

WORLD NEWS

Division Deals Blow to Iran's Opposition

State Media Says Presidential Candidate Rezaie Drops His Complaint on Vote, Breaking With Others

BY CHIP CUMMINS

DUBAI—Clashes between security services and demonstrators erupted again late Wednesday in central Tehran, even as state media said one unsuccessful presidential candidate dropped his objections to the June 12 elections, dealing a significant blow to the opposition's so-far united front.

Amid the domestic unrest—the worst since the Iranian revolution 30 years ago—Tehran scrambled to demonstrate its military might to the rest of the world.

The Iranian air force said Wednesday it had successfully tested a new line of sophisticated bombs and radar-evading aircraft in a three-day exercise over the Persian Gulf. Defense Minister Brig. Gen. Mostafa Mohammad-Najjar told state media the Iranian military stood ready to repel any attack.

"If anybody intends to intrude into the Islamic Republic, we will give them the most crushing response," he told reporters after a cabinet meeting Wednesday, according to state media.

He cited Israeli "threats." The saber rattling carries historical overtones, harking back to 1980 when Iraq appeared to take advantage of the chaotic aftermath of the Iranian revolution to launch an invasion of Iran.

In Tehran, hundreds of protesters gathered in a square in front of Iran's parliament late Wednesday. Security services dispersed the crowd, beating them with batons, using water cannons and firing guns into the air, according to witnesses quoted by the Associated Press. Amateur video, said to be shot in the square on Wednesday, but impossible to verify, started trickling across the Internet late Wednesday.

One video showed protesters scattering through an intersection, throwing rocks near a fire. At one point, a bloodied young man was carried to a clearing, where helmeted emergency-services personnel appeared to provide assistance.

Press TV, the Iranian state-controlled English-language news site, reported that 200 protesters gathered in front of parliament, but were quickly dispersed, and that "a heavy presence of police prevented violence in the area."

But eyewitnesses told news outlets that security services had beaten protesters in an attempt to disperse them.



An image provided by a local photographer claims to show a Basij militia officer detaining a protester in front of the Iranian Parliament.

According to the Associated Press, Iranian state television showed some detained demonstrators, whose faces were blurred out, "confessing" they were incited by the British Broadcasting Corp. and Voice of America, and that demonstrators, not security forces, had used violence.

Iran's Supreme Leader Ayatollah Ali Khamenei on Wednesday said again that the government will restore and maintain order after a week of violent postelection demonstrations. Authorities have declared President Mahmoud Ahmadinejad the victor.

"Neither the system nor the people will give in to pressures at any price," Mr. Khamenei told a meeting of senior parliamentarians, according to state TV.

On Friday, Mr. Khamenei endorsed the vote in his strongest terms and ordered a halt to protests. The next day, security services cracked down on protesters, often dispersing them violently.

State media on Wednesday said that Mohsen Rezaie, one of

three presidential candidates who had disputed the June 12 polls, was withdrawing his complaints to authorities. Mr. Rezaie, a former commander of Iran's Revolutionary Guards military force, made waves when he entered the race. The hard-line conservative was seen as targeting Mr. Ahmadinejad's core constituency, challenging the incumbent by charging economic mismanagement and foreign-policy adventurism. But Mr. Rezaie garnered less than 2% of the vote, according to official results.

He initially joined with former Prime Minister Mir Hossein Mousavi and reformist cleric Mehdi Karroubi immediately after the vote in alleging widespread vote-rigging. The three candidates registered more than 600 allegations of irregularities.

But on Wednesday, Mr. Rezaie was quoted as citing national security in dropping his complaint filed with the Guardian Council, a top clerical review board that oversees elections. He also said

there was too little time to probe the complaints thoroughly.

"The [current] political, social and security situation has entered a sensitive and decisive phase, which is more important than the election," Mr. Rezaie said in a letter to the Guardian Council, according to state media.

Mr. Khamenei has extended the time for the council to certify the polls until next week.

Mr. Rezaie was the only one of the three unsuccessful candidates to attend a closely watched sermon delivered by Mr. Khamenei on Friday. The apparent desertion by Mr. Rezaie put Messrs. Mousavi and Karroubi in a significantly weakened position. Both had been carefully vetted by the regime before they were allowed to run. But the groundswell of public anger against the election results elevated all three—whether they liked it or not—to the status of opposition leaders.

