



International New York Times

TUESDAY, FEBRUARY 18, 2014

Hollande tries to lure businesses to France

PARIS

Pledging fiscal stability, president tells executives that country is changing

BY LIZ ALDERMAN

President François Hollande has begun a major charm offensive to convince the world that France is open for business in a bid to lure investments, which have slumped since he took office.

Armed with pledges not to be overly taxing, he gathered nearly 40 chiefs of some of the world's biggest multinational companies and investment funds on Monday at the Élysée Palace and told them that their money was not only welcome — it was sorely needed.

Mr. Hollande reiterated his pledge from last month to reduce by 30 billion euros, or \$41 billion, the social charges that companies pay on their employees. But he went further on Monday, announcing plans to stabilize corporate taxes, simplify customs procedures for imports and exports and introduce a tax break for foreign start-ups.

"I know that France is seen as a more complicated country than others," Mr. Hollande told the leaders of General Electric, Volvo, Nestlé, Mars and others, as well as representatives of BlackRock and the sovereign investment funds of China, Qatar and Kuwait. The message, he added, is that "we aren't afraid of opening ourselves up to the world."

Whether he can deliver those needed investments while burnishing an image tarnished by issues ranging from high taxes to employees holding bosses temporarily captive in labor disputes remains to be seen. He has unsettled investors by hewing to a populist agenda, including proposing a now-watered-down plan to impose a 75 percent tax on the wealthy and threats to nationalize companies to protect jobs.

Despite his new business-friendly promises, he still faces the hurdle of getting policy changes enacted into law



PHILIPPE WOJAZER/REUTERS
President François Hollande at the Élysée Palace in Paris on Monday.

over opposition from his fellow Socialists and other left-leaning politicians, who have successfully cowed him into retreat in the past. He must also persuade investors and multinational companies that France really is determined to change, after years of employers' judging France to be an expensive and inflexible place to do business.

France "has everything it needs to succeed," Ernst Lemberger, an Austrian industrial investor who participated in the Monday meeting, said. "But still it's been behind neighboring countries in taking the necessary economic reforms."

The stakes have never been higher for Mr. Hollande, whose popularity ratings continue to slump, after an enjoying brief French-style bump after media reports that he was having a secret affair with an actress. On Sunday, a poll released by IFOP and the French newspaper Journal du Dimanche showed that 79 percent of people polled disapproved of his performance.

Unlike in Italy, where Prime Minister Enrico Letta was forced to resign last week after the leader of his Democratic party, Matteo Renzi, accused Mr. Letta of failing to take action to improve the economy, Mr. Hollande is not yet in FRANCE, PAGE 16



ANGELOS TZORTZINIS FOR THE NEW YORK TIMES
Cash flows back to Cyprus A store owner in Nicosia. A year after its bailout, the Cypriot banking sector is half its former size, and a severe reduction in lending has forced many businesses to close. But one rebounding industry is the incorporation of foreign firms, as investors seeking tax havens rush back in. PAGE 15

Big spender puts climate issue to voters

Billionaire seeks to build pressure on lawmakers in select U.S. elections

BY NICHOLAS CONFESSORE

A billionaire retired investor is forging plans to spend as much as \$100 million during the 2014 elections in the United States, seeking to pressure federal and state officials to enact climate-change measures through a hard-edged campaign of attack ads against governors and lawmakers.

The donor, Tom Steyer, a Democrat

who founded one of the world's most successful hedge funds, burst onto the national political scene during last year's elections, when he spent \$11 million to help elect Terry McAuliffe governor of Virginia and millions more in a Democratic congressional primary in Massachusetts. Now he is rallying other deep-pocketed donors in seeking to build a war chest that would make his political organization, NextGen Climate Action, among the largest outside groups in the country, similar in scale to the conservative political network overseen by Charles and David Koch.

