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This Week You Need To Know

A 'Perfect Storm' Is Rising To Oust Dick Cheney

by Michele Steinberg

With the combination of the most somber and serious Congressional hearings since Watergate, and the opening of the trial of Vice President Dick Cheney's former Chief of Staff and National Security Advisor, I. Lewis "Scooter" Libby, for perjury and obstruction of justice, there is a "window of opportunity" for impeachment of the Vice President—and Cheney is jumping right through it.

On Jan. 24, one day after Cheney was exposed by Special Prosecutor Patrick Fitzgerald, as *directing* the campaign to discredit a credible, *eyewitness* critic, former Ambassador Joe Wilson, by exposing the identity of his wife, Valerie Plame Wilson, who worked as a covert agent of the CIA, Cheney went on national television to announce that the White House will *ignore* any resolution from Congress that criticizes the escalation of force in Iraq.

In an interview with CNN's Wolf Blitzer, when asked about the Senate resolution against the "surge," which had just been passed by the Foreign Relations Committee, Cheney boasted, "That won't stop us ... we are moving forward ... the President has made his decision."

In short, Cheney's own foul mouth, in bragging that the White House will ignore the Senate resolution against Bush's surge, just hours after the Senate committee passed the *bipartisan* Biden-Hagel-Levin measure, creates the "perfect storm" that could finally sweep Cheney out of the White House.

The exposure of Cheney's role in the Scooter Libby case, and his outrageous dismissal of the constitutional role of the Congress, affords the Bush family—which enlisted Cheney to craft George W. Bush's Presidential run in 2000—an opportunity now to take action to get him out.

This is not a matter of partisan, or revenge politics, but a matter of the national interest. Around the world, as a second carrier group move towards the Persian Gulf, and White House threats against Iran are repeated on a daily basis, it is recognized that the only certain path to stopping the planned attack on Iran is the impeachment of Dick Cheney, who today, just as in the case of the Iraq War, is running the "team" and the policy for "regime change" in Iran....

[...full article, PDF](#)

Latest From LaRouche

[The Popular Pits of Current Superstition](#)

The Dance of the Bio-Fools

by Lyndon H. LaRouche, Jr.

January 18, 2007

They met, and married, during a seance. She was the spectre. It was what he believed to be the low cost of feeding her, which he, despite her complaining ways, found most attractive.

In any way in which you may choose to calculate, only fraudulent arithmetic could have built a case in defense of the current promotion of what are currently called "bio-fuels." Believers in the cult of "bio-fools," have no one as much as themselves, against whom to complain for the inevitable outcome of continuing such a policy. This is already the leading fact of that situation, even before taking into account the assured, mass-murderously costly effects of continuing the repeated introduction of that policy: effects on the food supply, and, therefore, also, on the life-expectancy of human beings generally. I recommend the use of that term of opprobrium, "bio-fools," or, "bio-fooled"; I do this not to be cruel, but, rather, because these are the kindest among the truthful euphemisms available.

The current fad of "bio-foolism," is a sort of fraud which is inherent, to similar effect, in what some fellows might admire, as the allure of a prostitute carrying a probably fatal type of communicable disease. The risk should have been immediately obvious to anyone with even a modicum of scientific competence, had they not been compromised by what was for them the lure of a tempting opportunity. Consequently, among dupes of bio-foolery, there are probably relatively few adult human beings who actually care much, at that moment, whether, or not, there is any sense in the concept of "bio-fuels." Usually, among the motives met in support of this scheme, as among compulsive gamblers, there is chiefly the fanatical opportunist's reckless, and also more or less demented, mere wish to believe....

...full article, PDF

InDepth Coverage

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Feature:

THE POPULAR PITS OF CURRENT SUPERSTITION

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- **Appendix**

- **The Fallacy of the Equant**

- **by Jason Ross, LaRouche Youth Movement**

"Moreover, it is no less false that the center of the world is within the earth than that it is outside the earth; nor does the earth or any other sphere even have a center. For since the center is a point equidistant from the circumference and since there cannot exist a sphere or a circle so completely true that a truer one could not be posited, it is obvious that there cannot be posited a center [which is so true and precise] that a still truer and more precise center could not be posited. Precise equidistance to different things cannot be found except in the case of God, because God alone is Infinite Equality. Therefore, He who is the center of the world, viz., the Blessed God, is also the center of the earth, of all spheres, and of all things in the world. Likewise, He is the infinite circumference of all things. "

—Nicolaus of Cusa, *De Docta Ignorantia*

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National:

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- **Documentation**

Resolutions Challenge Cheney/BushWar Drive Resolutions in both the U.S. Senate and House of Representatives reflect the growing bipartisan opposition to the Cheney/ Bush drive to expand U.S troop levels in the war in Iraq, and to wage war against Iran.

Bad Actor Arnie Takes on New 'Post-Partisan' Con Man Role

by Harley Schlanger

It's a new year, so it must be time for a new role for the bad actor playing the Governor of California. Arnold Schwarzenegger's 'bold new vision for California,' as one pundit described the plans the governor unveiled in his State of the State address and his 'universal health care' proposal in early January, is nothing but a new con job designed to disarm and disorient Democrats, while winning him fresh approval from confused voters.

Book Review

Enough Lies To Sink A Rotten Administration

by Lawrence K. Freeman

State of Denial: Bush at War, Part III

by Bob Woodward

New York: Simon & Schuster, 2006

560 pp., hardcover, \$30.00

Let me be honest with the reader. I don't have much respect for Bob Woodward, after his duplicitous behavior in the Valerie Plame affair, but his latest book on the Bush Administration's Iraq War, *State of Denial*, played a helpful role in securing a peaceful regime change in the U.S. Congress. *State of Denial* is a sharp break with Woodward's two previous books on the Bush Administration, and is coherent with a dramatic policy shift typified by the Baker-Hamilton Iraq Study Group, which represents a top-down attack against the neo-con cabal occupying the White House—a White House that has brought the United States close to the point of complete destruction.

Economics:

Congress Begins Debate on Changing Economic Course

by Nancy Spannaus

Congressional hearings on aspects of the profound economic crisis facing the United States began the week of Jan. 22, in a new political environment shaped by the intensive intervention by the LaRouche Youth Movement, and there were definite signs of progress. While no sweeping FDR-style solutions, as required, were put on the table, a number of Congressional committees featured testimony that went directly after the disastrous free-trade axioms that have been destroying the world economy over the past 30 years.

House Ways and Means Hearings

EIR Tells Congress: Establish Federal Capital Budget for Infrastructure

Executive Intelligence Review presented the following testimony to hearings by the House Ways and Means Committee, Jan. 23-24 on the State of the Economy.

The political evidence of the November election's results, and the nature of the campaigns in which the new Members were elected, is that the American people want not only an end to a war policy; they also want an end to globalization and de-industrialization of their economy by 'free trade,' low-wage outsourcing, and deregulation...

Universal Health-Care Proposal Reintroduced In Congress

by Patricia Salisbury

On Jan. 25, less than 48 hours after President Bush included a fraudulent health-care proposal in his State of the Union Address, Rep. John Conyers (D-Mich.), joined by Rep. Dennis Kucinich (D-Ohio) held a press conference to announce their reintroduction of HR 676, the United States National Health Insurance Act, or the 'Medicare for all' legislation, as it has come to be known.

Debunking the Myths About Nuclear Energy

by Marsha Freeman

As the U.S. Congress debates energy policy, EIR provides this summary review of the answers to frequently raised objections to the only feasible solution to the U.S. and worldwide power shortage, nuclear energy.

Interview: Ian McCreary

Free Trade Is Wrecking Canadian Agriculture

As EIR reported last week ('British Crown Assaults Canadian Wheat Board in Grab for World Grain Control'), the Canadian government of Prime Minister Stephen Harper, in league with Queen Elizabeth II's Canadian Governor General, are out to strip the CWB of its 'single desk' authority.

International:

NATO's Commitment to Afghan War: Is It Wearing Thin?

by Ramtanu Maitra

Having inherited two 'unwinnable' wars from Donald Rumsfeld, the new U.S. Secretary of Defense, Robert Gates, recently took a short trip to Afghanistan, en route to Iraq, to convey President Bush's commitment to the Afghan war. What he found instead was a group of NATO commanders who do not want to lay down their lives in a war fought on behalf of the Bush Administration. These commanders complained bitterly about the duplicitous role of U.S. ally Pakistan—Afghanistan's neighbor and the country that was honored by the Bush Administration in 2004 as the Major Non-NATO Ally.

While the War Party Raves, Regional Mideast Diplomacy Seeks Peace

by Muriel Mirak-Weissbach

War-mongering statements from Vice President Dick Cheney and President George W. Bush were echoed at an important conference in Herzliya, Israel, the week of Jan. 22, where American neo-cons joined with Israelis to issue threats military aggression, even as the U.S. military buildup in the Persian Gulf proceeded. It is thus clear, that without decisive Congressional action to oust Cheney, his plans for the next war will go ahead.

Anglo-Dutch Offensive Takes Aim at Germany

by Rainer Apel

Had the German elites, or at least considerable sections of them, been smart, they would have made use of the fact that the political situation had changed dramatically with the results of the U.S. midterm elections Nov. 7. They would have allied with the winning side of the elections, the Democrats, and especially would have established direct contact with the chief dynamic factor of the Democrats: the LaRouche movement.

Alexander Hartmann on The LaRouche Show

German Mayoral Candidate Campaigns For High-Skill Jobs, Development

Alexander Hartmann, who is running for mayor of Wiesbaden, Germany on the slate of Germany's Civil Rights Solidarity Movement (BüSo), was interviewed for 'The LaRouche Show' Internet radio on Jan. 13 by host Marcia Merry Baker. We publish an edited version here. The BüSo was founded and is chaired by Helga Zepp-LaRouche.

