

# INTERNATIONAL Herald Tribune

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**Suddenly, flying high seems less important**

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## Afghanistan postpones presidential election

A wall of photographs of Afghan politicians and leaders in Kabul on Thursday. The election commission has decided to postpone voting from May to August, but the decision appeared to contradict the Afghan Constitution and raised doubts about the legitimacy of what could be President Hamid Karzai's last months in office. **Page 7**

Lynsey Addario for The New York Times

## Politics vs. ethnic allegiance in northern Iraq

### Elections to test Kurds and Arabs

By Ian Fisher

**MOSUL, Iraq:** The thud of the car bomb was familiar, if in this case close, rattling the windows and puffing out the drapes.

"This is our fate," Muhammad Shakir, the top candidate running here for the Iraqi Islamic Party, said after the boom passed, just a few days before the provincial elections here. "There is no politics when there is chaos and car bombing."

Around Iraq, which is largely quiet, the elections Saturday — considered crucial as the first widely contested balloting since the U.S. invasion in 2003

— will take place in something like normalcy. But in Mosul, the chief city in northern Iraq, long torn between Arabs and Kurds, the violence has not ended.

One civilian died in this car bombing. A day later another suicide bomber tried to ram into the Kurdish Democratic Party headquarters here, killing four Iraqi soldiers.

The provincial elections in Mosul, a last bastion of the Sunni and jihadi insurgency, will test whether a political system that more closely represents local ethnic and sectarian splits will be a first step toward stability. The issue is the same in places around Iraq where calm is still fragile: Can democracy trump violence?

There are some encouraging signs here in Mosul, even if many fear the elections are simply another means for

Arabs and Kurds to continue their bloody struggle over land, oil and sovereignty. Certainly there is no progress on the more threatening issue of Kirkuk, a city to the southeast so rich with oil and wracked by ethnic tension that elections there were postponed.

But politics are changing here. The last provincial elections, in 2005, were boycotted by most Arabs. As a result, Kurdish groups, who make up at most a third of the city, hold 31 out of 41 seats on the provincial council in Mosul and the surrounding province of Nineveh. The provinces have broad local authority to spend and govern.

Now, the council has 37 seats, and Arabs, represented by two main parties, are expected to win, a fact largely accepted by Kurds, which is one reason that the violence, while still much higher

than in most of Iraq, has not flared more. Even if it is too dangerous for candidates to shake hands in the streets, where wild dogs rove scouring rubble and garbage, 55 voter registration stations survived the campaign unscathed.

"People think these elections will be different," said Major General Hassan Kareem Khidir, commander of Iraqi Army operations in Nineveh. Outside his fortified office a plaque lists the names of 500 security officers killed since May. "The major factor in Nineveh is not security or military — it's political," he said.

But the full picture is clouded and more complex, a backdrop for the long-running tensions between Kurds and Arabs that many fear may intensify

IRAQ, Continued on Page 7

## U.S. stimulus plan raises global fears

### Borrowing binge could deny others access to credit

By Nelson D. Schwartz

**DAVOS, Switzerland:** As the U.S. Congress looks for ways to expand President Barack Obama's \$819 billion economic stimulus package, the rest of the world has an urgent message to convey: Tell us how you are going to pay for it without drowning the world in debt.

Few observers here at the World Economic Forum debate the need to restart America, the world's largest economy, with a package that could hit \$1 trillion over two years. But the long-term danger of increased borrowing by the U.S. government, and its potential to drive up inflation and interest rates around the world, seems to be getting more attention in Switzerland than in Washington. "We have a plan to get out of the fiscal problem," said Ernesto Zedillo, the former Mexican president who helped steer his country through a financial crisis of its own in 1994. "We, as developing countries, need to know we won't be crowded out of the capital markets, which is already happening."

Unlike other countries in a financial jam, Zedillo added, Washington has the option of simply printing more money, since the dollar is a reserve currency for the rest of the world. But over the long run that could force long-term interest rates higher and drive down the value of the dollar, undermining the unique benefits that come

with the U.S. currency's special status.

Until now, most of the fears about surging government debt have focused on borrowing by European countries like Spain, Greece and especially Britain, which is in the midst of its own huge bank bailout. That recently pushed the pound to a 23-year low against the dollar, and prompted some Londoners to wonder whether their city was turning into "Reykjavik-on-Thames" — an allusion to Iceland's financial meltdown.

While the dollar's status as refuge in a time of turmoil should prevent that kind of sell-off for now, one expert after another warned that if fundamental factors like the lack of U.S. savings and bloated budget deficits did not change, the dollar could also fall sharply in value.

