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This Week You Need To Know

Andropov's Blunder Still Haunts the Earth

by Rachel Douglas

Two current strategic military moves bring into focus once again, the blunder committed by the Soviet regime of Communist Party General Secretary Yuri Andropov in 1983, when Moscow rejected President Ronald Reagan's offer of Lyndon LaRouche's policy: cooperation by the two superpowers on the development of strategic defensive weapons, anti-missile systems based on "new physical principles" such as lasers, particle-beams, and other directed-energy technologies. With that decision against the Strategic Defense Initiative (SDI), "the Soviets played a trick on themselves," as LaRouche put it recently, and it was one with fatal consequences for their regime.

One of those current developments is the U.S./NATO in-your-face emplacement of anti-missile systems in Poland and the Czech Republic near Russia's borders, and the other is China's experimentation with the blinding of satellites last year and destruction of one of its own in January. Each is a feature of the post-Soviet world that dramatizes, in a different way, what a lost opportunity the SDI's potential for a shift to war-avoidance, as well as generalized economic development, represented.

Neither China nor Russia intends to allow the United States to monopolize the military use of space, under the recent one-empire doctrines of the Bush-Cheney Administration. This, the Chinese test demonstrated, and the opinion of Russian First Channel TV commentator Mikhail Leontyev that "we ought to be extremely grateful to the Chinese; they showed the U.S.A. that nobody has the right to dictate his will to the world community, whereas it would probably have complicated matters if we had been the ones to make a demonstrative satellite kill," is shared by more than a couple of Moscow strategists. Meanwhile, Russian officials up to the level of President Vladimir Putin and Minister of Defense Sergei Ivanov warn that Moscow perceives the forward basing of the anti-missile systems in Europe, as being geared to a U.S./NATO confrontation not primarily with Iran, but with Russia itself; and they emphasize the preparation of asymmetrical defense measures in response....

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

Lyndon LaRouche: **The Issue Is Globalization**

The following opening statement was delivered by Lyndon LaRouche, at a Feb. 8 meeting of diplomats in Washington, D.C.

I'd like to bring to your attention an item in the latest edition of the London Economist magazine. I recommend that you look at it, particularly the article on page 12, which is a onepage reference to a special central feature in the same edition of that magazine: because this refers to what I'm going to deal with here today. Now, looking at the U.S. Presidential candidacies: It's a farce. These people that are running are not a farce, but what they're saying is a farce. It's totally irrelevant to anything of importance to the world today; but it's very important to them, because it's an ego-trip. But the

realities are far different. You should know, first of all, that we are on the verge of the greatest financial crisis in all modern history: that is, in modern European history since the great crash in the middle of the 14th Century. The urgent financial situation is absolutely impossible; there is no solution. Present policies will lead to an absolute disaster, globally. Not just the United States, the whole world will go down; because, obviously, a collapse of the U.S. economy would mean a collapse of the China economy: because China depends currently upon exports to the United States. A similar thing is true with respect to the rest of the world.

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

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Feature

[Lyndon LaRouche: The Issue Is Globalization](#)

LaRouche's opening statement at a Feb. 8 meeting of diplomats in Washington, D.C. Reviewing recent developments such as the London Economist's touting of Britain's imperial past; China's demonstration of antisatellite capabilities; and the U.S. Presidential election race, he emphasizes that 'the real issue is the attempt by a group centered in the United Kingdom, and integrated with forces in the United States, typified by the circles represented by the Bush Administration—these circles are moving toward total globalization.' The only way out is to form an alliance in defense of the nation-state, with four principal countries at its core: the United States, Russia, China, and India.

- [The London Economist: 'Hurrah for Imperialism!'](#)
- [FDR Confronted Churchill on British Imperialism](#)
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International

[Andropov's Blunder Still Haunts the Earth](#)

Communist Party General Secretary Yuri Andropov, in 1983, rejected President Ronald Reagan's offer of Lyndon LaRouche's policy: cooperation by the two superpowers on the development of strategic defensive weapons, anti-missile systems based on 'new physical principles' such as lasers, particlebeams, and other directed-energy technologies. With that decision against the Strategic Defense Initiative (SDI), the Soviets ensured the destruction of their own regime. The consequences remain with us today.

- [SDI Revisited: In Defense of Strategy](#)
Excerpts from an article by Lyndon H. LaRouche, Jr., published in *21st Century Science & Technology* in Summer 2000.
- [The Power of Ideas: SDI Changed the World](#)
A speech by Jeffrey Steinberg in March 1993, on the tenth anniversary of President Reagan's announcement of the Strategic Defense Initiative.

[Will Cheney Drag Israel Into War With Iran, Syria?](#)

A Scientific Revolution: LYM Announces Advance in Kepler Studies

The LaRouche Youth Movement issued this press release on its breakthrough work on Johannes Kepler's Harmony of the World.

International Intelligence

Investigation

Henry Jackson: 'Scooping' Up After the British Empire

It is indeed fitting, that the founders of the new Henry Jackson Society in Britain, proponents of AngloDutch-American empire, should name themselves after the late U.S. Sen. Henry 'Scoop' Jackson, who was a witting tool of those AngloAmerican networks who have been out to destroy the United States for the past century, and, more broadly, since the American Revolution.

National

LaRouche to Congress and the American People

Don't Blow It—Oust Cheney Now

Congress, they would be making a fatal mistake, were they to sit back and count on Independent Counsel Patrick Fitzgerald to finish off the Vice President through the ongoing Scooter Libby trial. This is no time for playing opportunistic politics.

- **Congress Plans Escalation of Fight Against Cheney's War Plans**
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Economics

Hedge Funds Grab for Cash in Attempt To Stop Blowout

Commenting on recent upheavals in the hedge-fund markets, Lyndon LaRouche said, 'What you have is madness, a madness of a bubble, like a John Law bubble, in spades. And no one really knows [what is going to happen]. If they tell you they know, they're either stupid or lying to you.'

The Paradox of Indian Agriculture

To resolve the the desperate crisis for India's farmers, a policy shift must be made to accord the highest priority to this sector, which has been hit hard by the scourge of globalization.

Scandinavians Reject Green Energy Trap

Anti-Missile Shields Will Not Protect Poland From Economic Catastrophe

Editorial

The Economist Spills the Beans

U.S. Economic/Financial News

More Warnings of Hedge Fund Blowout

Following what looks likely to be the failure of the \$1 billion Red Kite Management hedge fund, a \$10 billion Goldman Sachs hedge fund has now told investors it lost 6% for 2006, Bloomberg and other financial websites reported Feb. 6. Goldman's Global Alpha fund had never previously lost money. Goldman's chief financial officer told analysts that fees will drop across the company, and that "this will be significant."

Jim Rogers, co-founder with George Soros of the Quantum Fund, and now based in Australia, put out a warning Feb. 5 of leveraged takeover defaults and hedge fund blowups. "There is going to be a gigantic shakeout when the whole buyout mess comes apart," Rogers wrote. "They are paying too high prices, and they are leveraging themselves too much." "We've had financial crackups, and when the next bear market comes, we are going to have some more major financial collapses and who knows, we might have another depression." On hedge funds, Rogers' forecast was short-term: "We are going to see a lot more blowups."

Another warning, "Hedge Fund Problems Start with the Fed," was circulated by a Wachovia banker and two credit analysts, as a presentation for a Feb. 16 forum of the Professional Risk Managers International Association in New York. "The big problem [on credit markets] is that all current prices are propped up by extraordinary liquidity. Take that away, and prices will be much lower [i.e., interest charges on bonds will go much higher], and many issuers will default. The Fed and the U.S. Treasury are the chief culprits in an approaching perfect storm of systemic financial risk."

Wall Street Pushes for 'Green Hedge Funds,' Bio-Fuels

Here are the latest developments in the Wall Street/Bio-Fools lunacy:

* A "Wall Street Green Trading Summit" is scheduled for April 16-17 in New York City, sponsored by Reuters and others. Leading Europeans involved in carbon trading are to speak; invited big-wig speakers include Hillary Clinton, and top officers of JP Morgan Chase and Goldman Sachs. Topics include "Biofuels Trading Markets.... The Latest on Green Hedge Funds.... Tying Emissions Reductions to Green Investments...." (Global Change Associates, Feb. 8.)

* The House of Representatives voted up on Feb. 8 a bill to provide for further storage and transportation of biofuels. H.R. 547, the "Advanced Fuels Infrastructure research and Development Act," commits funds to study how to distribute more ethanol and biodiesel. It now goes to the Senate. Never mind that many current gas station tanks and other equipment cannot tolerate E85 and some forms of biodiesel.

