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Journalists Fight Zimbabwe's Media Law

Harare, Zimbabwe - Journalists working for foreign media in Zimbabwe have gone to the country's highest court to challenge a new media law which critics say curtails press freedom, their lawyer said on Wednesday. Beatrice Mtetwa, a lawyer for the Foreign Correspondents Association of Zimbabwe, submitted papers to the Supreme Court on Tuesday contesting the constitutionality of some sections of the Access to Information and Protection of Privacy Act. The Act imposes heavy fines and jail terms of up to two years for "abuse of journalistic privilege" such as publishing "falsehoods." Eight local and foreign journalists have been charged under the "abuse of journalistic privilege" clause since President Robert Mugabe enacted the media law shortly after winning a controversial presidential election in mid-March. Mtetwa said three affidavits signed by American Andrew Meldrum, a permanent resident in Zimbabwe, and Zimbabweans Jan Raath and Peta Thornycroft, had been filed asking the court to declare as unconstitutional sections on the registration of media houses and licensing of journalists. Thornycroft writes for Britain's Daily Telegraph while Meldrum is a correspondent of Britain's Guardian newspaper. Both have been arrested under the new law in the last two months. Raath is a correspondent for the London Times newspaper, the South African Press Association (SAPA) and the German news agency DPA. Penalizing internationals - The appeal also challenges clauses that bar foreigners from working in Zimbabwe as correspondents, and require journalists to be accredited by a government-appointed media commission. "Even journalists who are citizens or permanent residents of Zimbabwe and are qualified are not entitled to accreditation as a matter of right," Raath said in his affidavit. "The commission has an unfettered discretion as to whether or not to grant accreditation to journalists falling into that category," he added. The Zimbabwe Union of Journalists and the Zimbabwe chapter of the Media Institute of Southern Africa (MISA) have also threatened to challenge the law in court. The media bill was rushed through parliament ahead of the March presidential poll, which the opposition and some Western countries say Mugabe won fraudulently. Mugabe's ruling ZANU-PF insists the poll was free and fair, and it has rejected opposition demands for a fresh vote. A parliamentary legal team initially condemned the media bill, saying it threatened free speech and gave the government "frightening powers" to control the press. But the three-member legal committee, which is dominated by ZANU-PF, later endorsed the bill after some amendments seen as minor by critics of the legislation. Copyright 2002 [Reuters](#). All rights reserved.

From CNN, 9 May 2002

South Africa's Mbeki Touts Dedication to AIDS Fight

Molde, Norway - South African President Thabo Mbeki said Sunday that his government was doing its utmost to fight AIDS, but conceded he may have failed to communicate his commitment fully to his critics. Mbeki, at a meeting with the five Nordic prime ministers in Norway, also won backing for a fledgling African development plan stressing continent-wide efforts to eradicate poverty by promoting democracy and economic growth and attacking diseases like AIDS. "A lot is being done in South Africa [to combat AIDS], and we will continue to respond properly and adequately to this challenge," he told a news conference after talks in the western port of Molde. Mbeki, who defied medical experts by questioning the link between HIV and AIDS and blocked wide access to crucial drugs, admitted he may have done too little to convince critics of his determination to eradicate the disease that afflicts one in nine South Africans. "It might well be that the South African government didn't communicate adequately ... but South Africa's (AIDS) program is the biggest in Africa and one of the biggest in the world," he said. Doctors and activists fighting AIDS have slammed Mbeki for his controversial views on AIDS, particularly since South Africa has more HIV/AIDS sufferers than any other country in the world. Last month, however, the government changed its policy by saying it would act on the premise that the human immunodeficiency virus, or HIV, causes AIDS. Nordic ministers also promised full backing for the goals of the so-called New Partnership for Africa's Development (NEPAD), a continent-wide initiative launched last year to attack poverty and bolster economic growth. "The participants agreed that peace and stable democracy are preconditions for development," the leaders of Sweden, Denmark, Finland, Norway and Iceland said in a joint statement. South Africa, Egypt, Senegal, Nigeria and Algeria are among the main promoters of NEPAD. Copyright 2002 [Reuters](#). All rights reserved.

From CNN, 12 May 2002

Zimbabwe Court Says Media Law Challenge Not Urgent

Zimbabwe's Supreme Court has ruled that a case brought by journalists challenging a controversial media law did not need to be heard urgently, their lawyer said on Friday. The court found that the challenge, which was filed last week by journalists working for foreign organisations in the southern African country, had failed to demonstrate that it deserved a special hearing. Beatrice Mtetwa, a

lawyer for the Zimbabwe Foreign Correspondents Association, said the Registrar of the Supreme Court had written a letter informing her that the case would be handled through the normal procedure. Unless a case has been accepted as urgent by the court, matters in the Supreme Court normally take months and sometimes up to a year before they can be heard. Eleven journalists have been arrested for alleged "abuse of journalistic privilege" under the new media law which critics say severely curtails press freedom. President Robert Mugabe signed the measures into law days after his controversial re-election in March. Three journalists - American Andrew Meldrum, a permanent resident in Zimbabwe who writes for Britain's Guardian newspaper, and Zimbabweans Jan Raath and Peta Thornycroft - went to court with a case sponsored by foreign correspondents arguing that their rights were in danger. Raath is a correspondent for Britain's Times Group of Newspapers, South African Press Association (SAPA) and German news agency DPA, while Thornycroft writes for Britain's Daily Telegraph. The journalists are contesting the constitutionality of some sections of the Access to Information and Protection of Privacy Act, which lays down heavy fines and jail terms of up to two years for crimes such as publishing "falsehoods." The journalists have asked the Supreme Court to declare as unconstitutional sections of the Act which require registration of media houses and licensing of journalists. The appeal also challenges clauses barring foreigners from working in Zimbabwe as journalists and from practising without accreditation from a government-appointed media commission, on the grounds this interferes with the right to free expression. Zimbabwe's official Herald newspaper reported on Friday that Information Minister Jonathan Moyo had opposed the journalists' urgent application, saying their rights were not in immediate danger. Three journalists were arrested on Thursday for publishing two allegedly false stories, including accusations that some policemen were demanding sex from prostitutes caught soliciting on the streets. The media bill was rushed through parliament ahead of the March presidential poll, which Mugabe's critics say he rigged to extend his hold on power which he has held since independence from Britain in 1980.

From MSNBC, 17 May 2002

South Africa Set for Controversial New Immigration Law

Cape Town, South African Home Affairs Minister Mangosuthu Buthelezi presented a controversial new immigration bill to parliament on Friday intended to reverse the affects of the country's post-apartheid brain-drain. But an emotional Buthelezi said the new legislation was deeply flawed and he was only submitting it to meet a deadline set by the Constitutional Court. Businesses have been pressing for a new immigration law to speed up recruitment of foreign professionals to fill gaps left by an exodus of thousands of skilled workers since the mid 1980s. But Buthelezi warned that last minute changes made by the African National Congress (ANC) would prevent his department breaking a work permit logjam which many business leaders cite as an obstacle to economic growth. Buthelezi, whose department has spent five years working on the Immigration Bill, is leader of the largely Zulu Inkatha Freedom Party (IFP) which rules in a shaky coalition dominated by President Thabo Mbeki's majority ANC. The key change shifts the onus for determining the need for immigrant skills from the private sector to the government, which will have to assess and police quotas for various business and industry sectors. "Rather than relying on and influencing market forces, this approach reflects the command economy philosophy," Buthelezi said in a heartfelt address to parliament. "We will not be able to expedite the issuance of permits as envisaged...the provisions of this bill relating to work permits will have a massive impact on our macro-economic equation." BRAIN DRAIN South Africa has endured a steady "brain drain" since the black liberation struggle flared into violence in the mid-1980s. Business organisations estimate the skills deficit at anything up to 500,000 people. Around 5,000 people have moved to South Africa every year since 1995, but businesses complain about the cost and bureaucratic delays involved in foreign recruitment. Buthelezi said Thursday's changes to the 38-page bill would create a significant new burden on a department already accused of being slow and would need a massive injection of new funds. He said he would have refused to sponsor the bill, but the Constitutional Court has ruled the existing apartheid-era legislation was discriminatory and set a June 2 deadline for a new law. Opposition parties strongly criticised some aspects of the bill, but said they would support it in view of the deadline. The quota system is opposed by many business and foreign groups. The British Chamber of Business in South Africa said it would be expensive and unworkable. "Quotas merely serve as a compromise. They are usually thought up for difficult situations by persons with no business experience..." the chamber told a parliamentary committee.

From MSNBC, 17 May 2002

Tunisia Votes on Reforms

Tunis, Tunisia - For President Zine al-Abidine Ben Ali, constitutional reforms put to a referendum on Sunday will allow Tunisia to make a big leap towards more democracy. But for opponents, who accuse the government of sustained human rights violations, the proposed reforms aim at restoring a presidency-for-life system. Tunisians will be asked in the unprecedented referendum to approve several amendments to the constitution, including the creation of a two-chamber parliament, better protection of human rights and reforms to the electoral code. But opposition groups, rights activists and diplomats say key articles - which the tightly controlled local media has not highlighted - cancel presidential term limitations and extend the age limit for candidates to 75 from 70. This would allow the 65-year-old Ben Ali to seek reelection in 2004 at the end of this five-year mandate as president of the small country, a favoured tourist destination for Europeans on the North African coast sandwiched between Algeria and Libya. The Tunisian leader, in power for nearly 15 years, could also theoretically be re-elected in 2009 and, according to one new article, enjoy life-long judicial immunity. The

constitutional amendments contradict his imposition of a two-term restriction in 1999 in a bid to reassure Tunisians he would not cling to power indefinitely. An army general, Ben Ali took over in November 1987 - an event known locally as "The Change" - when he replaced then president-for-life Habib Bourguiba who was deemed senile and incapacitated. Bourguiba was the architect of Tunisia's independence from France in 1956 and its modernisation in the next three decades. Leading opposition figures have called for a boycott of the referendum - without actually using the word - but diplomats said the call was unlikely to have much effect on the outcome. The government does not look too worried. In a sponsored page published last week in a leading international daily newspaper, it quoted Ben Ali as saying the reform will allow Tunisia to take "a quantum, qualitative leap" towards a new political system. "Aimed at deepening the spirit of democracy and pluralism, the referendum is expected to pass by a wide margin," it said. Two petitions circulated among opposition circles but ignored by the local media said the proposed reforms failed to address the grievances and aspirations of the population. "They intensify the legitimate frustrations of the population, arouse general resentment and let serious threats of crisis hang over the country," one petition said. Opponents say a lack of free speech and press has deprived the 10 million Tunisians of the right to express any view contrary to the government. "The May 26 referendum does not answer these demands...we can only express our rejection by not taking part in this referendum," the second text said.

Ben Ali's supporters insist he is firmly opposed to a presidency-for-life and that he seeks through the proposed reforms to strengthen pluralism and a liberal democracy. In an editorial published in a government daily newspaper this week Higher Education Minister Sadok Chaabane urged Tunisians "to say yes to the republic of tomorrow." "President Ben Ali, who saved the republic from the clutches of obscurantist religious theocracy and the despotism of a one-man regime, was able in just 15 years to rebuild the republican system," he wrote. Ben Ali is credited for crushing an Islamic fundamentalist opposition, bringing government stability and fostering relative economic prosperity reflected in a large middle class which, according to government figures, represents about 70 percent of the population. But opponents say this was achieved to the detriment of a stunted opposition and has helped cronies amass more riches for themselves and their families. Dissident Mondher Sfar wrote on an opposition website: "The referendum seeks to reassure the mafia clans, who know that their properties and lives are linked to the survival of their protector in Carthage" - a reference to the Carthage presidential palace outside Tunis.

From CNN, 24 May 2002

Asia/Pacific

Hong Kong Split Over Proposed Government Reform

Beijing – Hong Kong's glittering lights and free markets have long been a sanctuary from the political realities of mainland China. Even after the 1997 handover, when Great Britain released its colonial jewel to Beijing's leaders, Hong Kong has successfully run on a "one country, two systems" principal. Yet with the second economic downturn in as many years, last week brought the most radical change of government in decades. Hong Kong chief executive Tung Chee-hwa sprang a plan to create a set of cabinet ministers that only his office can appoint or fire. The plan gives Mr. Tung, Beijing's hand-picked leader, stronger authority while it further removes the Hong Kong legislature from the day-to-day running of the city. Critics argue the move, set to go into effect on July 1 when the unpopular Tung starts a new five-year appointment, puts the city-state further from the kind of direct elections system that poll after poll suggest its citizens want. "This means the government is accountable only to Tung, and further removes a voice for the people of Hong Kong," says a Hong Kong business consultant. The change comes on the heels of a move by Tung not to allow "abode seekers" – mainland Chinese who have lived in Hong Kong without papers – the right to permanent residence. Hong Kong's highest court had granted the several-thousand seekers resident status. But Tung, not happy with the ruling, cited a Beijing high-court decision not to grant residency. That set off a wave of highly emotional protests by abode seekers that has still not ended. Yet after the initial shock of Tung's plan to revamp government, many local observers and academics say the move is not unreasonable. They point out that Hong Kong's governance, which relies on a system of 180,000 civil servants set up by the British, is cumbersome and inefficient. It's operated by 13 different policy bureaus – only three of which report to Tung. Most Western leaders, by contrast, appoint their closest cabinet advisers. "Lord knows this system needed some change," says David Zweig, a political scientist at Hong Kong University. "The problem is that under Hong Kong's odd system, nothing gets done.

The president had no leadership over his ministers.... So Tung decided to do something about it. This seems rational." Yet coming just after Harry Wu, the high-profile whistleblower on Chinese human rights, was denied access to Hong Kong, some critics saw Tung's move as another instance of Beijing's hand. Mr. Wu was not allowed to pass Hong Kong customs since he planned to meet Frank Lu, of the Hong Kong Center for Human Rights and Democracy, to discuss cooperation in rights monitoring in China. Insiders feel, however, that while Beijing likely agreed with Tung's plan, and Chinese Premier Zhu Rongji had directly asked Tung to improve the city's operations, there was likely no direct pressure for the new structure. Since World War II, Hong Kong has been an oasis in the Orient. The city became a vibrant multicultural center of banking. Even today, five years after the handover, China's press and universities engage in debates that could never take place on the mainland. Bookshops sell "The Tiananmen Papers," banned in

China. Falun Gong members hold morning exercises in city parks, and evangelical Christians conduct Sunday services – both illegal across the border. Under the handover agreement, Hong Kong has 50 years of political autonomy. Yet Hong Kong is being slowly eclipsed by Shanghai as an Asian financial pearl. Unemployment is at an all-time high. US officials, however, say Hong Kong is well positioned to become a "hedge city" – a safe place for corporations to put their money, and to wait and see how China develops its business rules and markets. Others are less sanguine. "Beijing is not going to let Hong Kong develop any alternative political model," says one Beijing-based European scholar. "In time, Hong Kong will be less special – just another southern Chinese city."

From Christian Science Monitor-Asia Pacific, by Robert Marquand, 5 May 2002

World Bank President Arrives on Five-Day Official Visit to Pakistan

Islamabad — The World Bank president arrived in the capital Sunday on a five-day visit to discuss ways of helping Pakistan overcome the economic impact of the U.S.-led war on terrorism, officials said. During his stay, James Wolfensohn will meet with President Gen. Pervez Musharraf, Finance Minister Shaukat Aziz and other senior finance ministry officials. Pakistan is a key supporter of the U.S.-led war against al-Qaida and the Taliban in neighboring Afghanistan, and the Bush administration has been encouraging international financial institutions to help Islamabad in its efforts to improve its ailing economy. The country is struggling to recover from a recession, aggravated by last year's drought and global downturn, that has pushed the poverty rate up to an estimated 40 percent. Musharraf's decision to side with the United States post-Sept. 11 has paid off in hundreds of millions of dollars in aid and loans from Western nations. But foreigners have pulled out, investor confidence has plummeted and recent trade concessions announced by the United States and the European Union for Pakistani exports — mainly textiles — will take some time to have an impact. Since 1952, the bank has approved more than \$12 billion in loans and credits for Pakistan. Of this amount about \$10.8 billion has been disbursed, \$3.3 billion of which have been repaid.

From MSNBC, 13 May 2002

Malaysia Leader Talks Human Rights

Malaysian Prime Minister, in U.S. to Meet Bush, Says Human Rights Changes Can't Come Overnight - Malaysia's prime minister brushed off concerns Tuesday about human rights violations and said his nation will move toward democracy at its own pace. Mahathir Mohamad, enjoying newly warm ties with Washington because of his help in the war against terrorism, called Western critics who push for human rights changes "very impatient." "You want an overnight change," Mahathir said in a speech to some members of Congress before a planned meeting with President Bush at the White House. "Sudden change even if it is for the good is disruptive. Democracy for people who are not used to it can undermine stability, resulting in war even." Mahathir said his country is "unable to accept the absolute freedom that you believe in. ... One day perhaps we will be comfortable with your values, but for the moment we are not comfortable." He told reporters that "the problem of terrorism and how to hand it" would be the focus of his meeting with Bush. Mahathir was welcomed to the Capitol by Sen. Kit Bond, R-Mo., as "a very, very valuable friend, a most important friend in that part of the world." Rep. Pete Sessions, R-Texas, pointed to the U.S.-Malaysian economic relationship. "There are many United States companies who find not only a business relationship with Malaysia but an opportunity for us to forge relationships through commerce," he said. Mahathir has long been controversial because of his jailing in 1998 of his former deputy prime minister, Anwar Ibrahim. U.S. officials would not say if they planned to raise human rights issues during his visit and meetings with Bush and other top officials. Last month, the top State Department official for the region called the trials of the former deputy prime minister unfair, but said the issue would not block the Bush meeting. Mahathir told The Associated Press in a rare interview recently that there is a better "understanding" of the Anwar case in Washington now. Mahathir had been largely shunned until recently by U.S. officials, who were angered by the jailing of Anwar and by Mahathir's past tirades against Jews.

But when Mahathir's government helped round up al-Qaida suspects after Sept. 11, the relations rapidly improved. Mahathir, now praised for his moderate Muslim views, also has seen his country's military ties with the United States increase to an all-time high. Since Sept. 11, Malaysia has arrested more than 60 suspected Islamic militants with alleged ties to al-Qaida, including a former army captain accused of letting two of the terrorist hijackers meet in his apartment in 2000. Malaysia also has provided the United States with key intelligence about al-Qaida activities throughout southeast Asia, according to FBI Director Robert Mueller. Human rights groups contend, though, that Mahathir is using the war against al-Qaida as an excuse to wipe out a legitimate Islamic political opposition at home. Mahathir has long cultivated close economic ties with the United States, and many big U.S. technology companies have factories there. Mahathir said the United States and Malaysia "can be great friends despite our differences." But he said America, long admired throughout the world, is now less so because, he contended, the country throws its weight around too much. The only way to fight terrorism is to work toward "achieving greater understanding between people," he said. "Today you can afford to use your power and strength. But it would do you no harm to be friendly to other countries, to be patient with them and to win them over to your side," Mahathir said.

From ABC News-Politics, 14 May 2002

China Lifts Block on Web Sites of Some Western Media

China has stopped blocking access to the Web sites of at least three Western news organizations that Chinese have long been barred from seeing. The Web sites of The Associated Press, Reuters and The Washington Post were accessible Friday from Internet cafes in Beijing and Shanghai. Other foreign media sites, including CNN and Taiwanese newspapers, still were blocked, as were organizations deemed subversive, such as the banned Falun Gong spiritual group. The Shanghai police Internet Safety Monitoring Office would not say why the sites were made accessible after years of blocking, or how long the new access would last. But analysts pointed out that the easing coincided with the breakup of China Telecom. The former phone monopoly was split into two companies Thursday in preparation for lifting a ban on foreign investment in Chinese telecommunications companies. Analysts said China may have lifted the blocks to attract foreign investors by making the industry look more open and modern. "China wants to put a nice face on its telecommunications enterprises because they're about to go out and raise money," said Steven Schwankert, editor of Computerworld Hong Kong magazine. China blocks access to foreign news sites in an attempt to limit access to information outside the wholly state-controlled media. Some 30 million Chinese use the Internet and that number is growing fast, the government said. The communist government has struggled to balance a desire to encourage the Internet as a commercial medium with efforts to stifle political dissent. Web sites are blocked by software installed at the handful of stations where the Internet enters China via undersea cables, Schwankert said. "U.S. corporations use the same kind of technology to keep employees from accessing pornography," he said. In October, China temporarily lifted blocks on the Web sites of The Washington Post and a few other media during a Shanghai meeting of President Bush and other Pacific Rim leaders. The blocking resumed after the meeting ended. Foreign news reports also are available on Web sites run by other organizations. The Shanghai police's Internet office — which calls itself the "Netpolice" — published a new warning in newspapers Friday threatening harsh punishments for anyone reproducing information from subversive or pornographic sites. It also listed e-mail addresses where the public could report violators. Internet bars are required to keep records of sites its users visit and to report attempts to open those deemed subversive. Thousands of Internet bars have been closed by police for failing to install monitoring software.

From MSNBC-Asia Pacific, 17 May 2002

'Red bosses' Join China's Communist Party

The status of private businessmen has been raised in southern China with a dozen-odd "red bosses" being made members of the Communist Party Congress of Guangdong Province. The congress is expected to pick a new party secretary - the highest official in the rich province - next week. It is the first time in the 81-year history of the party that private entrepreneurs have been selected as provincial congress delegates. Among the delegates is Liu Zhaoxi, whose company in the eastern Guangdong city of Shantou has assets of more than 2 billion yuan. There are also representatives from joint ventures and from the professionals. A long-time cadre in Guangdong said the incumbent party secretary Li Changchun, wanted to set an example in giving businessmen a higher profile in the party. Li's mentor, President Jiang Zemin, stirred up a big controversy last July when he announced that the party was ready to recruit non-state entrepreneurs as members. Constitution - Jiang has also made it clear he wants to amend the party constitution at the upcoming 16th party congress to enshrine the political rights of the "new classes" of non-state entrepreneurs and professionals. The party secretary of Beijing Jia Qinglin, another Jiang crony, has also been active in granting a new deal for businessmen. Jia, who was re-elected Beijing party boss last Wednesday, said more than 90 private businessmen in the city had made an application to join the party. Official media quoted Jia as saying businessmen with "satisfactory performance" who had passed the scrutiny of party authorities would become party members. Diplomatic analysts in Beijing said, however, that leftists, or ultra-conservatives, were pulling out the stops to prevent a constitutional revision to favor what they regard as the "exploiting classes." The analysts said the leftists were drafting their own set of criteria for admission to the party, which they would publicize by the time of the 16th congress. Apart from opposing the recruitment of private businessmen, the conservatives would sound a warning against promoting party cadres who are "sympathetic to the ideals of social democratic parties." Leftists have accused leaders including Jiang and Vice-President Hu Jintao of trying to turn the party into a Western-style social democratic party. Intellectuals close to the Jiang camp say the president will retaliate by issuing a tough warning against the resurgence of leftism when he addresses the Congress. They say Jiang is expected to revive the instruction given by late patriarch Deng Xiaoping in the early 1990s, that the main task of the party is to fight leftism.

From MCNN, by Willy Wo-Lap Lam, 24 May 2002

Europe/CIS

Ex-East Bloc Grows, But at a Cost?

Prague, Czech Republic - For environmentalists and green-minded officials in post-communist countries, the easy part was closing down coal-burning power plants that turned day to night, and locking rusty gates on heavy metal smelters whose toxic slurries killed

entire river systems. Now comes the hard part: Persuading millions of people who spent 40 years in arrested development to slow down their giddy consumption, leave their shiny new Skodas for mass transit and publicly oppose things like shopping centers and office parks in their lush countryside and forests. Ten years after the fall of communism, basic environmental concerns like clean air and water have been replaced in most of Central and Eastern Europe with the more complicated goals of sustainable development. Western-style consumption has brought Western-style problems. But advocates like Eva Kruzikova of the Prague-based Institute for Environmental Policy aren't finding much of an audience for their message. "From a psychological point of view, it's not easy," Kruzikova acknowledges. "Before 1989, the acquisition of certain goods — which were common in the West — was difficult. Now, people see that if they have money, they can have everything. It's very difficult to try to explain to them that this is not the best way to live. In former socialist countries, it's very hard to break this psychological barrier." The sustainable growth philosophy promotes the idea that growth should only be pursued with maximum attention paid to environmental impact, fair sharing of resources and economic fairness. Private ownership — of resources and property — will not achieve those goals, according to this doctrine. Advocates of slower, environmentally friendly progress say they are trying to prevent history from repeating itself. "We are following the negative trends of Western societies," said Kruzikova's colleague, Viktor Trebicky. "We are making the mistakes the West made 20 years ago."

