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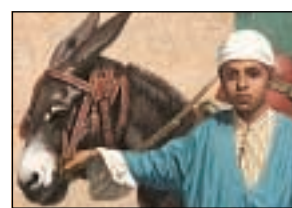
ROGER COHEN:
An American interlude

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for a host of other gadgets

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In China, prices are dropping

A sharp slowdown in economic growth eases rate pressure

By Keith Bradsher

BEIJING: A government-ordered credit crunch is producing a sharp deceleration in China's economic growth, bringing inflationary pressures under control but possibly creating new headaches for the government.

After brisk increases earlier in the year, China's consumer price index abruptly dropped 0.1 percent in May from the previous month, the National Bureau of Statistics announced Friday.

Beijing also ran a trade surplus in May for the first time in five months, the official news agency Xinhua reported, as the Chinese became more cautious about buying imports.

On Thursday, the government said that the breakneck growth in new loans and industrial production through spring also slowed in May.

Many raw materials and industrial commodities that were in short supply and at premium prices as recently as April are becoming abundantly available now, and at falling prices, as demand slows and companies liquidate inventories to raise cash.

A Western auto executive at the Beijing auto show here this past week said that banks were not only becoming more cautious about extending car loans to consumers, a result of a recently announced government policy, but were becoming reluctant to lend money to car dealers as well. This problem, affecting the financially weak dealers of Chinese brands more than the big dealerships selling Western-brand vehicles, has made it hard for many dealers to afford to keep ordering cars from factories to keep their showrooms fully stocked, the executive said.

Parts of the economy remain very busy. Coal for power plants is in short supply, along with rail cars to carry it, as millions of increasingly prosperous Chinese have begun turning on recently acquired air-conditioners to help cope with rising temperatures.

But administrative measures imposed on banks in late April are having such a pronounced effect on many industries that the government may have to lighten them, said Tao Dong, a Credit Suisse First Boston economist. "The whole economy is getting seriously stretched, so soon the government needs to ease," he said.

State-owned banks have cut back on corporate loans, which have typically been issued at or below the regulated interest rate of 5.3 percent, often with little regard for the creditworthiness of the borrower. Without these loans, some

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CURRENCIES New York		
	Friday 2 P.M.	Previous
€1 =	\$1.2018	\$1.2108
£1 =	\$1.8193	\$1.8429
¥1 =	¥110.07	¥109.245
\$1 =	SF1.2588	SF1.2448

Full currency rates | Page 14

OIL | London

Friday Close	
Brent crude	\$35.44 ↓ \$0.30

STOCK INDEXES

Friday	
	Closed
The Dow	11,526.82 ↓ 0.42%
FTSE 100 close	4,484.00 ↓ 0.05%
Nikkei 225 close	11,526.82 ↓ 0.42%

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Ronald Reagan "believed that America was not just a place in the world but the hope of the world," President George W. Bush told mourners at the funeral for the former president at the National Cathedral in Washington on Friday. He said that despite his sense of mission, Reagan "wore his title lightly, and it fit like a white Stetson."

A farewell to Reagan with ringing tributes

By David Stout and Terence Neilan

WASHINGTON: Ronald Wilson Reagan, the 40th president of the United States, was remembered at his pageantry-filled funeral on Friday as a leader who embodied America's optimism and deepest precepts and as an unpretentious man who poked fun at himself and loved to feed the squirrels on the White House lawn.

"He believed that America was not just a place in the world but the hope of the world," President George W.

Bush told the gathering at the National Cathedral here.

But Bush said that despite Reagan's profound sense of mission for himself and his country, "our 40th president wore his title lightly, and it fit like a white Stetson."

Leaders on the world stage, past and present, spoke similar words in a service whose solemnity was laced with the kind of humor that even Reagan's detractors acknowledged as one of his great gifts, in life and politics alike.

The service was filled, too, with

other poignant reminders of fleeting time. Former Prime Minister Margaret Thatcher of Britain, while present at the service, was not deemed by her doctors physically fit to speak Friday. And so the cathedral gathering heard a tribute that she recorded on videotape several months ago.

"Nothing was more typical of Ronald Reagan than his large-hearted magnanimity," Thatcher said, "and nothing was more American." While resolute in purpose and guided by an unwavering moral compass, "he saw

the many sides of truth," she said.

And so, she went on, Ronald Reagan was able to see the Soviet Communist system for "the evil empire" that it was, while holding out hope that "a man of good will might emerge from its dark corridors."

That man, of course, was Mikhail Gorbachev, the former Soviet leader with whom Reagan struck a bond that hastened the end of the cold war.

Gorbachev was present Friday, sit-

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UPDATE



FINISHING TOUCHES — A groundskeeper painting lines in the Dragao Stadium in Porto. The Euro 2004 soccer championship begins Saturday with a match between Portugal and Greece. Pages 21 & 22

Congo puts down a coup attempt

Heavy gunfire and tank shelling blasted in Congo's capital, Kinshasa, on Friday as the postwar government put down a coup attempt by what officials described as a small band of renegades within the presidential guard. After a chaotic night of clashes, President Joseph Kabila declared that the attempt had failed. Page 5

Uncounted abroad

Efforts to count American expatriates are falling short, the director of the U.S. Census Bureau said Friday. He described the response rate as disappointing in France, Kuwait and Mexico, the three countries being used for an experimental project. Page 4

On the Web: www.iht.com

For GIs, it's 'not a normal enemy'

By Michael Kamber

BAGHDAD: On June 6, Lieutenant Eduardo Plascencia of Alpha Company, 2-5, 1st Cavalry Division, was on an assignment to improve relations between U.S. forces and local Iraqis in Baghdad's sprawling Sadr City slum. Though his mission was civil affairs, he wasted no time on pleasantries.