Loudoun Home Construction Plunged Toward Zero in 2006

In 2006, Loudoun County, Virginia, a bedroom community 40 miles west of Washington, D.C., issued 3,284 permits to build residential homes, which is 35% below the level of 5,065 permits issued in 2005, and 50% below the level of 6,500 issued in 2003, the *Washington Post Loudoun Extra* reported Feb. 4. 2006 represented Loudoun's lowest level of home construction in ten years. Peter Morici, a University of Maryland economist, characterized the shift in building permits between 2005 and 2006, as "a very, very large drop." Morici emphasized, "Loudoun County has been a hot area. So what this tells us is the bloom is off the rose in Loudoun County, and it could indicate a shift region-wide."

Incredibly, there is a backlog of 36,000 homes that the County had approved for construction, but which were not built.

This reflects sheer mania: the home builders were planning to build, but could not. Many are grinding their teeth.

However, undeterred by the real world, permits for nonresidential—mostly commercial—construction in Loudoun County, which Lyndon LaRouche had described as "ground zero" for the housing bubble, increased from 2 million square feet in 2002, to 4.1 million square feet in 2006. Supposedly, the new stores and office buildings would be built for economic activity that doesn't exist.

Half of U.S. Consumers Say Housing Price Collapse Likely

The Experian-Gallup Personal Credit IndexSM survey, which is conducted annually, reported on Feb. 5 that 47% of all U.S. consumers say they think a housing bubble and collapse of housing prices is likely (16% say very likely, 31% say somewhat likely). Ten months earlier, in April 2006, 42% responded that a housing price collapse was likely; in May 2005, 37% said it was likely. So much for the myth, spread assiduously by the *Wall Street Journal* and other publications, that few Americans think that housing prices will plunge.

With respect to rental units, Ty Taylor, president of Experian Consumer Direct, asserted, "Housing market conditions may not have reached bottom at this point, with 57 percent of renters thinking there is the potential for a price collapse in their local areas over the next few years."

Blackstone/EOP Takeover Largest Ever

The notorious hedge fund Blackstone Group LP won a takeover bid Feb. 9, for the world's largest property company, Equity Office Properties Trust (EOP). EOP, based in Boston, agreed to the deal after Blackstone raised its cash offer to \$39 billion, beating the rival bid of Vornado Realty Trust. This constitutes the largest corporate takeover ever, and represents another excess for hedge funds. Blackstone acquires 590 commercial properties throughout the United States, and is moving deeper to take over the market: it raised a record \$5.35 billion real estate fund last June, and is expected to raise another \$10 billion fund for property investment this year.

'Secret Plan' for Chrysler Accelerates U.S. Auto Liquidation

The *Detroit News* reported Feb. 5, the major elements of "a secret restructuring plan dubbed 'Project X' [that] is focussed on transforming Chrysler into a smaller, more efficient [sic] automaker." The newspaper stated that the plan would be unveiled Feb. 14, calling for "unprecedented sharing of vehicle architectures and parts between Chrysler and Mercedes." The *News* continued, "The plan also outlines deep cost cuts: plant closings, a reduction of factory shifts and employee buyouts aimed at slashing more than 10,000 blue-collar jobs. Sources said the likely closures will include an assembly plant in Newark, Delaware, and an engine plant in Detroit." The plant scheduled to be closed in Detroit is the Mack Engine Manufacturing plant, which consists of two complexes, Mack I (which manufactures V-8 engines), and Mack II (which manufactures V-6 engines). The Mack complex employs 1,200 production workers; most of the overall job cuts are to come from elimination of shifts at plants throughout the country.

The Chrysler action follows by less than two weeks Ford Motor CEO Alan Mulally's announcement Jan. 24, that Ford will close 40% of its North American plants (16 out of 42) and cut 39% of its production and salaried employees (50,000 out of 130,000) in the period which began at the end of 2005, and ends in the first quarter of 2008. During 2006, GM announced that it would close 14 plants and lay off 30,000 production workers. By the Summer of 2007, absent LaRouche's Economic Recovery Act, hardly any of machine-tools of the auto industry will be in existence.

TVA To Build Nuclear Plants, Not Worry About Debt

The occasion of release of the Federal budget on Feb. 5 promoted the annual call from the monetary maniacs in Washington for the Tennessee Valley Authority TVA to pay down its debt, and register with the Securities and Exchange Commission. TVA has refused to do this for years. In fact, the TVA, established by President Franklin Roosevelt, is self-financed, but gets favorable lending terms as a Federal authority. The Office of Management and Budget on Feb. 5 urged debt reduction to "position TVA for a more competitive electricity market, and achieve a more sound business risk profile." FDR would turn over in his grave.

"Sometimes debt isn't bad, especially if you are increasing the value of your assets by adding more generation," explained Jack Simmons, director of the Tennessee Valley Public Power Association, which buys low-cost electricity from the TVA. "I don't think we are in too bad shape, and I certainly don't get up every day worrying about paying down the debt," said TVA chairman Bill Sansom.

This year, TVA will reopen the Browns Ferry nuclear plant shut since 1985, and soon decide to spend up to \$7 billion over the next few years to complete an unfinished unit at Watts Bar, and build two new nuclear plants.

World Economic News

Are Investment Banks heading for New LTCM Crisis?

Hedge funds paid up to \$50 billion in fees and interest to investment banks last year, which contributed a quarter of investment banking pre-tax profits, "eclipsing traditional activity such as dealmaking," according to research by Dresdener Kleinwort, and reported in the *Financial Times* Feb. 8. The DK analyst warned that the investment banks "were certain to hit another Long Term Capital Management-style crisis," that LTCM was the blueprint.

China's Maglev Speeds to Completion

China will soon begin construction on a 170 kilometer (106 mile) maglev system that will run between Shanghai and Hangzhou, the capital of Zhejiang province. The plan is that the system will be operating by the start of the World Expo/World's Fair to be held in Shanghai in 2010.

The new 170-km route (which the Chinese authorities tentatively approved on March 6, 2006) has two stages. The first stage would begin at the financial district station in Shanghai, which is the head-point for the existing maglev line, and, heading westward, would connect to a station at the planned World Expo 2010 site (in Shanghai), and then connect to a station at Hongqiao Airport, which is Shanghai's *domestic* airport. A Transrapid-USA official told *EIR* Feb. 8, that while there has been no official announcement, this stage started the active building process at the beginning of February, as the Shanghai municipal government is moving to relocate people, to free up the right of way.

The second stage of the new route would run from Hongqiao Airport to the city of Hangzhou. According to the Transrapid-USA official, the final formal terms of agreement for stage two are being worked out, and could be signed within three weeks. When completed, the maglev system would cover the 170 km route in 27 minutes; i.e., people would zoom over the route at an average speed of 378 kmph (236 mph).

Finally, the new route would be connected to the existing 30-km line from Shanghai to Pudong Airport, creating a seamless 200 km route.

Drastic Yuan Revaluation Could Set Off Financial Crisis

A drastic revaluation of the yuan could set off a financial crisis in China, but this is not what international speculators may be doing, stated Lin Yifu, director of the China Center for Economic Research at Beijing University on Feb. 4. Lin's view is that the yuan is not seriously undervalued, according to *China Daily* Feb. 6.

Lin said that international speculators hope the Japanese and U.S. governments will pressure China to revalue the yuan. This would profit the speculators, but take a toll on China's trade, which could exacerbate internal economic problems, and "could even trigger a financial crisis."

HSBC Announces Rise in Bad Debt Provisions

HSBC announced Feb. 7, that it would increase its bad debt provisions by \$1.7 billion because of bad loans tied to the subprime mortgage game. According to Bloomberg Feb. 8, "The perceived risk of owning low-rated subprime mortgage bonds surged today after the two largest U.S. lenders reported growing problems stemming from the loans...." Those lenders are HSBC Holdings LLC (a unit of Hong Kong Shanghai Bank Corp., the third-largest bank in the world, and Britain's largest) and California-based New Century Financial Corp.

HSBC's increase would raise its bad debt provisions beyond the \$8.8 billion which had been projected by analysts, to \$10.6 billion. New Century Financial Corp. announced that it would post a fourth-quarter loss based on a 20% decline in "loan production," restate other 2006 earnings lower, and make fewer loans this year.

United States News Digest

Congress Challenges Gonzales on Firing of U.S. Attorneys

On Feb. 7, the Senate Judiciary Committee voted 13-6 to send a bill offered by Sen. Dianne Feinstein (D-Calif.) to the full Senate, which would eliminate a provision in the USA Patriot Act that gave the Attorney General new power to replace fired U.S. attorneys indefinitely, avoiding the Senate confirmation process. The House is expected to begin hearings on a similar bill next month.

