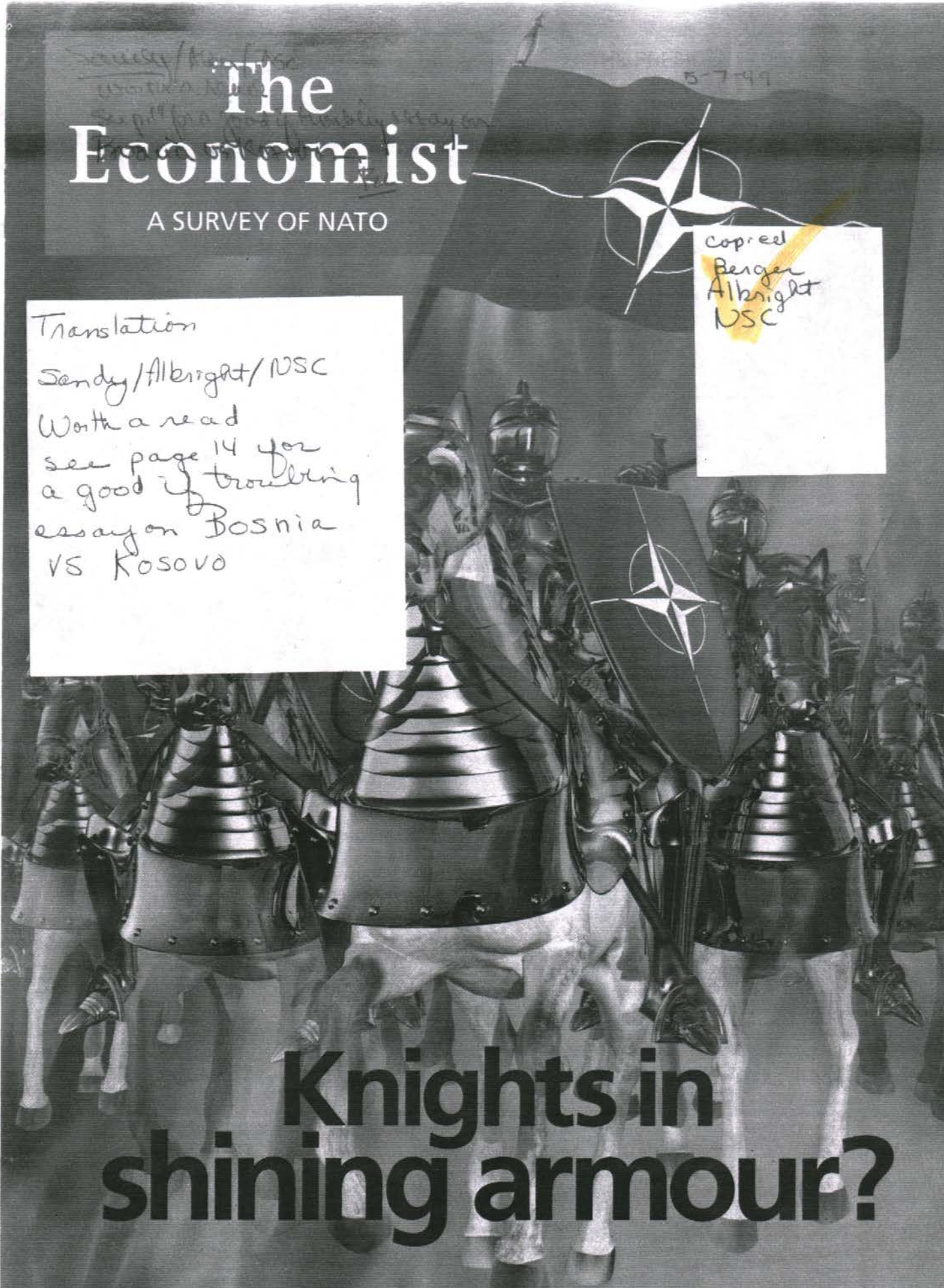
A SURVEY OF NATO

Translation

Sandy/Albright/NSC

Worth a read
see page 14 for
a good if troubling
essay on Bosnia
VS Kosovo

copied
Berger
Albright
NSC



Knights in shining armour?

NATO



When they signed the treaty, the world was a different place

Knights in shining armour?

ONLY two months ago, leaders of the Atlantic alliance were cruising comfortably towards its 50th anniversary celebrations, culminating in the summit due to open in Washington on April 23rd. In those happy times before the bombing of Yugoslavia began, senior policymakers could hold lively debates about whether the three-day diplomatic extravaganza should merely be an "elegant cocktail party", or an opportunity to lay out grand strategic plans for the 21st century. But since air strikes against Yugoslavia were launched on March 24th, to stop the persecution of ethnic Albanians in Kosovo and bring about a peace settlement in Serbia's southern province, the defence club has been literally fighting for its life.

From NATO's point of view, its first full-blown war has gone both better and worse than expected. If the strength of a military alliance is measured by the precise application of explosive power, NATO's performance in the Balkan skies has been a spectacular, albeit by no means an unqualified, success. But the organisation's moral authority and diplomatic prowess have been badly shaken. For all its claim to be the strongest and most successful military pact in history, NATO has been unable to prevent Yugoslavia's President Slobodan Milosevic from carrying out his main war aim: thwarting ethnic-Albanian separatism by driving up to a million people from their homes, forcing half a million out of the country and killing tens of thousands, perhaps more. NATO has also been responsible for the accidental deaths of scores of civilians.

Although there is strong evidence that a massive ethnic-cleansing campaign was planned anyway, it seems clear that the immediate effect of NATO's

bombs was to exacerbate and accelerate the savagery in Kosovo. Within hours of the first air strikes, dozens of towns and villages in the south Serbian province were surrounded by tanks, soldiers and armed gangs screaming: "Get out of Serbia, go to your Clinton, go to your NATO!" Those who survived this hideous ordeal soon began arriving at the province's borders with Albania, Macedonia and Montenegro in huge, pathetic waves which threaten to destabilise the entire southern Balkan region.

Regardless of the final outcome of the blood-bath in Kosovo, the alliance's air power will never again be perceived as a "silver bullet" which can instantly halt atrocities, bring adversaries to their knees and turn warriors into peace-makers. A spirit of jaunty self-confidence, prompted by NATO's relative success in Bosnia and its embrace of new, ex-communist members, has given way to a mood of determination to set some limit to the disaster now unfolding in south-eastern Europe.

The conflict has shown up both the capacity, and the very clear limitations, of the so-called smart weapons that America, and to a much lesser extent its NATO partners, can wield at very little risk to their own forces. For a graphic image of "surgical" warfare, think of the cruise-missile strike on April 3rd on the Belgrade headquarters of the Yugoslav interior ministry, which turned that building into an inferno while neatly avoiding a nearby maternity hospital. Yet by wrecking bridges and factories, and forcing Yugoslavia's fearful and exhausted city-dwellers to spend night after night in air-raid shelters, NATO has earned itself the undying hatred of millions of Serbs—and given President Milosevic a new lease of political life.

NATO's 50th birthday this weekend was to be a time for congratulatory back-patting. Instead, there will be soul-searching, says Bruce Clark





At the same time, the very sentiment that spurred the development of NATO's smart weapons—squeamishness about taking (as well as gratuitously inflicting) casualties—is also the alliance's Achilles heel. Having set out a series of war aims, NATO's leaders signalled to their adversary that they were not prepared to sacrifice many lives in pursuit of those goals. This must have been music to Yugoslav ears. In the words of Robert Hunter, a former American ambassador to NATO: "If your willingness to take casualties is limited, then someone else with a different calculation is likely to take advantage."

By virtually ruling out the deployment of ground troops, western governments unintentionally hinted to President Milosevic that if he could hang on until NATO's bombing campaign was exhausted, he could face down the alliance. Since then, it has become painfully clear that there may be little chance of guaranteeing the survival of Kosovo's population without deploying some sort of international land force, preferably with Belgrade's grudging assent. But for hundreds of thousands of people, that will be too late. Even if NATO is prepared to shoulder the political and human costs of a ground war, mounting such a campaign will stretch its capacity to the limit. Neither Britain's small, professional forces nor Germany's large, conscript forces were designed to fight an offensive land war against a medium-sized European power.

