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Cairo buzzes with politics as election day nears

CAIRO

High stakes and novelty of first presidential vote produce campaign fever

BY DAVID D. KIRKPATRICK AND MAYY EL SHEIK

"Good morning! Who are you going to vote for?"

That is the new standard Egyptian salutation, said Shafiq Abdel Khaleq, 50, an engineer playing chess at a street-side cafe in the working-class Cairo neighborhood of Sayeda Zeinab.

"There isn't anyone left who doesn't talk about politics," he added, moving a piece.

"But no one knows anything!" replied his opponent, Hussein Zayed, a 53-year-old importer, who then called checkmate.

With voting set to begin on Wednesday in the first competitive presidential election in the history of the Arab world, the combination of novelty, high stakes, suspense and confusion has infected Egypt with a case of campaign fever that makes World Cup soccer finals look tame by comparison, to say nothing of the quadrennial two-party contests that Americans still call exciting.

There are no reliable opinion polls here to help sort through the noise. Nor is there a permanent constitution to set the president's duties or powers. But there is a widespread conviction that whoever wins the election will play a major role in setting Egypt's course for decades to come.

So at the cafes, a steady buzz of candidates' names floats above the tables, and the patrons divide themselves into impassioned camps supporting the five plausible contenders still in the race.

Two are rival Islamists, one leaning left and the other right. Two more held appointed posts under Hosni Mubarak, the longtime president driven from power by mass protests 15 months ago. And one is a voice from even deeper in the past: a poet-turned-populist who is campaigning as a follower of the leader of the Egyptian revolution of 1952, Gamal Abdel Nasser. All five candidates have spirited defenders as well as detractors.

Even at a cellphone shop, the store clerk was asking customers to name their candidates of choice, said Shadi Hamid, the Egyptian-American research director of the Brookings Doha Center. "People are just obsessed," Mr. Hamid said. "Apparently, as we are finding out, Egyptians like to vote."

Compared with Egypt right now, he said, the level of voter interest in the U.S. election "is not even close."

Homemade songs and videos about the candidates are posted online by enthusiasts. "Ahmed Shafik, you're very tough, we love you very much," runs one such song about Mr. Mubarak's former prime minister.

A fan song for Abdel Moneim Aboul Fotouh, campaigning as a liberal Islamist, praises his independence: "He is not British, or American — or Iranian, Aboul Fotouh!"

EGYPT, PAGE 6



Suicide attack in Yemen A wounded soldier awaiting care in a hospital in Sana on Monday after a suicide bomber dressed as a soldier struck a crowded parade ground during a rehearsal near the presidential palace, killing more than 95 people and wounding hundreds. Suspicion immediately fell on the Yemeni affiliate of Al Qaeda. PAGE 7

Art law not ready for framing

U.S. effort to shield lent works faces critics who say it's too narrow

BY DOREEN CARVAJAL

It's the essence of cultural exchange: the lending and borrowing of famous artworks to and from museums abroad.

So routine is the practice, and so universally valued, that the U.S. government has traditionally protected it with a law that shields a lent work from being seized while on display here by anyone with a claim to legal ownership.

In recent years, though, American museum directors have come to fear that this safeguard has eroded, and that foreign museums, dreading entanglement in costly ownership battles, are more hesitant to make loans. So they have asked Congress to increase the security for global art swaps.

But a nonpartisan effort to do so, which sailed through the House of Representatives on a voice vote in March, has slowed in the Senate amid an unexpected storm of protest from those who say it goes too far in blocking efforts by owners to recover looted treasures.

The bill would prevent all claims, except those filed by families whose valuables were taken by the Nazis in World War II. But even they will find the process harder if the bill becomes law, critics say. Other scholars and legal experts question why the Holocaust alone, among atrocities affecting ownership,

was afforded special treatment.

