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This Week You Need To Know

The Gulf of Sneezes

by Jeffrey Steinberg

A survey of senior U.S. military, intelligence, and diplomatic specialists confirms that the Bush-Cheney Administration is presently on a course towards provoking a military confrontation with Iran sometime before the end of the Spring of 2007. Were such a lunatic provocation to go unchecked in the immediate days and weeks ahead, the planet would be plunged into perpetual war, and financial and economic chaos, that could take generations to undo. One certain consequence of a U.S.-provoked war with Iran would be the total destruction of the United States as the sovereign republic of the Founding Fathers, and the demonization of the U.S.A. in the eyes of what might remain of the population of the rest of the world.

The simplest and most elegant way to stop this madness is for Vice President Dick Cheney, the thug-in-chief of this Persian Gulf war drive, to be forced out of office this month. As of this writing, four separate House resolutions are being offered, to prevent military action against Iran without prior Congressional deliberation and full authorization. Sen. Robert Byrd (D-W.V.) has a similar resolution in the Senate. The weakness of all of these well-intentioned efforts, however, is that none specify that an act of war against Iran, without prior Congressional authorization, would constitute an impeachable offense by both President Bush and Vice President Cheney. Under the present conditions of Bush-Cheney Executive branch madness and intransigence, only such blunt language, backed up by a clear commitment to act, could contribute to actual war avoidance.

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

Latest From LaRouche

CANDIDATES IN DREAM-LAND!:

A Presidential Stateroom on The Titanic

by Lyndon H. LaRouche, Jr.

February 2, 2007

During the early 1930s, France's celebrated movie director Rene´ Clair, produced a charmingly well-composed film, *A Nous La Liberte´*. That film was parodied, this time omitting the touch of poetic elegance in Rene´ Clair's production, in the famous Charlie Chaplin's echo of Rene´ Clair, Chaplin's later, 1936 *Modern Times*. The same theme was taken up, notably, on a third occasion, in a film from post-war Germany, titled, in rough translation: *We Are Wonderful*, in which the producers frankly disposed of both the self-inflicted artistic predicament of their plot, and, also, the drama's principal, picaresque character: by plunging both down the hollow shaft-way of what was called a 'Pater Noster' elevator, which I recall from the Hamburg of my own timely recollections. The procession of these three pieces, thus, already showed us, an artistically downward motion in the picture of the history, the culture, and the fictions of that span of time.

Ah! But that was not, unfortunately, the end of the matter; now, the implied copyright for each among those three

preceding instances appears to have been infringed, in a fourth case, creating thus an old prank played upon a younger audience...

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Feature

[**CANDIDATES IN DREAM-LAND!:**](#)

[**A Presidential Stateroom on The Titanic**](#)

[**by Lyndon H. LaRouche, Jr.**](#)

...If the U.S. Presidential candidates which were to be adopted by the respective Democratic and Republican Party's conventions, were selected from among what are the apparently leading prospective candidates, with their present platforms of today, you had now already arrived at a point which would be just in time to enter the sick-room where the prospective mourners are mustered to kiss the existence of our United States goodbye.

[**The Gulf of Sneezes**](#)

[**by Jeffrey Steinberg**](#)

A survey of senior U.S. military, intelligence, and diplomatic specialists confirms that the Bush-Cheney Administration is presently on a course towards provoking a military confrontation with Iran sometime before the end of the Spring of 2007. Were such a lunatic provocation to go unchecked in the immediate days and weeks ahead, the planet would be plunged into perpetual war, and financial and economic chaos, that could take generations to undo.

[**Congress Cannot Evade Responsibility To Move To Impeach Cheney**](#)

[**by Nancy Spannaus**](#)

As the U.S. Senate spent the week negotiating over the shape of a bipartisan resolution rejecting the Bush Administration's expansion of the war, Vice President Dick Cheney, and his puppet George Bush, made it perfectly clear, once again, that they intend to go ahead with the deployment, no matter what protests are raised. The bottom line, as Lyndon LaRouche has stressed, is that, to avoid catastrophe, the Congress must move immediately for impeachment, starting with Cheney.

[**The Libby Trial: A Rare Look Inside Dick Cheney's Cabal**](#)

[**by Edward Spannaus**](#)

Whatever the ultimate outcome of the criminal trial of Lewis 'Scooter' Libby, going into its third week on Feb. 5, the proceeding taking place in a Washington, D.C. Federal courtroom has opened a dramatic and unique window into the secretive operations of the Office of the Vice President (OVP), through which Dick Cheney has operated a parallel intelligence and national security apparatus which has overridden the Executive branch's official policy-making apparatus at crucial junctures over the past six years.

International

[**Nuclear Power Tops Putin's Agenda in India**](#)

by Rachel Douglas

During Russian President Vladimir Putin's two-day trip to India, Russian and Indian nuclear officials signed a memorandum of understanding on the construction of four additional one-gigawatt nuclear reactors at the Koodankulam plant in Tamil Nadu, where Russia's Atomstroyexport is already building two units.

Interview: Yuri Gromyko and Yuri Krupnov

'Advancing Civilization Through Transportation'

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 on Jan. 24 at Jawaharlal Nehru University in New Delhi, on Development Models and Global Integration. Chairing the event was Putin's close ally Vladimir Yakunin, the head of Russian Railways, who is a co-founder and the top Russian representative to the Rhodes Forum. Among the speakers at the forum were Prof. Yuri Gromyko, academician of the Russian Academy of Natural Sciences and director of the Institute for Advanced Studies, and Yuri Krupnov, who heads Russia's new Party of Development. They presented the ideas contained in their just-published pamphlet, *Advancing Civilization Through Transportation*, which features the concept of a development corridor, as applicable in Russia and throughout Eurasia.

Persian Gulf 'Rivals' Join Forces For Peace

by Muriel Mirak-Weissbach

One of George W. Bush's undeniable foreign policy achievements has been to unify forces, otherwise at odds with one another, in a common front. As one editorialist put it: Bush unites the world—against himself. This is definitely the case of the alliance recently begun to be forged between Iran and Saudi Arabia.

Italians Protest Upgrade of U.S. Military Base

by Claudio Celani

A couple of years ago, the Bush-Cheney Administration signed an agreement with the Italian government of Prime Minister Silvio Berlusconi, to allow the expansion of the U.S. Army base in Vicenza, in northern Italy. The agreement followed the decision by the U.S. Department of Defense under Secretary of Defense Donald Rumsfeld, to upgrade the 173rd Airborne Brigade, in anticipation of fighting aggressive wars against Third World countries.

LYM Offers Leadership To Mexican Ferment

Over 100,000 Mexican citizens marched in the Zo'calo plaza of Mexico City on Jan. 31 to protest the soaring price of basic foods like tortillas, the lack of jobs and living wages, and to demand an end to the anti-social policies of privatization and deregulation of the new Caldero'n regime.

Economics

India Will Construct Four Fast Breeder Nuclear Reactors

by Ramtanu Maitra

In the announcement Jan. 31 of its plan to build four 500megawatt fast breeder reactors simultaneously, Dr. Baldev Raj, director of the Indira Gandhi Centre for Atomic Research, made evident that India is finally giving its almost50-year-old nuclear program a much-required push.

Will Germany Depend On Anglo-Dutch Coal Cartel?

by Rainer Apel

Whenever German Chancellor Angela Merkel says—as she did in an interview with the Times of London on Jan. 10— that she 'likes the British,' one is well-advised to suspect that there is more behind that statement than mere diplomatic courtesy.

Book Review

Stiglitz Tries To Make Colonization Work

by Mike Billington

Making Globalization Work

by Joseph E. Stiglitz

New York: W.W. Norton & Company, 2006

358 pages hardbound, \$26.95

Economist Joseph Stiglitz has made a reputation for himself as the defender of the oppressed, for both the nations of the Third World and those of the former Soviet bloc, against the ravages of the United States and its G-7 allies. He does indeed denounce the international financial institutions, the International Monetary Fund, the World Bank, and the World Trade Organization, for imposing radical free trade and deregulation policies on these poor nations, policies which are responsible for accelerating rates of poverty, while undermining efforts at real development. But, beware this 'soft-cop' of neo-colonialism: His plan for the developing sector nations, and for the advanced industrial sector as well, is the creation of a global dictatorship, not by any particular nation or group of nations, but by the supranational bodies of international finance, the so-called 'synarchy.'