Within NATO's ranks, the conflict has spurred an impressive display of unity, at least among the leading western powers. Disgust over the Serb security forces' behaviour has united public opinion and policymakers in America, Britain, France and Germany. To most people in the main western democracies, the reports from Kosovo of torture, rape, looting and summary killing are so horrific that defeating Belgrade has seemed more important than any nicety of international law or diplomatic precedent. This has brought a temporary halt to the debate between American interventionists, who have been arguing that NATO's 19 democracies should set their own peace-making agenda, and European legalists, who would have preferred the defence club to wait for a United Nations licence before marching beyond NATO's borders. Joschka Fischer, Germany's Green foreign minister, now says that his lifelong aversion to militarism has been superseded

by an even more powerful imperative: the need to avoid a repetition of the Nazi death camps.

In other parts of the world, where people may feel there is nothing unique about Serb atrocities, the reaction has been very different. There has been dismay over a NATO operation the legal basis of which is acknowledged, even by supporters, to be shaky; and a resurgence, in places ranging from North Africa to Latin America, of latent anti-Americanism. The alliance has won few thanks from the Middle East for its pledge to defend the—mainly Muslim—Albanians, whereas rogue regimes like that of Iraq have moved even closer to Serbia.

After years of painstaking diplomatic work, aimed at reassuring Moscow while opening NATO's doors to former members of the Warsaw Pact, the western allies have seen their relations with Russia plunge to their lowest level since the end of the cold war. At the same time, the western powers have been forced to acknowledge that Russia, because of its historical ties to Serbia, may well be needed as a go-between.

Public opinion in one NATO member, Greece, has sided strongly with the Serbs—highlighting the deep religious and cultural fault lines running through the alliance, as well as around its borders. The chasm between Greece and Turkey, notional NATO allies but often close to fighting each other, looks deeper than ever. Turkey, an indirect participant in NATO's air strikes, views Kosovo—home to a small Turkish community since Ottoman times—as part of its geopolitical "backyard" and one of many places where rivalry between itself and Russia is being played out. Greeks, meanwhile, complain bitterly about what they see as the West's double standards: going to war with Serbia while turning a blind eye to Turkey's harsh treatment of its Kurdish minority. The risk of war between Greece and Turkey was cited by President Clinton as one reason for NATO's intervention in Kosovo; but so far there is no sign that this risk has abated.

Despite these fissures, the tone of NATO's internal deliberations—which in peaceful times can be tortured, slow-moving and self-indulgent—has been transformed by the cold realities of war. The petty point-scoring between Europeans and Americans that often characterises transatlantic defence debates has given way to a sober realisation that the combined efforts of both sides may only just be sufficient to save NATO's face in the Yugoslav stand-off.

NATO's campaign against Serbia was launched at a moment when the long-debated idea of boosting Europe's ability to take military action on its own seemed close to realisation. To the alarm of many American (and Turkish) observers, the European Union seemed at last to be emerging as a player on the security stage, and possibly a counterweight to NATO.

But the campaign has brought some new insights to all the participants in this hitherto academic discussion. American officials point out that although 13 countries have taken part in the NATO air strikes, at least 70% of the firepower deployed has been American. Most of the cruise missiles (apart from a small British contingent) and all the giant strategic bombers were provided by the Pentagon. At the same time, the contribution provided by British and French aircraft carriers and German ra-



Did someone say Europe and America don't see eye to eye?

dar suppression, among other things, has been more than a token. And contrary to some conventional wisdom, American technology is not invincible—witness the apparent downing of a stealthy F-117A aircraft over Serbia—nor so far ahead of Europe as to make joint operations impossible.

But advocates of European self-sufficiency, such as the French defence analyst Nicole Gnesotto, say the campaign against Serbia has brought home some hard truths about the continent's defence. First, Europe's real weakness in security matters lies not in a shortage of cruise missiles, but in a deep reluctance (born of years of letting America do the hard geopolitical work) to think strategically. Second, boosting NATO's European pillar should not be presented as a snub to America or an insurance policy against an American loss of interest, but as a necessity, whatever America does.

The campaign against Serbia has also taken the edge off NATO's rejoicing over the entry, last month, of a first wave of new members from the former Warsaw Pact—presumably to be followed at a later date by at least some of the nine other countries that have asked to join. Of the three newcomers, Poland was the most enthusiastic about participating in the campaign against Serbia, but its armed forces are so

poorly adapted to NATO's requirements that it was able to provide only token help with military transport. Hungary—which already provides the alliance with a bridgehead to Bosnia—has opened its air corridors but is nervous of Serb retaliation, possibly in the form of terrorism. The Czech Republic, where public opinion about joining NATO was somewhat sceptical from the start, reacted to the air strikes with deep dismay.

Elsewhere in Central Europe, it has become obvious that association with NATO is no longer just a matter of harmless peacekeeping exercises and diplomatic rhetoric. Countries near the conflict zone—such as Albania, Macedonia and even Bulgaria—have been telling the alliance that they cannot be expected to shoulder the risks of association with NATO unless the western powers are prepared to give them a formal defence guarantee. Albania has virtually thrown in its lot with NATO by playing host to a steadily increasing number of alliance forces, primed for combat as well as for humanitarian roles. In the old days, Albania would have been sent to the back of the queue of NATO applicants because of its weak economy and fragile democracy. But these days, NATO can no longer pick and choose its partners; it needs all the friends it can get.



America versus Europe

THE Americans were torn between their desire for a stronger, more self-reliant Europe and their scepticism about its feasibility. The French were suspicious of American intentions, and determined that any American commitment to come to Europe's aid should be as binding, and as one-sided, as humanly possible. They suspected (quite rightly, as it turned out) that the English-speaking powers had come to some secret understandings behind France's back.

The Americans retorted that any pledge of theirs to defend continental Europe's heartland had to be balanced by European help with protecting areas slightly further afield, but still vital to American (and indeed, European) security. The Canadians, sensible as always, pointed out that security was not only a matter of military might; harmonious economic relations were important too. Britain, the only European power which instinctively thought in global terms, steered a careful middle way between an America veering between expansionism and isolationism on the one hand and the parochialism of continental Europe on the other.

That is a rough and greatly simplified description of the seven-power negotiations in 1948 which led to the conclusion of the North Atlantic Treaty the following spring. To anyone with a sense of history, NATO's recent deliberations have sounded uncannily familiar.

True, some important things have changed. The post-war negotiations took place as Stalin was beginning to crack down on his new dominions. The blockade of Berlin which began in April 1948, and the coup in Czechoslovakia in June that year which established the communists in unchallenged control, were concentrating minds in the West.

What has changed, too, is Germany: then a ravaged and occupied country, now an economic colossus and forceful diplomatic player. West Germany's admission to NATO in 1955 was a milestone in its rehabilitation as a respected member of the international community. In recent years, it has been a driving force in NATO's enlargement. The old saying that NATO exists "to keep the Americans in, the Russians out and the Germans down" is now only one-third true.

A further difference between today and 1949 is that European economic revival, in which American aid has been a contributory factor, has made it harder for America to contemplate isolationism. America's interests would be bound to be damaged if its prosperous European allies descended into chaos, crash or war.

But some things do not change in half a century. The narrow, localised perceptions of some European countries still clash with America's much broader vision, just as they did 50 years ago. When, in 1948, America urged Europe's core nations to look beyond their own backyards, one of its aims was to forge an alliance that genuinely spanned the Atlantic, as opposed to a European defence pact with America plugging the holes. This meant that the alliance had to include Norway (which was coming under strong Soviet pressure), Iceland, Greenland (and therefore Denmark), and the Azores (and therefore Portugal). After all, America and Canada could hardly be expected to come to Europe's aid unless its Atlantic sea lanes were protected.

