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## Pessimists kept at bay in Portugal's bond sale

BRUSSELS

E.U. chief greets auction with a call to widen crisis relief for the euro zone

BY STEPHEN CASTLE AND RAPHAEL MINDER

Portugal won some breathing room with a better-than-expected bond auction Wednesday, but European officials increased pressure for a longer-term solution to the euro-zone debt crisis, setting a deadline of less than a month to agree on expanding the size and reach of the bailout fund.

The "financing capacity must be reinforced and the scope of its activities widened," José Manuel Barroso, president of the European Commission, said Wednesday in Brussels. He added that it was "perfectly possible" to come to a decision by Feb. 4, when European Union leaders are scheduled to meet.

Mr. Barroso appeared to be emboldened by the success of the Portuguese debt sale, which allowed him the political space to go on the offensive about the fund after weeks of private discussions in Brussels about how to defuse the debt crisis.

The Portuguese auction, coupled with E.U. efforts to expand the bailout fund, helped markets rise, notably in Spain, where the main stock market index climbed 5.4 percent Wednesday, its biggest daily gain since the E.U.-led bailout of Greece last spring.

Traders said Spanish markets were also rallying in anticipation that Spain would receive strong demand for a €3 billion, or \$3.9 billion, bond sale Thursday.

Italy, which has been more sheltered from financial market pressure than Portugal and Spain, also will attempt to tap the bond market Thursday, for up to €6 billion.

Fernando Teixeira dos Santos, the Portuguese finance minister, said Wednesday that his country's bond sale was "clearly a success" that vindicated the government's efforts to go to the financial markets.

PORTUGAL, PAGE 14



Australian floodwaters rise The streets of Dalby, near Brisbane, were inundated with water from the Myall Creek on Wednesday. Twelve people so far have been confirmed dead in towns in the Lockyer Valley and more are reported missing after floods swept the region. Evacuations are under way in several towns. PAGE 4

## Palin accuses her critics of 'blood libel'

In video, she asserts commentators incited hatred after shootings

BY MICHAEL D. SHEAR

After several days of silence, Sarah Palin on Wednesday issued a forceful denunciation of her critics in a video statement that accused pundits and journalists of "blood libel" in their rush to blame heated political rhetoric for the

shootings in Arizona.

Through its timing and forceful tone and language, the video stole at least some of the thunder from President Barack Obama's planned speech of solace and remembrance later in Tucson and reinforced the notion that Ms. Palin might be planning a serious run for the presidency in 2012. Excerpts from the video, which was posted early in the morning on Ms. Palin's Facebook page, ran on television throughout the day.

In Washington, the normal course of politics remained frozen after Saturday's shootings, which killed six people and wounded 14, including Representative Gabrielle Giffords.

Representative John A. Boehner, speaker of the House of Representatives, offered tearful words of praise for Ms. Giffords and other victims, while security officials briefed lawmakers on ways to protect themselves and their staffs.

POLICE KNEW ARIZONA GUNMAN'S FAMILY The police were sent to the home of Jared L. Loughner before the attack on a congresswoman on Saturday. PAGE 5

Ms. Palin began her video with consoling words, but quickly turned to a more aggressive tone.

"Acts of monstrous criminality stand on their own," she said. "Especially within hours of a tragedy unfolding, journalists and pundits should not manufacture a blood libel that serves only to incite the very hatred and violence that they purport to condemn. That is reprehensible."

The term blood libel is generally used to mean the false accusation that Jews murder Christian children to use their

SHOOTING, PAGE 5



Drug war outpost Officers in the border town of Guadalupe, Mexico, where the last remaining police officer was kidnapped in terrorism tied to drug lords. PAGE 5

## Tunisia struggles to contain rising unrest

TUNIS

Army deployed in capital as president's family is reportedly fleeing nation

BY DAVID D. KIRKPATRICK

The government of Tunisia scrambled both to appease and to quell mounting unrest on Wednesday as a three-week wave of violent demonstrations spread for the first time to the capital, where swarms of protesters called for the ouster of the authoritarian president, Zine al-Abidine Ben Ali.

The Tunisian Army and the police

were deployed around the city. Security forces responded to the demonstrators, who had coordinated their movements in part over public Web sites, with batons, tear gas, and bullets. By late in the day, the government decreed a nighttime curfew, and there were reports that relatives of the president were leaving the country for their own safety.

At one of several demonstrations, security forces shot and killed four protesters, witnesses reported, adding that the army had used rooftop snipers to fire on the crowd.

More than 30 people died in the unrest before the day began.

"How can you fire on your own people?" said a 30-year-old business owner taking refuge from the police as

they broke up a protest near the French Embassy and train station. "If you do that, then there is no return. Now you are a killer."

He declined to provide his name for fear of reprisal.

Tunisia is in some ways the most European country of North Africa, with a relatively large middle class, liberal social norms, broad gender equality and welcoming Mediterranean beaches. But it is also one of the most repressive countries in a region full of police states, where residents have tolerated extensive surveillance and scant civil liberties, at least until the economic malaise that has gripped southern Europe spread here and sent unemployment skyrocketing.

TUNISIA, PAGE 4

## Hezbollah forces fall of government in Lebanon

BEIRUT

Upset at U.N. inquiry, militant group's action brings fears of violence

BY NADA BAKRI

Hezbollah and its allies forced the collapse of the government here on Wednesday, deepening a crisis over a United Nations-backed tribunal investigating the assassination of a former prime minister.

Eleven of the cabinet's 30 ministers announced their resignations, a move that dissolves the government. They said they were prompted to act by the cabinet's refusal to convene an emergency session to oppose the tribunal, which is expected to indict members of Hezbollah.