A little more than a week ago, Mr. Steyer gathered two dozen of the coun-

try's leading liberal donors and environmental philanthropists to his 1,800-acre ranch in Pescadero, Calif., which markets sustainable grass-fed beef, to ask them to join his efforts. People involved in the weekend discussions say Mr. Steyer is seeking to raise \$50 million from other donors to match \$50 million of his own.

The money would move through Mr. Steyer's fast-growing, San Francisco-based political apparatus into select

WARMING-DROUGHT LINK IS TENUOUS Some officials have tied climate change to the drought crisis in California, but the proof remains elusive. PAGE 5

2014 races. Targets include the gubernatorial election in Florida, where the incumbent, Gov. Rick Scott, has said he does not believe that the science behind man-made climate change has been established. Mr. Steyer's group is also looking at the Senate race in Iowa, in the hopes that a high-profile victory for the Democratic candidate, Bruce Braley, an outspoken voice on climate issues, could help shape the 2016 presidential nominating contests. Other states, where officials are pushing to enact local or regional initiatives to reduce greenhouse gases, are also under consideration. STEYER, PAGE 4

In Britain, a battle to save endangered species: Pubs

LONDON

Watering holes defined as community assets get degree of legal protection

BY DANNY HAKIM

One by one, the pubs are disappearing in Hampstead, a jewel-box village of cobbled lanes and Georgian homes that has become one of this city's most fashionable neighborhoods. The Nags Head has become a realty office. The King of Bohemia is now a clothing shop. The Hare & Hounds has been replaced with an apartment building.

Changing economics and shifting tastes have claimed roughly one out of every five pubs during the past two decades in Britain, and things are growing worse. Since the 2008 financial crisis, 7,000 have shut, leaving some small communities confronting the unthinkable: life without a local, as pubs are known.

And that has spurred the government into action. New legislation is letting people petition to have a pub designated an "asset of community value," a status that provides a degree of protection from demolition and helps community groups buy pubs themselves, rather than seeing them get snatched up by

real estate developers eager to convert them for other uses or tear them down. Since the Ivy House, a beloved local in South London, became the first to receive the designation last year, roughly 300 others have followed suit.

"The pub, we like to think, is relatively internationally unique, it's a very traditional thing," said Brandon Lewis, the Conservative member of Parliament who is the community pubs minister, an office that underscores the special place pubs occupy in British life. "In many communities they are really important, not just because it's where people come together, but it will be the focal point for fund-raising for the community, for the local football club, for the dance class, for the moms' coffee morning."

Still, the traditional pub is being squeezed as never before, even after George Osborne, chancellor of the Exchequer, reversed course last March and reduced the tax paid on every pint of beer, by a penny. Antismoking laws are keeping smokers away. Cut-price beer for sale at supermarkets is eating into business. In London, the upward spiral of real estate prices has made pubs attractive targets for developers.

And then there is a cultural shift on this isle of bitter, porter and stout: People in Britain are drinking about 23 percent less beer than a decade ago, according to the British Beer and Soft Drink Association. BRITAIN, PAGE 16

SOCHI OLYMPICS



IVAN SEKRETAREV/ASSOCIATED PRESS
A golden routine Skating to the music from "Sheherazade," Meryl Davis and Charlie White of the United States won the gold medal in ice dancing on Monday in Sochi, Russia. Find the latest news and results from the Winter Games at sochi2014.nytimes.com

SOME ATHLETES HOLD OUT THE TIN CUP You may make the Olympic squad, but that doesn't mean your travel and expenses will be paid. PAGE 13

MAD DASH FOR SALT AVERTS CRISIS Soft snow threatened Alpine events, but the quick purchase of 24 tons of a salt rare in Russia saved the day. PAGE 12

DON'T BLINK AS THE ACTION WHIZZES BY In sports in which races are decided by thousandths of a second, how can fans possibly know when to cheer? PAGE 13

CURRENCIES NEW YORK, MONDAY 12:30PM

▲ Euro	€1=	\$1.3710	\$1.3690
▼ Pound	£1=	\$1.6700	\$1.6740
▼ Yen	¥1=	¥101.870	¥101.770
▲ S. Franc	₣1=	SFO.8920	SFO.8930

