

International Intelligence

Hongkong Government Crisis Is Escalating

The 500,000-strong demonstrations in Hongkong the week of July 7 against the imposition of a new security bill forced Chief Executive Tung Chee-hwa to retract the proposed legislation; and resulted in the resignations of the Hongkong Security Secretary, Regina Ip, and the Financial Secretary, Anthony Leung. Ip had led the campaign to push through the security bill, which is a Hongkong version of U.S. Homeland Security legislation, and is condemned by opponents as a Beijing effort to undermine the freedoms guaranteed by the Basic Law governing Hongkong's return to China. Finance Minister Leung was unpopular because of the economic crisis.

Announcing the resignations, Tung also said that he would visit Beijing on July 19 to discuss the crisis.

Both the pro-Beijing parties and the opposition parties are describing Tung's trip to Beijing as a "showdown"; Tung may have to defend his position, having backed down on the Beijing-supported security bill after the mass demonstrations. The opposition is also calling for direct elections to choose Tung's successor in 2007. However, there are also calls for Tung himself to step down, and the press is speculating that if Tung has lost favor in Beijing, he may resign.

Chávez Govt. Faces Unrest, Shortages

The Venezuelan government ordered an extension until January 2004 of a decree prohibiting any more private or public lay-offs. While businessmen are screaming that they cannot afford to keep their payrolls intact while their businesses are collapsing with the rest of the economy, the Chávez government is clearly hoping to keep the enraged unemployed from its throat a bit longer. The official firing freeze was applied last April, but it didn't stop Chávez from firing 18,000 striking oil workers.

The firing freeze will do little, however,

to ease pressures from the population on the government, as shortages of everything from beef, chicken, and eggs to rice, powdered milk, and flour are steadily worsening. Agriculture Minister Efrén Andrade has announced that "emergency measures" are being taken to increase national supplies, but he didn't elaborate on what those measures might be.

Even as Venezuelans are facing bankruptcies, unemployment, and hunger, Venezuela's creditors are receiving their assurances from Chávez that the debt will be paid on time. Finance Minister Tobías Nobrega is planning to conduct a \$2 billion foreign bond issue and debt swap over the next few weeks, to try to ease pressure on the shrinking government budget, that must nonetheless meet large interest payments on the country's \$22 billion foreign debt in the coming months.

Nobrega's debt swap may be less successful than he hopes, however, as he is currently facing demands from opposition congressmen, that he explain a series of shady debt deals that his ministry arranged in March and April of this year with two private brokerage firms and the state development bank *Bandes*. Those deals reportedly led to the looting of *Bandes'* capital.

IMF the Issue in São Tomé Coup?

The army of São Tomé and Príncipe overthrew the government in the early hours of July 16 and declared all government bodies dissolved. The press characterizes the coup as arising merely from tensions over how the West African country of 140,000 souls will use the income from the oil bonanza that is about to begin—in the form of \$108 million next year from selling nine offshore permits. Oil deposits are believed to be as much as 4 billion barrels of crude.

Overthrown President Fradique de Menezes had chosen the United States as the country's protector, Prime Minister Maria das Neves was an IMF true believer, and U.S. military plans in the Gulf of Guinea include building a naval base in the country.

The first broadcasts of the coupists, who are led by Maj. Fernando ("Cobo") Pereira, chief of the military academy, do not, however, make U.S. ties the issue. Their Junta of National Salvation says the coup was "the reflection . . . of the difficult economic and social conditions the country is going through," and of "the political instability installed by the ousted regime." This may refer to the IMF-oriented policies of Prime Minister das Neves, who said last year—when she was kicked upstairs from her previous role as Finance Minister—that the policies she was following would inflict pain on the population. São Tomé and Príncipe was already one of the poorest countries in the world.

In a telephone interview July 17, Pereira told *Rádiodifusão Portuguesa* that the army is setting up a provisional government that will plan elections. "We don't want power," he said.

East Asia Escaped 'Decade of Despair': UN

The United Nations Human Development Report 2003, issued July 8, made the East Asia and Pacific region, especially China, the exception to what was otherwise a Third World "decade of despair." The report states that only in this region "did the number of people in extreme poverty decline," while in South Asia, home to 500 million poor people, "the number hardly changed," and it rose everywhere else in these developing countries.

It is lawful that China, which has embarked on many great infrastructure-building projects, succeeded in reducing poverty and hunger in the 1990s, unlike other regions of the developing-sector countries. Measured by the UNDP Human Development Index—goals set respecting increased longevity, access to education, and a decent standard of living—China "made impressive gains" in the 1990s as it "lifted 150 million people—12% of its population—out of poverty, halving its incidence," the report states. In fact, of the more than 1.2 billion people who have survived on less than \$1 per day in this past decade—which was a

GET OUT of Iraq right away, UN representative to Iraq Vieira de Mello will tell President Bush when they meet July 21, *Tribuna da Imprensa* reported July 14. The blunt Brazilian will tell the President to expect, otherwise, “one by one” killing of U.S. troops to continue, and “permanent sabotage” of attempts to exploit Iraqi oil supplies, with “implacable” killing of foreign technicians and attacks on installations.