America won that diplomatic argument, and NATO's command structure still bears the marks of its victory. The two top jobs in the alliance's military machine, always held by senior American officers,

The ups and downs of transatlantic relations



are that of Supreme Commander, Atlantic (based in Norfolk, Virginia) and Supreme Commander, Europe, or SACEUR (based at Mons outside Brussels). In practice, not much is heard of the Norfolk command, which accounts for less than a quarter of NATO's common budget; defending the Atlantic sea routes has become an easier task since the decline of the Russian navy. But it is an important point of principle that the two jobs—defending Europe and patrolling the Atlantic—are of equal status.

Two views on the Middle East

While NATO's Atlantic dimension is no longer at issue, an even harder (and still unresolved) question arose over how far into the eastern Mediterranean, and the greater Middle East, the alliance's ambit should stretch. The American and British drafters of the Washington treaty were acutely conscious of Soviet designs on three nations which were not signatories: Greece, Turkey and Iran. In the end, Greece and Turkey were incorporated as full members of NATO in 1952, and Iran was the subject of a separate defence arrangement.

But over the years, alliance solidarity has often been undermined by differences between America and Western Europe over the Middle East. During the 1956 Suez crisis, America made ruthless use of its economic muscle to thwart the Franco-British invasion of Egypt. In 1973, American forces deployed in support of Israel during the Yom Kippur war were denied landing rights in continental Europe. And in 1986, Western Europe (except Britain) reacted icily to America's bombing of Libya.

Differing perceptions of the Middle East remain a serious, and possibly growing, problem. Many Americans are exasperated by what they see as Europe's complacent, mercantilist attitude to Iran (now a potential adversary rather than a vulnerable friend). After all, they argue, it is Frankfurt or Milan, not Washington, that would be threatened if Iran developed medium-range missiles. Many in Europe, with the striking exception of Britain, feel America has been too quick to use force against Iraq. And whereas America's commitment to Israel's security remains unshakable, Europeans have

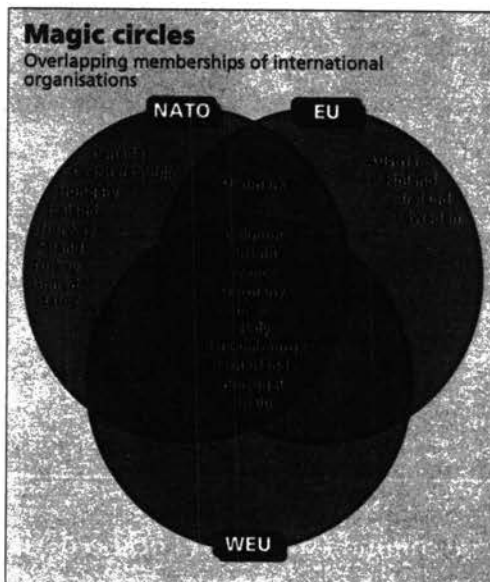
been quicker to blame Israeli hawks for the travails of the peace process. During the cold war, all these differences were manageable. But NATO's future cohesion could be seriously strained by the direct involvement of one very important member—Turkey—in the Middle East, as a neighbour of Syria, Iran and Iraq and as an increasingly close strategic partner of Israel.

In cold-war NATO, the fact that America had broader strategic concerns to which Western Europe was indifferent or even hostile was not a serious problem. A common interest in warding off the Soviet threat to Europe was sufficient incentive to stick together. The West Europeans sometimes felt their safety was compromised by what they variously saw as American weakness (under President Carter) or gung-ho assertiveness (under President Reagan); but a future without NATO looked far more dangerous still.

Besides, the Europeans needed NATO because most European states (partially excepting Britain and France, with their lingering imperial connections) had either lost, or simply never developed, the habit of thinking globally and strategically. Europeans saw no point in acquiring such a habit when America was doing that kind of thinking for them. Generations of European diplomats and politicians serving in Washington or at NATO headquarters imbibed the principle that in really important defence matters it was usually a good idea to yield to American pressure.

America's continuing ability to prevail in most alliance debates, and to force its allies to broaden their strategic horizons, has been underlined, over the past five years, by the diplomatic history of NATO enlargement. Apart from Germany, no European ally showed any strong enthusiasm for expanding the alliance. Given that NATO is, at bottom, a sort of gift from America to its allies (call it enlightened self-interest), many Europeans felt nervous about sharing a finite amount of American largesse with an increasing number of recipients. But America, once it had resolved its own internal debate, was able, tactfully but firmly, to tell its existing allies that the old NATO was no longer on offer. If Western Europe wanted a protective shield over Lisbon, Brussels and Oslo, it would have to accept that Prague, Warsaw and Budapest were no less entitled to protection. The Europeans got the message, and some became even more zealous enlargers than the Americans; France, for example, has argued strongly for the early admission of Romania.

America's role as leader of the alliance was called into question during the transatlantic rows that erupted over the Bosnian war and, at their height, threatened to destroy NATO. In early 1995, the United Nations mission in Bosnia, led by Britain and France, seemed about to collapse. European contributors to the UN force secured an American promise to help them stage an "emergency extraction" from Bosnia if necessary. In the end, America agreed to send ground troops to Bosnia, but only after persuading its allies to end the war through a NATO bombing campaign. The alliance survived by the skin of its teeth. In the latest Balkan war, the main NATO countries have looked impressively united. But will that last if casualties mount?



Count your NATOs

WHEN sceptical Russian visitors are taken on tours of the alliance's military headquarters at Mons in Belgium, one of the first things they are told is that NATO is not just a vast private army which the commander can direct in any way he wishes. Supreme political authority, as every pocket guidebook to the alliance explains, rests in the North Atlantic Council, which consists of the elected, civilian leaders of member states—whether they are represented by the American president or a junior diplomat from Iceland, the only ally which has no armed forces at all. Only the NAC can tell NATO's commanders what to do.

In practice, this distinction between political NATO and military NATO is not cut-and-dried. The very existence of an integrated military structure, a well-tuned instrument for orchestrating the use of force, is an important political fact, defining the choices available to member governments. When NATO's defence chiefs are unhappy about the political guidance they are receiving, they often make their views known. Last summer, for example, they expressed their frustration at being asked to prepare for a bewildering range of military operations in and around Kosovo. Military planning is itself a highly politicised process. When NATO's civilian leaders want to send a warning signal, they can order military plans which they may or may not act on.

But the distinction between political NATO and military NATO remains important. France has always been part of political NATO, but it formally abandoned military NATO in 1966. American officials regard Germany as a crucial player in political NATO, but they are privately disappointed by the quality of Germany's contribution to NATO's military side.

Apart from issuing guidance to commanders, NATO's political masters make statements on world affairs which may have no direct military implications. In theory at least, political NATO should co-ordinate the allies' position in international diplomacy—for example, when disarmament issues are being discussed at the United Nations. (In practice, the allies by no means always vote the same way.)

Military NATO demonstrates its unity in more practical ways, by training together, flying together, if necessary fighting together. It is not so much a standing army as a set of instruments, procedures and practices that can be used to assemble the forces of many nations and enable them to work together efficiently. Whether NATO is policing a no-fly zone or conducting a bombing campaign, military aircraft from a dozen nations can come together as seamlessly as squadrons from a single air force.

Political NATO and military NATO meet in the person of the Supreme Commander in Europe, General Wesley Clark. He is an intensely political figure, helping to make as well as carry out the alliance's policy in the Balkans. He has demanded, and

won, considerable freedom of action in the campaign against Serbia. It is not clear, for example, which political body authorised his early pledge to "destroy" Serbia's military if necessary. But military men say he is still hamstrung by NATO governments' insistence on scrutinising target lists.

Both military NATO and political NATO have seen signs of strain, but for different reasons. In a sense, military NATO is in difficulty because of European weakness, whereas political NATO may get into difficulty because of Europe's keenness to make a show of strength.

Semi-detached Europe

At a NATO summit in Brussels in January 1994, President Bill Clinton told his allies that America no longer opposed the idea of separable European defence structures, capable of conducting military operations without direct American participation. But these structures should be tucked inside NATO, and detached

only when needed; in other words, they should be "separable but not (permanently) separate" from the existing alliance forces. This marked a big change from the assumptions of the cold war, when America (and Britain) waged a constant diplomatic battle to steer Europeans away from doing their own thing in military matters.

