

[return to home page](#)

## **This Week You Need To Know**

### **Behind the Generals' Revolt**

**by Jeffrey Steinberg**

On April 15, Lyndon LaRouche hailed the actions by a group of retired flag officers, demanding the immediate firing of Defense Secretary Donald Rumsfeld, as both "unprecedented" and "appropriate, given that the nation is being betrayed."

In the week preceding LaRouche's comment, some of America's outstanding retired military commanders, including Gen. Anthony Zinni (USMC-ret.), Maj. Gen. Paul Eaton (USA-ret.), Lt. Gen. Gregory Newbold (USMC-ret.), Lt. Gen. Paul Van Riper (USMC-ret.), Maj. Gen. Charles Swannack, Jr. (USA-ret.), Maj. Gen. John Riggs (USA-ret.), and Maj. Gen. John Batiste (USA-ret.), all surfaced with public calls for Rumsfeld's immediate ouster, on the grounds that he had ignored the advice and warnings of his military commanders and had, as the result, drawn the United States into a disastrous fiasco in Iraq, which is now on the verge of erupting into a full-scale, uncontrollable civil war.

While the criticisms of Rumsfeld by the ex-officers ostensibly focussed on Iraq, sources close to the Pentagon have confirmed that the outpouring of calls for Rumsfeld's immediate ouster have more to do with Bush Administration plans for a preemptive military strike against Iran, possibly as early as late April through the middle of May.

Ex-military and intelligence sources report that a group of active duty generals and admirals have written to Gen. Peter Pace (USMC), Chairman of the Joint Chiefs of Staff, threatening to resign, if the White House orders military strikes against Iran. The generals and admirals, according to the sources, are particularly outraged that the White House has refused, ostentatiously, to rule out the use of tactical nuclear weapons against hardened targets inside Iran.

Furthermore, while the generals' ire has been directed at Rumsfeld, they are collectively aware of the fact that the true architect of the Bush Administration's perpetual war policy, including the plan to launch preemptive nuclear strikes against Iran, is Vice President Dick Cheney. Unlike Rumsfeld, who can be fired by President George W. Bush at any moment, the Vice President was elected to office, and his ouster is politically more complicated. The constitutional complications are vastly compounded by President Bush's severe psychological dependency on the Vice President, and Mr. Bush's deteriorating state of mind, as he tries to avoid the unavoidable reality that his Presidency is in a free fall, and that he has been personally written off by a vast majority of Americans, including a majority of Republicans, all the way up to the U.S. Congress....

**...full article, PDF**

## **Latest From LaRouche**

## **THE GREAT LEESBURG BUST OF 2006**

### **Bankers Association Warns of Bust**

**by Lyndon H. LaRouche, Jr.**

April 8, 2006

The world as a whole is currently teetering on the edge of the greatest financial collapse in modern history. In keeping with the nature of the freedom of the human's power of choices, there is no fixed date for this already onrushing event. However, since even the freest of human wills is bound within the limits defined by the reality of current processes, the crash will be soon, perhaps very soon. Nonetheless, most people will deny this reality until after the crash has hit with hurricane force; after the crash has come, even then, many of them will continue to deny what has occurred, that for a lapse of time of months, or, in some cases, as after 1929, for several or more years.

So today, when the basic economic infrastructure and industry of the U.S.A. have been eroding visibly since 1977: at a time, even now, when entire states and regions are already in a deep physical-economic depression, there are many poor souls who continue to support an intellectually crippled President George W. Bush, Jr.'s insistence that our actually collapsing U.S. economy is growing. When the crash hits with full force, as it will soon, many of these protesters will fly into a rage, tearing themselves to pieces, as did the fabled Rumpelstiltskin, denouncing every statement and every thing which points out that the great crash has actually occurred.

I have observed, especially since January 1996, that, there was then, and, is still now, a strong tendency toward a virtually schizophrenic form of quality of disassociation in reaction to any hard "bad news" about the economy. This wishful neurotic tendency was widespread, and has spilled over even among those associated with me here in the U.S.A., and also abroad. I can report from such close experience, that the form this denial takes, has often occurred in the form of an emotional disconnection between the discussion of a forecast financial crisis, and the sense of the real world of personal daily life. Such is often the state of mind, among that generation of modern sophists born between the end of World War II and the deep economic U.S. recession of 1957-1958....

**...complete article, PDF**

## **InDepth Coverage**

Links to articles from

**Executive Intelligence Review,**

**Vol. 33, No. 16**

To navigate the content of the **entire issue**,  
please begin by clicking anywhere on **Page 1**.

**...Requires Adobe Reader®.**

## **Feature:**

**THE GREAT LEESBURG BUST OF 2006**

## **Bankers Association Warns of Bust**

**by Lyndon H. LaRouche, Jr.**

April 8, 2006

The world as a whole is currently teetering on the edge of the greatest financial collapse in modern history. In keeping with the nature of the freedom of the human's power of choices, there is no fixed date for this already onrushing event. However, since even the freest of human wills is bound within the limits defined by the reality of current processes, the crash will be soon, perhaps very soon. Nonetheless, most people will deny this reality until after the crash has hit with hurricane force; after the crash has come, even then, many of them will continue to deny what has occurred, that for a lapse of time of months, or, in some cases, as after 1929, for several or more years.