National

Bio-Cons Fool With Ethanol: Just Another Word for War

by Creighton C. Jones, LaRouche Youth Movement

Perhaps, in a moment of attributed prescience, regarding those who would wish to induce our people to plunge into vats of corn alcohol, Russia's famed academician Vladimir Vernadsky, pondering the character of a space devoid of both cognition and life, wrote that 'the equivalence of right-handedness and left-handedness may be considered to be a geometrical property of three-dimensional Euclidean space.' So, just as the 'flat Earth' construct of the sophist Euclid, is devoid of life and cognition, and where left and right exist in equilibrium, so also is the world of what Lyndon LaRouche has aptly called, the 'bio-fools.' A Laputian-type world, where one puts his food in his gas tank, and the unleashing of an atomic weapons-laced world war is a strategy for saving the environment: This is the world of the 'bio-fools.'

Congress Debates the Way Out Of Evils of 'Globalization'

House Ways and Means Chairman Charles Rangel (D-N.Y.) convened the third of a four-part hearing series on the economy on Jan. 30, this one focussing on trade and globalization. As at the first hearing, EIR was invited to provide testimony, which was stamped 'For the Record,' and 'Full Committee Has Copy,' This meant that the testimony was available in over 200 copies for those in attendance, and given in advance to the 80 Congressional members and staffers of the committee. EIR's testimony was the only testimony to demand an end to globalization entirely, with a bold title, 'Globalization Is the New Imperialism—Don't Try to 'Improve' It, Bury It! Restore National Interest Policies.' The comments of several members of the committee made clear that a number of the Congressmen had read it, and keyed their questions directly from it.

Strategic Studies:

ON HIS 250TH BIRTHDAY

Hamilton Counsels Congress: Rediscover Your Powers

by Michael Kirsch, LaRouche Youth Movement

Dear 110th Congress:

Five years into the Revolutionary War, with the States hoarding funds and resources from the Continental Army, the nation dependent on foreign resources, and the Continental Congress unable to enforce taxation on the states, Alexander Hamilton (1757-1804) issued a letter to New York Congressman James Duane, beginning, 'Sir, the fundamental effect is a want of power in Congress.' This would soon be elaborated and developed in private correspondence with Robert Morris, and a series of Open Letters in the New York Packet, 'The Continentalist Papers,' in 1781 and 1782. So began the creation of the Union, from the mind of man. Today, there is no 'want of power in Congress,' but there is a general lack of will to apply it. Whether such idleness continues, is of the highest concern for the immediate fate of civilization.

Editorial

The Non-Proliferation Regime Is Over

On Jan. 11, a Chinese high-altitude satellite was destroyed while in orbit, in an action apparently taken by the Chinese themselves. There was much international speculation at the time about the import of this event, on which the Chinese government has not put out any official statements. Soon

after, a raft of international protestations began to be expressed, especially from the United States and the Russians, who said, in part, that the Chinese were moving to militarize space.

What a fraud!

U.S. Economic/Financial News

Infrastructure and Homeland Security: The 'Real Deal'

House Committee on Homeland Security chairman Rep. Bennie Thompson (D-Miss.) opened his speech to the George Washington University Homeland Security Policy Institute on Jan. 29 by quoting FDR: "During President Roosevelt's inaugural address to the nation on March 4, 1933, he quoted Proverbs 29:18 and said 'where there is no vision, the people perish.' Just as he sought to address a failing American economy through the New Deal, today I will provide you with an agenda that I hope will help us plan, prepare, and protect ... the Real Deal for Homeland Security." [ellipsis in original—ed.] Then, amid a long "to do" list that Thompson stated would require DHS to "get its house in order," he expanded on his idea of the Real Deal. "The Real Deal also requires us to listen to the needs of the people so that we never see our own citizens abandoned and betrayed by their government, as we did during [hurricanes] Katrina and Rita," he said, "An entire Gulf Coast is in need of rebuilding and it is going to take local talent to get it done. To this, the 'Real Deal' can take a page from the New Deal."

Thompson promised "aggressive and meaningful oversight" of DHS and indicated that he intends to concentrate on ports and rail transport, with less emphasis on air traffic.

New Orleans Mayor Tells Senate: No Will To Fix City

New Orleans Mayor Ray Nagin told the Senate's Homeland Security and Governmental Affairs Committee Jan. 29 that the rebuilding of New Orleans is getting shortchanged in light of the billions poured into the war in Iraq, and suggested that "racial issues" may be part of the explanation. He said he doesn't see evidence of "the will to really fix New Orleans. I think it's more class than anything, but there's racial issues associated with it also. And then I look at what we're doing in Iraq and how we spend money at an unprecedented level there, how we can set up temporary hospitals and designate money to rebuild their economy, and we have this dance going on in New Orleans."

Hedge Funds Buy Protection Against Sub-Prime Mortgage Defaults

At the end of 2006, home buyers were two months or more behind in payments on nearly 6% of the sub-prime home loans packaged into mortgage-backed securities that year, about three times the rate of 2003 and 2004, according to the Swiss bank UBS, as reported in the *Wall Street Journal* Jan. 27. As a result, hedge funds have been big buyers of credit derivatives protection against sub-prime defaults, in effect betting that the defaults will increase.

According to UBS mortgage analyst David Liu, slowing demand led many sub-prime lenders to make riskier loans in late 2005 and 2006, as people with low credit scores borrowed as much as 95-100% of the home's estimated value without having to prove they had the income to support their payments. In weak housing markets, it can be much harder for such buyers to sell their homes and avoid foreclosure.

JPMorgan Cuts Exposure to Sub-Prime Mortgages

JPMorgan Chase is cutting its exposure to sub-prime mortgages, warning that it "looks like a recession." CEO James Dimon said in a presentation to investors Jan. 30 that the zombie bank has sold off most of the mortgage loans it made in 2006 to

borrowers with weak credit histories. In addition, JPMorgan has classified \$4.5 billion—or one-third of its sub-prime mortgage portfolio—as up for sale. "Loss severities" have been increasing, Dimon said, and delinquencies of sub-prime loans originated last year are higher than the 2005 and 2004 vintages were at a comparable age.

ABC-Detroit Town Meeting: Auto Crisis a National Issue

Sen. Debbie Stabenow (D-Mich.), joined by Ford and UAW leaders called the auto crisis a national issue, one that goes beyond the bargaining table, in a "town hall meeting" entitled, "Agenda For Change" Jan. 29. The meeting, on the future of the auto industry was set up by ABC News anchor Charles Gibson, and broadcast live in Michigan. Stabenow reported that she had signed a letter with other Michigan lawmakers opposing a free-trade accord being negotiated with South Korea, on the grounds that you "do not do that agreement unless you fix auto."

"We've got a health-care system in crisis," she also said. UAW legislative director Alan Reuther called for national action on health care, because, he said, "the problem can't be solved just at the bargaining table by cutting and cutting and cutting.... One of the things we need to do is stop negotiating bad trade deals that are one-sided." So, too, in speaking about health costs/system, Ford Motor Co. spokesman Charles Holleran said "there's no longer any argument about whether or not this is a national crisis.... Even eight years ago, when this became a flashpoint, there were voices that said this can fix itself. No one is saying that this can fix itself now."

Reports of the meeting were carried in the *Detroit Free Press* and the *Detroit News* Jan. 30.

World Economic News

New Warnings: Hedge Funds Are Leading to a Global Systemic Crash

U.S., U.K., and European regulators have expressed concern in recent meetings on Wall Street that investment banks may be allowing hedge funds to increase their borrowing capacity, using collateral that could lose its value rapidly in a financial crisis, the *Financial Times Asia* reported Jan. 29. Regulators have asked banking executives how they use "portfolio netting," a practice that allows hedge funds to use relatively illiquid securities such as credit default and total return swaps as collateral. The fear is, that in a big market collapse, the hedge funds won't be able to sell those securities, increasing the likelihood of widespread defaults.

At the same time, the Hong Kong Monetary Authority (HKMA) called for close monitoring of hedge funds, because their "excessive ... risk-taking" could become a "systemic" problem. The HKMA, which functions as Hong Kong's Central Bank, issued this warning in a paper reportedly posted at the Legislative Council website on Jan. 26. They warned of chain-reaction failures, albeit in bankerese: "Research suggests that the systemic risks associated with hedge funds cannot be diversified away by investing in different types of hedge funds. The systemic implication is that when one type of hedge fund fails during extreme market conditions, other types of hedge funds with different strategies are also be likely to fail or perform poorly."