Since then, NATO has been lumbering towards a new political structure, with the alliance putting more weight on its European leg. But the process has been tortuous, as one by one the allies made adjustments to their defence and security doctrine. France became a bit more Atlanticist, Germany started to position itself as a "normal" military power, Britain became a little more European. France, which had eschewed the alliance's military wing for 30 years, faced up to the reality that NATO was the only forum in which its dream of robust European defences could ever be realised. Hence its dramatic promise in 1995 to "take up its position" in at least some parts of NATO's military structure.

It was not an easy decision. General Charles de Gaulle, the great rebuilder of national pride, had quit NATO's military arm because its domination by America was incompatible with his lofty ideal of French sovereignty. Since the end of the cold war, though, things had changed. First, the United States had greatly scaled down its military presence in Europe, so that even viewed from Paris there seemed to be a greater risk that America might quit Europe altogether than that it might crush the continent's independence. Second, France found that in practice it was fighting side by side with other western armies in places such as Iraq and Kosovo, where its forces' lack of NATO experience was something of a disadvantage.

Four years on, France has still not rejoined the military structure. It made the mistake of setting an unrealistic condition for its re-entry: an American undertaking that in future NATO's commander in

There are two of them: one political, one military



Euro-supremo Clark



Heirs of Pericles

HISTORICALLY, NATO has not always insisted on democracy in its own ranks. Its founders included Portugal's authoritarian regime under Salazar, mired in colonial wars in various parts of Africa. As long as Portugal remained a loyal member of the anti-Soviet camp, its other failings never seemed to trouble the alliance. The only time when Portugal's role in NATO came under hard scrutiny was after the fall of the old regime in 1974 when it looked as though the communists might take over.

Turkish participation in the alliance has survived three military coups. Turkey's powerful army, traditionally the guardian of the secular state, still follows a model of civil-military relations sharply different from the one NATO is

trying to impose on new democracies in Central Europe. Were Turkey applying to join the alliance now, it would probably be told to put its armed forces under democratic control first.

As for Greece, the extent to which NATO put strategy before democracy after the military takeover in April 1967 has become clear only in the past year or so, with the release of classified papers in Washington and London. In Washington, President Johnson was torn between embarrassment over the failure of democracy in its birthplace and the need to maintain relations with a strategic ally. America's ambassador in Athens, Phillips Talbot, urged his masters to issue a mild statement of regret over the forcible seizure of power,

but they declined. In May, a limited arms embargo against the new Greek regime was announced, but it was never properly implemented. After the Six-Day war in June, the then secretary of state, Dean Rusk, persuaded the administration to upgrade relations with the colonels' regime as it had been so helpful to America's efforts to support Israel.

From 1968 onwards, the Nixon administration fully normalised relations with Greece. The Soviet invasion of Czechoslovakia had helped to convince NATO to close ranks without worrying too much about the allies' internal affairs. Tanks on the streets of Prague made the western alliance more tolerant of tanks on the streets of Athens.

Greece remained under military rule for seven years. Because so many politicians were exiled, jailed or tortured, it was forced out of the Council of Europe, and many West Europeans kept the regime at arm's length, but Greece's relations with NATO remained virtually undisturbed. Whenever squeamish Scandinavians wondered aloud whether the colonels had a place in an alliance of democracies, they were sharply called to order by Joseph Luns, the conservative Dutchman who was NATO's secretary-general after 1971. Not surprisingly, today's democratic Greece views NATO's new self-definition as a defender of democracy in Central Europe with a tinge of scepticism.



So what if Salazar's salute was a bit odd?

southern Europe, based in Naples, would be a European. The demand was dismissed in Washington because the command in Naples involved real, not symbolic power. France has not yet found a dignified way to climb down. But its interest in "Europeanising" NATO remains as strong as ever.

Germany, meanwhile, took large strides towards rehabilitating itself as a military power, and therefore a potential player in new European defence structures, under the government of Helmut Kohl. Thanks to meticulous work by Volker Rühe, the defence minister at the time, Germany gradually raised its profile in Balkan peacekeeping. At first the German forces' role was confined to running a military hospital in the relative safety of Croatia, but when NATO began its Bosnia operation in 1996, German troops were dispatched to the heart of the former war zone. The government patiently built up political and public support for such deployments, and after a challenge the constitutional court ruled that they were indeed legal.

The new Red-Green coalition that came to power last autumn has been less sure what sort of defence policy it wants; it has announced a defence review which may take two years to complete. But Germany's participation, with the approval of a Green foreign minister, in air raids on Serbia is an extraordinary landmark in its history.

A third piece in the European jigsaw is Britain.

In an abrupt departure from British conventional wisdom, Tony Blair has decided that involving the European Union in defence matters is no longer taboo. The prime minister has acknowledged the oddity of having two hugely important international organisations—the EU and NATO—located a few miles from each other in Brussels but never speaking to each other. If the EU itself is going to get involved in defence, the new British reasoning goes, there will no longer be a need for the Western European Union, a little-known defence club which groups ten of the EU's 15 members. These changes in British thinking were received with delight by the continental Europeans. They led to a landmark Franco-British declaration at St Malo last December which stated that the "(European) Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in response to international crises."

Impressive as it sounded, the St Malo declaration was actually a delicate compromise between France's wish to boost the profile of the EU and Britain's insistence that any upgrading of European defences should be kept firmly under NATO's aegis. At NATO headquarters, the declaration was not seen as an unmixed blessing. After all, the alliance's hapless officials had spent nearly three years trying to work out a relationship between NATO and the WEU



to allow some European-only military missions that would benefit from NATO planning and perhaps the loan of some NATO equipment.

Now those alliance boffins may have to start all over again, this time to work out a relationship between NATO and the EU. This prospect is particularly unwelcome for the six European members of NATO which do not belong to the EU: the Polish, Czech and Hungarian newcomers, plus Iceland, Norway and, above all, Turkey.

Not surprisingly, America has taken up the cudgel in defence of these six states, which risk being left out in the cold if the EU becomes an important force in international security. Turkey's strategic significance to America can hardly be overstated. It is regarded as a pivotal state, not just within NATO but in the Middle East, in the Caucasus and even in Central Asia. Whatever happens to American relations with Western Europe, American relations with Turkey will remain robust.

In some ways, NATO is not an axis but a triangle. The two sides formed by American-Western European relations and American-Turkish relations are sound and strong. The third side of the triangle, however—relations between Turkey and Western Europe—is in a poor state. Turkey accuses the EU of

discriminating unfairly against its long-standing application to join that club, and America sympathises with Turkey to a degree that infuriates some Europeans.

Because of its icy political and economic relations with the EU, Turkey is horrified by the idea of a greater role in defence for that institution. With some difficulty, Turkey had negotiated for itself a relationship with the Western European Union that fell only fractionally short of full membership. Now, the Turks feel, they too may have to start from the beginning and find a way of devising a security relationship with the EU, one of their least favourite international clubs. Trying to maintain warm co-operation with the EU in defence matters while political relations remain chilly would be like mixing "hot coffee and cold ice cream", says Turkey's envoy to NATO, Onur Oymen.

The Washington summit may shed some light on whether "stronger European defences" means what America would like it to mean—more spending on things like the "survivability and sustainability" of European forces in distant war zones; or whether it means what America fears it might—the emergence of the EU as a serious counterweight to NATO in managing the continent's security.



