

# International Intelligence

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## ***Poverty Continues Rising in Argentina***

Argentina's unemployment "miraculously" dropped from 21.5% to 17.8% in November; but the national statistical agency INDEC said the drop was only due to government-sponsored social programs which provided a minimal subsidy of 150 pesos monthly to heads of households, in exchange for a few hours of work. This generated "employment" for 2 million people, although 798,000 of them actually do no work at all! Some 71% of all "new jobs" between May and October 2002 were accounted for by these government "head-of-household" plans. INDEC president Juan Carlos del Bello said that without them "unemployment would have been more than 23%."

What did not decline during the May-October period was poverty, which for the capital of Buenos Aires and the surrounding metropolitan area, stood at 54.3% of the population. Had it not been for social programs, del Bello said, instead of 24.7%, indigence—severe poverty—would have been at 27%; poverty would have risen to 54.7% from 54.3% nationwide.

Infant mortality in one Argentine area "is only comparable to African countries," warned Dr. Luis Marcelo Albaca, quoted in *Clarín* on Dec. 29. Eighteen infants have died in the northern province of Tucuman over the past two months. In the town of Simoca, where the latest victim died, Dr. Albaca says conditions "are dramatic. There is a level of malnutrition and infant mortality only comparable to countries in Africa and regions of India, and the nation does nothing!"

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## ***Most U.S. Profits 'Phantom' in 2001***

About 69% of corporate profits in the United States in 2001 were accounted for by phantom pension-fund earnings, according to a study by Cr dit Suisse First Boston. If actual pension fund gains—or losses—on investments in the stock market, rather than inflated "estimated gains," had been counted

in financial statements, overall earnings for the S&P 500 would have been 69% lower than the companies reported for 2001, or \$68.7 billion rather than \$219 billion. In other words, about \$150 billion in corporate profit didn't exist! In reporting gains they hadn't made, the companies didn't violate any rules, but were following accounting practices as written in 1985 by the Financial Accounting Standards Board.

Weyerhaeuser, the world's biggest lumber company, to give one example, relied on reported pension earnings for 66% (or \$234 million) of its net income in 2001, assuming an 11% rate of return—but its pension fund actually *lost* 9.5% on investments.

The pension-fund "time bomb" will reduce reported corporate profit by billions of dollars in 2003, as many of the largest companies pour money into underfunded pension funds.

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## ***Thailand Moving Out of IMF Control***

Prime Minister Thaksin Shinawatra announced that Thailand will pay off its International Monetary Fund loans ahead of time, and may dump the IMF's economic "conditionalities." The decision to repay the remaining \$4.8 billion of the emergency loan arranged by the IMF in the aftermath of the 1997 Asian financial crisis, could be confirmed as early as the second week in January, after the Thai Cabinet holds its meeting.

The early repayment has been made possible by the country's strong foreign reserves position—about \$38 billion. Thaksin said, in his weekly radio show, that the payoff would "raise the dignity of Thailand and Thai people in the international community."

The *Straits Times* notes that Thaksin opposed the previous government's agreement to liberalize foreign investment rules, conditions imposed by the IMF loan, and was "cool to the idea of privatization of state enterprises, another IMF condition." It reports that Thaksin's backers "have been calling on the government to retract some of the policies, which Thailand was obliged to implement under the bail-out package."

Thaksin announced that his Asian allies had accepted his proposal for an Asian Bond Market, using Asian countries' foreign reserves to invest in bonds, with an initial investment of \$7-8 billion. "An Asia Bond fund will definitely be conceived this year, and full details should come out after the Asia Cooperation Dialogue meeting in June," Thaksin told reporters.

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## ***Peru Opens Door To Free Terrorists***

The Supreme Court of Peru overturned, on Jan. 3, the laws under which Sendero Luminoso and MRTA terrorists were tried, opening the door to new trials and freedom for top terrorists. The Supreme Court issued a 60-page ruling in response to a petition from 5,000 people (mostly family members of the terrorist prisoners), contesting four emergency decrees issued by President Alberto Fujimori in 1992, which permitted captured terrorists to be tried, convicted, and jailed in military courts. Before those emergency decrees were issued, captured terrorists had been freed en masse by judges terrorized by death threats regularly fulfilled by the terrorists.

The Court has not released its full ruling, but its President, Javier Alva Orlandini, announced that it had thrown out the decree that allowed suspects to be tried for treason—which decree he denounced as "state terrorism." Clauses and articles of the other decrees were also thrown out, and the court declared life sentences unconstitutional. Instead of eliminating the latter, however, the court ordered Congress to pass a law automatically revising sentences after 30 years served.