How To Constitute a New Mexico

The LaRouche Youth Movement in Mexico on Jan. 18 released this pamphlet, 'Preamble for Our Constitution; A New Politics Begins.' This pamphlet by the LaRouche Youth Movement (LYM) is a critical flank in the battle over whether Mexico's government shall answer to its people, or to the financiers.

Editorial:

Delusions

'To have Vice President Cheney suggest that we have had a series of enormous successes in Iraq is delusional,' said Senate Majority Whip Dick Durbin (D-Ill.) during a Jan. 25 meeting of the Senate Democratic leadership with reporters. The good Senator was putting it mildly.

U.S. Economic/Financial News

Housing Bubble Collapse Leads to Thousands of Job Losses

Wolseley PLC, a British-based distributor and installer of building supplies with a large U.S. presence, reported that it cut approximately 4,000 jobs in the United States during the last five months of 2006, because of the collapse of U.S. home construction, according WBNS-10 TV of Central Ohio. A Wolseley division, the Ferguson Corporation of Newport News, Virginia, which specializes in distributing plumbing, heating, and cooling supplies, slashed 500 jobs. In addition, Wolseley cut 3,500 jobs mainly in the states of Nevada, California, Florida, and Michigan.

EIR of Nov. 17, 2006 reported that the housing bubble collapse would eliminate 1.5 to 1.7 million jobs in U.S. residential construction and related industries.

Housing Collapse Is Not Letting Up in Major Cities

One of the latest products that Wall Street is attempting to sell, is the story that the U.S. housing crash is over. Don't believe it. *DataQuick Information Systems* reported Jan. 15 that, in the once red-hot Bay Area of California, which includes San Francisco, home sales in December 2006 were at the slowest December sales rate in a decade, and that December marked the 21st straight month in which a year-over-year decline in sales occurred. As for Minneapolis, Minnesota, *BlackEnterprise.com* reported Jan. 24 that home "sales dropped 16% for 2006, as inventory—and foreclosures—hit local records."

The collapse of the Boston-area housing market is indicated by an interconnected parameter: In Bristol, Norfolk, and Plymouth Counties in Massachusetts—all south of Boston—the total number of foreclosure notice filings for the first ten months of 2006 increased 129%, compared to the same period in 2004. *Boston.com* projects that in these three counties,

for all of 2006, the number of foreclosures doubled, compared to the same period of 2004. Peter Ruffini of Harbour Realty reported that in these three counties, "The average market time [for selling a home] skyrocketed to 120 to 180 days"—that is, 4-6 months.

Op-Ed Points to the Nation's Decrepit Dams

Within two weeks of the release of Lyndon LaRouche's "The Lost Art of the Capital Budget" (EIR Online #2, Jan. 9), the *New York Times* ran an op-ed pointing to the necessity of refurbishing the nation's thousands of decaying dams.

Author Jacques Leslie concludes his Jan. 22 column with, "The American Society of Civil Engineers estimated in 2005 that repairing dams threatening human life would cost \$10.1 billion, while a 2003 study by the Association of Dam Safety Officials placed the cost of repairing all non-federally owned dams in the national inventory at \$36.2 billion. In the last session, Congress considered legislation to repair dams at a rate of \$25 million a year for five years, but even that feeble gesture didn't make it out of committee.

"Americans are easily persuaded to spend hundreds of billions of dollars combatting debatable terrorist threats from outside the United States, while failing to notice that inside the country, the infrastructure is crumbling. True, outside forces from time to time topple established regimes, but usually not before their insides have started to rot."

Leslie notes that in 2005, the American Society of Civil Engineers gave United States dams a grade of "D." Things haven't gotten any better since.

Most dams in the country are over 25 years old; many are over 50, some over 100. The number of dams identified in one estimate as capable of causing death and in need of rehabilitation more nearly tripled from 1999 to 2006, from around 500 to nearly 1,400. The civil engineers 2005 report placed the number of unsafe dams much higher, at more than 3,500.

A majority of the dams in the 2005 National Inventory of Dams, maintained by the Army Corps of Engineers are privately owned. This makes repairing them all the harder.

GM, UAW To Copy Lazard Plan for Retiree Health Care

General Motors and the United Autoworkers Union are looking to copy a Lazard plan to make the union responsible for covering health-care obligations for retired workers, the *Detroit News* reported Jan. 24. The plan is based on a deal reached between Goodyear Tire & Rubber Co. and the United Steelworkers Union to settle a recent strike. Under the agreement, negotiated by former Lazard Ltd. vice president Ron Bloom, Goodyear transferred its \$1.2 billion health-care liability for current and future union retirees to a fund managed by the union. Goodyear, in turn, will put \$1 billion in cash and equity into the fund. In 2005, Bloom raised the idea with UAW officials who were evaluating GM's request for health-care concessions.

It is estimated that GM would be able to dump its \$55 billion in retiree health-care liabilities onto the UAW, using the specter of bankruptcy, for 60-70 cents on the dollar—meaning benefits would be cut by 30-40%.

The *Detroit News* reported that GM officials said the automaker is studying the Goodyear deal, and conducting preliminary discussions on a similar setup. According to the *Wall Street Journal* Jan. 23, GM "has hired advisers that worked with Goodyear on their contract talks."

Ford is also studying the Goodyear agreement.

Private Equity Vultures Circle Virginia Utility

Private equity groups are bidding for a massive buyout of energy assets of the Virginia-based utility, Dominion Resources, the *Wall Street Journal* reported Jan. 24.. Goldman Sachs and Morgan Stanley are collaborating, as part of a mega-consortium that also includes Carlyle Group, on a huge private-equity deal for Dominion's oil-and-gas assets—a deal valued at up to \$15 billion. A second group of private equity firms, Blackstone Group, Texas Pacific Group, and Kohlberg Kravis Roberts, is exploring its own offer.

World Economic News

Why the Sudden Fall of the Pound Sterling?

Following a Jan. 23 speech by Bank of England governor Mervyn King, the pound sterling suddenly reversed its steep climb against the dollar, and fell on Jan. 24 by two and one-half cents. King suggested in his speech that the U.K. was about to cease its recent increases in interest rates, which have included aggressive moves unexpected by many markets. In response, the pound's rise stopped at just under \$2 (\$1.992)—its highest level in 14 years—and then fell to \$1.966.

The *Financial Times* Jan. 25 called the result "crunching gears on global markets," as the yen carry trade was scaled back.

The interest rates on British Exchequer securities have risen by more than 0.1% in January. The rising British rates, and some withdrawals from U.S. Treasury securities by some countries, such as Italy, have pressured U.S. long-term securities, and their interest rates have risen by more than 0.2% in January. In addition to the potential threat to the dollar in these developments, these rate increases will worsen the U.S. housing bubble collapse, because mortgage rates are based on these Treasury rates.

Davos Forum Hears Report on 'Global Risks'

A report on "global risks," compiled by leading financial firms, was presented at the Davos World Economic Forum which opened on Jan. 24. Put together by Citigroup; Marsh & McLennan Companies, a financial consulting firm; Swiss re (reinsurance); and the Wharton School Risks Center (University of Pennsylvania), the report paints a dark picture of the risks of the last 12 months, citing 12 global risks the world is facing, including a new oil-price shock, the abrupt end of the Chinese economic boom, the spread of diseases, and a major stock market crash.

The study goes at length into the issue of climate change and the need to reduce worldwide carbon emissions. It underlines the need to develop nuclear energy as an alternative to reduce dependency on oil, and mentions the danger of pandemics in the future, suggesting that a country risk officer be installed in each country, so as to be equipped to deal with such pandemics.

The report's gloomy outlook was seconded by the director of the Swiss National Bank, J. Roth, who warned against stock market exuberance and, given the amount of cash sloshing around and the appetite for risk-taking, he forecast major "market corrections."

Global Imbalances 'Setting Stage for Crisis'

The executive vice president of the Bank of China, Zhu Min, warned that massive imbalances, including out-of-control

derivatives, are setting the stage for a massive crisis, the *Telegraph* reported Jan. 25.

Zu Min said there is no less than \$370 trillion dollars in derivatives flooding the global system—a tidy sum, although significantly less than *EIR*'s best estimates. Predicting that the storm would break by next year, he said, "There is money everywhere. You can get liquidity from the market every second for anything. Derivatives are eight times global GDP and much of the money is flowing to Asia, where people have no idea what risks they are taking." He went on to say, "The global imbalances are becoming more concentrated, not less."

Montek Ahluwala, deputy chief of India's planning commission, said the derivatives revolution had allowed banks to park risk elsewhere, disguising the danger.

Nouriel Roubani, an economics professor at New York University, said the U.S. is in the midst of a slow motion "hard landing" as the delayed effects of 17 interest-rate increases have begun to bite. The question is whether the hard landing will hit the entire global economy. "We have a banking crisis," he said, citing the collapse of 16 sub-prime lenders over the winter and an emerging credit crunch across the mortgage sector.

Locust Funds Lobby To Overcome Resistance in Germany

Private equity and hedge funds operating in Germany no longer feel that their aggressive interests are appropriately represented in organizations in which they are members, such as the Association of Alternative Investors, the *Financial Times* reported Jan. 25. To overcome resistance in Germany, the funds plan to form a lobby group to target information to the media and the public, modelled after the Private Equity Council in the U.S.A.

The funds want to have control of the "fund transparency" which is very much under discussion in Germany these days. The project was initiated by Michael Philips, of the APAX Deutschland fund.

U.S. Agency Issues Negative Rating on Siemens

Apparently, those in the Anglo-Dutch financial domain that unleashed their Transparency International neo-jacobins against Germany's Siemens Corp., were not sure that would suffice, to corner the firm's board of directors at its shareholder meeting in Munich Jan. 25. The Institutional Investors Service, an influential rating agency, published an alert for investors just before the meeting, hinting that the meeting would likely feature disapproval of the Siemens management by shareholders. The alert noted that the firm was burdened with hundreds of millions of euros in financial losses caused by internal corruption, and by the recent bankruptcy of its former mobile phone section, last owned by the bankrupt Taiwanese firm, BenQ.