Armies and arms

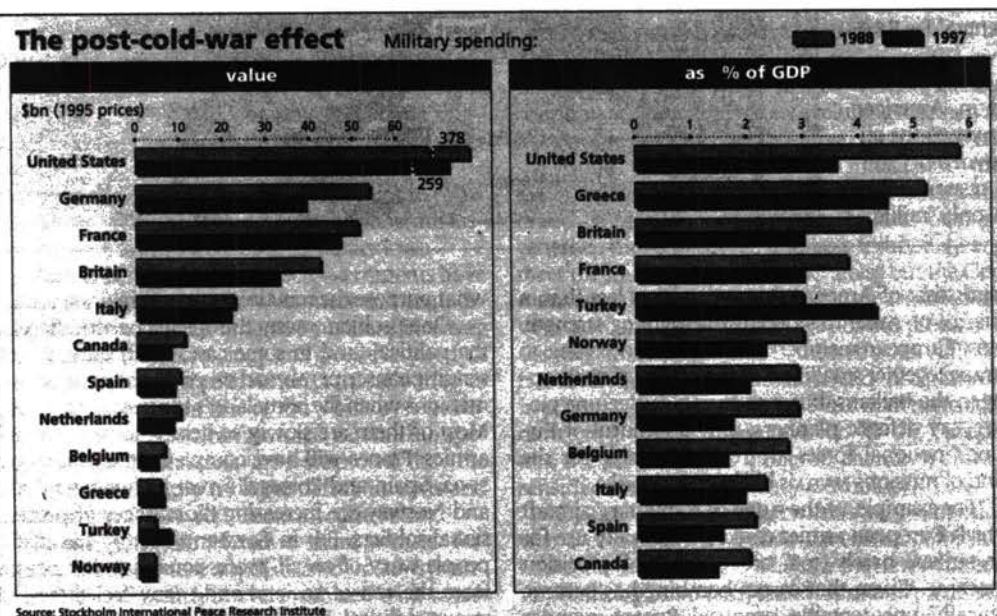
SINCE the end of the cold war, both America and most of its European allies have cut real defence spending by about 25% in real terms (see chart), but the gap between their capacities has widened considerably. A senior American official complains that several European countries have simply opted out of the defence business.

That gap will widen further now that American military spending (particularly on communications and electronics) is surging again, at a time when several European countries—such as Belgium, Denmark and the Netherlands—are making further

deep cuts. As America's armed forces leap into the information age, inspired by the "revolution in the military affairs" that promises perfect knowledge of everything that moves on a battlefield, Europe's static, conscript-dependent forces look increasingly like dinosaurs.

Britain, having won warm American plaudits for its own strategic defence review last summer, has taken to pointing out how old-fashioned the "paper armies" of most European countries look, in terms of both personnel and equipment. Western Europe's combined defence budget is almost two-

Togetherness has its problems



Your command is my wish

"THERE was blood on the floor by the end of it." That is how one well-placed observer described several years of negotiation between NATO members which culminated, last month, in the creation of a new and supposedly "lighter" European command structure, designed for a world faced with no single overwhelming threat but many diverse risks.

Not real blood, of course. What he meant was that even among friendly nations, there can be vigorous competition for the prestige and geopolitical influence that goes with hosting or commanding an important NATO facility. Among nations that are not friendly, such as Greece and Turkey, the stakes are correspondingly higher.

One of NATO's successes has been its ability to channel the rivalry between jealous old nation states into relatively harmless directions—such as bickering over who gets which job in the alliance's division of labour. The fact that Uncle Sam is always there to act as a referee sets limits to these squabbles.

In the bargaining over jobs, there was some quiet rivalry between Britain and Germany. The new arrangements cut from three to two the number of second-tier commands in Europe: one in Naples, always headed by an American admiral, and one at Brunssum in the Netherlands, now headed by a German. The apparent loser was Britain, which forfeited a second-level command at High Wycombe. On the other hand, the deputy Supreme Commander in Europe—known in alliance jargon as DSACEUR—is a British hero of the Balkans and Northern Ireland, General Sir Rupert Smith.

In the old days, when power was even more concentrated in American hands, serving as understudy to the all-powerful SACEUR was known as a "golfing job" with little real responsibility. But now that European-only military

missions—which DSACEUR would lead—are in prospect, the job has become highly desirable. Yet to the dismay of some British officers, London's mandarins agreed that Britain and Germany would take turns at the job. Still, Britain has held on to some prizes, notably the command of the Allied Rapid Reaction Corps, a showpiece multinational formation based in Germany but in recent weeks deployed in the Balkans.

Even harder to finesse were the issues posed by Spain's integration into NATO's military structure, completed only last year. Because Portugal had a moderately significant role in the alliance's (entirely separate) Atlantic structures, Spain insisted on getting an important job in the European command. It was duly given a sub-regional headquarters. Also at Spanish insistence, the limits of NATO's European command were extended to the west of Gibraltar, and a curious bubble was drawn on the map to bring the Spanish Canary islands

into Europe's purview.

But wait—did that mean that Spain was taking responsibility for the defence of Gibraltar? Britain was not at all happy at that prospect. A brewing Anglo-Spanish row was calmed by agreeing that Britain's garrison on the Rock would not have a NATO function.

Another ingenious device was to agree that in peacetime, these NATO facilities would not have clearly limited areas of responsibility. It was only by establishing this principle that Greece and Turkey were persuaded to drop their long-standing objections to the establishment of NATO headquarters on each other's territory—at Larisa and Izmir, respectively.

The big loser in this new division of spoils is France, which announced in December 1995 that it would rejoin some bits of military NATO after 29 years' absence. Thanks to France's partial return to the fold, French officers were involved in designing the new structure; but since the return was only partial, no NATO commands could be established on French soil. *Quel dommage!*



thirds that of America, but it produces less than a quarter of America's deployable fighting strength. Most European members of NATO have been able to scrape together smallish contingents for peacekeeping in the Balkans, but that gives a misleading picture, say defence planners; only a handful of Europe's notional forces are really available for the kind of missions NATO is likely to undertake.

For example, of the 5,000 or so military aircraft which European armies could theoretically use for air strikes, barely 10% are capable of precision bombing. Given that carpet bombing has become ethically unacceptable, sceptical Britons wonder

what purpose the remaining aircraft really serve.

One problem many European countries face is the political (and in some cases legal) difficulty of sending conscripts abroad on potentially dangerous missions when the homeland's future is not at stake. Most of them are slowly switching to professional armies: France will have completed the process by 2002, Spain and Portugal a year or two later. Italy and Norway are increasing the number of professional soldiers. But in Germany, history has made people wary of an all-professional army, separate from the rest of society, and many feel there are strong political reasons for keeping the draft. A



more practical consideration is that Europe lacks strategic transport, intelligence and logistics—not just prestigious items like C-17 military transporters, but rapid sealift, inflatable fuel tanks and forward repair facilities. This deficiency would be particularly acute if European governments had to maintain forces in a distant combat zone for more than a few weeks.

"The fact that modern armies no longer live off the land means that you need a long 'transport tail'—including simple things like trucks to carry food and water," says a NATO planner. "The trouble is that these items do not sound very exciting for a defence minister who is trying to persuade voters to spend extra money on defence."

Imagine a medium-sized conflict, say in Africa, with no certainty of using the territory of friendly countries as a base. Over the first six weeks, America could if necessary deploy and support a force of 250,000—whereas NATO's European members would be hard pressed to despatch and sustain 20,000 troops, says Michael O'Hanlon, a defence analyst at the Brookings Institution in Washington.

This technology gap has made it harder for Americans and Europeans to fight together at a time when military theory suggests they should be integrating their forces more closely. In the coalition that NATO would have fielded against the Warsaw Pact, no formation smaller than 50,000 or so would have been multinational. In current NATO thinking, units as small as 100 may have to be made up from different countries. If Americans and Europeans were really serious about fighting together, they would try harder to buy compatible equipment.

Hardline on hardware

In a perfect world, NATO's military chiefs would supply their political masters with disinterested views about the sort of equipment they need for tomorrow's wars. NATO governments would take joint decisions about which weapons to order, putting aside their own pork-barrel politics or industrial policy. In practice things are very different. Consider the dire fate suffered by a NATO project intended as a showpiece of defence-industry co-operation.

NATO's (American) senior commanders have stated that one of their top priorities is air-to-ground surveillance: the ability to monitor movements (whether of tanks or refugees) across hundreds of miles from a safe distance. This, after all, is the sort of thing commanders need when they are called on to discharge peacekeeping duties in complex ethnic-war zones such as Kosovo, and are under pressure to keep their own casualties low.

For the past four years, NATO governments have been quarrelling about how to meet this requirement, expected to cost around \$3 billion, in a way that uses the best technology and gives everybody a fair share of the business. America initially tried to persuade its partners to buy the JSTARS system developed for the American air force, but the Europeans were not interested; they suspected that the Pentagon was simply trying to defray its costs and drum up extra work for American contractors.

