

E.U. rejects stimulus, favors aid for welfare

By Stephen Castle

BRUSSELS: Seeking to quash any lingering American hopes of more stimulus spending from across the Atlantic, European leaders Thursday hit on a new argument: Unlike the United States, Europe will spend huge sums during the recession through its generous welfare systems.

At a two-day meeting to address the economic crisis, European leaders sought to overcome their internal divisions on how to kick start the economy, while firmly rejecting American pressure for greater spending.

Apparently stung by criticism from Washington, Europeans argued that their financial stimulus package — described as 1.5 percent of gross domestic product when it was launched — is, in fact, worth as much as 4 percent.

That calculation, which suggests that the E.U. will be spending something like €400 billion, or \$545 billion, over two years, includes increased social spending as unemployment rises.

Global efforts to limit the depth of the recession have been hampered by differences of emphasis between the United States and most European countries. While Washington wants greater stress on immediate measures to stimulate the economy, nations such as France seek a new regulatory architecture for financial institutions.

On Thursday, José Manuel Barroso, president of the European Commission, argued that talk of more stimulus spending from Europe was counterproductive. "Let's not start discussing about a new plan," he said, "before implementing the plan we have agreed." He added: "The message we would send to our public is our plan is not enough. That's not going to create confidence."

Mr. Barroso said the position of unemployed in a U.S. city such as Detroit could not be compared with the jobless in Belgium where, he said, they are still receiving half their old salary six months after losing their job. "These unemployed people," he added, "will be able to go on with consumption. Those in other parts of the world will be on a level, at best, of food stamps."

Mirek Topolanek, prime minister of the Czech Republic which holds the rotating presidency of the European Union and will host President Barack Obama at a U.S.-E.U. summit next month, said the 27-nation union was "doing enough."

"You cannot compare the E.U. to the U.S.," added the Dutch prime minister, Jan Peter Balkenende. "We have very sound security networks where people who lose their jobs are looked after. The U.S. has enormous debts."

Asked why the E.U. had inflated estimates of the value of its stimulus, one E.U. official, speaking on condition of anonymity due to the sensitivity of the issue, said: "Because the Americans have been arguing that they are doing a massive amount more." Mr. Obama plans to devote around 5.5 percent of U.S. output to recovery efforts.

"There is," he added, "a degree to which the U.S. needs to be a little bit more humble and not give us lectures about what we should do."

Germany, the biggest contributor to the E.U. budget, has taken the toughest line against spending, resisting a modest plan to spend €5 billion of E.U. money on infrastructure projects.

"It is not time to look at more growth measures," the German chancellor, Angela Merkel, told the Bundestag in Berlin, Reuters reported. "I disagree with this idea completely. The existing measures must work, they must be allowed to develop."

Her stance underlined the difficulty of persuading European nations to cooperate over spending from the E.U.'s collective budget. Gathering Thursday, the leaders sought to break their deadlock over the €5 billion program, meant to boost energy connections, environmental projects and broadband Internet connections.

Poland was fighting hard to ensure support for the Nabucco pipeline, which, sponsored by the E.U., is designed to reduce reliance on Russian gas by connecting the union to the Caspian region. That was being resisted by Berlin.

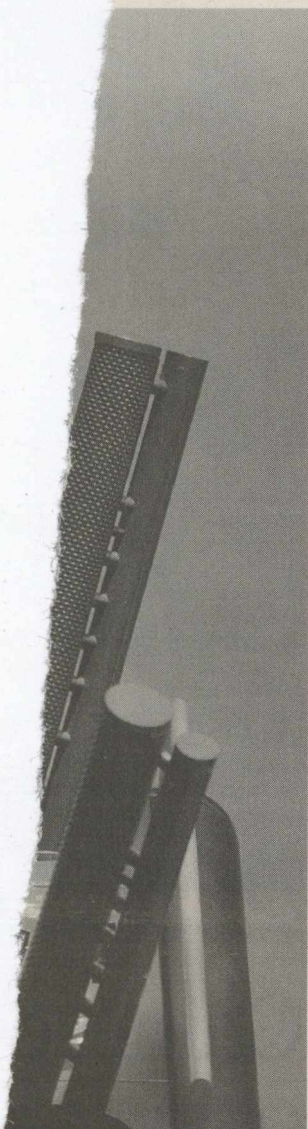
More broadly the E.U. hoped to overcome divisions ahead of the G20 summit in London. Britain is sympathetic to U.S. calls for more stimulus but, in a paper circulated on Thursday, also stressed the tighter financial supervision demanded by Paris and Berlin.

The two-day summit is also likely to support a doubling of International Monetary Fund resources to \$500 billion, with a pledged European contribution of \$75 billion to \$100 billion. It is also expected to consider increasing a €25 billion emergency fund already used to help Hungary and Latvia.

Corrections

An article March 12 about homeless families living in California motels, using information from Greg Hayworth, a member of one such family, referred incorrectly to Mr. Hayworth's educational background. Mr. Hayworth neither graduated from Syracuse University nor ever enrolled there.

An article in the March 14-15 issue misspelled the surname of the Nobel peace laureate whose foundation lost \$50 million in the Bernard L. Madoff Ponzi scheme. He is Elie Wiesel, not Weisel.



John MacDougall/Agence France-Presse
is dogging the European Union.

Warming

... affected. Why not the walrus, or whal, the ringed seal?"

Ugarte said scientists disagree why people in the settlements around Baffin Bay and elsewhere have noted an increase in polar bear sightings in recent years. One explanation may be that the local bear population is robust. Another, more likely in Ugarte's opinion, is that climate change is forcing the bears into new migration patterns.

The Tromso meeting was watched closely by environmental groups, which had warned that some countries might press to exclude strong language about global warming.

The bears have been enduring symbols in climate campaigns conducted by environmental groups, with at least three groups making contributions through "adopt a bear" programs. But the animals have also become a focal point for some skeptical officials and scientists who reject the need for cuts in the heat-trapping greenhouse gases, despite broad scientific consensus linking the gases to warming since 1950.

Walter Gibbs contributed reporting from Oslo.

London police fear violent protests at G-20 meeting

Reuters

LONDON: The British police are preparing to deal with violent protests as anarchists threaten to bring chaos to the Group of 20 summit meeting in London.

All leave for police officers in the capital has been called off and businesses are being advised to cancel unnecessary meetings because protesters have vowed to target the financial district as the world leaders gather to discuss the financial crisis.

Previous world economic summit meetings and conferences have been targeted by anarchists, anti-globalization protesters and other groups. The police say they fear that the gathering April 2 in London, set against anger at the economic downturn, could provoke more violence.

Environmentalists, antiwar campaigners and protesters have already indicated that they would demonstrate April 1 as politicians and officials begin arriving in London.

A movement called "Storm the Banks" is circulating on the Internet indicating that anti-capitalist protesters are planning to focus their attention on the Bank of England during what some protesters have dubbed "Financial Fools Day."

During a Group of Eight meeting in Scotland in July 2005, four British Islamists carried out suicide bombings on trains and a bus in London that killed 52 people.

"At the moment, we are not aware of any specific threat to this event," a police spokeswoman said. "What we will be doing is an intelligence-led deployment, so there will be officers where we are anticipating demonstrations."

Businesses are trying to make sure their companies are aware of what to expect during demonstrations.

"There will be concern from business over the two days of protest, but the vast majority of firms will have robust security arrangements in place," said Helen Hill, policy director at the London Chamber of Commerce and Industry. "Canceling unnecessary meetings may have to be considered, but people shouldn't feel as though they can't travel in London to conduct important business."