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This Week You Need To Know

For Today's Young Adults:

Kepler & Cusa

by Lyndon H. LaRouche, Jr.

February 6, 2007

Kepler's discovery of the universal physical principle of gravitation, provides us today with the needed pedagogical typification of the meaning of not only the term "universal physical principle," but the refutation of the absurdity of all of those mathematical-physics and related assumptions, such as those of popular economics dogma of today, which are premised upon what is fairly represented as a Euclidean outlook. Here lies the essential continuation of the crime against man, science, and The Creator, by Wenck et al.

Prologue: *For those among us who wish to understand such matters properly, the personal immortality of the sovereign individual human personality, is, at first approximation, formally distinct from the mortal frame which the creative powers of the human mind inhabit. This is demonstrated by the role of the human cognitive function, which is lacking in all known living species other than mankind, but which is peculiar to the biologically expressed individuality of the human person. This is expressed in those immortal, creative mental actions which are, in effect, contrary to the expressed opinions of Britain's T.H. Huxley and Frederick Engels, actions which distinguish the willful increase of the potential relative population-density of the human species, absolutely, from the characteristics of species of the higher apes....*

...full article, PDF

The Fraud of Global Warming: True CO₂ Record Buried Under Gore

by Laurence Hecht, Editor, 21st Century Science & Technology

The historical record of atmospheric carbon dioxide concentrations, claimed by the Intergovernmental Panel on Climate Change (IPCC) as the justification for greenhouse gas reduction, is a fraud. Research by a Freiburg, Germany professor, Ernst-Georg Beck of the Merian-Schule, shows that the IPCC construed and concocted the pre-1957 CO₂ record from measurements on recently drilled ice cores, ignoring more than 90,000 direct measurements by chemical methods from 1857 to 1957. The IPCC's hoked-up record attempts to prove that CO₂ concentrations have been steadily increasing with the progress of human industrial civilization. Beck's work confirms a wealth of previous investigations which demonstrate that the IPCC cherry-picked its data in an attempt to prove that we must stop industrial development and return to the horse-and-buggy age, or face oppressive heat and melting of the polar ice caps....

...full article, PDF

In-Depth Coverage

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Executive Intelligence Review,
Vol. 34, No. 9
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Science

The Fraud of Global Warming: True CO2 Record Buried Under Gore

The historical record of atmospheric carbon dioxide concentrations, claimed by the Intergovernmental Panel on Climate Change (IPCC) as the justification for greenhouse gas reduction, is a fraud, as shown by research conducted by Prof. Ernst-Georg Beck of Freiburg, Germany. So much for Al Gore and his supposed 'Inconvenient Truth.' Laurence Hecht, editor of 21st Century Science & Technology, reports.

What Really Causes Climate Change?

Dynamics of Earth-Sun orbital relationships, and not statistical trends in greenhouse gases, are the principal cause of climate change, as the past 2-million-year record of Ice Ages demonstrates.

Feature

For Today's Young Adults: Kepler & Cusa

by Lyndon H. LaRouche, Jr.

'The special relevance of the presentation of this material at this time, is its bearing on the setting of ongoing special research work in progress by scientific task-force teams presenting the international LaRouche Youth Movement (LYM). My function on this account, is to set the stage upon which those independent actors in the pursuit of science develop and unleash their own powers of creative performance.'

National

Libby Trial Fingers Cheney; Now Congress Must Do Its Job

The biggest mistake that Members of Congress are making, in the view of a number of qualified observers, is sitting back during the Lewis Libby trial, and hoping that Special Prosecutor Patrick Fitzgerald will do their job for them. Documentation: From the grand jury transcript of testimony by Lewis Libby.

International

Momentum for Strike on Iran Threatens To Be Irreversible

Although recommendations for United States/Iran negotiations have come from many sources— including from within the United States as well as from Iran itself— Vice President Dick Cheney and his cohorts are still bent on starting a war.

Plot Brings Down Italian Government

North Korea Deal Is Tentative Step Ahead

Economics

Japan's Interest-Rate Hike Could Collapse the System

By Helga Zepp-LaRouche,

Those who think the decision of the Japanese central bank to raise interest rates from 0.25 to 0.5% would have little effect, are ignoring the stunning importance of the yen carry-trade. Its collapse could bring down the whole house of cards of the bankrupt global financial-monetary system.

BoE, Not BoJ, May Pop the Carry Trade

Bush Biofuel Junket to Ibero-America Aims To Ensnare Region in Insanity

A Green Trap Germans Should Not Walk Into

Leading Crop Scientist Warns of Potential Rice Crisis

An interview with Dr. Robert S. Zeigler.

Henry Wallace: Science To End Hunger Forever

The American System

How FDR Reversed the 1933 Banking Crisis.

Editorial

A Moment of Truth Has Arrived

U.S. Economic/Financial News

Violent Shakeout in Subprime Mortgage Market

The ABX index—an index of credit default swaps/credit derivatives—took a huge fall Feb. 22, based on the ongoing collapse of subprime mortgages, and Moody's Rating Service's announcement that it is considering downgrading five subprime mortgage lenders. Reflective of the fall of the ABX (down 24% since Jan. 18): Whereas in January, an investor would have to pay \$389,000 for a year to protect or insure \$10 million of lowest-investment-grade bonds, by Feb. 22, it would require more than \$1.1 million. This is directly affected by the collapse in subprime mortgages. It should be stressed that the condition of demanding \$1.1 million in credit default swap insurance for each \$10 million in instruments based on bonds, last happened during April-May of 2006, with respect to the bonds of GM and Ford. At that point, the *derivatives market blew apart, and suffered hundreds of billions of dollars of losses.*

Meanwhile, Moody's said Feb. 21 that it may cut the ratings of units affiliated with New Century Financial Corp, the second-largest subprime lender. Moody's said it may also reduce the ratings for four other subprime lenders: NovaStar Financial, Ameriquest Mortgage, Accredited Home Lenders Holdings, and Winter. Twenty-four hours later, Feb. 22, NovaStar announced a fourth-quarter loss of \$14.4 million, and its stock plunged 43% in a single day. That is the kind of wrenching fall that occurs when a market is imploding.

The danger is that collateralized debt obligations (CDOs)—a new "hot" type of derivatives that were issued against subprime bonds—totalled \$500 billion in issuance in 2006, which is half of the volume of all CDOs of all types that were issued last year. The hedge funds, looking for high yields, reportedly bought the lion's share of these subprime mortgage-based CDOs; as these CDOs melt down, *some hedge funds are going to suffer large losses*, reported the Feb. 22 Bloomberg.

According to the Mortgage Bankers Association, subprime mortgages soared to 13.5% of all outstanding mortgages in 2006, which would put the volume of subprime mortgages at more than \$1.3 trillion. Among the biggest subprime lenders, and most vulnerable, are big banks, like the British Crown's Hong Kong Shanghai Bank (HSBC), the largest subprime lender in the United States.

Delphi Division To Be Sold to Locust Group

Delphi Corp., i.e., the Cerberus/Appaloosa group of hedge funds that are taking control of Delphi in bankruptcy court—has agreed to sell off its Interiors and Closures Division to the notorious mega-millionaire, junk-bond defaulter, Ira Rennert's Renco, Inc. This large Delphi division includes six plants in the United States, and others in Germany, Austria, China, Korea, and Mexico. The plants make instrument panels, consoles, cockpits, door assemblies, and latches; they include two plants near Saginaw, Michigan and the Columbus, Ohio plant whose UAW workers repeatedly came to Capitol Hill to demand passage of Lyndon LaRouche's Emergency Recovery Act.

Renco Group, Inc., controlled by Rennert, notoriously defaulted in 2002 on a number of junk bond issues linked to its holdings WCI Steel and Lodestar. It has been cited nationwide by the Environmental Protection Agency as among the ten worst polluters in the United States. Its holdings include a good number of bankrupts. U.S. Magnesium Corp. and Lodestar Holdings (Kentucky coal) are both major polluters and bankrupts. WCI Steel of Warren, Ohio, owned by Renco, has been in and out of bankruptcy.

Way back in the 1960s, Rennert was cited twice by the SEC and, the second time, debarred from the securities industry and from the National Association of Securities Dealers on Wall Street. He went into the completely unregulated world of private equity deals in the 1970s and '80s, working with Michael Milken's "monsters" and others, and was a significant issuer of junk bonds. He was a partner in Milken's giant Integrated Resources scam of the 1980s.