So the Pentagon offered to share with its European allies a more sophisticated radar system, known as RTIP, which can be combined with whatever aircraft and ground stations the Europeans

care to select. The Europeans remain sceptical. France, Germany, Italy and the Netherlands have said they may go their own way and develop an alternative radar system. But neither the Pentagon nor NATO's commanders will give their blessing to a system that includes no American input. Britain, meanwhile, has stayed aloof, calculating that it could get a better mixture of technology and work for its own industry by holding a separate competition for an airborne radar system and encouraging Anglo-American teams to compete.

Jacques Gansler, the Pentagon's chief weapons buyer and a strong advocate of competition in the transatlantic arms market, has been frustrated by the poor record of NATO's defence-industry co-operation. He says the alliance's myriad committees are not promoting efficiency and compatibility as effectively as they should. "Too often, you have one country saying it wants to fly faster, and the other saying it wants to fly higher—so they produce an aircraft that costs twice as much. Instead, they should be looking for trade-offs so they can meet both requirements for a fixed price."

Most of NATO's industrial committees are geared

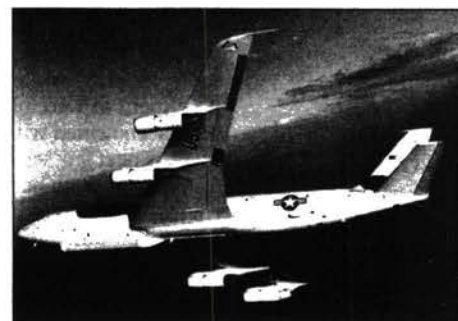
to traditional categories of equipment, such as ships, aircraft and tanks, as opposed to smart weapons or communications systems, Dr Gansler complains. Or they concentrate on one kind of warfare, such as land operations, when all the latest American thinking is about integrating air, land and sea operations.

If there is one area of high technology where

NATO countries should be working together, it is defence against ballistic and cruise missiles, the proliferation of which is the subject of frequent American warnings to Europe. But here again, national interest and funding constraints seem to prevail over internationalism.

Germany and Italy have been disappointed by America's backsliding, as they see it, on the air-defence system known as MEADS which the three countries are supposed to be developing together. As a way of keeping the project alive, Dr Gansler has suggested using an American interceptor (the PAC-3) while jointly developing a radar system and launcher. Seen from Washington, the latest offer is a generous move to share American technology and meet the military needs of NATO allies; but the Germans and Italians feel they are being fobbed off with a second-best solution. Part of the problem is the sheer imbalance between the two sides. America has several other anti-missile defence programmes in progress, and has no reason other than NATO solidarity to give MEADS any priority; for the Europeans, the programme is a one-off chance to enter a sensitive area of high military technology.

Cynical souls claim that NATO's very expansion was a conspiracy by Polish-American politicians and defence contractors who saw the new members as promising customers; and it is certainly true that Bruce Jackson, the moving force behind an ex-



JSTARS: not invented here



tremely active Washington lobby group, the Committee to Expand Nato, also happened to be a vice-president of Lockheed Martin, one of America's two biggest aerospace companies. But Lockheed has always kept a discreet distance from its employee's political activities.

Besides, the pickings for arms manufacturers may at first be fairly thin. NATO planners, shocked by the rustiness of the three newcomers' Soviet-equipped armed forces, have advised them to concentrate hard on achieving the bare minimum of "inter-operability" with the older NATO armies. That means investing in communications systems, air defences and radar—and drawing on a \$1.5 billion NATO fund specially set up for the purpose.

Poland has also contracted DaimlerChrysler Aerospace to upgrade its 22 MiG-29 fighters, which rank among the more sophisticated Soviet-designed aircraft. It may soon order new western fighters. The Czech Republic hopes soon to replace its ageing fleet of MiG-21 aircraft with western alternatives. America's Boeing has established a Czech foothold by taking a 34% share in Aero Vodochody, a light-aircraft maker. In due course, Central and Eastern European members of NATO could be a promising market for the Eurofighter aircraft, made by Britain, Germany, Italy and Spain, or, perhaps more realistically, the Anglo-Swedish Gripen. But so far, the region does not appear to be producing enough business to make or break a contractor's fortunes.

Balkan wars

Why peace in Kosovo will be more elusive than in Bosnia

JAVIER SOLANA, the effervescent Spaniard who holds NATO's top political job, likes to reminisce about the sharply differing circumstances in which he has visited Sarajevo. When he went there as Spanish foreign minister in 1995, the city was under siege and he had to take a tortuous overland route, risking Serb artillery fire. Happily, his appointment in December 1995 as NATO's secretary-general coincided with the advent of peace in Bosnia. His next few visits to the city were by military transport aircraft; he found the city tense and half-ruined, but more or less peaceful. These days, his trips are undramatic affairs, since Sarajevo airport is now open for commercial flights which quickly and easily link the city with the neon lights and normality of Vienna.

It will a long time, if ever, before Mr Solana can tell a similarly happy tale about Kosovo. Why has Bosnia proved to be a relative success story for NATO, while Kosovo is turning out to be much tougher than expected?

NATO's morale, and international prestige, soared sky-high after the alliance ended three years of fighting in Bosnia (by bombing and shelling the Bosnian Serbs, but also offering them decent peace terms). It then deployed a peacekeeping force which enforced the ceasefire and helped to nurse a new, loosely-articulated Bosnian state into life. The firmness of NATO's approach was widely contrasted with the muddle and indecision of the United Nations' effort to mitigate the fighting in Bosnia. In retrospect, it seems clear that NATO's success in Bosnia prompted its leaders to underestimate the difficulty of making peace in Kosovo.

The two conflict zones had something in common: in both cases, Slobodan Milosevic had conjured up the genie of Serb nationalism and then presented himself as the only person who could keep it under control. But there was also a crucial difference: in Bosnia, NATO was intervening in support of an internationally recognised government, the embattled Muslim-led administration in Sarajevo. In Kosovo, by contrast, the alliance was lined up against the disputed territory's legitimate authorities. Russia, China, and the governments of many other large, ramshackle states were horrified by the idea that the rights of a persecuted minority could

be used to justify an attack on a sovereign state.

Nor was that the only difference. NATO's intervention in Bosnia had not come out of the blue; it grew out of a carefully devised American plan to break out of a deep impasse which had damaged transatlantic relations and mocked the ideal of a "Europe whole and free" proclaimed after the collapse of communism. For at least a year before NATO intervened to break the Serb stranglehold on Sarajevo and other Muslim enclaves in Bosnia, America had been working quietly to alter the balance of power on the ground by encouraging Muslims and Croats to stop quarrelling and unite against the Serbs. It had winked at arms shipments to the hard-pressed Bosnian government, even when they came from "pariah states" such as Iran.

By August 1995, when NATO aircraft began dropping bombs on the overstretched Bosnian Serb army, its Croatian and Bosnian adversaries were well-placed to seize the moment and advance on the ground until the battle-lines roughly coincided with sustainable peace terms. These terms were thrashed out in detail during negotiations in Dayton, Ohio, where Slobodan Milosevic spoke for his erstwhile protégés, the Bosnian Serbs. Since the settlement boosted his role as a guarantor of peace, and gave him some hope of relief from international sanctions, Mr Milosevic had a strong interest in "delivering" the compliance of all Serbs.

In the Kosovo conflict, much less forethought was given to the likely consequences of NATO air attacks. It was widely believed that President Milosevic might agree to NATO's terms for a peace settlement within 24 hours of the bombs beginning to fall. With the luxury of hindsight, it is now clear there was never much prospect of him doing that, since he had purposefully spent the previous three months on a massive build-up of forces in Kosovo. Critics are now arguing that the Kosovo peace talks in Rambouillet near Paris in February were at best a waste of time, at worst downright harmful. It was obvious that the Serb side had no interest in a NATO-brokered peace; the talks simply provided more time for preparing the ethnic cleansing.