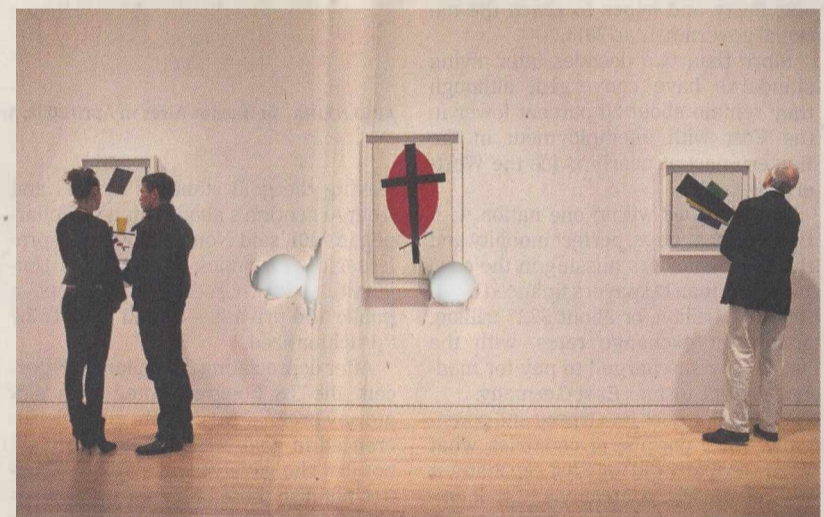
"This is a master attempt to put away all the legal claims," said Marc Masurovsky, a historian and co-founder of the Holocaust Art Restitution Project. "How can you excuse 28 different kinds of plunder and only outlaw one subset of one subset? What is the point here? The only people who have anything to gain are the museum directors. So we're basically saying it's fine to plunder?"

The driving force in favor of the stronger legislation, known as the Foreign Cultural Exchange Jurisdictional Immunity Clarification Act, has been the Association of Art Museum Directors.

The North American organization is concerned that it is no longer enough for museums to arrange to get a special waiver from the State Department to shield a work from seizure while it's on loan for an exhibition in the United States.

In Paris, the International Council of Museums was initially in favor of the new legislation, but given the criticism, is now encouraging "further consultation," according to Julien Anfruns, director general of the organization, which offers mediation as an alternative to court disputes.

The issue is particularly important in ARTWORKS, PAGE 4



Works by Kazimir Malevich on display. A federal ruling in a 2005 case involving works by the abstract artist declared that claimants could file lawsuits to recover artworks.

Holy and scary, monkeys have the run of Delhi

NEW DELHI

BY GARDINER HARRIS

The first interloper stepped in front of her on the sidewalk and silently held up his hand. The second appeared behind her and beckoned for her bag. Maeve O'Connor was trapped.

Resistance would have been dangerous, so Ms. O'Connor handed it over. The two then sauntered arrogantly away. The whole encounter lasted no more than 15 seconds — just one more coordinated mugging by rhesus monkeys in a city increasingly plagued by them.

"I had other bags with me, but they knew the bag that had the fresh bread in it," said Ms. O'Connor, a resident of this city. "They were totally silent, very quick and highly effective."

The monkey population of Delhi has grown so large and aggressive that overwhelmed city officials recently petitioned the Indian Supreme Court to relieve them of the task of monkey control.

"We have trapped 13,013 monkeys since 2007," said R. B. S. Tyagi, director of veterinary services for Delhi's principal city government. Nonetheless, Delhi's monkey population has only increased.

The reason is simple: People feed them. Monkeys are the living representatives of the cherished Hindu god Hanuman, and Hindu tradition calls for INDIA, PAGE 7

WORLD NEWS

Putin announces new cabinet

Vladimir V. Putin replaced most of Russia's cabinet ministers, but major change is not expected. PAGE 4

Serbian leader on E.U. path

The president-elect touts Chancellor Angela Merkel of Germany as his preferred regional ally. PAGE 3



Troubled Beirut Flaming tires were used as roadblocks on Monday as the turmoil in Syria stirred deadly conflicts in the Lebanese capital. PAGE 6

BUSINESS

France to push for euro bonds

When European leaders gather at an informal meeting this week, France will lobby for the creation of bonds jointly guaranteed by all euro zone member states, a stance that will put the new French president, Francois Hollande, on a collision course with the German chancellor, Angela Merkel. PAGE 15

Vodafone charts its own course

Vittorio Colao, the chief executive, has sought growth for the telecom operator by streamlining holdings in mature regions and solidifying its existence in developing markets. As a result, Vodafone is expected to show a rising profit in its latest quarter. PAGE 15