The one deal which has made Renco is Rennert's 1992 acquisition of AM General, which got the exclusive contract to make U.S. Army Humvees since 2001. Rennert bought AM General for only \$133 million, including only \$10 million of Renco's own funds. Renco sold 70% of AM General in 2005 for \$1 billion, to Ronald Perelman Enterprises. Rennert himself is a major funder of Likud campaigns in Israel, particularly Bibi Netanyahu; and lives in the largest occupied dwelling in North America, a monstrosity which nearly fills a 63-acre property on eastern Long Island.

Auto Loaded with Debt, Ready for Big Defaults

A journalist reported to *EIR* a recent conversation with an auto-supply executive at a meeting in Florida: The executive said that he's sure that 1) hedge funds are going to wind up owning Chrysler, probably the Cerberus group of funds that is

now buying Delphi; and 2) there is so much more debt on the big carmakers and big suppliers even than two-three years ago—largely hedge-fund-borrowed debt—that there will, before long, be a big default or defaults—of Ford/Visteon, Chrysler, Tower, Delphi, or more than one. This could easily be tens of billions of dollars in debt.

Lyndon LaRouche commented: "That's what we have to remind members of Congress. When we were pushing on [saving auto] two years ago, it was the last chance. And they did nothing—including Hillary [Clinton]. There is not a chance to stop it now, unless someone decides to do it politically. These are now lost causes. We have to say [to Members of Congress], 'We told you guys. You went with Rohatyn's advice. You thought you were so smart!'

"We'll go with large-scale public works as part of infrastructure. That's the only thing that will work. Otherwise, everything goes!

"Anyone running for office who hasn't changed their tune on this since 2005, does not have a very good chance for success," LaRouche said.

Chrysler May Be Sold or Permanently Closed

Chrysler, once the world's third-largest automaker, may be sold or permanently closed. One thing is for sure, it certainly has been destroyed. In 1998, Daimler Benz bought out Chrysler for \$36 billion; today, its market value may be as little as one-seventh of that, \$5 billion, according to a Bank of America analyst Feb. 19.

Bloomberg reported Feb. 19, that as GM holds discussions with Daimler Chrysler about buying Chrysler, "other options for Chrysler would include selling shares in an initial public offering, a partial sale, or a *closure of operations*, said Juergen Pieper, an analyst at Bankhaus Metzler" (emphasis added). Pieper added that, likely buyers for Chrysler are "other carmakers, including Hyundai Motor Co. [of Korea] and Chinese companies, [or even] financial investors [locusts] are also likely candidates."

New York Times: Dangers of Financial Crisis Rising

In an editorial entitled, "Mortgage Insecurities" on Feb. 22, the *New York Times*, in a small nod to reality, wrote, "If the bankers, investors and regulators who populate the global financial markets are not already anxious, they should be." After a brief review of the Russian default of 1998 (which intensified the LTCM meltdown), the paper stressed, "More than 20% of global private debt securities is now tied to housing in the United States. That works out to \$7.5 trillion—far larger than the [open] market for United States Treasuries. So if America's mortgage markets heads south, the losses could be widespread." Shedding a single layer of its "being objective" persona, the *Times* asserts, "The odds of a global financial crisis are still low, ... but they are rising."

Mittal Ordered To Divest Sparrows Point Steel Mill

Mittal, the world's largest steel producer, put together through the buyout of bankrupted steel mills throughout the world, was ordered to sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's recent merger with Arcelor SA, *Forbes* reported Feb. 20. The future of Sparrows Point and its remaining 2,400 steelworkers is unclear.

World Economic News

Locusts Eating Tenants: Dresden Public Housing To Raise Rents

Beginning April 1, tenants of the former Dresden public housing agency WOBA, which was sold to the Fortress fund a year ago, will have to pay 15% more for their flats *Saechsische Zeitung* reported Feb. 22. Given the fact that many tenants are jobless and depend on Hartz IV (government subsidized) pay, they will not be able to pay the increase.

WOBA managers have responded to the broad public outcry with the foul excuse that, as of now, only 7% of the 48,000 flats owned in Dresden will be affected by the rent increases. Apart from the fact that rents will increase also in other sections of the WOBA, soon, the rent aspect serves as a fraudulent message to speculators that investing in Fortress will yield a considerable revenue of 7% or more. That kind of revenue, insiders have pointed out to this news service, cannot be generated by rent increases, but luring more and more investors into the IPO, is designed by Fortress to pay off earlier investors. A swindle, a "ponzi scheme," as they say in New York.

French Bid To Build South African Nuclear Plant

During a visit to Johannesburg, French Industry Minister Francois Loos told businessmen at the French/South African Chamber of Commerce that French nuclear company Areva was anxious build the first in a series of new nuclear power plants that South Africa is planning. France built the only nuclear plants in Africa—two units at Koeberg, near Cape Town. To sweeten the deal, Loos said, France was interested in South Africa's fourth-generation pebble bed modular reactor (PBMR), and that participation in that project, which has been short of investment, would be a possible quid pro quo.

South African Minerals and Energy Minister Buyelwa Sonjica said from Cape Town Feb. 19 that South Africa is in discussions with Russia to cooperate in processing uranium for sale on the international market, as part of President Vladimir Putin's plan to establish an international nuclear fuel center. Until 1995, South Africa had a nuclear weapons program, and has a reserve of educated and experienced nuclear scientists and engineers. Recently, to prepare for the expansion of its nuclear capacity, South Africa declared its uranium a "strategic mineral." Sonjica said South Africa would also look at reprocessing spent fuel, which, of course, is its sovereign right. The problem is that the Putin/Bush/IAEA international fuel center proposal is premised on the agreement that a nation that buys fuel foregoes its own enrichment and reprocessing.

News of nuclear cooperation between South Africa and Russia in greater detail is included in this week's Russia/CIS Digest.

United States News Digest

Bush Administration in 'Confused and Difficult' Moment

The Bush Administration is in a "confused and difficult moment," a British intelligence source told *EIR* on Feb. 22. This source, who previously was cocksure that the Bush Administration was insane enough to launch a war despite all opposition, questioned whether they could really carry it off and then be able to deal with the consequences. On a scale of 1 to 10, he put the war danger at 5, of course with the proviso that it could change for the worse overnight.

He pointed to the tremendous attacks on British Prime Minister Tony Blair as indicative of the widespread understanding that an attack on Iran would be a "colossal disaster."

The Bush Administration's foreign policy appears in such disarray, he wondered whether it could manage to bring anyone along with them. He pointed to Secretary of State Condoleezza Rice's trip to the region as accomplishing nothing, since the policy of doing nothing was already decided from the White House. Even within Israel and the in American Israeli Lobby there is serious concern over the consequences of an attack on Iran. The Saudis are also angry that they brokered the Mecca agreement between Fatah and Hamas only to have it rejected by the U.S.

The source also speculated that Vice President Dick Cheney's current Asian tour might bring on a heart attack. He pointed out that Cheney was not well received in Saudi Arabia a few weeks ago, nor in Japan.

While agreeing with Lyndon LaRouche's assessment that Bush-Cheney could still make a decision to attack Iran, he concluded by saying it was a "confused and difficult moment" that will clear up in the coming weeks.

Nichols Charges FBI Aid in OK City Bombing Plot

A Feb. 9, 2007 affidavit by Terry Nichols, serving a life term in Federal prison in Colorado, purports to give details of other people involved in the plot to bomb the Oklahoma City Federal building on April 19, 1995, to give closure to himself and the survivors of the crime's victims; he says he offered these details in a September 2004 letter to Attorney General John Ashcroft, but received no response.

According to the Salt Lake City Tribune Feb. 23, Nichols claims that his partner Tim McVeigh (executed in June 2001) angrily told him at a January 1995 meeting, that a high-ranking FBI official, Larry Potts, was manipulating him and forcing him "to go off script," which Nichols says he took to mean that Potts had changed the target of the bombing. Among the other things alleged by Nichols are that McVeigh told him in 1992, that he'd been recruited while in the U.S. Army to carry out undercover missions, without giving Nichols any further details. He also claims that the bomb he helped McVeigh construct on the morning of April 18, 1995, "did not resemble in any fashion" the Oklahoma City bomb described by McVeigh in the book *American Terrorist*, and that, "The bomb McVeigh described also displayed a level of expertise and sophistication which neither McVeigh nor I had in building a bomb."