From MSNBC-Europe, By Heather Maher, 10 May 2002

Turkey Allows Menstrual Women to Pray

Turkey's Muslim clergymen have agreed to let women attend funerals and prayers alongside men, as well attend mosque during their menstrual periods -- practices forbidden them until now, reports said Sunday. However, Turkey's top clergyman, Mehmet Nuri Yilmaz, said the decisions, taken at a meeting on Saturday, were not binding on the public and that the believers were free to choose to follow them or not, daily Hurriyet reported. The declaration by the High Religious Affairs Board said there can be no discrimination between sexes and that women and men were "equal and complementary beings." The state-run board is Turkey's highest religious advisory body and oversees more than 70,000 mosques in Turkey. The decisions are expected to heat up a public debate over the place of women in religious services. Some women were recently scolded by imams, or Muslim clergymen, for attempting to attend funeral prayers while some other clergymen have allowed women to take part in the service. The rulings said women were free to enter mosques and read from the Koran, Islam's holy book, during their menstrual periods. Yasar Nuri Ozturk, one of Turkey's most popular theologians, said women until now were considered "unclean," during their menstrual period but the decision has ended that prejudice and discrimination. "This is a revolution," Ozturk told the Anatolia news agency. In September, the Board decided to take up more controversial questions such as whether Muslim women can marry non-Muslim men. Nearly all Turks are Muslims. Now, both Muslim men and women can marry non-Muslims, but radical Muslims have been seeking to ban Muslim women from marrying non-Muslim men. Copyright 2002 The [Associated Press](#). All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

From CNN, 20 May 2002

Middle East

Iran's Khatami Says He'll Quit if Reform Stalls



Despite sweeping election wins, Khatami's aim of creating a more open, secular Iran has met fierce conservative resistance.

Tehran, Iran - Iran's embattled moderate President Mohammad Khatami said on Sunday he would step down if he felt the reforms he promised had lost their way. Khatami gained a huge popular mandate in elections last June, but his aim of creating a more open Iran based on the rule of law has been frustrated by fierce conservative resistance. His resignation would lead to massive political turmoil in Iran. "If I feel the government has deviated even a little from the aims of the Islamic revolution and the path of the Iranian nation's reform movement, I will not remain in the presidential office and my position for even one second," the official IRNA news agency quoted him as telling a meeting of teachers. It was Khatami's strongest warning to his hardline opponents since his re-election last year. Despite his popular mandate and overwhelmingly majority in parliament, critics say the mild mannered cleric has made little or no progress since then. The outspoken pro-reform press, the most visible achievement of his first four years in office from 1997, continues to face closures and journalists heavy fines and jail terms. More than 80 publications have now been banned in the last two years. "Is it right that whenever someone says something we dislike, he is strongly confronted and then another person says whatever he wants and insults whoever he wants in the name of Islam and the revolution and we say nothing?" he asked. Dozens of liberal writers, students and intellectuals have been

arrested and jailed on charges of acting against state security, crippling the radical wing of the reform movement which sprang up as

Khatami eased controls five years ago. "Citizens' rights and freedoms should be respected," said Khatami. "Iranians did not vote for me as a person, they voted for the implementation of justice and freedom in the framework of the law." 'Meet the people's demands' - Iran has struggled to meet the demands of its overwhelmingly young population, most of whom were born after the 1979 revolution and have no recollection of life under the U.S.- backed shah. Unemployment remains high at around 16 percent, while the government needs to create some 700,000 new jobs a year for young people entering the employment market, just to keep the jobless figures stable. A government attempt to ease the environment for foreign investment and boost employment has been held up by the Guardian Council, a body dominated by conservative clerics whose task it is to ensure legislation conforms to Islamic law. Conservatives have pounced on U.S. condemnations of Iran as part of an "axis of evil," to strengthen their hand. "A secure society does not mean a society in which its leaders are secure, it means one in which all its citizens, including writers, investors and teachers are secure in the framework of the constitution," said Khatami. Nevertheless, Khatami said his government still had its sights set on reform. "I assure you that the government, despite all the pressures and problems, has not lost its path," he said. "Though it is probable that our society and young people feel their demands have not yet been properly fulfilled." A devout cleric, Khatami argues the Islamic Republic must adapt in order to survive. Failure to do so, he said, could not only harm the system, but Islam itself. "As ones who claim we are implementing a religious system, we are in a very sensitive period," he said. "Our smallest mistake could badly damage religion. "If we say the pillars of Islam are not compatible with freedom of speech and freedom of thought...this idea could lead to our younger generation distancing themselves from religion." The future of the Islamic Republic was in the balance, he said. "If we can fulfil the people's demands, they will accept us, but if not, we will have to step aside and the nation will continue on its way."

From CNN, 5 May 2002

The Americas

Bush Talks Education in Michigan Tour

President Bush advocated education reform Monday, using an exchange with reporters about Middle East diplomacy as a real-life lesson on the fundamentals of a free government. "You're watching democracy in action. One of the core values of democracy is a free press," Bush told a fifth-grade class at Vandenberg Extended Year School, as reporters pelted him with questions about what he would say to Israeli Prime Minister Ariel Sharon in their meeting Tuesday. These students, and another room of fourth- and fifth-graders, are learning about core democratic principles like equality, truth, popular sovereignty and diversity very much a hands-on lesson in this school, where each year 30 to 50 new pupils who enroll are recent immigrants and speak little English. "It's the greatness of our country to share values and to be diverse, and to welcome people from all backgrounds into America," Bush said. He described the nation's public school system as one "that can be incredibly hopeful, and it's one where, as a result of schools making the right decisions, people of all backgrounds do get educated." Bush came here to promote the education reform package he signed in January, in hopes of encouraging states and districts to implement it. The legislation includes an array of "accountability" safeguards, and requires annual state tests in reading and mathematics for every child in grades three through eight, beginning in the 2005-06 school year. Schools will also have to test students in science in three grades. Bush said the nation's educators "have a responsibility to challenge the status quo," but that burden is not borne by educators alone government, parents and business leaders must rise to the occasion too, he said. "All of us must assume responsibilities if we expect the best for every child," Bush said. Bush was joined by Education Secretary Rod Paige, who is undertaking a 25-city tour through the summer to highlight the new education law. Public schools where scores fail to improve two years in a row could receive more federal aid, but if scores still fail to improve, low-income students could receive tutoring or transportation to another public school. Bush wants to see that programs at home some popular, some divisive are not lost in the diplomatic shuffle as he steps more deeply into the Mideast crisis, aides say. This week will see three days in which the president focuses on the education law and on a proposal to tighten welfare requirements. Bush's travel this week has a political component. The three states he visits Michigan, Wisconsin and Ohio will be crucial to his 2004 re-election campaign. He is headlining fund-raisers along the way.

From ABC News, 6 May 2002

Bush Touts Welfare Reform

As part of a strategic shift to domestic issues, President Bush Friday took his plan to move more Americans off welfare and into the workplace on the road and urged Congress not to abandon programs promoting abstinence and marriage. With the Republican-controlled House to vote next week on welfare reform, Mr. Bush met with former welfare recipients at a community center in Columbus, touting plans to tighten work requirements, cut the number of Americans on welfare and lengthen their work week from 30 to 40 hours. Mr. Bush also promoted hotly contested initiatives encouraging abstinence by teens, saying "it works every time," as well as a \$300 million plan to counsel couples on welfare to stay married "for the good of our children." "I recognize that not every marriage is going to survive," Mr. Bush said. "But I firmly believe that in order to make the welfare program work, in order to help people, wherever couples seek help in trying to figure out how to save a marriage, our government ought to be responsive to that need." Democrats accused Mr. Bush of playing election-year politics with welfare, and called for more funding, state flexibility and access to

education. Rep. Ben Cardin of Maryland, ranking Democrat on the House Human Resources Committee, and Vermont Gov. Howard Dean, a leading advocate for state control of welfare, told a news conference the Bush plan would be counterproductive and put states in a straight jacket. "It is a typical example of Washington's one-size fits all," said Cardin. "We should be trusting the states to develop the type of program that is best for their constituents." "This bill is a step backward," said Dean. "It is not welfare reform. It is politics." Others called Mr. Bush's plan "welfare in wonderland," accusing him of using welfare to promote a conservative social agenda. "Women do not need to be pushed into marriage by the federal government. We need every opportunity for a good education that will in turn lift us out of poverty," said Tracy Colunga Hollingsworth, a former welfare recipient and organizer for the Coalition to End Hunger & Homelessness in Los Angeles. Mr. Bush has divided his time between urgent meetings at the White House on the crisis in the Middle East and campaign-style swings through key states, underscoring Republican worries the war on terrorism may not be enough to carry them to victory in the November congressional elections. This week he visited Michigan and Wisconsin, promoting education reforms popular with voters in an effort to help Republicans retake the Senate and retain control of the House. In Ohio, Mr. Bush sought to counter criticism of his welfare plan from state officials and congressional Democrats, as well as to raise \$2.1 million for Gov. Bob Taft, who is seeking re-election, and other Republican candidates in the state.

The official appearance on welfare reform allows the White House to split the travel cost for the trip between taxpayers and the GOP, reports CBS News Correspondent Peter Maer. Since 1996, the number of people receiving cash aid has plummeted by 56 percent. The overhaul was achieved with bipartisan support and Congress must now renew the program. But critics of Mr. Bush's welfare plan accuse him of placing too many strict demands on states and providing too little money, especially for the extra child care that will be needed if mothers are working longer. Mr. Bush has not included any more day care funds in his welfare budget. Many state governors have said they fear Mr. Bush's more stringent requirements will be much more expensive, and that the new rules could force them to redesign or scuttle programs that have proven successful in the last five years. Mr. Bush wants to increase the percentage of welfare recipients required to have jobs or take part in related activities by 5 percent a year until it reaches 70 percent in 2007. "I've heard them complain that's too high a goal," he said. "It's not too high a goal if it helps a person. If it brings dignity into someone's life, it is not too high a goal." Mr. Bush said his welfare plan included provisions allowing state and local governments to consolidate a range of welfare programs, such as food stamps and housing. House Republicans — have embraced his plan. But House Democrats, led by Cardin, have offered an alternative that would reward states that do a good job getting welfare recipients into good jobs, seeks more money for child care and would restore legal immigrants' eligibility for benefits, eliminated in the 1996 reform.

From CBS News-Politics, 13 May 2002

House Approves GOP's 2nd Round of Welfare Reform

The House yesterday passed its second round of welfare reform after a vigorous but mostly civil debate over funding, work rules and abstinence education. The vote was 229-197. Fourteen Democrats and one independent voted with Republicans in support of the bill. Four Republicans — including Rep. Constance A. Morella of Maryland — and one independent voted against the measure. Nine members didn't vote. A Democratic welfare bill was defeated 222-198. Republicans, led by House Ways and Means Committee leaders Bill Thomas and Wally Herger, both California Republicans, cast their Personal Responsibility, Work and Family Promotion Act of 2002 as "the next step" in welfare reform. The 1996 law was a success, and "we set out to build on that success," said Rep. John A. Boehner, Ohio Republican and chairman of the House Education and the Workforce Committee, which also had jurisdiction over the bill. The Republican bill reflected many of the ideas proposed by the Bush administration earlier this year, such as expanding the required workweek from 30 to 40 hours, with a minimum of 24 hours in a regular job or community-service position. The other 16 hours could be spent on education, substance-abuse treatment and other programs. Increasing weekly work hours from 20 to 24 hours isn't that much, said Rep. Nancy L. Johnson, Connecticut Republican. The second requirement — that recipients spend 16 hours a week instead of 10 in education, training or other constructive activities — is important because it gets people closer to a normal 40-hour work week, said Mrs. Johnson. "Now they'll have to plan how to use those 16 hours." The Republican plan maintains the yearly \$16.5 billion core funding for the Temporary Assistance for Needy Families (TANF) program but adds \$2 billion over five years to the \$4.8 billion a year Child Care Development Fund.

The bill also has up to \$300 million for states to use to promote healthy marriages and maintains a \$50 million-a-year abstinence-education grant program. Democrats criticized Republicans for pushing work over education and training, and underfunding child care. The Republican bill "doesn't reform welfare — it deforms welfare," said Rep. Lynn Woolsey, California Democrat and a former welfare mother. Democrats also criticized the Republican bill for its "unfunded mandates" or costly requirements that states have to pay for. Increasing the work-participation rates to 40 hours a week will cost states between \$8 billion and \$11 billion over five years, according to a Congressional Budget Office report, said Rep. Benjamin L. Cardin, Maryland Democrat and lead sponsor of the Democratic bill. Each state faces huge unfunded mandates because the Republican bill doesn't pay for these new work requirements, Mr. Cardin said. Republicans countered that there was plenty of money in the welfare programs because caseloads have dropped from 12 million people to around 5 million. In 1996, states had an average of \$6,907 in welfare and child care funds to spend on each welfare family, said Rep. Jim McCrery, Louisiana Republican. Under the Republican bill, "they will have almost \$16,000 for each family," he said,

adding, "How can you say there's not enough money?" Democrats rejected this argument, saying that states are giving services to hundreds of thousands of non-TANF families who are not counted in the TANF caseload. Mr. Thomas then noted that the Democrats had an unfunded mandate of their own. The Democratic bill proposed increasing TANF funds each year for inflation, so that it would rise to \$18.7 billion a year by 2007. States, however, would have to match that increase, which would be hard on their budgets and constitute an unfunded mandate, said Mr. Thomas, adding that the cost to California would be \$1 billion. Rep. Billy Tauzin, Louisiana Republican and chairman of the House Energy and Commerce Committee, said the abstinence-education program provided an important option to states, since every one but California competes for the money, even though it has to be matched by state funds. However, Rep. Barbara Lee, California Democrat, argued against the program, saying that it was "dangerous" to teach children only about sexual abstinence. Rep. John Sullivan, Oklahoma Republican, praised the \$300 million for marriage promotion as genuinely compassionate for children and families. But Rep. Maxine Waters, California Democrat, criticized the bill's attempt to promote marriage. Rather than funding marriage education, Mrs. Waters said, "Let's give our welfare recipients a chance to be independent." Unlike in 1995, yesterday's debate on welfare reform didn't devolve to jeers or hissing. But Republicans frequently reminded Democrats about how their gloomy predictions on revamping the welfare system didn't come true. Some Democrats did not hesitate to respond in kind. For instance, Rep. Marge Roukema, New Jersey Republican, said that she viewed the Republican bill as a form of "tough love." Sounds more like tough luck to me," said Rep. Major R. Owens, New York Democrat.

From Washington (DC) Times Nation, By Cheryl Wetzstein, 17 May 2002

Online Privacy Bill Sent to Senate Floor

Washington - A Senate committee on Friday sent an online privacy protection bill to the full Senate, but business lobbyists vowed to keep trying to derail the measure before it becomes law. "It's time Congress acted on privacy," declared South Carolina Democrat Sen. Ernest Hollings, chairman of the Senate Commerce Committee that voted 15-8 to approve his bill. The measure is designed to increase Internet privacy by limiting how businesses can use phone numbers, purchase records and other data collected through their Web sites. Online businesses would be required to get customer permission before collecting or sharing sensitive personal information like income level or religious affiliation. Information such as purchase or browsing records, could be shared with outside firms unless the customer specifically says otherwise. Consumer groups and many Senate Democrats say the bill would encourage online commerce by inspiring greater consumer trust. But opponents, which include much of the high-tech industry as well as financial services and advertising groups, say the proposal unfairly sets a higher standard for online commerce than for traditional "bricks and mortar" companies. "The bill would hold companies that collect personal information digitally to higher standards than those for traditional businesses," said Robert Holleyman, president and CEO of the Business Software Alliance. The measure also could expose Internet companies to lawsuits which could deter online commerce, Holleyman added in a statement. The U.S. Chamber of Commerce has built a broad business coalition against the bill, which its chief lobbyist Joe Rubin has dubbed "a solution in search of a problem". Sen. John McCain of Arizona, the ranking Republican on the committee, has predicted that it will have a tough time clearing the Senate. He voted "no" by proxy on Friday. DELAY BY A DAY - Opponents managed to delay the measure for a day on Thursday when Senate Republican leader Trent Lott of Mississippi employed a parliamentary maneuver to stop it going to the floor. But the committee, which is chaired by Hollings, met again on Friday morning and quickly voted again on the measure. The committee made some changes to the bill on Thursday to make it more acceptable to business concerns. It voted to require the Federal Trade Commission to develop privacy rules for offline businesses as well, and reduced the maximum amount consumers could win for privacy violations from \$5,000 to \$500. The committee also voted to exempt small businesses and provide some protection for companies who participate in a privacy self-regulation scheme like BBBOnline or TRUSTe. But an effort to strip out the consumer-lawsuit provision by Virginia Republican Sen. George Allen failed to win approval. In the House of Representatives, Florida Republican Rep. Cliff Stearns has introduced a bill that would allow businesses to trade personal information unless consumers said otherwise. Stearns' bill would not allow consumers to sue if their privacy were violated. Copyright 2002 Reuters News Service. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

From ABC, by Susan Cornwell, 17 May 2002

House Approves GOP Welfare Plan

Washington — A divided House approved Republican welfare legislation Thursday that would press more single mothers to work and provide hundreds of millions of dollars to promote marriage and sexual abstinence. The 229-197 vote, along party lines, came after a partisan House debate over changes needed to the massive 1996 welfare overhaul. Democrats were now looking to the Senate, where they hoped to get more money for child care, education and training. They also want to restore benefits for legal immigrants, cut from aid programs in 1996. In the six years since that landmark bill became law, tough new rules and a roaring economy combined to cut the rolls by more than half. Most people who have left welfare are working, making more than they got from welfare but not enough to escape poverty. As Congress renews the program, the question is how to help those who remain on welfare, many with complicated health and other problems, and how to help those who leave the rolls move upward on the economic ladder. Throughout the two-day House debate, united House Republicans reminded Democrats of their dire predictions in 1996 and declared themselves vindicated by

overwhelming success. They said the law can be improved if states are pressed to put more people to work. Under the GOP bill, states would have to have 70% of people on welfare working 40 hours a week by 2007. "We believe in the human spirit so strongly," said Rep. Clay Shaw, R-Fla., a prime author of the 1996 law. "If we raise that level of expectation, they will rise to meet it." Under the GOP measure, most welfare recipients would have to work three days a week in regular jobs or government-created workfare positions. The other two days could be spent in training, drug treatment and other programs. Democrats complained that states will be forced to create make-work jobs simply to fill their quotas, and states will lose the power to devise the most effective plan for each person on welfare. "The bill before us is a one-size-fits-all, Washington-knows-best mandate on the states," said Rep. Ben Cardin, D-Md., a leader on welfare issues. Under current law, a welfare recipient may take vocational education courses for a year and still be counted as "working," Cardin said. That option is gone from the GOP bill. Democrats were barred from offering amendments to change individual aspects of the bill, so there were no votes on their proposals to increase spending on child care, restore immigrant benefits or allow more welfare recipients into education and training programs. Along party lines, the House rejected 222-198 the Democratic package. That bill would have provided \$11 billion more for child care, opened aid to legal immigrants and let states put welfare mothers in education and training programs. The bill approved by the House includes up to \$300 million per year for experiments promoting marriage and extends a \$50 million program promoting abstinence from sex until marriage.

It continues to bar non-citizens from welfare, health and disability programs for their first five years in the United States and maintains the five-year lifetime limit on benefits, whether people are working or not. Republicans dismissed Democratic critics with poster-size displays quoting their warnings that the welfare bill would be a disaster for poor families. "They were wrong then. They're wrong now," said Rep. Bill Thomas, R-Calif. Republicans did add \$2 billion over five years to the program, partly at the urging of Republican women. But House Republicans argued privately that they should not compromise with Democrats now to leave room for negotiations down the road with the Democratic-controlled Senate. It left House Democrats frustrated. "Fortunately there's a Senate to correct the hopelessly partisan effort of this majority," said Rep. Sander Levin, D-Mich. Already, Senate Democratic leaders were staking their own course. Senate Finance Committee Chairman Max Baucus said he was highly skeptical of the GOP marriage plan. "In my state, we don't think the government has much business getting into your life," said Baucus, D-Mont. "Marriage is a personal, it's a private choice. I recommend it. It's not something the government should interfere with." Like Bush and the House GOP, Senate moderates of both parties are advocating tougher work requirements. But many of them want to give states more flexibility to decide what counts as "work." Democrats also want more money for child care, saying there is not enough now and even more will be needed if more single moms are forced to work.

From USA Today, 16 May 2002

Argentine Congress Poised to Reform Bankruptcy Law

Buenos Aires - Argentina's squabbling Congress debated on Wednesday a controversial bankruptcy law which is among IMF conditions for access to vital aid and is widely expected to be passed despite delays. But even if the Senate approves reforms to a law that stacked the odds in favor of debtors at the expense of creditors amid Argentina's worst-ever crisis, there are still major hurdles President Eduardo Duhalde must clear. To guarantee International Monetary Fund aid, he must also win backing from a reluctant Congress to ditch a law covering economic crimes and convince powerful provincial governments to stop runaway spending that helped cause the crisis. While the IMF aid will only help Argentina pay back debt to the lending agency, it is seen as a crucial first step to unraveling any further aid packages to help rescue Latin America's No. 3 economy from a four-year recession that has put the banks near collapse and sparked violent street protests. "We think the (changes to the bankruptcy law) will be approved today," a source from the opposition Radical party told Reuters shortly before the Senate started the debate. Lawmakers have resisted voting on changes to a bankruptcy law they passed in January because of fears the rule would allow foreign creditors to take over local firms. Among the changes to the bankruptcy law is the introduction of a "cram down" clause, common in developed countries, which allows creditors to take over a distressed company. With daily protests against the rapid spread of poverty and a despised government freeze on savings still in force, Duhalde needs to secure aid fast. His two predecessors quit in rapid succession last December after deadly street protests. Angry depositors and pensioners banged hammers and pots and pans against metal barricades erected around Congress as police in riot gear looked on at what has become a routine scene since December. One protester held aloft a placard that read: "Return our savings or there will be blood." Strike looms - Hard-line unions have called a half-day strike and marches for May 22 to protest against the government's economic policy and the IMF, while unemployed groups have vowed to block roads across the country to decry soaring poverty and unemployment. Around half of Argentina now lives below the poverty line, unable to buy basics like food and clothing, while joblessness is approaching 25 percent. The few pesos many Argentines scrape by on daily now do not go as far, triggering sporadic violence. The peso has fallen around 70 percent against the dollar since January's devaluation. Duhalde was due to head to head to Spain later on Wednesday for a Latin American-European Union summit to muster diplomatic support for international aid on which he says any recovery will depend. Duhalde told local television that one aim of the trip was to shake off Argentina's new status as a "black sheep" of the world economy. Argentina's fifth leader since mid-December is due to travel with his new Economy Minister Roberto Lavagna, Foreign Minister Carlos Ruckauf and meet separately with Spanish Prime Minister Jose Maria Aznar, Italian Prime Minister Silvio Berlusconi, and the heads of state of Brazil, Chile, Paraguay, Uruguay and Bolivia. Spain,

one of the biggest foreign investors in Argentina, has a great deal of exposure to economic troubles in the South American country, where it has interests in banks and telecommunications firms. Multinationals from the United States to Europe have been battered by Argentina's woes, even if experts see contagion to other regional economies as limited. Many Argentines meanwhile, frustrated with incessant government economic policy U-turns in a country that has seen five presidents and six economy ministers in just over a year, see their only source of solace in the upcoming World Cup soccer tournament, with their side tipped to win. "We are all waiting for the World Cup not to have to think about the economic mess any more," said 23-year-old student Marisa Gorordo. "I don't even watch the news anymore, because it is all bad."