Full currency rates Page 18

STOCK INDEXES MONDAY

— The Dow	16,154.39	closed
▲ FTSE 100 close	6,736.00	+1.09%
▲ Nikkei 225 close	14,393.11	+0.56%

OIL NEW YORK, MONDAY 12:30PM

▲ Light sweet crude	\$100.80	+\$0.76
---------------------	----------	---------

INSIDE TODAY'S PAPER

E-cigarette ads on British TV Television ads for the Vype electronic cigarette begin Monday in Britain, made possible by a loophole in the advertising code written years before e-cigarettes came into widespread use. BUSINESS, 15

Crossing state lines for higher wage A rolling borderland in the American West provides a test tube of sorts for observing how the minimum wage works in daily life. BUSINESS, 18

A tug of war in Ukraine As Germany rolled out a high-level reception for the two main leaders of Ukraine's opposition, Russia made a countermove with a financial gesture of support for the Yanukovich government. WORLD NEWS, 3

A test Europe's banks mustn't fail The E.C.B. should keep in mind lessons from Japan and the United States about how to properly use stress tests to stabilize its banks, Francesco Giavazzi and Anil K. Kashyap write. OPINION, 8

ONLINE AT INYT.COM

Obama's balancing act on trade Whether President Obama can keep trade expansion on track while juggling competing priorities is a big question mark over his economic and foreign policy agenda. nytimes.com/us

New embrace of magnet schools Magnet schools with specialized themes are becoming newly popular in the United States as alternatives to traditional urban schools. nytimes.com/us

A receptive audience for Abbas Mahmoud Abbas, the president of the Palestinian Authority, struck a conciliatory tone during a well-publicized meeting in the West Bank with students and youth leaders from Israel. nytimes.com/middleeast

China's double-edged film success With Chinese films winning prizes at the Berlinale, differences were highlighted between the filmmakers' artistry and the state's less realistic visions of culture. sinosphere.blog.nytimes.com