Nichols' affidavit was filed in an FOIA lawsuit against the FBI in Salt Lake City by attorney Jesse C. Trentadue. Trentadue claims that Nichols' brother Kenneth was mistaken by authorities for an Oklahoma bombing conspirator, and that Federal prison guards killed him in an interrogation that got out of hand.

Readers are cautioned that prisoners' claims of secret knowledge are a common phenomenon, and of varying reliability (frequently, none). However, *if* McVeigh made the statements to Nichols about Larry Potts, it is interesting. Potts at the time was the FBI's Assistant Director heading the agency's Criminal Division, and as such, oversaw domestic security and terrorism investigations. Potts was, in fact, in charge of the 1993 Branch Davidian operations by the elite Hostage Rescue Team (HRT) (which Oklahoma City was allegedly meant to avenge), and the 1992 Ruby Ridge incident involving HRT snipers.

Murtha Details Legislation To Stop Surge

On Feb. 19, Rep. John Murtha (D-Pa.), chairman of the House Defense Appropriations Subcommittee, detailed his legislation to stop President Bush's plan to surge additional troops into Iraq. He said it would go before the full House Appropriations Committee on March 14, and reach the House floor a few days later. His bill will be a rider on the Administration's \$100 billion supplemental funding request for Iraq.

It will not allow Bush to extend the tours of forces in Iraq beyond one year, nor to send troops who have not had one year

between tours to retrain and re-equip. They normally have two years between combat tours. It would also bar "stop-loss" orders, which bar troops from leaving the service when their term of commitment expires.

"That stops the surge, for all intents and purposes," he said. "They know they can't sustain the surge if these restrictions pass the House and Senate. The President can always veto it, but then he won't have any money."

Murtha answered critics by noting that, "We have found that our military bases at home lack the necessary equipment and training and are rated at an unacceptable state of combat readiness. The surge will force the Administration to send many of our troops back into Iraq with less than one year at home, and some troops already in Iraq will be extended in excess of one year.... This is a disservice to those who have served. This is a policy that weakens our military and threatens our military readiness."

Murtha also wants provisions that would shift the U.S. effort from military to civilian reconstruction, and limit dependence on private contractors. "We're going to try to reduce their presence substantially," he said. The Pentagon admits it doesn't know how many private military contractors there are in Iraq; some experts told Murtha there are 100,000.

Murtha proposes to "bulldoze" Abu Ghraib and close the U.S. military prison at Guantanamo. His legislation will also bar permanent military bases in Iraq, and prohibit the Administration from launching war against Iran without Congressional approval.

Sen. John Kerry (D-Mass.), another decorated Vietnam veteran, supported Murtha in a floor speech on Feb. 15. Citing Pentagon reports showing continuing shortages of critical equipment such as body armor, Kerry asked, "Aren't we putting our troops at risk when we send over 20,000 more Americans into the crossfire of a civil war without life-saving equipment?"

Wounded U.S. Soldiers Return to Neglect at Home

On Feb. 18, the *Washington Post* published a lengthy front-page exposé, of the kind of horror that returning wounded soldiers are facing at the Walter Reed Medical Center, whose vast but aging facilities outside the hospital itself have become deteriorating, depressing, rodent- and roach-infested holding pens for physically and psychologically wounded outpatients who have been released from the hospital but are either still in need of treatment or are awaiting a decision on discharge or return to active duty.

Authors Dana Priest and Anne Hull wrote: "They suffer from brain injuries, severed arms and legs, organ and back damage, and various degrees of post-traumatic stress. Their legions have grown so exponentially—they outnumber hospital patients at Walter Reed 17 to 1—that they take up every available bed on post and spill into dozens of nearby hotels and apartments leased by the Army. The average stay is ten months, but some have been stuck there for as long as two years." Some have disappeared from the rosters, some have died in the outpatient facilities, some have been transferred without records and are often lost in the shuffle. Families, especially non-English-speaking family members, who come to live with their wounded relatives, feel abandoned without information, without translators and, sometimes, without money. A number of soldiers are assigned responsibility to watch over others, especially those on suicide watch. All are frustrated by mountains of paperwork.

Dozens of personal stories from the soldiers reveal a tremendous frustration and resentment at a government that used them, and is now neglecting them. As one social worker put it, they get medical care and are saved. "But then they get into the administrative part of it and they are like, 'You saved me for what?' The soldiers feel like they are not getting proper respect. This leads to anger."

The *Post* exposé has ignited an uproar both in the Congress and among veterans' groups, and promises by the Army to improved conditions for wounded soldiers at the hospital. Army Surgeon General Lt. Gen. Kevin C. Kiley charged, during a briefing at the facility for reporters, on Feb. 22, that the *Post* exposé was "a one sided representation" and that the problems that it reported were not widespread or "emblematic" of the Army's treatment of wounded soldiers. Nonetheless, Secretary of Defense Robert Gates has ordered an independent investigation of what he termed an "unacceptable" situation for outpatients at the hospital.

Call for Expanded GOP Rebellion vs. Bush's Surge

Washington Post columnist E.J. Dionne wrote, in a Feb. 20 op-ed, that the Republican opposition must be widened beyond the 17 Republican House members who voted against the troop surge into Iraq, and he endorsed the legislation by Sens. Joseph Biden (D-Del.) and Carl Levin (D-Mich.) to revoke the original 2002 Iraq resolution as the means to do it. The legislation revokes the authorization for the war on the basis originally it was to stop Saddam Hussein, who is now dead, and prevent his use of weapons of mass destruction, which were non-existent. Dionne writes, "Changing our policy will require a substantial Republican rebellion," and adds, "The Biden-Levin idea has the advantage of pushing the Republicans who are quietly doubtful about Bush's path out in the open."

Ibero-American News Digest

Argentina, Venezuela Forge Path to Ibero-American Unity

After signing a series of agreements with Argentine President Nestor Kirchner in the Venezuelan city of Puerto Ordaz on Feb. 21, Venezuelan President Hugo Chavez underscored that both nations are called on to forge the path toward Ibero-American unity and integration. It was Kirchner's fourth trip to Venezuela, during which he and Chavez also signed a bilateral memorandum of understanding to create a Bank of the South, as the kernel of a new regional financing mechanism to counter the bankrupt International Monetary Fund (see InDepth: "Bush Biofuel Junket to Ibero-America Aims To Ensnare Region in Insanity," by Cynthia R. Rush).

The two Presidents inaugurated a new bloc of wells in the Orinoco oil belt, where Argentina's new state-owned energy company, Enarsa, will participate jointly with Venezuela's PDVSA oil company. Aside from several other agreements by which Argentina will invest in, and help to develop, Venezuela's agro-industrial capabilities, the two governments also issued the second series of 'Bonds of the South' worth \$1.5 billion. These joint bonds have allowed Argentina to enter international financial markets, much to the chagrin of those creditors—more aptly called financial vultures—who refused to participate in Argentina's 2005 debt restructuring, and want to punish the Kirchner government for failing to respect their demands that they be paid in full. They now hold approximately \$20 billion in defaulted debt.

According to the Bloomberg news service, Morgan Stanley Investments, among other predators, have been betting that Argentina will be forced to go to the IMF to gain access to "international markets" and put a stop to creditor lawsuits against it. They should be prepared to be disappointed. Recently, the IMF meddled in Argentina's attempt to renegotiate the debt it owes to the Club of Paris group of creditors, telling the Kirchner government that the renegotiation would be conditioned on Argentina signing an agreement with the IMF. "This is the general norm" for such renegotiations, the Fund asserted on Feb. 16. President Kirchner's Chief of Staff Alberto Fernandez shot back the next day: "We have nothing to negotiate with the Fund." Argentina "owes it nothing," as it paid off the \$9 billion owed the Fund in January 2006. "It is outrageous that they place such conditions on us," he told Radio Mitre. "We paid off the Fund to have autonomy," not to take orders from it.