GERMAN Chancellor Schröder hailed French President Jacques Chirac’s call for softening of the Maastricht Stability Pact rules, at a press conference in Berlin on July 16. Schröder said that Chirac’s July 13 call was “great and really very important. He made clear that the pact is called the Pact for Stability and Growth for a good reason. But everyone only talks about the stability aspect. . . . And here I agree with Chirac, to stimulate growth.”

THE RUSSIAN Communist Party’s Central Committee, meeting June 26, decided against taking up a formal proposal for greatly expanding the electoral coalition, the People’s Patriotic Union, of which it is the leading component. The proposal had come from Sergei Glazyev, co-chairman of the Union, who is a leading CP vote-getter, though not a member of that party. Glazyev has been campaigning for an effective opposition coalition in this December’s Duma elections, saying it should be prepared to wield power and guide the country, not just to protest.

TIBET hydropower project could light up Asia: China will do a feasibility study of the Yarlung Zangbo-Brahmaputra-Jamuna project in October, Xinhua announced July 17. This project involves digging a 16-kilometer-long tunnel through the mountain wall of the world’s deepest canyon, where the Yarlung Zangbo makes a “U-turn” and drops 2,755 meters over 500 kilometers. The project will produce as much electrical power as 60 typical large western European nuclear power plants.

reduction of extreme poverty from 30% in the 1980s to 23% in the 1990s—“excluding China, the number of extremely poor people actually increased by 28 million.”

The fastest progress in China, the report notes, has been centered in the coastal and metropolitan areas, while the inland regions of the country have not benefitted comparably. The annual growth rate in the coastal areas, during the 1990s, averaged 13%, whereas it was 2.6% inland. This dichotomy begs for LaRouche’s Eurasian Land-Bridge solution.

Envoy Perry Warns of Korea War This Year

President Clinton’s former Secretary of Defense and Special Presidential Envoy to North Korea, William Perry, gave a two-hour interview on July 13 to warn that, “I think we are losing control” of the situation. “The nuclear program under way in North Korea poses an imminent danger of nuclear weapons being detonated in American cities,” he said. Perry said he reached his conclusions after extensive conversations with senior Bush Administration officials, South Korean President Roh Moo-hyun, and senior officials in China.

“It was manageable six months ago, if we did the right things. But we haven’t done the right things,” Perry said. “I have held off public criticism to this point, because I had hoped that the Administration was going to act on this problem, and that public criticism might be counterproductive. But time is running out, and each month the problem gets more dangerous.”

The immediate cause of concern, Perry said, is that North Korea appears to have begun reprocessing the spent fuel rods. “I have thought for some months that if the North Koreans moved toward [re]processing, then we are on a path toward war.”

Showing some emotion, the usually reserved Perry said at one point, “I’m damned if I can figure out what the policy is.” Diplomacy is failing, he said, because the President simply won’t enter into genuine talks with Pyongyang, perhaps because he believes that Kim Jong-il is evil and loathsome,

and it is immoral to negotiate with him.

The notion of trying to “interdict” or embargo North Korean exports of missiles and nuclear weapons, “would be provocative, but it would not be effective,” according to Perry, because “you don’t need a ship to transport a core of plutonium that is smaller than a basketball.” He recommended, “You have to offer something, but you have to have an iron fist behind your offer.”

U.S. Keeping Generic AIDS Drugs Hard To Get

The U.S. Commerce Department and Trade Representative’s office are making it unnecessarily hard for developing countries to access generic anti-AIDS drugs, according to *Wall Street Journal* columns published on July 9, while Bush was in Africa. The Commerce Department is helping shape patent laws in developing countries that go beyond global standards in protecting the drug makers. The U.S. Trade Representative’s office is seeking similarly strict protections.

In 2000, the U.S. Agency for International Development started funding a \$1.2 million technical assistance program administered by the Commerce Department, and in Nigeria, for example, the project included helping rewrite patent laws.

Olayide Akanni, a representative of the Treatment Action Group, makes the following points against the resulting Nigerian draft law, as summarized by the *Journal*: It “mandates a complex Nigerian court process to license cheaper generic drug copies to treat serious diseases, instead of the simpler government administrative procedure allowed by global rules. It adds a four-year waiting period for issuing drug licenses, when WTO rules in general have no waiting period. The bill would block . . . [non-governmental] organizations from applying for licenses.”

In December 2002, urged by the drug companies, the United States alone, among 144 World Trade Organization (WTO) members, blocked a proposal for distributing patented medicines to less-developed nations.