The effects of this decision, made by a Supreme Court formed under the State Department/Project Democracy/George Soros coup which overthrew Fujimori and installed President Alejandro Toledo, will be momentous. Retrials are now expected for those who led the 12-year genocidal terrorist war against Peru, because they were convicted under the treason decree. At the same time the terrorists were given this legal boost, the Toledo government continued to

**HMO'S** had an extremely profitable 2002, due to hiking health insurance premiums. Except for Cigna, third-quarter earnings skyrocketed by 47% on average for 11 major managed care insurers, according to a report by a Merrill Lynch analyst. Both premiums and profits are expected to rise again this year. "They did really well financially, and they'll do really well again this year," said Carl Mercurio, the publisher of *Managed Healthcare Market Report*. Premiums are expected to increase by an average of 15.4% this year, while health costs to insurers grow on 12%.

**EHUD BARAK**, Israel's former Prime Minister, told an interviewer at Israel's Channel 2 TV on Jan. 4, that "The Likud [party] was always the genuine collaborator with terror. . . . You can't sow fear in the heart of a nation without inside collaborators, and the real terror collaborators are Likud leaders. They made the blood dance and danced on the blood." The interview took place only 24 hours before the Jan. 5 Tel Aviv suicide bombings, which served as an Ariel Sharon election boost.

**POPE** John Paul II is "deeply worried" over Iraq, Archbishop Renato Martino, prefect of the Vatican's Council for Justice and Peace and former UN Envoy of the Holy See, told Italy's *La Repubblica* on Jan. 4. Archbishop Martino said, "The Pope lives the drama of the moment, he feels involved personally," adding that "unilateralism is not acceptable. . . . We cannot think that there is a universal policeman to take a stick to those who behave badly."

**GRAIN** production in China rose in 2002 for the first time in three years, according to *People's Daily* on Jan. 3. The 1% increase to 457.1 million tons, was the first such increase since 1999. The Ministry of Agriculture had predicted a 500-million-ton grain harvest in 2002. Acreage was down by 2%, but per-unit grain production grew by 3% from 2001.

purge and drastically shrink the nation's Armed Forces. More than 400 officers were cashiered in December, and more purges are expected.

Meanwhile, color posters of a smiling Alberto Fujimori began appearing in Lima at the end of December. At the bottom of the poster appears the simple phrase: "He Does Know How To Govern."

## China Last Test Before Spaceflight

After a mission of six days and 18 hours, the command module of China's Shenzhou IV spacecraft landed safely at the pre-designated site in Inner Mongolia in snowy northern China. The orbital module is still aloft, carrying out scientific experiments.

On Jan. 2, Chinese official Yuan Jie made the much-anticipated announcement that the first Chinese *manned* space mission will take place in the latter part of this year.

Xinhua reported that the command module performed several hundred maneuvers in space, including the unfolding of its solar panels. The Shenzhou capsule can hold up to three *taikonauts*, and space observers propose that even the first Chinese manned mission may have more than one crew member—orbital rendezvous between two spacecraft is not far off.

Adding to the anticipation of the Chinese manned launch, for the first time, China television aired footage of *taikonauts* during zero-gravity training aboard a Russian-made airplane. There was no indication of when the training took place.

Speaking at the 90th session of the Indian Science Congress in Bangalore on Jan. 4, the President of the Congress, Dr. A.P.J. Abdul Kalam, described space science and technology as "amazing and beautiful," and a "true miracle for all mankind." He continued, "In this connection, I would like to congratulate China for their recent successful launch of Shenzhou IV, orbiting a recoverable spacecraft around the Earth, moving a step nearer to manned space missions."

Guo Baozhu, vice administrator of the China National Space Agency, stated at the Congress that, looking toward the future, his

nation's Lunar Exploration Program is in the study phase, and is awaiting government approval.

## WFP Says U.S. Holds Back N. Korea Food

The UN World Food Programme accused the United States of holding back its pledged contributions to food shipments to North Korea. On Jan. 5., citing "senior Administration officials," WFP staff said the food shipments had been delayed because of concerns regarding the monitoring of the target groups for the food aid, in spite of the fact that the WFP officials have "no hard evidence" that the food aid is being diverted by North Korea's government. "We have relatively good confidence that the food is reaching the people who need it," one WFP official said.

Asked about this on Jan. 6, White House Press Spokesman Ari Fleischer said, "The United States does not condition food aid on political or security issues. We intend food aid to be viewed and seen and received as a humanitarian gesture of the people of the United States around the world. We intend to be responsive to the World Food Programme's appeal for North Korea, as we have in past years." But he added, "We still have concerns regarding monitoring access in North Korea, that need to be addressed. It remains very important for North Korea to make certain that the people who need the food receive the food"—indicating that the accusations of Bush Administration withholding of food may indeed have some validity.

The same line came from State Department's Richard Boucher, who also suggested another reason for the delay: "Exactly how much we can give in any given year depends on the budgetary situation, and we are in a position right now waiting for the appropriation so that we can make whatever commitments we will make for this year. Looking at that situation now and seeing if there's not a way to, well, to define further, but we have to have the appropriation. But I think our intention is to continue to support these programs."