These moves are occasioned by the fact that the Bush Administration has fired seven U.S. Attorneys, from Arkansas to California, since March of last year, and replaced them with "interim U.S. Attorneys" not confirmed by the Senate. U.S. Attorneys are appointed by the President as the chief Federal attorney in each Federal court district (of which there is one or more per state).

The Administration's motives for this purge are unknown; the DOJ says there's nothing unusual about it, and that most of those fired were fired because of poor performance. Yet the *Wall Street Journal* Feb. 8 cited former senior Justice Department officials who say that firing U.S. Attorneys *is* unusual. Some commentators posit typical Bush cronyism, while others suggest it was done to derail sensitive investigations. One of the latter cases, it's argued, is Carol Lam of San Diego, who successfully prosecuted Republican U.S. Rep. Randy Cunningham on corruption charges. House Democratic Caucus chair Rahm Emanuel sent a letter to Attorney General Gonzales Feb. 7, demanding that Lam be appointed as a special counsel, to continue overseeing the Congressional corruption probe.

On Feb. 8, AP reported that the fired Seattle U.S. Attorney, John McKay, says he was ordered without explanation to resign; this reverses his explanation at the time of his resignation, that it was simply time for him to move on. What makes the McKay story more interesting, is that he was fired seven months after having received a favorable job evaluation by the DOJ. The chief Federal judge in the district says he and his fellow judges don't understand the firing, that McKay was a

superb U.S. Attorney.

Pelosi Reconsiders Opposition to Nuclear Power

House Speaker Nancy Pelosi (D-Calif.), testifying before the House Science and Technology Committee on Climate Change, on Feb. 8, said she is changing her mind on nuclear power. In response to a question on the role of nuclear power in cutting down on so-called greenhouse gases, posed by Rep. Frank Lucas (R-Okla.), Pelosi said she has opposed nuclear power and is concerned about the waste problem, but with the change in technology, she said she now has a more open mind, and nuclear power has to be on the table.

Pelosi was also asked by James Sensenbrenner (R-Wisc.), what would be the economic consequences of mandatory caps on greenhouse gas emissions, and would it mean more outsourcing of jobs? Reflecting the non-stop propaganda about "global warming," Pelosi answered that "green can be gold" and create more jobs. Furthermore, doing nothing about climate change will have economic consequences.

Poor Contract Management Endemic in the Government

U.S. Comptroller General David Walker testified to the House Oversight and Government Reform Committee on Feb. 8 that poor management of outside contractors is a systemic problem throughout the Federal government. The particular subject of the Feb. 8 hearing was contracting by the Department of Homeland Security, focussing on two very large contracts, the Coast Guard's Deepwater program, and SBINet, which is supposed to provide a system for securing the northern and southern borders of the U.S. Deepwater program. Deepwater, which is supposed to replace the Coast Guard's aging fleet of ships and aircraft, has been much in the news lately, because the contractors delivered two 425-foot National Security cutters with defective hulls. The problems in these two contracts that Walker and DHS Inspector General Richard Skinner identified are familiar to anyone who's followed the Iraq contracting scandals: hiring contractors to oversee contractors, giving the contractors too much authority over what they are doing, giving them award fees even though they haven't delivered anything under the contract.

The Deepwater contract, like the Iraq contracts, shows that the problem is not just structural, however. Committee chair Henry Waxman (D-Calif.) asked the witnesses about a case of document tampering in the Deepwater contract. The Navy was asked to do an assessment of the hull design, and the its report included bottom-line warnings, in red ink, that the stresses on the hulls were too high for them to last the intended 30-year design life. When the commandant of the Coast Guard was briefed on the Navy's assessment, those bottom-line warnings were deleted from his briefing slides. Skinner, in response to Waxman's questions on the doctoring of the Navy report, described a consistent pattern of the Coast Guard and the contractors denying his office the documentation it needed to do its oversight, including denying that there were problems with the cutters.

Senate Agriculture Committee Backs Bio-Foolery

Agriculture Secretary Mike Johanns was the chief witness at an over three-hour Senate Agriculture Committee hearing Feb. 7 on the White House's proposal for the 2007 farm bill. Flanked by USDA Chief Economist Keith Collins, and Deputy Secretary Chuck Connor, Johanns stressed that the next five-year farm bill will help breakthroughs in cellulosic ethanol, so that U.S. bio-energy "goes from a cornbelt program to a national program." He presented visions of harvesting what's on your forest floor, and of utilizing grasses, if that's what your state grows. Of the 15 Senators who spoke, Sen. Richard Lugar (R-Ind.) raved the most about, what he called, "the energy revolution as it intersects agriculture," and reported how in rural counties, "tax revenues, and deposits in the bank" are up. In contrast, other Senators raised various reality-based concerns, including the lack of Federal farm disaster relief, the fact that family-sized livestock operators now can't afford feed, and so on. Sen. Ken Salazar (D-Colo.) reported that 10,000 cattle in his state have died, from the severe

winter weather.

Sen. Robert Casey (D-Pa.) raised the most important principle at the hearing, when he asked Johanns about dairy farmers receiving only \$14-16 per 100 pounds for their raw milk, when it costs them far more to produce it. "Why doesn't Federal policy reflect the true cost of production for farmers, just to survive?" Casey, a freshman Senator, asked. Johanns ducked it.

Committee chair Tom Harkin (D-Iowa) said that he and House Agriculture Committee chair Collin Peterson (D-Minn.) intend introduce a five-year farm bill to be passed by September. The White House plans retain, but reduce, farm subsidies, boost bio-fuels, etc.

Bush Sends Up 'Guns, Not Butter' Budget

As expected, the budget plan for Fiscal 2008 that President Bush sent up to Capitol Hill Feb. 5 asks for \$93 million for the Iraq and Afghanistan wars for the rest of fiscal 2007, and \$141 billion for fiscal 2008, on top of a \$481 billion baseline budget for the Pentagon—a whopping total of \$716 billion. This compares to \$300 billion for all Pentagon spending in 2000. At the same time, the budget plan calls for austerity in almost everything else, holding defense discretionary spending to 1% growth, less than the rate of inflation, and for reducing Medicare spending by \$66 billion over the next five years, primarily by reducing payments to providers such as hospitals and nursing homes. It also proposes discretionary spending caps like those of the 1990s that caused problems for Medicare providers during that period.

Democrats uniformly panned the budget plan. Senate Budget Committee chairman Kent Conrad (D-N.D.) told reporters that, "I would say that this budget is filled with debt and deception. It's disconnected from reality." Conrad's counterpart in the House, Rep. John Spratt (D-S.C.) agreed: "This budget fails to cover the realistic costs of government over the next ten years. It goes deeper and deeper into debt." House Transportation and Infrastructure Committee chair James Oberstar (D-Minn.) declared that the "Bush budget shortchanges critical infrastructure needs" and vowed to protect "full funding" for the nation's "Federal surface, air, and rail transportation programs as well as emergency preparedness, inland water transport, and environmental infrastructure development." Since this is the first budget submitted by the Bush Administration to a Democratically controlled Congress, it is likely to be subject to examination like no previous Bush budget ever saw. It therefore is likely that many of the proposals in it could be considered "dead on arrival."

Retired Officers Sound Alarm Over Iran War Danger

In a letter to the London *Sunday Times* published Feb. 4, three former U.S. military leaders charged that attacking Iran "would have disastrous consequences for security in the region [and for] coalition forces in Iraq and would further exacerbate regional and global tensions.... The current crisis must be resolved through diplomacy." The letter was signed by retired Army Lt. Gen. Robert Gard, a former military assistant to Defense Secretary Robert McNamara; retired U.S. Marine Corps Gen. Joseph Hoar, a former commander-in-chief of U.S. Central Command; and retired Navy Vice Adm. Jack Shanahan, a former director of the Center for Defense Information. They urged the U.S. government to "engage immediately in direct talks with the government of Iran, without preconditions. There is time available to talk, we must ensure that we use it," they said.

This new warning underlines how urgent it is for the Congress to use its powers to impeach Cheney, since the Iran war plan is obviously on go.

Graham Admits: GOP Senators Worried About 2008

During an interview with Sen. Lindsey Graham (R-S.C.) Feb. 4, Fox News Sunday host Chris Wallace said that Fox's

count is that there are 16 GOP Senators opposing the surge policy, or expressing serious doubts about it, and he asked Graham if there is panic in the Republican Party about the 2008 elections. Graham, who totally supports the Administration's policy, at first evaded the question, and then acknowledged that there are, in fact, a number of Republican Senators who are worried about how this will play in 2008. He didn't name names.