United States News Digest

Biden: Cheney Is Dead Wrong

Asked about Vice President Dick Cheney's comments that the Democratic strategy plays into the hands of Osama bin Laden, Sen. Joe Biden (D-Del.) replied to host Chris Wallace of Fox News Sunday on Jan. 21:

"Absolutely not, and not only does [Michigan Senator] Carl Levin and Joe Biden and Senator Hagel and Senator Snowe, the Joint Chiefs of Staff, the Iraqi Study Group—every single person out there that is of any consequence thinks no—the Vice President doesn't know what he's talking about. I can't be more blunt than that. He has yet to be right one single time

on Iraq. Name me one single time he's been correct. It's time we stopped listening to that ideological rhetoric.... Bin Laden isn't the issue here."

Biden went on to say that the issue is that there's a civil war, and that this is what the President has to deal with: "He's doing it exactly the wrong way. He's not listening to his military, he's not listening to his own Secretary of State, he's not listening to his friends; he's not listening to anyone but Cheney, and *Cheney is dead wrong*."

Webb: New Orleans Is of 'Strategic Importance'

In a conference call with reporters Jan. 22, Sen. Jim Webb (D-Va.), who delivered the Democratic response to President Bush's State of the Union address the following night, denied reports that he wants to take the funds for Iraq construction and use them instead to rebuild New Orleans. But Webb did say that he wants a full accounting of the money that went to Iraq for reconstruction programs, and then went on to charge that the Bush Administration mishandled New Orleans after Hurricane Katrina. Webb described how he had worked with the National Guard and Reserve for three years in the Pentagon, and how they worked with FEMA all the time on crisis-management scenarios.

Over the past year, Webb said, New Orleans has fallen off the national radar screen. New Orleans is not only important culturally, Webb declared; it is important strategically, with its port system, and it's a repository for the trade that goes up and down the Mississippi, Missouri, and Ohio River systems. It should be a national priority to get New Orleans back on its feet—but it hasn't happened.

Murtha: 'Foreign Occupations Do Not Work'

"Foreign occupations do not work, and in fact, incite civil unrest," Rep. John Murtha (D-Pa.) told the Senate Foreign Relations Committee Jan. 23, citing the cases of India, Algeria, and Afghanistan. "Our military remains the greatest military in the world, but there are limits to its ability to control a population that considers them occupiers.

Testifying in his capacity as the chairman of the Defense Appropriations Subcommittee, Murtha presented a devastating picture of deterioration of the U.S. military. Almost all units are now at the lowest state of readiness, he said, because of equipment shortages resulting from repeated and extended deployments to Iraq, and he warned of the consequences for the health and well-being of service members from these extended deployments.

Murtha also charged that, by almost any measure—security, water, electricity, etc., conditions of life in Iraq are much worse now than before the war. He said that the U.S. troop presence in Iraq only makes conditions worse, including with respect to terrorist threats to the U.S. itself. He urged a four-phase redeployment: first, get out of the palaces in Baghdad, then get out of the Green Zone, then get out of Baghdad itself, and then withdraw from Iraq as a whole.

Bush Speech Ignored Plight of Veterans

The Iraq and Afghanistan Veterans of America (IAVA) released a scathing attack on President Bush's State of the Union address for ignoring the plight of veterans. The IAVA is the nation's first and largest organization for veterans of the wars in Iraq and Afghanistan, representing more than 60,000 vets in all 50 states. The Jan. 24 release by Executive Director Paul Rieckhoff said:

"Tonight, President Bush once again failed to demonstrate a real commitment to the 1.6 million new American veterans who have been created under his watch. For the second year in a row, the President in his State of the Union address chose to mention the troops only as a prop for his failing policies, and ignored the nation's new veterans entirely.

"Over the past four years, this country has watched its men and women in uniform answer the call to duty over and over again, yet somehow, today, these new veterans are still faced with a drastically under-funded Veterans' Administration and an outdated GI Bill. It's time to reward our troops' sacrifices with more than just bureaucratic hassles and token gestures.

"Mr. President, this nation's new veterans and this new Congress will together rewrite the book on our approach to veterans' services, and we'll do it with or without your help. Tonight, you demonstrated your willingness to send more troops into harm's way. A demonstration of your commitment to preserving this nation's promise to its veterans is long overdue.

"In the coming weeks, the nation's first and largest Iraq and Afghanistan veterans group, IAVA, will release a legislative agenda that, if adopted, will go a long way towards addressing the many unacceptable problems facing our troops as they return from Iraq and Afghanistan," said Rieckhoff.

"...[I]t is time that this nation, and our elected officials, renew the commitment to our troops and veterans."

Gates Orders Reduced Use of Stop Loss

Secretary of Defense Robert Gates has ordered military chiefs to reduce use of the controversial stop-loss policy to maintain troop levels, ordering them to submit by the end of February, plans for the minimization of the policy. Several House Republicans sent a strongly worded letter to Gates in mid-January, asking that members of the National Guard and Reserves not be kept on active duty beyond their original commitment, characterizing the policy as "a hidden draft," betraying soldiers and their families. *The Hill* newspaper Jan. 26 said that Gates' directive is part of a wider initiative to change deployment policies for reserve forces and the use of the combined active and reserve forces called "the total force."

Both Parties Cheer Bush's Embrace of Bio-Fuels

President Bush's State of the Union began with a laundry list of social issues, leaving the more inflamed foreign-policy questions to the end of his speech. His comments on the economy were well-nigh ludicrous: the 41st month of uninterrupted job growth, low inflation, low unemployment, and rising wages. As Sen. James Webb pointed out in his Democratic message following the President's speech, "It's like we're living in two different countries."

Most unsettling was the way the Bush proposals for "bio-fuels" and ethanol got near-ecstatic applause from both sides of the aisle, indicating the irrational euphoria engulfing Congress around this idiotic notion. Bush also made his first comments on "confronting the serious challenge of climate change." Bush called for reducing gasoline usage by 20% in 10 years, producing 35 billion gallons of alternative fuels by 2017, and doubling the size of the Strategic Petroleum Reserve.

His much-touted initiative on health care, which the White House tried to play up as the main thrust of his speech, dealt primarily with creating funding for private health savings accounts, and tax breaks for purchasing health insurance by private individuals—a pure rip-off for the benefit of the insurance companies.

Venetian Casino Money Backs Gingrich PAC

Former House Speaker and potential Presidential candidate Newt Gingrich recently set up a political action committee called American Solutions for Winning the Future, the *Washington Post* reported Jan. 23. The Gingrich committee has reportedly received \$60,000 in ordinary contributions, and a \$1 million check from Sheldon G. Adelson, owner of the

Venetian hotel/casino (Sands company) in Las Vegas, and casinos in other countries. Sheldon Adelson is one of the four top contributors to Israeli Likudnik Benjamin Netanyahu's party. He is a heavy sponsor of the Lubavitch movement, a leading agency in pressuring Israeli society and politics into far right politics and suicidal war adventures.

Ibero-American News Digest

Death of Ecuador Minister Raises Suspicion of Foul Play

On Jan. 24, just nine days after President Rafael Correa took office with a commitment to organize regionally to take on globalization, Defense Minister Guadalupe Larriva died in a strange helicopter accident. President of the Ecuadorean Socialist Party and the first woman ever to serve as Defense Minister, Larriva died when the military helicopter in which she was travelling apparently collided with another military helicopter near the Manta air base, where the U.S. Southern Command regional anti-drug operations are based. Whether or not that was relevant to the crash, it is one of the hottest issues within Ecuador, and Correa has promised that U.S. lease rights at the base will not be renewed when the agreement expires in 2009. Six others died in the crash, including Larriva's teenage daughter, who was accompanying her.

Already, people are pointing to previous assassinations of political leaders by "aviation crashes" in the region, including Ecuadorean President Jaimes Roldos's death in a 1981 airplane crash. The explanation given for the Jan. 24 crash is shot through with holes.

President Correa announced the next day that his government will request that "friendly countries" join a committee to investigate the crash, so that there would no doubts as to the cause of it. Correa spoke personally with Chilean President Michelle Bachelet, who agreed to send air crash specialists, and Brazilian investigators and technicians from the French company (Eurocop) which made the helicopters involved. Larriva's son, a mechanical engineer, and a representative of the President will also participate.

Ecuador Questions Legitimacy of Debt; Financiers Rattled

Investors are worried about a Citigroup report on comments by Ecuador's Finance Minister, Ricardo Patino, who told some of Citigroup's investors that "much" of Ecuador's debt is illegitimate, and therefore won't be paid. Patino told the "investors" that the government might only pay 40% of the debt—or 40 cents on the dollar.

To pull that off, Ecuador must have regional support. On a visit to Brazil, Patino proposed, among other things, that Brazil join Ecuador in putting together a debt coordination committee with other Ibero-American countries, a Jan. 23 Ministry of Finance press release reports. The idea is that this commission could back these nations in their debt renegotiations. Patino reported "positive results" from his visit, including promises of credits for certain small infrastructure projects, but no word on the joint debt committee. Also, on Jan. 27, an Argentine government delegation met with Ecuador's Finance Minister to share the Kirchner government's experience in its own debt restructuring, and dealings with the predatory vulture funds that resisted the restructuring from start to finish.

Assistant Secretary of State for Western Hemisphere Affairs, Thomas Shannon, told a Center for Strategic and International Studies meeting in Washington that same day, that the United States would employ a "hemispheric strategy," to keep Ecuador from creating "a new debt crisis in the Americas." He said he "hoped" that Correa's government would "engage," and not take actions that would "immediately pitch Ecuador into conflict with those institutions and those countries that could help it most."

The number two at Ecuador's Central Bank, Fernando Uzcategui, raised the specter of a run on the banks in a Jan. 26

interview with Wall Street's Bloomberg wire service. "Ecuador's banks have reserves to weather any run on deposits that President Rafael Correa [sic] might trigger with his threat to default on foreign debt," Bloomberg reported, none too subtly. On Jan. 22, the Central Bank placed inserts in local papers, protesting that they aren't agents of foreign interests as Correa charges, but insisting their autonomy cannot be violated.

