

International Intelligence

China To Launch Astronaut in October

The much-anticipated launch of the first Chinese astronaut is now slated for October, officials in the program told Agence France Presse on July 22. Previously, the Chinese have more generally stated the launch would be “at the end of this year.” In mid-July, the Hong Kong daily *Wen Wei Po* cited officials saying the launch would take place within the next 100 days.

There is no indication yet if there will be more than one astronaut. The Earth-orbital mission is slated for a day-time launch, unlike the first four unmanned Shenzhou spacecraft, which were all launched at night. While officials say this is to allow for more moderate temperatures for the ground crews, who launched the first four in below-freezing temperatures, it would seem likely that the Chinese, perhaps learning from the U.S. Columbia Space Shuttle accident, want to carefully photograph the launch. The Columbia Accident Investigation Board has recommended that Space Shuttle launches take place only during the day for that reason.

Will Lula Make Economic Policy Shift?

A battle is occurring over the direction of Brazil’s economic policy, especially in the face of mounting evidence of deepening economic depression. Indicative is the discussion at the five-hour cabinet meeting convened by President Lula da Silva on July 17, which included cabinet members, presidents of state-sector companies and banks, and the heads of state pension funds.

Against a backdrop of press accounts of a fight between “pro-development” and “monetarist” factions within the cabinet, a central feature of the meeting was the presentation by Carlos Lessa, president of the National Economic and Social Development Bank (BNDES), of a detailed plan for investment in 100 infrastructure projects, which BNDES considers priorities, and whose construction over the next four years would prepare Brazil to begin “a new phase

of growth.” Many of the projects are in the energy and transportation (railroad) sectors.

Lula asked Lessa to prepare the report during a July 7 meeting, and, as *Folha de São Paulo* put it, “were Lula da Silva to give the green light, Brazil could immediately launch an investment plan worth 280 billion reais (roughly \$100 billion) in infrastructure projects over the next four years.” *Folha* describes the BNDES plan as “an adaptation of Franklin Roosevelt’s ‘New Deal’ for Brazil.”

Implicit in the BNDES proposal for infrastructure development is the need for new financing mechanisms, and there is a heated debate over that issue. For example, the Finance Ministry, under monetarist Antonio Palocci, is committed to sticking to the annual 4.25% primary budget surplus agreed on with the International Monetary Fund (IMF) for the next four years, and doesn’t want the BNDES plan to interfere with that. *Folha* points out that Brazil’s current agreement with the Fund is another “focus of resistance” to the BNDES plan, given that the IMF “prevents the public sector from increasing its investments, since these allocations are counted as deficits.” Backers of the BNDES plan include Development Minister Luiz Fernando Furlan and Planning Minister Guido Mantega, according to press accounts.

U.S.-Turkey Talks On Troops in Iraq

Following July 20 wire reports that Turkish Prime Minister Recep Erdogan had said that the U.S. asked his country to send troops to Iraq, the Turkish *Daily News* on July 21 filled out the picture. Talks went on in Ankara in mid-July, between the Turkish military leaders and Gen. James Jones and Gen. John Abizaid, and led to an agreement. The deal is “to cooperate in efforts to eliminate the PKK [Kurdish Workers Party separatists] presence in northern Iraq and set up mechanisms to coordinate activities of Turkish and coalition forces’ troops in northern Iraq,” wrote the paper. The United States wants Turkey to join an international peace-keeping mission there.

The U.S. Ambassador told press follow-

ing the meetings that the two generals “discussed with the General Staff further information about a coordinated approach to eliminating the PKK/KADEK in northern Iraq.” They are to set up a coordination mechanism and lay down principles on terms of Turkish military activity. The United States reportedly asked for 10,000 Turkish troops.

Turkish-American relations reached a low point after U.S. officials arrested 11 Turkish military in northern Iraq on July 4, accusing them of plotting to kill Kurdish leaders. The new talks are being presented as a part of the process of re-establishing good relations.

There is no report yet on what the political impact would be in Turkey, of having its military join the U.S. in Iraq.

Israel Mothers’ Group Grows, Appeals to Bush

Israeli single mothers whose protest of Finance Minister Benjamin Netanyahu’s budget cuts has sparked national support, sent a letter to President George W. Bush on July 19, asking him to pressure Prime Minister Ariel Sharon to annul the deep cuts in their entitlements. “The struggle of the single mothers, both Jewish and Arab, is no less critical or existential than the *hudna* [cease-fire] and the security condition,” they wrote. “The policy led by Sharon’s government is bringing about a social disaster that will affect many generations; striking at the mothers is hurting the children—the next generation’s ability to advance and productively contribute to society.” Vicki Knafo, the leader of the single mothers, told Israeli Army radio that it was appropriate for Bush to deal with this question, because he should monitor “where the money that he sends here is going. It could be that some of it is supposed to go to single-parent families.”

Israeli President Moshe Katsav met on July 20 with Knafo and other protesting mothers, but neither Sharon nor Netanyahu has. Katsav told the mothers that he supports their struggle, and that he will meet with Netanyahu about their situation.