Ibero-American News Digest

Calderon, PAN Plan Assault on Mexican Constitution

At a weekend retreat Feb. 3-4, Mexico's usurper President Felipe Calderon and members of his National Action Party's (PAN) legislative bloc hammered out a 20-point agenda for the next three months, a top priority of which is "altering" Article 27 of the Constitution, which grants the Mexican state full sovereignty over all sub-soil natural resources. This is to allow national and foreign private capital to "invest" in the Pemex oil firm, the Federal Electricity Commission (CFE) and the LFC electricity company—all state owned—and ultimately move toward privatization. Various PAN leaders loudly protest they have no intention of privatizing the revered Pemex, but simply want to make certain "legal modifications" to bring in new investment and "modernize" the company. It would be great, one PAN legislator proposed, to have Pemex form "strategic alliances" with private foreign energy multinationals, for example.

Were such "modernization" to be approved, it would allow foreign looters to grab vital national energy resources, while eliminating all protection for the general welfare. Privatizing the pension system for state-sector workers, the ISSSTE, is also high on the list of reforms.

Many Mexican patriots understand what is at stake in this battle. PRI deputy Adolfo Rios warned that the principles embedded in Mexico's Constitution, the 90th anniversary of whose founding is celebrated this year, are "more relevant than ever," because they are the best defense against a "unjust, neoliberal and globalized system." The country must find "its own national mission," Rio said, rather than be an instrument of policies that come from abroad. The document, "How to Constitute a New Mexico: A Preamble for our Constitution; a New Politics Begins," written by the LaRouche Youth Movement and now being widely circulated in the country, outlines precisely the sense of national mission to which Rios was referring, but also locates the current battle in the context of the international financial blowout and the historical conflict between republicanism and oligarchism.

Brazil Conference To Make Ethanol a 'Globalized Commodity'

With U.S. backing, the Brazilian government is organizing an international conference, to take place in late February, to establish technical guidelines for world ethanol production. The plan is to classify ethanol as a "globalized" international commodity that can be traded on markets just as oil and soy are today. On Feb. 7, Brazil's new ambassador to the U.S., Antonio Patriota, confirmed that the conference will be taking place following his meeting in Brasilia with Foreign Minister Celso Amorim and U.S. Undersecretary of State for Political Affairs Nicholas Burns.

Those invited will include European Union nations, China, India, South Africa, and the U.S. The Brazilian government reportedly sent a memo to the U.S. six months ago suggesting the conference, but the Bush Administration only showed interest in it more recently. Burns, along with Assistant Secretary of State for Western Hemisphere Affairs Tom Shannon, were in Brazil in early February, laying the groundwork for Bush's upcoming visit to Brazil in the early part of March, in which cooperation in ethanol production will be a top agenda item. According to the daily *Valor* Feb. 6, Bush thinks that biofuel promotion will be the way to "regain the influence" the United States has lost those Ibero-American nations "that have distanced themselves from the United States" in recent years. The Inter-American Ethanol Commission, which the President's brother Jeb, the former governor of Florida, helped set up in December 2006, even suggests that ethanol will be

the vehicle for "forging Latin American integration." Not likely.

On Feb. 8, Burns signed an agreement with President Lula da Silva's Chief of Staff Dilam Rousseff, by which the two countries will launch a pilot project for ethanol production in some Caribbean country. Rousseff was reportedly euphoric over the meeting with Burns, noting that while Burns called it a "good" bilateral relationship, she thought it could become "a great one." Rousseff emphasized that "the primary actor [in this project] should be the private investor," an idea welcomed by Burns.

Biofuel Drive Is Malthusianism

In an article published in the Argentine daily *Infobae Profesional* Feb. 5, reporter Martin Burbridge warned that Malthusian theory has reared its ugly head with the current drive for biofuels development. Production of food for human consumption will be increasingly crowded out by production of those raw materials used for biofuels—corn, sugar cane, soy, and vegetable oils, among others. Burbridge fails to note that Malthus actually *promoted* the idea of starving people, but does correctly conclude that there will be food scarcity, and what is available will be so expensive that poorer sectors of the population won't be able to afford it. He uses the example of how the dramatic corn price increase has driven up the price of tortillas in Mexico, and points out that some economists are now using the term "ethano-inflation" to describe the way that the biofuel craze has driven up the prices of many food and meat products in which corn, vegetable oils or soy are either components or used in animal feed.

Cargill Is Behind Mexico's Tortilla and Corn Crisis!

Victor Suarez, chief coordinator of Mexico's National Association of Agricultural Marketing Companies (ANEC), charged Feb. 4 that the international food cartel Cargill played a major role in the crisis of corn scarcity and price speculation that led to the recent 50% increase in the price of tortillas—a basic staple in the Mexican diet. "Cargill is aware of what's happening in the world corn market.... [I]t knew of the pressures in international prices and it bought huge quantities of the Sinaloa spring harvest. This caused scarcity in white corn for human consumption, and the company was able to raise the value of the 600,000 tons it bought in Sinaloa."

Suarez explained, however, that Cargill was only able to act as it did because of the free-trade policies imposed on Mexico beginning in the 1980s, when President Carlos Salinas de Gortari dismantled the state-owned agricultural marketing agency, Conasupo. Then, by handing Cargill control over production and marketing of corn—the primary food item in the Mexican diet—Salinas and his successors in effect turned that cartel into a "private Conasupo." The current free-trade model puts small grain producers and processors in Mexico in direct competition with giant corporations like Cargill and Maseca (leading tortilla maker in Mexico), a decision taken by the government's Economics and Agriculture ministries.

The ANEC leader also warned that it's not appropriate to simply "satanize Cargill," since it could not have the influence it has in Mexico without the public policy that favored these giant cartels. He charged that the state had a constitutional responsibility to protect the nation's food supply. "This is a matter of national security," he said. The state must immediately intervene so that the national chain of food production and supply not be left "in the hands of the free market." Otherwise, he warned, shortages and speculation crises will ensue.

Ecuador's Fin Min: 'Country Risk' Rating Is Fraudulent

Who authorized international lending agencies or banks to determine a nation's "country risk" rating? That was the question Ecuador's Finance Minister Eduardo Patino asked in a Feb. 6 interview with Radio Centro. Confirming the report that the Correa government would shortly be paying off the \$33 million it owes to the International Monetary Fund (IMF), Patino noted that "country risk"—Ecuador's rating stands currently at 822—is "an indicator produced by some people...."

No one has authorized them to do so, but they happen to control a large part of international financing." (In fact, it is JP Morgan Chase that dreamed up—and controls—the so-called "country risk" rating which is used purely as a political bludgeon to force developing-sector nations to accept austerity policies.)

"More than country risk," Patino said, "I'm worried about a country at risk," referring to the large debt service payments that Ecuador was making prior to Rafael Correa taking office on Jan. 15. The IMF "has a lot of influence in the world, but we aren't going to let it guide us; we won't obey it. We are going to pay off the balance of the debt we owe it, and then we will say: 'Thanks. See you later.' " To date, the governments of Brazil and Argentina have both paid off the entirety of the debt they owed to the IMF.

Western European News Digest

CDU Leader To Form Neo-Con Party in Germany?

Friedrich Merz, a leader of the German Christian Democratic party (CDU), quit all his CDU party functions Feb. 5, and may found a new party with a radical neo-con profile, according to *Bildzeitung* and other news media Feb. 7-8. Rumors have it that others, including a number of CDU party prominents, would join Merz, which would fit with aspects of the recent shakeups in the CSU, the Bavarian wing of the German Christian Democrats. And, one may add: The extradition of German arms broker Karl Heinz Schreiber by Canada, expected to proceed within the near future, after his surprise arrest in Toronto a week ago, will lead to more shakeups in both the CSU and the CDU, since Schreiber is an insider to many dirty secrets of the Christian Democrats, including illegal party funding. Chancellor Angela Merkel may find the rug being pulled out from under her, in the wake of a new round of scandals.

The surprise announcement by Merz and the media noise about the possibility of the formation of a new neo-con party—possibly as early as March—an independent party with enough deserters from the CDU that the party would lose its tiny majority of three seats over the Social Democrats in the national parliament, seems to fit the political landscape. That case—that the SPD might claim the post of Chancellor, or threaten to break up the Grand Coalition—is one of the scenarios mooted in the press. In either case, it would imply an end to the Chancellorship of Angela Merkel.

Merz is a leading associate of the right-wing Federalist Society, which in the U.S. has bred many of the neo-cons in the Bush-Cheney Administration. Merz also is a defender of the hedge funds, in their ongoing attempt to take over the industry of Germany.

U.S. Neo-Con Meddling Behind Italian Government Crisis

The gap among coalition partners in Italian Prime Minister Romano Prodi's government is widening, so much so that some coalition members have started to expose a plot to replace the leftist component with a "breakaway ally" from the conservative camp, or even a grand coalition scheme. This scenario, exposed especially by PRC leaders Gennaro Migliore and Alfonso Gianni, is consistent with a "permanent crisis" strategy, carried out by synarchist financial circles.