- **Financiers Are Finally Warning of a Crash**

Belated Establishment wailings about a financial blowout are getting louder than the booings of Viceroy Cheney at a Washington ballgame.

- **Million Midwest Homes at Risk in '06: The Down, Downside of the Bubble**

**by Paul Gallagher**

As the U.S. real estate bubble breaks, the 'hottest' real estate markets of the past eight years, such as the Washington, D.C. area, northern and southern California, Florida, etc., are now cooling off the fastest. But the greatest devastation of households, by foreclosure, the loss of their homes, consequent personal bankruptcies, is occurring—so far—in the globalizationdevastated upper Midwest states. It is the result of lost auto and other union jobs, family over-indebtedness, and highly speculative mortgage banking. Outside of the destruction of mortgaged homes in Louisiana and Mississippi by 2005's hurricanes, the nation's worst foreclosure rates are in Indiana, Ohio, and Michigan—and they are growing fast.

- 

## **Economics:**

### **ECONOMIC GEOGRAPHY**

#### **Retool Auto To Save U.S. Industrial Heartland**

**by EIR/LaRouche Youth Movement Economics Team**

In April, one year ago, Lyndon LaRouche called for emergency Senate action for Federal intervention in the U.S. auto sector crisis. Geographically, this refers to the industrial concentration of the Upper Midwest region—from western New York and Pennsylvania through to Missouri, where over 25% of the U.S. population lives today, and where, historically, the world's most powerful manufacturing complex has been centered. He spelled out the necessity to act to preserve and expand the machine-tool and industrial capacity still embodied in the auto manufacturing workforce here—its plants, equipment, communities, and skills, extending across the cities and counties of the Great Lakes/Ohio Valley region.

### **Weimar Hyperinflation Takes Off in 2006**

**by Richard Freeman**

The surge in world commodities prices signals the near-term onset of Weimar-style hyperinflation. During 2006, on a daily basis on the commodity markets, copper, zinc, gold, nickel, and some other commodities have hit a 10-year, 20-year, or all-time record high. During the past three months, the process has shifted into a new phase: an increase in the rate of increase of the inflation of commodities, which defines a hyperinflationary blowout.

## **National:**

### **Behind the Generals' Revolt**

**by Jeffrey Steinberg**

On April 15, Lyndon LaRouche hailed the actions by a group of retired flag officers, demanding the immediate firing of Defense Secretary Donald Rumsfeld, as both 'unprecedented' and 'appropriate, given that the nation is being betrayed.'

## **Dirty Water**

### **What Everyone Knows —Except Halliburton**

**by Edward Spannaus**

'Everyone knows that drinking, or washing with poop, is bad for you,' said Dr. Jeffrey Griffiths, Director of Global Health at Tufts University, and one of the world's leading water quality experts, at an April 6 Senate hearing called by the Democratic Policy Committee (DPC).

### **Rumsfeld's 'SS' Contractors Are Sued for Torture**

**by Edward Spannaus**

The private military contractors CACI and Titan Corp.— identified in last week's EIR as a central part of the torture and abuse of prisoners at Abu Ghraib—are being sued by Iraqi citizens who were victimized by this private SS at that prison and other sites in Iraq. One of the suits, Al Rawi v. Titan, which includes Federal racketeering charges, was first filed in San Diego in June 2004, and is still pending today in Federal court in Washington, D.C. A second is Ibrahim v. Titan, also pending in the District of Columbia.

### **Mass Strike Ferment Hits U.S. In Pro-Immigration Rallies**

**by Nancy Spannaus**

There is something reminiscent of the East German peaceful revolution in the Fall of 1989, about the ongoing series of mass rallies being carried out by mostly Hispanic immigrants across the United States. All of a sudden, people who not only had never taken to the streets before, but who had been deathly afraid that the authorities might haul them to jail, or carry out other reprisals, began to pour into the streets, in opposition to proposed Republican Congressional legislation (H.R. 4437) that threatened to deport millions, and build a 700-mile-long wall along the U.S.-Mexican border.

## **International:**

### **Make Berlin a Crossroads For Eurasian Development**

**by Helga Zepp-LaRouche**

Parliamentary and borough elections will be held in Berlin on Sept. 17. The Civil Rights Movement Solidarity (BüSo), the LaRouche party in Germany, will stand for office on a platform for reindustrializing Berlin and reviving its great Classical tradition. BüSo Chairwoman Helga Zepp-LaRouche issued this statement to kick off the campaign, the first week of April.

## **LaRouche in Mexico:**

### **A Dialogue On Economics and Statecraft**

**Editors' note:** We present here the third installment of our coverage of Lyndon LaRouche's March 28-April 2 visit to Monterrey, Mexico. In our April 7 issue, we covered Mr. LaRouche's speech to the Monterrey Technological Institute, which invited him to address their 27th International Symposium on Economics. Last week, our cover feature reported on LaRouche's address to a group of political, business and trade union leaders from around the country, as well as his exciting presentation and exchange with 100 youth—members and supporters of the LaRouche Youth Movement (LYM) in Mexico, Argentina, the United States, and Canada.