China expands Hollywood ties

The Dalian Wanda Group, a Chinese conglomerate with interests in the entertainment industry, gained a point of entry into the North American movie market with a deal to buy AMC Entertainment, a major theater chain in the United States and Canada. PAGE 17

VIEWS

Paul Krugman

We should always be grateful when someone makes the case for financial regulation more compelling. This means offering a special shout-out to two men: Jamie Dimon and Mitt Romney. PAGE 9

Indonesia's rising intolerance

Islamic radicalization, a passive public and the weakness of the government are undermining a tradition of religious freedom, Benedict Rogers writes. PAGE 8

PAGE TWO

Greece, and history lessons

From the dual currency economy of 14th-century Florence to the monetary union of Austria-Hungary and Argentina's abandoned dollar peg, the past is littered with examples of countries' weighing the costs and benefits of different monetary regimes. One useful case study is Germany's reunification, which suggests that a Greek adjustment could take decades.

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CURRENCIES NEW YORK, MONDAY 1:30PM PREVIOUS
— Euro €1= \$1.2780 \$1.2780
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▼ Yen ¥1= ¥79.310 ¥79.010
— S. Franc \$1= SF0.9390 SF0.9390
Full currency rates Page 18

STOCK INDEXES MONDAY
▲ The Dow 1:30pm 12,457.48 +0.71%
▲ FTSE 100 close 5,304.48 +0.70%
▲ Nikkei 225 close 8,633.89 +0.26%
OIL NEW YORK, MONDAY 1:30PM
▲ Light sweet crude \$92.27 +\$0.25

CHAUMET PARIS
Josephine

PAGE TWO

Journalists as a part of the story



Alan Cowell

LETTER FROM EUROPE

LONDON As Britons navigate the unrelenting judicial inquiry into phone hacking and related scandals of the press, the temptation has arisen — even more than usual in this journalistic land — to tar all reporters with the dark and glutinous brush associated with those in Rupert Murdoch's tabloid empire accused of voice mail interception, corruption and cover-up.

But a coincidence of events has illuminated a divide between that image of the news media and a different reality of what journalists have done and continue to do elsewhere, not only in pursuit of news or of early versions of history's truths, but also in weighting the scales of justice.

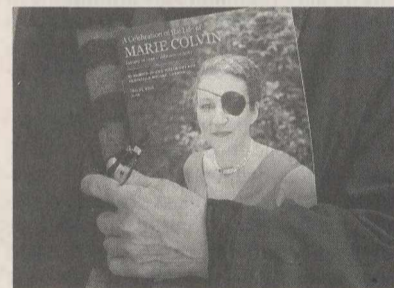
Last Monday, Rebekah Brooks, the former chief executive of News International, the British newspaper subsidiary of News Corp., Mr. Murdoch's company, was charged along with her husband and four onetime subordinates of conspiring to pervert the course of justice — a heady accusation, which she denied, that could technically earn a sentence of life imprisonment.

Then, on Wednesday, hundreds of friends, relatives and colleagues assembled in the Church of St. Martin-in-the-Field on Trafalgar Square in central London for a memorial service to commemorate the death of Marie Colvin, an American war correspondent working for The Sunday Times of London, also a Murdoch newspaper, who was killed in Syria almost three months ago.

On that same day last week, Ratko Mladic, the former Bosnian Serb military commander, finally went on trial before an international tribunal at The Hague to face an 11-count indictment on war crime and genocide charges encompassing the siege of Sarajevo and the bloody massacre of 8,000 Muslim men and boys in Srebrenica.

And the strand that linked the three was this: The actions of journalists had become entwined with the question of how justice is done, not simply in the strict legal sense of crime and punishment, but in the related and complex questions of how survivors come to terms with loss, and how reporters themselves become part of the events they cover.

Of course, journalists as a breed tend to inflate their importance, propel



Marie Colvin was killed in Syria shortly after speaking about a child's death.

themselves to the center of a stage that belongs to those condemned to play out real tragedies, who cannot simply fold their metaphorical tents — their laptops and cameras and satellite phones — when the mood suits them or when news budgets run low.

But, perhaps more than ever with the phone hacking scandal drawing in not only journalists but police officers and politicians, reporters have themselves become the center of their own stories, obsessively charting every development in the interlinked police, parliamentary and judicial inquiries into the actions of their own colleagues.