Further unnerving those financier interests threatened by Correa's attacks on autonomous central banks, was the report that officials from Argentina, Ecuador, and Venezuela will be meeting in February to discuss the official founding of the "Bank of the South." The idea is to pool national reserves to provide financing for the region, without going through the International Monetary Fund et al., and knocking down the power of the central banks. Ecuador's Finance Ministry reported on Jan. 23 that the Venezuelan government has promised \$3 billion to fund the bank, and the Argentines support the initiative. Ecuador's Finance Minister, Ricardo Patino, raised the issue with Brazilian officials, during his Jan. 23 visit. But, so far, Brazilian officials have been cool to the idea.

Mexico Being Pushed into Biofools Death

Sources in the Rural Development Committee of the Mexican Federal Congress reported to *EIR* that heavy pressure is being exerted on the Chamber of Deputies to "urgently" pass the Biofuels Law, which the Senate has already passed. Committee chairman, PRD (Workers' Party) member Carlos Navarro, held off the onslaught by arguing that experts haven't proved that ethanol has all the virtues it's made out to have, but he is under fire on this, including from within his own party. Already, there are big ethanol campaigns being geared up in the principal irrigation districts of the country. Such is the case in the state of Sinaloa, which produces 4 million tons of corn a year, where people are talking about using *half* of that crop—2 million tons—for eight ethanol plants intended for the state. Similarly, on Jan. 25, it was announced that more than 100,000 hectares in Sonora's Valle del Yaqui are to be planted with corn earmarked for ethanol.

Meanwhile, the government's fraudulent "price agreement" with tortilla makers has not reduced the price as claimed. According to the government's own report, as of Jan 22, the average price of tortillas in the country was still at 9.28 pesos a kilo—up 43% from Jan. 1. The Calderon government response was to escalate its "implement NAFTA early" operation, increasing the amount of foreign corn to be imported without tariffs.

Organizing for the Jan. 31 labor, farm, and resistance movement march against tortilla shock is expanding, with Andres Manuel Lopez Obrador announcing he will lead the contingent from the PRD and its coalition parties from the election. Lopez Obrador is promising that the resistance will stop the implementation of the next phase of NAFTA, scheduled to go into force on Jan. 1, 2008, when all tariffs on corn and beans are to be lifted. Reality is, however, that the Calderon government is using the "tortilla crisis" as a pretext to implement that change, now.

Colombia Looks at Nuclear, Following LYM Campaign

The nuclear affairs department of Colombia's Mines and Energy Ministry has announced plans to reactivate the small nuclear reactor on the campus of the National University in Bogota, which will make Colombia once again the only Andean nation with an operational nuclear reactor, *El Tiempo* reported Jan. 13. The U.S.-manufactured IAN-R1, used primarily for neutron production and research, was shut down in 1998 after the narco-administration of Ernesto Samper Pizano eliminated the Institute of Nuclear Science and Alternative Energies (Inea), which sustained it. Although IAN-R1 had been operative for more than three decades, it had just received a new nucleus of enriched uranium at the time it was shut down, which has required maintenance and extreme security for the past nine years despite the reactor's dormant state. The current Uribe government has decided that it would cost seven times more to permanently close the facility and decontaminate the area than to reactivate it. Pressured by the International Atomic Energy Agency to make up its mind, Uribe's government happily voted in favor of reactivation.

The practical considerations aside, the fact is that this latest decision comes after two years of intense organizing on the part of the LaRouche Association and LaRouche Youth Movement in Colombia on behalf of a nuclear-generated economic recovery. During those two years, LaRouche organizers have circulated approximately 300,000 leaflets with an atoms-for-peace infrastructure program, not only on campuses, but among Congressmen, at public and private events, and on the streets of the country's ten largest cities. High-level contacts have been made in ministries, in Congressional offices, on university campuses, and among scientists, around the urgency of developing nuclear energy.

At one event in April 2006, Energy Minister Luis Ernesto Mejia responded to the challenge of one LaRouche organizer that the world was going nuclear while Colombia has closed its Institute of Nuclear Affairs, as follows: "It is true that Colombia must not turn its back on nuclear energy for economic development. We need to air the debate, but unfortunately, there is no budget for a serious plan." Nonetheless, an advisor to the ministry subscribed to a LaRouche publication, to stay tuned.

There is also a new institution in the country, called the Colombian Center for Education and Encouragement of Atomic Energy (CEFOCA), whose members have sought out LaRouche organizers on street deployments, inspired by literature and posters urging the development of nuclear energy. And one Senator, who was challenged at an event by LaRouche organizers, presented the Senate with a proposal to relaunch a nuclear energy program in Colombia, just weeks after that encounter.

Western European News Digest

U.S. Military Moves Destabilize Europe, Threaten Russia

The U.S. is proposing the installation of 10 interceptor missiles and a radar, divided between Poland and the Czech Republic, two former Warsaw Pact countries. Czech Prime Minister Mirek Topolánek announced Jan. 20 that the U.S. has now officially proposed to deploy missile defense radar on Czech territory. In Poland, the conservative green government had barely been installed when, a short two weeks later, on Jan. 22, U.S. Embassy spokesman in Warsaw, Andrew Schilling, reported that the United States wants to open formal negotiations with Warsaw over the possibility of basing part of its missile defense system on Polish territory. Schilling said the request was first made Jan. 19 to Polish officials, and that a "formal diplomatic note" would follow. Poland's Defense Minister Radek Sikorski, a close friend of Lynne Cheney, indicated that the Polish government was willing to talk. "Our most important ally is asking us for something and naturally, as an ally, we reply that as on any important issue, we will want to talk with the U.S.," Sikorski said on TV N24 television.

Meanwhile, Russia has reacted against the announced U.S. plans. Russia's Ria Novosti and Interfax news agencies quoted Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, as saying on Jan. 22, "Our analysis shows that the placement of a radar station in the Czech Republic and an anti-missile position in Poland would create a clear threat for Russia."

Italian Crisis Provoked by Bush-Cheney War Policies

The coalition government led by Romano Prodi is facing a foreign-policy crisis as a result of internal opposition to the Bush/Cheney war policies. The immediate issue of the crisis is the coming Parliament vote on refinancing the Afghanistan military mission; however, the government is split on two other issues that have helped to catalyze a broad popular discontent: the planned enlargement of the Vicenza (Aviano) U.S. air base, and the extraditions in the case of the Abu Omar abduction.

Three parties of the government coalition—PdCI (Italian Communist Party), Greens, and PRC (Communist Refoundation

Party)—are threatening to vote against the government decree on Afghanistan, if it does not contain a shift in the direction of an exit strategy.

The internal opposition has enough votes in both houses of Parliament to defeat a government bill on Afghanistan; thus, the government is faced with three alternatives: 1. forcing an executive order to refinance the Afghanistan mission, in which case there will be a government crisis; 2. accepting opposition votes, in which case there will be a government crisis as well; reach an agreement with the internal opposition.

As to the Vicenza issue, already 120 members of Parliament, belonging to the government coalition, have signed a petition against the enlargement of the U.S. air base. Sen. Silvana Pisa, a member of the Defense Committee of the Senate and a party colleague of Foreign Minister Massimo D'Alema, gave *EIR* a copy of an article she published on Jan. 16, in which she connected the decision on the Vicenza base to the "surge" policy in Iraq. Pisa wrote that Italy has no interest in accepting the doubling of the air base, "the more so, when today U.S. bases are serving a political-military strategy [the war on terror—ed.] which has made the world more insecure." "The new scenarios outlined by the U.S. military policy (from the surge in Iraq to the bombings in Somalia) raise concern about a global destabilization," Pisa wrote.

Slaying of Hrant Dink Triggers Turkish Outpouring of Sympathy for Armenian

Whoever was behind the killing of Armenian-Turkish intellectual Hrant Dink on Jan. 19, may have hoped to provoke chaos in Turkey, discredit its bid for EU entry, and exacerbate conflict between Turkey and Armenia, and Armenia and Azerbaijan (which were about to hold talks on Karabakh). Instead, the assassination generated an outpouring of sympathy and support for Dink, from the Turkish population as a whole. It is as if the nation's conscience had been stirred to acknowledge that the entire issue of the Armenian genocide—which Dink wrote about—had been exploited and manipulated in a morally unacceptable fashion. Dink had been indicted and convicted for having offended "Turkishness" according to a bizarre paragraph of the penal code, known as 301, and had been given a suspended sentence. He was a target of ultra-nationalist circles and had received death threats.

The funeral in Istanbul was attended by masses of ordinary Turkish citizens, 100,000 or more. Some mourners shouted, "Shoulder to shoulder against fascism" and "Murderer 301"—referring to the law. In an unprecedented show of solidarity, they carried hand signs saying, "We are all Hrant Dink" and "We are all Armenians."

Although Turkey and Armenia have no diplomatic relations, the Turkish government officially invited the Armenian government to attend, which it did, in the person of Deputy Foreign Minister Arman Kirakossian. The Archbishop of the Armenian Church of America, Khajag Barsamyan, also attended. Armenian Defense Minister Sarkisyan called for better relations so that Armenia can "establish ties with Turkey with no preconditions."

As far as the investigation goes, Aykut Cengiz Engin, Istanbul's chief prosecutor, said that they have found no link between the murder and "known ideological or separatist" illegal organizations, but added: "we are investigating in detail the possibility that it was carried out by an organization."

British Physicians: Bush's War Is Killing Iraqi Children

A group of nearly 100 eminent British and Iraqi doctors, backed by a group of international lawyers, has written to British Prime Minister Tony Blair, describing to him the horrendous conditions which face Iraqi children in British hospitals, the *Belfast Telegraph* reported Jan. 19. "Sick or injured children who could otherwise be treated by simple means are left to die because they do not have access to basic medicines or other resources," they wrote. "Children who have lost hands, feet and limbs are left without prostheses. Children with grave psychological distress are left untreated." Hospitals lack oxygen masks, sterile needles and surgical gloves. Intermittent gas and electricity supplies mean boiled water cannot be regularly

supplied. Water is contaminated because of failed waste and sewage disposal systems.