From CNN, 16 May 2002

House Approves \$29B Terror Bill

The House approved \$29 billion early Friday for the fight against terrorism overseas and at home as the two parties grappled in a bitter election-year spat over war and the growing national debt. Democrats and Republicans alike strongly backed the money the package would provide. Billions would be showered on the military, on Afghanistan and other U.S. allies, on rebuilding New York, and on the Coast Guard, explosive detection devices for airports, and other anti-terror initiatives. Even so, the measure's 280-138 passage came only after bleary-eyed lawmakers had battled until nearly 3 a.m. EDT over issues that could resound in this fall's campaigns for congressional control. The overnight session highlighted a GOP resolve to not start lawmakers' Memorial Day recess without passage of a counterterrorism bill they could tell voters about. The bill has a sneaky little provision designed to increase the national debt without a direct vote, reports CBS News Capitol Hill Correspondent Bob Fuss. The debt ceiling has to be raised quickly or the Treasury will run out of cash. But some nervous Republicans don't want to vote to do that in an election year, so leaders put language in this emergency spending bill to get the job done in a way that will let the Senate take the heat. Over three days of unusually acerbic debate, Democrats accused Republicans of sneaking a borrowing increase into the bill while the GOP said Democrats were hindering money sorely needed by American troops abroad. "They retreated from our responsibility to put politics aside when the time comes to strengthen our country," taunted House Majority Whip Tom DeLay, R-Texas.

That prompted Democrats to accuse Republicans of smearing them by questioning their patriotism, as all pretenses that the war against terror should not become a political issue seemed to fade away. "We don't want those soldiers used for your agenda," said Rep. Patrick Kennedy, D-R.I. The Senate's anti-terror legislation was facing its own contentious path. The appropriations committee passed a \$31 billion version of the bill on Wednesday. But Republicans, eager to trim it closer to the \$27.1 billion President Bush proposed in March, blocked debate until Congress returns next month. In a statement from Moscow, where Mr. Bush and Russian President Vladimir Putin signed a historic nuclear arms treaty, Mr. Bush said the House "did a great service today for our men and women in the war against terrorism, for homeland security and for fiscal discipline." More than half the House's Democrats ended up voting against the bill. Their chief objection was that majority Republicans had forced language into it that would pave the way for raising the current \$5.95 trillion cap on federal borrowing. The Bush administration wants a \$750 billion boost in that limit enacted by late June, saying an unprecedented federal default otherwise awaits. It will be the first since 1997, when annual deficits turned to surpluses under President Clinton. Democrats concede a borrowing increase is inevitable, but say it was forced by last year's GOP-written tax cut. They say that means Social Security surpluses will have to be diverted to pay for other programs — which while true will not affect the program's benefits or solvency, but gives them a political issue to raise. "What you don't understand is an election is coming, and the American people are going to watch what you have done to Social Security," warned Rep. Jim McDermott, D-Wash. DeLay called Democratic assertions of fiscal responsibility "the most garish and grotesque case of ideological cross-dressing in the history of the American people." The money is for the remaining months of fiscal 2002, which ends Oct. 1. It is the second installment of anti-terrorism spending since the Sept. 11 attacks, following \$40 billion lawmakers approved late last year.

The military would get the lion's share of the money: \$14 billion in the Bush and Senate proposals, \$15.8 billion under the Senate bill. Those funds would go for everything from bomb guidance systems to the Reserves and National Guard. New York would get \$5.5 billion under all three plans to rebuild from the Sept. 11 attacks on lower Manhattan. Most of the rest is for domestic security programs like staffing the new Transportation Security Administration, modernizing FBI computers and buttressing security at Energy Department nuclear weapons facilities. There's even some money the president didn't ask for, reports Fuss, including an extra \$200 million in aid for Israel. The House bill would temporarily freeze the \$10 billion loan guarantee program that Congress created late last year to help airlines whose business was eroded by the terrorist strikes. US Airways officials have lobbied unsuccessfully so far to remove the provision, which lawmakers supporting them said could mean the airline will go out of business this summer. GOP leaders say the carrier should be able to get loans to carry it over until the fall, when the federal loans will be available again. The Senate bill trims the loan program to \$429 million this fiscal year and to \$4 billion permanently.

From CBS News-Politics, 24 May 2002

Argentine President Urges Lawmakers to Approve Reforms Sought by IMF

President Eduardo Duhalde urged lawmakers on Thursday to quickly pass a financial package sought by the International Monetary Fund in exchange for aid, as congress began debating part of the reforms amid street protests. Duhalde warned political leaders that swift legislative action was needed to enact spending cuts and revise a financial crimes law that have been bogged down by political bickering, presidential spokesman Eduardo Amadeo said. "His warning was a strong one," Amadeo said, adding the president complained of slow progress: "At this pace, I'm not interested." Duhalde has pinned his hopes of reviving Argentina's battered economy on IMF support, which was cut off last year after the country failed to meet fiscal deficit targets. The president is hoping billions of dollars in IMF aid will help him prop up the country's banking system and revive an economy mired in its fourth year of recession. Duhalde's warning came as legislators met in a special session to debate one of two key bills sought by the IMF. The IMF, backed by the Bush administration, has laid out several conditions for the resumption of new loans, including measures to restore confidence to the financial system and slash spending in Argentina's 23 provinces. The lending agency also wants a so-called economic subversion law to be repealed, saying it has been used by the courts to intimidate foreign bankers. The law, which in the past was used by Argentina's military junta to staunch financing of leftist guerrilla groups, has been recently enforced by judges investigating whether bankers illegally withdrew billions of dollars from the now deeply troubled financial system. The reluctance of powerful provincial governors to agree to IMF-demanded spending cuts has also frustrated Duhalde.

Many governors say further austerity would only cripple their cash-strapped provinces, where funding shortfalls have already forced many to pay thousands of state workers in scrip. The collapsing economy has unleashed the country's worst economic crisis in history, triggering daily street protests. On Thursday, as Duhalde met with Economy Minister Roberto Lavagna on his return from meetings with IMF officials in Washington, hundreds of union workers and unemployed Argentines demonstrated in front of Congress, demanding jobs. Similar protests flared up around the capital and in several provinces in the interior. In downtown Buenos Aires, hooded youths with wooden clubs blocked roads and ripped up sidewalks around the Labor Ministry, complaining the government had failed to deliver long promised subsidies for the unemployed. The protest snarled traffic for hours in the city center after demonstrators scattered trash and lit tire fires. Duhalde warned political leaders that swift legislative action was needed to enact spending cuts and revise a financial crimes law that have been bogged down by political bickering, presidential spokesman Eduardo Amadeo said. "His warning was a strong one," Amadeo said, adding the president complained of slow progress: "At this pace, I'm not interested." Duhalde has pinned his hopes of reviving Argentina's battered economy on IMF support, which was cut off last year after the country failed to meet fiscal deficit targets. The president is hoping billions of dollars in IMF aid will help him prop up the country's banking system and revive an economy mired in its fourth year of recession. Duhalde's warning came as legislators met in a special session to debate one of two key bills sought by the IMF. The IMF, backed by the Bush administration, has laid out several conditions for the resumption of new loans, including measures to restore confidence to the financial system and slash spending in Argentina's 23 provinces.

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From MSNBC, 24 May 2002

Chile's Lagos Proposes Sweeping Health Care Reform

Chile's socialist president on Tuesday proposed sweeping changes to the country's health system in what is considered one of the broadest social reforms since former dictator Augusto Pinochet partly privatized health and social security in the 1980s. President Ricardo Lagos unveiled details of the health reforms in his annual state-of-the union address to a joint session of Congress in the port city of Valparaiso. Outside Congress, students protesting the government's education budget clashed with riot police in violence that led to 100 arrests and at least three injuries. In his speech, hailed by his supporters as a "frontal attack on misery," Lagos pledged to boost state funding for health care despite an economic downturn, and guarantee access for all Chileans to treatment for 56 medical conditions, including cancer and heart disease. "We are taking an additional, qualitatively superior step forward to reform the health

system. We are talking about a profound and far-reaching process," Lagos said in a televised speech. "This is one of the most important reforms challenging the social reforms made during the military government," health analyst Daniel Toppelman said. Chile, which has one of the healthiest economies in Latin America, has a state-financed health care system that co-exists with a private system funded by obligatory payroll deductions for employees. The system is widely considered to discriminate against the poor, with the quality of care in the private system vastly superior. Currently, 20 percent of Chileans have access to the private system, while the rest use the debt-plagued public system. Lagos said the initial annual cost of the reforms would be about \$230 million. He added the finance minister would provide funding details on Wednesday, but that taxes on cigarettes, alcohol and fuel would be raised to help finance the reforms

From MSNBC, 21 May 2002

President Fox Urges Mexicans to Back Reform Agenda

Mexican President Vicente Fox on Tuesday renewed a call to all Mexicans to support the nation's reform agenda that has been frequently blocked by Congress, with whom he has a prickly relationship. "We are cementing a transition aimed at achieving democratic transformation in our institutions, in our laws (and) to update them," Fox told businessmen and government officials at his residence. "Governing together with change means that we must all take responsibility together in defining the pace and way of change," said Fox, who was elected on a ticket of democratic change in July 2000, ousting the Institutional Revolutionary Party (PRI) that had ruled Mexico for 71 years. "When I say all, I don't mean only each different political organization but also social organizations and the citizenry in general." Fox's call came just days after he asked the PRI to cooperate in advancing legislative reforms and to govern the nation together, sparking criticism from the leftist Democratic Revolutionary Party (PRD). Fox has met with deputies and senators, as well as the heads of the PRI and his ruling National Action Party (PAN) in a bid to repair bruised relations with Congress and push his reform initiatives. Since taking power, Fox has seen much of his reform agenda blocked by Congress, which accuses him of trying to ride roughshod over the legislature in pushing his initiatives and failing to negotiate. Government officials say Fox is likely to meet the PRD leadership in the next few days to try to improve relations with the leftist opposition. A pet project of Fox's, an important fiscal reform, was stalled for the best part of last year in Congress and eventually passed in a watered down form. This year, relations between the president and Congress deteriorated to such an extent that the body refused to authorize a trip Fox had planned to Canada and the United States, saying he had not fully justified it. No party has an absolute majority in Congress but the PRI has the largest number of seats in both houses. Fox on Monday reiterated his plea to legislators to approve an electricity reform to allow private capital into the sector to modernize and expand Mexico's strained power grid.

From MSNBC, 21 May 2002

Web Broadcast Royalty Plan Rejected

Proposal for Royalties on Internet Music Rejected, but Final Decision Remains Uncertain - Internet music lovers, fearful that their favorite Web broadcasters will go out of business, won a reprieve Tuesday when the government rejected proposed royalty rates that webcasters considered too high. Librarian of Congress James H. Billington, who oversees the U.S. Copyright Office, said he would issue a final decision by June 20 laying out the royalty fees to be imposed. He did not explain why the proposed rates were rejected. Webcasters had sought lower rates than those proposed in February by a government panel. They said those rates up to \$1.40 per song heard by one thousand listeners would cost larger webcasters hundreds of thousands of dollars annually, more than they get from advertising or listener contributions. The fees would have been retroactive to 1998. Many webcasters said they would have to shut down if the proposed rates were approved. "We would not be in existence any longer," said Kevin Shively of Beethoven.com, a classical station based in Hartford, Conn. He said he was cautiously optimistic that Billington's final ruling would be fair, but "if a decision comes down that does not allow webcasters to survive, there certainly will be appeals." Opponents can appeal to the U.S. Court of Appeals for the District of Columbia Circuit within 30 days of the final ruling. The court could modify or set aside the decision if it finds Billington was highly unreasonable. The Recording Industry Association of America had sought higher royalties than those proposed by the arbitration panel, saying more was needed to compensate artists for using their music.

Cary Sherman, RIAA president, said he did not know what the final rates would be. "Since both sides appealed the panel's determination anything is possible," he said. Internet radio now is popular in offices and is gaining wider use in homes as more people get high-speed connections. It is expected to become even more mainstream as wireless devices proliferate, allowing listeners to tune in while walking or driving. Webcasters, as well as over-the-air radio stations, already pay composers and music publishers royalties for the music they play, based typically on a percentage of their revenues. But traditional radio broadcasters have been exempt from paying the royalties for each song played that now are being applied to webcasters. Broadcasters successfully argued before lawmakers that they already were promoting the music. After the recording industry failed to impose those new royalties, which would go to music labels and musicians, on traditional broadcasters, the industry turned to webcasters. A 1998 law granted the industry its wish. "It is time that they finally start to pay the artists and record companies whose creative output is the most important component of their business," said John Simson, executive director of SoundExchange, a group formed by the recording industry to administer

royalties. Earlier this month, hundreds of Internet broadcasters quieted their operations in a "Day of Silence" to protest the proposed royalties. Many of them said the royalties would have harmed the musical diversity the online world offers as an alternative to a few large outlets playing the same roster of Top 40 hits.

From ABC News, 21 May 2002

House Acts To Protect Kids Online

Citing Internet danger to children, the House voted Tuesday to expand wiretap authority to target molesters who find young victims online and to establish a new domain for kid-friendly Web sites. The wiretap measure, approved 396-11, would allow investigators to seek wiretaps for suspected sexual predators to help block physical meetings between molesters and children they meet via the computer. Lawmakers cited the recent death of Christina Long, a sixth-grader from Danbury, Conn., in urging passage of both bills. Police say she was strangled and her body dumped in a ravine by a 25-year-old man she met in an Internet chat room. "The threat to our children is real," shouted Rep. Nancy Johnson, R-Conn., the chief sponsor of the wiretapping measure. Wiretaps could be authorized for people suspected of engaging in child pornography, of trying to get children to perform sexual acts for money or of traveling to or bringing children for sexual activity. Rep. Robert Scott, D-Va., argued against expanding wiretap authority, voicing concerns that even current limited use by law enforcement typically results in overhearing innocent conversations. Rep. George Gekas, R-Pa, a former prosecutor, countered, "It is the court that'll decide whether it's helpful or necessary. ...So all the safeguards are in place." A similar wiretapping bill passed the House last year but died in the Senate. A second bill approved Tuesday, on a 406-2 vote, would have the federal government oversee a ".kid.us" domain on the Internet that would have only material appropriate for children under 13. Web site operators' participation would be voluntary.

Parents could set computer software to limit a child's access to only addresses ending in .kids.us. Supporters of the bill, sponsored by Rep. John Shimkus, R-Ill., say it should reduce the chance of accidental exposure to pornography and to other Web sites considered harmful to children, and it would not provide any access to interactive features, such as chat rooms. Groups opposing the domain, including the American Civil Liberties Union, have called the legislation a backdoor attempt at censorship. Marv Johnson, an ACLU attorney, said the Commerce Department's National Telecommunications and Information Administration would oversee while a private firm acted as censor and was exempt from liability for removing any content from the domain. "It essentially gives them carte blanche power to kick out whatever they want," he said. The bill provides that the government cannot renew its contract with the registry, or enter into a new one elsewhere, unless the registry provides written content standards for the new domain. Access to the domain is to be "suitable for minors" and "not harmful to minors." Shimkus said parents need to be aware of what Web sites their children are surfing. "I have repeatedly said that libraries have children's books sections, why can't the Internet have the same type of section devoted to children's interests?" he said. Sen. Byron Dorgan, D-N.D., plans to introduce a similar bill in the Senate, spokesman Barry Piatt said.

From CBS News-Politics, 21 May 2002

Governance Systems and Institutions

Africa

Zimbabwe Holds Reporter over 'Decapitation' Story

Police in Zimbabwe arrested *The Guardian's* Harare correspondent, Andrew Meldrum, yesterday in a continuing crackdown on independent journalists. Mr. Meldrum, 51, who is American by birth but has permanent residence in Zimbabwe, was picked up from his home in Harare on a charge of "abusing journalistic privilege and publishing false news", which carries a two-year jail sentence. He is the seventh independent journalist to have been arrested under the Access to Information and Protection of Privacy Act passed shortly after Robert Mugabe won a new term in the presidential election in March, which according to most international observers was rigged. The arrest of Mr. Meldrum follows the detention on Tuesday of two journalists on Zimbabwe's only independent daily, the *Daily News*, Lloyd Mudiwa and Collin Chiwanza. All three are being held over a story last week alleging that a 53-year-old supporter of the opposition Movement for Democratic Change (MDC) was decapitated by pro-government militias in full view of her two young daughters. The police have denied the report. Mr. Meldrum has also been repeatedly named by the government in its attacks on British media coverage of Zimbabwe's two-year political and economic crisis. He was still in police custody last night. Alan Rusbridger,

the editor of *The Guardian* criticised the arrest and demanded his immediate release. "It is outrageous that he should be the subject of criminal charges for doing the job of a reporter and we call on the Zimbabwean government to release him immediately and to drop charges against him and his colleagues on the *Daily News*," he said. The MDC originally announced the "murder" of Brandina Tadyanemhandu in Magunje, Mashonaland West Province, but later retracted the statement, saying her husband had cooked up the story in an attempt to get money for her funeral. Interviewed by the *Daily News*, her husband said his wife had been "murdered". The newspaper has since admitted it could have been misled by Mr. Tadyanemhandu, who failed to show reporters his wife's grave, and has retracted its story. International news agencies and newspapers outside Zimbabwe published the story quoting the *Daily News* and the MDC. It is believed Mr. Tadyanemhandu could have been used by the ruling Zanu-PF party as part of an attempt to discredit reports about the continuing onslaught against the opposition by pro-Mugabe militants. Human rights groups say 54 opposition supporters have been killed since the election and thousands of others have been beaten, tortured and injured. The Commercial Farmers Union announced yesterday that Thomas Bayley, an 89-year-old farmer who was besieged in his home for 37 days by Mugabe supporters, had died in his sleep. Mr. Bayley and his wife, Edith, 79, had refused to comply with an order to leave a farm in Mazowe which an unnamed top government official had earmarked for seizure. Mr Bayley, who was hailed as a symbol of farmers' resistance against the illegal land invasions, was admitted to hospital last week after collapsing at his home. At a May Day rally, Lovemore Matombo, the president of the Zimbabwe Congress of Trade Unions, described Mr. Mugabe as an "enemy" of the people, and said the labour movement would soon call for a general strike to protest against his policies.

From UK-The Independent-Africa, by Basilidon Peta, 6 May 2002

Botswana's Bushmen Face More-Modern World

New Xade, Botswana – A hot wind blows Kalahari sand into the eyes of Molatlhwe Mokalake, a member of one of the world's oldest tribes. He is not sure of his age, but he's definitely an elder. A few hundred yards away from him in this resettlement camp is a pile of sticks. It is what's left of Mr. Mokalake's small hut from when he lived in the community of Molapo, in Botswana's Central Kalahari Game Reserve (CKGR). A government delegation came to his village in February, dismantled his house, and placed it – and him – on the back of a truck, sending him 150 miles away to start a new life. But it is a life he does not want. Mokalake spent his whole life on the same land his ancestors have trod for the past 20,000 years. "I am feeling very sad," he says, speaking in the Bushmen language with its trademark clicks and tuts. "We were created by God on the land of our fathers and their forefathers – it is our ancestral home. The government has treated us unfairly. We were not given any choice about moving out." For the Gana and Gwi – the so-called Bushmen of the Kalahari – it is a story that has been repeated over and over during the past 15 years as the government has pursued its declared aim of "developing and integrating" them into the mainstream of Botswana society. The Bushmen say that the government just wants access to the CKGR's potential diamond wealth, though no diamond deposits have been found there.

21st Century action - Assisted by local advocacy and tribal-rights groups, the Bushmen, accused by their government of living a "stone-age" existence, put their faith in 21st-century action. Two weeks ago, the hearing to have their eviction declared illegal and their right to return home upheld went to court. But last Friday, the case was thrown out. A judge ruled that the advocacy group First People of the Kalahari was not authorized to speak for the 242 displaced Bushmen. Lawyers plan to refile the case. Earlier this month, the United Nations' special rapporteur on indigenous peoples condemned the government for its "discriminatory practices," warning that separation from their tribal lands risks the Bushmen's very survival "as a distinct people." The government rejects criticism, however, maintaining that by "encouraging" these people to move to areas outside the reserve they may be more easily provided with modern facilities, such as schools and clinics. The last straw for the Bushmen came in February when the government cut off their water supply in the CKGR. "The government itself had given them water in the reserve and food supplies and mobile clinics," says Qose Xukuri, of First People of the Kalahari. "Now the government has stopped the water supply and told them to get out." The government said it had become too expensive to pump water into the area, despite the European Union having offered to foot the bill. Spiritual and traditional - The Bushmen are a highly spiritual and traditional people who believe that they are guided through life by their ancestors who are buried in the reserve. If they fall sick, for example, they may stand at the gravesides and ask for advice as to what leaf to use to heal a wound or which bark to boil as medicine. "It's our first experience of life outside the reserve and we feel like fish who have been taken out of the river," says Khumanego Phethadipuo. "The government knows our culture very well, they know we must be able to communicate with our ancestors. Making us leave the place of our forefathers' graves is a form of oppression."

The tribesfolk also express indignance at the government's assertion that their presence in the reserve is harming wildlife stocks. "Our people have lived in harmony with the land and the animals for thousands of years," says Mokganedi Kanyo. "When we hunted there, we killed only what we needed to eat – one animal here, one animal there. The animals are our friends." Bushmen in baseball caps - The Bushmen no longer live up to the primitive image their name may still conjure up for some people. They wear ordinary clothes, for example. Mosaise Gaorapelwe, another of the Bushmen living in the camp, sports a black baseball cap bearing the slogan "Batman: the Dark Knight." Some younger tribe members welcome the move and seem more comfortable with their new life than the older people. Bushmen raise goats and cattle where they previously hunted wild game with arrows and spears. There are around 1,600

Bushmen in New Xade, which has its own primary school and a health post. Older children travel to school in the town of Ghanzi more than three hours away, where they remain during the term. Many among the younger generations have intermarried, some have moved away. For others, both young and old, moving off the reserve and closer to civilization has brought problems such as depression and alcoholism. "Last December, a man here got drunk and killed his girlfriend," says New Xade resident Mosodi Gaoberekwe. "Then two weeks ago, we had a young man here who just went mad, stabbing people with spears and chopping them with axes if they went near. Some people here have got serious alcohol problems ... it's frustration, boredom." Global campaign - Survival International, a tribal rights organization, refuses to give up on them launching a global campaign to persuade Botswana's government to reverse its policy. It is holding weekly vigils outside Botswana embassies and publishing advertisements around the world. "These people have been oppressed and undermined," says Mr. Gaoberekwe, a Bushman educated in a modern school who now assists First People of the Kalahari in their advocacy work. "They don't know about the law and the courts, but they do know that they have human rights." The 20,000-square-mile CKGR, a semi-desert region in the middle of the country, was established in 1960.

From Christian Science Monitor-Africa, by Jacqui Goddard, 6 May 2002

Fears for Mali's Emerging Democracy

Bamako, Mali - Just a year ago, Secretary of State Colin Powell was lauding Mali's 10-year-old democracy as "a model for the rest of the world to see and focus on." Amid a chaotic and disputed presidential vote count this month, however, many were left fearing that Mali - West Africa's model - had become only the latest promising young African democracy to slide back into old, corrupt ways. After a flashy, Lyndon Johnson-style campaign marked by helicopter barnstorming of Sahara Desert villages, governing coalition candidate Soumaila Cisse returned home to reap a surprising 99 percent to 100 percent showing in some oasis precincts around Timbuktu and beyond - in a 24-man field. With the interior minister's wife running Cisse's election campaign - and the interior minister running the election - peaceful Mali's opposition angrily claimed fraud. International election observers, while withholding public comment, likewise privately questioned the count, as did the nation's independent election commission. It wasn't Robert Mugabe's Zimbabwe, where police used clubs and tear gas in March to drive off opposition supporters who'd waited up to three days in line to vote. But coming just 10 years after the end of Mali's own bloody dictatorship, it was enough to dishearten many of the people who not so long ago were taking to the streets to celebrate their new, civilian rule. "People don't trust it," said shopkeeper Abdoulaye Traore, listless in the heat of the capital, Bamako, as state radio gave only sporadic promises of vote results at some future date. "Even if it's not an old democracy - people don't trust it," the shopkeeper said. Final results have Cisse, the governing coalition candidate, headed into a May 12 runoff with the former military junta leader, Amadou Toumani Toure.