Ms. Brooks, a former editor of two of Britain's most influential tabloids, and her associates were themselves the accused — the first to face criminal charges after the months of scandalous disclosure about the way some journalists went about their business.

But that is not the defining story of their trade, or craft.

When Ms. Colvin perished in the city of Homs, she had just been interviewed on British television stations speaking in wrenching tones of the death of a child. Far more than securing a byline or credit or kudos, she had borne witness — and paid the same grisly price as a tally of others who have fallen during the Arab Spring, to bombs, bullets or, in the case of Anthony Shadid of The New York Times, an asthma attack that felled him as he headed out from Syria after a clandestine visit along a smugglers' trail.

In covering those stories, journalists fulfilled a role as chroniclers as old as war itself.

Consider for instance the Balkan conflicts in which Mr. Mladic was accused of orchestrating some of the worst atrocities. Perhaps one of the most telling themes at his trial was that the events behind the indictment were not even in question: Reporters had either been there or had pieced together in detail what had happened in places they had not reached, such as Srebrenica.

"This case," said a prosecutor, Peter McCloskey, "will be primarily about one issue: the individual criminal responsibility of Ratko Mladic."

But it went beyond that. My colleague, Marlies Simons, who covered the trial, told me that survivors had approached her in The Hague to tell her of their feelings as they watched video images from the 1990s, transporting them back to moments and tragedies that have haunted them ever since, even as Mr. Mladic sat in court before them reviewing the same footage.

"It is like a torture chamber for them," she said. "When they want to unburden themselves, I cannot walk away. The fact that people are listening provides some relief." That sentiment may not form part of the curriculum of Journalism 101, but it is familiar to any reporter who has covered the trauma humans inflict on one another.

None of this is to say that reporters are more than they are. Contrary to what their critics might argue, journalists are, after all, human. As the phone hacking scandal has shown, some are frail, insensitive, driven by the desire for scoops, fearful of offending bosses. For every courageous reporter, another has different motives and standards.

Yet, as the veteran correspondent Jon Swain wrote in The Sunday Times in an article about Ms. Colvin's memorial service: "Despite the cost, there will always be people of courage prepared to face danger to tell us what they see" in the crucibles of conflict and suffering, and, in the process, help "us all to understand better what our action — or inaction — does in these precarious moments of the world."

E-MAIL: pagetwo@iht.com
TOMORROW: Nilanjana S. Roy on women and mobile phones in India.

IN OUR PAGES * 100, 75, 50 YEARS AGO

1912 Temporary Chairman Named

CHICAGO The temporary chairmanship of the Republican National Convention has been offered to Senator Root, of New York, who has accepted the post. It is understood that President Taft expressed a preference for Senator Root, who is one of his supporters in the campaign for the Presidential nomination. Mr. Taft is supported by a majority of the members of the Republican National Committee. As matters now stand, thirty-eight members are friendly to Mr. Taft, eight to Mr. Roosevelt and five are doubtful, with leanings toward the President. There are fifty-three members of the committee. The function of this body is always important, because it decides in advance who are to have seats when the convention is called to order. In other words, it makes up the temporary roll. The work is specially important this year, because at least one-third, and possibly one-half, of the delegates will be contested.

1937 London Urges Armistice

LONDON The British government has taken the first definite step to bring about a cessation of hostilities in Spain by proposing an armistice during which the foreign volunteers fighting on both sides might be withdrawn. The proposal was made to the principal powers represented on the Non-Intervention Commit-

tee in the form of a request for a joint appeal to Valencia and Burgos to suspend hostilities. The French and Belgian governments have already signified their acceptance, and Russia is believed to be quite willing to comply.

1962 Chinese May Get U.S. Aid

WASHINGTON The Kennedy administration is ready to offer emergency food assistance to soften the tragedy of the Western "Wall" erected in Hong Kong to hold back starving Chinese seeking freedom from hunger, it was learned today [May 21]. Secretary of State Dean Rusk, on instructions from the White House, has been in consultation with Congressional leaders and with Britain and other allies on what could be done to end the propaganda drubbing the free world is getting as the hungry refugees are forced to return. In Congress today, strong voices were raised urging President Kennedy to take prompt leadership on a worldwide basis to organize reaction to the situation created by Communist China's decision to let at least some of its starving citizens leave. Rep. Walter H. Judd, R., Minn., a specialist on Far East affairs, said that a number of key Congressmen and Senators were preparing a bi-partisan resolution that would propose essential steps for what he described as "massive free-world efforts to cope with the situation."