The doctors wrote that Britain, as one of the occupying powers, has to comply with the Geneva and Hague Conventions that require the U.S. and Britain to "maintain order and to look after the needs of the population." But, they say, "This they failed to do and the knock-on effect of this failure is affecting Iraqi children's hospitals with increasing ferocity."

According to a recent Save The Children report, infant mortality in Iraq is 59 per 1,000 live births, among the highest in the world; only 50% of the pre-war number of doctors remain in Iraq; and as many as 260,000 children may have died in Iraq since the 2003 U.S.-British invasion.

EU Lauds German Austerity Efforts, Demands More

In a statement issued Jan. 22, EU Commissioner for Finances Jose Joaquin Almunia said that the German government had made great strides toward budget consolidation, i.e., fulfilling the Maastricht criteria, so that punitive actions or even sanctions by the Commission, could be averted. However, Almunia added, Germany should make absolutely sure that the newly attained budget discipline not be softened, that new energetic steps be taken to ensure that the budget remained consolidated into 2008 and thereafter.

Arrests Now Being Made in 'Peerage-gate' Scandal

British police officers arrested Ruth Turner, political advisor to Prime Minister Tony Blair, at her home on Jan. 19. According to the *Guardian* Jan. 20, the police fraud squad questioned her for six hours on her role the cash-for-peerages investigation, in which Blair allegedly offered honors, such as knighthoods and appointments to the House of Lords, in return for financial support for the Labour Party's election campaigns. Turner is also suspected of perverting the course of justice which could include destroying documents and tampering with witnesses." She was released on bail. Blair's office released a statement supporting Turner, and claiming that all charges would be refuted.

The police have now questioned about 100 Labour Party members, including the Prime Minister himself.

Revolt Brewing in Germany Against Bio-Diesel Lunacy

Peter Hahn, chairman of the German Brewers Association, said in Berlin Jan. 19, that increased production of bio-diesel is consuming more and more barley needed for brewing beer. Since growing of barley has shrunk, under European Union guidelines, to almost half of what it was in 1991, the increased use of barley to produce bio-diesel is forcing the brewers to look for expensive substitutes, one effect being rising prices for beer. Moreover, it is absurd and immoral to use food ingredients for fuels, Hahn said. Hahn also charged the German government, along with the EU Commission, with generously subsidizing growing barley for fuels, on farmland otherwise set aside for growing barley for food.

Russia and the CIS News Digest

'Dialogue of Civilizations' Event in India Looks at Transportation Corridors

In conjunction with Russian President Vladimir Putin's Jan. 25-26 state visit to India, the World Public Forum-Dialogue of Civilizations (the Rhodes Forum) held a conference Jan. 24 at Jawaharlal Nehru University, on Development Models and Global Integration. Chairing the event was Putin's close ally Vladimir Yakunin, the head of Russian Railways, who is the co-founder and top Russian representative to the Rhodes Forum. Among the speakers at the forum were Prof. Yuri

Gromyko and Yuri Krupnov, head of Russia's new Party of Development. They presented the concepts contained in their just-published pamphlet, "Advancing Civilization Through Transportation," which features the concept of a transportation corridor, as well as various designs for developing the Eurasian land-bridge, including that of Lyndon LaRouche.

Nuclear Power Tops Putin's Agenda in India

During President Putin's two-day trip to India, Russian and Indian nuclear officials signed a memorandum of understanding on the construction of four additional 1-gigawatt nuclear reactors at the Koodankulam plant in Tamil Nadu, where Russia's Atomstroyexport is already building two units. The memo said that Russian contractors would construct still more reactors at unspecified new sites. Russia's ambassador in New Delhi, Vyacheslav Trubnikov, said a few days earlier, that nuclear cooperation was "the most important issue on the agenda" during Putin's visit.

First Deputy Prime Minister Alexander Zhukov, travelling with Putin, said Jan. 26 that Russia will seek contracts for as many as ten new nuclear power units in India, provided such projects are cleared with the Nuclear Suppliers Group (NSG) (because India is a non-signatory of the Non-Proliferation Treaty). "It all depends on how India's relations with the NSG develop," said Zhukov. "If all goes well, Russia could build as many as ten units." Russian Federal Atomic Energy Agency (Rosatom) head Sergei Kiriyenko stressed to journalists that Russia will continue to support NSG rules exceptions for India. He also noted that Putin and Prime Minister Singh had signed a memorandum on preparing a comprehensive nuclear power cooperation agreement, which Kiriyenko said would be done during 2007.

Other Russian nuclear power specialists, as well as Zhukov, noted that there could be stiff competition for Indian contracts. But with India committed to bringing 40 gigawatts of new capacity on line by 2025, Zhukov said "there should be plenty of work for everybody." Yuri Sentyurin, head of the Russian State Duma's Committee on Transportation, Communications, and Energy, said that the new agreements are a turning point for Russia, since this volume of contracts will keep existing production facilities busy, create new jobs, and provide opportunities to modernize the Russian nuclear machine production. Former Rosatom head Victor Mikhailov told Novosti that the new Russian-Indian agreement is "a step forward in what we call the renaissance of nuclear power."

Putin was hosted at a state dinner by President Abdul Kalam. In a packed schedule, he held talks with Prime Minister Manmohan Singh, met with Indian National Congress leader Sonia Gandhi, addressed a meeting of business leaders, and was the guest of honor at India's national holiday ceremonies. He was accompanied by the CEOs of 28 leading Russian companies (and that's with several of Russia's top energy company leaders being off at the World Economic Forum in Davos).

Russian Defense Minister Sergei Ivanov had arrived several days earlier. On Jan. 22, Ivanov spoke to a group of industrialists in Bangalore about the prospects for nuclear energy cooperation. On Jan. 23, the Defense Minister announced Russia's intention to bid for a new contract in its more traditional sphere of trade with India: weapons sales, offering the MiG-35 for an Indian tender for 126 planes. In all, 11 agreements were signed during Putin's visit, including two on use of the Russian satellite system GLONASS, and other areas of cooperation in culture, transportation, and space.

Foreign Minister, Senior Military Strategist Assess Russia's Global Role

New contributions to an ongoing discussion of Russia's global role, in the setting of war in Southwest Asia and economic difficulties worldwide, came in mid-January from Foreign Minister Sergei Lavrov, and from General of the Army Makhmut Gareyev, a famed Russian General Staff officer, now head of the Academy of Military Sciences (AMS). The theme of both interventions is what Lavrov called Russia's "foreign policy autonomy," which President Putin also brought up, at his Jan. 23 press conference in Sochi with visiting Italian Prime Minister Romano Prodi. Said Putin, "Russia will determine her place in the world by herself, and will strive for a well-balanced and multipolar world.... Since the collapse

of the bipolar world and the two confronting systems, an illusion arose among some people that the world had become monopolar and that all the world problems could be quite easily resolved from one center.... Such approaches have led to a growing number of crises.... Under these conditions, Russia's economic, military, and political abilities are clearly growing. A competitor that was nearly written off is emerging in the world—even if this motion is not yet so noticeable at first sight. This seems to me the main reason [for criticism of Russia]—the unwillingness to consider Russia's legitimate interests, and the wish to put her in a place someone else has chosen for her."

Lavrov, writing in *Moskovskiy Novosti* of Jan. 19, said that the world has not become more secure with the end of the Cold War, and "the main reason for this is the downside of globalization." The conflicts generated by growing "inequality of development," he said, are compounded by "relapses into the unilateral use of force." Lavrov listed an array of international problems that need Russia's participation, if they are to be solved, and went into the Middle East crisis in detail. At the same time, he said, Russia "is not suited to being managed, or having its foreign policy managed, from outside"; that was disastrous in the past, both under the Tsars and in the late Soviet period. But, "It would be a pity if, by force of inertia, people were to react to a self-confident Russia in the spirit of Cold War instincts." He concluded the article with reference to Russia's special place as a Eurasian nation: "Russia is sometimes accused of trying to live in several civilizational dimensions. But that is precisely where Russian has always existed—where civilizations meet."

General Gareyev's interview to RIA Novosti came in advance of a conference held Jan. 20 at the Russian Defense Ministry, on Russia's new military doctrine. Putin commissioned the reformulation of this official document in 2005, to reflect changes since its last edition, issued in 2000. Gareyev's AMS, which is independent, but works closely with the Armed Forces General Staff, is working on the draft. He, too, stressed that "there is no alternative to a multipolar world, with major centers of influence (the USA, EU, Russia, China, India)." Addressing the United States, Gareyev said, "Reality and pragmatism should motivate even the thickest Congressmen to think once again about which is better: to treat Russia as a partner, or as an enemy that must be neutralized." At the same time, Gareyev commented that if Washington's policies continue to generate confrontation in the world, "Russia will have to act as a geopolitical arbiter."

In the Soviet era, when Marshal Nikolai Ogarkov was head of the General Staff, Gareyev was a specialist on strategy and combined-arms operations. In his *Novosti* interview, he took up that topic, saying that "future wars are likely to be conducted with high-precision conventional arms, in the context of a permanent nuclear threat"; thus, "nuclear weapons will remain the most important strategic deterrent," but "the doctrine should pay attention to the development of general-purpose forces: the air force, navy, and ground troops."

Gareyev also proposed to evaluate "military and non-military threats as an integral whole," citing threats to national sovereignty, energy security, WMD proliferation, and "the risk of armed conflicts and even a large-scale war," as Russia's most serious concerns. While opposing NATO's global expansion, he mentioned the possibility of demarcating "zones of responsibility" regarding terrorism, between NATO and the Russia-led Collective Security Treaty Organization (CSTO).