In Bosnia, the western world took advantage of Mr Milosevic's highly flexible brand of opportunism, capable of seizing on either peace or war. In the



An army of refugees wasn't what we had in mind

months leading up to the Kosovo disaster, the American government had given the Serb strongman little incentive to co-operate; indeed, it had suggested publicly that it would welcome his overthrow. Many critics, including some Washington insiders, think it then failed to react quickly enough to signs, from December onwards, that Mr Milosevic had made a definitive choice in favour of war.

Whether by good luck or calculation, the timing of NATO's intervention in Bosnia could hardly have been better for the alliance's prestige. Arguments about western policy had been raging for the previous three years. While hawks (mostly American) were calling for a forceful international intervention, doves (mostly in Britain and France) said that might trigger a terrible, and uncontrollable, revenge attack by the Serbs on beleaguered Moslem communities in eastern Bosnia. In July 1995, when the UN was still notionally in charge in Bosnia, Serb forces did exactly what had been feared, overrunning Srebrenica and killing thousands of its menfolk. A few weeks later, nearby Zepa suffered a similar fate. The fall of these enclaves was a diplomatic death-knell for the UN's peacekeeping mission, and cleared the way for NATO to take over. The argument

that a NATO intervention would endanger the besieged Muslims of eastern Bosnia had lost its force because the two most vulnerable places had already fallen. Srebrenica's widows may still be wondering whether that was why western policymakers maintained a deafening silence during the last few days before their enclave collapsed.

If NATO's Bosnian intervention came at a convenient moment, its Kosovo campaign came at a hopeless time for the ethnic Albanians. In 1995, the Croatian and Bosnian forces had been able to act as "NATO's ground troops", making instant use of the tactical opportunities opened up by NATO's air and artillery attacks on the forces encircling Sarajevo. But when NATO's latest air campaign began last month, the Kosovo Liberation Army, a ragtag guerrilla force barely a year old, was in no position to take advantage of the western attacks. Besides, western governments would probably not have wanted it to, anyway, given that they have not endorsed the KLA's goal—full independence for Kosovo—and distrust its Marxist antecedents. In retrospect, it seems clear that the western intervention in Bosnia was blessed by skill and luck; when it came to Kosovo, both had run out.

A desirable club

FOR MOST of the past 50 years NATO has looked like the sort of club countries are clamouring to join. The 12 nations which signed the North Atlantic Treaty on April 4th, 1949—the United States, Canada and ten European powers—were joined by Greece and Turkey in 1952, by West Germany in 1955 and by Spain in 1982. And on March 16th this year the first three ex-communist countries to gain admission—Poland, Hungary and the Czech Republic—saw their flags hoisted at NATO's Brussels headquarters. Such popularity attests to the club's success. But remember that every new admission risks diluting NATO's most valuable assets: the abil-

ity of its integrated military structure to defend any part of its members' territory and to co-ordinate the use of force by many nations.

Nine of the countries attending this weekend's summit have already knocked on the door. They are Slovenia and Romania, which had hoped to join the first wave of enlargement; the three Baltic states, whose history makes them unusually impatient for a defence guarantee; Slovakia and Bulgaria, where newish pro-western governments are scrambling to catch up with reforms; and the weak, vulnerable Balkan states of Albania and Macedonia, which look in imminent danger of being drawn into the

But not quite as desirable as it was before Kosovo



Kosovo maelstrom.

The summit will present the candidates with a "membership action plan" which lays down, in even greater detail than before, the sort of military reforms they should embark on to improve their chances of eventually joining. But barring a last-minute surprise, no country will be given a firm invitation, not even Slovenia, whose small, efficient military could be absorbed easily.

One of the reasons for the lack of new invitations (though nobody will say so in public) is that NATO is not yet willing to pay the geopolitical costs of admitting the Baltic republics, which could exacerbate its relations with Russia even further; and while the Balts are being kept out, it seems unfair to admit anybody else.

Several other countries, mostly ex-Soviet republics, have expressed an interest in getting as close to NATO as geopolitical prudence (and proximity to Russia) will allow: for example, Ukraine, Georgia and Azerbaijan. Then there are those democratic

countries which remained neutral during the cold war—Sweden, Finland and Austria—but have recently begun to co-operate more closely with NATO. There are also new nations in Central Asia, such as Uzbekistan and Kazakhstan, which are a very long way from the Atlantic, but would like some moral and material support for their embryonic armies.

But many of the countries that had been moving closer to NATO have grown much more wary of the alliance since the bombing of Serbia began. Ukraine, for example, unequivocally opposes the raids; like most of the rickety states that emerged from the Soviet wreckage, it is alarmed by the idea that oppressed minorities can be used as a pretext for other countries to attack.

And then there is Russia itself, always the ghost at NATO's feast. Before the air raids on Belgrade began, the alliance had developed an embryonic but functional relationship with its old foe. There were Russian officers at NATO's military headquarters, and regular set-piece meetings between Russian

Fault lines in the sand

IF THERE is such a thing as a geopolitical contour line, then it probably runs somewhere near the university town of Tartu in eastern Estonia, where a western-style defence academy, designed to bring Baltic armies up to NATO standards, was inaugurated last month. Only a few miles away lie the icy waters of Lake Peipus where an army of Teutonic knights perished in 1242, routed by a Slavic warrior-prince. Teutons and Slavs have been battling over these lands almost ever since—although the Estonians who dwell round here are neither. In 1632, Tartu became the second university town in the Swedish empire; today its atmosphere is a strange mixture of Teutonic central Europe and legacies of the Soviet regime that held sway until 1991, including a sinister grey KGB building where many people were brutally interrogated. The defence academy itself was converted from a Soviet agricultural college—an unusual case, perhaps, of beating ploughshares into swords.

At the opening ceremony, dignitaries from NATO governments and other countries, such as Sweden and Switzerland, each gave their blessing to the new academy, comically illustrating how NATO enlargement means different things to different people. A German speaker hailed the college as a triumph of internationalism over chauvinism, serving three (Baltic) countries and sponsored by half a dozen others. A French representative said the college affirmed the right of every country to its own language and identity. A Pole drew cheers by declaring: "The long Soviet

night is over." A Norwegian reminded the Balts, to polite silence, that they would somehow have to live with Russia. General Michael Clemmesen, the college's Danish commandant, said its creation would put the Baltic states at the head of the queue to join NATO. An American compared Estonia's embryonic defence forces with those of her country's Revolutionary army; a British onlooker muttered rude things about the burning of the White House in 1812. Britain's defence secretary, George Robertson, the most senior visitor present, praised the Baltic states for reforming their armed forces but was careful to avoid making any promises about NATO membership.

Behind all the bonhomie, some of the ambiguity behind western policy towards the Baltic states, and NATO enlargement in general, showed through. Western messages for the Balts, and other would-be NATO members, all referred to the amount of "progress" they had made towards membership, as though the quality of their air-defence systems, or the efficiency of their arms-buying bureaucracy, was the only thing that mattered. One of the convenient things about judging candidates by their suitability—as opposed to the moral or geopolitical imperative to defend them—is that, in some respects, they will always be unsuitable.

Particular attention is paid to the candidates' degree of "readiness" to serve in NATO-led coalitions or UN missions. The creation of BALTBAT, a battalion of peacekeepers from Estonia, Latvia and Lithuania who use English as

their common language, is a source of pride among the region's fledgling armies; so has been its deployment in Bosnia. But everybody knows that "readiness" is not the only criterion by which the Baltic states' application to join NATO will be judged. Western countries always have to consider whether they are prepared to guarantee the defence of these small countries against a resurgent Russia.

In the college's *Baltic Defence Review*, a new journal, these points are made more bluntly. If the Baltic republics achieve their aim of fielding five brigades each, their combined defences will "not be negligible" against a Russian army with six to eight fully equipped divisions, writes Robert Dalsjö, a Swedish defence consultant. But he notes that most western governments, although happy to help Baltic armies to acquire light weapons and hone their peacekeeping skills, have not been willing to provide the means to head off a Russian invasion: anti-tank or anti-aircraft weapons.