Greece, and history lessons

FLORENCE

Past currency unions offer sobering insight into Athens's prospects

BY KATRIN BENNHOLD

The decision to suspend Greece from the common currency became irrevocable when it emerged that Athens had fiddled with the accounts yet again amid chronic economic weakness, forfeiting what credibility in the international arena it still had left.

That was in 1908. After diluting the gold content in its coins, Greece left the Latin Monetary Union, whose founding members also included France, Italy, Belgium and Switzerland. More than a century later, history may repeat itself, albeit in vastly different circumstances.

From the dual currency economy of 14th-century Florence to the monetary union of Austria-Hungary and Argentina's abandoned dollar peg, the past is littered with examples of countries weighing the costs and benefits of different monetary regimes.

What can history teach us about the options still left for a euro zone pulled apart by divergence between a competitive core and an uncompetitive periphery; arguments about austerity versus stimulus; and the increasing gulf between those advocating to keep Greece inside the club at all costs and those lobbying for an exit?

If Greece makes it through the current political crisis and stays in the euro zone, one useful case study is Germany's reunification, which suggests that the adjustment could take decades, not years, and involve mass emigration, billions of euros more in fiscal transfers and the rise of fringe parties in Greece as well as in the countries that have to foot the bill.

Like the former East Germany, Greece suffers from a crippling competitiveness gap and is locked into the euro. East Germans were priced out of the labor market because the value of the Deutsche mark reflected Western, not Eastern, productivity levels. About 14,000 businesses were shut down and

"If Europe does for Greece and potentially other peripheral countries what West Germany did for East Germany, it will cost dearly."

four million jobs lost in the first five years after formal reunification, in 1990. Unemployment eventually peaked at more than 20 percent in 2005.

Since the fall of the Berlin Wall, in 1989, more than 2 million of the 16 million people living in the East have moved West. Long-term unemployment and wage depression bolstered xenophobic parties and the Left Party, which grew from the former East German Communist Party and hopes to reach the national government in 2013.

More than two decades later, living standards have converged, although they remain about 20 percent lower in the East with unemployment in the Eastern part at nearly twice the Western average.

And this was within one nation with the same language, perfect mobility and the fiscal transfers missing in the euro zone: German taxpayers financed more than €1.7 trillion, or about \$2.17 trillion, at current exchange rates, with the "solidarity surcharge" to pay for modernizing the former East Germany.

"If Europe does for Greece and potentially other peripheral countries what West Germany did for East Germany, it will cost dearly, politically and economically," a senior European diplomat said, speaking on the condition of anonymity because of the sensitivity of the issue.

But if it does not and Greece leaves the euro zone, the diplomat added, the cost could be even higher. Past break-ups of currency regimes led to messy transitions, often involving bank runs, capital flight, emigration and some measure of default.

When Austria-Hungary collapsed in 1918, after World War I, and with it a currency zone covering part of today's euro zone, the new governments of the region created national currencies by simply stamping the Austro-Hungarian kronen circulating in their country with a national marking. Armed troops patrolled the borders to stop people from ferrying kronen to the country they thought would have the strongest currency to get the most valuable stamp.

In 2012, much of the conversion back to Greek currency, the drachma, would happen electronically, during a banking holiday that would temporarily freeze online transfers out of the country, but the borders would still have to be sealed to prevent people from smuggling euros out of Greece after the devaluation has taken place, an awkward undertaking in postwar Europe. A substantial default on Greece's public and private debt would almost inevitably follow: the value of Greek liabilities would surge overnight as the revived currency would trade at an estimated 50 percent to 80 percent discount to the euro, economists say. The lesson from the United States'



EAST GERMANY In East Berlin on July 1, 1990, police officers tried to restrain a crowd at a bank at the start of currency union with West Germany.