Bolivia: Brazil, Argentina Key in Preventing Civil War

Eduardo Gamarra, Director of the Latin American and Caribbean Center at Florida International University, told *EIR* that both Brazil and Argentina have a key mediating role to play in preventing Bolivia from plunging into civil strife and social upheaval. Gamarra made these remarks during a Feb. 21 press conference sponsored by the Council on Foreign Relations (CFR).

Gamarra has just released a report entitled "Bolivia on the Brink," where he states that Bolivia is on the verge of either refounding itself as a nation or falling into the chaos of a resource war fought along racial lines. He warned that there is no mediating influence within Bolivia between the government of President Evo Morales and its indigenous base of support on the one hand, and the "opposition" led by separatist governors from the resource-rich eastern provinces of Santa Cruz, Tarija, and Cochabamba.

Asked by *EIR*'s David Ramonet about the new economic relations that both Brazil and Argentina have established with Bolivia, Gamarra said that this was positive, but added that those countries aren't anxious to get involved in Bolivia's internal affairs. Also, he warned that it's important that the United States not intervene, and would do well to even "de-cocainize" its relationship with the Morales government.

He further explained that Morales' nationalization plans are not intended to be outright expropriation, but rather "joint ventures." Morales is strictly a Bolivian phenomenon, Gamarra underscored, and has nothing to do with Cuba or Venezuela, despite the close current relationship with both governments. Morales wants to "dismantle neoliberalism," but is not against private property, Gamarra said. Even more, contrary to what every analyst forecast, foreign investment didn't flee Bolivia last year, but increased instead.

No Evidence of Hezbollah 'Threat' in South America

On Feb. 20 and 22, the U.S.-based Spanish-language television network Telemundo ran a special entitled "Hezbollah: Terrorist Threat in Latin America." The program claimed that the threat of radical Islamic terrorism "is in our own Latin America and could reach U.S. territory." This charge is particularly aimed at Iran, and, among other things, intended to bolster the November 2006 charge by Argentine prosecutors that Iran and Hezbollah were behind the 1994 bombing of the AMIA Jewish social center in Buenos Aires.

During his early-February trip to Brazil and Argentina, U.S. Attorney General Alberto Gonzalez repeated the unsubstantiated claim that there are Islamic terrorists fundraising from the tri-border region—Paraguay/Brazil/Argentina—and sending those funds to their allies in the Mideast. He then offered to "help" those countries intensify their collaboration in the war on terror. Brazil isn't interested in such "help." But that hasn't stopped the Bush Administration. Following an alleged mid-February threat by al-Qaeda to blow up oil installations in Venezuela, Mexico, and Canada, because those countries supply oil to the U.S., the State Department's USINFO news agency upped the pressure, stating on Feb. 22 that "there is continuing concern over the tri-border area ... due not only to Hezbollah activity, but to Hamas and al-Qaeda conspiracies as well." When Under Secretary of State for Political Affairs Nicholas Burns visited Argentina Feb. 8-9, he also suggested that al-Qaeda was running operations in South America.

Nuclear Issue Hot in Brazil, Despite Biofools Craze

Members of President Luiz Inacio Lula da Silva's cabinet openly admit that there's a "lack of consensus" over whether to approve the proposal to invest in the nuclear sector, to both complete the unfinished Angra 3 nuclear plant, and build six to eight new plants between now and 2030. Science and Technology Minister Sergio Rezende strongly backs the program, and points out that renewable energy sources (biofuels) haven't proved themselves "viable" on a large scale to meet the country's energy needs.

The Program for Growth Acceleration (PAC), announced Jan. 22 by President Lula, includes an appendix providing for financing for Angra 3's completion, and the French government has already indicated great interest in having its Areva company participate in the project. But Environment Minister Marina Silva has declared herself "completely opposed" to completing Angra 3, while Lula's Chief of Staff Dilma Rousseff stated on Feb. 12 that the discussion on Angra 3 "hasn't yet matured," and that there is no fixed date on when a decision might be made. Rousseff is in fact the point person for negotiations with the Bush Administration on signing a "strategic alliance" for joint biofuel development.

Western European News Digest

Urge Direct U.S.-Russia Talks on BMD Deployment

Poland's ex-President Aleksander Kwasniewski said his country should insist that the U.S. discuss its missile defense plans with Russia and the European Union, news wires reported Feb. 21. "Undoubtedly, Poland's security is important, but I think our main condition must be that the Americans should discuss this issue with at least two of their main partners—Russia and the EU," Kwasniewski told Polish TVN24. He went on to caution against getting involved in negative fall-out from the planned deployment. "I think it is some kind of game which we should not participate in," Kwasniewski said, and called for a broad public debate on the matter.

At the same time, French Defense Minister Michele Alliot-Marie said NATO could and should intervene to dispel Russia's fears about the missile system. "One should distinguish between theater NMD, on which we cooperate, and the NMD for the protection of the population and large territories," she said at a news conference in Moscow on Feb. 21. "As for the other system, the dialogue and transparency should be improved to dispel suspicions. NATO could play its role in this sense."

Synarchists Bolt from France's Royal, Again Backing Sarkozy

After having massively promoted French Socialist Party Presidential candidate Segolene Royal, the financial assets in the media are now working full time to advance the candidacy of the more controllable Nicholas Sarkozy (currently, the Interior Minister and head of the center-right UMP party) and Francois Bayrou (president of the centrist UDF party) to destabilize Royal's candidacy, with the result that opinion polls now show Sarkozy defeating Royal 54% to 46% in the second round. Royal, however, is feisty and presented a program which has positive features, including calls for increases in social spending in minimum wages, retirement pay, and assisted job creation for youth. It calls also for massively increasing and better targeting of government funding for R&D.

On Europe, Royal goes further than her competitors, calling for a reform in the European Central Bank mission to include not only the fight for currency stability, but also for growth, and for national spending on R&D to be excluded from the European Union's stringent Maastricht criteria deficit calculations.

On foreign policy, she stated that policy towards the U.S. will be one of friendship but firmness, and outlined three priorities: Africa, China, and Russia. "I want France to be among the first powers to perceive this coming to power of China and draw all the inferences," she stated. She also noted that "very strong secular ties unite us to Russia," and that Russia "belongs, I'm convinced, to European civilization."

(See last week's InDepth for coverage of LaRouche associate Jacques Cheminade's Presidential campaign: "Cheminade Campaigns for 'Soul of France.'")

Italian Judge Indicts 26 Americans in Rendition Case

A Milan judge indicted 26 Americans and five Italian intelligence officials Feb. 16 in the rendition case of Egyptian cleric Abu Omar. The trial is to begin June 8, although it is expected the Americans will be tried in absentia. The Americans charged include the CIA's former Rome and Milan station chiefs, Jeff Castelli and Robert Seldon Lady, and a USAF colonel who was stationed at Aviano air base at the time. Abu Omar had been taken to Aviano to be flown to Germany and then Egypt, after being abducted on the streets of Milan in 2003. The other Americans are thought to be CIA officers. The Italians indicted include former SISMI (military intelligence) head Nicolo Pollari, and his deputy Marco Mancini.

In Washington, the State Department referred questions to the Justice Department, which had no comment. "Our official, public view is that this is an internal, Italian judicial matter." Likewise, the CIA had no comment.

Last month, a court in Munich issued arrest warrants for 13 suspected CIA agents accused of kidnapping German citizen Khaled el-Masri, and taking him to a prison in Afghanistan where he was tortured.

British Labor Takes Up Fight Against 'Locust Funds'

The fourth-largest British labor union (600,000 members), GMB (Britain's General Union), has held repeated protest actions against hedge and equity funds, the *Frankfurter Allgemeine* reported Feb. 21. Unlike the German labor unions, which have largely been silenced by slanders that their anti-locust protest was "anti-Semitic," labor outside of Germany has had fewer problems of that kind. In January, several actions took place against the fund Permira, which after its takeover of Automobile Associates in autumn 2004, fired more than a third of the 10,000-man workforce. That has created a disaster in the car accident emergency sector, with a 20% increase of unserviced car breakdowns, 30% increases of prices for car owners taking the emergency service of AA, and working days of up to 12 hours for the AA staff that has remained.