BIS Director Issues 'Carry Trade Alert'

"Carry Trade Alert" is the *Financial Times* headline Jan. 30, on a article quoting BIS Director Malcolm Knight at the Davos economics forum. Knight warned that with excessively "leveraged" lending going on in all major financial markets, "Taken together, this increasing leverage and carry trades create the prospect that we could have rapid repricing in financial markets." Bank regulators are worried that the yen carry trade has reached a record level, according to the Commodities Futures Trading Commission, and is itself pushing the yen's value down. In this situation, even a small Japanese interest

rate increases in 2007 could cause a markets explosion.

More Carry Trade Warnings

The *Wall Street Journal* reported Jan. 31 that fears are mounting of a shake-out from the end of the carry trade. Fed by Japan's near-zero interest rates, speculators have gone wild borrowing yen, and then investing this borrowed money in a country with higher interest rates. Known as the carry trade, this has sharply weakened the yen because they sell off their yen to convert it into other currencies. Barclays Capital warned, in a Jan. 26 report, that the volume of yen-funded carry trades "is reaching scary levels" not seen since 1998. If investors were to rapidly unwind these trades, currency markets would be rattled.

The Ultimate 'Failed' Bank: The IMF

A panel of experts is advising the cash-strapped International Monetary Fund (IMF) to sell off 400 tons of gold (worth \$6.6 billion), and invest the proceeds in what the *Wall Street Journal* Feb. 1 called more "lucrative, riskier securities." Hedge funds or derivatives perhaps?

The Fund reportedly has "gaping holes" in its budget, expected to reach an annual shortfall of \$400 million by 2010. Revenue derived from interest on loans has declined, because many countries are borrowing less from the Fund, if at all. Brazil and Argentina, once two of the largest borrowers, have paid off what they owed altogether. The brilliant experts advising the Fund on how to become more solvent include European Central Bank president Jean Claude Trichet, and former Fed chief Alan Greenspan. With their track record, and the state of the world economy, there may not be an IMF to kick around for much longer.

Clarion Call to City: Danger of Shock to Financial System

London's Financial Services Authority put out a "clarion call" to the City of London that consumer debt, a flu pandemic, and a change in the way the markets price risk, could trigger a "shock" to the financial system, in its annual Financial Risk Outlook published Jan. 31. The FSA warned that a shock would be worse in 2007, due to use of complex financial instruments and a new correlation between financial markets, such as property and equities.

Of the nine priority risks, worst is the possibility that a "significant minority" of consumers have big debt problems. The FSA reports that average consumer debt levels have now reached the all-time high of 140% of income, twice that of the 1980s. This amounts to 1.3 trillion pounds. Now, some 34% of consumers are having difficulty paying their bills. While most of these consumers are renters, those who are homeowners also face problems: if house prices were to fall, they would no longer be able to use equity in their homes to refinance other debts. Carlson said the FSA had been "rather surprised" by the rise in bankruptcies and individual voluntary arrangements, given low interest rates.

The FSA figures said that now 1 million adults regularly fall behind payments on bills and credit cards, and a further 2 million are "constantly struggling" to make ends meet. "Record debt levels and rising interest rates have heightened concerns that some consumers have unsustainable levels of debt, which could lead to an increase in the number of consumers facing debt-repayment problems. Against the backdrop of economic and financial stability, there is a real concern that many consumers hold an over-confident view about the future and would be ill-prepared if the economic conditions were to deteriorate."

Warning of Bubble in China's Stock Market

"There is a bubble going on" in China's stock market, said a leading Chinese Congressman. "Investors should be concerned about the risks," added Cheng Siwei, vice chairman of the National Peoples Congress, in an interview with the *Financial Times*, conducted at the *FT's* China-Mideast summit in Dubai Jan. 30. Cheng said that the market could be overheating after rising 138% last year.

"But in a bull market, people will invest relatively irrationally. Every investor thinks he can win. But many will end up losing. People will have to learn their own lessons."

The Shanghai market collapsed in 2001, after strong warnings from then-Prime Minister Zhu Rongji about a bubble, and has only recently been rising sharply. One cited reason, is that investors have been putting some of the vast 14 trillion yuan, or \$1.7 trillion in savings, into the stock market. Also, the *Shanghai Securities News* estimated today that investors had raised several billion yuan to buy stocks by pawning personal possessions.

On Jan. 31, the Shanghai Composite Index fell 4.92% after Cheng's warnings. There have been some measures by the authorities to control the potential stock bubble, including a tax on land appreciation and a ban on the investment of bank loan money in shares.

The *Financial Times* proposes that China should just allow foreign investors free rein in their stock market, which is now separated into an internal and foreign division—although this would not solve the "fundamental problem" as London's bankers see it: an undervalued real exchange rate and too much government control.

United States News Digest

Rockefeller Vows Oversight of Intelligence Community

Senate Intelligence Committee chairman Jay Rockefeller (D-W.Va.), during the confirmation hearing Feb. 1 for retired Adm. Michael McConnell to be Director of National Intelligence, established at the outset that he intends to perform oversight of the intelligence community. In his opening statement, Rockefeller said, "It is no secret that I have not been happy in the past with decisions by the Administration to restrict access to required information by our members and staff." He added that "Depriving our committee of the information it needs, or over-restricting access to the information, not only weakens Congressional oversight of secretive intelligence programs, it generates unnecessary suspicion and, worst of all, undercuts the effectiveness of these activities." His second question to McConnell was, "Do you believe there are categories of information that should be withheld from Congress?" McConnell replied that he understands the responsibility of Congress, and that "My philosophy is to provide the information you need to do oversight." He added that there are exceptions written into law dealing with operational matters, but "my hope is that these would be few and far between."

Several members of the committee asked follow-up questions along the same vein. Ron Wyden (D-Ore.) asked McConnell, "What would you do if you became aware that the Bush Administration was cherry-picking intelligence in order to justify going to war?" McConnell replied that such behavior is inappropriate and that he would notify all those who should be notified, including the Committee.

Senate Panel Will Investigate Pentagon's Covert Operations

The new Democratic majority in Congress plans to look into whether the Pentagon, under former Defense Secretary Donald Rumsfeld, obtained the proper authorization for covert operations and notified Congress as required under the law, the *Wall Street Journal* reported Jan. 31. The hearings, scheduled by Senate Select Committee on Intelligence chairman

Sen. Jay Rockefeller (D-W.Va.) to begin March 1, will also investigate whether the Pentagon conducted activities that legally are the responsibility of the CIA. The focus will be on military covert activity overseas, notably in Afghanistan and Iraq.

Federal law requires a written Presidential finding and notification of the Congressional intelligence committees, when a covert action is to be carried out.

In a November 2006 report, the Congressional Research Service found reason to question whether the Pentagon was trying to evade the requirements of the law.

Former Army Lt. Gen. William Odom was quoted as saying, "Rumsfeld just ran loose," adding, "You have to have a system where you hold people accountable for making the decisions."

CFR Iran Expert Ridicules U.S. Intelligence on Iran

On Jan. 31, Ray Takeyh of the Council on Foreign Relations told the House Foreign Affairs Committee dominated by Project Democracy and Zionist lobby whackos, that there is no realistic military option, because military action relies on precise intelligence. He said that any intelligence assessment on Iran that begins with "According to U.S. intelligence..." should be treated "with skepticism and derision." He countered the extreme caricatures of Iran presented by the other witnesses, and most of the Congressmen, by describing the culture and relative economic development of that nation.

Not Enough Matériel for Troops Surge

Aside from the most widely asked question: whether or not George Bush's "surge" of 21,500 more troops into Iraq is going to help the situation there, there is the issue of the logistical support that they need once they're there. The *Washington Post* reported on Jan. 30 that both the Army and the Marines are scrambling to assemble enough armored trucks, humvees, and other equipment for the deployment's support. The Army needs 1,500 2-ton and 5-ton trucks for the additional troops, but Lt. Gen. Steven Speakes, the Army's deputy chief of staff for force development, said it will take until summer for the Army to supply and outfit the additional trucks. One senior Army official told the *Post* that vehicle shortages are "inevitable" unless "five brigades of up-armored humvees fall out of the sky."

Right now, the Army is pooling equipment from non-deployed units to equip those that are getting ready to deploy. Army Chief of Staff General Peter Schoomaker testified, last week, that this practice "increases risk for our next-to-deploy units and limits our ability to respond to emerging strategic contingencies." The situation is even worse in Army National Guard units, which have only 40% of the equipment they need.