After the government was defeated by the Senate vote against the Vicenza U.S. military base, Deputy Premier Francesco Rutelli, who is in George Soros's pocket, attacked the leftist coalition partners Feb. 2, saying, "The limit has been reached." Prodi published a letter in the Rome daily *La Repubblica* defending his decision to allow the enlargement of the Vicenza base, balancing this with the government's anti-war record.

Meanwhile, ambassadors of six countries (U.S., U.K., Canada, Australia, Netherlands, and Romania) published a letter in *La Repubblica* putting pressure on Italy not to pull out of Afghanistan. This has prompted Foreign Minister Massimo

D'Alema to issue a strong statement characterizing the letter as "irregular," i.e., against diplomatic protocol, and something which could be seen "as interference into Italian affairs." In a television interview, he repeated that statement, and added that, "it is not advisable for the Bush Administration to take part in the debate in Italy on foreign policy, and it is irregular for the embassy to send a letter to the media on Afghanistan.... The current debate in the U.S. Congress, on the mistakes by the Bush Administration in Iraq, is much harsher than the Italian one. To be with 70% of Americans does not mean being anti-American."

Change of Kosovo Status Again 'Powderkegs' Balkans

In talks in Belgrade and Pristina, the capitals of Serbia and Kosovo, UN special envoy Maati Ahtisaari presented his proposals for a Kosovo with de facto independence, without using that term officially, the *Financial Times* reported Feb. 3. If realized, it would imply full Kosovan membership in international institutions, equivalent to membership of a fully sovereign state. Kosovo would be run, on a mandate by the UN Security Council, as a protectorate by the European Union for the time being. Ahtisaari announced another round of talks for Feb. 13.

So far, Russia has vetoed any UNSC approval, which is required for the plan to go ahead. Serbian President Boris Tadic rejected the proposal, but promised to discuss it again with leaders of the political parties in Serbia. The issue overlaps with Belgrade's difficulty in forming a new government after the Jan. 21 national elections, which yielded no clear winner, but demonstrated strong nationalist, anti-EU bias among all parties.

In Pristina, Prime Minister of Kosovo Agu Cekim said he is not satisfied with quasi-independence, and that he wants full sovereignty. The issue is already attracting strong nationalist currents not only in Kosovo, but also in neighboring Albania and among ethnic Albanians in Macedonia.

Terror Networks Being Rebuilt in Europe

According to a senior European security intelligence source, who spoke with *EIR* Feb. 6, there have been ongoing efforts to rebuild a terror capability in Europe, comparable to that which existed in the 1970s and 1980s, including an assassination capability.

Ecology and globalization would be the theme issues of this new movement. Hamburg and Berlin are key centers for this build-up of new capabilities. The source was especially concerned with the media hype around the request for parole by former Baader-Meinhoff/RAF members Brigitte Mohnhaupt and Christian Klars. The debate about their parole will create a classic climate for creating a terror environment in which the government, loses no matter what it does. If the government releases them, it will be seen as a show of weakness to both the radical left and radical right. If not, new prisoner support groups will be formed which will become the bases for new terror groups.

Rail Workers' Paris Rally Targets Privatization

Rail workers from across Europe descended on Paris Feb. 8, protesting European Union directives that will force the privatization of railways throughout the economic bloc. A delegation from the British rail workers union RMT took the message to Paris that the privatization of Britain's railways a decade ago should stand as a stark warning, that forcing the same bitter medicine on railways elsewhere in Europe promises to bring chaos, misery, and potential disaster to rail workers and commuters.

"It is beyond belief that the unelected commissioners in Brussels should want to impose rail privatisation throughout the EU in the light of the ten years of misery that the break-up and sell-off of Britain's railways have brought," RMT general

secretary Bob Crow said today." But if the Brussels bureaucrats get their way, all Europe's railways will be fragmented and divvied up in the same way as Britain's railways were ten years ago.

Another example of privatization failure comes from Estonia, where the new government recently announced plans to re-nationalize the state's railways, charging a U.S. fund that had bought and operated them, with disinvestment strategies at the expense of passenger services, including drastic fare hikes.

City of London Declares 'Anti-Bush' Stance

As part of the emerging British "pin the blame on Bush" strategy, the *Financial Times* Feb. 5 headed its lead editorial, "George Bush and the Imperial Presidency Congress Can and Must Rein in the Power-Hungry President." Making no mention of Dick Cheney, the editorial notes, "President George W. Bush has always had an imperial vision of the U.S. Presidency."

For the Senate to pass a resolution condemning the Iraq troop surge would amount to a vote of no-confidence in Bush, the editorial says.

The *FT* concludes, "The founding fathers knew the dangers of an imperial Presidency, so they gave Congress the job of reining him in. Now is the time for the legislators to start doing that job in earnest." Proving once again that the British have no permanent allies, only permanent ambitions.

Is EADS Fatally Committed To Repeat Boeing's Mistakes?

With a brutal cost-cutting program called "Power 8," the top management of the Franco-German-Spanish aircraft firm, EADS, which produces the Airbus airliners, wants to reduce expenses by 5 billion euros over the next few years. Details of the plan will not be made known before Feb. 20, but leaked reports indicate that five production sites (one in Spain, two each in France and Germany) may be shut down, implying the elimination of 10,000 jobs.

A hint in a front-page lead editorial in the *Frankfurter Allgemeine* Feb. 7 seems to confirm rumors that EADS may go the Boeing way, namely, to sell some of its production sites to parts producers, with the idea of outsourcing capacity and reducing expenses this way. Furthermore, EADS managers announced last summer that they want to cut the design cycle for a new airliner model, which is seven years, down to only four years, a sure recipe for disaster.

Five Nations Ban British Poultry Because of Avian Flu

Following the report of the outbreak of H5N1 bird flu on a Suffolk, England turkey farm in early February, Russia, Japan, and South Africa announced that they were banning the import of U.K. poultry, according to BBC Feb. 6. Now, South Korea and Hong Kong have joined the ban. Britain is Europe's second-largest poultry producer after France, with annual poultry exports of 250 million pounds sterling (roughly \$500 million). Between 75% and 80% of Britain's poultry exports go to European Union members. Were one or several of these countries to join the ban, the impact would be huge.

Over the four-day period, Feb. 2-6, avian flu killed an Egyptian girl, and infected two more people in Indonesia. The virus also re-emerged in poultry in Russia, and may have killed a woman in Azerbaijan.

Russia and the CIS News Digest

Putin at Wehrkunde: Russia Calls for End to Unilateralism

Russian President Vladimir Putin addressed the annual Wehrkunde security conference in Munich Feb. 10, presenting "what I really think about international security," without diplomatic niceties. Putin framed his discussion of military affairs proper, by asserting that "the stability of the world economy, overcoming poverty, economic security, and the development of dialogue among civilizations" are paramount world security issues. He quoted Franklin Roosevelt, who said, "When peace has been broken anywhere, peace of all countries everywhere is in danger." Those words come from FDR's Fireside Chat of Sept. 3, 1939, two days after the Nazi invasion of Poland formally launched the Second World War.

Putin denounced today's "virtually unrestrained, overblown use of force in international affairs—of military force, force that is plunging the world into the abyss of conflicts, following one after another." He added that the United States had "overstepped its national borders in all areas: the economy, politics, and humanitarian affairs, and its system of law is being imposed on other countries."

Enumerating an array of actions that Russia perceives as aimed against it, including the extension of NATO eastward and the emplacement of anti-missile systems in Central Europe, Putin concluded by saying that the world is multi-polar. "Russia," he said, "is a country with a history of over a thousand years, which has almost always enjoyed the privilege of having an independent foreign policy. We are not about to change that tradition today." Having noted, earlier in his speech, that centers of economic growth, like India and China, also will be assuming more political clout in the period ahead, Putin concluded that Russia seeks "a just and democratic world order, ensuring security and prosperity not just for the chosen, but for all."

Prominent Russians Mark FDR's 125th Birth Anniversary

Viewers of Russia's First Channel TV news on Feb. 8 saw President Franklin Roosevelt looking at them from the screen, as the biggest Russian national TV network joined in plentiful media coverage of a Moscow conference titled "The Lessons of the New Deal for Today's Russia and the Whole World." Held at the Foreign Ministry-linked Moscow State Institute for Foreign Relations (MGIMO), the event commemorated the 125th anniversary of FDR's birth. In attendance were top representatives of Russian political and academic institutions, including Kremlin Deputy Chief of Staff Vladislav Surkov, State Duma Foreign Affairs Committee Chairman Konstantin Kosachov, Academician Sergei Rogov of the USA-Canada Institute, Academician Andrei Kokoshin (also a Duma committee chairman), Grigori Tomchin from Yevgeni Primakov's Chamber of Commerce and Industry, Boris Titov of the Business Russia association, and numerous other political scientists and commentators. U.S. Ambassador William Burns was also present.