- **LaRouche on Mexican Television**

- **U.S. and Mexico Can Jointly Solve the Crisis**

- Here is the transcript of Architect Hector Benavides's March 29 television interview with Lyndon LaRouche. The last eight minutes of that interview, starting with the question about which of the three Presidential candidates had the most support from the U.S. government, were aired on the news broadcast that night, just after coverage of President Bush's meeting in Mexico City with President Fox.

- **LaRouche: The Issue In Mexico Is Defense Of the Nation-State**

- An hour-long interview with Lyndon LaRouche was conducted by Monterrey radio and TV host Rene' Alonso, and aired on April 6 on Alonso's program 'Encuentro,' on Radio Nuevo León.

- **Press Conference**

- **What Mexico Needs To Know About the U.S.A.**

Here is Lyndon LaRouche's March 31 press conference in Monterrey, Mexico. After the press conference, LaRouche talked with some of the youth and supporters who had attended.

- **LYM Press Release**

## **The Future Is Now: Oil For Nuclear Technology**

The following statement was issued on April 12, 2006 by the LaRouche Youth Movement in Mexico, as a call for a conference to be held in Mexico City on June 7, co-sponsored by the LYM and Executive Intelligence Review.

## **Gaza: Humanitarian Catastrophe Looms**

**by Dean Andromidas**

A humanitarian catastrophe is threatening the lives of hundreds of thousands of Palestinians in the Gaza Strip and West Bank, because of the policies of the Bush Administration and the Israeli government. The ongoing criminal blockade by Israel of the Gaza Strip has begun to create mass hunger in the population of 1.2 million people, the vast majority of whom are dependent on emergency food aid from the United Nations Relief and Works Agency (UNRWA).

## **Iran's Progress in Uranium Enrichment Represents No Casus Belli**

**by Muriel Mirak-Weissbach**

When the Iranian government announced the 'good news' on April 11, that its scientists had succeeded in enriching uranium at their Natanz facilities, predictably, the neo-con war lobby shifted into high gear, to demand 'consequences for that action and that defiance' at the UN Security Council (Condi Rice), because the Iranians were 'not paying attention to what the Security Council has said because they are clearly continuing in their enrichment activities' (John Bolton).

## **Peruvian Elections: Synarchists Hit a Snag**

**by Luis Va'squez Medina**

International Synarchism's triumphal march into Peru's Executive branch stumbled in that nation's April 9 general elections. Although the Presidential candidate of the narcosynarchists, Ollanta Humala, did come in first with 31% of the vote, he fell far short of his hoped-for first-round victory, and now faces a run-off election, against either Social Democrat Alan Garcý'a or Social Christian Lourdes Flores.

## **Editorial:**

## **The Real Threat to Civilization Itself**

A wave of near-panic and disbelief spread worldwide last week, as news of the latest New Yorker special by veteran investigative journalist Seymour Hersh went out over the wires. Hersh's report was on the danger of a Bush Administration attack on Iran. Based on sources from within the Administration, his report featured the fact that the White House was considering the use of nuclear bunker busters in a military adventure.

## **U.S. Economic/Financial News**

### **UAW Mobilizes for Bankruptcy Reform Bill, Delphi Accountability**

In an April 11 press release, the United Auto Workers union called on its membership to support the Conyers/Bayh bankruptcy reform bill, to sign a letter being circulated over the Internet by Sen. Ted Kennedy (D-Mass) and Rep. George Miller (D-Calif). The letter calls on Delphi to provide workers with justification for any proposed wage and benefit cuts, and to ensure that any changes are "implemented in a gradual, humane manner." Miller has been raising these issues since he held "e-hearings" on the auto industry collapse last December.

During hearings on "U.S. Competitiveness" April 10, held by the House Committee on Education in the Workplace, on which Miller is the ranking member, the Congressman issued a strong call for "graduating 100,000 new scientists, engineers and mathematicians" over the next four years, with a revival of JFK's "public-private partnership" that made the

Moon landing a possibility. It is the "inheritors of that [policy]" that have "led to the high-tech revolutions" of today, he emphasized.

## ***Business Week* Accuses Delphi of Globalization by Bankruptcy**

"Go Bankrupt, Then Go Overseas," is the title of a polemical *Business Week* online article of April 13 on the "globalization gambit" of Delphi's pirate CEO, Steve Miller. The article gives Miller's Delphi swindle a high profile in the context of a report on outsourcing and globalization, and effectively challenges Congress to take action.

"Miller wants to use the bankruptcy courts to drastically slash Delphi's U.S. presence, thus freeing it up to focus on its already vast overseas production," the article says. "If Miller gets his way, Delphi will end up with a U.S. workforce of perhaps 7,000, leaving the bulk of its production and value abroad." The article headline has the kicker, "For Delphi, Chapter 11 is a globalization gambit. If it works, rivals will copy it." *Business Week* quotes Sean McAlinden of the Center for Automotive Research, that, for example, Lear Corp. and Johnson Controls—two other big auto suppliers—will use Miller's go-bankrupt-to-go-global tactic if the bankruptcy court approves it, and Congress doesn't change the bankruptcy laws.

The article reports that on April 6, Sen. Evan Bayh (D-Ind) and Rep. John Conyers (D-Mich) introduced legislation "to tighten up the bankruptcy laws in response to Delphi's moves, forcing bankruptcy courts to take all of a company's international operations into account in assessing its plans for bankruptcy reorganization, so that it cannot take all its assets abroad and hide them.