NEWSSTAND PRICES

Andromeda 3.00	Bulgaria 2.35	Demokrat 2.25	Global 1.35
Arctic 3.00	Canada 2.50	Euro 2.50	Harvest 1.35
Asahi 3.00	China 2.50	France 2.50	Italy 1.35
Bahar 1.20	Colombia 1.85	Germany 2.50	Japan 1.35
Belmont 1.50	Czech 1.50	Greece 2.50	Kenya 1.35
Boston 1.50	Denmark 2.50	Hong Kong 2.50	Latvia 1.35
Brazil 1.50	Egypt 2.50	India 2.50	Lithuania 1.35
Buenos Aires 1.50	Finland 2.50	Indonesia 2.50	Malaysia 1.35
Canada 2.50	France 2.50	Israel 2.50	Norway 1.35
Caribbean 2.50	Germany 2.50	Italy 1.35	Poland 1.35
Central America 2.50	Greece 2.50	Japan 1.35	Portugal 1.35
China 2.50	Hong Kong 2.50	Kenya 1.35	Romania 1.35
Colombia 1.85	India 2.50	Latvia 1.35	Saudi Arabia 1.35
Czech 1.50	Indonesia 2.50	Lithuania 1.35	Senegal 1.35
Denmark 2.50	Israel 2.50	Malaysia 1.35	Singapore 1.35
Egypt 2.50	Italy 1.35	Norway 1.35	Slovakia 1.35
Finland 2.50	Japan 1.35	Poland 1.35	Slovenia 1.35
France 2.50	Kenya 1.35	Portugal 1.35	Spain 1.35
Germany 2.50	Latvia 1.35	Romania 1.35	Sweden 1.35
Greece 2.50	Lithuania 1.35	Saudi Arabia 1.35	Switzerland 1.35
Hong Kong 2.50	Malaysia 1.35	Senegal 1.35	Taiwan 1.35
India 2.50	Norway 1.35	Singapore 1.35	Tanzania 1.35
Indonesia 2.50	Poland 1.35	Slovakia 1.35	Turkey 1.35
Israel 2.50	Portugal 1.35	Slovenia 1.35	Ukraine 1.35
Italy 1.35	Romania 1.35	Spain 1.35	United Arab Emirates 1.35
Japan 1.35	Saudi Arabia 1.35	Sweden 1.35	United Kingdom 1.35
Kenya 1.35	Senegal 1.35	Switzerland 1.35	USA 1.35
Latvia 1.35	Singapore 1.35	Taiwan 1.35	USA 1.35
Lithuania 1.35	Slovakia 1.35	Tanzania 1.35	USA 1.35
Malaysia 1.35	Slovenia 1.35	Turkey 1.35	USA 1.35
Norway 1.35	Spain 1.35	Ukraine 1.35	USA 1.35
Poland 1.35	Sweden 1.35	United Arab Emirates 1.35	USA 1.35
Portugal 1.35	Switzerland 1.35	United Kingdom 1.35	USA 1.35
Romania 1.35	Taiwan 1.35	USA 1.35	USA 1.35
Saudi Arabia 1.35	Tanzania 1.35	USA 1.35	USA 1.35
Senegal 1.35	Turkey 1.35	USA 1.35	USA 1.35
Singapore 1.35	Ukraine 1.35	USA 1.35	USA 1.35
Slovakia 1.35	United Arab Emirates 1.35	USA 1.35	USA 1.35
Slovenia 1.35	United Kingdom 1.35	USA 1.35	USA 1.35
Spain 1.35	USA 1.35	USA 1.35	USA 1.35
Sweden 1.35	USA 1.35	USA 1.35	USA 1.35
Switzerland 1.35	USA 1.35	USA 1.35	USA 1.35
Taiwan 1.35	USA 1.35	USA 1.35	USA 1.35
Tanzania 1.35	USA 1.35	USA 1.35	USA 1.35
Turkey 1.35	USA 1.35	USA 1.35	USA 1.35
Ukraine 1.35	USA 1.35	USA 1.35	USA 1.35
United Arab Emirates 1.35	USA 1.35	USA 1.35	USA 1.35
United Kingdom 1.35	USA 1.35	USA 1.35	USA 1.35
USA 1.35	USA 1.35	USA 1.35	USA 1.35

IN THIS ISSUE

No. 40,725

Business 15

Crossword 14

Culture 10

Opinion 8

Sports 12

Style 6

TURKEY, FROM PAGE 1

cases a "plot against their own country's national army," which is now being replicated in the corruption investigation against the government. A government watchdog has issued a report that determined some of the evidence against the military was fabricated.

More remarkably, one of the judges involved in the trials has said that he never read all the indictments, and that if he had, he would not have accepted them as legitimate. "I would have rejected the indictment for many reasons now," he said in an interview with the news website T24.

The government has pushed to shut down the "special courts" in which the officers were tried. Variations of the courts, set up under anti-terrorism laws, have been in place in Turkey since the 1970s. They operate under special rules that allow secret witnesses and wiretaps that would not be admissible in regular courts. That makes them vulnerable to manipulation for political ends, legal experts say.

"The courts are specially designed for the government to use judicial forces against opponents," said Metin Fezioglu, the head of Turkey's bar association. "They managed to get the military out of politics," but "that was not the right way to do it."

The reassessment of the evidence that supported the military trials is putting new light on what has been hailed, here and abroad, as Mr. Erdogan's most important legacy: securing civilian control over the military. How it was done, however, is now increasingly viewed as an act of revenge by Turkey's Islamists against their former oppressors in the military, once the guardians of the secular tradition laid down by Mustafa Kemal Ataturk, the founder of modern Turkey.

After rising to power in 2002, the Islamists were always on guard for conspiracies against them, and for good reason, as the military had carried out three coups in the prior century. With that history in mind, the Islamists were determined to diminish the military's political role.