The most sensational presentation was that of Surkov, who strove to link his own "sovereign democracy" concept for Russia, with Roosevelt's ideas. He tried to draw a parallel between FDR and President Vladimir Putin (nobody could miss the hint about Presidents who serve third, and fourth terms). Said Surkov, "Like Roosevelt in his time, Putin today is forced to, is obliged to strengthen administrative management, and make the greatest possible use of the power of the Presidency, in order to overcome a crisis." Putin's aide recalled that FDR took office at a time when people felt hopeless, and "the press and the financial sector were almost totally controlled by oligarchical groups."

"History does not repeat itself," Surkov went on, "but Russia seeks freedom from want and from fear, and there are leaders and societies that inspire us, and Franklin Roosevelt and America and among them.... While, in the 20th Century, he was our military adviser, in the 21st, he is becoming our ideological ally. For the majority of Russians, Roosevelt remains the greatest of the great Americans."

Boris Titov, chairman of Business Russia, said that Russia needs FDR's economic policies. "We cannot ignore the

experience of Roosevelt," Titov told RIA Novosti, "because the New Deal was one of the most successful economic programs in the history of mankind.... Before Roosevelt, it was believed that the market would settle any problems that came up," but FDR brought the government in, to play the crucial role of "eliminating failures in the economy, providing incentives for business, and regulating the market. That is very important for our country, since the Russian market is heavily monopolized. [In the 1990s], we believed the market would take care of everything. As a result, we got not a market, but wild capitalism, which led to the crisis of 1998."

Preparations Continue for SCO Joint Exercises

Generals from the six member nations of the Shanghai Cooperation Organization (SCO) will meet in the Russian Volga-Urals Military District in late February-early March, to discuss preparations for the SCO joint military exercise Peaceful Mission-2007, to take place July 18-25. Russian President Vladimir Putin, Chinese President Hu Jintao (personally invited by Putin when they met in Vietnam), Kazakstan President Nursultan Nazarbayev, Kyrgyzstan President Kurmanbek Bakiyev, Tajikistan President Emomali Rakhmonov, and Uzbekistan President Islam Karimov, will all arrive in the Ural city of Chebarkul to observe the maneuvers on July 25, when the live fire joint exercise is to take place. Due to this meeting of the SCO leaders, an SCO summit scheduled for June in Bishkek may be cancelled.

At the upcoming preparatory meeting, the third planning meeting for the July exercises, Russian Deputy Commander of Ground Forces Gen. Col. Vladimir Moltensky will head the Russian delegation, as usual. China will send Deputy Chief of the General Staff Lt.-Gen. Zhang Qinheng, and Kazakstan, Kyrgyzstan, Tajikistan, and Uzbekistan will send defense ministry and military leaders. Military leaders of the Collective Security Treaty Organization (CSTO) will attend the SCO summer maneuvers, although not formally taking part as an organization. The CSTO includes SCO members Kazakstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan; Armenia and Belarus will be observers. India, Pakistan, and Iran, will also attend in some capacity, since they have observer status in the SCO.

At the last preparatory meeting, held in Shanghai Jan. 10-13, the Russian Armed Forces had proposed joint SCO-CSTO maneuvers, but China did not agree to this.

Rosatom Announces New Capacity Construction

Construction of the first of Russia's 20,000 megawatts of new nuclear power plants is to begin in one year, world-nuclear-news.com reported Feb. 8. Russia's Federal Atomic Energy Agency (Rosatom) last year announced an aggressive program to put two new nuclear power plants on line each year, to add up to 40 new plants over the next two decades. Rosatom has now released some details of the plan. Two Russian-built AES-2006 pressurized light water reactors will be located at Novovoronezh, and \$95 million has been allocated this year to begin work there, with the aim of pouring the first concrete in March 2008. The power plants would come on line in late 2012 for the first reactor, and 2013 for the second. Two units will also be added at Leningrad II in the near term, with an eventual total of four more. These first units are expected to cost between \$3-3.7 billion per pair. Rated at 1,200 MW, the AES-2006 is an improved design, with a 50-year design life and 90% capacity factor (only down 10% of the time).

Russia Maps High-Speed Rail Development

Russia is planning to build high-speed rail links among some of its major cities and to Finland by 2012-14, Vladimir Yakunin, head of the state-owned firm Russian Railways, announced in Rome Feb. 9. The planned links are Moscow-St. Petersburg, St. Petersburg-Helsinki, Moscow-Kazan, Moscow-Samara, and Moscow-Adler, a port on the Black Sea. Kazan is the capital of Tatarstan in central European Russia, and lies at the confluence of the Volga and Kazanka rivers. Samara also lies on the Volga, in the Volga Federal District. "The first high-speed trains will run between Moscow and St. Petersburg, with a maximum speed of over 300 km/hour" Yakunin announced.

Yakunin was in Rome to sign a memorandum of understanding with the Italian defense company Finmeccanica and state-owned railway operator Ferrovie dello Stato, whose CEO, Mauro Moretti, said they hope to sign a binding agreement in March. Finmeccanica had announced last October, that it had signed an agreement with JSC Russian Railways for cooperation on production, technical assistance, and marketing of rolling-stock and rail infrastructure in Russia. They will also work on developing high-tech railway products to export to international markets, especially in Eastern Europe. Russian Railways is also participating in a tender to build a \$2 billion (euro 1.54 billion) railway in Saudi Arabia, and the Italian firms are also interested.

Rail Construction for the Transcaucasus Region

Turkey, Azerbaijan and Georgia are planning to sign an agreement in mid-February on building the Kars-Tbilisi-Baku (KTB) Railroad. The rail line will link the rail systems of the three Caucasus nations, as well as being another important link connecting the rail systems of Europe and Asia. *Railway Market* wrote that the project will provide "continuous, safe, and fast cargo and passenger transportation between Asia and Europe through connecting the railways of the Peoples Republic of China and Kazakstan in the east, through Turkey's [rail system] to the European rail system in the west."

The project does have some geopolitical elements. Armenia opposes it as "politically motivated." Also, Prof. Suha Bolukbasi of Middle East Technical University said that, "The project aims to unhook post-Soviet countries from the Russian Federation's impact. It also helps the European Union and the U.S. to establish effective relations with post-Soviet countries." Construction is expected to begin in June and be completed in two years.

Southwest Asia News Digest

LaRouche Movement's 'Isotope Economy' Circulating in Arab World

The Arabic-language pamphlet "Nuclear Economics: The Promethean Challenge to Arabs," which has been posted on the LaRouche Arabic website since Jan. 15, is now posted on several Arabic websites, such as the Damascus Data and Strategic Studies Center (DASC-Syria) and the Lebanese Al-Moharer, in addition to discussion groups and local websites in Iraq and Gulf states.

The pamphlet has been sent by e-mail to all available Arab countries' energy ministries, nuclear energy agencies, economics ministries, and scientific colleges in all 22 Arab states. There is a positive response from individuals familiar with LaRouche, who recommended it be sent to people they knew in different agencies. While the response from official organs was initially more cautious, due to paranoia created by decades of Israeli Mossad hunting of Arab nuclear scientists, when they realize its from LaRouche, they become more relaxed and open.

The pamphlet consists of several articles: The introduction, "Prometheus Challenges the Arabs" by Hussein Askary; Lyndon LaRouche's "Like JFK's Moon Landing" prologue to Jonathan Tennenbaum's "Isotope Economy"; Marjorie Mazel Hecht's "The Beauty of Completing the Nuclear Fuel Cycle." The translations were undertaken by LYMers Ali and Abdussalam. (The pamphlet is available at <http://www.nysol.se/arabic/alert-winsider/isotope-arabic.pdf>)

Administration Still Withholds 'Evidence' of Iran Role in Iraq Insurgency

According to the *New York Times* of Feb. 10, the Bush Administration is expected to make public an increased body of evidence pointing to an Iranian link to roadside bombs, including information from Iranians and Iraqis captured in recent U.S. raids in Irbil and Baghdad. Reportedly, some components of the bombs have been found with Iranian factory

markings from 2006.