"Some international corporations that are struggling domestically use their losses at home to justify breaking contracts with American workers, while their overall company is still thriving," Bayh and Conyers are quoted from their announcement of the legislation, in a clear reference to Delphi.

## **Pension Plans Invest Retirement Money Into Hedge Funds**

The hedge-fund boom is sucking out an increasing amount of money from pensions, according to *BusinessWeek* online Feb. 6. Peter Gilbert directs the Pennsylvania State Employees' Retirement System (PSERS), with \$27 billion in assets. Gilbert has invested 23% of PSERS funds into hedge funds, the highest percentage so invested by any state pension system. Using the mechanism of "fund of fund hedge funds," PSERS invested its funds into 245 hedge funds.

According to Greenwich Partners, 14% of all U.S. public pension plans are already invested in hedge funds; 49% expect to increase their hedge-fund holdings during the next three years.

Theodore Aronson, who runs a Philadelphia investment fund, warned that the pension plans are vulnerable to large losses. "The deck is stacked against you," due to the exorbitant fees that hedge funds charge to manage pension-fund money. He added that, whereas performance "in the rest of the capital markets is verifiable, no one monitors this hedge fund crap."

In addition to putting nearly a quarter of the PSERS funds into hedge funds, Gilbert has invested an additional 6.8% of its funds into real estate, 12.3% into private equity and venture capital, and 20.8% into international stocks, thereby insuring that workers will have nothing left for retirement.

## **Hillary Wants Manufacturing Base, Not Sure How To Get It**

In anticipation of a speech at the Economic Club in Chicago, Sen. Hillary Clinton (D-NY) gave an interview to

Bloomberg.com April 11, which acknowledged the problems of globalization and underemployment, but her solutions were vague and indecisive.

She very quickly did away with the interviewer's assertion that the economy is "working well," by identifying the shrinkage of the workforce under Bush, undermining his proclamations of 4% unemployment "success." She also rejected the globalizers' sophistry that America had somehow reached the end of its "comparative advantage" in manufacturing. "I think it's both defeatist and dangerous to say that we cannot have a manufacturing sector that is globally competitive," she said. "What we don't have is any real sense that manufacturing must be a part of our economic future, not only for the jobs ... but also for security reasons." She scored the corporate tax evaders, asking, "how many more companies can be jammed into that little building somewhere in the Bahamas," so that they can evade paying taxes?

Her solution for all this is to create a "fair, level playing field," attacking China, for "currency manipulation." Her proposal on health care, as well, can be summed up in her call for a "national conversation," as opposed to any concrete policy proposals.

## World Economic News

### IMF Official: Will 'Faustian Pact' Wipe Out Pension Savings?

The latest "Global Financial Stability Report" (GFSR) of the International Monetary Fund (IMF) was presented on April 11 in London by Gerd Haeusler, head of the IMF's International Capital Markets Department. At the press conference, which took place at the Bank of England, Haeusler claimed that "the near term outlook is as good as it gets," and then listed a series of potential risks, such as over-indebtedness of corporations due to leveraged buy-outs, "the turning of the credit cycle on housing and mortgage markets," "the risk of a disorderly adjustment of global imbalances," and "the credit derivatives market." Finally, he ended in quite surprising way:

"Let me conclude my opening statement with an almost philosophical statement as to modern capital markets. A year ago, our GFSR called private households 'the shock absorber of last resort'"—meaning somehow that financial markets are being maintained these days by ever more private households putting their savings into the various financial assets. However, said Haeusler, these people "often know very little" about the risks involved. "If their expectations, explicit or only implicit, are not met, their dissatisfaction and disappointment may turn into a political liability for the authorities, to prompt them to support markets 'which are too important to fail.' Coming from the culture of Goethe, such a situation has something of an implicit Faustian pact: the household sector is invited in to participate in the search for yield. But the 'dark side' of such pact is, of course, to be included in the risk-sharing as well; visible only when asset prices start to fall significantly and Mephisto asks for his side of the bargain to be fulfilled.

"We are talking about a mine field of potential conflicts of interest or worse," Haeusler continued, which "could discredit a capitalist and market-based financial system," and "backfire in an unprecedented way."

He further cautioned, "A low level of financial literacy, combined with extensive risk taking, is politically an explosive brew."

## United States News Digest

### Democrat Wins 44% in California Special Election



In the wealthy 59th Congressional District of Southern California, where Republicans outnumber Democrats 3 to 2, a Democrat, running in a field of 18 candidates, captured 44% of the vote in a special election to replace disgraced GOP Rep. Randy Cunningham. Francine Busby far outran all the other candidates, with the closest runners-up, Republicans Brian Bilbray and Eric Roach, each getting only 14% to 15%. The run-off election is scheduled for June 6.

## **CENTCOM Begins Building 'Long War' Headquarters**

Groundbreaking has begun on "long war" headquarters at U.S. Central Command (CENTCOM), in Tampa, Fla., according to AFP April 13. The U.S. military is building a permanent base for the military attachés of 63 countries who have shown their willingness to support the fight against terrorism—the al-Qaeda network, and its allies across the Eurasian and African continents. "If the situation in Iraq and Afghanistan is stabilized, the Long War will continue. It will continue to be a Long War until this ideology is defeated," said top CENTCOM official, Brig. Gen. Mark Kimmit.