Some Knew Pre-War Iraq Intelligence Was Wrong

Iraq pre-war intelligence was not just "wrong, but some knew it was wrong," Sen. Byron Dorgan (D-N.D.) asserted on the Senate floor Jan. 29, during the business session and debate on the minimum-wage bill. Dorgan's lead-in speech in support of the bill denounced the Bush-Cheney plan to "deepen the Iraq war"; a war, he said, we got into by intentionally wrong intelligence. Dorgan, first spoke of the shame of the Administration's failure to provide for returning Iraq and Afghanistan War veterans who have been maimed. On this, he said he will conduct oversight investigation hearings into the lack of funds.

He then issued a denunciation of Bush's rejection of the Baker-Hamilton report and the lack of credibility of the President and Vice President. He continued, charging that the intelligence was wrong and some knew it was wrong. Dorgan gave a

few examples, mentioning the intelligence source Curveball, who, he said, was a drunk and a fabricator. The Germans thought his information was *unreliable*, but this Administration used it to justify the war. Then there were the aluminum tubes and yellow cake from Niger myths—the same thing—he insisted. We were misled, and it is not just me saying this, but Col. Lawrence Wilkerson, who said there's been the perpetration of a hoax. This must end, he argued: No one has answered for this. No oversight was done in the last Congress. He concluded, stating, We've been in this war longer than we were in World War II and it is now a civil war. Monies spent on this war could be spent on the desperately needed domestic priorities—housing, health care, job creation, etc.

Republicans Worried About Holding Onto the Presidency

Syndicated columnist Robert Novak wrote Jan. 29, that "Republicans think withdrawal of troops must begin in the next six months for their party to have any chance at retaining the Presidency in 2008." Novak adds that there is "almost no enthusiasm for the surge," even among Republicans in the Senate.

Senator Joe Biden (D-Del.), interviewed on ABC-TV Jan. 28, said that he doubts even 20% of the Senate will say that Bush is headed in the right direction.

Poll Workers Convicted for 'Rigged' Ohio Recounts

Two Cleveland poll workers were convicted on felony charges stemming from "rigged" recounts of Ohio's 2004 Presidential election. The convictions have come down in Cuyahoga County, where Democratic candidates traditionally run up huge majorities. County Prosecutor Kevin Baxter opened the Cuyahoga trial by charging that "the evidence will show that this recount was rigged.... This was a very hush operation."

According to the SCOOP Independent News Jan. 29, "A statewide recount, paid for by the Green and Libertarian Parties, was marred in 87 of the state's 88 counties by the types of illegalities that led to this week's convictions. Only in Coshocton County was a full, manual recount performed. Throughout the rest of the state, under the direction of Republican Secretary of State J. Kenneth Blackwell, mandatory random sampling was not done, as prescribed by law. Instead, poll workers illegally chose sample precincts for recounting where they knew there would be no problems, and then routinely recounted the rest of the ballots by machine, rendering the recount meaningless."

Further prosecutions may now hinge on what the convicted poll workers "might tell prosecutors about the role played by higher-ups. The assumption is widespread that the decision to consciously designate test precincts, rather than choose them at random, must have been at least tacitly approved by Secretary of State Blackwell," write Fittrakis and Wasserman.

Maine Demands Repeal of Federal ID Card Law

The Maine Legislature passed a measure Jan. 25, which calls for the repeal of the national Real I.D. Act of 2004, which would create a national digital identification system by 2008, Reuters reported Jan. 25. The Maine resolution said the law would cost the state \$185 million, fail to boost security, and put people at greater risk of identity theft. Maine House Majority leader Hannah Pingree called the law a "massive unfunded federal mandate." She added, "We cannot be spending millions of state dollars on an initiative that does more harm to our state than good," she said. Similar measures are pending in eight other states.

Western European News Digest

Steinmeier Strikes Back; Blames Pentagon in Kurnaz Affair

The German Foreign Ministry has decided to switch from defensive legalism (which has not worked), to the first signs of an offensive on the Kurnaz case. Murat Kurnaz is a German-born Turkish citizen who was imprisoned for five years at Guantanamo. Foreign Minister Frank-Walter Steinmeier has been accused by opposition parties of rejecting a U.S. offer in 2002 to release Kurnaz and return him to Germany.

While Steinmeier was in Brussels Jan. 26 to meet with the other NATO ministers, including U.S. Secretary of State Condoleezza Rice, his ministry staff back in Berlin published a dispatch by the Berlin CIA station chief, dated Feb. 24, 2003 (four weeks before the Iraq invasion), in response to a request by the German counter-terrorism agency, the BfV. The dispatch said that "presently, an authorization of a release [of Kurnaz] from Guantanamo cannot be granted."

There are, naturally, other documents that prove that the Germans did try to get Kurnaz released, a Social Democratic source in the Bundestag told *EIR* Jan. 29. He said, in particular, there are no documents showing that the U.S. ever made a serious offer to Germany to release Kurnaz. "There has never been a U.S. offer," not in summer or autumn 2002. The Feb. 24, 2003, CIA document published by the Foreign Ministry on Jan. 26, shows unmistakably that the U.S. was not willing to release Kurnaz, he said.

The source would not rule out that this was an act of Bush-Cheney revenge, because of the former Schroeder government's opposition to the Iraq War, although he did not confirm it, either.

New Italian Infrastructure Modelled on Mussolini's

The Italian government announced at the end of January, a new national infrastructure fund, designed on Mussolini corporatist model, which today is called "PPPs," or Public-Private Partnerships. The new fund is called F2I, where "F" stands for Fund, "2" for 2 billion euros in capital, and "I" for Italy. This is a complete reversal of policy from the one inaugurated several years ago by Giulio Tremonti, with his Tremonti Plan for Europe, and the agency called ISPA (Infrastrutture Spa), modelled on the German Kreditanstalt fuer Wiederaufbau.

The government owns only 25% of F2I's current capital, while another 25% is owned by Italian banks, and the rest by international investors, among which is Lehman Brothers.

F2I's manager is Vito Gamberale, who was manager of Autostrade Inc. until he resigned a few months ago over disagreements on the merger of Autostrade and Abertis. F2I's chairman is Salvatore Rebecchini, former director of the Bank of Italy and member of a well-known Catholic traditionalist family with real estate and banking interests in Rome.

The F2I project was reportedly developed by a former Goldman Sachs director, Massimo Tononi, who is currently deputy Finance Minister, and who was present at the announcement in Milan. Also present was Tononi's boss, former European Central Bank director and current Finance Minister Tommaso Padoa Schioppa. At the event, it was explained that F2I's investments will have up to seven-fold leverage.

It was under Gamberale that Autostrade, owned by the Benetton family, entered as a partner in the Dulles Greenway private toll road project (in Loudoun County, Virginia, near Washington, D.C.), which has turned out to be a fiasco. Autostrade International still is the operator of Dulles Greenway, which in the meantime, has been bought by the Australian vulture firm Macquarie.

Police Reveal Second Questioning of Tony Blair

On Dec. 14, Metropolitan Police quizzed British Prime Minister Tony Blair, for a second time, as a witness in the so-called "cash-for-honours" scandal, in which Blair's Labour Party is accused of offering peerages or honours (i.e., knighthoods, which confer seats in the House of Lords) in exchange for donations or loans to the party. This makes Blair the first serving PM to be so questioned. The interview, reportedly kept quiet at police request, was held to see whether or not Blair had authorized any staff to offer honours or destroy evidence. Following this, on Jan. 30, Lord Levy (aka "Lord Cashpoint," Tony Blair's bagman) was arrested for a second time. This time police issued a charge of conspiracy to pervert justice.

The *Sunday Telegraph* revealed Feb. 1 that Scotland Yard has uncovered a handwritten note from Tony Blair that "has significantly widened" the cash-for-honours investigation. The note suggests that Blair wanted peerages for most of the 12 secret Labour lenders, well beyond the four Blair submitted to Parliament in 2005.

Lord Levy's arrest this week followed the Jan. 19 arrest of Tony Blair's key Downing Street aide, Ruth Turner, at her London home. She was questioned about perverting the course of justice. Both Levy and Turner are free on bail.