On Feb. 9, Defense Secretary Robert Gates said serial numbers and other markings on weapon fragments found in Iraq point to Iran as a source. A still-classified U.S. intelligence report that was prepared in 2006 says: "All source reporting since 2004 indicates that Iran's Islamic Revolutionary Corps-Quds Force is providing professionally built EFPs [explosive formed penetrator bombs] and components to Iraqi Shia militants." According to U.S. intelligence agencies, the Iranians are also believed to have provided Shi'ites with rocket-propelled grenades, shoulder-fired antiaircraft missiles, mortars, 122-millimeter rockets, and TNT.

In fact, the components for such weapons are readily available just about anywhere, and cannot be traced to one nation. The appropriate light in which to see the current finger-pointing campaign is the shift in strategy by the U.S. government, from one which attempts to use non-existent intelligence on the Iranian nuclear program, to one which blames Iran for U.S. troubles in Iraq, and thus seeks to justify U.S. attack.

Syrian President: Now May Be 'Last Chance' To Save Iraq

Syrian President Bashar Assad, in an interview aired Feb. 5 by ABC-TV's "Good Morning America," was critical of the Bush Administration, but praised Bush's father, saying the elder Bush had the "will to achieve the peace in the region."

Assad said Syria could play an important role in "supporting the dialogue between the different parties inside Iraq with the support from the other parties like the Americans and the other neighboring countries.... We're not the only player, not the single player. But we are the main player in this issue. So that's how we can stop the violence."

Assad dismissed the prospects that the Bush Administration would pursue diplomatic contacts, despite pressure from Congress to do so. "We are hearing, but we don't expect that much. We don't expect, that, after nearly four years of occupation, they haven't learned their lesson, they haven't started the dialogue. I think it's too late for them to move toward that. It doesn't mean we can't turn the tide. But [it may be] too late, because Iraqis are heading towards civil war. So maybe [this is] the last chance that we have now to start."

During the interview, Assad also criticized Washington for trying to solve the Iraqi crisis militarily. He said the Americans shared the blame for the chaos "because they're responsible for the political situation.... They only talk about troops and power, not about the political process."

Some Have High Hopes for Larijani Trip to Munich

The Secretary of Iran's Supreme National Security Council (SNSC), Ali Larijani, speaking to the Iran news agency IRNA upon his Feb. 10 arrival in Munich for the Wehrkunde meeting, said, "The conference aims to establish international peace. We come from a region in which over 25 big wars have occurred in the past 20 years. We feel the pain of war and if in this conference, there are signs that sustainable peace can be achieved we will consider the event as a very big and auspicious one."

Larijani is scheduled to speak on Feb. 11. He will meet with German Foreign Minister Frank-Walter Steinmeier and EU foreign policy chief Javier Solana on the sidelines of the conference. On his way to Munich, he stopped in Vienna for talks with IAEA chief Mohamed ElBaradei, who expressed hope that progress could be made in Munich.

According to Reuters Feb. 10, a few European nations were weighing a compromise proposal under which Iran could run a few hundred nuclear centrifuges for research ends, but without feeding uranium into them to generate fuel, while

negotiating for trade incentives from Western powers to curb its nuclear program, European diplomats said." The report said Swiss intermediaries would make the proposal to Larijani.

Meanwhile, Iranian officials in Tehran said the IAEA had installed surveillance cameras at Iran's underground nuclear plant where "industrial-scale" enrichment of uranium is planned. "We have nothing to hide," one official told Reuters. In Vienna, a diplomat familiar with IAEA operations in Iran confirmed cameras were now in place inside the complex at Natanz.

Larijani told Reuters in Munich: "The Iranian nuclear dossier is resolvable by negotiation. We've had constructive talks with Mr. Solana in the past and we believe that had we continued, we could have come to a positive conclusion," he said.

The Arab Gulf States Plan To Go Nuclear

The Secretary General of the Arab Gulf Cooperation Council (GCC), Abdulrahman Al-Atiya, said Feb. 4 that he will travel to Vienna on Feb. 22 to meet with IAEA head Mohamed ElBaradei and inform him of "the intention of the GCC states to develop a civilian nuclear program." He stressed that "the Gulf states' attempt to acquire peaceful nuclear technology is not a message against anyone," in an implicit reference to Iran. Al-Atiya explained that "this is the right of the GCC states and is a right to all nations, as long as there is a commitment to the criteria and measures defined by the IAEA."

Asharq Al-Awsat cites Al-Atiya as saying that he will discuss with ElBaradei and other IAEA officials "the draft study that the GCC states are intending to prepare concerning the acquiring of peaceful nuclear technologies." He added, "The IAEA will not take part in the study, but will merely be informed and consulted due to its international responsibility for this type of activity internationally."

Turkey's Foreign Minister Issues a Veiled Threat to the United States

Visiting the United States for three days Feb. 5-7, Turkey's Foreign Minister Abdullah Gul told reporters that he has asked for concrete and significant measures to be taken in the fight against the PKK, a terrorist Kurdish outfit based in the Kurdistan part of Iraq, according to MSNBC Feb. 7. The PKK is involved in terrorist activities aimed at breaking the Kurd-majority area from Turkey and merging that with the Kurdistan part of Iraq to eventually form an independent Kurdistan.

Following his meeting with U.S. Secretary of State Condoleezza Rice and Vice President Dick Cheney, Gul said the PKK has become more active inside Kurdistan because the United States allowed it to be. "PKK leaders are giving interviews on television channels in a friendly country. The United States which earlier stated it could not divide its forces in Iraq, has now changed this position."

Gul said that Turkey reserves the right to act in its own defense with regard to the PKK presence in northern Iraq. What Gul infers is that Turkey has rights based on international laws to move into Iraq to dismantle the PKK camps inside Kurdistan. He said, "U.S. officials are aware of this."

Saudis Broker Agreement Between Palestinian Factions

The two leading Palestinian factions signed an agreement for a government of national unity Feb. 8, at the conclusion of a several-day meeting in Mecca of Mahmoud Abbas of Fatah and Khaled Mashaal of Hamas. The meeting was sponsored by the Saudi government. a well-informed source close to Hamas, told Xinhua that the factions had agreed on ministerial posts for a national unity government: Hamas with the Prime Ministership and seven cabinet posts, and Fatah with six posts. In addition, three independent ministers were reportedly to be named by Hamas, for Interior, Planning, and State

Ministries. Four other posts are to be held by other parliamentary parties, the PFLP, the DFLP, Third Way, and Independent Palestine.

The usual suspects, including British Foreign Minister Margaret Beckett, immediately announced that the agreement won't change anything regarding the Palestinian government's position in the world, unless it agrees to Western (and Israeli) demands that it recognize Israel and its right to exist. The *Jerusalem Post*, however, notes that the principles of the agreement include a promise that the coalition government will "respect" previous peace agreements with Israel. It reports that Hamas will not accept that the government "commit" itself to the accords (which it regards as tantamount to recognition of Israel, which it has long rejected), but will endorse "respect" for the accords.

Asia News Digest

India and Iran Hold Strategic Talks on Energy

Indian External Affairs Minister Pranab Mukherjee, who is visiting Iran, held talks with his Iranian counterpart Manouchehr Mottaki on a number of issues, the *Tehran Times* reported Jan. 7. Following the talks, the Indian Minister announced that India, Pakistan, and Iran have now agreed to the pricing formula for the export of Iranian gas to India through Pakistan via a proposed \$7 billion pipeline. Simultaneously, Tehran proposed a trilateral summit (Iran, India, and Pakistan) to resolve the remaining differences in the pipeline project, and assured New Delhi of help to meet its growing energy demand.

In addition, Mukherjee said he has asked Tehran to expedite implementation of the LNG deal which was signed in 2005 but could not become operational because of non-ratification by the Iranian Parliament. The deal involves supply of \$22 billion worth of LNG to India over a period of time.

China Comments on U.S.-Indian Relations

"The United States has been itching to channel India into its global strategic track," states an article on the Bush Administration's policy towards India in the third quarterly issue of *International Strategic Studies*, the journal of a leading military think-tank in Beijing, the China Institute for International Strategic Studies.

The key element in the Bush Administration policy towards India is the U.S.-India nuclear cooperation accord, but the underlying issues are geostrategic. "The U.S. deems that South Asia is of extremely important geostrategic value," and Washington considers India indispensable for regional security, counterterrorism, "driving a wedge in the traditional Russia-India relations, [and] putting a check to the rise of China." India also wants U.S. support in increasing its role in the Asia/Pacific region. However, while Bush Administration policy is that "support rendered to India by the U.S. is premised, limited and preconditioned," that India cannot challenge U.S. hegemony. This can certainly mean problems, because India pursues its own independent foreign policy, and has made it clear, "that it would not allow any agreement signed with the U.S. to undermine the national security of India."