However, at the Sunday weekly cabinet meeting on July 20, Sharon came out in full

support of Netanyahu's budget policies, and said the government would not "cave in to the mothers."

Meanwhile another 20 men and women from Jerusalem, Haifa, and Tel Aviv have joined the mothers at their protest tent in front of the Finance Ministry. They include 70-year-old wheelchair-bound Victor Alouche, a founding member of the Black Panthers, the famous Sephardic social protest movement in the 1970s. Alouche, who is suffering from cancer, was being pushed by his two sons. He told the press, "This country needs another upheaval."

Brazil May Have Higher Demands From IMF

Between January and April of this year, Brazil's "primary budget surplus" was 6.4% of GDP, the Argentine daily *Clarín* reported on July 21—far above the 4.5% figure on which the government of President Lula da Silva had agreed with the International Monetary Fund. This means that they have been working overtime gouging living standards to ensure the foreign debt is paid. *Clarín's* São Paulo correspondent raises the following question: If Finance Minister Antonio Palocci doesn't start to loosen up on spending, doesn't this imply that the government actually promised the IMF a higher surplus than the 4.5% officially announced? That agreement also includes the insane notion that public-sector investments are to be considered as deficits.

There are daily reports on the depth of economic decline. Volkswagen announced on July 21 that it would cut 4,000 jobs in Brazil, due to weak demand. In the first half of this year, domestic car sales fell 37.6% compared to the same period of 2002, while electronics sales stand at pre-1994 levels. General Motors is also laying off workers in Brazil. The IBGE statistical institute reported July 18 that industrial employment dropped 0.1% between April and May, the fourth monthly decline in a row. Between January and May, the total drop was 1.1%.

The Central Bank's Monetary Policy Committee will meet July 23, and may reduce interest rates by 1 to 2 percentage points from the current level of 26%. But industri-

alists and businessmen agree that this drop would make little difference in terms of the overall moribund state of the economy.

Jerusalem Proposed As a World Capital

Speaking before a group of visiting Russian student-diplomats, Israeli Labor Party chairman Shimon Peres suggested resolving the Israeli-Palestinian conflict over the holy sites in Jerusalem by putting them under the control of the United Nations, *Ha'aretz* reported on July 20. Peres said the holy sites in the old city should be declared sacred to the Jews, Christians, and Muslims, and become a "world capital," with the United Nations Secretary General serving as Mayor.

U.S. Presidential candidate Lyndon LaRouche called the proposal an interesting development, not inconsistent with prior policies of the Labor-Zionist group in Israel.

All Venezuela Is Unemployed

Unemployment stands at nearly 24% at the end of July, with almost 2.7 million of the economically active population out of work, according to the trade union-tied Documentation and Analysis Center (CENDA). The government admits officially that 19.2% are unemployed. But those figures do not include the five million who lack stable jobs, and survive in the so-called "informal sector." Of every ten people 18 years or older in Venezuela, eight do not have work, or only work "informally," says Jorge Bolti, president of Consec Comercio, Venezuela's services and trade association.

Oil, construction, and agriculture were the worst decimated sectors this year. Construction activity fell 64% in the first quarter of the year, according to the Central Bank, leading to the loss of some 600,000 jobs. The Chavez government fired, and never rehired, 18,000 oil workers and technicians during the national strike in early 2003.

The head of the National Economic Council projects that average per capita income will fall from \$5,300 in 2001, to \$2,200 by the end of 2003.

ISRAELI Prime Minister Ariel Sharon will visit India in September to discuss defense and counter-terrorism cooperation. The visit indicates the tightening of relations between India and Israel. In Washington, on the evening of July 18, the U.S.-based Indian groups met with the American Israel Public Affairs Committee, the infamous AIPAC. AIPAC claims to have cleared the way for India to receive Phalcon radars from Israel, which had denied the same radars to China.

'UNITED STATES May Be Forced To Go Back to UN," headlined the *New York Times* on July 19. With other nations refusing to send troops to Iraq, the pressure for this is mounting. Secretary of State Colin Powell said, "There are some nations who have expressed the desire for more of a mandate from the UN, and I am in conversations with some ministers about this, as well as the Secretary General of the UN." Secretary General Kofi Annan, on July 19, called for a timetable for ending the U.S.-British occupation. The *Times* adds, "Vice President Dick Cheney and his aides have argued against it."

RUSSIA sees the necessity to prepare for the worst-case of nuclear war over North Korea, according to remarks by Russian Deputy Foreign Minister Alexander Losyukov, in an interview with *Izvestia* on July 21. Without going into details, Losyukov hinted that civil defense and other measures were being taken all over Russia, but primarily in the Primorye region of the Far East, where Russia has several kilometers of common border with North Korea. This does not necessarily involve military measures alone, he added.

CHINA and Russia will jointly develop nuclear power plants for use in space, the Press Trust of India quoted Russian Atomic Energy Ministry spokesman Nikolai Shingaryov on July 21. The Sino-Russian subcommittee on nuclear cooperation will meet in Moscow at the end of July.