"There aren't that many safe havens," said Alan Blinder, a Princeton University economist who is a former vice chairman of the U.S. Federal Reserve, explaining why the dollar's status as a reserve currency was unlikely to be threatened. "The value against other currencies that is vulnerable." "At some point, there may be so much Treasury debt that investors may start wondering if they are overloaded in dollar assets," he said.

While the focus in Washington has been on how much the stimulus pack-

DAVOS, Continued on Page 4

**COMPLEX CALCULATION** Some parts of the U.S. stimulus plan will help more quickly than others. **Page 15**

**SPARKS FLY** Israel's president said he saw hope for peace; the Turkish leader later walked offstage. **Page 4**

## Russia takes softer tone on missile deployment

By Judy Dempsey

**BERLIN:** Russia seems to be testing the ground for a shift in policy, which could emerge at the annual gathering in Munich on security policy that two years ago was the forum used by then-President Vladimir Putin

to take a much harsher tone with the West and announce Moscow's hard-nosed return as a force in international affairs.

But with the Russian economy reeling from the collapse in oil prices, Putin, now prime minister, was at the World Economic Forum in Davos, Switzerland, this week, sounding conciliatory.

According to a defense source cited by the Interfax news agency, Russia may even be reconsidering its threat to deploy new missiles near Kaliningrad in response to a U.S. antimissile system that would be based in Eastern Europe. That may be a trial balloon to see how the new U.S. administration and the Europeans will respond, particularly when governments on

both sides of the Atlantic are preoccupied with the global financial crisis rather than pouring billions into new defense systems.

Trial balloon or not, Russia's stance — and Putin's explicit offer at Davos of cooperation — will be welcomed by some West European governments, mullied over by President Barack Obama's administration and viewed with considerable suspicion by some East European countries.

"We would be very concerned if the Americans wanted to go it alone in conciliatory gestures with Russia," said Jiri Schneider, program director of the Prague Security Studies Institute. "There would be a lot of bad feeling here if that took place over our heads."

Poles are taking a more practical view. "You could argue that if the U.S. and Russia did really improve relations, then there might be less of a need for the missile defense system," said Alexander Smolar, director of the Stefan Batory Foundation on Warsaw.

RUSSIA, Continued on Page 7



**THE PASSPORT** was once given to, and taken away from, George W. Bush.



**THE KING** bore the name and title of Boleslav the Kind Hearted Forever.



**THE DRINK** of choice in the kingdom is 110-proof plum brandy.

Photographs by Milan Jaroš for the IHT

## A king dethroned in Europe

### A battle royal shakes up fairy-tale realm in Czech Republic

By Dan Bilefsky

**FRENSTAT, Czech Republic:** A political coup is shaking the Czech Republic after Boleslav the Kind Hearted Forever was ousted as King of Wallachia, a sleepy Moravian kingdom where locals drink homemade 110-proof plum brandy for breakfast and fact and fiction are easily confused.

More a state of mind than an actual state, the Kingdom of Wallachia is nestled in the northeast corner of the

Czech Republic, about 370 kilometers, or 230 miles, from Prague. The fictional kingdom was founded in 1997 by the itinerant photographer Tomas Harabis, its current foreign minister, as an elaborate practical joke.

But the ruse quickly captured the imagination of Czechs and became one of the country's most successful tourism enterprises.

In fact, Wallachia is a very real place, settled over many centuries by migrating Romanian shepherds called Vlachs.

Its most famous native son is Sigmund Freud, born here in the 19th century when Moravia was part of the Austrian Empire.

The kingdom has all the trappings of authentic statehood, including a currency called the Jurovalsar; a university with faculties of Distillery Science and Funeral Studies; consulates in the Arctic Circle and Togo; a Royal Wallachian Navy consisting of 40 wooden canoes; a bright yellow Communist-era limousine for use by visiting dignitaries and a burgundy passport covered with a picture of the Pagan God Rade-gast that Harabis said he has used to cross the border from Canada to Alaska.

"The Kingdom of Wallachia is a parody of Czech identity because nothing is holy for Czechs," Harabis, 37, the son of a former communist school teacher, explained recently. "Our history and reality is marked by depression, invasion and occupation, while fiction and fantasy let you do and be whatever you want."

But Harabis's bucolic fairy-tale land has become entangled in an all-too-real battle royal over who owns the fictional kingdom, which generates hundreds of thousands of euros in revenue each year.