Germany Issues Arrest Warrants for 13 CIA Agents

A Munich prosecutor issued arrest warrants Jan. 31 against 13 CIA agents in the abduction case of Khaled el-Masri. Munich district prosecutor Christian Schmidt-Sommerfeld put out international arrest warrants against agents charged with the abduction and months-long illegal arrest of the Lebanese-born German citizen. The abduction occurred in Macedonia, and el-Masri was transferred to, and kept detained at, a secret camp in Afghanistan, even when it became clear that he was not the man the CIA grab team had been looking for.

This follows actions in Italy, in recent weeks, in which CIA agents have been indicted for abductions on Italian soil.

More Arson Attacks Continue German Strategy of Tension

On Jan. 26, the private cars of two leading managers of the Hamburg-based Thyssen-Krupp Marine Systems were torched. On Jan. 28, a group called "Revolutionary Anti-Militarist Activists" claimed responsibility, making a link between protests against the G8 Summit in June, and the Munich Wehrkunde meeting in February: "Attack the NATO WAR Conference in Munich—Paralyze the G8 Summit in Heiligendamm!" The attacks in Hamburg were said to be "militant actions against military-industrial managers." Thyssen-Krupp Marine Systems is a leading German producer of submarine components, as well as components of other military vessels.

Since the beginning of September, altogether 40 attacks related to the anti-G8 mobilization have been recorded by police; 14 were arson attacks, the most prominent being an arson attack several weeks ago against the Hamburg private home of Assistant Finance Minister Thomas Mirow, who happened to be in the U.S. at the time for talks on the German proposal for hedge fund transparency.

Christian Zionist Group Holds Inaugural Meeting in London

The Christian Zionist gang called the Jerusalem Summit Europe, held its first meeting at London's Central Hall Westminster, the *Jerusalem Post* reported Jan. 28. The group includes the Israeli Knesset's Christian Allies Caucus and the U.K.-based Exploits Ministry which is run by an American couple, Christine and Peter Darg; Peter Darg runs the European side of Robertson's Christian Broadcasting Network. One of the sponsors is Cyril Stern, former chairman of Ladbrokes betting house and a good friend of Ariel Sharon. The Archbishop of Canterbury Rowan Williams sent his blessing. The purpose of the meeting was to promote Christian Zionism in Europe in the face of the alleged Islamic threat to Europe.

"We are in a critical season and crossroads for Great Britain which is a test case for the challenge of Islam," said Christine Darg. "Now is the time to rekindle the almost unique relationship that Great Britain has had with the Jewish people over the last couple of years." A visit to Darg's website reveals that the Second Coming will take place this year, but exactly when, Darg could not say.

Benny Elon, of Israel's fascist National Union-National Religious Party and chairman of the Christian Allies Caucus, said, "The Bible is the real bridge between us. This basic connection should overcome the mistakes that have soured our historic relations in the past."

Dmitry Radyshevsky, director of The Jerusalem Summit, which is financed by Russian Mafia tycoon Michael Cherney, said, "The main message we are bringing is not a request to support Israel, but to support Christian revival in Europe, not to save Israel but to save yourself."

Peter Darg piped up, "This is a clarion call to be Biblically correct and not politically correct."

European Parliament Greens Denounce Bio-Fuels Campaign

The entire campaign for bio-fuels is so absurd, that even the Greens cannot support it. In a statement published in Brussels Jan. 31, the Green group in the Euro-Parliament attacked plans of the EU Commission to expand the production of bio-fuels and co-fund it heavily. The farming policy spokesman of the Greens, Friedrich-Wilhelm Graefe (Germany), said that trying to meet President Bush's target of making bio-fuels 16% of the national power supply, would imply burning all the corn that the U.S. produces—half of the globe's output.

In Europe, most of the grain areas would have to be used to produce bio-fuels.

Unfortunately, the "alternative" of the Greens is just as bad: more energy efficiency, more power from solar, wind, thermal sources, and, "naturally," no nuclear power.

Russia and the CIS News Digest

Russian Military Paper Cites FDR on Russian-American Relations

With greater pungency than any press in the United States, the Russian Ministry of Defense daily *Krasnaya Zvezda* (Red Star) on Feb. 2 published a special message on the occasion of Franklin Delano Roosevelt's 125th birth anniversary, which was Jan. 30, 2007. Included was a commentary by Victor Ruchkin, who interviewed Academician Andrei Kokoshin, one of Russia's leading specialists on the United States and strategic affairs. Kokoshin is also a committee chairman in the Russian State Duma, which recently passed a resolution calling for more and better direct contacts with the U.S. Congress.

The commentary by Ruchkin, titled, "A Politician with Firm Principles, is given here in full.

"January 30 marked the 125th anniversary of the birth of Franklin Delano Roosevelt, an outstanding statesman of the 20th Century. He was elected President of the United States four times, from 1933 to 1945, which was unprecedented in the history of that country. This politician with firm principles, as even Roosevelt's adversaries called him, played an important role in the destiny not only of America, but of all mankind. It was largely thanks to him, that the political alliance of the "Western democracies" and the Soviet Union became possible. Despite their ideological differences, they were able to unite their efforts in the international arena, in the face of a global threat—Nazi Germany's attempts to rule the world—and

they defeated it totally. On this memorable date, our correspondent asked Academician Andrei Kokoshkin, chairman of the State Duma's Committee on CIS Affairs and Ties with Compatriots, to tell us his opinion of the policies of the 32nd President of the U.S.A.

"Kokoshin: 'Franklin Delano Roosevelt is one of the greatest statesmen not only of the U.S.A., but in world history. He is known for his New Deal, which brought the United States out of the deep crisis of the Great Depression, and which Roosevelt put forward against the resistance of many representatives of Big Business.

"For our people, Roosevelt is one of the main leaders of the anti-Hitler coalition, which achieved a crushing victory over Nazi Germany and its satellites, and eliminated a tremendous threat to world civilization. Roosevelt's name is linked to the deliveries to our country of weapons and military equipment, food, other goods, and various materiel, which helped the U.S.S.R. attain victory. These supplies, especially a whole array of specific parts, were highly rated by Soviet commanders, especially Marshal of the Soviet Union Georgi Konstantinovich Zhukov.

"For us, Roosevelt is a symbol of truly mutually beneficial and equal cooperation between the U.S.A. and our country, an example that, unfortunately, has not been followed by the great majority of American leaders in the postwar period. Recognizing the growing role of the U.S.S.R. in world politics, the Roosevelt administration, on Nov. 16, 1933, established diplomatic relations with the U.S.S.R..

"After Hitler's attack on the U.S.S.R., Roosevelt, already on June 24, 1941, announced the U.S.A.'s readiness to support the struggle of the Soviet people. We remember that Roosevelt, to a greater degree than Churchill, sought to open the second front against German fascism on the west coast of France, rather than in other places, in order to hasten the defeat of the Axis. There are many reasons to believe that if Roosevelt had lived longer, our relations with the U.S.A. would have developed in a different way during the first post-war years.

"It is by no means certain, that Roosevelt would have taken the decision to drop the American atomic bombs on Hiroshima and Nagasaki. We know that his successor, Truman, did this largely to intimidate the U.S.S.R.. This gave a powerful impulse to the transition to the Cold War, and the nuclear arms and nuclear missile race, which repeatedly brought the U.S.S.R. and the U.S.A. to the brink of a hot war. I believe that today's generation of politicians ought to draw appropriate conclusions from these lessons of history."

Primakov Speaks on Indicative Planning, Invokes Roosevelt

Former Prime Minister Yevgeni Primakov gave a high-profile interview to the Sunday Evening program on Russia's NTV channel which appeared Jan. 28. His discussion had several elements of strategic importance:

* Primakov said that Russia is being criticized today more sharply, than at any time since the end of the Cold War. He thinks this is due to "subjective factors on the other side," because of expectations that Russia would be a towel boy for Western institutions, beginning in the early 1990s. He recalled how, when he was Prime Minister, "a representative of the International Monetary Fund came over and tried to impose certain models of development on us. They were trying to impose on us a system when the state was not to be involved in anything, everything was to be left at the mercy of the market and the market was supposed to take care of everything."

When the interviewer asked him if Russia should form a bloc with countries that have been ostracized, e.g., for seeking nuclear weapons, Primakov strongly condemned any notion of turning anti-American: "To form a bloc against America? I am against it.... There should be no anti-Americanism in our policy. We should look for ways to uphold our national interests without confrontation. This is Putin's course and I support him on that to the hilt."