The Interior Ministry rejects allegations of partiality in the April 28 vote. A decade ago, Mali - a nation built along the ancient camel caravan routes toting gold, salt and other riches - was rising on a wave of democracy sweeping across post-independence, post-Cold War Africa. In Mali and in Benin, in Senegal and Ghana, in Zambia, South Africa and Cape Verde, long lines of voters wrought the unthinkable - largely peaceful, popular replacements of entrenched, oppressive regimes. "It's a great feeling!" a student lining up to vote in 2001 exclaimed in Ghana. Like Ghana, Senegal joined the democratic trend late. But by 2001, Benin, where voters had ousted a Marxist, Cold-War dictator with great fanfare in 1991, saw the same ex-dictator back in power - thanks to elections widely challenged as rigged. Zambia, likewise, saw international observers allege vote-rigging in its December 2001 presidential election - benefiting not the old generation of dictators, but the new generation of "democrats" who succeeded them. Mali, early on, was considered by the West as one of the young democracies most likely to succeed. Perversely, it was Mali's very poverty that had helped make it so. Mali is one of the world's five poorest countries, despite gold lodes mined since ancient times. Like Senegal, its neighbor in arid, overwhelmingly Islamic far West Africa, Mali was spared what Oliver Owen of the London-based Center for Democracy and Development called Africa's "curse of riches." Unlike Sierra Leone with its diamonds, Nigeria with its oil, or Congo with its Aladdin's cave wealth of gold, diamond and copper, countries like Mali have comparatively little to tempt a ruler to hang on, Owen says. As a result, "when the dictator was removed by popular will, there was no great stake to be made by contesting the reform," Owen said. And so it was in Mali by 1991, when junior officers led by paratroop commander Amadou Toumani Toure toppled a bloody, 23-year dictator. They surprised many by ceding power to a civilian government 14 months later, as promised. Western nations were quick to welcome what they soon saw as a stable, reforming democracy on a continent of coups and dictators.

They heaped billions of dollars in aid upon Mali. Help started with former colonial ruler France stepping in to underwrite the country's annual budget shortfall. U.S. Secretary of State Madeleine Albright, visiting in 1999 to bestow \$2 million in aid and inspect a new U.S.-trained peace force, praised it as "a pivotal state ... a very large influence for good." Powell, making Mali his first stop on his first Africa tour last year, lauded it as "a model for the rest of the world to see and focus on, a democracy." In a World Bank report late last year, however, outsiders got their first clear signs that things weren't really all that pretty in model Mali. World Bank analysts cited corruption they called "endemic and pernicious because of a system of political clientelism." "The revolution of 1991 was born of hope of an open, democratic society," the World Bank said. Quoting what it said was Malians' comments to its analysts, it warned, "If there's a revolution again, it will be because of corruption." On a continent where voters line up for hours, or days, under hot sun to cast their ballots, only an unenthusiastic 40 percent of those eligible voted in Mali's election. Mali saw none of Africa's fervent, round-the-clock

running vote tallies by hoarse radio reporters - Africa's democratic sentinels, who keep election officials honest, whether they want to be or not. "It's a democracy, but it's a democracy made by the people with money," said 24-year-old peanut farmer Mamarou Coulibaby, lining up to vote at a crumbling school in a dirt-road hamlet. "It's not for the people in the village," he added. Copyright 2002 The [Associated Press](#). All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

From CNN, 7 May 2002

Kenyan Parliament Passes Law Introducing Prior Review of Press

Kenya's parliament has passed a law that makes it illegal to sell publications that have not been submitted to the government for review. Journalists said Thursday the law is another move to control the media during an election year.

From MSNBC, 9 May 2002

Mali's Voters Decide Runoff to Lead Young Democracy into 2nd Decade

Voters in the West African nation of Mali chose a president Sunday to lead them into a second decade of democracy, an election marred by rancorous allegations of fraud. Front-runner Amadou Toumani Toure, the retired general who played a major role in bringing about civilian rule, faced governing coalition candidate Soumaila Cisse in the runoff. "The game's not over yet," Toure said Sunday after casting his ballot. He placed first in the April 28 first round and won endorsements from the leading candidates who lost out then. International observers took up posts at voting booths, joined by Mali's own election monitors, who included burly young supporters of both candidates. It was not clear when results could be expected. In the first round, the vote count took five days and even then the results were disputed. On Wednesday, Mali's Constitutional Court threw out a quarter of the 2 million-plus ballots, citing evidence of fraud and other irregularities. However the recount confirmed that Cisse and Toure were the top two finishers. Cisse called Sunday's election a vote "against undercutting, against treachery." He was referring to his belief that outgoing President Alpha Konare privately endorsed Toure. Toure holds a revered spot in Mali's history as the former paratroop commander who in 1991 led junior officers in ousting Gen. Moussa Traore, the dictator for 23 years. A year later, Toure ceded power to a civilian government as promised, winning enormous popularity among Mali's people. Since then, the United States and other Western nations, eager to see a reforming, stable democracy in Africa, have flooded Mali with praise and billions of dollars in support. While Mali's image abroad has largely remained strong, perceptions of corruption at home have quenched enthusiasm for the decade-old democracy. Presidential elections in 1997 saw Konare elected to the second of his constitutionally allowed terms amid violence, a massive opposition boycott and tepid turnout. A 2001 World Bank report questioned Mali's reputation as a model democracy, citing what it called "endemic and pernicious corruption" amid a system of "political clientelism."

From MSNBC, 13 May 2002

Voting Starts in Sierra Leone - Historic Poll Comes After More than a Decade of Civil War

Freetown - Polling stations opened in Sierra Leone on Tuesday for presidential and parliamentary elections expected to give the West African country a new start after more than a decade of brutal war left tens of thousands of people dead and many more maimed, homeless or ruined. AT MANY polling stations in the capital Freetown, hundreds of people lined up before the 7 a.m. (Midnight ET) opening for an election made possible by the deployment of the biggest current U.N. peacekeeping force to disarm more than 47,000 rebels and pro-government militia fighters whose struggle horrified the world with its brutality. Over 2.3 million people are registered to vote. The election is the first multiparty poll to be held across Sierra Leone since 1977. Despite some stone-throwing and scuffles between supporters of President Ahmad Tejan Kabbah and rival parties, the election campaign has been one of the most peaceful since independence from Britain in 1961. But fresh fighting in a closely linked civil war in neighboring Liberia has sent a shiver through Sierra Leone and highlighted the chronic instability of the mineral-rich region that is among the world's poorest.

From MSNBC, 14 May 2002

U.S. Team Finds Slavery in Sudan

Khartoum, Sudan - A U.S.-sponsored commission investigating allegations of slavery in Sudan said Wednesday the practice exists but was hard to quantify. "There is indeed a form of slavery in existence in Sudan," Penn Kemble, head of the eight-member "Eminent Persons Group," told a news conference at the end of a two-stage, fact-finding mission to the African country. But the group, with members from the United States, Britain, Italy, Norway and France, said in its report delivered to the Sudanese government Wednesday it was "unable to establish the scale of abduction and enslavement" in the vast country. The report said the government had armed tribal militias while employing them as auxiliary forces in its 19-year-long war with southern rebels, and this had aided the militias in carrying out abductions and encouraged them to behave in a lawless manner. Sudan says there are abductions but no slavery. The absence of democratic institutions in both government and rebel-held areas had made it more difficult to prevent abductions and forced servitude, the report said. Military commanders should be held more accountable for slavery conducted by

militias under their control and a train link in Bahr al-Ghazal province in southwest Sudan should be suspended because militias have used it for their slave trade. The group, formed in February on the recommendation of U.S. peace envoy to Sudan John Danforth, also visited government and rebel-held areas in April, backed by a technical team. The Sudan People's Liberation Army (SPLA) began fighting in 1983 for autonomy for mainly animist and Christian south Sudan from the Muslim, Arab north. Around 2 million people have died in the conflict in one of Africa's most impoverished nations. The conflict has been marked by widespread abductions of children and adults.

From CNN, 23 May 2002

Zambia Convenes May 30 Summit on Democratic Congo

Zambian President Levy Mwanawasa said on Thursday that he had convened a summit of regional heads of state next week to try to restart all-party talks on the Democratic Republic of Congo's future. "We will hold a special summit on the Congo here in Zambia on May 30," Mwanawasa, chairman of the Organisation of African Unity (OAU) and a mediator for Congo, told reporters. "We recognise, all of us, that it is important for peace to prevail in the region in order to bring development." The all-party talks, known as the inter-Congolese dialogue, involve rebels, the government, its civilian opponents and a range of civic groups like churches and trade unions. They aim to end a bloody civil conflict dubbed "Africa's World War One." Comprehensive talks in South Africa collapsed last month after President Joseph Kabila and Jean-Pierre Bemba of the Ugandan-backed Movement for the Liberation of Congo (MLC) rebel group signed a partial deal to end the many-sided war. That deal, under which Kabila becomes interim president and Bemba prime minister, was rejected as a sham by Adolphe Onusumba's Rwandan-backed Rally for Congolese Democracy (RCD) and opposition political parties. The RCD and the parties led by Etienne Tshisekedi in turn formed their own alliance to lobby regional heads of state to put pressure on Kabila and Bemba to return to all-inclusive talks. That alliance named Tshisekedi as president and Onusumba as vice-president. The war has claimed at least two million lives, mainly through hunger and disease, and deterred investment in Africa. The war erupted in 1998 when Uganda and Rwanda invaded to support rebel movements fighting then-President Laurent Kabila, Joseph Kabila's father. Angola, Namibia, Chad and Zimbabwe intervened on Kabila's side, triggering Africa's biggest war.

From MSNBC, 23 May 2002

Asia/Pacific

Nepal's King Dissolves Parliament, Calls for Fresh Elections

Nepal's King Gyanendra dissolved Parliament on Wednesday and ordered elections after rifts developed in the ruling party over a proposed extension of emergency rule in this Himalayan nation. A statement issued by the Royal Palace just before midnight said the king acted on the recommendation of Prime Minister Sher Bahadur Deuba. Parliamentary elections were set for Nov. 13, the statement said. "We had no other option but to go to the polls again. We never thought the party would try (to) step on the position of the government like this," said Information Minister Jaya Prakash Gupta. The decision was reached by the government after the faction-riddled ruling Nepali Congress party refused to support the government plan to extend emergency rule, due to lapse on Saturday. The last election was held in May 1999, when the Nepali Congress won 113 of the 205 seats and formed a government. Since then, leadership power struggles within the party have led to three different prime ministers in as many years. "The decision by the party has questioned the position of both the prime minister and the parliament ... so we had no other alternative other than to call for dissolution of the House," Gupta said. The prime minister has the support of only about half the party's members. The others are controlled by his predecessor, Girija Prasad Koirala, the party president. King Gyanendra imposed the emergency on Nov. 26, suppressing press freedom and giving soldiers and police powers to detain without charge people suspected of supporting the rebels who have fought for six years to overthrow the constitutional monarchy. The emergency was declared after the rebels withdrew from stalemated peace talks and resumed attacks on police stations and government targets. Gyanendra ordered the army to fight for the first time inside Nepal, to assist the ill-equipped police. The fiercest battles of the insurgency have since been reported. "It was on the request of the security forces who are bravely fighting against the Maoist terrorists that we had decided to seek extension of the emergency. This will do nothing but discourage our forces on the battle grounds," Deuba said. Since the rebels began their violent campaign in 1996, more than 3,500 people have been killed. More than half have died during the past five months as the army began sweeping rebel hide-outs.

From MSNBC, 22 May 2002

Entire Kyrgyzstan Government Quits

Bishkek, Kyrgyzstan - The government of the Central Asian nation of Kyrgyzstan has resigned en masse after five opposition demonstrators died in clashes with police. The resignations took place during a Security Council session on Wednesday, an official from the Kyrgyz presidential press service told CNN. The session had been devoted to discussing the March 17-18 events which occurred in the southern district of Ak-Sy district in the former Soviet Republic. The government has come in for criticism for the deaths of the five demonstrators during a rally calling for the release of the jailed opposition figure Azimbek Beknazarov. Beknazarov, a member of the nation's parliament, was eventually released. President Askar Akayev said he will appoint a new Cabinet after consultations with parliament leaders and prominent public figures. A criminal investigation is under way to establish the details of the March events. Akayev was quoted as saying in an Interfax report: "Society rightfully expects resolute steps from the Security Council, first of all a decision concerning the responsibility of people, whose actions or failure to act, contrary to democratic standards, did not prevent the use of force, which led to a tragic turn of events and human casualties." Kyrgyz Security Council Secretary Misir Ashirkulov was quoted as saying the whole government had to automatically quit after Prime Minister Kurmanbek Bakiyev submitted his resignation. The head of the presidential office Amanbek Karypkulov has also resigned, Interfax reported. First Deputy Prime Minister Nikolai Tanayev was named acting prime minister until parliament confirms a replacement.



Akayev talked of the 'tragic' events of March 17-18

From CNN, 22 May 2002

China Taking Hits in Designer Drug War

Asia is battling a booming synthetic tide of amphetamine-type drugs like "ice" and "ecstasy," with China coming under the spotlight for its place in making them. Efforts to crack down on traditional drugs like heroin and cocaine are being hindered by the rampant rise in amphetamines, officials have told a three-day meet in Beijing, attended by six Asian nations along with a U.N. drug control group. Authorities are becoming particularly concerned about these drugs - which can come in pill, capsule or powder form and stimulate the heart beat - because they can be made in small and portable backyard labs. While less Europeans and Americans are snorting or sniffing the new drugs, East Asian and Pacific demand for these stimulants is outstripping the desire for plant-based drugs like opium and heroin, the U.N. Office for Drug Control and Crime Prevention (UNDCP) said in a recent report. More than 80 percent of the world's amphetamine seizures were made in East and Southeast Asia in 2000, statistics show. Facing the heat - China has come under the spotlight because more and more artificial stimulants are being mixed in clandestine laboratories across the country, officials say. The Eastern giant is the largest supplier of synthetic drugs in Asia, along with Myanmar and the Philippines, according to the UNDCP. Traffickers from Shanghai to Guangdong are working with cartels to make "ice" under the guise of producing legitimate goods, and smuggling it beyond China's borders, Reuters news agency quoted Wang Gang, deputy secretary general of the National Narcotics Control Commission, as telling the meeting. Cartels too are diversifying to make the synthetic drugs, which include animal anesthetic ketamine, 80-year-old illegal drug ecstasy and ice. Already, the number of drug addicts in China has risen sixfold over the past decade. "The abuse of ecstasy in entertainment pubs in large and medium cities of China was increasingly conspicuous, which undermines both the physical and mental health of the young people," said Wang.

In Hong Kong, sniffing ketamine has become more popular with locals than taking ecstasy, says Kenny Ip, chief superintendent of the territory's narcotics bureau, adding there was no shortage of supply in the market. In its single largest seizure last year, Hong Kong customs nabbed 45 kilos of ketamine powder coming through the relatively porous mainland border. 'Heroin hotbed' - But even as it battles a thriving synthetic drug trade on its southeastern coast, Beijing is pushing its southwestern neighbors to clean up their poppy-growing act, in a much older war on drugs. China said on Monday that Southeast Asia faced a grim battle with drug rings in the notorious heroin hotbed known as the Golden Triangle and called for tougher joint efforts to stem the tide. The Golden Triangle straddles the area where the borders of Thailand, Myanmar and Laos meet. According to the U.S. State Department, Myanmar regained its spot as the world's top source of heroin from Afghanistan in 2001, though its opium yield survey conducted jointly with the United States showed a drop of more than 20 percent from 2000. The six East and Southeast nations attending the conference - China, Laos, Myanmar, Thailand, Vietnam and Cambodia - agreed in the mid-1990s to crack down on trafficking, abuse and related crimes like money laundering. Chinese police confiscated some 13 tons of heroin from the Golden Triangle in 2001 in a crackdown centered on 17 high traffic districts, said Wang, adding that 4.8 tons of ice and 207 million tablets of ecstasy were seized on the mainland last year. China has stepped up its crackdown on drugs as sweeping economic reforms have boosted incomes and caused the number of known drug addicts to rocket in recent years. China has about 900,000 registered drug addicts - most of them hooked on heroin - up from 148,000 in 1991.

However, some foreign experts say the number of addicts in the country of 1.3 billion people may be as high as seven million.

From CNN, by Marianne Bray, 21 May 2002

The President Behind the Nation

East Timor became the world's newest nation last night, as the UN handed over control. The turning point for José Alexandre "Xanana" Gusmão came in December 1978. Three years of napalm, shelling, and hunger had broken the back of the resistance fighters battling for independence from Indonesia. Split by infighting, an army that had numbered in the thousands was reduced to fewer than 100, its commanders and spirit nearly dead. An Indonesian cordon was tightening around the starving survivors in the mountains. "They were convinced victory was impossible," says veteran Virgilio Simith, "and they worried about reprisals against civilians." Then Mr. Gusmão – a skinny, obscure resistance fighter who had won East Timor's 1974 poetry prize – took control. He led a few dozen survivors through Indonesia's lines and built the independence movement that ended with the UN-sponsored referendum in 1999. In the coming years, he became a warrior so elusive that followers thought he could change shape; a peacemaker who reconciled warring independence factions; and a politician who managed the expectations of his people as deftly as he wrung reluctant support from the international community. Now to Xanana, as he prefers to be called, falls the task of guiding East Timor to a peaceful and prosperous future. He was elected president in a landslide in April. He took power yesterday, as East Timor declared its nationhood, and the United Nation's transitional government, which has run East Timor since 1999, stood down. Foreign donors are expected to fully support East Timor, and some 5,000 peacekeepers will stay for up to two years.

Thousands of East Timorese gathered last night outside the capital of Dili for the celebration. Delegates from 80 nations, including former President Bill Clinton and UN Secretary General Kofi Annan, were on hand for the transition. Indonesian President Megawati Sukarnoputri, a longtime opponent of East Timorese independence, also attended the celebration, despite opposition from hardliners. This arid country of some 700,000 people is deeply poor and divided after 500 years of Portuguese colonialism and a brutal 25-year Indonesian occupation. After Indonesia lost the referendum in 1999, Indonesian soldiers and local militias destroyed most of the country's basic infrastructure. While history is littered with independence and revolutionary leaders who failed to deliver in peacetime, Xanana has an almost paradoxical set of skills: He's a warrior who excels at making peace and a leader with no apparent lust for power. "I never wanted to be president, and I don't want to be a president for any political party or any point of view," says Xanana, outlining a power sharing plan he hopes will heal the divisions that fed East Timor's 1975 civil war and prompted the Indonesian invasion. "At the beginning of this democratization process, we can't have divisions in our society," he says. Xanana has a track record of healing divisions. After his 1978 escape from a fallen resistance base in the mountains, the first thing Xanana did was clip the wings of Fretilin, his original political party. The leftist party had won the civil war and saw itself as the rightful ruler of East Timor. "From the start, his focus was reconciliation," says Agio Perreira, a former clandestine independence operative. Xanana recognized that Fretilin was driving an ideological wedge between his supporters and the rest of East Timor. The US, on the heels of Vietnam war, worried that Fretilin would turn East Timor into a little Cuba in the midst of Southeast Asia. "There were people that feared Fretilin, and he was the one to see that our struggle was doomed if he didn't fix that," says Mr. Simith, who now leads the Falintil Veteran's Association. Starting in 1980, Xanana went from village to village, sometimes disguised as a priest, reaching out a hand to old friends and old enemies, asking them to recommit to the resistance. "That's when Xanana became a phenomenon," says Perreira. "He showed himself in the truest sense to be a leader – to go and speak to the people and inspire them to follow, yet to be the furthest thing from authoritarian." His deep-set eyes, salt-and-pepper beard, and sonorous voice made him a guerrilla leader from central casting. Comparisons with South Africa's Nelson Mandela began to be made, and East Timor was catapulted into the world ranks of fashionable causes. Xanana was born in the sleepy town of Manututo, one of nine children.

His father was a schoolteacher, placing the family one notch above the peasantry in the Portuguese system. Friends of Xanana say he was unusually sensitive to the public whippings and forced labor that were common in his youth. At 13, he was sent to the elite Jesuit seminary near Dili. He enjoyed poetry classes and literature, but was restless and dropped out at 16 to attend a regular high school in Dili. He eventually received his degree. He developed a small reputation for his poems. But he was also known as an occasionally brilliant but often eccentric goalkeeper for the Academica soccer club. He seemed "too busy making up sonnets to actually stop any goals," according to "The Crossing," a book by East Timorese author Luis Cardoso. Xanana appears leery of his iconic stature at home, which would veer close to a personality cult if not for his regular-guy approach. Before the presidential election, he repeatedly said he didn't want the job, and preferred retirement to politics. But after everyone from elders in the highlands to former US President Clinton pushed him to run for president, he came to see what most Timor watchers had long known: He was the greatest uniting force in the country. His powers of forgiveness are legendary. He has forgiven Indonesia for its occupation, which claimed upwards of 200,000 lives. The power to forgive even extends to Indonesian Gen. Prabowo Subianto. General Prabowo ran death squads and interrogation centers from which many of Xanana's friends never returned. Yet in a visit to Jakarta two years ago, Xanana embraced his former enemy and offered to make peace. "I don't think that he likes this," says Perreira. "But he's so much of a bigger man than the Indonesian generals, than these other men. He knows that this is what's good for his people."

From Christian Science Monitor, by Dan Murphy, 20 May 2002

French Mandate: Repair Democracy

Fresh from his landslide presidential victory, Jacques Chirac may, paradoxically, prove to be the weakest chief executive in modern times here. A longtime politician tainted by financial scandals while he was mayor of Paris, Mr. Chirac, a conservative, owes his 82-percent win not to an overwhelming mandate, but to a massive rejection of far-right nationalist candidate Jean-Marie Le Pen. Though France and worried leaders in other European countries are breathing a collective sigh of relief at the defeat of rightist extremism and Mr. Le Pen, the election has revealed deep fissures of discontent among the electorate here. "Chirac was elected not on the basis of a program, but with a simple mandate – to keep democracy alive," Socialist Party secretary François Hollande says. "The right would be wrong to claim it has the confidence of the country." The results of the April 21 first round offered an alarming X-ray of the country's political mood. Voter apathy, reflected in an abstention rate of almost 30 percent, and an array of fringe candidates on the far left and far right, contributed to the defeat of the socialist candidate, Lionel Jospin. "Abstention and protest votes are a clear manifestation of defiance towards a political system that bogs France down in leadership paralysis," says Christian Blanc, a former public sector official and former CEO of Merrill Lynch France who recently started a political think tank. "In the two years to come, the government will have to introduce the deep changes needed to restore confidence in the capacity of democratic institutions and political parties to move the country ahead and respond to citizens' expectations," Mr. Blanc adds.

The next battle comes in June, as France elects its next parliament. The socialists hope to capitalize on two weeks of massive street protests against Le Pen, who campaigned on an anti-immigrant, anti-EU platform. To avoid the kind of splintering that was partly to blame for Jospin's first-round defeat, the socialists are now trying to forge an alliance with the Greens, the Communist Party, and other small left-wing parties. Mr. Chirac wants a political majority and hopes to avoid "cohabitation." This odd feature of French political life has forced power sharing between right and left three times in the last 15 years and is largely blamed for causing the deadlock that has fueled voter disenchantment toward the political establishment. Polls are projecting a narrow majority for Mr. Chirac in parliament. But whether his future government will be able to tackle the issues that the first round of the election laid bare remains to be seen. Despite having been strongly rebuffed in Sunday's runoff, Le Pen and his supporters are not a spent political force. Le Pen received about 18 percent of the vote Sunday, and his National Front party may garner enough votes to enter parliament for the first time next month. Meanwhile, the French political establishment now seems to admit that if Le Pen offered the wrong answers, he nonetheless may have raised the right issues: the rise in the crime rate, France's failure to successfully integrate ethnic minorities, the widening social and economical divide, and fears of a loss of French identity through globalization. Mr. Chirac has already announced his intention to act speedily on crime and is expected to create a superministry to tackle the issue. But there is no quick fix for the political stagnation that the election revealed. Whether the answers can even be found in France's current political system is now strongly challenged. A growing number of voices are calling for a change of Constitution that would redefine political and institutional powers.