Putin: U.S. Space Weapons Motivated China's ASAT Test

At a Jan. 25 press conference in New Delhi, Russian President Putin said that the reason for the recent Chinese test of an anti-satellite capability was U.S. plans for space-based weapons. After stating that Russia was against putting weapons in space, and only mildly criticizing China, Putin continued, "At the same time, I would like to note that China was not the first country to conduct such a test." He continued: "The first such test was conducted in the late 1980s, and we also hear it today, about the U.S. military circles considering plans of militarization of space."

Lavrov: Uranium-Smuggling Furor Is 'Provocation'

Russian Foreign Minister Sergei Lavrov said Jan. 26 that the detention of a Russian citizen with "bomb-grade uranium,"

announced the previous day as a successful U.S.-Georgian sting operation, actually took place a year ago. He said Georgia had refused to provide enough of a sample of the confiscated uranium to enable determination of its source, and that charges of Russian non-cooperation in the case are "a provocation."

Southwest Asia News Digest

Swiss Role in Secret Israeli-Syrian Talks Confirmed

Swiss Federal President Micheline Calmy-Rey confirmed that her country played the role of mediator in secret back-channel talks between Syria and Israel between 2004 and 2006, according to *Ha'aretz* Jan. 23.

Switzerland was the broker in the talks reported by the press, Calmy-Rey told a press conference in Geneva on Jan. 22. She also said she would be meeting both Israeli Foreign Minister Tzipi Livni and Palestinian President Abu Mazen at the World Economic Forum in Davos which took place that week.

The Swiss President also revealed that Nicholas Lang, the Swiss Foreign Ministry official who took part in the talks, was now in Damascus, where he was to meet Syrian Vice President Farouk Shara and Foreign Minister Walid Muallem.

Hamas-Fatah Violence Leaves 15 Dead

Violent clashes between the Palestinian militias of Fatah and Hamas Jan. 26 left 15 dead in Gaza, including a 2-year-old child, the Israeli newspaper *Ha'aretz* reported. The clashes led to the suspension of talks between Hamas and Fatah for the formation of a unity government for the Palestinian Authority. A ceasefire agreement was said to have been reached between the two factions.

Lebanon Turns Violent

Protesters demanding that Lebanon's Siniora government resign, blocked highways and roads with burning tires and sparked clashes with government loyalists Jan. 23. The call for a nationwide general strike was issued by the Shia-dominated Hezbollah and a section of the Christian groups led by former Gen. Michael Aoun. Wire reports indicated that the violence that ensued during the day claimed three lives and wounded 133 others.

It is evident that pro-government figures were active in bringing about a confrontation with the protestors. "What is happening is a revolution and a coup attempt," Christian leader Samir Geagea told al-Jazeera TV on Jan. 23. "This is direct terrorism to paralyze the country," said Geagea, who has emerged in recent months as a major provocateur in this ethnically and religiously divided nation.

Two days later, on Jan. 25, fighting between Sunnis and Shi'ites on a university campus in Beirut, spilled out into the city, and after the deployment of government troops into the riots, four people were killed, and 150 injured in a second day of fighting this week.

Neo-Cons Gloat Over Lebanese Civil War

Lebanese sources have told *EIR* that the Bush Administration has vetoed attempts to form a National Unity government in Lebanon—which is what the joint forces of Hezbollah and Christian leader Gen. Michael Aoun have been demanding. Regional neighbors, Saudi Arabia and Iran, have also been trying to mediate to bring about this national-unity solution.

The Cheney-run White House insists that Iran and Syria be blamed for the strength of Hezbollah, which must be "disarmed" and wiped out.

EIR has also learned that, in the context of Dick Cheney's "Sunni card" against Iran, there has been covert arming of the Sunni forces inside Lebanon to provoke a full civil war.

A Jan. 25 piece from the Likudnik Washington Institute for Near East Policy (WINEP)—which supports the infamous neo-con "Clean Break" doctrine—gloated that civil war, which has so far been averted despite massive crises, might be back to stay. "Lebanon has dodged this bullet [civil war] three times in recent months, and its luck may soon run out," said WINEP.

Lebanese Leaders Seek a Way Out of the Crisis

Following the Jan. 23 general strike, and days of violence which has led to seven deaths, leaders of Lebanon's various political factions have been making contact in an attempt to calm the situation and prevent a possible slide into civil conflict. Political sources said Jan. 27 that Nabih Berri, the Shi'ite Speaker of the Parliament, had engaged in telephone talks with Sunni Prime Minister Fouad Siniora, and Druze leader Walid Jumblatt, who supports Siniora.

"We're at a crossroads," a close adviser to Berri told AFP on Jan. 27. "If those in power continue to reject all solutions that would satisfy all sides, there will be a third round of violence, and then no one would be able to halt a slide to civil war."

Meanwhile, Saad Hariri, head of the parliamentary majority, said he was ready to meet Hezbollah leader Hassan Nasrallah. "There is no other choice but to return to dialogue," Hariri said.

Saudi Arabia's ambassador to Lebanon, Abdul Aziz Khoja, met separately Jan. 27 with Siniora and Berri. "It is time for the Lebanese to unite and save the country," the diplomat said afterwards.

Intense diplomacy has also been going on with the Saudis and the Iranians, meeting each other, and with the Syrians.

In Beirut, on Jan. 27, a Hezbollah-led sit-in outside the Prime Minister's office entered its 58th day, demanding that Siniora make way for a national unity government. The Education Ministry announced that schools and universities, closed since Jan. 25, would not reopen before Jan. 31.

Civil War Danger Makes Mockery of Donors Conference

This is the question that might be posed to those gathered in Paris Jan. 25 for the Lebanon donors' conference, organized by French President Jacques Chirac, and attended by over 30 government and corporate donors. The figure announced thus far is \$7.6 billion, in a combination of grants and loans.

The idea is to prop up the government of Fouad Siniora, and U.S. Secretary of State Condoleezza Rice was a bit embarrassed when asked if his staying in power were the condition for the aid. She reportedly deflected the question, while Siniora, seated beside her, quickly said, "No conditions, no conditions." When she was asked whether money would be cut off if Hezbollah took government control, she said, "As you know, Hezbollah is considered a terrorist organization by the U.S. That has not changed."

As most wires and the *International Herald Tribune* put it, there is competition for control over the country, with the Sunni

Saudis leading the donors with a whopping \$1.1 billion (in grants and soft loans), while Shi'ite Iran and Syria pump in \$40 million a month to Hezbollah. The United States pledged \$770 million, the European Union \$522 million, and France \$650 million (all loans). The money is being given on condition that Siniora implement a vast "reform" program with the usual International Monetary Fund-style provisions for deregulation, liberalization, privatization, etc.

A leader of a Lebanese organization in Germany told *EIR* that he thinks the entire affair was a farce, since most of the money is only pledged, and in loans. Lebanon has \$42 billion in debt already, and the best thing, he added, would be to cancel that debt. What they are doing, is creating new debt. Something called the Lebanese-American Partnership has been set up as a fund, on Bush's suggestion, and it includes executives of Citigroup, Occidental Petroleum, Cisco, and the like.

Meanwhile, in Beirut, the situation calmed down somewhat after clashes between rival factions left three dead a day earlier. Hezbollah leader Hassan Nasrullah went on TV to tell his followers it was a "religious duty" to clear the streets, and let the security forces maintain order.

Iraqi Witnesses Call for Regional Conference To Rebuild

At a little-noticed Senate Foreign Relations Committee hearing on Jan. 25, a testimony very critical of the U.S. occupation and current U.S. policy was presented, by two witnesses—both of whom are extremely pro-American, and both of whom had worked for the Iraqi Interim Government after the U.S. invasion.

Rend al-Rahim, who served as the Iraqi Representative/Ambassador in the United States, and who was one of the founders of the Iraqi National Congress in 1991, delivered a devastating critique of the current situation, for which she blamed the actions of the occupation's Coalition Provisional Authority (CPA). Al Rahim said the situation in Iraq today is characterized by "a political structure that feeds on and strengthens sectarian and ethnic divisions ... political deadlock and a national reconciliation process that is going nowhere ... state institutions that are under-capacitated or downright dysfunctional ... a government that is ineffective in its primary task of serving the people."

Al-Rahim asserted that this was *not* the inevitable result of the collapse of the Saddam regime, but rather, of the structure that was adopted by the CPA: "The cardinal, root error committed by the CPA was to define and build Iraqi politics along purely sectarian and ethnic lines."

Laith Kubba, who served as spokesman for Prime Minister Jaffari in 2004-05, and who has been associated with the National Endowment for Democracy in the U.S. for many years, said that it is "dangerously misleading to assume that the problem is historically rooted in Iraq's communities or externally caused by rogue neighbors." Rather, he stated, it is caused by Iraq's current electoral laws, under which Iraq will always have a weak executive and a fragile coalition government. The cabinet was formed on the basis of a quota system, and the ministers are more accountable to party bosses than to the Prime Minister.

Kubba points out that while the U.S. was focussing on the political process—elections, etc.—there were no effective state institutions to provide services and security to the citizens. The state was dismantled in April 2003, and it has not been rebuilt.

At best, Kubba says, a "surge" can only bring temporary relief, not a cure. The threat of U.S. withdrawal will not pressure politicians into a compromise; the only way to pressure Iraqis politicians into compromise, is for the Prime Minister, with U.S. support, to convene a "roundtable conference" of all six of Iraq's neighbors, to work out security measures and the rebuilding of the devastated country.

Also on the panel at the hearing was Qubad Talebani, the son of the current Iraqi President, who denounced the Baker-Hamilton Report, and who asserted that Iraq has always been a "failed state" from its creation.

Asia News Digest

Japan Follows U.S. Pattern as Locusts Take Over

"Japanese corporate earnings are expected to rise this fiscal year for a fifth consecutive year. Stock and real-estate prices are climbing—a contrast to the declines they experienced for a decade until the early 2000s," the *Wall Street Journal* gloated on Jan. 16. Companies, "are giving out fatter dividends and buying back shares in the hope of boosting their share prices. They have held down pay raises and are replacing full-time positions with temporary and part-time jobs, which on average pay less than two-thirds the salary of full-time posts," the *Journal* crowed. Sound familiar?

