

NEWS IN BRIEF

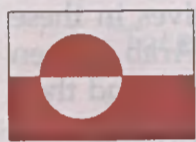
STORIES BY BECCA HELLER

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AFGHANISTAN

RECENT REPORTS FROM THE AFGHAN GOVERNMENT SHOW THAT BURHANUDDIN RABBANI, THE GOVERNMENT'S NEGOTIATOR WITH THE TALIBAN, WAS ASSASSINATED BY A PAKISTANI SUICIDE ATTACKER ON SEPT. 20. After much suspicion, reports have confirmed the Pakistani government's cooperation with the Taliban. According to BBC, the events have driven Afghan President Hamid Karzai to shift his focus from establishing peace with the Taliban to creating a dialogue with the Pakistani government. Karzai has recognized the futility of seeking to make peace with the Taliban, and hopes that he will make more headway with Pakistani officials. "The Afghan nation asks me who's the other party that you hold talks with?" Karzai said to BBC. "My answer is, Pakistan."



GREENLAND

OVER THE LAST MONTH, SEVERE OZONE DEPLETION HAS BEEN CONFIRMED OVER GREENLAND, SCANDINAVIA, AND PARTS OF CANADA AND RUSSIA, according to BBC. The 40 percent decrease in the arctic ozone layer has been an unprecedented low, following the previous record of 30 percent, BBC reports. The World Meteorological Organization recently issued a health advisory to people in Greenland and other Scandinavian countries. The loss of ozone allows the sun's ultraviolet-B rays to penetrate the atmosphere in much greater intensity and increases the threats of skin cancer, cataracts, and damage to the immune system.



PORTUGAL

AFTER ESCAPING A NEW JERSEY PRISON IN 1970, FUGITIVE KILLER GEORGE WRIGHT IS SEEKING SAFETY IN HIS NEWLY ESTABLISHED PORTUGUESE CITIZENSHIP, according to The New York Times. Wright, who boarded a plane after escaping prison dressed as a priest, now holds Portuguese citizenship after marrying a Portuguese woman in 1991. "As a Portuguese citizen, if he has to answer to any authority or if he has to serve any sentence, it has to be to Portuguese authorities and in Portuguese territory," said his lawyer Manuel Luis Ferreira, to The New York Times.



ISRAEL

ON OCT. 2, ISRAEL RESPONDED TO INTERNATIONAL PRESSURE AND AGREED TO RESUME PEACE NEGOTIATIONS WITH PALESTINE, Reuters reports. However, Palestine is concerned with Israel's recent proposal to build 1,100 more settlements in disputed territory Gilo, and has deferred the negotiations until the Israeli government agrees to stop building on territory they seek for the state. In response, Israel declared that under no circumstances will Israel cede their control of Gilo. Once again at a stalemate, it seems the two countries will continue to pursue their individual agendas.

International Monetary Fund gives Europe a final warning

By Rory Molleda
STAFF WRITER

Europe might seem like a great vacation destination, but it has not been able to escape the financial crisis that is affecting the entire world.

The International Monetary Fund (IMF), an organization that helps oversee and stabilize the global financial system, said in their semiannual meeting last week that they can meet its current obligations to provide aid to countries in economic distress, but this could change if the crisis worsens.

IMF chief Christine Lagarde said that the euro zone must increase the powers of its bailout fund and ensure that investors who hold debt from the troubled economies are not unduly hurt, reported CBS News.

"Failure to undertake decisive action could rapidly spread tensions to the core of the euro area and result in large global spillovers," said the IMF in their latest economic report. "Contagion to the core euro area, and then onward to emerging Europe, remains a tangible downside risk."

The European Financial Stability Facility (EFSF) was set up in 2010 to combat the debt crisis in Europe. The BBC reports that legislators feel they need to concentrate on recapitalizing banks and boosting the funds

of the EFSF.

Europe's finance ministers agreed to raise their guarantees for bailout loans given out from the current rescue fund to €780 billion (\$1.1 trillion) from €440 billion. That will allow the fund to lend out a total of €440 billion, up from about €250 billion currently, reported the Wall Street Journal. The plan

really scare the markets."

The ECB has bought sovereign debt from Greece, Portugal, Ireland, Italy, and Spain. It has also lent money to banks whose main asset is that same debt. Lending from the ECB is ensuring that banks from those countries have enough funds to operate, while worried depositors are withdrawing funds.

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Christine Lagarde, chief of the International Monetary Fund

could also allow the European Central Bank (ECB) to buy more Italian and Spanish bonds to prevent them from needing a full bailout.

"It is very important that we see a combination of the ECB and the EFSF," said Antonio Borges, the head of the IMF European department, who is urging the ECB to play a bigger role in fighting the crisis. "The ECB is the only agent that can

"Bank regulation is making the situation worse: banks carry most of the ECB and sovereign debt at face value," said John Cochrane, a finance professor at the University of Chicago, to the Wall Street Journal. "Their own governments are pressuring banks to buy more sovereign debt."

Now that the EFSF has the funds to help the countries that are struggling financially,

Europe's focus is now on Greece and whether or not it will need to restructure its debt. A Reuters' poll of economists showed a majority believe Greece will restructure its debt. Most fund managers expect Athens to pay back only half of what it owes.

According to Reuters, the IMF is ready to provide more aid to the country that sparked the debt crisis in 2009, but Greece still had plenty of untapped potential to raise extra cash itself through privatization.

"The Greeks have to take the initiative, and so far they have not approached us," said Borges. "The IMF stands ready (to provide additional support) as a matter of policy."

While the markets are increasingly concerned that Greece will never be able to repay its €327 billion debt and will have to restructure — creating massive losses for investors that will in turn create severe consequences in the euro zone and beyond — the country still depends on €52.5 billion of IMF aid, reports the BBC.

"Leveraging the €440 billion bailout fund by borrowing from the ECB, and using the fund to insure debt rather than to buy it — in this way the fund could support trillions of euros of debt," said Cochrane. "But risk can only be transferred; it does not evaporate. And the risk ends up at the ECB and, ultimately, with taxpayers."