From The Christian Science Monitor, by Edith Coron, 9 May 2002

U.K.'s Blair Steps Up Euro Campaign, May Change Law

U.K. Prime Minister Tony Blair stepped up his campaign to join the euro, and is preparing to change the law to allow a referendum in the next 18 months, an official in his office said. Legislation that would enable British people to vote on whether to abandon the pound may be introduced to parliament in the yearlong session that begins in November, said the official, who declined to be further identified. "Bringing forward legislation on a referendum is not a difficult exercise. It need not take long to get it through," Robin Cook, the minister in charge of making government bills law, told reporters. Set against opinion polls showing a popular majority opposed to joining is pressure from U.K.-based exporters including Unilever Plc, the world's largest maker of food and soap, and Corus Group Plc, a steelmaker. They say their businesses have been hit by the pound's strength against the euro: it's gained about 13 percent against the single currency since its Jan. 1999 debut. Transport Secretary Stephen Byers yesterday told a group of female political journalists that the government will definitely change the law to allow a vote, according to Ian Davidson, a legislator from Blair's Labour Party who said that Byers "has chosen to launch the next stage of the government's campaign on the euro." Economic Conditions - Byers' office declined to comment. Blair's office said the law will only be changed if economic conditions are met. Ministers have promised to make the euro assessment, judging membership according to five economic tests, by June next year, and then to hold a referendum if the case is made. The vote would follow within four months of the tests being passed, according to the government's contingency plans. Blair said Wednesday that if the economic case for transferring monetary policy from the Bank of England to the European Central Bank is also made, then to stay out of the euro would be a "betrayal of our national interest." The pound yesterday fell to a four-month low against the euro on those comments, which analysts say show the government is gearing up to campaign for the euro. The pound traded as low as 62.68 pence per euro, the weakest level since Jan. 4, from 62.45. It was recently trading at 62.83 pence per euro, the weakest since Dec. 3. 'Running Out of Time' – "The government is running out of time and realizes that they need to launch a major

campaign this autumn if they want to join in this parliament," said George Eustice, director of the anti-euro No Campaign, whose supporters include Next Plc chief executive Simon Wolfson and Tim Martin, chairman of J D Wetherspoon Plc. The government has laid down its contingency plans for joining the euro in the National Changeover Plan, which says that a positive economic judgment would mean a referendum within four months. A "yes" vote would lead to membership of the currency in 24 to 30 months, and the introduction of euro cash over the next six months. Blair's Labour Party was re-elected last June; the next national election is due by June 2006 at the latest. Opinion polls show a majority of British people don't want to join the euro. Twenty-nine percent of U.K. citizens said they'd vote for membership if a referendum were held today, with 56 percent saying they would vote against, a poll by NOP Research Group showed last month. Pro-euro campaigners hope the currency will seep into Britons' lives, reducing their hostility to membership. About 65,000 British businesses now maintain euro bank accounts, according to HSBC Holdings PLC. About 90,000 businesses have made or accepted payments in euros. Some U.K. retailers, including Dixons Group Plc and Marks & Spencer Plc, have been accepting euro cash since it entered circulation in the dozen euro countries in January.

From Bloomberg-Politics, by James Kirkup, 17 May 2002

New Dutch Government Takes Shape

Amsterdam, Netherlands - The Netherlands' dramatic and sudden electoral switch from liberal-socialism to conservatism is being finalised as the country's victorious Christian Democrats (CDA) begin forming a government. The ruling centre-left Labour party suffered its worst defeat since World War II in a momentous election dominated by voter concerns over crime, immigration and public services. CDA leader Jan Peter Balkenende, set to head a new coalition government, said Wednesday's poll victory had surpassed all expectations. ([Profile](#)) "It's been an unbelievable evening. The CDA is back," he told jubilant supporters in the Hague. "In just a few months we have shown the vitality of Christian Democracy." The result shattered the hopes of the incumbent Labour party which, until the murder on May 6 of the right-wing political leader Pim Fortuyn, had looked set to be re-elected. But the outpouring of sympathy and grief following Fortuyn's death saw voters drawn to immigration, crime and anti-establishment issues rather than Labour's eight-year record of economic prosperity. The result extended to the usually-liberal Netherlands the Europe-wide trend that has seen left-leaning governments tumble in Italy, Denmark, Portugal and France over the last year. Labour campaign manager Jacques Monasch admitted: "It's a disastrous result. It's beyond a landslide." Outgoing Prime Minister Wim Kok said: "Let's be realistic. The voters gave us a huge thrashing. The people of the Netherlands have made a different choice." He added: "These are difficult times for social democracy, not just in the Netherlands, but also elsewhere in Europe." After 88 percent of votes cast had been counted, the CDA had won 43 seats in the 150-member parliament while the three-month-old anti-immigration Pim Fortuyn List (LPF) came second with 26 seats. "This is fantastic," said Mat Herben, a former journalist who was elected as the new leader of the LPF within hours of the result. "I hope we will be able to reach a government agreement," he said. Asked if he would team up with Fortuyn's party, Balkenende said: "Looking at the results, the voters have given a clear signal. But we'll have to discuss proposals and stability, especially with LPF." The VVD, the former coalition partner, is tipped to be a third member in a new coalition government.

A combination of the CDA, VVD and LPF would have a comfortable parliamentary majority with 92 seats. Coalition building in the fragmented Dutch political arena is slow process and often takes two to three months. Balkenende, a 46-year-old professor of Christian philosophy who has been likened to Harry Potter in appearance, has voiced distaste with the Dutch policies allowing euthanasia, gay marriages and tolerance of soft drugs. He told cheering supporters he was ready to begin forming a government. "Citizens want a different kind of politics," he said. Although Balkenende and most of his party opposed legislation last year to legalise euthanasia and gay marriages, his spokesman said he would not try to repeal those laws. "Balkenende sees it as an irreversible fact," said Hans van der Vlies. However, Balkenende has said he supports moves to end the sale of marijuana in hundreds of coffee-shops, a practice that is technically illegal but not prosecuted. But he admits that may take many years. Fortuyn, 54, who tapped a groundswell of discontent with the ruling politicians and the country's swelling immigrant population, was shot dead on May 6 by a lone gunman after a campaign radio interview. Volkert van der Graaf, 32, a vegan animal rights campaigner, was remanded in custody on May 9 charged with Fortuyn's murder.

From CNN, 16 May 2002

EU Economy Hobbled by Red Tape, High Costs, EU Says

The productivity gap between European companies and their rivals is wide and getting wider, the European Commission said. Economic production per person is two thirds the U.S. level, the widest gap since the 1960s. Elements hampering European business: red tape, high wages and taxes and a weak education system. Labor productivity growth slowed in Europe to 1.2 percent per year in the second half of the 1990s while accelerating to 1.9 percent in the U.S., the commission said in its annual report on competitiveness. Companies such as Germany's Continental AG are expanding production in countries where labor costs are cheaper. Workers in Romania, where the world's fourth-largest tiremaker is building a new factory, earn 5 percent as much as German workers. The figures describe how far the 15-nation EU is from its goal, proclaimed by national leaders in 2000, to become the world's most competitive economy within a decade. It is time to "show more determination in pursuing economic reforms," Enterprise Commissioner Erkki

Liikanen told a news conference. Economic growth in the 12 nations sharing the euro currency slowed to a five-year low of 1.6 percent in 2001 and unemployment has risen in 14 of the last 16 months in Germany, Europe's largest economy. The fact that 2002 is an election year in five countries, including Germany and France, makes it even tougher for leaders to loosen regulations or ease worker layoffs, analysts said. Trade unions argue those changes would mean lower benefits and fewer jobs. Fewer Working - Liikanen pointed to a "skills gap" compared with the U.S. and Japan, saying Europeans don't spend enough time in training. In 1999, the average years of schooling of EU workers had risen to 87 percent of the U.S. level, up from 70 percent in 1971. Technology spending amounted to 5.6 percent of gross domestic product in the EU between 1992 and 1999, compared with 8.1 percent in the U.S., he said. There are also fewer Europeans at work: only 66 percent of adults compared with 74 percent in the U.S. In Italy, Spain and Greece, fewer than 60 percent are employed. The French government of former premier Lionel Jospin tried to ease regulation of temporary work and fixed-term contracts. German Chancellor Gerhard Schroeder passed income and corporate tax cuts worth 42 billion euros (\$39 billion) a year from 2005, as well as tax breaks for private pensions. Still, Europe's workers need to work until July 24 each year just to pay their taxes, while the first tax-free day in the U.S. is May 16, according to Unice, the EU employers' federation. Processing Sausages - And employers complain some new measures on work conditions also make it hard to compete. They cite France's two-year-old rules limiting the working week to 35 hours or the EU requirement that large companies must consult workers before mass firings. Viscofan SA, a Spanish company that's the world's biggest maker of artificial sausage casings, sends unfinished skins produced in Germany to the Czech republic for further processing. "Within 500 kilometers (310 miles) of our plant in Germany, the costs are one-sixth or one-eighth," said Viscofan Chief Executive Juan Ignacio Villegas.

This year has seen a wave of industrial unrest as European labor unions protest plans to free up the labor market. Spanish union leaders voted today to hold Spain's first general strike in eight years to protest plans to cut unemployment benefits. In April, Italian workers held the first general strike in eight years over a government proposal to make it easier for some companies to fire employees. German metalworkers struck over higher wages earlier this month. Competition - Liikanen said European competition, or antitrust, policy should not impede the development of European rivals to large U.S. companies such as Microsoft Corp. and General Electric Co. When deciding whether to rule against mergers, the commission should assess the European market as a whole. "We want to have full competition, but we want to have also competitive European companies," Monti said. "The larger the market, the less likely there are competition concerns." Europe needs to cut state subsidies to unprofitable industries, worth 82 billion euros or 1 percent of gross domestic product, EU Competition Commissioner Mario Monti said in a separate report. Germany granted the most aid, worth 25 billion euros, or 1.2 percent of its economic production. Pressures on competitiveness will increase when up to 10 mainly eastern European countries join the EU as early as 2004, increasing its population by 28 percent but its gross domestic product by just 5 percent. Economic production per person will fall by 18 percent.

From Bloomberg-Politics, by Adrian Cox, 23 May 2002

The Americas

Venezuelans of All Stripes Take to the Streets Again

Caracas: For the first time since the failed coup, opposition and supporters rally as Chávez calls for reconciliation – Hundreds of thousands of Venezuelans took to the streets this week in the first mass demonstrations since President Hugo Chávez was reinstated after a failed coup three weeks ago. This time, at least, there was no fighting. But May Day in Caracas gave stark proof of the deep fault lines running through this fractured society: Some 200,000 protesters marched against the president, while on the other side of town, about 100,000 pro-Chávez unionists and government supporters held their own rally to celebrate the failure of the coup. "Venezuela is divided between Chavistas and anti-Chavistas. At the moment, there is nothing else," said opposition politician Carlos Ocariz. At Wednesday's antigovernment protest, burly union bosses marched alongside bejeweled society matrons while erstwhile political rivals joined forces with civic pressure groups. These unlikely alliances help explain the opposition's broad support, but analysts say that eventually that same diversity may yet prove to be the movement's most serious weakness. "There is no organization. The opposition is still just a mass of unhappy people with one common goal: to get rid of Hugo Chávez," said public-affairs consultant Alfredo Keller. Since he came to power in 1998, Mr. Chávez – a former paratroop colonel who himself once led an abortive coup – has managed to anger an impressively broad swathe of Venezuelan society. Unions and business groups both accuse him of interference and cronyism; radical leftists say he has betrayed his own revolution; and right-wingers warn that he plans to impose a communist state. "All the different social classes are uniting against Chávez," said Pedro Gonzalez, a lawyer marching on Wednesday with a peace sign in his hand. Watching the protest from a nearby park bench, gardener Pedro Bustalde was not convinced. Like many government supporters, he believes that the opposition is a Trojan horse for traditional politicians and the economic elites. "The people are still with the president. This march was organized by the rich – it's just the same old corrupt political parties, trying to get back into power," he said. The landslide victory that first swept Chávez into power was widely seen as a reaction to the corruption, mismanagement, and inefficiency of the two entrenched parties, Democratic Actions and the Christian Democrats. Even as the tide turned against Chávez, Venezuelans have been unwilling to turn to the discredited traditional parties or inexperienced

new ones, says political analyst Jose Vicente Leon. To channel their discontent, "they looked to civil institutions [such as unions, business groups, and the media], which were the only ones which still had a clean reputation," he says. They also turned to the armed forces: Active and retired officers played a major role in the coup, which installed business leader Pedro Carmona as president. But within hours, the broad alliance started to unravel. Unable – or unwilling – to form an inclusive cabinet, the rebels installed a far-right cabinet, which immediately tore up the 1999 Constitution and revoked the National Assembly and Supreme Court. Unions and moderate opposition groups started to distance themselves from the de facto government, and three days after he was ousted, Chávez was restored to power by loyalist troops. Since then, Chávez has called for reconciliation, but his opponents remain skeptical. Arguing that democracy has been compromised by his rule, they have called parliamentary elections and a referendum on his mandate. "They can't accept that Chávez is back. It still bothers them, but if they want the government to leave, they're just going to have to follow the democratic rules," says Tarek William Saab, a pro-Chávez lawmaker who was imprisoned during the coup. "What happens will be decided by the people, not the opposition, and the people decide with elections." But the president's opponents say Chávez has rigged the democratic rules in his favor. Under the Constitution, he cannot be forced from office in a referendum until 2004. Without a referendum, his term of office will not end until 2007. "Chávez hasn't respected the rules of the game. So we feel there should be a constitutional amendment to shorten his term," says Mr. Ocariz. With government and opposition at loggerheads, neither has much time to debate the country's declining economy or widespread poverty. Some activists have suggested that the opposition form a new coalition party to confront the president. But according to Mr. Leon, such an alliance will be doomed: "How can you reconcile the different opposition groups behind one party? The moment they try to present their national project, they will split," he says. According to Mr. Keller, those with most to gain may be the existing parties – the only groups with nationwide networks and experience in political maneuvering.

From Christian Science Monitor-Americas, by Martin Hodgson, 4 May 2002

Powell Urges Latin America to Seize Democracy

Washington - Citing widespread discontent with governments across Latin America, Secretary of State Colin Powell on Monday urged countries from Venezuela to Colombia to implement desperately needed democratic reforms. Addressing a Council of Americas conference at the State Department, Powell said people across the region were dissatisfied with the quality of democracy and frustrated with the results of economic reform. "There is a disenchantment with the institutions of elected government. In too many countries, people are losing faith in their political systems and leaders. Things were supposed to be better," said Powell. He cited a recent region-wide survey that found a decline in support for democracy in 16 of the 17 Latin American countries polled. "What good is democracy if your life is not better?," asked Powell, adding that most people still faced basic struggles such as feeding their families and educating their children. Too many governments had failed to undertake "second-generation reforms" such as improving tax laws, pensions and regulatory systems, that were needed to attract desperately needed investment. "Capital, as I say all the time, is a coward. It flees from corruption and bad policies, conflict and unpredictability. It goes where it is welcomed, where investors can be confident on the return on the resources that they have put at risk." The only answer to the problems of insufficient democracy and incomplete economic reform was more democracy and more economic reform, he advised. Discussing the recent economic crisis in Argentina, Powell said that country needed to address underlying political and institutional flaws that encouraged excess public sector borrowing, corruption, politicized judicial systems and a lack of transparency in government activities. In Colombia, where the United States is helping fight the war on drugs, Powell said there needed to be a more robust military and security component to U.S. policy. "We are prepared to expand the scope, the nature of our assistance. But Colombia must also fully commit itself to the tough steps that will be needed to achieve success." Powell advised Venezuelan President Hugo Chavez, who survived a coup last month, to work closely with the Organization of American States to strengthen his country's democratic institutions. "Coups must be recognized for what they are, fading echoes of a discredited past, not the road to a democratic future. President Chavez must follow with deeds his new pledges of national reconciliation and respect for democratic principles," said Powell. Powell, a four-star general who was head of the Joint Chiefs of Staff, spoke of his own personal disappointment over events in Haiti where there had been so little progress since a U.S.-led invasion helped oust a military junta in 1994. Citing Cuba as another problem country, Powell said it could not forever remain the "sole holdout" from democracy and free markets.

From ABC News-Politics, 6 May 2002

Cubans Deliver Petitions Proposing Unprecedented Referendum to Change Socialist System

In an unprecedented challenge to Fidel Castro's 43-year-old rule, activists delivered more than 11,020 signatures to the National Assembly on Friday, demanding a referendum for broad changes in Cuba's socialist system less than two days before a visit by former President Carter. Known as Project Varela, the signature-gathering campaign is seen as the biggest homegrown, nonviolent effort in more than four decades to push for reforms in Cuba's one-party system. "In Cuba, change for all rights will only be achieved if the majority of Cubans decide to conquer them peacefully," campaign coordinator Oswaldo Paya said before turning in the petitions. "We are asking that the Cuban people be given a voice in a popular vote, in a referendum, so that the sovereign people are those who decide to begin change for the good of our children." The petitions propose a referendum asking voters if they favor civil liberties like

freedom of speech and assembly, and amnesty for political prisoners. The timing of the delivery of the petitions appeared aimed at ensuring that Project Varela is an issue during the visit by Carter, who arrives Sunday for a five-day visit at Castro's invitation. During his visit, the former president may meet with petition organizers. Carter plans to meet with Cuban activists to discuss human rights and religious matters next Thursday, his staff has said. Carter, who historically has been an advocate for human rights and democracy, has been pressured by the White House and the Cuban exile community to press those themes during his trip. "The heroes are these Cubans, more than 20,000 who signed this demand for an opening in a written declaration," said Paya. He said that of the 20,000 signatures activists gathered in recent months, volunteers verified 11,020 — those that were delivered. Paya and two other men showed up Friday morning outside the offices of the National Assembly with two white boxes labeled "Citizen Petition." Two uniformed guards let them inside, where they stayed just seven minutes before delivering the petitions. Cuba's constitution says the National Assembly should schedule a national referendum if it receives the verified signatures of 10,000 legal voters. There was no immediate response from Castro's government. Asked by reporters in April about the campaign, Foreign Minister Felipe Perez Roque said he doubted it would succeed and accused its organizers of being on the U.S. government payroll. Paya, who says the project has received no money from any government or group outside Cuba. "This is not project of the opposition, but a citizens' project to attain the rights of all Cubans," Paya said, reading a prepared statement. "The world should know that we Cubans are traveling our own road to improve our society. Whoever wants to express solidarity with Cuba, and respect the self-determination of Cubans, should support this demand for a popular vote." According to Paya, state security agents have harassed workers on the petition drive. He said agents had confiscated several thousand signatures, but volunteers had gone out and collected more. Named for Felix Varela, Cuban independence hero and Roman Catholic priest, the signature drive was discussed by activists here as early 1996. But it wasn't until the last year that volunteers begin collecting signatures in earnest. Volunteers in recent months have verified signatures, visiting each person who signed and ensuring name, address and national identity documents match. Castro was scheduled to speak live on state television Friday night to respond to U.S. charges that it is trying to develop biological weapons for transfer to countries hostile to the

From MSNBC-Americas, 10 May 2002

Dominican Ruling Party Hopes Election Will Strengthen Control of Legislature

Dominican politicians anxiously awaited results Friday after elections that the governing party of President Hipolito Mejia hoped would strengthen its grip on the legislature. The opposition Dominican Liberation Party and the Reformist Social Christian Party were looking to increase their share of seats following a campaign dominated by economic issues in this poor Caribbean country. Candidates from the governing Dominican Revolutionary Party pointed to economic gains, while opposition leaders promised to combat joblessness — now at 15.6 percent — and widespread poverty. Preliminary results for the capital, Santo Domingo — a barometer of the national vote — had been expected shortly after polls closed. But a new electoral system in which voters elect candidates rather than parties is delaying results, officials said. According to the last official count of Thursday's vote, only 11 of the 31 provinces had tallied the majority of their votes. Electoral officials said the results didn't reveal obvious winners and didn't release any figures. Organizers said they expect municipal results by Saturday and the legislative ones by Sunday. While thousands voted peacefully in the municipal and legislative elections, one person was killed and seven were injured in violence linked to a party rivalries, authorities said. The violence flared early Thursday before polls opened. One person was killed and five were injured in election-related fighting in Monte Cristi, 145 miles northwest of Santo Domingo, police said. Two others were injured in Villa Vasquez, 95 miles northwest of the capital. On Sunday, one man was killed in a shootout during a political rally in Yamasa, just north of the capital. Fighting often breaks out during voting in the Dominican Republic. More than 30 people were killed during 2000 presidential election. Seats up for election Thursday included all 32 Senate seats, all 150 seats in the House of Representatives and 125 municipal positions, including mayoralties. Mejia's center-left party now holds the majority in the Senate, with 19 seats, and has 66 seats in the House. The Liberation Party is the largest in the opposition, with four seats in the Senate and 49 in the House. The right-leaning Reformist Party of former President Joaquin Balaguer has 17 seats in the House and two in the Senate.

From MSNBC, 17 May 2002

Severe Hunger Crisis in Malawi Worsened by Government Mismanagement

Lilongwe - The children's eyes are bulging and listless, their shoulder blades jab out of their emaciated backs and their heads and bloated bellies seem grotesquely huge next to their shriveled limbs. With a massive wave of hunger gripping Malawi, the pediatric malnutrition ward at Lilongwe Central Hospital is packed with about 100 desperately hungry children, some only a few months old. Aid groups say many thousands of children and adults across the country have died from hunger-related illnesses since the crisis began last year, and they predict the situation will get far worse without immediate international aid. It did not have to be this bad. While it was bad weather that destroyed the corn harvest here over the last two years, it was government mismanagement, poorly timed agricultural reforms and the disastrous sale of Malawi's emergency grain reserve that turned a crisis into a near disaster, according to international aid workers, Western diplomats and even some government officials. The World Food Program says hunger is spreading across southern Africa, sparked by severe droughts that dried crops and by floods that destroyed much of what survived. The WFP warned last month that six nations in the region were facing severe food shortages, with 2.6 million people already going hungry and the situation expected to worsen in the coming months. But many of those countries have also been criticized for government policies that aid workers say have greatly exacerbated the crisis. Zimbabwe, one of Africa's most fertile countries, has ably weathered most other regional hunger crises.

This year, amid massive farming disruptions blamed on President Robert Mugabe's land reform policies, millions of Zimbabweans will need food assistance. Swaziland's monarchy chose to divert its agricultural resources into sugarcane instead of corn, with no backup plan in case its shrinking corn crop failed at the same time sugar prices plunged, as happened this year. The lack of true democracy in these countries was an important factor in the hunger, since autocrats can cover up impending problems longer and are less likely to receive immediate aid from Western donors, said Chris Landsberg, co-director of the Center for Africa's International Relations at the University of the Witwatersrand in Johannesburg, South Africa. "If we had more democratic regimes in our region than the region would have been better able to deal with this crisis," he said. Many Western diplomats and aid workers agreed, though all spoke on condition of anonymity for fear of angering the countries where they worked. Hunger is nothing new to impoverished Malawi. It comes every year. When the grain harvested in April and May runs out in December, rural Malawians scrounge for wild vegetables and to try to find scarce jobs to make money to buy corn sold at low prices fixed by the government. Last year, much of that corn, the main staple of the Malawi diet, ran out months earlier than usual after severe flooding. In normal years, the government would have tapped into its massive emergency grain reserve, which could help feed the country for several months. But last year, amid overly optimistic crop forecasts, it sold off nearly all 167,000 tons of the reserve, leaving nothing for the country's hungry. When the extent of the hunger became apparent, the government frantically tried to import 134,000 tons of grain from South Africa by the end of last year. But the imports were slowed by the poor transportation network and months after the deadline only about 90,000 tons have arrived. The government says Western donors and the International Monetary Fund — who are withholding some grants to Malawi over concerns of corruption and financial mismanagement — pushed it to sell the reserve, arguing it was too expensive to store the grain and the government needed the money to service a debt. The donors say they suggested the government sell the old corn before it spoiled and buy new corn, reducing the reserve's size — but not to zero. The government says it never intended to sell off all the corn and it is investigating what happened to the money from the sale. "There seems to have been a breakdown in communication," said Ellard Malindi, head of Malawi's agriculture department. Meanwhile, the government — apparently acting on donors' advice — decided to relax its control on the price of corn and the cost exploded. Just as impoverished Malawians were becoming desperately hungry, the official corn price went from seven cents a kilogram to about 25 cents.