China Urged To Stick to Peaceful Development Policy

China must take responsibility to ensure that its national re-emergence sticks to its policy of truly peaceful development, wrote Lau Nai-keung, a Hong Kong member of the National Committee of the Chinese People's Political Consultative Conference, in the *China Daily* on Feb. 2. Lau wrote that China's peaceful relations with its neighbors is "of direct relevance of our national security." With growing world consensus of the importance of a peaceful China, "It is now up to us to prove them right.... If the 'gentle giant' got mad just once, ... this once might be a disaster too big for the world to

afford."

While Lau made special note of relations with India, and presented the Chinese view of the 1962 border clash, he did not go through the real background, including the legacy of the British imperial "forward school" policy, and the effect of Bertrand Russell and Nikita Khrushchev on Indian and Chinese policy at this time, which was the exact time of the Cuban Missile Crisis. He did note, however, that after the Chinese had defeated the Indian army in 1962, China immediately announced its unilateral ceasefire and "unconditional *withdrawal* to 20 kilometers behind the disputed McMahon Line." China has stuck with this policy, and "China and India are now on friendly terms with growing economic ties, and they are closer than ever to a cordial agreement on their borders."

Indian Admiral: We Do Not Consider China as an Adversary

"We do not consider China as an adversary at any point of time," said Indian chief of Naval staff Adm. Suresh Mehta in an interview with *The Hindu* in Abu Dhabi published Feb. 9. "We would like to have cooperative relations with [China] as we do with other countries. In fact, in two months our ships would call on Chinese ports, and even conduct a preliminary exercise there."

Mehta said that China had not shown any "particular sensitivity" towards India's concerns about free traffic in the Strait of Malacca. Because the Indian Navy demonstrated after the tsunami that it could provide humanitarian relief beyond Indian shores, Mehta said, "there might have been a perception in the United States that India could be involved in cooperative ventures which are regional in character."

But when asked whether India was being drawn into a U.S.-led alliance with Japan, Mehta said that India's "polity does not allow for participation in an alliance system."

China Accelerating Development of Nuclear Power

China is moving from "appropriate" to "accelerated development" of its nuclear power industry, *China Daily* Feb. 6 quoted Han Wenke, deputy director of the Energy Research Institute under the National Development and Reform Commission. China is looking more to nuclear power to balance its energy generation.

China is now the third-biggest nuclear energy producer in Asia, after Japan and South Korea, a 2006 BP Statistical Review of World Energy reports, with nuclear power following coal and hydropower in importance. However, with nine operating plants, nuclear provides just 2.3% of power. By 2020, that will be 4%.

Kang Rixin, general manager of the state nuclear conglomerate, China National Nuclear Corporation (CNNC), said that CNNC has signed agreements in four provinces and six cities for new nuclear projects. He said that nuclear power is important because it will lessen dependence on geographically-limited coal or hydropower. "Coal, the main energy source in China, is mostly produced in the northern parts of the country and hydropower is mostly found in the Southwest, but power consumption is concentrated in the coastal regions in the east and south. As a clean energy, nuclear power is a good alternative for China," Kang said.

While eight of the China's existing 11 plants were imported from France, Canada, and Russia, and China has signed an agreement with U.S. Westinghouse to build four plants, the country is developing its own technology. CNNC's CNP 1000 technology will be used to build two 1,000-megawatt reactors in Fangjiashan in Zhejiang Province.

China Huaneng Group power company is building the first nuclear plant using high-temperature gas-cooled reactors, in

Rongcheng, Shandong Province. Huaneng will operate the plant with Tsinghua University and China Nuclear Engineering & Construction (Group) Corp, and 70% of the technology is being developed in China.

India and China: Millions Still Live in Poverty

India and China are facing worsening income gaps, with millions of people still impoverished, Asian Development Bank president Haruhiko Kuroda told a conference on international development in Hanoi Feb. 8. Kuroda told the BBC that China and India in particular were experiencing income gaps which are still widening, despite fast-growing economies which have lifted millions of people out of poverty.

Growth on its own is not sufficient to solve Asian poverty, Kuroda said. "Rapidly growing economies like China and India have shown that although absolute poverty has been reduced substantially, the income gap between the poor and the rich has widened. That means that in coming years many Asian economies must be mindful of this big problem." Kuroda said governments have to spend more on health and education and improve conditions in rural areas to address the gaps between rich and poor.

Aussie/Japan Defense Pact 'Not Aimed at China'

Australian Foreign Minister Alexander Downer announced an Australian-Japanese defense pact, which, he said, "is not directed at China," *Mainichi* reported Feb. 5. Downer said the pact will be signed next month. This will be Japan's second such defense pact; its other is with the U.S. But, Downer said, if "we're to have joint exercises, they'd probably focus very much on things like disaster relief rather than the more aggressive type of military exercises we might have with the Americans."

And in regards to China, Downer said, "We certainly have always said we have no policy of containment or isolation for China. Quite the contrary. There is no need for them to be upset." But some observers note that the U.S. "deputy sheriff" in Asia seems less than convincing.

Mahathir: Blair, Bush Are 'War Criminals'

Former Malaysian Prime Minister Mahathir Mohamad condemned British Prime Minister Tony Blair and U.S. President George Bush as "child killers" and "war criminals," as he opened a conference on war crimes in Palestine, Lebanon, and Iraq, AFP reported Feb. 5. "History should remember Blair and Bush as the killer of children, or the lying Prime Minister and President. What Bush and Blair have done is worse than what Saddam had done." Australian Prime Minister John Howard is the "pocket Bush of the bushlands of Australia," he added. The conference will be attended by some 17 Palestinians, Iraqis, and Lebanese. Mahathir will also form a new war crimes commission, to be located in Kuala Lumpur.

Dr. Mahathir was recently nominated by Bosnian civil society groups for the 2007 Nobel Peace Prize for helping the country after its civil war.

Africa News Digest

Carter Denounces Calls for a UN Peacekeeping Force in Sudan

Former U.S. President Jimmy Carter stated that sending more peacekeepers to the Darfur region of Sudan will not bring years of conflict to an end, as long as there is no negotiated settlement in place beforehand. He made the statement in

Accra, Ghana Feb. 9. Carter and his wife are leading a delegation from the Carter Center on a four-nation tour in Africa to call international attention to an increasing Guinea-worm epidemic in impoverished communities in Ghana, Sudan, Ethiopia, and Nigeria.

"You can't resolve a conflict in an area as wide as Darfur even with 50,000 troops. Troops are not the way to do it," Carter said on the eve of his trip to Sudan, where he is expected to meet President Omar Hassan al-Bashir. "The government in Khartoum is not going to let them in. Even with five times as many troops, they still couldn't do it," Carter said.

Carter asserted that "the UN, the EU, and the U.S. need to harness all their tremendous influence to force all of the conflicting parties to negotiate a peace agreement and accept it. We need to emphasize a negotiated settlement. Then you should use military influence to enforce the agreement. That is what I will be discussing with Bashir."

As opposed to this type of approach, President Bush is taking a confrontational approach. Making no effort to deal with the fundamental causes of the crisis in Sudan, which was triggered when rebels took up arms against the government, Bush has approved a plan for the U.S. Treasury Department to aggressively block U.S. commercial bank transactions connected to the government of Sudan, including those involving oil revenues, if Khartoum doesn't cooperate with those behind the international campaign over the conflict in Darfur.

The Treasury plan is part of a secret three-tiered package of coercive steps—labelled "Plan B"—that the Bush Administration has repeatedly threatened to unleash against Sudan. Plan B includes a demand for a UN peacekeeping force, in addition to the African Union force that is in Sudan now.

Sudan's economy is reportedly largely U.S.-dollar-based, meaning many commercial transactions flow through the United States, which makes it vulnerable to Treasury actions. The core of the Treasury plan rests on an executive order issued by President Bill Clinton in 1997 that blocked all Sudanese government assets, including companies connected to it, and curtailed financial dealings with Sudanese entities.

Carter Center Addresses Guinea-Worm Epidemic in Africa

The formal subject of the Carter Center delegation's tour is the Guinea worm epidemic—*dracunculiasis*—which is a water-borne parasite, spread by contaminated water, and is still found in nine African countries. Ghana is the most Guinea-worm endemic country in West Africa, and is second in the world only to Sudan.

A disease of poverty, people get infected when they drink standing water containing a tiny water flea that is infected with the even tinier larvae of the Guinea worm. Inside the human body, the larvae mature, growing as long as three feet. After a year, the worm emerges through a painful blister in the skin, causing long-term suffering and sometimes crippling after-effects. It is easily prevented if ample supplies of clean water are available, or if water filters are available.

The Carter Center, which began to provide technical and financial assistance to national Guinea-worm eradication programs 20 years ago, leads a worldwide coalition to eradicate the disease.

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