## **GOP Lawmakers Want Closed Hearing on Iran**

Republican Reps. Walter Jones (NC) and Ron Paul (Texas) sent a letter to House Speaker Dennis Hastert (R-Ill) requesting a classified hearing on Iran which should be open to all members of Congress, according to Jones' website. The North Carolina Congressman writes, "Recent media accounts of possible U.S. military actions in Iran have provoked concerns among Americans. Yet the President himself recently stated publicly that diplomacy is still an option in our dealings with Iran." Jones further states, "If no military action is planned, the Administration needs to make this clear to Congress by refuting the factual contentions made by some journalists, and the full Congress deserves to know what military or diplomatic plans are being made or considered for Iran, and what intelligence information supports those plans."

## **Iraq Study Group Begins Its Work**

The Iraq Study Group, chaired by former Rep. Lee Hamilton of Indiana, a Democrat, and former Secretary of State James Baker III, a Republican, held its first meeting on April 11, and afterwards met with reporters. The ISG is still in the phase of organizing itself, developing a list of those it wishes to interview—who, Hamilton said, will include current and former Administration officials, current and retired military officers, journalists with extensive experience in Iraq, and a broad range of private sector and academic leaders. Members of the group—who are largely former Clinton and Bush 41 officials—have already met with Thomas Finger, head of the intelligence community's National Intelligence Council. The list will also include prominent Iraqis and other leaders in the region. Baker and Hamilton also announced the makeup of the expert working groups and the senior military advisory panel that will aid the ISG in its work.

"We'll proceed with a great sense of urgency," Hamilton said, "but the complexity and scope of this issue means that we have to be careful and deliberate." He and Baker made clear that they aren't seeking recriminations for what's gone wrong. Baker said, "We have to determine where we are now, then we will try to come up with insights and recommendations to move forward." When asked if the Iraq Study Group plans to talk to leaders in Iran about the situation in Iraq, Baker said, "That's a bridge we haven't crossed, yet, but we have to consider it and will do that in consultation with Congress and the Administration."

## **Four Republicans Demand Iraq War Debate**

On April 5, Reps. Walter Jones (R-NC), Ron Paul (R-Texas), and Wayne Gilchrist (R-Md) announced that they would be signing a discharge petition which, should it gain the required 218 signatures, would force the House to debate a resolution introduced by Rep. Neil Abercrombie (D-Hi) requiring the President to develop a strategy for withdrawal from Iraq. All three, along with Rep. Jim Leach (R-Iowa), are also co-sponsors of the resolution, but they took the unusual step of signing the Democrat-initiated discharge petition because, as Jones put it, we have never debated this issue since we voted to send



the troops to Iraq.

Both Jones and Paul denounced the debate on a sham withdrawal resolution last November, run by the Republican leadership in order to embarrass Rep. John Murtha (D-Pa). That bill was never put through regular order, Jones noted, and the debate on it lasted just one hour and 11 minutes. In contrast, if the discharge petition succeeds, it would require, under the House rules, 17 hours of debate, which would be fully open, with no limitations on amendments.

We owe it to the American people and the troops on the ground in Iraq, that we in Congress not be asleep on this issue, Jones said. There are those of us in both parties who want to meet our Constitutional responsibility, and that is to discuss and debate the present and the future of our commitment in Iraq.

Abercrombie, who also participated in the press conference with Jones, Paul, and Gilchrist, echoed the demand for a debate on U.S. policy in Iraq. We put in the discharge petition, he said, because we are unable to move the resolution through the regular committee process.

So far, the discharge petition has 95 signatures.

## **Two More West Virginia Miners Killed**

Two more West Virginia coal miners were killed on April 7, in separate mishaps. The number of 2006 deaths of American miners (23) now exceeds all of last year, the *Pittsburgh Post-Gazette* reported April 8. West Virginia lost three miners on the job last year, and 18 so far this year.

The two mines where these latest fatal incidents occurred are both in the state's southwestern coalfields, where four other miners were killed in three mishaps this year. One miner was killed at Jacob No. 1 in Mingo County, owned by the non-union Jacob Mining Co. and operated by the Jeffrey Wolford firm. The other lost his life at the Candice No. 2 mine in Boone County, owned by Mystic Energy, Inc. There, the workers are represented by the United Mine Workers.

In 2005, Mystic was fined all of \$9,500, under the Cheney-Bush relaxed regulations, for 87 separate violations, including 42 listed as "significant and substantial." Two miners were killed at the Jacob No. 1 mine in 1995, when it was owned by Eastern Mingo Coal Co.

## **NSA/AT&T Data Mining Challenged in Court**

A suit filed in January by the Electronic Frontier Foundation (EFF) is challenging AT&T for its cooperation with the NSA in its national data mining operations, *Wired News* April 10 reported. Mark Klein, a retired technician at AT&T, has come forward as a witness to the installation of special equipment in its own secure room. According to his affidavit, the NSA came to the AT&T offices in San Francisco, and hired its own technician to do all the installation, which none of the other trained staff was allowed to participate in. Rumors were that similar operations were being carried out throughout the West Coast, from Los Angeles to Seattle, in major call switching centers.