WALLACHIA, Continued on Page 7

## Strikes across France hobble transportation

In the first major challenge to the policies of President Nicolas Sarkozy since he took office, hundreds of thousands of French workers — from both the public and private sector — hit the streets around France to protest high unemployment and a decline in spending power as the country struggles with a weakening economy. But Sarkozy can claim a partial victory since a minimum-service law kept Parisians moving. **Page 3**

## Pentagon resists pullout

Obama faces a difficult choice: Is he willing to abandon a campaign promise on Iraq or risk a rupture with the military? Or can he finesse the difference? **Page 6**

## A record loss at Ford

Ford, the only U.S. automaker to spurn billions of dollars in government loans, posted a \$14.6 billion loss for 2008 as the biggest sales slump in decades took its toll. **Page 14**

## Electronics firms falter

The turbulent global economy seems to be sparing no one as the biggest names in electronics, including Sony and Toshiba, reported miserable earnings. **Page 16**

## Shell posts quarterly loss

A record drop in oil prices contributed to a slump of \$2.8 billion for Royal Dutch Shell in the fourth quarter of 2008, its first quarterly loss in 10 years. **Page 14**

## Wall Street bonus feast

Despite crippling losses and multibillion-dollar bailouts, employees at financial companies in New York collected about \$18.4 billion in bonuses for last year. **Page 15**

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CURRENCIES	New York	Thursday, 2 p.m.	Previous
€1=	\$1.2959	\$1.3229	
£1=	\$1.4275	\$1.4301	
¥1=	¥89.565	¥89.790	
₹1=	₹115.15	₹115.1439	

OIL	New York, Thursday, 2 p.m.
Light sweet crude	\$41.22 ▼ \$0.89

STOCK INDEXES	Thursday
The Dow 2 p.m.	8,179.11 ▼ 2.34%
FTSE 100 close	4,190.10 ▼ 2.45%
Nikkei 225 close	8,251.24 ▲ 1.79%

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five former Blackwater guards pleaded not guilty this month in a court in Washington to manslaughter and gun charges in that shooting. A sixth is cooperating with the government.

The Iraqi government has labeled the guards "criminals" and is closely watching the case.

But even before the shooting, Blackwater had a reputation for aggressive operations and using excessive force in protecting U.S. officials, an allegation the company has disputed.

Neither Khalaf nor a U.S. Embassy official gave a date for Blackwater personnel to leave the country and neither said whether they would be allowed to continue guarding U.S. diplomats in the interim.

Robert Wood, a U.S. State Department spokesman, said it was considering the implications of the Iraqi decision. "We have to study and see what we're going to do next," he said. "We haven't made a decision on how we're going to move forward yet."

Anne Tyrrell, a spokeswoman for

Western security companies operate in Iraq.

Khalaf said Blackwater employees who have not been implicated in the 2007 shooting have the right to work in Iraq but must find a different employer. Two other U.S.-based security contractors working for the State Department — DynCorp and Triple Canopy — already had licenses to operate in Iraq, raising the prospect that current Blackwater contractors could simply move to one of those companies.

"We sent our decision to the U.S. Embassy last Friday," Khalaf said. "They have to find a new security company."

Farid Walid Hassoun, who was shot in the back as he hid behind a concrete barrier during the Blackwater shooting, said he had heard the news but did not understand why the company was still operating in Iraq.

"I saw children die in front of me," he said Thursday about the day of the shooting. "I am asking my government: You have decided, but where is the action?"

administration is less enthusiastic about missile defense than the Bush team," said Zdzislaw Lachowski, defense expert at the Stockholm International Peace Research Institute. If the Warsaw government "does not get missile defense, it will not be so concerned. It can live without it. What matters is that it obtains an air-defense system."

Tusk held talks with Putin on Thursday in Davos, where the main issue was not, unusually, missile defense but, after the recent Russian-Ukraine energy dispute and cutoff of gas supplies to Europe, energy security. "Missile defense is not Poland's No. 1 priority now. It is the economy and energy," said Lachowski.

It is a measure of how much the financial crisis has changed things. Less than three months ago, President Dmitri Medvedev of Russia, delivering his first state-of-the-nation address hours after Obama had been elected, threw down the gauntlet to the incoming administration.

Poland and the Czech Republic. It did not matter at the time that Russia had insufficient missiles to base in Kaliningrad.

"It was pure bluff, which Putin would use as a bargaining chip," said Schneider. "Now the Kremlin is using that bluff as if to show it is making concessions. The West should not fall for this and allow Russia to have a veto on what can or cannot be based on our territory."

Some West European countries with close ties to the Kremlin have opposed a U.S. military presence in Poland and the Czech Republic and would most likely welcome any Russian gesture to defuse tensions, even if they were largely started by the Kremlin in the first place.

Germany has claimed that the missile defense system would trigger a new arms race. That was a theme Putin took up in a startling speech to the 2007 Munich Security Conference, where, as the Russian president, he spoke of a new Cold War and the

clout generated by high energy prices. This partly explains why Warsaw and Prague sought a U.S. military presence — a security umbrella beyond the guarantees of either NATO or the EU.