Japanese wages fell every year since 1997, until 2005, when they rose by 1%. However, in 2006 they fell again by 1.1%. The "cradle to grave" employment policies are long since dead: the proportion of part-time or temporary employees hit a record 33.4% last year, compared with 21% a decade ago, according to government data. Annualized household consumption in the July-September quarter was down 3.8% from the previous quarter. The consequent weak consumption has also led to continued price deflation.

These facts, as well as intense pressure from the government, led the Bank of Japan to decide not to raise interest rates from 0.25% to 0.50% on Jan. 18, as had been expected.

U.S. Demands North Korea Pay for Unfinished Nuke Plants

The U.S. has demanded that North Korea pay for the nuclear power plants whose construction begun under the 1994 agreement, but was scrapped by the Bush Administration, *YonHap News* reported Jan. 16. The Korean Peninsula Energy Development Organization (KEDO) was set up under the 1994 agreement with North Korea, under the Clinton Administration, to oversee the construction of two nuclear facilities in North Korea, and other economic support, in exchange for North Korea's suspension of its weapons-related nuclear programs. The plants were suspended and then cancelled under the Cheney plan to scrap the successful cooperation and launch a confrontation—the "axis of evil" lunacy. Now, pushing insanity to the limit, KEDO has asked the impoverished North Korean regime for nearly \$1.9 billion in compensation for the unfinished nuclear power plants.

Optimism Expressed for Six-Party Talks on North Korea

Russia's Deputy Foreign Minister Alexander Losyukov, following his meetings with North Korea's chief nuclear negotiator, Kim Kye-Gwan, said on Jan. 22: "Our North Korean colleagues are quite optimistic about further six-party talks. This shows that there has been certain progress in talks with the U.S." Kim and the U.S. negotiator Christopher Hill met in Berlin in mid-January for bilateral talks. Subsequently, Kim went to Russia, a member of the six-party talks, and then to China. Hill went from Berlin to Beijing via Tokyo, and left China hours before Kim's arrival. Hill told reporters that separate U.S.-North Korea talks on the issue of the U.S. financial sanctions, which have held up the six-party talks, are going to start soon. South Korean Foreign Minister Song Min-soon will arrive in China on Jan. 25.

In Beijing, the Chinese Vice Foreign Minister Wu Dawei indicated that China would announce the date of the next round of talks soon, possibly on Feb. 6.

China's Anti-Satellite Test Makes U.S. Hawks Bristle

China's apparently successful destruction of a satellite has generated harsh reaction from the United States, as well as from Japan and Australia. This is the first such test since 1985, when the U.S. tested its anti-satellite (ASAT) weapon. China confirmed the test on Jan. 23.

Although critics accuse the ASAT test of having "likely added hundreds of trackable debris objects and tens of thousands of small particles to the growing problem" of pollution in space, what worries Washington is that China has exhibited its technological capability, and that means the Bush Administration's proposed "missile defense" system, which is dependent on satellite navigation, communication, detection, and tracking of incoming missiles, is, in effect, vulnerable to China's ASAT capabilities. White House Deputy Press Secretary Dana Perino told reporters that, "We do have concerns about that."

National Security Council spokesman Gordon Johndroe said on Jan. 19: "The U.S. believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area." The *Financial Times* wrote on Jan 20: "The Chinese test may or may not lead to a new arms race in space. But it will certainly strengthen the hand of hawks in Washington who regard Chinese power as a strategic threat to the U.S."

While the Soviet Union also tested anti-satellite systems, Russian and American analysts point out that that was during the Cold War, when something of a parity between the two space powers existed. Today, America's overwhelming military force, as compared to China's, makes asymmetrical military-space capabilities mandatory for Chinese strategic interests. The highly provocative "space" policy, released by the Bush Administration in October, undoubtedly had much to do with the Chinese decision to proceed with the test. It calls for the U.S. to take preemptive steps to "deny" nations the development of capabilities that could harm U.S. interests in space.

Russian President said the Chinese test had to be seen as a reaction to the U.S. space weapons program. (See this week's Russia/CIS Digest.)

Philippines Arroyo Government Called 'Fascistic'

The Philippines government was called "fascistic" by the leading Philippines newspaper. The most recent outrage by the government of Gloria Macapagal Arroyo took place on Jan. 17, when troops were deployed to break down the doors of the provincial capital building of Iloilo Province, and arrest Gov. Niel Tupas. Tupas was one of about 50 elected and appointed officials who have been told to leave office by the government, for "corruption." The *Philippines Inquirer* wrote on Jan. 22: "The list looks like a political purge, in which the Ombudsman is apparently being used as the hit man, because it singles out high-profile local politicians who are associated with the opposition and who are considered more popular than candidates seen as allies of the President.... The assault triggered a wave of national revulsion down to the grass roots.... The assault also confirmed the underlying repressive and fascistic character of the Arroyo regime."

The *Inquirer* then reviewed the multiple cases in which the Arroyo regime has ignored the Constitution, including the failed attempt to railroad a constitutional convention to change the Constitution itself.

Arroyo is also being criticized for ignoring the law in appointing a new ambassador to the United Nations. Former Chief Justice of the Philippine Supreme Court Hilario Davide, Jr., who illegally swore in President Arroyo in the 2001 coup against the popularly elected President Joseph Estrada, was himself sworn in as the Philippines UN Ambassador on Jan. 14. His nomination had not been approved by the Commission on Appointments, as required by the Foreign Service Act.

Opposition Sen. Jinggoy Estrada plans to go to New York to call on the UN to reject the appointment.

China and Japan To Cooperate in Nuclear Power

According to Japan's Kyodo News Service Jan. 23, Japan and China are putting together a cooperation plan on civilian nuclear energy, including measures to prevent technology being passed to any third party. Under the plan, Japan would send nuclear engineers to China to develop the nuclear industry, particularly the safety and security end of it.

Last December, China decided to buy four nuclear power reactors from the U.S.-based Westinghouse, recently acquired by the Japanese company Toshiba.

On Jan. 23, the Japanese and Chinese naval authorities announced that they are ready to resume military exchanges this year, with the goal of holding mutual naval visits that would bring Japanese warships into Chinese ports for the first time since the Second World War.

The renewed effort to build ties between Asia's two most powerful militaries reflects a dramatic improvement in Sino-Japanese political relations since Japanese Prime Minister Shinzo Abe took office last September. Although one swallow does not ensure the arrival of summer, these developments are of immense importance.

Africa News Digest

U.S.-Backed Incursion Creates Iraq-Style Insurgency in Somalia

The potential for violence in Somalia is great, because of clan rivalries, and the widespread dislike of the Transitional Federal Government (TFG)'s Ethiopian backers who sent in troops to push the Islamic Courts movement out of southern Somalia.

Since the Ethiopian military incursion into Somalia this past Christmas, with American participation—in a British-crafted plan to turn the Horn of Africa into a crisis zone—a series of developments have occurred which exacerbate Somali hatred of Ethiopia and the TFG, creating the conditions for permanent war, along the lines of an Iraqi-style insurgency, fed by foreign Islamic fundamentalist fighters, or jihadists.

* At least 23 Somali prisoners were deported from Kenya to Somalia Jan. 27, according to Shabelle Media Network, which covers the Horn of Africa. A TFG spokesman said that some of the prisoners were members of the Islamic Courts movement. Sixteen of the group were women and children, and all had their heads covered with sacks. On Jan. 20, alleged Islamic Courts fighters captured near the Kenya-Somalia border were flown back to Mogadishu.

* A U.S. Air Force AC-130 gunship staged an attack in southern Somalia Jan. 22, the second this month, and was announced by U.S. officials the following day.

* On Jan. 26, the BBC reported that unknown gunmen killed five people in a series of attacks in Mogadishu. Four people were also injured in mortar attacks.

* Louis Michel, the EU Development Commissioner, said on Jan. 22 that the Jan. 19 mortar attack on the Presidential palace in Mogadishu "showed the risk of [Somalia] descending into a civil war."

* David Shinn, who served for 37 years in the U.S. State Department, including tours of duty in Kenya, Sudan, and as ambassador to Ethiopia, reported that there is an increase in violence in Somalia on the part of the Islamic Courts (though he says that their militia is largely destroyed), the warlords, and hooligans. He said the TFG is making a mistake by refusing to talk to moderate Islamic group, and that all moderate and traditional people interested in the future of Somalia should be brought in.

* According to reports, there has been a great deal of harassment of the population by the TFG and the Ethiopian forces. People have been picked up and taken away, and many of them have not been heard from again, up to this point.

* There is a significant Oromo (Ethiopian) community in Somalia, who are in opposition to the Ethiopian government, and have gone to Somalia for refuge. The Ethiopian forces have been singling out Oromos for what they term state-sponsored terrorist treatment, even if they have lived in Somalia for years.

The latest in a series of guerrilla-style assaults on TFG and Ethiopian troops, portending a more intense insurgency side of the conflict include:

* Attackers fired four mortar bombs at an Ethiopian troop encampment near Mogadishu overnight, Reuters reported Jan. 27.

* On the evening of Jan. 27, according to SomaliNet, unidentified gunmen attacked the police station in the Howlwadag neighborhood in Mogadishu, wounding five people. Three of the wounded were police officers; the rest were children playing near the police station.

Somali President, PM Oppose Alliance with Moderate Islamists

President Abdullahi Yusuf engineered the ouster by majority vote of the powerful Speaker of the TFG Parliament, Sharif Hassan Shaikh Adan Jan. 17, because of his several attempts late last year to seek peace with the Islamists, over Yusuf's opposition and that of Prime Minister Ali Mohammed Gedi, as reported by Reuters and AP.

