

ARTS & LETTERS

canaille—the underworld, the condemned.

Hugo returned from exile as “the incarnation of the Republic”; his birthday became a day of national celebration, and the Parisian street on which he lived was named for him. In 1985, on the centennial of his death, French politicians of both the Right and Left claimed Hugo as their champion. The National Assembly president, a socialist, declared that Hugo “is and will remain part of the Left.” Conservative politician Jacques Chirac, now France’s premier, countered that Hugo “could have been a Gaullist” because of his belief in “the greatness of France.” Indeed, Winegarten observes, Hugo’s shifting political positions allow him to “be claimed by almost all as a genuine part of their mythic patrimony.”

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“New Zealand’s Economy: Learning to Fly” in *The Economist* (Nov. 21, 1987), 25 St. James St., London SW1A 1HG, United Kingdom.

New Zealand’s economy has been failing ever since 1950, when the British Empire began to recede. But the market-oriented policies of Labour Prime Minister David Lange, argues a staff-written *Economist* report, may be halting New Zealand’s long economic decline.

During the early 1980s, New Zealand was “one of the most regulated and distorted economies outside the communist block.” National Party Prime Minister Robert Muldoon attempted to bolster domestic industries through massive subsidies to farmers, energy producers, and steel manufacturers. As inflation rose, Muldoon imposed wage and price controls, dampening the economy further. When Muldoon’s regime fell in July 1984, New Zealand’s foreign debt exceeded Brazil’s on a per capita basis.

The Labour Party took drastic steps to bring the New Zealand economy back to health. Finance Minister Roger Douglas combined tight-money policies with deregulation. Wage, price, and credit controls, interest-rate ceilings, and foreign-exchange restrictions were abolished. The maximum rate of income tax was reduced from 66 percent to 48 percent.

In April 1987, nine state-owned agencies (whose earnings represent 12.5 percent of New Zealand’s gross domestic product) were “corporatized”—transformed into firms designed to be run like businesses instead of bureaucracies. The new corporations (including the post office, the electricity monopoly, and Air New Zealand) have made dramatic changes. Both the Forestry Corp. and the Coal Corp. have reduced their staffs by two-thirds, yet coal production has increased by 10-20 percent and the Forestry Corp. expects to turn a loss of \$45.5 million in 1986 into a profit of \$19.5 million in 1987.

Many regulatory burdens still exist. While some tariffs have been reduced, they remain extremely high, averaging between 30 and 40 percent on manufactured goods. Union membership is still mandatory, and centralized bargaining means wages cannot respond to changes in the demand for

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different skills and products. Economic difficulties persist: Prices have risen by 54 percent since 1984, compared to nine percent in the U.S. during the same period. Even so, three years of "Rogernomics" have restored "a sense of national pride" to New Zealand. Thanks to deregulation, businessmen "raised to side-step and dummy their way around government controls... now believe they can take on the world."

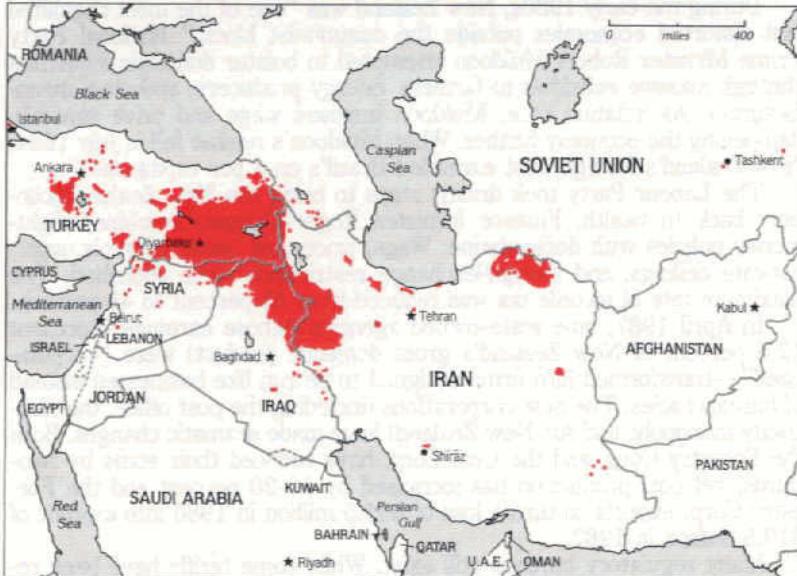
The Kurdish Way

"Sons of Devils" by Robert D. Kaplan, in *The Atlantic Monthly* (Nov. 1987), 8 Arlington St., Boston, Mass. 02116.

For 4000 years the Kurds, highland warriors with a deeply ingrained taste for the spoils of conflict, have inhabited the Taurus Mountains of the Middle East between the Tigris River and Lake Van. Today some 16 million Kurds are loyal to "Kurdistan," a territory larger than California, spread over parts of Turkey, Iran, Iraq, Syria, and the Soviet Union.

"Lacking a state of their own," writes Kaplan, a foreign correspondent, "the Kurds thrive when all the existing states are in turmoil."

Since World War II, Kurdish guerrillas, called *pesh mergas* ("those who are prepared to die"), have contributed to the Middle East's turmoil by waging war against Iraq, Iran, and Turkey. The Kurds have become allies of convenience, acquiring arms from other countries in return for advancing their interests. In 1974, for example, the United States, Israel,



The Kurdish population (shown in red) is highest in Turkey, Iran, and Iraq, but Kurds also inhabit areas of the Soviet Union and Syria.