"GMB members have suffered because of the *curse of the venture capitalist* at the AA—where these robbers and plunderers have taken other viable businesses and hollowed them out to satisfy their own greed," a union statement said, adding that "GMB wants the UK Government to wake up to the fact that the venture capitalists are, as the German Government said, 'swarms of locusts sucking the substance' out of the economy."

A GMB spokeswoman, reached by phone, said that indeed, the German debate about measures against the locust funds has been watched with a lot of sympathy also among workers in Britain, and that the case of Permira is just one among many others that have destroyed jobs and robbed the taxpayer.

European Commissioner Now Defending Locust Funds

Charlie McCreevy, EU Commissioner for Internal Market Affairs (i.e., deregulation and privatization), came out vehemently in defense of the hedge funds, in an interview published by the *Financial Times* Feb. 20. He said that the funds are doing good work, taking risks which nobody else would take, to provide funds for the markets, and so on. The problem is not the funds; it is the bad public relations they have exercised, to convince the broader public of their virtues, McCreevy thinks.

Paying lip service to "some transparency," McCreevy then, however, claimed that it would be impossible for the funds to report the millions of transactions they do, on any given day, to any supervisory authority. Demanding that, as certain people [for example, in the U.S. Senate—ed.] are doing these days, would not create transparency, but rather drive the funds out of the markets completely. "Some people really want to regulate them out of existence," McCreevy complained.

Clash of Civilizations Again Stoked in Netherlands

A statement by Dutch Member of Parliament Geert Wilders, has provoked a protest from the government of Saudi Arabia, the *Telegraaf* reported Feb. 18. In an interview with a Dutch daily *de Pers*, Wilders stated that Muslims should tear out half of the Koran if they want to stay in the Netherlands.

Wilders is a notorious chauvinist whose ravings get wide publicity in the press.

De Pers's first issue came out on Jan. 23, 2007. Though new on the block, it has already landed a contract for distribution by the Dutch railway stations. Its nominal owner is the notorious speculator and asset-stripper Marcel Boekhoorn.

Russia and the CIS News Digest

Ex-Ambassador Falin Nails British Postwar Manipulation

In a speech in Dresden on Feb. 18, Valentin Falin, Soviet Ambassador to West Germany from 1971 to 1978, said that black propaganda campaigns against Russia had previously been carried out during the Crusades, 800 and more years ago. In recent centuries, however, the British have taken a lead in Russia-bashing, he said. Citing formerly secret documents, Falin said that Britain tried to transform both world wars in the 20th Century into crusades against Russia. And the Cold War after 1945 was worse, with more casualties and wasted resources, than the world wars before, Falin said. His speech was given in the context of the annual Dresdener Gespraech, a panel sponsored by Saxony's *Saechsische Zeitung* news daily.

Putin's Speech: 'Cold Shower, Not Cold War'

Russian President Putin's Feb. 10 speech in Munich (see EIR online Feb. 20) contained truths that Western officials are prepared to discuss only behind closed doors, Sergei Yastrzhembsky, Putin's envoy to Europe, said in an interview with the government daily *Rossiyskaya Gazeta* on Feb. 22. "This is why [Putin's speech] had the effect of a 'cold shower,' not a Cold War," Yastrzhembsky said. He said that Russia had lost patience trying to draw the Western officials' attention to the discrepancy between their declarations and practical actions.

There will be no Cold War, he said. "We are no longer in ideological conflict with the West. Russia is a totally different country." Yastrzhembsky said that the speech addressed global issues. "With that in mind, I want to reiterate that Russia is back as a major world player." Russia, which had been in the background of world politics in recent years, does not agree with efforts to impose a unipolar world order, he said. "The United States feels free to speak openly about its concerns over Russia's domestic affairs and its relations with ex-Soviet neighbors. We understand this," he said. "Therefore, the U.S. should recognize Russia's right to speak directly about our concerns over the U.S. policy in various regions of the world."

Russian Missile Corps Ready To Quit INF Restrictions

Russia's Strategic Missile Forces (SMF) are ready to pull out of the Intermediate-Range Nuclear Forces (INF) treaty with the United States, if such a political decision were to be made, SMF commander Nikolai Solovtsov said Feb. 19. General Solovtsov said, "If the governments of Poland and the Czech Republic make a decision," to allow U.S. deployment of missile defense systems on their soil, "the Strategic Missile Forces will be able to target these systems." He added, "It is

not difficult for us to restart production of medium- and short-range missiles because we have preserved all of the technologies. It could be done quickly, if the need arises."

Lavrov Firm on Russia's Global Role

Addressing students at the Moscow Linguistic University Feb. 20, Russian Foreign Minister Sergei Lavrov resituated some recent remarks from the Russian military establishment, in response to U.S. efforts to spread NATO, and its ballistic missile defense projects throughout Eastern Europe. "The current developments in the world do not point at a new variant of the Cold War," Lavrov said. Despite Russia's concern about U.S. missile deployments in Central Europe, and NATO's expansion to Russia's borders, Russia will not be drawn into a new arms race. "In essence," Lavrov said, "we are facing a choice between the arms race, and finding solutions for the problems that we have inherited from the past," and referenced the serious economic and social dislocations that resulted from the arms build-up during the Cold War.

But, Lavrov said, "A stubborn desire by certain countries to pursue a virtually unipolar world order and their attempts to impose an exaggerated emphasis on the use of force, damages the foundation of international relations." A "strong and confident Russia has become a positive factor in the global arena," has "taken many people in the West by surprise," and it will be possible to rebuild relations with Russia when its Western partners accept this reality, Lavrov stated.

Russia, South Africa To Expand Nuclear Power Cooperation

Following the two-day meeting of the South Africa-Russia joint Intergovernmental Committee on Trade and Economic Cooperation in Pretoria, South Africa, Foreign Affairs Minister Nkosazana Dlamini-Zuma said Feb. 22 that the two nations had agreed to work together to expand the use of nuclear energy. She announced that the South African mining company Harmony and Russia's Renova had signed an agreement to jointly mine uranium, and there will be discussions on all stages of nuclear development. She said that Russia is welcome to participate in the tender for South Africa's second commercial nuclear power plant. Russian Minister of Natural Resources Yuri Trutnev responded that Russia is willing to invest as much as needed to win the tender (France's Areva has already said it would bid on it).

Russian nuclear agency head Sergei Kiriyenko said the contract to supply South Africa with enriched uranium to fuel its power plant should be extended to 2020, and that Russia could supply that nation with floating nuclear plants, to be used, in particular, for desalination.

Russian Rail Technologies Offered to India

The state-owned company Russian Railways wants to offer India advanced technologies for operating the huge Indian railway system, Railways official Anatoli Krylov has said, *Press Trust of India* reported Feb. 19. The Congress of Indian Industry (CII) announced the offer. Russian Railways is ready to collaborate with India on state-of-the-art technologies for automation, safety systems, collision repair and using GPS to monitor the rail network. India's railways are on a similar scale as Russia. Krylov said that Russian Railways is in talks with the Indian Ministry of Railways. The CII quoted Russian Institute of Space Device Engineering Deputy Director General Pyotr Kuleshov saying, "In Russia, we are trying to put space and aircraft technologies into the existing railways systems." Kuleshov proposed that the Indian rail officials "choose and pick from the Russian platter."

Putin, Ivanov Take Innovation Campaign To Volgograd

Russia needs a modern and innovative model for industrial production, President Vladimir Putin said during his visit to Volgograd Feb. 19 at a meeting of Russia's State Council. Discussions around the meeting gave a first look at what

Russia's revamped government leadership will emphasize in economic policy. "The experience of successful industrial countries shows that a fundamental new model for organizing industrial production is crucial—a model designed to advance innovation and promote competition among developers, suppliers and dealers," Putin said. He said that Russia has everything it needs to adopt such a model. Russia needs "primarily, growing domestic demand for industrial products," Putin said, adding that a new legislative and institutional basis for industrial growth is being put in place.

Putin said he is concerned about the decline in the share of high-value-added goods in Russia's exports. He said that diversifying the economy by boosting the manufacturing sector is one of the priorities of Russian economic policy, immediately related to the development of high-technology industries. "The contribution of manufacturing to economic growth is still insignificant, and unfortunately, the share of high value-added products in Russian exports is on the decline, standing at 10%," Putin said.