In 2005, years before the trials, a man affiliated with the Gulen movement approached Eric Edelman, then the American ambassador, at a party in Istanbul and handed him an envelope that contained a handwritten document that supposedly laid out an imminent coup plan. But as Mr. Edelman recounted, he gave the documents to his colleagues and



Prime Minister Recep Tayyip Erdogan is fighting a sweeping corruption investigation that is focused on him and his inner circle.

they were determined to be forgeries.

For the officers in prison, and their families and lawyers, the turn of events has created the possibility of new trials and, ultimately, perhaps, exoneration. But they are cautious, saying that they do not fully trust Mr. Erdogan, and that he was complicit all along, having embraced the trials as key to his legacy.

"At the end of the day, this is an opportunity for us," said Nil Kuduk, the daughter of a navy admiral who is in prison. "Don't get me wrong: I don't think that the corruption allegations should be covered up. But personally there is nothing more important for me than my father and other innocent people getting out as soon as possible. We are talking about people in their 60s who are losing days of their lives behind bars."

On a recent afternoon, stacks of red, blue and green binders that detail some of this questionable evidence were piled high on a conference table in the office of Celal Ulgen, a lawyer who represents several of those convicted in the military trials, including Cetin Dogan, a former army general who was said to be the ringleader of the coup plot.

"I don't have hope," he said. "I'm just doing my job. Every time I've done this in the past, it's been like playing a game of table tennis against the wall. It just keeps coming back."

Mr. Ulgen said he would submit the binders to a court in Istanbul as part of a new effort to gain retrials for his clients, and hundreds of others.

The sprawling investigations and court cases against the military officers

and other members of Turkey's old secular elite were largely divided in two. One was called Sledgehammer, a reference to the code name of the supposed coup plot, while the other was called Ergenekon, named for a shadowy "deep state" organization that carried out conspiracies in the name of protecting secularism.

Jared Genser, a human rights lawyer in Washington who has taken on the military defendants' case on a pro bono basis, and whose filing to the United Nations resulted in a determination that the officers were being detained in violation of international law, said that "in the case of Sledgehammer, both the Gulenists and the A.K.P. were on the same page. Of course, Erdogan knew about it and was complicit."

Moreover, the trials came to define Mr.

Erdogan's power, and what many critics regard as his recent authoritarian turn.

"These cases, Ergenekon and Sledgehammer, are the two pillars of Erdogan's now autocratic system," said Selim Yavuz, a lawyer who represents his father, a former army general imprisoned for conviction in Sledgehammer. "People saw if he could do this to the army, he could do it to anyone. Now he is seen as the almighty."

In moving now to discredit some of the evidence, Mr. Erdogan's government is walking a tightrope, clinging to its record of democratization and removing the military from politics, while putting distance between itself and the tactics employed to do so. Whether the corruption charges are justified or not — there has been plenty of leaked evidence, especially wiretapped conversations, that appears incriminating — the corruption inquiry has laid bare the influence of the Gulen movement within the Turkish state, something that had largely been suspected but difficult to prove.

When the corruption investigation went public, Gareth Jenkins, a longtime

"If he could do this to the army, he could do it to anyone."

writer and analyst in Turkey, said he noticed several similarities in tactics to the investigation of the military, and ticked them off: the same prosecutors; the use of simultaneous dawn raids on the homes and offices of suspects; an immediate defamation campaign in the Gulen-affiliated media; and the leaks of wiretapped conversations.

"As soon as you saw these characteristics you thought, This is the same group of people doing it," Mr. Jenkins said.

Dani Rodrik, an economist at Princeton and a son-in-law of Mr. Dogan, the jailed general, wrote a book on the case with his wife that detailed many of the inconsistencies in the trial evidence. He said the cases would inevitably force a reassessment of Mr. Erdogan's record, even as he now sees Mr. Erdogan as the lesser of two evils and believes, now that the government has disavowed the cases, that the convictions will ultimately be reversed. "They substantially weakened the military politically and empowered a mafia within the state," Mr. Rodrik said. "That's their record."

Ceylan Yeginsu and Sebnem Arsu contributed reporting