Ten of the ministers announced their resignations just as Prime Minister Saad Hariri was meeting with President Barack Obama in Washington. The opposition had hoped that all 11 ministers would resign together, to bring down the government at that time and expose Mr. Hariri to the maximum embarrassment.

But the 11th minister, Adnan Sayed Hussein, announced his resignation in a statement later in the evening, the National News Agency reported, after the meeting in Washington was over.

From Doha, Qatar, Hillary Rodham Clinton, the U.S. secretary of state, said the crisis was a transparent attempt from inside Lebanon and from "outside interests" to subvert justice, Reuters reported. She went on to vow that the work of a U.N.-backed tribunal would continue.

The collapse of the fragile government is the worst crisis in Lebanon



As his government collapsed, Saad Hariri met Wednesday with Barack Obama.

since 2008, when an agreement reached in Qatar achieved a truce to end sectarian clashes that killed 81 people and brought Lebanon to the brink of a renewal of its 15-year civil war, which ended in 1990.

"We were committed but they were not," said Ammar Hourri, a lawmaker with Mr. Hariri's bloc. He added that Mr. Hariri's allies were meeting to decide the next step.

Hezbollah and its opponents have wrestled over the direction of the country since the former prime minister, Rafik Hariri, was killed in a bombing along Beirut's seafarmer in 2005. Twenty-two other people died in the attack. Since then, the tribunal has investigated his death and is now widely expected to indict members of Hezbollah, the coalition.

LEBANON, PAGE 4

### WORLD NEWS

#### Pressure seen in Polish crash

A Russian-led investigation has concluded that the crew in a plane crash that killed Poland's president last April felt psychological pressure from senior officials in the cockpit to land under dangerous conditions, officials announced Wednesday. PAGE 3

#### Belarus steps up clampdown

The authorities in Belarus on Wednesday stepped up their campaign against the family of a former presidential candidate as the security services conducted a search of the home of the former candidate, Andrei Sannikov. PAGE 3

### PAGE TWO

#### U.N. blocked in Ivory Coast

The United Nations said that its troops were pushed aside when they tried to come to the aid of residents of Abodo, an opposition neighborhood in Abidjan, Ivory Coast, during a deadly raid by forces loyal to Laurent Gbagbo.

### BUSINESS

#### U.S. cites concerns on China

China's size, rapid growth and economic policies, including import barriers and the undervaluation of the Chinese currency, "are a growing source of concern" for the United States and many other countries, the U.S. Treasury secretary, Timothy F. Geithner, said Wednesday, outlining the Obama administration's goals for relations between the two countries in advance of a state visit by China's president next week. PAGE 13

#### 'Golden shares' in EADS?

The military contractor has revived the idea of giving France and Germany a veto over strategic decisions, something that might be a tough sell with European regulators. PAGE 13

#### German consumers hold back

Europe's biggest economy rebounded last year, but a 0.5 percent increase in consumption by German households provided little sign of the needed strong upturn in consumer spending. PAGE 14

### ONLINE

#### Haiti's damage, then and now

Interactive photographs show Port-au-Prince before and after the Jan. 12, 2010, earthquake, as well as now. How a diverse group dealt with the crisis. global.nytimes.com/americas



Prayers at the Port-au-Prince cathedral on Wednesday, a year after the quake.

### VIEWS

#### When politicians were armed

In 19th-century America, many senators and representatives carried weapons in the halls of Congress — and would not hesitate to use them, writes Joanne B. Freeman. PAGE 6

#### H. D. S. Greenway

There is a struggle going on for the soul of Pakistan. The religious freedom envisioned by its founders has given way to a different interpretation of what the country should be. PAGE 7

### COMING FRIDAY AND SATURDAY

#### All eyes on Europe

On Friday, Paul Krugman, Nobel laureate in economics, dissects the euro and examines its chances of survival. On Saturday, Steven Erlanger, Paris bureau chief of The New York Times, examines the difficult but crucial relationship between Europe's most important leaders: Chancellor Angela Merkel of Germany and President Nicolas Sarkozy of France.

### NEWSSTAND PRICES

Table with 4 columns: Country, Price, Country, Price. Includes entries for Algeria, Andorra, Argentina, Australia, Austria, Bahamas, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, Colombia, Costa Rica, Czech Rep., Denmark, Dominican Rep., Ecuador, Egypt, El Salvador, Estonia, Finland, France, Germany, Greece, Guatemala, Hong Kong, Hungary, Iceland, India, Indonesia, Israel, Italy, Jamaica, Japan, Kazakhstan, Kenya, Korea, Kuwait, Kyrgyzstan, Laos, Latvia, Lithuania, Luxembourg, Macedonia, Malawi, Malaysia, Mexico, Moldova, Monaco, Myanmar, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Timor-Leste, Turkey, Ukraine, United Arab Emirates, United Kingdom, USA, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe.

### IN THIS ISSUE

Table with 2 columns: Page Number, Page Number. Includes entries for Business 13, Crossword 11, Culture 8, P-Tech 12, Sports 10, Views 6.

### CURRENCIES NEW YORK, WEDNESDAY 1:30PM

Table with 4 columns: Currency, Euro, Pound, Yen, Franc. Includes entries for Euro, Pound, Yen, Franc.

### STOCK INDEXES WEDNESDAY

Table with 4 columns: Index, Dow, FTSE, Nikkei. Includes entries for The Dow, FTSE 100, Nikkei 225.

Dior advertisement featuring a watch with a diamond-encrusted bezel and a black dial with Roman numerals. The watch has a metal link bracelet. The Dior logo is visible on the dial.