Gedi said, "There will not be any mediation by any party between the transitional government and the Islamic Courts," when he arrived in Sudan Jan. 20 for three days of talks, according to AFP.

European, UN, and U.S. officials have urged Yusuf and Gedi to build bridges with moderate Islamists.

U.S. Ambassador Urges Inclusion of Islamist Leader in Somali Peace Process

The U.S. Ambassador to Kenya and Somalia, Michael Ranneberger, said that, "Anyone inside Somalia who renounces terrorism, extremism, and violence, should have a role to play in the future of the country [Somalia]," according to a BBC broadcast of about Jan. 20. Xinhua published the quote Jan. 22. "To the TFG this means that they should be reaching out to talk to all elements of Somali society. We certainly have made clear to the TFG that it needs to talk to all elements, and that includes people such as, for example, Sheikh Sharif, who was considered a moderate member of the Islamic Courts."

Sheik Sharif Sheik Ahmed turned himself over to Kenyan authorities Jan. 15 and is in U.S. protective custody in Nairobi. He was the chairman of the Executive Council of Islamic Courts and shared the leadership with Sheik Hassan Dahir Aweys, who was chairman of the courts' legislative council.

In the context of the Cheney/Bush war in Iraq, and drive for war against Iran, a U.S. endorsement of Sheik Ahmed damages his, and other moderates, credibility.

South Africa, Sudan, Rwanda Will Not Send 'Peacekeepers' to Somalia

South Africa, Sudan, and Rwanda will not send troops to Somalia, news reports say. An unnamed senior South African foreign affairs official told AP Jan. 11, "For us to send troops would be to enter a serious quagmire. We would be perceived to be fighting the U.S. war on terror. Any peacekeeping force there would lose credibility."

Uganda, Nigeria, and Malawi have promised troops, but so far, none have been sent.

Meanwhile, Ethiopian President Meles Zenawi told Reuters Jan. 27 that he expected a third of Ethiopia's troops to have been withdrawn by Jan. 28. "We are reducing troop numbers by about a third ... that process should be completed today or tomorrow," Meles said.

However, on Jan. 23, in an interview with Shabelle Radio in Mogadishu, the U.S. Ambassador to Kenya, Michael Ranneberger, said Ethiopian troops will stay in Somalia till the African peacekeepers arrive in the country and take the role of restoring peace and stability.

"I want to indicate that it is certainly our understanding that the Ethiopian force will not withdraw from Somalia until the African forces have been deployed. I am not saying that you won't see some withdrawal. That is normal now that most of the fighting has ended. But you won't see a complete withdrawal," Ranneberger said. "I don't think that the Ethiopians want to see any sort of security vacuum in Somalia."

CNN reported on Jan. 23 that amidst the reports of Ethiopian troop withdrawals, 1,500 fresh Ethiopian troops were seen arriving in Somalia.

This Week in American History

January 30—February 5, 1882

Celebrating the 125th Anniversary of Franklin Delano Roosevelt's Birth

Franklin D. Roosevelt was born on January 30, 1882 in Hyde Park, New York, and to this man who grew up in the 19th Century, America owes a very considerable debt. President Roosevelt re-established the concept of the general welfare in the United States, a concept which had become worn and tattered almost beyond recognition during the first 30 years or so of the 20th Century. He also built the foundation for modern America, upon which we still depend today.

The concept of the general welfare was not a mere political or moral theory to Franklin Roosevelt—it was an integral part of his life, and even of his death. The programs which he developed to pull the nation back from the brink of economic collapse and to fight the forces of Fascism, were complemented on a personal level by his legacy to the Warm Springs Foundation for polio victims, in the form of a large life insurance policy. Roosevelt, was able to obtain this policy only by pushing his polio-wracked muscles to the limit to demonstrate he was "fit and healthy," and thus, eligible for coverage. His house, with its land and the research library he built, were left to the American people.

Roosevelt had faith in the good sense of the American people, if they were told what was going on and what could be done about it. That was why he instituted his famous radio "Fireside Chats," and why his press conferences, enlivened by his sense of humor, were so much enjoyed by the attending journalists.

As the President stated in a speech on November 18, 1933: "The saving grace of America lies in the fact that the overwhelming majority of Americans are possessed of two great qualities—a sense of humor and a sense of proportion. With the one they smile at those who would divide up all the money in the Nation on a per capita basis every Saturday night and at those who lament that they would rather possess pounds and francs than dollars. With our sense of proportion we understand and accept the fact that in the short space of one year we cannot cure the chronic illness that beset us for a dozen years, nor restore the social and economic order with equal and simultaneous success in every part of the Nation and in every walk of life."

In 1934, in order to give Americans an overall view of what they had accomplished and where they were heading, President Roosevelt authored a book entitled, *On Our Way*. It chronicled the policies and programs he had developed during his first year in office, and contained many extracts from his speeches. The foreword of the book provides an insight into his perspective on the necessary and exciting changes which he and the Congress were bringing into being for the benefit of the United States.

Roosevelt began by saying: "This book, without argument and without extended explanation, seeks to set forth simply the many significant events of a very busy year. It was a year of redemption and consummation—the redemption of pledges to the people of America and the consummation of the hopes of the many who looked forward to a better ordered common life. I am setting forth the milestones that mark the achievement of a new public policy.

"Some people have sought to describe that policy as revolutionary: perhaps it is. It is revolutionary, however, only in the sense that the measures adopted and the purposes that they seek differ from those that were used before. If it is a revolution, it is a peaceful one, achieved without violence, without the overthrow of the purposes of established law and without the denial of just treatment to any individual or class.

"Some people have called our new policy 'Fascism.' It is not Fascism because its inspiration springs from the mass of the people themselves rather than from a class or a group or a marching army. Moreover, it is being achieved without a change in fundamental republican method. We have kept the faith with, and in, our traditional political institutions.

"Some people have called it 'Communism;' it is not that either. It is not a driving regimentation founded upon the plans of a perpetuating directorate which subordinates the making of laws and the processes of the courts to the orders of the executive. Neither does it manifest itself in the total elimination of any class or in the abolition of private party.

"By almost general acceptance the people have adopted the habit of calling it the 'New Deal'; and it has been well suggested that the phrase expresses a satisfactory combination of the Square Deal and the New Freedom. The appropriateness of this suggestion is indicated by the fact that some of the achievements of the past year will be the fulfillment of the progressive ideas expounded by Theodore Roosevelt of a partnership between business and government and also of the determination of Woodrow Wilson that business should be subjected, through the power of government, to drastic legal limitations against abuses. Thus we have recognized that in some respects government sits down at a table of partnership with business; but in others, it exerts the superior authority of police power to enforce fairness and justice as they should exist among the various elements in economic life. This combination of remedies is made necessary by the fact of revolutionary changes in the conditions of modern life.

"Apart from phrases and slogans, the important thing to remember is, I think, that the change in our policy is based upon a change in the attitude and the thinking of the American people—in other words, that it is based upon the growing into

maturity of our democracy; that it proceeds in accordance with the underlying principles that guided the framers of our Constitution; that it is taking form with the general approval of a very large majority of the American people; and finally, that it is made with the constant assurance to the people that if at any time they wish to revert to the old methods that we have discarded, they are wholly free to bring about such a reversion by the simple means of the ballot box. An ancient Greek was everlastingly right when he said, 'Creation is the victory of persuasion and not of force.' The New Deal seeks that kind of victory.

"The almost complete collapse of the American economic system that marked the beginning of my Administration called for the tearing down of many unsound structures, the adoption of new methods and a rebuilding from the bottom up.

"Three steps, all interrelated, were necessary: first, by drastic measures to eliminate special privilege in the control of the old economic and social structure by a numerically very small but very powerful group of individuals so set in authority that they dominated business and banking and government itself; second, to war on crime and graft and to build up moral values; and third, to seek a return of the swing of the pendulum, which for three generations had been sweeping toward a constantly increasing concentration of wealth in fewer and fewer hands—a swing back in the direction of a wider distribution of the wealth and property of the nation.

"The time called for and still calls for planning. This book describes the nature and the purpose of the many factors that were necessary to the working out of a national plan for improvement. In spite of the necessary complexity of the group of organizations whose abbreviated titles have caused some amusement, and through what has seemed to some a mere reaching out for centralized power by the Federal Government, there has run a very definite, deep and permanent objective.

"With regard to the individual excellence of each one of them, I can only repeat what I have often said—that the individual parts in this planned program are by no means inflexible or infallible. In some respects we may have to change the method; in others, we may not have gone far enough. Time and experience will teach us many things.

"I do not hope in this book to argue by an accumulation of detailed information the results of all of the factors of the New Deal. A few generalizations, however, are admissible.

"The value of our farm crops has greatly risen over the prices received for them during the previous year; the machinery of most of our industries is turning out a greatly increased production of goods, and these goods are being bought by the consuming public; the freight carrying and the passenger travel of our railroads and other transportation facilities have improved; the distress of mortgagors is being lightened; relief for the unemployed who were in great need has in large part carried out the purpose of the Administration that it would use every endeavor to prevent starvation; the conservation of resources, the prevention of floods and the general planning for the better use of our wide land, have proceeded at a pace undreamed of in the past.

"A year ago, things were going wrong with our civilization. We might as well admit it. We know at least the ideals of the men and women who settled America. We know at least the ideals of the founders of the Republic. In the latter years, conditions had greatly changed—perhaps we had not forgotten the older ideals, but at least we were disregarding most of them.

"We, the people of this country, do not need, nor do we seek for criticism or for opposition that is merely destructive: such individuals or associations of individuals, which for political or selfish financial reasons, oppose the broad objective, will, we know, harm only themselves, for we as a people will never go along with any proposal that the country return to the conditions of the decade which followed the [First] World War. An overwhelming majority of our people however, old and young, and especially the young, are ready to give honest heed to honest suggestions for new and better methods to

accomplish a common purpose. In any event, we as a people are determined, after going forward for one year, to keep on going forward some more."

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