In some areas, corn cost more than 50 cents. "It is not that there is nothing to eat, but that they can't afford the food," said Collins Magalasi, national coordinator for the Malawi Economic Justice Network. The government also relaxed controls on the cost of fertilizer and seeds, so their prices shot up dramatically, making it harder for people to plant much for a new harvest. This year's crop also was badly affected by dry weather and the government resisted declaring a state of disaster, which could have spurred reluctant donors to help, until Feb. 27. "You need a more intelligent government, a government with a little more insight," said Lizzie Funekile Nkosi, program director of Save the Children UK here. At the hospital, the emaciated children sit in a row with their mothers, slowly sipping milk to restore their strength. The ward always has patients, but rarely as desperate as these. Kucha Samikwa, head nurse at the unit, wonders what will happen when this year's meager harvest runs out. "The real problems are still coming," she says.

From MSNBC, 12 May 2002

Corruption, Design Blamed for Bangladesh Ferry Disasters

Dhaka — Corruption, poor design, absence of safety equipment and disregard for navigation laws are the main causes of successive ferry disasters in Bangladesh, officials said on Monday. As many as 500 people may have died in the May 3 ferry disaster in the river Meghna. Some 370 bodies have been found so far and at least 100 people are missing. The ferry, the M.V. Salahuddin-2, had a maximum capacity of 310, officials said. And there were no life-jackets on board, they added. It was the second-worst ferry disaster in Bangladesh's history after around 600 people drowned in the same river in 1986. At least one man drowned and nine passengers were missing after another ferry sank in a storm in Bangladesh on Saturday. Ship operators said the M.V. Salahuddin-2, which went down during a storm at Shatnal, 170 km (106 miles) from the capital Dhaka, was badly designed and unstable. "The triple-decked vessel had serious stability problems as its upper deck was wider than the lower decks and it was using only one engine," Captain Mohammad Enayet Sobhan, president of the Bangladesh Society for Master Mariners, told Reuters. "Most of the ferries are built in local dockyards without proper supervision and lack safety equipment," Sobhan said. He said many ferries, although unfit for service, were allowed to run after money changed hands between operators and government officials. Bangladesh, where some 7,000 ferries carry 300,000 people around the country each day, has only two salvage vessels, bought decades ago. An investigation by the Mercantile Marine Department concluded that the M.V. Salahuddin-2 disaster was caused by a combination of pilot negligence, overloading and strong wind

From MSNBC, 13 May 2002

South Koreans Down Tools

Thousands of South Korean workers have gone on strike in a move the government fears will hamper an economic recovery and damage the country's image in the lead up to the World Cup soccer finals. The government responded to Wednesday's strike by prohibiting rallies in what it calls "special safety zones," or areas within 1 km of World Cup Stadiums and within 0.6 km of hotels accommodating soccer players. It also vowed to take stern action against all illegal strikes during the World Cup finals opening in South Korea and Japan on May 31. Metal and chemicals workers were the first to walk out, stopping work at 1:00 p.m. (0400 GMT), union officials said. Later this week 26,000 hospital workers and 12,000 of South Korea's 230,000 taxi drivers are set to strike to press demands for higher wages and a shorter working week, Reuters news agency reported. "This is an indefinite strike. We'll fight until an agreement is reached at all work sites," said Han Sun-joo, a union leader at the Korean Confederation of Trade Unions (KCTU), the country's second largest and most militant union with 600,000 members. Government and industry officials expect little disruption to the World Cup starting in Seoul on May 31 from the strikes, although the walkouts defy calls for industrial peace while the country is in the international spotlight. Han said 31,000 workers at 106 metal and chemicals plants, including Doosan Heavy Industries and Construction Co and Mando Machinery Co, downed tools. Foot and mouth - Strikes add to a range of World Cup headaches over possible terror attacks, hooligans and disruption caused by an outbreak of foot-and-mouth disease in pigs near Seoul. President Kim Dae-jung has urged workers to put aside their grumbles at least until the World Cup is over at the end of June. Kim's revulsion at the strike -- which his ministers have said would mar South Korea's image in contrast to World Cup co-host Japan - was shared by citizens in Seoul. "This is not the right time," said Lee Kyoung-shi, 30, a middle school teacher. "Any significant industrial strike could mar a good chance for the Korean economy to improve further, helped by the World Cup. The Cup should not be held hostage," she said. The KCTU has called for wage increases, a 40-hour working week compared with the present legal maximum of 44 hours and a halt to controversial state sector privatization plans. Financial markets shrugged off the news of the strike, with the benchmark Korea Composite Stock Price Index up 1.41 percent at 0411 GMT.

From CNN, 22 May 2002

Chirac Appoints New Prime Minister

Paris, France - Conservative senator Jean-Pierre Raffarin has been named interim prime minister of France, succeeding Lionel Jospin who resigned on Monday along with his government. Former small businesses minister Raffarin, 53, a loyalist of the re-elected centre-right President Jacques Chirac, will now form an interim government ahead of June parliamentary elections. Jospin had announced he was retiring from French politics after his humiliating defeat by National Front leader Jean-Marie Le Pen in the April 21 first-round presidential vote. Chirac was voted in for a second term on Sunday in a landslide defeat for Le Pen. Although Raffarin is little-known outside political circles, he played a key role in Chirac's re-election campaign and observers say his relative obscurity could be an asset as the president seeks to counter widespread perceptions that the Parisian power elite is arrogant and isolated. Socialist Jospin, 64, tendered his resignation earlier on Monday during a 13-minute visit to the Elysee Palace home of conservative President Jacques

Chirac. The focus of French politics now shifts to next month's crucial legislative elections and Chirac will look to Raffarin to help him try to rally the right to victory. But Raffarin may not hold the post for long - if the right fails to gain a majority of seats in the National Assembly next month, Chirac will be forced to appoint a leftist prime minister after the legislative election, ushering in a new period of "cohabitation" - an uncomfortable power-sharing pact that would be disastrous for Chirac, stripping him of much of his power. Chirac has already lived through five tense years of governance alongside Jospin, and he has vowed to prevent a similar situation this time around. Interior Ministry figures show Chirac won around 82 percent of Sunday's vote, compared to 18 percent for Le Pen, whose success in the presidential run-off two weeks ago shocked France. [\(Full story\)](#) Chirac, of the Gaullist Rally for the Republic party, said he recognised that his massive victory was due to the left-wing voting to keep Le Pen out rather than voting him in. "I heard and I understood your call so that the Republic lives, so that the nation rallies together, so that politics change," Chirac said in a victory speech. [\(Full story\)](#) Voter apathy was largely seen as the main contributor for Le Pen reaching the run-off - the closest a far-right candidate has got to achieving power in the history of the Fifth Republic. Chirac, 69, registered the lowest score of an incumbent president in the first round. Turnout in Sunday's vote topped 80 percent.

In the first round of presidential balloting, only about three-quarters of the voters turned out. Liberation newspaper's front page on Monday showed a tiny photo of Le Pen retreating, under an enormous one-word headline: "Phew!" while Le Figaro's front page featured a picture of a beaming Chirac under the headline: "The immense victory." Le Pen, 73, accused of being racist and anti-Semitic, attacked the "morbid coalition." "The political conditions under which the second round was held were those of a totalitarian country," Le Pen said, referring to the unprecedented banding together of politicians, unions and leaders in numerous fields to work toward his defeat. Le Pen, who said last week he would consider any score under 30 percent a failure, vowed to take his revenge in June 9 and 16 legislative elections with his anti-immigration National Front party. Analysts say that in the legislative elections, Chirac will be hoping to avoid "cohabitation" with a Socialist government. Early projections indicate he might be successful. The Sofres polling firm showed on Sunday that Chirac was likely gain a majority with between 271 and 331 of the 557 National Assembly seats, with the left gaining between 232-272 seats, The Associated Press reported. The projection gave Le Pen's National Front between one and three seats.

From CNN-Europe, 6 May 2002

Leader Gives New Arrivals a Traditional Look

Mustachioed bespectacled, and with the distinct air of the civil servant he once was, Mat Herben, the new leader of Lijst Fortuyn, could hardly be more different from his late predecessor. Pim Fortuyn, who founded the movement less than four months ago, was a charismatic personality, whose flamboyance marked him out from the rest of Holland's drab political elite. From the little the world has seen of Mr. Herben, he seems to be in the mould of the traditional Dutch politician. Since the murder of Mr. Fortuyn last week, the profile of 49-year-old Mr. Herben, the party's spokesman who lives in Montfoort, near Utrecht, has risen steadily. He, for example, played a crucial role in the meeting last Tuesday, in which the outgoing prime minister, Wim Kok, was persuaded to allow elections to go ahead (delivering a big sympathy vote to Lijst Fortuyn). When that gathering finished it was Mr. Herben who was the public face of the party, standing next to Mr. Kok outside his official residence in The Hague. He also knew how to explain the decision to proceed with polling to the public, with the (now rather familiar) mantra: Pim would have wanted it this way. A former journalist and spokesman for a freemasons' lodge, Mr. Herben has - unlike most of his colleagues - seen government from the inside. He was head of the publication division of the ministry of defence, which produces magazines for all the services. Margret Brandsma, a presenter with NOS-TV news, says: "Like many from Lijst Fortuyn, he came from nowhere. But he seems like a reasonable man. He has got some experience in politics." That judgement appeared to borne out yesterday when Mr. Herben made his first statements on the priorities of Lijst Fortuyn: health, education and combating crime. No mention of the most controversial issue championed by the party, curbs on immigration.

From UK-The Independent-Europe, by Stephen Castle, 17 May 2002

French Crime-fighting Council Holds First Meeting

French President Jacques Chirac chaired a first meeting on Friday of a new-look Internal Security Council as he polished his tough-on-crime image ahead of parliamentary elections next month. The council, which coordinates the activities of various ministries, is the government's flagship security-boosting forum. Crime is the top voter concern in France. Popular disenchantment with the way Chirac, a conservative, and the then-Socialist government were dealing with crime boosted support for extreme right leader Jean-Marie Le Pen in France's presidential election. Chirac and his interim centre-right government have put fighting crime at the top of their agenda in the run-up to elections to a new National Assembly on June 9 and 16. The council comprises several ministers including those responsible for the interior, justice and defence. It met for more than two hours at the Elysee presidential palace. No statement was issued after the meeting. Interior Minister Nicolas Sarkozy said this week the council would launch new regional crime-busting groups made up of police, gendarmes and magistrates. Sarkozy has also approved widespread use of "flash-ball" rubber bullets by police. France has had an Internal Security Council since 1986, but it has been under the prime minister's office until now and met

infrequently. Chirac had no say over its affairs for the past five years when he had to share power with a left-wing government. By heading the council now, he has ensured he will remain in charge of crime-fighting policy even if his conservative camp loses the June election.

From MSNBC, 24 May 2002

The Americas

U.S. Postal Service Halves 2002 Loss to \$1.5 Bln, Potter Says

Washington - The U.S. Postal Service has halved its projected deficit to \$1.5 billion for 2002 after previously predicting a \$3 billion loss for the fiscal year ending Sept. 30, said Postmaster General John Potter. "To do this, we will reduce the number of career employees, through attrition, by 20,000 people this year," said Potter at a postal board of governors meeting. "In addition, we will cut over 60 million work hours over last year." In March, Potter predicted a deficit of more than \$3 billion as the agency struggled to overcome a slow economy, competition from e-mail and private carriers such as United Parcel Service Inc. and FedEx Corp., and the aftermath of disruptions caused by the anthrax attacks that killed two postal workers. Labor costs make up 76 percent of the postal service's expenses, compared with 56 percent for UPS, its chief private rival, and 42 percent for Federal Express. The agency currently employs about 760,000 career workers, down from 797,000 in 1999. The agency has been criticized in recent years for poor productivity gains compared with private industry. Postal productivity has increased 11 percent since the mid-1970s, compared with 55 percent for private U.S. companies. Stamp Prices - The postal service will also get \$1 billion in new revenue this fiscal year beginning June 30, when first class stamp prices increase by 3 cents to 37 cents. Potter promised private catalog and advertising mailers earlier this year that, in return for the industry's support for the rate increase, the post office would cut costs while still maintaining service. Potter's latest loss estimate puts the agency's 2002 deficit slightly ahead of its \$1.68 billion shortfall in 2001. Postal volume dropped about 10 percent in the four-week period between Oct. 6 and Nov. 2 last year, coinciding with the discovery of the anthrax-laced letters. "We are experiencing some of the largest volume declines in our history," said Potter. Postal volume will likely be about 201 billion pieces of mail in 2002, 6 billion less than 2001. This week, federal authorities are tracking a series of mailbox bombs in five states. Four mail carriers and two residents were injured by bomb blasts. None of the injuries were life threatening, and the injured were treated and released from hospitals. Mailbox bombs have been found in Texas, Colorado, Iowa, Illinois and Nebraska.

From Bloomberg, by Bill Murray, 7 May 2002

Central America Cleans House

Standing in the patchy shade of a tree in Guatemala's Central Park, Sandra Valdez adds her name to a long list of people asking Guatemala's president and vice president to resign in the face of a relentless barrage of corruption allegations. Glancing over her shoulder to the majestic presidential palace looming on the other side of the park, Ms. Valdez shakes her head slightly and frowns. "It's just too much, all the corruption, and the way they take advantage of the country's resources.... It is time to express ourselves," says Valdez, a college student. She is part of the rising tide of anticorruption sentiment swelling across Central America. Citizens of fledgling democracies, many of which have recently emerged from armed conflicts, are turning their attention to the long-present ill of corruption, and are demanding that their governments address it. The number of signatures from the month-long petition drive, estimated to be 300,000, will be announced at today's anticorruption conference. The event is a formal call to authorities to address the issue. In the past few months, growing pressure from local press, citizens, the international community, and in some cases, government officials, has forced high-ranking authorities across the region into the cross hairs of corruption probes. "The problem is no longer eliminating dictators or making peace, there is no war, nor dictators," says Roberto Courtney, director of a Nicaraguan corruption watchdog group. "Now with free elections and democratic freedoms in place, people have shifted their attention to economic issues where corruption plays an important role." Several high-profile corruption cases across the region have spurred the recent backlash: • In Guatemala, allegations of corruption in government ministries and entities have dominated the press coverage for more than a year. Most recently, a local paper accused President Alfonso Portillo, his vice president, and two other high-ranking government officials of opening 13 bank accounts in Panama. Many here suspect they were set up to launder money or to receive stolen state funds. The president and his vice president deny any wrongdoing.

• In Nicaragua, the attorney general's office recently accused former President Arnoldo Alemán and other high-ranking officials of corruption for their involvement in a \$1.3 million fraud at the state-owned television station. Government officials allegedly ordered their subordinates to transfer funds from various state agencies to the station, but the money never reached the station's accounts. Mr. Alemán, currently the president of Nicaragua's Congress, denies any wrongdoing. In a more recent development, Byron Jerez, Alemán's right-hand man and chief tax collector, was indicted for allegedly using state funds to buy a fleet of luxury cars. • In Honduras, Congress is currently reviewing stripping 15 representatives of immunity from prosecution – which all legislators enjoy – so they can face judicial processes for crimes, including corruption. One of the 15 is former president Rafael Callejas. • In Panama, the nation is following with rapt attention a case involving the alleged acceptance of bribes by members of Congress, to approve a

government contract for a private company. The scandal is considered the most publicly aired corruption case in the nation's history. While corruption, and impunity for those who commit it, has long existed in the region, it was eclipsed by massive violations of human rights and suppression of personal liberties. But as these countries get past these issues and more democratic institutions are developed, citizens are becoming increasingly aware that in a true democracy, no one is above the law. Additionally, many here expect democracy to bring better economic conditions. Although economic hardships continue to plague the region, citizens are more incensed with misuse of state resources, especially in a region where sales taxes have been steadily on the rise. The new anticorruption movement has also been buoyed by increasing international pressure, especially from the United States. "Since the Sept. 11 attacks and the Patriot Act that followed, the US has adopted a strong foreign-policy stance not only against terrorism, but against other illegal acts that it has equated to terrorism, including corruption," says Emilio Alvarez, a former Nicaraguan foreign minister. "The United States doesn't want to give money to a country where the authorities might embezzle it." On his recent trip through the region, President George W. Bush emphasized the fight against corruption as a condition for continued foreign aid. While Mr. Alvarez sees the new US stance as part of an attempt to adopt an ethical image to go along with its antiterror crusade, he and many here see it as something new and positive for a country that previously gave massive support to corrupt dictators throughout the region. It will be an uphill battle for the various corruption allegations in the region to bear fruit. In most of these countries, many in government enjoy immunity from prosecution. Last week in Nicaragua, the legislature shelved a judge's request to strip Alemán of his immunity. In Guatemala, the petition, while signed by many, has no legal bearing. Both the president and his vice president enjoy immunity from prosecution. Nonetheless, many in the region believe that great strides have already been made. "There is an advance in the sense that this issue is now on the agenda in Central America," says Miguel Angel Sandoval, a Guatemalan political analyst, who is part of the signature-collecting campaign. "People are saying that this can't go on. We are heading in the right direction."

From The Christian Science Monitor, by Catherine Elton, 9 May 2002

Mayors Offer Plan to Make Housing More Affordable

Washington - Low-income home buyers would get a new tax credit and public housing would be wired for the Internet under a housing plan released Wednesday by the nation's mayors. The plan, the beginnings of blueprint for Congress and the Bush administration, comes at a time when housing prices are rising more quickly than incomes and more than just the poor are finding themselves homeless, according to the U.S. Conference of Mayors. "Housing is a very serious problem. It has for many years been on the back burner," said San Francisco Mayor Willie Brown. Housing Secretary Mel Martinez told the mayors the Bush administration would put the issue back atop the domestic agenda and mend the agency's strained relationship with urban leaders. "With all of the work ahead of us, and all the families who are depending on us, there is no room in the housing debate for partisan politics," Martinez told the mayors, many of whom are Democrats. But, he said, local governments bear the most responsibility for handling the problem through such things as local zoning policies and innovative incentives for home buyers "The solution to meeting the nation's affordable housing needs will not come out of Washington," Martinez said. The mayors touted their housing agenda as a list of broad ideas whose details, such as price tags and time frames, would be worked out later, officials said. Congress and the White House also are pursuing housing reform that would help low- and middle-income families buy places to live. Last week, the Millennial Housing Commission released a 150-page report to Congress which said people who get federal help to pay for housing should be required to work. The proposal by the 21-member panel would extend to housing the basic philosophy behind the 1996 welfare overhaul. Housing affordability has received renewed interest in the past year, in part because of growing evidence that prices put ownership out of reach even for some middle-income families. More than 14 million families spend more than half of their income on housing, and the nation is 3.3 million units short of affordable housing for the poorest families, according to the conference of mayors. Martinez said the administration has designated June as National Home Ownership Month to underscore its commitment to making housing more affordable. Among its initiatives, Martinez said, is a fund to help 40,000 first-time, low-income home buyers make a down payment.

From CNN, 22 May 2002

Mexico City Cracks Down on Police Corruption

Imagine a businessman in a black BMW convertible running a red light and being stopped by a motorcycle cop. As the officer comes to the window, the driver, without even pausing from his cell phone conversation, hands over a 50-peso bill worth about \$5. "Your bribe is waiting for you," says police ethics instructor Miguel Alcartar, describing the all-too-common scenario to Marcos Perez of Mexico City's motorcycle patrol. "In the past you probably would have taken it. The driver expects you to now. What do you do?" Perez doesn't hesitate. "As a motorcycle officer of the Federal District, I would brush off his money and write him an infraction," he yells triumphantly, stomping his foot for emphasis. "Give him a hand!" Alcartar tells the class of 100 motorcycle policemen. "When you leave here that's the choice you will all make." Officers have rarely exhibited such enthusiastic honesty on the chaotic streets of Mexico City, where police corruption is rampant and motorcycle officers are often viewed as the most corrupt of all. Things are so bad that the city's Public Safety Department recently ordered its 815-strong motorcycle force off the streets, banishing officers to the police academy for more than two months of training in ethics, human rights and public relations. After more than 100 of Mexico City's finest failed city physicals, academy officials added two hours of daily calisthenics, as well as periodic drug tests. "Many of them had become corrupt

and overweight and were using cocaine, amphetamines and marijuana," said Juan Torres, the academy's director. "They had lost sight of their goals and had forgotten their self-respect." The retraining program is the latest in a seemingly endless series of police cleanups that have seen thousands of officers across Mexico fired for corruption. Mexico City officials have tried installing cameras at intersections to spy on police and bringing in soldiers to direct traffic. For several months in 1999, only female officers were allowed to write tickets, on the theory that they were more honest than the men. To little avail. In a recent newspaper poll, 95 percent of those surveyed said the word "corruption" best characterized Mexico City's motorcycle force. In another survey, for the Mexico branch of the watchdog group Transparency International, more than 60 percent said they had paid at least one bribe to police officers last year. "You are driving and suddenly there are four officers on motorcycles behind you," said Gloria Jimenez, a 41-year-old convenience store owner who said police target her because she drives a new SUV. "They stop you and all of them demand a bribe even though you haven't done anything." Now officials say officers who fail to shed excess pounds or drug habits may be fired, while those who excel at the academy could be promoted. Alcartar has taught police ethics for 23 years. His classes feature chanting, slogans and inspirational anecdotes. "Corruption begins simply: 20 pesos here, 100 pesos there," he says, sketching a mountain labeled "Corruption" on the blackboard and then tracing a path straight up its face, to a summit labeled "Pride." "You never know where it's going to end," he continues. "A corrupt police officer loses his honor but he also costs his family their honor." Outside the classroom, many officers say having to feed families on salaries averaging \$440 a month fosters corruption. Perez is 25 and has been on the force for three years. Away from Alcartar's watchful eyes, he says he isn't sure he would turn down a real-life bribe. Officers also must buy their own uniforms and have long complained of having to bribe dispatchers just to get a reliable motorcycle. The force's fleet includes bikes up to 18 years old. The last time the department got new ones was in 1998, but only 100 arrived. As part of an academy course, 27-year-old officer Sergio Cardenas gunned the engine of his 1984-vintage cycle to pursue a mock bank robber. Suddenly the thundering engine belched and died, spewing gasoline on the pavement. The drill was stalled until a team of mechanics managed to resuscitate the bike. "We do what we can with the budget that we have," says Francisco Lopez Ortega, a tactical instructor. "We don't expect miracles."

From CNN, 20 May 2002

Management Trends and Development

Asia/Pacific

China Catching Up to U.S. in Chip Technology

Despite efforts by the United States to keep China behind the high-technology curve, the country is fast catching up with America's ability to make advanced semiconductors - the computer chips that run everything from rice cookers to missile guidance systems. Already, two semiconductor plants in China have ordered equipment from Europe and Japan capable of etching circuitry just 0.13 microns wide, or less than one-hundredth the width of a human hair. Such circuitry is used in the smallest, fastest and most powerful chips in world. The two Shanghai companies that have ordered the equipment, Semiconductor Manufacturing International and Grace Semiconductor Manufacturing, could start manufacturing made-to-order chips with superfine circuitry as early as next year. Export controls that were intended to restrict the sale of such chipmaking technology to China have lost their teeth, largely because the United States no longer has a monopoly on any of the roughly 250 processes used to manufacture computer chips. "If the U.S. won't sell us a piece of equipment, we can get it elsewhere," said Joseph Xie, an American-educated native of Shanghai who returned to China last year to work for Semiconductor Manufacturing International, which was founded by Richard Chang, a Taiwan businessman. The availability of the most sophisticated chipmaking tools poses a problem for Washington, which has long wielded cumbersome export controls meant to ensure that American technology does not fall into the hands of China's military. It is part of a broader challenge to keep an American edge at a time when commerce often trumps politics and the line dividing commercial and military technology is increasingly blurred. American executives say that if the United States does not relax its grip on semiconductor manufacturing equipment shipments to China, American makers of such gear will lose an increasing share of sales as nimbler competitors meet China's quickening demand for the sensitive machines. Though American companies created the semiconductor manufacturing equipment and materials industries decades ago, Japan took over several critical areas of the market in the 1980s and today is the leading supplier of several key pieces of equipment, including lithography machines that miniaturize circuitry designs and use light waves to transfer them onto silicon wafers. European companies, too, make and sell much of the equipment, chemicals, gases, films and other materials needed to make integrated circuits. The result is that anyone wanting to build an up-to-date semiconductor plant no longer needs to turn to the United States. So the chipmaking technology is flooding into China, raising concerns that it could help the country turn its enormous yet inefficient army into a streamlined, high-technology force. Chinese

government institutes have bought some of the most sensitive equipment, including some from Germany that could be used to manufacture radiation-hardened electronics and solar cells for satellites, high-power radio-frequency weapons and infrared sensors and imaging equipment. A report recently released by the General Accounting Office, the investigative unit of the U.S. Congress, warned that China's new chip plants gave China's military an important source of custom-made integrated circuits not subject to foreign export controls. That makes China's communications, surveillance and missile guidance equipment "less vulnerable to foreign disruption during a protracted conflict," the report said. The report called for a review of American export-control policy, which it said had been aimed at keeping China two generations behind American industry in semiconductor manufacturing. It quoted an unidentified senior official of the Defense Department as saying that China's advancing chip industry would "have direct application in future military systems," including advanced radar used to track missiles. To control the dissemination of such technology, the United States is a member of the Wassenaar Arrangement, an information-sharing forum that was created in 1996 to succeed the Coordinating Committee for Multilateral Export Controls.