From Klein's affidavit, it is clear that he is concerned that this NSA program is getting out of control. "Despite what we are hearing, and considering the public track record of this administration, I simply do not believe their claims that the NSA's spying program is really limited to foreign communications or is otherwise consistent with the NSA's charter or with FISA" (Foreign Intelligence Surveillance Act), Klein wrote. "And unlike the controversy over targeted wiretaps of individuals' phone calls, this potential spying appears to be applied wholesale to all sorts of internet communications of countless citizens."

On April 5, the EFF sought an injunction to prevent AT&T from continuing the alleged wiretapping, until the lawsuit is decided.

## **Vermont Democrats Call for Bush Impeachment**

Leaders of the Vermont State Democratic Party on April 8 voted for the impeachment of President Bush, the *Baltimore Sun* reported April 9. This makes Vermont the fifth state, following New Mexico, Nevada, North Carolina, and Wisconsin, in which Democrats have done so. Committee member Margaret Lucenti said Bush misled the country on the Iraq war, illegal spying, and torture. "I would hope that any one of these infractions would bring the Administration down."

## **Ibero-American News Digest**

### **Lula-Bachelet Meeting Builds South American Club of Presidents**

Chile and Brazil will cooperate in building bi-oceanic corridors and other South American integration projects, promises a joint communiqué issued by Presidents Michelle Bachelet and Lula da Silva on April 11, in the latest in Presidents' Club diplomacy. Bachelet was invited to Brazil for a full state visit, in which she met with Lula for more than an hour, addressed the Brazilian Congress (which she wowed by joining in the singing of the Brazilian national anthem in Portuguese), and was received by the Supreme Court.

The joint communiqué is centered on the two governments' commitment to South American integration, including guaranteeing sufficient regional energy supplies, albeit with few specifics spelled out. It also calls upon the two governments to work on ways of finding financing for projects which connect the Atlantic and Pacific coasts of the continent through infrastructure corridors.

Speaking to the press after their meeting, Lula praised the dialogue between Chile and Bolivia on normalizing their historically tense relations. The dialogue exemplifies "a collective regional will to overcome the divisions of the past, and move forward in building a future of solidarity."

For her part, Bachelet told the Brazilian Congress that the consolidation of democracy in Ibero-America depends on reducing poverty and inequality. "If we are not capable of changing the conditions, the material conditions, of the population's daily life, the legitimacy of democratic institutions will be at risk. It is a danger to Latin America if we are not able to resolve the problems of the cities. We are the generation which restored democracy in the 1980s and 1990s, and we are the generation which has the obligation of consolidating democracy, reducing poverty and inequality, the which is tightly and inseparably tied to strengthening Latin American cooperation."

### **Scandal Orchestrated To Stop Uribe's Re-Election**

With just a month and a half left before Presidential elections in Colombia, in which the re-election of the highly popular President Alvaro Uribe had been viewed as a foregone conclusion, a scandal was unleashed in early April designed to bury Uribe's re-election chances. Uribe, who has struggled to free the country from the grip of the narcoterrorist armies, has responded furiously to the attack, insisting it is nothing but a political maneuver, and that he will "not allow" his government's accomplishments to be diminished.

A corrupt former official of the DAS (state intelligence service), jailed 14 months ago for having "erased" arrest warrants

against a group of drug traffickers, has leapt into the media limelight by spinning a huge web of scandals involving former the DAS had Jorge Noguera, and, by close association, President Uribe himself. Not surprisingly, the publicity for the scandal was provided by two leading Colombian opposition publications—*Semana*, run by the son of former President and drug-cartel godfather Lopez Michelsen, and *Cambio*, associated with Cuba-allied novelist Gabriel Garcia Marquez.

Among the accusations—none of them proven but now the subject of a major investigation—is the charge that Noguera, who had been a regional campaign coordinator for Uribe in 2002, engaged in electoral fraud to steal the Presidency for Uribe in that year. Also, that the DAS under Noguera collaborated with paramilitary death squads in the assassinations of at least 24 trade-union leaders and university professors, and that Noguera and other DAS officials—presumably with Uribe's approval—plotted the assassination of Venezuelan President Hugo Chavez and other Venezuelan figures.

Every other Presidential candidate in the running has seen this as a golden opportunity to knock Uribe out of the race, and at least one candidate has called for Uribe to step down now. Making the most out of the scandal is Horacio Serpa Uribe, 2006 Presidential candidate of the opposition Liberal Party and close collaborator of former President Lopez Michelsen and the Medellin Cartel, back in the 1970s. Serpa, who lost his Presidential bid to Uribe in 2002, has issued a statement suggesting that Uribe's 2002 victory was stolen, claiming that Uribe's government has engaged in "state crimes," and warning that Uribe's re-election will consolidate a paramilitary dictatorship in Colombia.

Adding to the volatile situation is the demand of the Chavez government in Venezuela for an immediate clarification of the charge that Noguera was involved in plotting Chavez's assassination. The Chavez government had accused the DAS of conspiring for its overthrow months earlier.