Putin was accompanied by First Deputy Prime Minister Sergei Ivanov, whom he recently elevated from the Defense Ministry, to take charge of a broad swath of Russia's civilian sector industry, as well its defense industries. On Feb. 20, Ivanov and the new Defense Minister Anatoli Serdyukov toured the Moscow Research Institute for Precision Instruments. The two examined this strategic enterprise's products, and their military and civilian applications, including command and control systems for space exploration. Federal Space Agency director Anatoli Perminov, the government military-industrial commission's chief Vladislav Putilin, Chief of the General Staff Gen. Yuri Baluyevsky, and military intelligence director Valentin Korabelnikov accompanied Ivanov and Serdyukov.

Southwest Asia News Digest

Saudi Paper: Cheney Isolated; LaRouche Associate Cited

The Saudi daily *Asharq Al-Awsat* Feb. 21 published a front-page article by Michael Abramowitz, which also appears in the *Washington Post*, albeit with more dramatic language. The title is "U.S. Officials: Cheney Is Isolated." It reports, "U.S. officials say that U.S. Vice President Dick Cheney has become isolated recently from foreign policy decision-making—the thing which helped, for example, to reach a deal with North Korea."

Below this article, *Asharq Al-Awsat's* website published a commentary on the report sent by a reader, Hussein Askary, a political associate of Lyndon LaRouche. Askary is quoted: "It is Dick Cheney who has been pulling the strings of President Bush. But, Cheney's strings have been pulled, as Lyndon LaRouche says, by people like George Shultz, Felix Rohatyn and other financiers in London and Wall Street, who want total globalization of the world economy, even if the price be a world war."

Asharq Al-Awsat had blacked out LaRouche and his associates since early 2003, before the Iraq invasion, and supported the campaign that ended with the shutting down of the Zayed Center in Abu Dhabi, which had dared to invite LaRouche to address one of its biggest events in June 2002. The publication also ran an article by Jamal Khashoggi (nephew of weapons dealer Adnan Khashoggi of Iran-Contra infamy) that called for banning LaRouche from the Gulf. Although *Asharq Al-Awsat* published a reply by Askary to that slander, since then, it had refused to cover LaRouche at all, until now.

Abbas: World Must Deal with Power-Sharing Agreement

'The only alternative to this agreement is civil war,' insisted Palestinian Authority (PA) President Mahmoud Abbas, referring to ongoing Fatah-Hamas collaboration in forging a new Palestinian unity government resulting from the Mecca conference. The recently renewed power-sharing agreement is "the only possible agreement, and the world must deal with

it," Abbas declared, according to news reports Feb. 18. The U.S. has insisted that it will not work with the Palestinian government unless Hamas recognizes Israel, and Israeli Prime Minister Ehud Olmert revealed that Bush had reiterated this position in a Feb. 17 phone call.

Abbas had met for two and a half hours with Condoleezza Rice Feb. 18, where his attempts to convince the U.S. Secretary of State that Fatah-Hamas collaboration was critical to a functional and stable Palestinian Authority, were rebuffed. "She respected our position, that we want to stop internal infighting," said a security aide to Abbas, but "her position was also clear that they will not deal with this government." A Palestinian official source said that, when pressured by an unnamed U.S. official on Feb. 17, Abbas had shouted back, "You are placing unbearable pressure on me. The only alternative to this agreement is civil war."

'Quartet' Not Ready To Recognize Unity Government

After a meeting of representatives of the Quartet—United States, Russia, the European Union, and the United Nations—in Berlin Feb. 22, UN Secretary General Ban Ki-moon announced that they had agreed that it's too early to decide whether to recognize the new Palestinian unity government, which falls short of "international standards."

Meanwhile, Hamas leader Khaled Mashall, speaking in Cairo, called for an end to the embargo, and the Palestinian Information Minister (from Hamas) denounced the United States because "It aims to undermine the European and Russian efforts in order to continue the siege imposed on our people."

The Russian Foreign Ministry announced that Mashaal will arrive in Moscow on Feb. 26. Moscow intends, according to the statement, "to continue Russian efforts towards helping to stabilize the situation in the Palestinian territories and to overcome intra-Palestinian disagreements, in light of the agreements reached between Fatah and Hamas in Mecca, and in support of the formation of a government of national unity, taking the known Quartet criteria into account, as well as renewing Palestinian-Israeli political dialogue." During his joint press conference today with German Foreign Minister Frank-Walter Steinmeier, Foreign Minister Sergei Lavrov said he considered it to be "of fundamental importance," that the Quartet had agreed to hold its next meeting in the region, bringing in the parties to the conflict, as well as other countries.

Madrid Conference Reaffirms 2002 Arab Peace Initiative

Foreign ministers from seven Arab countries issued a joint statement Feb. 23 following a Madrid-based conference sponsored by Spanish Foreign Minister Miguel Angel Moratinos. Moratinos said the statement reiterated the vision expressed at the 2002 Arab summit in Beirut, expressing a desire "to advance together toward recognition and normalizing relations with Israel." Nineteen members of the Arab League were represented, including Syria, Yemen, Jordan, Iraq, Saudi Arabia, the United Arab Emirates, and Tunisia.

The statement also expressed support for the Mecca agreement between Fatah and Hamas, and hoped it would lead to the formation of a unity government "which could contribute to finding a solution for the Israeli-Palestinian conflict."

Chief Palestinian negotiator Nabil Shaath called for lifting of the boycott of the Palestinian government, which he termed "unfair and illegal."

Moratinos said his country wants to work together with the EU to enable the Palestinian government to work with the international community.

Saudi-Pakistani Mideast Initiative Takes Shape

Foreign ministers and senior representatives of Egypt, Saudi Arabia, Turkey, Jordan, Malaysia, Indonesia, and Pakistan are scheduled to meet Feb. 25 in Islamabad to rally Muslim (Sunni) nations to find common ground on possible solutions to the crisis in the Palestinian territories and in Iraq. The meeting is the follow-up to President Pervez Musharraf's visit in January to Saudi Arabia, Egypt, Syria, Jordan, and United Arab Emirates (UAE). He also visited Iran and Turkey earlier this month.

The initiative began under the tutelage of King Abdullah Abdul bin-Aziz of Saudi Arabia and President Sheikh Khalifa bin Zayed al-Nahyan of the UAE. Both the Saudi King and the UAE President have since conferred their country's highest civil awards on Musharraf.

Musharraf received support throughout the region for the initiative. "We see eye to eye on all these issues," said King Abdullah II of Jordan; a similar unanimity of views was expressed by Egypt's Hosni Mubarak and Syria's President Bashar al-Assad, following their talks with the Pakistani President. President Mahmoud Ahmedinejad of Iran also supported Musharraf for addressing the Palestinian issue and the situation in the Middle East.

As of now, Washington has said nothing at all on the initiative. But, what makes it particularly interesting, and important, is that Pakistan has close ties with both United States and China.

Potential Syrian-Israeli Tensions

Israeli military maneuvers have been taking place on the Golan Heights over the last days, *Ha'aretz* reported Feb. 22. The Israeli paper reported that Syria has bolstered its forces along the Golan Heights ceasefire lines. The Syrian military apparently has incorporated the lessons and asymmetric tactics used by Hezbollah. So, now *Ha'aretz* claims that Syria is also bolstering its stocks of missiles, including Scud-Ds, which have a 400-km range; the Syrians test-fired two of these missiles. They have also been acquiring shorter-range 220- and 305-millimeter rockets, as well as Russian Kornet AR-14 and Metis AT-13 anti-tank missiles. They are also upgrading their navy, acquiring new anti-ship missiles.

Syrian Parliamentarian Mohammed Habash denied the report of any troop build-up: "Cooperation between Syria and Iran is no secret as both are faced with a direct threat." He also said, "Syria is fully prepared for any situation," and as for a possible attack by Israel, he said, "if Israel decides to do something stupid, it would pay a heavy price."

Later in the day, *Ha'aretz* reported that Israeli Defense Minister Amir Peretz said "that Israel should refrain from making further statements regarding Syria, and urged officials to avoid a verbal escalation of tensions."

Meanwhile, *Ha'aretz* reported on Feb. 23 that the message U.S. Secretary of State Condoleezza Rice delivered to the Israelis was that they cannot hold peace talks with Syria. Even "exploratory talks" were considered unacceptable. "When Israeli officials asked Secretary Rice about the possibility of exploring the seriousness of Syria in its calls for peace talks, her response was unequivocal: Don't even think about it," *Ha'aretz* reported.