In the same publication, a Lithuanian defence planner expressed mild exasperation over NATO's filibustering. Applicants were first presented with a list of 10-12 "inter-operability goals"; then with another 30 to 40; and all the time, NATO was careful not to imply that this was an exhaustive or sufficient list, so that applicants would not be able to say: "We have done everything you asked us, so now let us in." In fact, the writer points out, full inter-operability—which requires unity of command and a high degree of intelligence-sharing—would be possible only inside the alliance. NATO's demands, he observes, have been "like a never-ending game".

ministers and diplomats and their NATO counterparts. A loose NATO-Russian partnership, agreed on nearly two years ago after much bargaining, was hailed as a sign that Russia would not place insuperable obstacles in the way of NATO's enlargement. Now all those achievements lie in ruins. Russia has frozen all co-operation with the alliance and is likely to object strongly to any further moves to extend the western club eastwards.

In short, the war with Yugoslavia has compromised NATO's ability to present itself as an endlessly bountiful distributor of strategic and military gifts, in carefully measured doses, to all manner of European nations and ex-Soviet republics. NATO will now have to use every ounce of its diplomatic skill to salvage some of its image as a smiling, generous donor of military largesse—a role which it had developed, in recent years, into a fine art. NATO's success at "defence diplomacy" was made possible by its understanding of some of the most keenly felt needs of its former foes in the communist camp.

As NATO discovered, the battered, demoralised defence forces of the former communist world, and most of their civilian masters, have a strong desire for things that only NATO can give them: help with planning, equipping and training a modern army, with decent information technology and logistics, and with communicating (linguistically and in other ways) with western counterparts. Many old communist soldiers also long for the chance of hobnobbing with officers who are properly paid and equipped but treat them with respect.

In the course of thousands of joint exercises, seminars, teach-ins, training courses and, above all, the practical experience of multinational peace-keeping in the Balkans, NATO has been able to impart those gifts in large and small amounts, to more and less favoured friends. Partnership for Peace is an ingenious, open-ended programme under which countries in Europe or the former Soviet Union can virtually choose for themselves how intense they want their relationship with NATO to be. For very close partners, and likely future members, NATO can virtually take over the defence-planning process; with remote acquaintances, the alliance can hold



Paddling partners for peace

worthy seminars on how to cope with civil emergencies or defence-related pollution.

In the course of doling out help in many directions, NATO has become an artful presenter of its wares. It knows how to make rather substantial moves seem innocuous, and empty gestures seem full of meaning. For example, most of the would-be NATO members in Central and Eastern Europe have been endowed with an American-inspired "air-space management system", which ostensibly has a civilian purpose. Only on closer inspection does it become clear that these gifts could lay the basis for a unitary air-defence system. On the other hand, formal discussions with Russia about military doctrine or non-proliferation, however interesting they may sound, often turn out to be nothing more than a rehearsal of well-known views.

This sort of presentational skill will be needed in abundance if the guests at the Washington summit—NATO members old and new, plus all members of the Partnership for Peace—are to go away satisfied. Perhaps it is just as well that the White House has got better at choreographing diplomatic events since the advent of the television age. The original Washington treaty, to the embarrassment of President Harry Truman, was signed to the strains of a Gershwin song called "I've got plenty of nothing."

Checks and balances

ONE of NATO's problems has been that defence doctrines and institutional cultures adjust very slowly, but security environments can be transformed with bewildering speed. The events of a single day—such as Iraq's invasion of Kuwait, a missile launch by North Korea or the onset of war with Serbia—can easily invalidate the cosy assumptions of a decade.

1999 was meant to be a year when NATO made great strides on a number of fronts. This weekend's summit would reaffirm a renewed Atlantic alliance, growing steadily in size and scope, as the foundation stone of Europe's security. Then, at a summit in June between America and the European Union, obstacles to transatlantic trade would be swept away, and both sides would commit themselves anew to fighting bad things like drugs, thugs and

pollution. And finally, at a conference in Istanbul in the autumn, the Organisation for Security and Co-operation in Europe would be reaffirmed as a tool for pre-empting conflict and curing its after-effects by promoting democracy, human rights and civil society.

It sounded too good to be true, and so it was. With the Balkans on fire, the leaders of the western world will be doing well if they can maintain anything like business as usual. Arguably events such as the recent mass resignation of the European Commission have made NATO stand out even more as one of the success stories of post-cold-war diplomacy and European integration.

All the same, though, the emphasis at the NATO summit will be less on bold new horizons than originally planned, and more on consolidating achieve-

Keeping the show on the road has got much harder





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ments and keeping the show on the road. One outcome will be a new "Strategic Concept", designed to replace a document drafted rather hastily in November 1991 as the world was still reeling from the Soviet collapse. The new document will reaffirm NATO's main job of defending its members' territory (under article 5 of the Washington treaty); but it will also proclaim the principle—already established in practice by Bosnia and Kosovo—that out-of-area peacekeeping operations, not covered by article 5, are important too. But not too far out of area: the Europeans have resisted anything that gives the impression of encouraging NATO to act as a global policeman. Although some influential American figures want NATO to evolve in that direction, senior officials in Washington have assured their European counterparts that they are not looking for military help in Haiti or Indochina. Peacekeeping in the Caucasus, or rescuing civilians from a disaster in Africa, might be a different story.

A little bit nuclear

Cautious Europeans have seen to it that there will be no radical redefinition of article 5, of the sort that could drag them into joint operations against terrorists or proliferators of non-conventional warheads or missiles. Wary Americans (and Britons) have resisted calls from cautious, greenish folk in Germany and Canada for downgrading the role of nuclear deterrence in NATO's military doctrine. This reluctance has been a disappointment to many on

the European left, who have been calling for a NATO promise that it will not be the first to use nuclear weapons in a conflict. During the cold war, NATO always argued that it had to keep the nuclear option in reserve because of the Warsaw Pact's conventional superiority; now it is Russia that might be tempted to rely more heavily on battlefield nuclear weapons to make up for the weakness of its regular forces.

The Pentagon insists that now is not the moment to tie itself down on the way it might use its nuclear weapons. At a time when rogue states, and possibly terrorist groups under their patronage, are bent on acquiring nuclear, chemical or biological devices, it is better to keep them guessing about the sort of retaliation they might expect. In practice, the importance of nuclear weapons in the alliance's day-to-day thinking has already been sharply downgraded. In cold-war days there were tens of thousands of battlefield nuclear weapons in Europe; now there are around 200. In the words of one senior diplomat (who, as it happens, opposes changing NATO's doctrine): "Nuclear weapons have been put in a small box somewhere in the corner, and that is where they should stay."

Over the years, NATO has often reacted with commendable speed to unexpected circumstances, whereas in more peaceful times it has shown inertia and attachment to old doctrines and habits of diplomacy. The alliance provides ample evidence to support the old saying that there is nothing so permanent as a temporary arrangement. Take the sprawling, featureless edifice on the outskirts of Brussels which houses NATO's political headquarters. With its long, low corridors and antiseptic atmosphere, it still feels like the hospital it used to be. Only the clusters of Italian carabinieri, American marines and British bureaucrats—all conforming perfectly to national stereotypes—indicate the presence of an important multinational bureaucracy. NATO moved there in a hurry in 1966, after France's dramatic withdrawal from the alliance's military wing, but the building has served well enough for some important moments in modern diplomacy. In the past few months a prefabricated building has gone up to provide offices for the newly arrived Poles, Hungarians and Czechs. The plan is to re-house the entire headquarters in more dignified premises soon, but nobody would be surprised if in a decade's time prefabricated quarters were still being erected for new NATO members.

With such a talent for inspired improvisation, and so little inclination to make changes that are not urgently needed, it was never realistic to expect NATO to transform itself before it was confronted by a clear and present danger. Now that danger is at hand—a war with Serbia that has proved more intractable, and more costly in human and diplomatic terms, than anybody had expected. Its outcome will have huge, incalculable repercussions for NATO's ability to shoulder a whole series of new, self-imposed tasks: projecting stability in Europe, co-operating with an ever-broadening range of countries, heading off emerging threats such as terrorism, rogue missiles and non-conventional weapons. But at this moment, the thing uppermost in NATO's mind is how to bring the stand-off with Yugoslavia to a satisfactory conclusion.



Ready for any eventuality?