## **London Financiers Threaten Brazil, Demand More Austerity**

London is displeased with Brazil's Cabinet shakeup, despite the fact that the new Finance Minister, Guido Mantega, appointed after bankers' boy Antonio Palocci was forced out on corruption charges, has promised repeatedly since he took office on March 27, that the Lula government will continue its current destructive austerity policies. Furthermore, upon Palocci's ouster, central bank chief Henrique Meirelles (from FleetBoston) arranged that he would report directly to President Lula, instead of to Mantega, and he replaced two top officials with other bankers' boys: HSBC's chief economist for Latin America, Paulo Viera da Cunha, was named Director of International Affairs at the Central Bank, and the chief economist of ABN AMRO, former IMF official Mario Mesquita, will head Special Studies.

The *Financial Times*' Latin American editor, Richard Lapper, wrote on April 9, that London financiers are not satisfied. Continuing the same policy is not good enough; they want *more* looting, and they want assurances that accelerated looting will be locked in, no matter who is elected President next October, as Palocci had promised in May 2005. Mantega was grilled by the *Financial Times* on April 1, as to where he stood on Palocci's plans. Mantega's reply that there is no need for further "reform" of the pension system, nor to increase the primary budget surplus (the percentage of government revenue skimmed off for debt payment), nor for long-term commitments on fiscal policy, "leaves a big question-mark over Brazil's fiscal future," Lapper wrote. Lapper then called upon investors refrain from endorsing Brazil's current policies with their money.

The London *Economist* warned in its April 1 issue, that the ouster of Palocci makes it less likely that Lula will enact ambitious reforms if he wins a second term. Fitch credit rating sadist Roger Scher (infamous for his "Brazil is a dog" statement last year) complained to the *Economist* that Mantega is not likely to go "the extra mile" for reforms, as Palocci did. "No one knows who will run economic policy in Lula's second term—if there is one," the *Economist* added.

## **Vultures Demand Petrobras Be Handed Over**

Mark Mobius, director of the London-headquartered emerging market fund of the Franklin Templeton financial group (one of the biggies of the vulture funds), told the Brazilian financial daily *Valor*, in an interview published April 11, that investors are watching to see what the new economic team will do, not what they say. And, to keep attracting investors, Brazil should privatize more state firms, including its state oil company, Petrobras, which he acknowledged is a "very well-run company."

## **Safe and Happy Return for Brazil's First Astronaut**

Brazil's first astronaut, Lt. Col. Marcos Pontes, promised to fight for Brazil to have more astronauts, in the April 11 press conference given by three astronauts/cosmonauts after their return on April 8 from a stay on the International Space Station. Pontes carried a big Brazilian flag when he emerged from the Soyuz capsule upon return to Earth, as he had carried it when he entered the space station, and these pictures were all over the usually scandal-mongering Brazilian press.

As he wrote in a brief comment on the reentry, posted to his website, [www.marcospontes.net](http://www.marcospontes.net): "I fulfilled my professional part for my country, and my promise to Brazilians to bring the Brazilian flag into space for the first time," joining Russians and Americans in "humanity's modern frontier."

Pontes said the space trip was better than he expected, and that he had been able to carry out all his experiments. With a big grin, he said he had only one regret: that he couldn't play soccer on the station, because of the lack of gravity. He had brought a soccer ball along—just in case.

## **Peruvian Election Surprise?**

For *EIR's* evaluation of the results of the first round of Presidential elections in Peru, see "Peruvian Elections: Synarchist Advance Hits a Snag," in *InDepth*, this week.

# **Western European News Digest**

## **Prodi's Center-Left Coalition Is Official Winner in Italy**

The final results of the elections April 9-10, as published by the Interior Ministry, are the following: In the lower house, the Chamber of Deputies, Romano Prodi's Unione coalition has 348 seats against 281 won by Prime Minister Silvio Berlusconi's Casa delle Libertà (center-right coalition). In the Senate, the Unione has a minimum of 158 and a maximum of 164, whereas the CdL has a minimum of 156 and a maximum of 157 (possibly, but not necessarily, five Life Senators and one Independent might join Prodi's coalition, while two Life Senators would join Berlusconi's).

Voter turnout, traditionally high in Italy, was even higher than usual, at about 84%, or 39 million voters. However, most of them voted "against" and not "for" either candidate; Prodi voters do not necessarily like Prodi, but they do hate Berlusconi, and vice versa. Some 25% of the voters made their decisions only in the last week, reflecting the general crisis of leadership throughout the Western world.

## **Chirac Buries Hated 'First Job Contract'**

After the rejection of the European Constitutional Treaty on May 29, 2005, the French population did it again. On April 10, after a weekend of intense negotiations among all parties, President Jacques Chirac decided to bury the First Job Contract (CPE). Prime Minister Dominique de Villepin, in a national TV address, announced Chirac's decision that "the necessary

conditions of trust and serenity for the application of the CPE were not there, with the youth, nor with the firms," and that he regretted "not having been understood by all." He claimed to have tried to "act quickly," to deal with youth unemployment, that now stands at 23%.

The burial of the contract is the victory of an alliance of labor unions, student unions, and parent associations, who took to the streets to defend the rights of youth, the labor code, and the republican traditions that go back to the National Council of the Resistance at the end of World War II. The Resistance leaders elaborated a program which reduced the power of banks and insurance companies and upheld the fundamental rights of people to have a job, a home, a quality education, health insurance, and a pension fund. That policy was inscribed in the Preamble to the 1946 Constitution, later confirmed by the Constitution of de Gaulle's Fifth Republic.