* As against the fallacies of the IMF, Primakov cited Franklin Roosevelt, saying: "No country has ever managed to extricate itself from an economic crisis situation without decisive interference of the state. This is what Roosevelt said, and this is what Erhard in West Germany after the Second World War said, and he acted accordingly.... We have seen a turning point; at long last we have rejected the views of the people I would describe as dogmatic liberals who thought that the market would provide all the answers.... At present the state is increasingly involved in the economy. It does not mean that the state will revert to Gosplan, to issuing directives. But indicative planning and even industrial policy as such were also denied. Now, thank God, we have abandoned this, and this is not liked."

* He reiterated, this time for a national TV audience, his recent remark that Saddam Hussein was hanged unexpectedly and in a hurry, in order to prevent him from speaking out "about the game which was played around him and together with him," especially by Donald Rumsfeld from the U.S. side.

Lavrov: Russia Welcomes Baker-Hamilton Approach

Remarks by Russian Foreign Minister Sergei Lavrov Jan. 27, prior to a Feb. 2 meeting of the Quartet (Russia, the U.S.A., the EU, and the UN, conferring on the Mideast) and his bilateral talks with Secretary of State Condoleezza Rice and with U.S. Senators, were explicit on the consonance of Russia's approaches with those of the Baker-Hamilton report. About bringing Iran and Syria into talks, Lavrov said, "After a long break, the theme of the need for a comprehensive settlement was sounded for the first time in St. Petersburg at the G-8 summit.... The Baker-Hamilton Commission has confirmed this. Many Arab countries are likewise saying that it's necessary to draw all influential players into the settlement process. Of course, this presupposes involving Iran and Syria in the solution of the Lebanon and Palestine-Israel problem...."

"I am convinced that it is in the national interest of all those who are in one way or another involved in any aspects of the Near and Middle East conflict, to seek participation of all influential players in the discussion. You really can't expect somebody to help you if you're telling somebody: 'Now you help me, and in the rest of things you are a rogue.' This won't work, and any person understands it. It is no coincidence that the Baker-Hamilton Commission and most in the U.S. Congress are for substantial changes in the Iraq policy of Washington."

At the same press briefing, Lavrov was asked about U.S. aircraft carriers being moved up, "as if they are going to attack somebody," and he replied that Russia would demand clarification on "what stands behind this ... hard-line policy against Iran, which presupposes in the American vision much harsher measures than those envisaged by the latest resolution of the UN Security Council. We would like to get explanations on what stands behind this."

President Putin travels to Saudi Arabia, Qatar, and Jordan the week of Feb. 5.

Southwest Asia News Digest

EIR Interviewed on Iranian National TV and Radio

Expressing a continuing interest in the fight going on in Washington over foreign policy, the Islamic Republic of Iran Broadcasting (IRIB) called the *EIR* office in Wiesbaden, Germany Feb. 1, and interviewed Editorial Board member Muriel Mirak-Weissbach on their German-language program.

The interviewer wanted to know what plans President Bush has, given that he has said he had no intention of invading Iran. He cited Bush's State of the Union address and more recent remarks, in which Bush singled out Iran by name several times as a hostile force, and repeated that, although diplomacy were preferable, "all options" were on the table. The focus of the responses was on outlining Cheney's plans for war, and how the Congress has been mobilizing to prevent this. All the

major Congressional initiatives, bills, resolutions, etc., were mentioned, against both the "surge" policy and an attack on Iran.

Mirak-Weissbach made special mention of the initiative of Rep. Gregory Meeks (D-N.Y.) for a "Dialogue Caucus," which Lyndon LaRouche endorsed, and Iraq Study Group co-chairman Lee Hamilton and former Secretary of State Madeleine Albright indirectly supported. The interviewer wanted explanations of how Congress could move in opposition to Administration policy, and if it were feasible for a group of them to visit Iran.

Israeli Elites Form Group Advocating Talks with Syria

A group of retired Israeli diplomats, and military and security officers have formed the "Forum of the Peace Initiative with Syria," according to Ynet.com Jan. 29. The group includes former IDF Chief of Staff Amnon Lipkin Shahak and former Shin Bet chief Yaakov Peri and Dr. Alon Liel, the former Director General of the Foreign Ministry, who had been leading backchannel talks with Syria. On Jan. 28, they held a meeting at the Arab-Jewish Theater in Jaffa. "We all know that in recent months Syrian sources, including President Bashar al-Assad, have been indicating their readiness to begin negotiations with Israel without preconditions," Peri told the meeting. "It is possible that these signals from Damascus are a result of Syrian distress, or it's possible that Assad is trying to take advantage of voices within Israel calling for dialogue regarding a permanent solution with the Syrians."

Former Minister Tells Israel: Don't Be a Captive of the Holocaust

Shlomo Ben-Ami, the former Israeli Foreign Minister, in an address before the Spanish Parliament commemorating the Shoah (Holocaust), criticized Israel for always making comparisons to the Shoah, Ynet reported Jan. 30. He pointed out that, "if the strongest nation in the Middle East refers to every war and every threat as a threat of the Holocaust, we ourselves are making the Holocaust banal." We can't hold on obsessively to the mentality of being a victim, he continued, warning that "Israel is a captive of paranoia of the memory of the Holocaust." He said that such comparisons are an obstacle to Israel's relationship with the international community.

Ben-Ami played a leading role in the recent conference on peace, which commemorated the Madrid Conference of 1991.

Baroness Cox Raves Against Islam

At the Christian Zionist meeting in London at the end of January, Baroness Caroline Cox gave a wild anti-Islam speech, in which she said, "The threat of a militant and totalitarian form of Islam poses the greatest threat to our cultures today, and Israel is standing at the front lines of this struggle against militant Islam which would destroy the values of our societies." Speaking at the Jerusalem Summit Europe, she went on to say, "The sad thing is that growing in our midst, there is a significant portion of youth who seem to believe in values that are absolutely antithetical to the spiritual, political, and cultural values on which this nation has been based over the centuries," reported the *Jerusalem Post* Jan. 31.

Lord Malcolm Pearson, a supporter of Jimmy Goldsmith's Euro-skeptic U.K. Independent Party, was on hand to receive the third Henry M. "Scoop" Jackson award from the Jerusalem Summit organization, which is financed by alleged Russian Mafia tycoon Michael Cherney. "Violent Islam is clearly the greatest problem mankind is facing today," Pearson said.

Also attending were: Andrew Balombe of the Zionist Federation of the U.K. and Ireland, and Pamela Thomas, director of Bridges for Peace U.K., another Christian fundy organization.

China Anti-Satellite Breakthrough Focus of Israeli Space Conference

The question of China's ability to knock out satellites dominated the second Ilan Ramon Annual International Space Conference in Herzliya, the *Jerusalem Post* reported Feb. 1. Israeli Air Force commander Gen. Elazar Shkedy told the conference that Israel's space assets are endangered, requiring the development of countermeasures.

"His comments came in light of China's destruction on Jan. 11 of one of its own satellites, an act that has sparked concern among the world's leading space powers that potential enemies may target their space-based assets," the *Post* wrote,

The conference was sponsored by the Fischer Brothers Institute for Air and Space Strategic Studies in Herzliya and the Science, Sports and Culture Ministry.

Shkedy took the opportunity to announce that the Israeli Air Force has now changed its name to Israel Air and Space Command. Israel Aircraft Industries has changed its name recently to Israel Aerospace Industries.

"Battle in space is on our agenda, whether we want it there or not," Shkedy said.

Deputy commander of the USAF Space Command General Frank G. Klotz, also addressed the danger especially since satellites are required for both military and civilian needs.

Israel To Decide on New Missile-Defense System

Israeli Defense Minister Amir Peretz will soon make the final decision on which of three missile-defense systems to develop to counter short-range rockets, Ynet reported Feb. 1. One, a missile system, would be developed by the Israeli Rafael Development Corporation and a U.S. company; a second by Rafael and Israel Aerospace Industries, also a kinetic energy system; the third, a laser system, is the Skyguard laser system now being developed by Northrop-Grumman.

Progressive Caucus Holds Hearing on Iran War Danger

The Congressional Progressive Caucus held a hearing on the dangers of a U.S.-Iran war, focussing on diplomacy with Iran as an alternative to a preemptive military attack. The panel of witnesses for the hearing were Ken Katzman of the Congressional Research Service; Dr. Paul Pillar, a former CIA officer; Col. Sam Gardiner, U.S. Air Force (ret.); and Trita Parsi, President of the National Iranian American Council.