The forum's 33 participating countries agree to maintain export controls on a long list of technology and to notify the group of any sales. But the Wassenaar Arrangement does not have the binding status of a treaty, and each country is free to decide what it will export. "Think how bad the Japanese economy is," said Nasa Tsai, president of Grace Semiconductor. "They love to sell." The United States also approves most equipment sales. But it can take six months or more for American companies to secure an export license. By that time, many have lost the sale. Last year, Semiconductor Manufacturing International dropped plans to buy a piece of sophisticated equipment from a California company after waiting months for the United States to issue a license. It placed a multimillion-dollar order with a Swedish company instead. "We love to do business with the U.S., but we can't wait forever," Xie said. "Europe and Japan are getting the business." China's semiconductor industry consisted of a handful of relatively primitive plants just a few years ago, but it has grown quickly as manufacturers shift operations here to feed the fastest-growing computer-chip market in the world. The country is already the world's biggest cellular-telephone market and is expected to surpass Japan as the second-biggest personal computer market next year. All those devices need computer chips - \$12 billion worth last year. A multinational industry association, Semiconductor Equipment and Materials International, predicts that China will be the world's second-biggest consumer of computer chips by 2010, behind only the United States.

From International Herald Tribune, by [Craig S. Smith](#), 6 May 2002

The Americas

U.S. Adopts New Internet System on Student Visas

Washington - Facing criticism over how easily some of the Sept. 11 hijackers entered and moved about the United States, Attorney General John Ashcroft said on Friday a new Internet-based system will start in July to better track the 1 million foreign students in this nation. Colleges, universities and trade schools will have to collect and report information to the U.S. Immigration and Naturalization Service (INS) under the system, initially voluntary but later mandatory, he told a news conference. "For too long our student visa system has been a slow, antiquated, paper-driven reporting system incapable of ensuring that those who enter the United States as students are in fact attending our educational institutions," Ashcroft said. The system will make the student information available centrally to the INS in a database and will allow the schools to transmit it electronically via the Internet, he said. The system has been under development by the INS for years under a law adopted by Congress in the mid-1990s. The data that must be reported includes a student's failure to enroll and whether the student dropped out or was expelled. Ashcroft said schools may voluntarily participate on July 1, though under the proposed rule, they must participate by Jan. 30 of next year. The INS has come under increased scrutiny in the wake of the Sept. 11 attacks on the World Trade Center and the Pentagon. All 19 suspected hijackers who carried out the attacks entered the country legally, although three had overstayed their visas. Increased Scrutiny - The INS was embarrassed in March, exactly six months after the attacks, when a Florida flight school received notification from the INS that student visas had been approved for two suspected hijackers, Mohamed Atta and Marwan Al-Shehhi. One of the hijackers, Hani Hanjour, used a student visa to enter the United States, saying he wanted to study English, but he never showed up at the school. Ashcroft made the announcement before the release, expected later this month, of a critical report by the Justice Department's inspector general. "Schools will be accountable for confirming the status of student visa holders. The Immigration and Naturalization Service will be accountable for enforcing violations of that status," he said. "Rapid access to current, complete information on foreign students will improve dramatically the INS's capability to enforce immigration laws and keep track of this group of noncitizens in the United States," he said. Ashcroft said the new system will reduce the time lag on when the INS receives information. He said it was developed "in consultation" with representatives of U.S. colleges and universities. Terry Hartle, senior vice president of the American Council on Education, a trade association representing 1,800 colleges and universities, said: "The bottom line here is this is what INS should be doing and we're fully supportive." He called it a "huge undertaking" under a very ambitious timetable, saying the system linking up as many as 70,000 schools "dwarfs anything INS has ever done before."

From ABC News-Politics, by James Vicini, 10 May 2002

Microsoft, CIENA, Others Say Option Tax Unfair, Hard to Collect

Washington - Representatives from Marriott Corp., CIENA Corp., Texas Instruments Inc., and Microsoft Corp. asked the IRS to halt a planned payroll tax on some stock options, calling the levy regressive and hard to collect. "This tax will disproportionately affect rank-and-file employees," David Sherwood, benefits tax counsel for Microsoft, told Internal Revenue Service officials at a hearing. He and nine other witnesses urged the IRS to withdraw or delay the tax. The IRS says the 15.3 percent tax on incentive stock options and employee stock purchase plans is legal and will be effective in January. It would reverse 30 years of tax-preferred treatment of the options and would cost companies and their employees \$23 billion over 10 years, according to congressional estimates. Companies say the tax would be impossible to administer and would force them to stop their options programs. They're lobbying lawmakers to stop the tax; the House of Representatives has passed legislation doing that and a similar bill is slated in the Senate. The IRS says its proposal was prompted by changes to the tax laws in the 1980s and the proliferation of employee stock ownership in the 1990s. The tax would apply to the spread between the fair market value and the strike price of incentive stock options and shares purchased as part of a qualified employee purchase plan; such plans typically offer shares at a 15 percent discount from fair market value. The 15.3 percent payroll tax includes a 12.4 percent tax used to fund Social Security and a 2.9 percent tax used to fund Medicare, with both portions split evenly between employer and employee.

The Social Security tax is imposed on the first \$84,900 of salary this year; there is no cap on the Medicare tax. Types of Options - Some 15.7 million people participate in 4,000 company sponsored stock purchase plans, according to the National Center for Employee Ownership. Incentive stock options and employee stock purchase plans have tax incentives that encourage owners to hold the stock for at least a year. They differ from ordinary employee stock options offered to corporate officers which are usually exercised and sold on the same day and are taxed as ordinary income at rates of up to 38.6 percent no matter when the sale takes place. Companies get a tax deduction and must track when their employees exercise ordinary options. Payroll taxes are rarely assessed on ordinary stock options because corporate officers who exercise them typically earn more than the \$84,900 Social Security wage cap. Hard to Collect - Witnesses today told IRS officials the payroll tax on options offered to rank and file workers would be impossible to administer because payroll taxes, usually withheld from paychecks, can't easily be collected from the exercise of options. In some cases, companies would be forced to pay the employee share of the tax for workers who've left the firm or died. That and other administrative burdens would have a "chilling effect" on companies' willingness to continue offering stock to its employees, said John Vine, a lawyer at Covington & Burling, who spoke on behalf of the ERISA Industry Committee, which lobbies on benefits issues for large employers. The tax would also be a burden on workers who exercise the options, who range from sales clerks earning \$20,000 to computer programmers who earn \$60,000, the witnesses said. Employees who lack cash to pay the tax would be forced to sell shares, thereby giving up other tax incentives to hold those shares for a year.

"Congress has made it clear that there is to be no tax on the exercise of statutory stock options," said William Blaylock, vice president and tax director for Texas Instruments, who spoke today on behalf of the National Association of Manufacturers. Witnesses said they would mount legal challenges should Congress not act and the tax be implemented. Like Frequent Flier Miles - David Walsh, an attorney with Cooley Godward LLP, which represents computer and software companies, said if the IRS ultimately decides to impose the tax, it should apply only to publicly traded companies. Shares in privately held companies aren't traded on the open market and determining their value would be too difficult, he said. That's one reason some witnesses urged the IRS to take the same tack it took in February when it exempted from taxation frequent flier miles accrued on the job and later redeemed for personal purposes. The IRS at that time cited "numerous" technical and administrative issues, including timing and valuation questions that prevented the agency from ruling on how the benefit should be taxed. The same problems apply to employee-owned stock options, witnesses said. If the IRS doesn't withdraw the proposal, the witnesses said, it should at least wait until 2004 or 2005 to make them effective. That would give companies more time to come up with a way to collect the tax and explain it to employees. "The case for withdrawal of the regulations is powerful," Vine said. "The case for delay is overwhelming."

From Bloomberg-Politics, by Ryan J. Donmoyer, 14 May 2002

Memo to Mayor: Make Some Magic

He must persuade council, companies to back his big ideas - Detroit Mayor Kwame Kilpatrick was 7,000 miles away in Dubai last Saturday, touring Internet City, a dazzling cluster of technology companies created in just 12 months at the command of Sheikh Mohammed Bin Rashid Al Maktoum, ruler of Detroit's sister city on the Persian Gulf. As he walked, Kilpatrick mused aloud to his hosts about how such a bold project might be received back in Detroit. We have people back home who hate every new idea, he said. Propose a daring new project and someone on City Council will ask, "What about housing for poor people?" Then he vented: "Well, how about not having poor people anymore? How about creating jobs for people?" That brief rant says much about the new Detroit mayor's approach to governing, four months into his job. He has big ideas and a no-nonsense business bias toward fast action rather than lengthy debate. However, he's already chafing under the constraints of too little money and a city council inclined to tussle over every nit. Indeed, he faces a showdown today with council over casinos. It may be early in his reign to declare this a defining moment,

but Kilpatrick needs to work magic on two key fronts to build momentum: • He must reach some accommodation with City Council to dial down the combativeness so he can lead for awhile. • He must persuade a cautious business community to cough up big-time cash. It's not nickel-and-dime time. Detroit has big problems. Kilpatrick has big ideas, but very little cash to fund them. Investing in a safer, cleaner city is good business. Future prosperity depends on attracting and retaining talented people. Such people don't prefer places perceived to be dirty and unsafe with crummy schools. Fixes for Detroit will not come cheap, and now is not the time for half-measures. Traveling with Kilpatrick on last week's trade mission to Dubai, in the United Arab Emirates, I got my first up-close look at the mayor in action and talked several times with him about his philosophy, goals, frustrations and trusted advisers. For someone with no business experience - he was a schoolteacher and state legislator - Kilpatrick has created a decidedly corporate structure for the mayor's office. Look at the titles of his key aides. Derrick Miller is chief administrative officer; Sean Werdlow is chief financial officer; Wait Watkins is chief development officer. Kilpatrick might have a chief operating officer by now, if not for the constraints mentioned earlier. It's hard enough to find top talent familiar with labor unions and collective bargaining.

Finding a COO willing to work for \$140,000 a year, the allotted salary for the post, is almost laughable. "A lot of city managers around the country, they have pay packages as high as \$400,000. I mean, these guys are making real money," Kilpatrick said. "We don't need a B-team person in Detroit; we need an A-team person." He seems resigned to downsizing the COO's job description: "We have to revise what we were looking for," he said. COO or no COO, Kilpatrick wants business-type results and accountability from his people. A key Kilpatrick adviser on staffing and leadership matters is Sharafat (Shaz) Khan, a partner with Deloitte & Touche and leader of that firm's human capital consulting practice. Khan, an unpaid adviser to the mayor, accompanied Kilpatrick on the Dubai trip. Kilpatrick also taps auto supplier and former Detroit Pistons player Dave Bing for advice, along with leaders of Detroit Renaissance and the Detroit Regional Chamber. On political matters, the mayor said he seeks counsel from his mother, U.S. Rep. Carolyn Cheeks Kilpatrick, and his father Bernard, former chief of staff to Wayne County Executive Ed McNamara. Raised in a political family, the mayor can call on a vast network of political contacts. He talked twice with former President Bill Clinton before the Dubai trip. Clinton visited Dubai in January. Key players in his inner day-to-day circle are former Cass Tech schoolmates and longtime aides Miller and Christine Beatty, his chief of staff. Asked what one thing he likes best about his job, Kilpatrick replied, "That there's so much low-hanging fruit, that people can feel the immediate impact of subtle changes. Like, just simply cleaning up some areas of the city have given people a sense of pride and forward movement. You get letters and cards and thank-you's - that's the best part of it."

The price of change - Asked what he likes least, he said, "That you can't change things right now. There is so much deeply entrenched stagnation that you can't move it yourself." Which brings us back to the magic Kilpatrick must work now. He's asking the business community for private donations - at least \$30 million, perhaps up to \$50 million - to help fund city cleanup campaigns, buy modern equipment for the police departments and support youth campaigns. And while business leaders have publicly voiced strong support for the mayor's efforts, they privately say Kilpatrick needs to set priorities, because he can't expect a blank check from business. OK, I get the blank check part. But let's not think small. If the business community wants to see big changes in this city, big dollars will be needed. And the public coffers are pretty bare. While it may be difficult to keep asking for cash from corporate leaders, at least Kilpatrick is on normal speaking terms with them. The City Council is a different animal altogether. In an interesting choice of words at the end of the Dubai trip, Kilpatrick said, "I have to find a way to talk to City Council about what we've seen here." In other words, he couldn't just go talk as if they were on normal speaking terms. That must change. It's time to stand down and stop the sniping. We saw our nation rally behind President George W. Bush after Sept. 11, as we've rallied behind other leaders in other crises. Well, Detroit's been in crisis for darn near 40 years now. Let's let the Big Guy lead. What's to lose if we cut the mayor some slack, politically, and cut some corporate checks to help make the city cleaner and safer?

From Detroit (MI) Free Press, 17 May 2002

Slay Wants City Services Available Online

Taking a page from other big city mayors, St. Louis Mayor Francis Slay wants to put St. Louis online in a major way. For instance, the mayor wants residents and others doing business with the city to be able to do so without ever walking into City Hall. He wants City Hall workers to be able to do their jobs more efficiently and to possibly increase the city's coffers by millions by linking departments electronically. Slay says it's part of his efforts to bring the city into the 21st century and into a position to compete with other communities that are actively going after the same pool of prospective businesses and residents as St. Louis. Slay's effort will be introduced to the Board of Aldermen today in a bill calling for the creation of a department that would integrate all city services through computers and make it possible for residents and business owners to tap in to city services with just a few keyboard strokes. "In St. Louis, you can't do things like pay taxes online like you can in Memphis or pay parking tickets like you can in Kansas City," Slay said this week. "In Boston, you can get permits online." In St. Louis, you can visit the city's Web site and send an e-mail, but that's as interactive as you can currently get, said Chris Dornfeld, whom Slay hired last summer as director of technology. Under the mayor's proposal, a new department headed by Dornfeld would be established and the 49 information services employees currently under the budget office would be transferred there. Operational costs for the new department would be about \$5 million, the same amount the city spends now to support its current technology system, Slay said. Slay has drawn on the experiences of other cities in crafting his

proposal. Baltimore Mayor Martin O'Malley showed Slay the advantages of that city's new interactive system during Slay's visit in July. At the heart of that program is a system that tracks how quickly customer complaints are handled and how employees are using their time. In the first year, Baltimore's system resulted in \$13.2 million in additional revenue to the city in reduced costs - mostly from reduced overtime - and increased revenue from a better collection rate, said Elliot Schlanger, Baltimore's chief information officer. "We found that when we went online to pay water bills and tax bills, we started to get payments for bills that we thought we'd never collect," Schlanger said. "Citizens love it. We could kick ourselves for not having done it sooner." Elizabeth Malloy worked for three years as chief information officer in Chicago to set up a system almost identical to the one Slay hopes to have in place by the end of the year. "They're taking a very good, planned business approach," Malloy said of Slay's plan. "There is a cost savings certainly, but their approach is really to improve things." Malloy currently runs her own consulting company, which helps other cities integrate technology. Reporter Doug Moore: E-mail: dmoore@post-dispatch.com Phone: 314-622-3580

From St. Louis (MO) Post-Dispatch, by Doug Moore, 17 May 2002

Public Finance Management

Asia/Pacific

Bad Loans in China Raise Fears

HONG KONG Financial experts are expressing grave worries about the solvency of China's banking system, which may have a bad-loan problem several times as bad as Japan's. The head of China's central bank said recently that 25 percent to 30 percent of all bank loans were not being repaid. On Thursday, the credit-rating agency Standard Poor's estimated that the situation might be twice that bad, with half of all loans classifiable as nonperforming. And the agency found signs that the banks were busily making matters worse. Without a robust banking system, it will be increasingly difficult for China to sustain rapid growth, attract foreign investment and develop the modern economy it needs to provide jobs and maintain social stability at a time of widespread disillusionment with the Communist ideology that united the country for 50 years. Standard Poor's warned Thursday that Chinese banks appeared to be trying to prop themselves up by issuing new loans at a furious pace, in many cases financing vaguely described projects with little discernible effect on China's overall economic output. This approach could yield even more bad loans, and may be creating a financial bubble of wasteful and mismanaged overspending of the kind that led to crises in many other East Asian nations in the late 1990s, said Terry E.H. Chan, the rating agency's director for Chinese and Southeast Asian financial institutions. "Is the bubble building?" Chan asked at a news conference. "We are concerned. Where is the money going?" Though a few privately owned and foreign banks have gained small footholds, China's banking system is dominated by four giant commercial banks, all state-owned. Questions have arisen periodically for a decade about the banks' viability, mainly because of the evident pressures on them to make uneconomic loans for various political reasons. Beginning in 1999, the Chinese government sought to resolve these concerns by relieving the four big banks of \$170 billion worth of bad loans - 12 percent of loans outstanding - and then writing off the loans or reselling them, following the same general approach that worked for the United States after the savings and loan crisis.

But those efforts do not appear to have succeeded, Chinese and Western officials now say. The central bank governor, Dai Xianglong, said in a recent speech that even under the most generous accounting rules, one-quarter of the loans left on the books of the country's banks were nonperforming. New, more stringent rules being introduced will push the figure above 30 percent, other Chinese regulators have said. The banks are gradually earning profits to offset the bad loans, Dai said in his speech. He called on the banks to lower the bad-loan number to 15 percent within five years. By comparison, the highest estimates of the bad-loan situation in Japan, where banks have been in desperate straits for a decade and are very slow to write loans off, put the size of the problem at 15 percent or less of outstanding loans. In the United States, banks are much more aggressive about writing off loans on which they are not receiving interest payments. At banks with assets of more than \$1 billion, just 1.5 percent of loans were more than 90 days overdue on Dec. 31, according to data from the Federal Deposit Insurance Corporation. Standard Poor's is far from alone in its assessment of China's problems. Wei Yen, vice president for Chinese banking at Moody's Investors Service, also says that the bailout has failed. But he is less pessimistic than Standard Poor's about the potential for Chinese banks to grow their way out of their problems by finding creditworthy new borrowers. Yen said the four main commercial banks had made considerable progress in centralizing control over lending and in imposing strict risk controls. The goal of these measures is to insulate local branch managers against pressure from local politicians and factory bosses to make ill-considered loans. "We don't dispute that the Chinese banking system has terrible problems, but if you take a long-term perspective and look at what they have done in the last five or six years, it's tremendous," Yen said, adding that Moody's would soon release its own report. In the Mao Zedong era, Chinese banks were not businesses in the

Western sense. They were conduits for distribution of state subsidies to local enterprises, and for collection of taxes and other contributions to national revenue from those enterprises. How much borrowers received had little to do with how much they repaid. In 1994, Beijing tried to put the banks on a commercial footing by setting up three new institutions to take over the job of financing big state-owned enterprises, the ones that employed so many people that for the sake of social and political stability they could not be allowed to fail. The commercial banks were supposed to stick to making loans strictly on the financial merits from then on. But they do not appear to have done so. China plans to open up its banking sector to international competition over the next five years as part of its entry to the World Trade Organization, putting more pressure on domestic banks. Foreign banks now have less than 2 percent of all deposits and loans in China. The four big domestic commercial banks - the Bank of China, the China Construction Bank, the Industrial and Commercial Bank of China and the Agricultural Bank of China - are in various stages of preparing to sell minority stakes to public shareholders, in the hope of raising money to offset their bad loans. The Bank of China is furthest along, and it had been expected to issue stock this year in China, Hong Kong and possibly New York. But its plans have been set back by several scandals in the last five months involving allegations of fraudulent loans to friends of bank managers. Chan, the Standard Poor's executive, predicted that the level of bad loans at Chinese banks would discourage international investors from buying any of their shares. Moody's and Standard Poor's usually agree on most credit ratings, but they have sharply divergent assessments of the four big banks. Moody's puts all four at Baa-1, three grades above the minimum to qualify as investment grade. But Standard Poor's does not rate the Agricultural Bank at all, and rates the other three at BB-plus, a speculative rating four notches below Moody's. Banks may have set stage for fiscal crisis

From International Herald Tribune, by [Keith Bradsher](#), 10 May 2002

Japan's Cabinet Approves Change That May Trim Company Tax Bills

Tokyo - Japan's cabinet approved legislation to introduce a consolidated corporate tax system, which may lower tax bills by letting companies deduct losses at wholly owned affiliates from group profits. The legislation includes a temporary increase in the company tax rate to 32 percent from 30 percent this fiscal year and next to make up an estimated 800 billion yen (\$6.3 billion) loss in revenue from the change to a consolidated tax system. The higher rate will only be levied on companies that choose to adopt the new system. NTT Docomo Inc., the world's biggest cell-phone company, this week said it will pay taxes on a consolidated basis and make its eight affiliates wholly owned by November to prepare for the change. NEC Corp., Japan's second-largest chipmaker, has also said it's considering adopting the new system. Under the new system, companies will be taxed on the combined profit of the parent firm and affiliates, allowing them to deduct losses at wholly owned units from group profits. At the moment, the parent company and affiliates pay tax separately. The temporary tax increase may dissuade more companies from taking advantage of the change, undermining Japan's attempts to overhaul its tax system, said Yasukazu Shimizu, a senior economist at Aozora Bank Ltd. "Japan needs tax reform to encourage competition and stimulate corporate activity, but the government is backing down because of declining revenue," Shimizu said. "We can't help but doubt the government's commitment." Finance Minister Masajuro Shiokawa in December said tax revenue may fall below 47 trillion yen this fiscal year, and be less than the 49.6 trillion yen the government targeted for the fiscal year ended March 31. The government also plans to abolish tax exemptions for reserves companies set aside for future retirement bonus payments. Prime Minister Junichiro Koizumi will next month outline his proposals to overhaul Japan's tax system to boost company earnings and consumer spending, eventually increasing revenue. Koizumi's key economic panel and the government's tax panel are separately discussing details of the proposal. They are still divided on whether Japan should cut taxes on a net basis when it is projecting a decline in overall tax revenue this year.

From Bloomberg-Politics, by Mayumi Otsuna, 9 May 2002

Europe/CIS

Chirac Gives New Government Five Weeks to Cut Taxes and Crime

A Government that may only last five weeks is a government in a hurry. A flurry of rapid action to cut taxes and reduce crime was promised by the new French centre-right government after its first cabinet meeting yesterday. President Jacques Chirac, presiding over a cabinet of his own allies for the first time in five years, demanded proposals "within weeks" to cut income tax by 5 per cent, and promised a draft law within 10 days on measures to combat crime. Mr. Chirac, re-elected by a landslide of right and left-wing votes on Sunday, told his new Prime Minister, Jean-Pierre Raffarin, and his other ministers that they must be a "crusading" government. Mr. Raffarin, a marketing and communications specialist who has never held high office before, said the French people wanted "action, authority and unity" but also "dialogue, proximity, solidarity and modesty". His words, and the promise of rapid action by his government, are intended to woo the disenfranchised electors who pushed France into political crisis last month by voting in large numbers for the far-right leader Jean-Marie Le Pen in the first round of the presidential election. Although Mr. Le Pen was crushed by President Chirac by a four-to-one majority in the second round on Sunday, his National Front party holds the key to the parliamentary elections that follow next month. By splitting the right-wing vote in scores of constituencies, the National Front could allow the French left - humiliated by the elimination of the Socialist prime minister Lionel Jospin in the first round of the presidential election - to make a

startling comeback by winning the legislative elections on 9 and 16 June. If this happens, Mr. Raffarin's government would disappear after only five weeks and President Chirac would be forced to "cohabit", to share power with a left-wing prime minister as he has for the past five years. A survey in the newspaper *Le Monde* earlier this week calculated that, if the left and right voting patterns in the second round of the presidential election were to be repeated next month, there would be a narrow majority of Socialists, Communists and Greens in the new national assembly. The income-tax reduction promised yesterday, to take immediate effect, was part of Mr. Chirac's presidential election platform. He has promised to cut income tax by 30 per cent over five years and also to reduce social charges on business, and VAT on restaurant meals and records. How such tax cuts can be squared with France's promise to the European Union to curb its budget deficit – now running at 1.9 per cent of GDP – is unclear. There is no doubt that the promise of tax cuts will be welcome. The American magazine *Forbes Global* calculates in its next edition, to be published on Monday, that the French suffer more "fiscal pain" than any other developed nation. The magazine puts the overall tax burden in France at 181.2 points, compared with an international average of 100 points. Much will depend in the next few weeks on which of the two potential governments, centre-right or centre-left, does most to keep their warring factions and mutually hating personalities in order. Attempts by Mr. Chirac to ensure that there was only one centre-right candidate in each constituency in the first round of the parliamentary elections suffered a blow yesterday. Françoise de Panafieu, a member of Mr. Chirac's RPR party and mayor of the 17th arrondissement in Paris, announced that she would insist on standing for parliament in that constituency next month, even though it had been allocated to the sitting MP, Bernard Pons, a long-standing ally of Mr. Chirac. This could result in a flood of similar rebellions in other areas.