Mr. Rezaie's background, and his initial willingness to stand with Messrs. Mousavi and Kar-

roubi in challenging the vote, lent the opposition a sense that it was representing a broad swath of Iran's political spectrum.

Messrs. Mousavi and Karroubi have largely stayed on the sidelines since the violent crackdown on protests following Mr. Khamenei's Friday sermon.

Mr. Mousavi didn't appear to have attended the protest Wednesday night in front of parliament.

Iran's security services have proved effective at stamping out protest quickly. But images of the regime's violent crackdown, sent out of Iran via the Internet, have often proved more damaging to the regime than the protests themselves.

Official reports have put the body count from Saturday's crackdown at more than a dozen. Security services have rounded up hundreds of protesters, including some journalists. They have also clamped down on foreign reporting, banning journalists from covering unauthorized gatherings.

U.S. Retracts July 4 Invites It Gave Iran

BY PETER SPIEGEL AND JAY SOLOMON

WASHINGTON—The Obama administration continued to harden its stance toward Iran Wednesday, rescinding a diplomatic overture to Iranian envoys overseas at the same time as it moved to build closer ties with Tehran's closest strategic ally, Syria.

The White House said it was withdrawing invitations to Iranian diplomats for U.S. embassy Fourth of July parties around the world. The small but symbolic reversal signaled the administration was gradually continuing to pull back from its policy of engagement with Tehran. The U.S. had extended the invitations earlier this year as part of the administration's outreach.

"July Fourth allows us to celebrate the freedom and the liberty we enjoy," said White House spokesman Robert Gibbs. "Given the events of the past many days, those invitations will no longer be extended."

The administration also said it would be sending a new ambassador to Damascus, four years after the Bush administration recalled its envoy following accusations of Syria's involvement in the assassination of former Lebanese Prime Minister Rafik Hariri. Syria has denied any role in Mr. Hariri's killing.

U.S. officials said the move culminates months of growing diplomatic engagement between the U.S. and Syria. President Barack Obama has expressed his desire to woo Syria away from its traditional alliance with Iran and gain Damascus's support in stabilizing Lebanon, Iran and the Palestinian territories. The U.S. also wants to help broker peace talks between Israel and Syria.

Mr. Obama's special envoy on the Arab-Israeli dispute, former Sen. George Mitchell, met with Syrian President Bashar Assad earlier this month when the ambassador issue was raised, a senior U.S. official said. The political turmoil in Iran is also viewed as offering an opening to press U.S. efforts to woo Damascus into the Western camp.

Secretary of State Hillary Clinton had authorized the July Fourth invitations several weeks ago despite the lack of diplomatic relations between the U.S. and Iran, but no Iranians had accepted, according to State Department spokesman Ian Kelly.

Explosion in Baghdad Kills Dozens, Days Before U.S. Pullout

BY GINA CHON

BAGHDAD—An explosion at a market in Baghdad's Sadr City neighborhood killed at least 69 people Wednesday evening, less than a week before U.S. combat troops are scheduled to withdraw from Iraqi cities.

The bomb, hidden under some vegetables, went off around 7 p.m., when the market area was crowded with Iraqis taking advantage of the cooler evening weather, according to an Iraqi military spokesman.

The attack comes as the June 30 deadline for American combat forces to withdraw from Iraqi cities approaches. The date was set in a security agreement between Iraq and the U.S. that was approved last year. The Iraqi government has made June 30 an official holiday, and officials have hailed the transition as evidence of the

competency of Iraqi security forces.

But Iraqi officials, including Prime Minister Nouri al-Maliki, also have warned that violence will likely increase with the American withdrawal from urban areas; they blame people who want to use that transition to sow chaos and destabilize the country.

Since April, there has been a jump in violence. The deadliest attack thus far this year occurred over the weekend near Kirkuk, in northern Iraq, where at least 75 people were killed by a truck bomb.

Still, U.S. military officials say that overall attacks remain low. In a briefing Wednesday before the Sadr City attack occurred, American military spokesman Brig. Gen. Stephen Lanza said that so far, there had been 10 high-profile attacks in June, compared with 16 in May



U.S. combat troops are set to withdraw from Iraqi cities by the end of June. Above, American soldiers in the Green Zone in Baghdad on Wednesday.

and 28 in April.

The attacks have mainly targeted Shia populations in what Iraqi and U.S. officials call an attempt to reignite sectarian violence, which threatened to

plunge the country into civil war in 2006 and 2007. On Monday, three people in Sadr City were killed in one of a spate of explosions across the capital that claimed the lives of more

than 25 people.