ARGENTINA In Buenos Aires in April 2002, Argentines protested the compulsory exchange of dollars for pesos after the dollar peg ended.

leaving the gold standard in 1933 and from Argentina's abandoning its dollar-peg in 2001, said Nouriel Roubini, a professor of Economics at New York University. Greece's euro debts — public and private — would have to be "drachmatized."

After depreciating the dollar by 69 percent, the U.S. Congress voted to invalidate any promise to pay debt in a unit referenced in gold. Argentina "peso-fied" not just the government's dollar liabilities but also those of banks and companies, in effect decreeing a private sector default, without which much of the economy would have been bankrupted.

Another lesson from the Argentine case, said Simon Johnson, a professor of



GREECE In Athens revived the drachma, it would trade at an estimated 50 percent to 80 percent discount to the euro, economists say.

economists at the Massachusetts Institute of Technology, is that if you're planning to leave a currency regime do it sooner rather than later because the costs are likely going to rise.

"Argentina's case shows that years of austerity are pointless; they just destroy companies and create a political backlash," said Mr. Johnson, a former chief economist of the International Monetary Fund.

Argentine growth eventually bounced back helped by an increase in exports.

"Once you change the value of your currency, it's amazing what you can

sell," Mr. Johnson said, adding that even Greece, with no obvious competitive export industries, might surprise skeptics once devaluation had gone far enough. "Make them cheap enough and they will export."

The wild card, and this is where history offers virtually no guidance, said Barry Eichengreen, a professor of economics at the University of California, Berkeley, is that Europe's modern and interlinked financial system might buckle under the contagion of a Greek default.

"There is a very severe risk of banking collapse," said Mr. Eichengreen, who has been urging for an aggressive recapitalization of banks in the euro zone even if Greece stays.

One thing history does teach us is that whether Greece stays or goes, it will be costly, said Carmen M. Reinhart, a senior fellow at the Peterson Institute for International Economics. "Neither scenario is pretty," she said.

As Europe and the rest of the world search for clues as to whether Greece's future will be measured in euros or drachmas, the answer might be both, at least for a while, according to economic historians like Ms. Reinhart and Harold James of Princeton.

"A solution with a parallel currency that falls short of a complete exit is less radical and would inject a measure of flexibility into the system," said Mr. James, a professor of history and international affairs and one of a number of economic experts who debated the future of the euro zone at a conference in Florence organized by the European University Institute this month.

Dual currency regimes go back a long way; in 14th-century Florence, international trade was counted in florins, which were gold based, but domestic transactions took place in silver-based coins.

A more recent example is Panama, which like Greece is a big state employer and adopted the dollar as its currency in 1904. When four U.S. banks froze Panamanian government assets in 1988,

and refused to pay the annual payment for the Panama canal, effectively cutting off the dollar supply, Panama paid its civil servants in government checks that were divided up in small denominations, were accepted to pay taxes and soon circulated more widely as a quasi-currency at varying discounts.

In the year before Argentina's default, a handful such quasi-currencies could be found in different parts of the country, said Ms. Reinhart, Peterson Institute senior fellow. "This may well have begun in Greece," she said. "In Argentina it went on long before it was onto people's radar."

If there is no perfect historical precedent that shows the way out of the current crisis, one thing is shown time and time again: without a political union that allows for fiscal redistribution and a degree of economic convergence, currency unions tend to fail.

Some point to the United States as a blueprint for an overhauled euro zone. Key to the success of monetary union in the United States was an agreement negotiated by Alexander Hamilton, the first Treasury secretary, for the federal government to assume high levels of state debt in 1790, after the War of Independence, said Mr. James, the Princeton economic historian.

But the agreement came at a price: the common liability of Virginia, the most powerful state, was limited by a ceiling. "Perhaps this would be a way of persuading Germany of signing up to common European bonds," Mr. James said.

Others said the lack of economic convergence would inevitably lead to failure. The Soviet Union, rather than the United States, comes to mind when assessing Europe's hope of maintaining its single currency in the long term, said Mr. Johnson, the M.I.T. economics professor.

Long committed to maintaining a ruble zone among the Soviet republics, Russia's central bank eventually pulled the plug. "The lesson is, it's time to go your own way," Mr. Johnson said. "The euro has failed. It's over."