From UK-The Independent-Europe, By John Lichfield, 12 May 2002

Chirac Faces Showdown with EU over Tax Cut Plans

President Jacques Chirac's election promise to slash taxes has placed him on a collision course with his EU partners, who fear that a surge of red ink in French public finances may destabilise the Euro. A series of warnings has been issued to Paris from Brussels, the German government, the Organisation for Economic Co-operation and Development (OECD) and French industry, which suspect that France is preparing to ditch its pledge to balance its budget in the next two years. The centre-right government, which took office in early May, has already announced plans for an instant five per cent cut in income tax as a down-payment on Mr. Chirac's pledge to reduce taxes by €30bn (£19bn) over five years. With the new government also planning to increase spending on police and defence, France has, in effect, already abandoned its joint pledge with other eurozone countries to balance public budgets by 2004. The French government said this week that it remains committed "in principle" to the balanced budget deadline, which was restated at the Barcelona summit in March. During the presidential elections, however, Mr. Chirac said the target was "not imperative" and could be shifted to 2007. The Germans and others fear that, if France lets go of the budgetary rope, their own painful efforts to control public finances will be wasted. The euro, which has been riding relatively high against the dollar, could come under market pressure, forcing up interest rates. Hans Eichel, the German finance minister, said he would not "lift a finger" to help France weaken the guidelines for public spending. An open row between France and the 11 other eurozone countries would also damage Tony Blair's hopes of winning a referendum on British entry to the single currency next year. It could reverse the downward trend of the pound against the euro, alarming British industry. It would also focus attention on the reduced political and fiscal autonomy of eurozone countries.

The new French government may not last very long. Parliamentary elections next month could, according to some calculations, produce a left-wing majority in the national assembly, forcing Mr. Chirac to cohabit once again with a left-wing prime minister. However, an opinion poll published in the magazine *Le Point* yesterday suggested the centre-right – though hampered by a resurgent far right – would win a comfortable majority in the two-round election on 9 and 16 June. Other EU countries will then want to see evidence that the new French government – of whatever political stripe – is committed to keeping public income and expenditure in line. For Mr. Chirac, the issue carries painful memories. During his successful presidential campaign in 1995, he promised to abandon the "strong franc" policy intended to prepare France for euro membership. Once in office, however, he did the opposite, raising taxes and trying to cut public spending to meet the euro guidelines. As a result, he lost his parliamentary majority in 1997, forcing him into five years of power-sharing with the left. Until the elections for the national assembly are over, Mr. Chirac and his new Prime Minister, Jean-Pierre Raffarin, cannot afford to even hint at any back-tracking on their promises to slash taxes. What they will do after that, if the centre-right wins, remains deliberately unclear.

From UK-The Independent, by John Lichfield, 20 May 2002

The Americas

Andersen Trial Begins

Prosecutors in Arthur Andersen LLP's obstruction of justice trial can tell jurors the firm already was on probation for signing off on misleading accounting when it shredded Enron-related documents, a federal judge ruled Tuesday. A conviction could deliver a terminal blow to Chicago-based Andersen, which has lost clients, partners and employees in the Enron fallout. The case also is being

closely watched because the government's likely star witness could reveal details on the complicated partnerships that led to Enron's downfall late last year. U.S. District Judge Melinda Harmon said prosecutors can show evidence of the Chicago-based firm's agreement last year to pay a \$7 million fine to settle allegations by the Securities and Exchange Commission that Andersen issued false and misleading audit reports. Those reports inflated profits at trash hauler Waste Management Inc. by \$1 billion from 1993 to 1996. That settlement included an agreement from Andersen not to make the same mistake again or risk being barred from practice. Harmon also said prosecutors could introduce evidence of similar allegations regarding the firm's audit work for Sunbeam Corp. Last year, Andersen agreed to pay \$110 million to Sunbeam shareholders to settle a lawsuit alleging the firm helped the appliance maker inflate profits in 1997-1998. Sunbeam filed for bankruptcy in February 2001. Assistant U.S. Attorney Sam Buell said those instances showed Andersen knew what to expect when Enron last year restated earnings and had to wipe out millions of dollars in inflated profits beginning in 1997. He said the firm knew what kinds of documents the SEC would want from Andersen. Harmon's rulings came before opening statements to jurors in the shredding case. Rusty Hardin, Andersen's attorney, contended the Andersen workers who handled the Waste Management and Sunbeam accounts were different from those who handled Enron and that prosecutors wanted to "keep throwing things on the wall to see what will stick." When Harmon sided with prosecutors, however, Hardin responded that, "as a man who is going down for the third time drowning," he could live with jurors knowing Andersen already had been disciplined. The prosecution's star witness, former Andersen partner David Duncan, pleaded guilty on April 9 to obstruction of justice. Duncan, the senior auditor in charge of the Enron account, admitted he directed document shredding to thwart the SEC investigation into Enron. Duncan's plea deal gave him immunity from other charges. A grand jury indicted Arthur Andersen on March 7 on a single count of obstructing justice, accusing the firm of destroying "tons of paper" and deleting computer files related to Enron. At times, the government said the destruction was so frenetic that employees worked overtime and shredding machines couldn't keep pace. Andersen has contended the firm did not authorize destruction of documents related to the SEC investigation. If convicted, Andersen could face up to a \$500,000 fine and five years probation. However, it could also be fined up to twice any gains or damages the court determines were caused by the firm's action, and a conviction would bar the firm from auditing public companies. The trial is expected to take three weeks.

From CBS News-National, by Mark Babineck, 7 May 2002

Argentina Fears New Bank Closures

Argentina's economy minister moved Sunday to soothe fears that the country's banks were too unstable to open, saying "the financial system is working solidly." Roberto Lavagna told reporters late Sunday that banks will maintain their full operations Monday, after a weekend of rumors that the Central Bank might have to declare a fresh banking holiday to prevent the collapse of Argentina's cash-strapped financial system. On Friday, reports circulated that several Argentine banks are on the verge of closure because of a lack of operating capital and reserves. Those rumors led thousands of depositors to withdraw what they could on Friday and again throughout the weekend, leaving many automatic teller machines in the capital empty of cash. However Lavagna dismissed the idea of the imminent closure of any banks, saying "the financial system is working solidly" in Argentina. Argentina's banks were last closed for a week before opening on April 29. As a sign that no fresh crisis was about to erupt, Lavagna flatly denied reports indicating that the Central Bank had stepped into prop up several local banks. Argentine banks lost \$20 billion in deposits between March and November. A \$2.6 billion loss on Nov. 30 forced former president Fernando de la Rúa to impose monthly limits on withdrawals and overseas capital transfers. Those restrictions, tightened by current president Eduardo Duhalde, have slowed commerce to a trickle and have forced thousands of companies to default on their debts and close their doors. Argentina's economy has contracted by about 10 percent during its four-year recession, leaving about 30 percent of the urban workforce unemployed; the IMF expects economic activity to shrink by as much as 15 percent this year alone. Scheme abandoned - Lavagna's comments came after he admitted that a long awaited government plan to free up people's deposits had been abandoned.

The government had been working on a scheme to compensate depositors whose savings accounts are frozen with government bonds and IOUs backed by foreign banking companies, the Clarin newspaper reported on Sunday. However Lavagna said in an interview published Sunday that the cost of such a scheme is "too great." He also said the plan had been partly scuttled by the reluctance of banks to sign up to it. However he promised his economic team would work in the coming days on a new plan that will loosen the banking restrictions as much as possible. On Sunday, Duhalde said on the television program "Hora Clave" that he wants the economic team to study the idea of offering savers the chance to use their trapped savings to purchase government property. "The state has thousands and thousands of goods that it doesn't use. We should study how we can compensate people's savings with the state's property," he said, giving government-owned land and furniture as an example. Argentina's banking system has been under severe pressure over the last year, with their situation worsening when Argentina decided to default on its \$141 billion public debt and then devalue its currency. As part of the devaluation, the government ordered dollar-denominated bank deposits to be converted into pesos at a higher rate than dollar-denominated bank loans, forcing the banks to absorb a large loss. Clarin reported earlier this month that the IMF expects Argentine banks to lose by the end of this year more than \$17 billion of the roughly \$21 billion in assets they reported on Dec. 31, 2001.

From CNN, 13 May 2002

G-8 Looks at Organized Crime, Terror

Mont-Tremblant, Quebec - Ministers from the world's industrial powers began two days of talks at a deserted Canadian ski resort on Monday, bringing together the so-called G-8 for the first time since the Sept. 11 attacks. The focus was on the connection between terrorist fund raising and organized crime. THE MEETING of the G-8 justice and interior ministers in this mountain resort an hour north of Montreal is a prelude to the G-8 summit in June involving leaders from the United States, Britain, Canada, France, Germany, Italy, Japan and Russia. Previous meetings focused on issues like smuggling, high-tech crime and illegal immigration, but the demands of the Sept. 11 attacks meant this focus was bound to be different. The Sept. 11 attacks forced member countries to rethink security issues, and their conclusions will form part of discussions at next month's G8 leaders summit in Kananaskis, Alberta. U.S. Attorney General John Ashcroft said after Monday's opening session that terrorist financing and international crime have become almost inseparable. "We find that transnational criminal activity is associated with terrorism," such as drug trade money going to terrorist groups, Ashcroft said. "We need to expand and improve international cooperation to confront the internationalization of criminal and especially terrorist activity." An international campaign to block terrorist funding has seized or frozen more than \$100 million so far. Canadian Solicitor General Lawrence MacAulay warned Sunday that such steps could cause terrorist groups to turn to organized crime to raise money. "We have to look at it as a possibility that they will join forces," MacAulay said. "We are still dealing with them as two different issues." Canadian Justice Minister Martin Cauchon said the Monday morning session also covered the threat from chemical, biological, nuclear and other weapons of mass destruction. He and MacAulay also held bilateral talks with Ashcroft on tightening security along the 4,000-mile border between the world's largest trade partners. Ashcroft called Canada and the United States "two great friends ... united to form a common defense against a common enemy." The officials are meeting at the far end of the Tremblant resort. Security is as low-key as the meeting, although Canadian officials insist it is "adequate" to deal with anything that might arise. A handful of police officers stood guard outside the five-star hotel where Monday's meeting took place, but there was no obvious police presence on the quiet road linking Tremblant to the main highway to Montreal, about 90 minutes away by car. There has also been no sign of the protests that dogged previous international meetings, where anti-globalization activists say free trade worsens conditions for the poor, or the push to industrialize ruins environments and ecosystems.

From MSNBC, 14 May 2002

Governor Pledges No New Taxes After Election

Gov. Pataki yesterday vowed not to raise taxes next year if he's re-elected - insisting that election-year politics played no role in the budgetary process. Even with the state facing tough fiscal times, Pataki insisted he won't hike taxes after the November election - as some critics have warned. "That is not going to happen absolutely not," Pataki told reporters after he picked up endorsements from African-American and Caribbean-American leaders at a ceremony led by New York Giants running back Tiki Barber. "We have led the nation in cutting taxes, and we're not going to raise them - we're going to keep cutting. "One of the reasons that we had such a difficult [budget fight this year] was that I wanted to make sure that this was sustainable, and you could always do more. "That's what they used to do. We don't do that [anymore]. We make sure that our policies are sound and our budgets are balanced, and we're not just looking at this year, were looking at next year and the year after that."

From New York (NY) Post, by Maggie Haberman, 17 May 2002

Argentine Lawmakers Reject Reforms Sought by IMF Before Bailout

President Eduardo Duhalde's attempts to regain international bailout aid suffered a setback Friday when Argentina's lower legislative chamber rejected a crucial reform package. The Chamber of Deputies voted 102-99 against overhauling an outdated law concerning financial crimes. The repeal of the so-called "economic subversion law" is a condition for the International Monetary Fund to resume billions of dollars in loans. Two weeks ago, the Senate voted to repeal the law, which critics complain has been used by the courts to intimidate foreign bankers since a December banking freeze halted a run on deposits. But Interior Minister Jorge Matzkin insisted Friday that the House vote was not a defeat. He predicted the Senate would meet next week with enough votes to eliminate the economic subversion law altogether. The law, used in the past by Argentina's military junta to staunch financing of leftist guerrilla groups, recently has been enforced by judges investigating whether bankers illegally withdrew billions of dollars from the troubled banking system. Critics complain the law has scared off international investors who want to do business in Argentina and could help lift South America's second-largest economy out of its four-year recession. Argentina is in the worst economic crisis in its history, with one of every five Argentines jobless. The country has declared default on its massive \$141 billion public debt and the central bank has been powerless to stop a massive drop in the peso's value against the U.S. dollar. The IMF cut off its support last December after the country failed to meet pre-agreed fiscal deficit targets. The IMF, with Bush administration support, has laid out several conditions for resuming bailout loans, including measures intended to restore confidence in the financial system and slash spending in Argentina's 23 provinces.

From MSNBC, 24 May 2002

India's Shourie Battles Odds to Jump-Start State Asset Sales

New Delhi - As a newspaper editor in the 1980s, Arun Shourie challenged Indian governments by exposing corruption. Today, he fights the state from within. Shourie is the cabinet minister in charge of dismantling 236 state-run companies with a book value of \$50 billion, two million workers and losses that drain government coffers. In a recent interview, Shourie called them, "the baggage of 50 years of socialist discourse." Sold-off companies will eventually create profits and jobs as their new owners spend money to upgrade technology and management, Shourie hopes. Many investors agree. "India's attractiveness as an investment destination will be greatly enhanced as privatization proceeds," said Akhil Gupta, joint managing director at Bharti Tele-Ventures Ltd., India's biggest mobile phone operator. India raised a record \$1.25 billion in the last fiscal year. The proceeds were less than half the government's target, however, after delays led Singapore Airlines Ltd. and Air France SA to abandon bids for Air India Ltd. A nationwide strike by 10 million workers last month, called by a dozen labor unions to protest asset sales, shows that many still oppose efforts by Prime Minister Atal Bihari Vajpayee's government to accelerate growth. Analysts say Shourie's trademark pugnacity may help him overcome opposition. "What this job requires the most is guts, and Arun has never been short in that department," said Deena Khatkate, a former International Monetary Fund economist who's known him since 1968.

Graft Probe - After gaining a doctorate in economics at Syracuse University in New York State, Shourie started work at the World Bank in 1967. Between 1979 and 1982 and again between 1987 and 1990 he was editor of the Indian Express newspaper, a mainstream broadsheet whose circulation of 500,000 makes it the nation's fifth most-read daily. Shourie's anti-graft probes helped bring down Abdul Rahman Antulay, chief minister of western Maharashtra province, in 1981. In 1988, under attack from Shourie on allegations of bribery, Rajiv Gandhi's government tried to censor Indian Express by introducing a defamation bill - then backed away as the media banded together to denounce it. In 2000, the Vienna-based International Press Institute listed Shourie as one of 50 press freedom heroes of the last half-century. As a member of parliament's upper house, he was chosen by a group of provincial legislators, not in a popular vote, giving him little power apart from persuasion. Nor does he control much of the asset-sale process. A commission chooses the candidates, the finance ministry sets budget targets and a committee agrees on the final price. Shourie's job is to line up investors and push sales to a conclusion. Few Choices - Ministers in Prime Minister Vajpayee's coalition government range from socialist trade union leaders to conservative Hindu revivalists. Shourie, whose formal title is disinvestment minister, said in an interview that they agreed on privatization because there are few alternatives. "A weak political class will ultimately do the right thing when it's not able to continue with old habits," he said. "It takes a crisis or a breakdown to take the obvious step." The government hopes asset sales will raise funds for new roads, ports and power stations to get the economy moving faster. The sales may stanch a financial drain: Half of state companies lose money and rely on what Shourie calls the government's "artificial respiration." Fitful - That's one reason India's government debt and loan guarantees add up to about 85 percent of the country's gross domestic product, while the combined annual deficit of federal and provincial governments is almost 10 percent of GDP, among the highest of all countries rated by Standard & Poor's. Progress on privatization has been fitful. China, which is also selling stakes in big state-run companies such as Bank of China, grew at an annual pace of 9 percent in the second half of 1990s, a third faster than India. China received \$283 billion in foreign investments in the past decade, compared with India's \$15 billion. India, the third-largest economy in Asia after Japan and China, grew 5.4 percent last year, lagging China's 7.3 percent and the 8 percent that India's government says is necessary to double incomes in a decade and lift millions from poverty. Indian voters remain skeptical of privatization.

The government employees' federation said asset sales are akin to "handing over the economy to multinational corporations for unhindered plunder." Shourie is unfazed. "The government's duty is to proceed determinedly to do the right thing, with the faith that in 10 years a consensus would have been created," he said. Aluminum Strike - He cites the example of Nigel Lawson, Britain's chancellor of the exchequer from 1983 to 1989, who moved ahead with privatization under Prime Minister Margaret Thatcher even though opinion polls showed widespread opposition. Shourie, who took office as a junior minister for planning in November 1999 and was given the asset sale portfolio in July 2000, scored a victory a year ago by refusing to bow to 6,500 workers who went on strike to stop the \$120 million sale of Bharat Aluminium Co. in the central Indian province of Chhattisgarh. Shourie says he told colleagues it was "a great opportunity" to break the back of the opposition. The strike collapsed after two months when workers realized Shourie wouldn't budge. Brahma Singh, general secretary of the Bharat Aluminium Employees Union, accused him of being "out to sell the country," yet conceded he was unstoppable. In December, the Supreme Court upheld the sale in a ruling that may deter future challenges.

In the meantime, to the applause of investors, Shourie sold seven other companies and a clutch of state-managed hotels. "Hats off to him for going about the Balco deal so steadfastly," said Pradip Shah, chairman of IndAsia Fund Advisors Ltd., which manages \$55 million in assets.

From Bloomberg-Politics, by Anindya Mukherjee, 9 May 2002

Europe/CIS

This Europe: Historic Castles for Sale, from Only 1p

If you've ever dreamt of owning a castle, it may be time to move to Slovakia. The country's heritage office has more than 100 castles and stately homes for sale on the internet. And they're a snip. You can get the ruins of a 12th-century castle for only £175,000. Or how about a manor house for as little as £14,500? You could even put in a bid for Halic, a massive, 17th-century hexagonal fortress where the Hungarian aristocracy held off the invading Turkish army in 1678. Of course, there is a catch. Many of the 160 properties listed on the National Heritage Office's website are in serious disrepair. They are on sale because their owners – mostly municipalities and some commercial companies – cannot afford restoration. And everything's negotiable, even the 14th-century ruins of Viglassky castle. "The question is not how much to ask," the mayor of Viglas village, Pavel Vyboh, says. "The question is whether we can find someone willing to invest in it. We would sell it for one crown (1p). The snag is that restoring it could cost £7m." So far, most interest has come from Austrians, Swiss and Germans, the Slovak Ministry of Culture says. Some want properties to turn into tourist attractions, but many seek private homes. Jaroslav Kolar, a ministry spokesman, says: "We would be very lucky if there were more investors from abroad. "Slovakia has hundreds of castles. Most are owned by the state, and they are in good condition. But where castles belong to villages or municipalities or the church, it is their business if they want to sell." The Slovak Heritage Office says there are 12,000 historic buildings and castles listed as part of their national cultural heritage. Only 160 of them are for sale.

From UK-The Independent-Europe, by Justin Huggler, 15 May 2002

British Airways Posts Worst Loss Since Float

British Airways, Europe's biggest airline, has posted its worst full-year loss since privatisation 15-years ago, and warned the market remains "soft". The company said on Monday it made a net loss of £142 million for the year ending March 31, compared with a profit of £67 million a year ago. At the pretax level, the loss came in at £200 million. Analysts polled by Reuters had forecast a pretax loss of £306 million (\$446 million), with estimates in the range of £218 million to £400 million. BA ([BAY](#)), like its rival Lufthansa ([LHA](#)) and Air France ([PAI](#)), has grounded flights to meet a decline in demand since September 11. According to data compiled by the Association of European Airlines, traffic on the North Atlantic route was down more than 22 percent between September 10 and May 5. Total international traffic is down more than 12 percent over the same period. But BA was in trouble before the terror attacks as a global economic slowdown and low-cost operators hit earnings. The airline, which has cut more than 13,000 jobs and is overhauling its European operations to take on the low-cost operators, said it would continue to reign in costs to return to profitability. "The market is expected to remain soft but the swift and decisive actions we have taken show we are determined to return the business to acceptable levels of profitability," said Chief Executive Rod Eddington. BA's stock, which has fallen more than a third over the last year, rose 4.5 percent to 246.6 pence in early London trading on Monday. Its shares have outperformed the FTSE transport index by 13 percent this year as demand for air travel has slowly begun to recover. In the fourth-quarter of its financial year, BA made a loss of £43 million. "If you take a look at the fourth quarter, taking out restructuring charges, the company made an operating profit," Chris Tarry, analyst at Commerzbank, told CNN. "They were some £130 million better than what we were looking for. "To get there they've taken aircraft out of the fleet and they have been helped by lower fuel costs. "It's important that BA gets its cost right. It is operating in a tough environment and we estimate that the global airlines industry will lose between \$10 billion and \$11 billion." Monday's loss was the second since the airline was floated by the UK government in 1989. The company posted a net loss of £21 million for its financial year ending March 31, 2000.

From CNN, 20 May 2002

The Americas

Enron's Scar on South America

Lobbying, U.S. loans put pipeline on damaging path – Of Enron Corp.'s many political maneuvers in Washington before its fall into bankruptcy, winning the promise of federal financing for a 390-mile pipeline from Bolivia to Brazil through the Chiquitano Dry Tropical Forest may have the most enduring consequences.

From MSNBC-Americas, by James V. Grimaldi, 6 May 2002

Delay Won't Derail Peru Privatizations-Official

Peru's decision to postpone a controversial electric utility sale for the third time will not derail a privatization scheme designed to clinch needed fiscal revenues, the economy minister said on Friday. "Some of the bidders needed a little more time and I believe it's a perfectly reasonable request that will in no way derail the (electric utility privatization) process under way," Pedro Pablo Kuczynski told RPP radio. Peru said the unexpected third postponement of the \$156 million joint sale of electric generators Egasa and Egesur, part of the poor nation's plan to raise up to \$800 million this year to help meet fiscal goals, would not scare off investors. "This delay and (a planned nationwide general strike) next week ... are two disappointments for the market," Bear Stearns debt strategist Jose Cerritelli told Reuters. "The big question in everybody's mind is (if) this third delay is the last one and indeed will we have the sales taking place this year? Or is this a signal that there might be some problems on (the) side of buyers or ... the seller?" President Alejandro Toledo made the announcement during a visit to the United States on Thursday. In Lima, the official word seemed confused as some officials admitted they had not been informed of the delay. The sale had been planned for May 15, the day after a major national strike from unions who object to the sale of state assets and to other economic policies under Toledo, who took office last year promising to end a 3-year slump and to create one million jobs for this desperately poor country. Bidders for the two ageing utilities include AES Corp. (AES.N), Public Service Enterprise Group (PEG.N) and NRG Energy Inc. (NRG.N) of the United States, as well as Tractebel of Belgium and Norwegian state utility Statkraft.

From MSNBC-Americas, 10 May 2002