Cheney's Man Chalabi Still in the Middle of Things

The "surge" in Iraq has returned the neo-cons favorite Iraqi, Ahmad Chalabi, to center stage, according to a front-page article in the *Wall Street Journal* Feb. 23. Chalabi has now been designated as the liaison between Baghdad residents and U.S./Iraqi forces who are barging through the city banging down doors and shooting up cars and buildings. Chalabi's job is to arrange reimbursement for damages to homes and cars. But because he is close to Iraqi Prime Minister Nouri al-Maliki and radical Shi'ite cleric Muqtada al-Sadr, some Iraqis fear that he will use his position to ensure that Sunni neighborhoods

are the hardest hit—and get no reimbursements. Chalabi also continues to head the de-Ba'athification committee, which has purged hundreds of thousands of Sunnis from government positions.

Asia News Digest

LaRouche Forces Break Open Water Debate in Australia

The Feb. 21 *Australian* newspaper, the nation's only national daily, featured a full-page ad by Queensland Premier Peter Beattie calling for the Federal government to adopt two major water projects which have been uniquely featured in the mass organizing by LaRouche's associates in the Citizens Electoral Council (CEC) over the last two years. Beattie additionally called for all Australian citizens to contact Prime Minister John Howard to lobby for the projects—a "mass outreach" also adopted from LaRouche's associates.

Australia has been in a horrific drought for most of the past six years. The British Crown/Club of the Isles which runs Australia has, most recently, directed Howard to attempt to ram through a \$10 billion program based upon "market forces" (i.e., jacking up the price of water, and selling it to global cartels), conservation, and "recycling sewage" to allegedly solve the problem. The CEC, on the other hand, has featured its plans for "New Great Water Projects" in many of the 6 million copies of its newspaper, the *New Citizen*, it has published and distributed over the past two years, and has ridiculed Howard's "recycling" programs. Sources have informed the CEC that Beattie's government has taken an intense interest in LaRouche's ideas for great water projects, and, more generally, in the prospects for an "isotope economy."

The particular two projects Beattie is now championing were designed by Prof. Lance Endersbee, the CEC's chief advisor on its program for continental great water projects. His recent book, *A Voyage of Discovery*, first brought the danger of the depletion of the world's fresh-water aquifers ("fossil water") to public attention.

Afghan Situation Much Worse

From all available reports, it is evident that the on-the-ground military situation in Afghanistan for the U.S.- and NATO-led coalition is deteriorating fast, notwithstanding the infusion of fresh troops there. For instance, *Al Jazeera* reported Feb. 23 that during the two days that their correspondent James Bays spent embedded with the Taliban in the southern Helmand province, he saw no NATO troops. Armed Taliban were observed in towns and villages, where locals told Bays that the British troops never come out of their barracks to confront the Taliban. Helmand is where almost 50% of Afghanistan's poppy crop is grown. It is also where 5,000 British troops are based. Prime Minister Tony Blair has announced another 1,000 British troops will be sent there.

Guardian Unlimited reported that the famed Taliban commander Mullah Dadullah told Reuters that 6,000 armed Taliban militia are ready to fight, and they will "make this year the bloodiest for the foreign troops."

In Pakistan, there is a growing feeling that NATO will be out of Afghanistan before the year ends. If the Taliban cannot defeat them, finance will. NATO, said Arnaud de Borchgrave in his *Washington Times* op-ed on Feb. 23, reported that it takes \$4,000-a-day to maintain a NATO soldier in Afghanistan. That translates to almost \$50 billion a year to maintain the present level of 35,000 soldiers, including those who never come out of the barracks.

In Pakistan, among the foreign policy "advisors," the defeat of NATO in Afghanistan will not only put Pakistan once again squarely in charge, but it would also push back the Western design to make NATO the global policeman.

Chinese Central Bank Takes Measures Against Inflation

The Chinese central bank took several measures to deal with the threat of inflation, on the eve of the two-week national Spring Festival, or New Year holiday Xinhua reported Feb. 20.

On Feb. 17, the Peoples Bank of China (PBOC) again raised the required reserve ratio for deposit-receiving financial institutions, by 0.5% to 10%, to become effective Feb. 25. Although the measure was described as "moderate," this is the second increase of the reserve ratio in two months, and the fifth since last July. The decision was made to deal with "dynamic currency liquidity changes and to consolidate macro-economic controls," a PBOC statement said.

The underlying problem is imbalanced international payments, due to China's growing trade surplus.

The next day, Feb. 18, the PBOC warned of the potential for rising prices in the coming year, and said that enterprises will see higher labor, raw materials, energy, land, water, and other costs. The main cause would be the state's increased controls on social security, safety, and environment standards.

London Insider: 'Watch the Yen Carry Trade'

"Watch the yen exchange rate—that will have a more decisive effect on the yen carry trade than today's interest rate increase in Japan," a City of London analyst told *EIR* Feb. 21. "If there is a 2-3% shift in the yen exchange rate over the coming months, this would make a big difference in the world financial situation. He did not expect such a shift any time too soon, because nothing that good is going on in the Japanese economy.

The decision to raise interest rates to 0.5%, was made after internal fights in Japan. The Bank of Japan voted a notable eight to one to raise rates. However, at the same time, the BoJ statement said that any further rate rises would be "gradual" and this has led to initial calm on the yen exchange. Apparently, the political deal was, that there would be no more rate rises before July/August, when there will be Upper House elections in Japan.

It was the first time that the names of the BoJ governors and how they voted was published. The BoJ statement said that it would "adjust the level of interest rates gradually while maintaining the accommodative financial conditions ensuing from the very low interest rates for some time." On Feb. 19, the BoJ pumped the largest amount of liquidity on record—2.1 trillion yen—into the money markets before the two-day board meeting. This brought down call rates, which had been up to 3.62 at the end of the previous week, the highest in over eight years, in anticipation of a BoJ rate rise.

Chinese Scholars Petition To Stop Privatizations

A group of Chinese scholars and former officials are petitioning the government to stop the privatization of state companies, because this process is widening the huge income gap in China. The petition is to the National Peoples Congress, which will convene on March 5. The petition says that the privatization, which is letting national assets go into private and foreign hands, violates the Chinese constitution. "With the unceasing advance of privatization, our country already has a serious gap between rich and poor, which is polarizing into two extremes," the petition states. There is a "rising wave upon wave of voices opposed to privatization."

Economist Han Deqiang, who wrote a very sound book opposing China's entering the WTO (reviewed in *EIR* May 12, 2000), said that the petition "is intended to check the passage of the property law." Last year, the NPC did not pass a law intended to protect private property, after much opposition. The bill has since been revised. "The property law basically takes all the illegally gotten income and legalizes it," Han said. "So the congress delegates ought to block it." The petition

calls for the adequate protection of state assets and states the constitutional priority of state ownership.

Indian Children Suffer High Rates of Malnutrition

Children in India suffer from higher rates of malnutrition than those in Sub-Saharan Africa, the *Times* of London reported Feb. 22. This startling report comes from a new survey on National Family Health by the Indian Health Ministry, made in cooperation with UNICEF. Almost 46% of Indian children under the age of three suffer from malnutrition, the Ministry found. In Sub-Saharan Africa, the rate is about 35%. The last National Family Health Survey in India, done seven years ago, showed 47% malnourished children.

In many other aspects, India's economy is far stronger than that of Africa. However, these levels of child malnourishment are worse than Ethiopia, and the same as Eritrea and Burkina Faso.

Levels of anemia have even risen compared with seven years ago, with about 56% of women, and 79% of children below the age of 3, suffering from the disorder. There has also been little progress in child immunization levels, now at 44%, compared with 42% seven years ago. In the relatively wealthy state of Gujarat, the proportion of underweight children had risen to 47% from 45%. These problems especially affect very young children and their impoverished mothers. To help alleviate the problem, the Indian government has a national plan which provides school children with 120 million hot and nutritious free meals every schoolday.