Col. Gardiner told the panel that several steps toward a military attack on Iran have already been put into place, noting the second aircraft carrier going to the Gulf region, and preparations for a major naval exercise in the Gulf in the coming weeks. He pointed out that the White House has set up a Media Outreach Working Group, whose mission is to establish international outrage against Iran. We're seeing a pattern very much like the run up to the invasion of Iraq, he said.

Dr. Pillar stated that the Congress has to press this Administration to keep the dialogue with Iran broad, noting that "even if Iran gets the bomb, there are other ways to deal with this, other than military confrontation."

At the same time, Rep. Barbara Lee (D-Calif.) introduced a bill Feb. 1 to stop a preemptive attack on Iran. The bill is called the Iran Nuclear Non-Proliferation Act of 2007.

Iraq War Veterans Lobby Against Bush's 'Surge'

On Feb. 2, VoteVets.org and Americans Against Escalation in Iraq announced their plan to continue lobbying on Capitol Hill, against the Administration's surge of troops in Iraq. Their campaign unites a broad coalition of groups and has targeted members of both the House and Senate, especially Republicans, in their home districts. So far, they have met with Republican Senators Norm Coleman (Minn.) in St. Paul (who, they say, is still on the fence); Richard Lugar (Ind.) in Indianapolis; George Voinovich (Ohio) in Columbus; Maine's Olympia Snowe and Susan Collins in Portland; New Hampshire's Judd Gregg and John Sununu in Manchester; Arlen Specter (Pa.) in Philadelphia; and John Warner (Va.) in both Norfolk and Richmond.

VoteVets, which is composed of Iraq War veterans, has put out an ad, saying, "If you support the troops, you don't support the escalation."

Another VoteVets veteran, Jonathan Powers, who served for 15 months in Iraq and started War Kids Relief in Iraq, said it is time for the Administration to listen. Cheney said "they" can't stop him. But it is we, the American people, who are trying to stop him.

Bush Admin. Still Can't Prove Iran Meddling in Iraq

President Bush's security advisers have ordered a delay in publication of evidence which would support Washington's claims of Iranian meddling in Iraq, the *New York Times* reported Feb. 2. The decision has upset U.S. Ambassador to Iraq Zalmay Khalilzad and embarrassed other U.S. officials, who are now struggling to explain the delay. One explanation is that the evidence that they could present may not survive close scrutiny.

Asia News Digest

U.S. Trumpets Opposition to Gas Iran-India-Pak Pipeline

In a hastily arranged press conference Jan. 27 in Islamabad, U.S. Deputy Assistant Secretary of State for South and Central Asian Affairs John Gastright said that the United States would not support the multibillion-dollar Iran-Pakistan-India gas pipeline project, now in discussion among three nations, since "it violated the terms of America's domestic law—the Iran and Libya Sanctions Act." The act imposes sanctions on foreign companies investing \$40 million or more in the energy sectors of either Tripoli or Tehran.

The United States has all along reacted negatively to the proposal and had resorted to linking this project with the U.S.-India nuclear cooperation act. But, what is intriguing at this point, is the fact that Gastright felt compelled to call a last-minute press briefing in Islamabad to make the position official.

Responding to the press conference, Pakistani Foreign Office spokeswoman Tasnim Aslam told reporters: "We are determined to implement the Iran-Pakistan-India gas pipeline project.... We are facing a shortage of electricity and gas, therefore, we have a firm intention of buying gas from Iran."

Donors Warn Sri Lanka Government About Violence

At a donors' meeting held at the southern Sri Lankan port city of Galle Jan. 30-31, World Bank Vice President Praful Patel said the ongoing conflict between the government and the rebel Tamil Tigers remains at the center of any discussion of Sri Lanka. Pointing out that there is no way "to politely skirt" the issue, since more than 3,500 Sri Lankans were killed last year, he said, "We cannot spend two days discussing development plans if we do not place the conflict squarely in our sights as the single largest obstacle."

While Sri Lankan President Mahinda Rajapakse told delegates that it was "equally important to defeat futile terrorist attacks," U.S. Ambassador Robert Blake said the United States "remains unwavering in the conviction that there can be no military solution to this terrible conflict." Urging Colombo to "seize the opportunity to forge a power-sharing" with the Tigers, Blake said a basis can be formed for renewing talks with the rebels that could eventually bring an end to the conflict.

The Tamil Tigers are listed by the United States, EU, India, and many other countries as a banned terrorist organization.

Thailand Takes Measures To Curtail Bio-Fuels

The military junta which seized power in Thailand in September, the Prime Minister, and members of the Cabinet have taken measures against the globalization orthodoxy, including modest controls on currency speculation, authorizing AIDS and heart drugs to be produced by local manufacturers, and now cutting back drastically on the bio-fuel idiocy. Viraphol Jirapraditkul, director-general of the Energy Policy and Planning Office, said Jan. 30 that the use of biodiesel (B5), a mix of 95% diesel and 5% used vegetable oil, will be cut by half from the existing plan of 8.5 million liters per day, by 2011-12. The Agriculture Ministry is also revising a plan to promote palm-oil cultivation by slashing the producing area in half, from the existing plan of 5.1 million rai by 2012. The government also terminated a plan to promote palm-oil cultivation in neighboring countries, saying it was unnecessary at the moment.

The policy to promote cultivating jatropha, a cactus-like plant, remains unclear.

Viraphol said the target to promote the number of vehicles nationwide to use natural gas (NGV) would also be revised down to 300,000 units in 2011 from the existing 500,000 units.

Philippines Commission Names Names in Death Squad Probe

A Philippines government commission investigating the death squad murders of leftists and journalists surprisingly named the military generals as responsible, the *Philippines Inquirer* reported Jan. 30. Gen. Jovito Palparan, assigned by President Gloria Arroyo last year to "clean up" the communist insurgency, has denied any role in the hundreds of deaths, many in areas of his command, but at the same time, has repeatedly bragged that individuals, including soldiers in his unit, could well have been inspired by his own diligence to take the law into their own hands, and bring "justice" for those who had been killed by communists.

The Commission, headed by former Supreme Court Justice Jose Melo, was expected by many to be a cover-up, but the 89-page report, presented to Arroyo, said that "the majority of the victims were leftist-activists-militants" who were killed by "elements of the military who were allowed to do their thing without supervision from higher officers."

In releasing the report, Melo said: "There are several pages there on Palparan. You know, he has said he inspired them. You can hook the fish through the mouth."

President Arroyo not only appointed Palparan, she also praised him for his excellent work long after he had essentially taken credit for the death squads. She is now scrambling to insist that the culprits be brought to justice, that she could not accept human rights violations, etc.

Talk at Davos About Moving Out of Dollar

On Jan. 27, Malaysian Prime Minister Abdullah Ahmad Badawi said that Malaysia has shifted some of its \$82 billion equivalent of currency reserves away from dollars. "We're concerned for the reason that the high percentage of our international trade is in U.S. dollars," Abdullah said, in an interview with Bloomberg at the Davos World Economic Forum. Asked if Malaysia would cut dollar holdings, he said: "We already have done. We'll continue to watch the situation.... Overdependence on one currency can create a problem, the dollar or any other currency." He would not say to which currencies Malaysia is shifting. In July 2005, Malaysia ended its peg to the dollar, and shifted to a basket of currencies.

Kuwaiti Finance Minister Bader al-Humaidhi also said on Jan. 27, that Kuwait may abandon the peg of its currency, the dinar, against the dollar. "We might go to a basket [of currencies] for an interim period," Al-Humaidhi said. "The dollar fell a lot against the euro last year, but if we'd been linked to a basket we would not have suffered" as much. He would not comment about which currencies might be in the basket.

Other oil-producing countries, such as the United Arab Emirates, Venezuela, and Iran, are also diversifying from dollar reserves. Deutsche Bank reported in January, that Persian Gulf states' currencies are undervalued because they are pegged to the dollar, according to Bloomberg. Last October, the UAE central bank said it would eventually, over a longer period, cut dollar holdings by anything up to 50%, and diversify into yen, euros, and/or sterling. As of December, UAE reserves of some \$25 billion were 98% in dollars, and the bank's immediate goal is to shift that to 90% by later in 2007.