As a convoy of armored vehicles bristling with machine guns idled nearby, the lieutenant grabbed a yellow bag packed with food and detergent from his Humvee and ran to a nearby

house. He thrust the bag into the hands of a pleasantly surprised housewife, sprinted back and roared off with the convoy.

Plascencia was in a hurry partly because the barrel of his gun was still warm from a firefight just minutes earlier. But, more pressing, he explained, "If we stay anywhere more than five minutes, they start shooting at us."

On his previous humanitarian stop, the lieutenant, a 14-year army veteran from Las Cruces, New Mexico, was inquiring about conditions at a local

power station when there was a flash from a nearby rooftop. There was a whoosh as a rocket-propelled grenade screamed over a cluster of troops keeping an uneasy watch and exploded 30 meters, or 100 feet, away. As they scrambled for cover, Plascencia raised his M-4 rifle and began firing at the attackers. Then he gathered his troops, made a run for the armored vehicles and escaped into the afternoon traffic.

"These guys are not like a normal enemy," he said later. "They hide be-

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The thrill of victory, the creativity of deceit

By Jere Longman

While it remains unclear how many U.S. track and field athletes will be disqualified from the Athens Olympic Games for their involvement in the unfolding Balco steroids case, one thing is certain, experts in sports doping say: Some athletes have been willing to go to extraordinary lengths to circumvent traditional drug screening, apparently even using a drug intended to fatten cattle.

The combination of positive tests and evidence disseminated in recent weeks by the U.S. Antidoping Agency to athletes and their lawyers indicates a readiness — even a desperation — by some athletes to maintain the slightest of edges in a split-second sport. Track and field events are won by as little as hundredths of a second or a quarter of an inch, and few people are remembered except those who win an Olympic gold medal.

This furtive effort at cheating, the antidoping agency said, involved a conspiracy by coaches, athletes and the Bay Area Laboratory Cooperative, or Balco, near San Francisco, to trade in undetectable steroids and use advanced techniques to hide their use. The effort also involved other drugs

that can have great therapeutic value in conventional medical treatments for anemia and the sleep disorder narcolepsy, but are prohibited as agents to enhance performance, the antidoping agency said.

Two recent events appear to show that drug testing is of limited value in a ceaseless game of pharmacological cat and mouse: the admission by Kelli White, the world sprint champion at 100 and 200 meters, that she used undetectable steroids provided by Balco, and the notification of four other track athletes Tuesday that they face possible suspensions.

It appears that one of the methods used by Balco to monitor levels of banned substances in athletes — and to hide their presence in official drug screenings — echoes the infamous state-sponsored system of doping in East Germany, drug testing experts said.

The Balco case has become the widest drug scandal in U.S. sports. "I shouldn't be surprised," said Dr. Don Catlin, director of the Olympic drug testing lab at the University of California-Los Angeles, who last summer first identified tetrahydrogestrinone, a previously undetected

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Local vote deals big setback to Labour

Anger against Blair over Iraq war drops party into third place

By Graham Bowley

LONDON: Election tallies showed Friday that Britain's Labour government had suffered heavy losses in local council elections in England and Wales in what was seen as a demonstration of anger over Prime Minister Tony Blair's support for the war in Iraq.

Blair took Britain into the U.S.-led attack on Iraq despite the war's deep unpopularity among large swathes of the British public as well some of his own cabinet members. The elections were the first formal opportunity for the British to register their disapproval.

The vote was one of the most painful defeats for Labour in recent years. It pushed the government into an embarrassing third place behind the opposition Conservatives and the Liberal Democrats.

In another closely watched result, tallies on Friday showed that Dutch opposition parties critical of the Iraq war scored significant gains Thursday at the start of elections for the European Parliament.

In Britain, the voting also was held Thursday and the election results were not known until a day later. By late Friday, they showed that Labour had lost more than 380 seats and control of several key councils. The results could be a bellwether for the British general election, expected next year.

Blair, who was in the United States for the Group of 8 summit meeting in Georgia and Ronald Reagan's funeral in Washington, sought to play down the domestic political damage. He conceded however that the Iraq war had cast a "shadow over the election."

In Britain, David Blunkett, the home secretary, said he was embarrassed by Labour's losses. "I am mortified that we are not doing better than we have done, he told the BBC. "We know it has been a bad night for us, but not a meltdown."

Analysts said that the poor performance was likely to reopen questions about Blair's leadership and could give ammunition to challengers within the Labour Party.

Certainly the government's dismal results triggered open-season against Blair among the Tory press. The London Evening Standard ran the headline: "Call for Blair to Quit."

It quoted Clare Short, a disaffected Labour member of Parliament who left Blair's cabinet over Iraq, as having said: "What we did in Iraq has brought disgrace and dishonor on Britain around the world."

"As Tony Blair won't change policy, the only way to make a correction is for

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