Cheney Receives Cold Shoulder in Japan

U.S. Vice President Dick Cheney received a "hostile reception" in Tokyo, according to the London Times on Feb. 21. The Chief Cabinet Secretary Yasihisa Shiozaki when asked what the point of Cheney's visit was, replied: "Since the other party is coming over, it must have some point for the other party." Last month, Japanese Defense Minister Fumio Kyuma had criticized the U.S. invasion of Iraq, as a mistake based on wrong intelligence. A poll showed that most Japanese agreed.

In a speech aboard the *USS Kitty Hawk* Feb. 21, Cheney addressed the Iraq issue: "We know that terrorist attacks are not caused by the use of strength, they are invited by the perception of weakness." He went on: "We know that if we leave Iraq before the mission is completed, the enemy is going to come after us. And I want you to know that the American people will not support a policy of retreat." He said: "We want to complete the mission, we want to get it done right, and we want to return with honor." Cheney had breakfast with Shiozaki, then met Prime Minister Shinzo Abe, and then was received by the Emperor. He did not meet the defense minister. He meets with Australian Premier John Howard tomorrow.

Africa News Digest

LaRouche Rep Challenges Susan Rice on Africa War Policy

EIR's Lawrence Freeman confronted former Assistant Secretary of State for Africa in the Clinton Administration Susan Rice when she spoke about Sudan at the Johns Hopkins School of Advanced International Studies on Feb. 21. Freeman told Rice, who is now with the Brookings Institution, that her plan to confront the government of Sudan militarily, with the involvement of other African countries, would ignite asymmetric war in the Horn of Africa. Rice responded that he showed the same lack of logic "as LaRouche and his publications."

Freeman challenged her advocacy of upgrading a military base in Chad for use by the U.S. military for flights over Sudan,

and the deployment of 1,500 troops from Djibouti to attack Sudan to force the government to accept the deployment of over 20,000 UN troops. He said that this would destabilize the region in a way similar to what Cheney et al., are doing in Iraq.

Sudan, Chad Seek To End Violence in Darfur, Eastern Chad

Sudan and Chad announced that they would redouble efforts to end violence in Darfur and eastern Chad, after a heads of State summit in Tripoli, Libya, which ended of Feb. 23. It was attended by the Presidents of Chad, Sudan, Eritrea, and Libya.

The statement issued after the summit said that the governments of both countries are committed to respect the sovereignty of one another, not to interfere in the internal affairs of the other country, refrain from any hostile activity against one another, and to work for full normalization of their relations.

Sudan President Omar al-Bashir said, "We are opening a new page in Chad-Sudan relations with political will on both sides." He added: God willing, we will transcend all obstacles and all our bitterness.

An adviser to Bashir, Majzoub al-Khalifa, said Bashir and Chad President Idriss Deby had agreed to step up implementation of an agreement of February 2006, requiring that the two countries stop insurgents from setting up bases on their territories, and also to end propaganda against one another. He added that "mechanisms of observation" would be set up to monitor any attempt to smuggle weapons across the frontier.

Deby stated: "We regret all the violations we have witnessed and we are hoping to open a true and clean page. I hope the brothers in Darfur will reach a peaceful solution to the dangerous humanitarian situation." He added: I wish the mechanism to apply this decision be set up as soon as possible to be able to restore confidence between Chad and Sudan.

In February last year, Sudan and Chad agreed that they should form joint forces to patrol their common border to stop any military infiltration from one country to the other. The summit which just ended was intended to reactivate this agreement. The effort to get anti-government rebels from Sudan to attend the summit to actively take part in the negotiations, did not succeed. They only observed the proceedings.

New Attempt To Bring UN Troops into Darfur

An attempt is being made to internationalize the crisis in western Sudan by getting UN troops into Darfur through the back door.

Since Sudan has consistently refused to allow UN troops to come into Darfur, a drive is being mounted to get a 10,000-man UN military force into eastern Chad, an area that borders Darfur. The week beginning Feb. 26, the UN Department of Peacekeeping Operations is expected to brief the Security Council on options for a UN mission in Chad.

UN Secretary General Ban Ki-moon on Feb. 20 recommended peacekeeping operations for Chad and the Central African Republic, to deal with the Darfur conflict in Sudan. Ban favors the option of 10,900 troops, plus aircraft. He has called for a much smaller force for the Central African Republic.

There has been a big upturn in attacks on aid suppliers in eastern Chad during February, along with worsening inter-communal violence in the region. Some of this is being blamed on Janjaweed militias. Sudan is blamed for arming this militia, and thus for the violence.

The Janjaweed militias actually first appeared in Chad, and were later armed by Libya, well before the Darfur crisis was ever triggered. On Feb. 15, Chad reportedly reversed its policy, and agreed to exempt U.S. citizens from International Criminal Court legal action on Chadian soil.

This move has opened the way for grants of U.S. military transfers to Chad, along with surplus U.S. defense equipment, putting Dick Cheney et al. in the position to get military materiel to those forces who want to fuel the conflict. So far, Chad has reluctant to allow in UN peacekeeping forces, and Ban confirmed this.

Sudan's critics refuse to look at the conditions that are feeding the unrest. A UN news bulletin reported by a South African news wire on Feb. 19 reported a deadly clash between tribes in Darfur over land, which killed 150. The two tribes clashed over grazing land in South Darfur state the week before the report was issued.

"It's clashes over grazing land. The density of cattle and the lack of pasture and water turns friction into direct clashes," said the governor of the state.

Darfur is an arid area the size of France, has been ravaged by violence since 2003, when rebels took up arms. The Bush Administration and the American press call the violence genocide, a term European governments have been reluctant to use, and which Khartoum rejects.

Bashir Scores Western Press Coverage of Darfur Crisis

Speaking via satellite to a Nation of Islam conference in Detroit, Michigan Feb. 23, Sudan's President Omar al-Bashir acknowledged that Sudan was facing a "problem" in Darfur, but placed the blame squarely on rebel groups which did not sign on to a peace agreement concluded in Abuja, Nigeria in May 2006.

"There is a problem, and the main cause of that problem is the rebellion ... we've done everything possible to try to convince those who bore arms against the state and the people ... but all efforts and mediation failed," he said.

He added that, "There's a discourse in Western media about the number of people killed in these events, and a lot of organizations and the American media refer to imaginary numbers, up to 400,000 dead. All these are false." He said that the actual number was closer to 9,000 dead.

He dismissed claims of ethnic cleansing in Darfur, saying: "Talk of Arabs killing blacks is a lie. The government of Sudan is a government of blacks, with all different ethnic backgrounds.... We're all Africans, we're all black."

Bashir pointed out that Darfur's non-signatory rebel groups had refused to negotiate with Khartoum during the just-held Feb. 23 summit in Tripoli, Libya, attended by the rebels.

The rebels, however, said they had gone to Libya to observe, that they did not intend to engage in talks with Khartoum, and that their priority was to unite Darfur rebel factions.

Bashir rejected Security Council resolution 1706, which calls for the deployment of some 22,500 UN peacekeepers and police to take over the African Union mission in Darfur, saying it would effectively place Sudan under UN control. He said that Sudan could accept more African Union peacekeepers—with UN support. He also stated that Sudan would hold elections in 2008 and 2009, monitored by regional and international bodies.

Western Pressure Encourages Sudan Rebels Not To Negotiate

The European Parliament passed a resolution on Darfur Feb. 15, accusing Sudan of war crimes and crimes against humanity, which calls on EU member states to make equipment available in the region for the enforcement of a no-fly zone over Darfur, and calls for sanctions against Sudan. Britain's Foreign Office Minister for Africa, Lord David Triesman, threatened Feb. 21 that Sudan will face new sanctions unless it keeps agreements to promote peace in Darfur. This posture, like that of the United States and its press, only encourages the anti-Sudan rebels to hold out, and not negotiate a settlement.

Encouraging the rebels even more, the International Criminal Court will name Sudanese officials as Darfur War Crimes Suspects on Feb. 27, according to the UN News Service from New York. The ICC's chief prosecutor will name Sudanese officials accused of committing war crimes and crimes against humanity in Sudan's strife-torn Darfur region, a United Nations spokesperson said.

A peace agreement was signed in Abuja on May 5, 2006 by the Sudan government and the main Darfur rebel faction. But two other rebel groups that took part in the talks in the Nigerian capital have rejected the agreement, and violence has continued unabated, hampering relief efforts.

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