Beijing Issues New Rules on Foreign Takeovers

Beijing has issued new regulations for transactions concerning state-owned companies in key industries, Xinhua reported Jan. 30. The new regulations were issued in the wake of an effort by the Carlyle Group to buy 85% of the Chinese construction machinery company Xugong. The Ministry of Commerce turned down the deal, but Carlyle has now bid to buy just 50% of the enterprise for \$225 million—a bargain. The Carlyle bid has drawn attention to other "questionable" takeover attempts, such as the German Schaeffler Group trying to buy up the biggest bearing producer in China, Luoyang Bearing Co.

The Ministry of Finance and State-Assets Administration Commission's new regulations say that the "sale of state-owned assets should not violate the restrictive or prohibitive rules concerning the country's economic safety."

Africa News Digest

African End of the British Arc of Crisis Continues to Build in the Horn

Since the Ethiopian military incursion into Somalia, with the active support of the Cheney-Bush regime, conditions for permanent, purposeless asymmetric warfare have been developing in Somalia. And Eritrea has taken advantage of Ethiopia's preoccupation with Somalia to build up troop strength in a demilitarized zone between it and Ethiopia as well, in violation of a UN-brokered agreement. The region is rapidly sliding into war on two fronts.

The Somali Transitional Federal Government (TFG), was set up in Kenya in 2004 by neighboring governments, the African Union (AU), and the UN, to be a government of national reconciliation. Prior to the late-December 2006 Ethiopian invasion, the TFG had existed only in Baidoa, because of hostility from key warlords in Mogadishu. But since the Ethiopian invasion in support of the TFG, the TFG has still made no serious effort to set up an inclusive government of national unity.

Instead, the TFG has declared a state of emergency; thrown out the Speaker of the Parliament for advocating discussion and compromise with various Islamic factions; and imposed martial law.

As a result, Somalia is a political vacuum, and is reverting to a patchwork of clan and subclan-based fiefdoms of various warlords, some of whom are connected to the TFG, and are filling the vacuum.

It would take a significant peacekeeping force, coming in very soon, to prevent a return to the pre-June 2006 anarchy and chaos. African nations are very reluctant to get involved in a peacekeeping operation. The force would have to large to be effective, and these countries can't afford what portends to be a long-term operation. In addition, the offers of U.S. air support for a peacekeeping force, proffered by U.S. Assistant Secretary of State for African Affairs Jendayi Frazer would turn a peacekeeping force into occupation troops, appearing to carry out the policy of the Bush-Cheney regime.

Nigeria, Uganda, Ghana, and Malawi have offered to send some troops. Malawi has since withdrawn its offer, and Burundi has offered to send troops. Twice as many as have been offered are needed. As for funding, the International Crisis Group reported that the United States was prepared to provide \$20 million, and the EU, \$15 million, but that "hundreds of millions" would be required.

Meanwhile, indiscriminate and random violence is on the increase. Mortar attacks are hitting civilian areas of Mogadishu. According to a UN report, "an estimated 1,000 people left Mogadishu in January 2007 due to fear of conflict and instability."

Ethiopians had been the subject of attacks, until they altered their deployments, staying in secure locations. Since then, TFG officials and government forces have been targetted. The TFG is blaming "Islamists" for these attacks.

Somalia's Prime Minister Ali Mohamed Gedi warned Jan. 30 of a huge influx of heavy weaponry into Baidoa. In an address to lawmakers, Gedi rebuked legislators and government ministers for arming themselves despite efforts to reduce weaponry amongst the population. He said he was "very much terrified" by the scale of the re-militarization of Baidoa, just weeks after the defeat of the Islamist movement by Ethiopian troops.

Sudan Says No to Darfur AU/UN Force; Says U.S. Wants To Dismantle Government

At the African Union (AU) summit Jan. 29-30, UN Secretary General Ban Ki-moon failed to persuade Sudan's President Omar al-Bashir to accept a hybrid force of AU and UN troops in Darfur. Reuters Jan. 29 quoted Presidential adviser Majzoub al-Khalifa as saying, "We have agreed on a hybrid operation, not a hybrid force." Sudan opposes the deployment of thousands of UN peacekeepers in Darfur, but has agreed to allow up to 1,000 UN support personnel to bolster the struggling AU mission, according to Reuters.

Mustafa Osman Ismail, also a Presidential adviser, then told SUNA, the national press agency, that the U.S. is attempting to dismantle the government of Sudan through peace deals and human rights organizations, the Sudan *Tribune* reported Jan. 31. According to the *Tribune*, "Sudanese Presidential Adviser Mustafa Osman Ismail has reiterated that the American strategy towards Sudan had a different picture before: it aimed at ousting the regime through the neighboring countries and providing all the necessary financial resources to needed for the implementation of this strategy. The strategy has now changed to realizing peace and then dismantling the government by mounting on international pressure through human rights organizations and bringing in controversial elements to Khartoum."

Sudan's Foreign Ministry said that, at the AU summit, U.S. Assistant Secretary of State for Africa Jendayi Frazer was denied meetings with Foreign Minister Lam Akol and Mustafa Osman Ismail and did not meet President Bashir, according

to the *Tribune*.

Chinese President on Tour of Eight African Countries

Chinese President Hu Jintao is in the middle of a tour of African countries that includes Liberia, Cameroon, Sudan, Zambia, South Africa, Namibia, Mozambique, and Seychelles. He announced in advance that China will hold to the commitments it made at the Beijing Summit of Africa leaders in November, for \$5 billion worth of loans and credit, and doubling of aid. The Ministry of Commerce announced that China will lend African nations \$3 billion in preferential credit over three years, and double aid and interest-free loans also over the next three years, according to *Gulf News* Jan 30. "The preferential loans provided by China carry no political conditions," the Ministry said.

During his one-day visit to Sudan Feb. 2-3, Hu signed an agreement for a loan to finance a rail line from Khartoum to Port Sudan and cancelled certain Sudanese debts to China. During the visit it was reported that Chinese agricultural experts will arrive soon to teach the use of agricultural technology. China has a large stake in Sudanese oil.

Hu "told Sudan's President Omar Hassan al-Bashir on Friday [Feb. 2] Khartoum had to resolve the four-year-old conflict in Darfur, a source said after talks between the two leaders," according to Reuters Feb. 3. According to the official Sudan Media Center in Khartoum Feb. 3, "Foreign Minister Dr. Lam Akol said, 'Sudan and China share an identical view point on settlement in Darfur. He said both countries believe that the solution to the conflict in Darfur should be based on the Abuja agreement; besides recommendations and resolutions of Addis Ababa meeting held by AU peace and security council as well as UNSC statement on this regard.'"

Hu left Sudan for Zambia Feb. 3.

Forty African heads of state gathered in Beijing in November 2006 as guests of the government. Africa's trade with China has quadrupled in the past four years, and is now said to be at \$40 billion annually. China is now Africa's third most important trading partner after the U.S. and France, having outpaced Britain.

Mining Cartels Plot at Davos to Get China Out of Africa

The mining cartels held a secret meeting at Davos to organize a plan to get China out of Africa. The *Times* of London reported Jan. 29 that major mining companies accuse China of "freezing them out of Africa," by such nasty tricks as offering "huge incentives to African nations,... building dams, telecom equipment, football stadiums, roads, railways and power stations across the continent. In return for these deeply discounted or gifted projects, they are winning rights to explore and exploit vast areas." The meeting included Paul Skinner, the chairman of Rio Tinto; Tony Trahar, chief executive of Anglo American; Jonathan Oppenheimer, chairman of De Beers; Alexei Mordashov, chairman of SeverStal; and Wayne Murdy, chairman and chief executive of Newmont Mining. The group, dubbed the governors, met at the Hotel Fluela on Thursday Jan. 25 in a six-hour session.

The World Bank estimates that China last year spent more than \$10 billion on infrastructure projects in Africa, including motorways in Nigeria, a telephone network in Ghana and an aluminium smelter in Egypt. China is also putting significant efforts into its diplomatic relations in Africa. Hu Jintao is to start a ten-country tour Jan. 30. Last year, 48 African leaders, including Robert Mugabe, President of Zimbabwe, went to Beijing to discuss business partnerships and received \$5 billion in development loans.

To end this devious practice, the oligarchs discussed "asking the UN to mandate that countries must sign deals that require participants to meet high environmental and safety standards. Chinese miners have a poor reputation in these areas";

partnering with the World Bank's International Finance Corporation (IFC); work with environmental groups and organizations such as Oxfam to encourage African leaders to demand more guarantees from China.

Only one unnamed big miner is seeking joint ventures with the Chinese.

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