Now, it is far from certain that Washington will pursue missile defense.

The Democrats generally have been less than enthusiastic about missile defense because of its expense and because the system has not yet been fully tested. Much depends on what the Russians say in Munich next week, where several high-ranking Americans will be listening, among them Vice President Joe Biden; the national security adviser, General James Jones; and the special representative to Pakistan and Afghanistan, Richard Holbrooke.

If the result is rapprochement between Washington and Moscow, it might give Obama's administration an elegant way out of the commitment to deploy interceptors in Poland and radar in the Czech Republic.

## A battle royal shakes up fairy-tale kingdom in Czech Republic

### WALLACHIA, From Page 1

The Kafka-esque dispute stretches back to Harabis's decision to crown Bolek Polivka, a classically trained clown and famed Czech actor, as King of Wallachia back in 1997. At the time, he seemed an ideal choice. Polivka had already crowned himself "Wallachian King, Boleslav I the Gracious Forever" on his popular television show.

Polivka quickly became the face of the kingdom, signing its passports and attracting thousands of visitors. His official coronation, in the Wallachian town of Vsetin in 2000, was televised nationally and attended by 5,000 guests. Soldiers in traditional pointy shepherd hats fired cannons as the king inspected his subjects from a horse.

But in 2001, the fight for control exploded. Harabis alleges that Polivka began to open Wallachian consulates without his permission and demanded one million Czech koruny to remain king. Harabis toppled Polivka as king, eventually installing a local construction worker as the new monarch.

In 2002, Polivka responded by going to court over who owned the kingdom's

trademark. The case became front-page news across the country. Finally, in October, a Czech court ruled that Polivka had no right to profit from any association with the kingdom.

"The whole thing was meant to be a joke, but Polivka began to believe that he really was a king," Harabis said.

Polivka retorted in an interview that it was Harabis who allowed business interests to blunt his sense of humor. And even if he was officially deposed as monarch, he noted that 23 of 28 municipalities across the kingdom still regard him as the rightful "King Boleslav the First, Good and Forever."

"There is an air force loyal to me, a royal guard; we even have a Trabant tank division," he said.

In fact, the Royal Air Force consists of five Cessnas, emblazoned with Wallachian crests showing an emaciated chicken falling through the sky.

Sociologists say the Kingdom of Wallachia reflects a distinct Czech attraction to black humor and fantasy developed as a national defense mechanism during centuries of foreign rule and decades of Communism. One national hero is Jara Cimrman, who Czechs proudly boast

was the first man to have reached the North Pole, to propose the Panama Canal and to have invented yogurt and the Internet. Cimrman was, in fact, invented by two journalists for a radio program broadcast in 1966.

The kingdom has a commercial side. Its Faculty of Distillery Science offers tastings of slivovice, or plum brandy, for corporate clients while its biggest source of revenue is the Wallachian passport, which costs €6, or about \$8. At last count, there were nearly 90,000 citizens of the make-believe nation, once including former President George W. Bush, who was given a Wallachian passport some years ago by a Czech living in Texas. (Bush's citizenship was revoked in 2003 after the United States invaded Iraq.)

But when a Pakistani recently demanded political asylum, Harabis said he had to explain that Wallachia was not a real country. The Wallachian passport now warns: "This passport is not yet an official document of the Czech Republic."

"A lot of people think we are a new country like Kosovo and that we have seceded from the Czech Republic," Harabis explained.



Milan Jaros for the IHT

**Tomas Harabis, an itinerant photographer who founded the Kingdom of Wallachia and is its foreign minister.**

Before starting the kingdom, Harabis spent a year doing research in the local museum to delineate its borders and traditions. There are popular Wallachian sayings ("Never take advice from

fools and never stroke a dog from its tail to its head") and a Wallachian dialect. Wallachians also claim to have invented hockey, proudly noting the precise similarity in size between a hockey puck and the droppings of Wallachian sheep.

Olin Kutac, 50, the manically jovial prime minister of the kingdom, whose day job is running a mountain-top restaurant, said holding the office in the concocted country brought certain privileges. His restaurant is plastered with photographs of him with dignitaries ranging from President Vaclav Klaus (a citizen) to the soccer player Ronaldo.

Kutac, who attends matches dressed in a traditional Wallachian leather vest, recalled that he recently met Helmut Kohl at a soccer game in Manchester, England. When he introduced himself as prime minister of the Kingdom of Wallachia, Kohl responded: "I am the former chancellor of Germany."

While the kingdom has spurred a legal battle of kingly proportions, most locals don't take it too seriously. "The Kingdom of Wallachia is a joke," said Petr Jerabek, 25, owner of a local pub. "It is just a good way to make some money."

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