About 300 Iraqi civilians have lost their lives so far in June; more than 330 were killed in May. Eight U.S. soldiers have lost their lives so far in June, while 25 died in May, according to Defense Department figures.

Gen. Lanza said earlier Wednesday that the U.S. has already closed or handed over more than 150 American bases to Iraqi control since the start of the year. On June 20, the U.S. military handed over a base in Sadr City to the Iraqi government. A small number of American military advisers and trainers will remain at some bases in Iraqi cities to support local security forces.

The withdrawal of combat forces from urban areas will allow U.S. forces to focus on beltways outside cities to limit the movement of insurgents, and on border areas, Gen. Lanza

said. He emphasized that combat missions in Iraqi cities will end—and that it will be up to the Iraqi government to ask for U.S. military help in those areas, because American forces no longer conduct unilateral operations.

He declined to give specific numbers of American troops left in Iraqi cities, saying some of those details are still being worked out. However, Gen. Lanza said, the key shift after June 30 isn't about numbers, but a change from a combat mission to stability operations for the American military in urban areas.

Sadr City had been under the control of the militia belonging to anti-American Shiite cleric Moqtada al-Sadr, but many of the Shiite extremists were rooted out in an Iraqi government offensive launched in 2008.

OECD Says the Worst May Soon Be Over for the Global Economy

BY SEBASTIAN MOFFETT

PARIS—The Organization for Economic Cooperation and Development revised upward its assessment of the world economy for the first time since 2007—and said the worst may soon be over in the current slowdown.

The organization also encouraged governments to maintain stimulus measures and called on the European Central Bank to lower interest rates.

The OECD forecast that the combined output of its 30 member countries will contract 4.1% this year and expand 0.7% in 2010.

That compares with its March forecast that gross domestic product would shrink 4.3% this year and 0.1% in 2010.

The Paris-based think tank's economic outlook presented a rare upward revision from a large multilateral organization. This month, the World Bank revised down its 2009 forecast for the world economy.

The OECD raised its forecast for China's growth this year to 7.7%, from the 6.3% it projected in March, thanks to Beijing's fiscal-stimulus measures and monetary



expansion. But the organization cautioned that downward pressures on prices in China are expected to linger, spare capacity remains high, and Chinese policy makers need to stay watchful over loan quality.

The OECD issued a significantly brighter forecast for the U.S. and Japan, which it attributed to government stimulus measures, but its outlook for Europe turned slightly darker.

Japan's economy will still contract nearly 7% this year, the

OECD forecast. But it will grow 0.7% next year, compared with a previous forecast of a 0.5% contraction.

The U.S. economy is now expected to contract 2.8% this year and grow 0.9% in 2010, the OECD said. That compares with a March

forecast of a 4% decline this year, followed by neither growth nor contraction in 2010.

The 16 nations that use the euro currency are expected to contract 4.8% this year and show no growth next year—both slightly worse outlooks than before.

"Signs have multiplied that U.S. activity could bottom out in the course of the second half of this year," wrote Jørgen Elmekov, the OECD's acting chief economist, in the report. "Signs of impending recovery in the euro area are not yet as clearly visible."

The difference between the U.S. and Europe, said OECD Secretary-General Angel Gurría, is the amount of time the U.S. has devoted to boosting its economy. "They [the U.S.] have been taking measures for longer" than Europe, he told a news conference. "That's why the recovery was more rapid."

European governments have been criticized by some economists during the slowdown for not spending enough public money to boost growth. At the same time, soaring deficits continue to be a concern.

Government budget deficits in the European Union are deteriorating "markedly," the European Commission said Wednesday, taking particular aim at Central and Eastern Europe.

The commission, the EU's executive arm, this year said it is worried about states' deficits and ordered several countries, including Ireland and France, to reduce their budget gaps.

German Finance Minister Peer Steinbrück and the Bank of England's governor added their own warnings. Mr. Steinbrück said Germany has to consolidate spending or risk losing its triple-A rating. Bank of England Governor Mervyn King said the U.K. government needs to draw up more ambitious plans for taming its deficit.

As economies get over the worst of the recession, governments must choose whether to end fiscal-stimulus measures quickly—so as not to pile up debt—or to keep pumping money into their economies—to ensure that the recovery holds.

The OECD said the recovery is still too fragile to start cutting back.