## **Computer Game: Hedge Fund Attack Could Destroy Europe**

A computer-based exercise, said to be "close to reality conditions," with an army of aggressive hedge and equity funds attacking the system, resembles the Soros-run attack on the European Monetary System in 1992, but on a much larger scale: According to the script, there is a grave financial crisis erupting in one EU member state, with contagious effects on the rest of the EU; in the end, the EU fails to contain the crisis.

The exercise was designed to cover the collapse of a major bank in one country, and to test the effect on other EU countries, whether the collapse was intentional or inadvertent.

The scenario was carried out on the eve of last week's meeting of the EU Finance Ministers and central bank governors in Vienna, and was accompanied by what was then a "confidential" report compiled by EU members financial regulators, which says that hedge funds and credit derivatives were "sources of concern," because they "can also be sources of systemic risks."

## **Chairman of German Social Democrats Resigns**

Surprising most observers, Mathias Platzeck stepped down as the chairman of Germany's Social Democratic Party (SPD) on April 10. Citing health reasons, he made his announcement just two weeks after having been treated at a hospital for a mild stroke (with damage to his hearing).

Platzeck quits the party chairmanship after only five months, but for the time being will stay on as Governor of Brandenburg, where he heads an SPD/CDU Grand Coalition. On Nov. 15, 2005, Platzeck replaced Franz Muentefering as SPD chairman, who held that job for 18 months.

SPD Vice Chairman Kurt Beck, who was just re-elected Governor of Rhineland-Palatinate and is a centrist with an aversion to the Greens, will take over the vacated chair for the time being, and run for election as chairman at an SPD national convention at the end of May. Beck's post as party vice chairman is to be taken over by Jens Bullerjahn, the junior partner of the likely SPD/CDU Grand Coalition in Saxony-Anhalt.

The unanswered question is whether and how the "young" generation of the ecologist-monetarist self-styled "networkers," which is already ensconced at the party's top echelons since last November's anti-Muentefering coup, will gain even more direct influence on the party's orientation.

## **Berlin Fin-Min Seeks To Crush Resistance to Locusts**

Thilo Sarrazub wants a Maastricht intervention to crush growing resistance to the next round of privatizations in Berlin. Sarrazin, city-state finance minister of Berlin, in March wrote to the EU Commission to request legal action against those in Berlin who oppose his plan to sell off the municipal Bankgesellschaft Berlin to financial "investors."

The top German financial regulatory agency BaFin and the association of savings banks have protested the Sarrazin plan, on grounds that the Berlin Sparkasse savings bank, part of the Bankgesellschaft holding, owes its service to the common good, which would expire once the holding became private property. More than 1.5 million Berliners, that is every second citizen of Berlin, have bank accounts at the Sparkasse.

Sarrazin has called on the EU Commission to take legal action against the BaFin and the savings banks association, on scandalous grounds that they "violate" the freedom of financial services in the EU and prevent him from "balancing" the Berlin budget. Sarrazin hopes to sell the holding for EU3 billion. As for Sarrazin's "balancing the budget": Since he took office in January 2002, Berlin's public debt has increased from EU45 billion to more than EU60 billion, in spite of billions' worth of sales of public municipal property.

## **Arrest of Sicilian Mafia Boss Raises Speculations**

Bernardo Provenzano, the *capo dei tutti capi* (boss of all bosses) of the Sicilian Mafia, was apparently found in a run-down peasant house a few kilometers from his hometown, Corleone. He had been sought by police since 1966. He became the head of the Mafia after the arrest of Tot Riina, the alleged author of the 1992 assassination of anti-Mafia Judge Giovanni Falcone.

The circumstances and the timing of his arrest have led to speculation: The announcement of Provenzano's arrest came an hour after the official word that Romano Prodi was the winner of the general elections. Police authorities reported that they had found Provenzano's hiding place several days ago, but they had waited for hard evidence of his presence. Initially, they reported that in order to identify Provenzano, they had done a DNA test. Since the results of a DNA test take several days, this means that Provenzano was possibly arrested earlier than officially declared. Eventually, the police withdrew the DNA statement.

Some observers speculate that police chief Gianni De Gennaro, a "man for all seasons," wanted to make a present to the new "landlord," Romano Prodi, and that Provenzano might soon start to release "useful" confessions involving former Prime Minister Berlusconi.

## **Cash for Knighthoods Probe Moves Closer to 10 Downing**

The ongoing criminal investigation into the cash for honors that has hit the British Labour Party has scored its first arrest, that of Des Smith, head teacher and former advisor to the Specialist Schools Academies Trust. Smith resigned from the SSAC in January after it was revealed that he was recorded by an undercover journalist saying that the Prime Minister's office would recommend a donor "for an OBE, a CBE, or a Knighthood" if he made donations to the Trust. Now, no fewer than 12 millionaires who made donations of between 1 and 2 million pounds have been warned that they will be questioned. These 12 had either received such honors or were recommended for them.

The key issue here is that Lord Levy, Prime Minister Tony Blair's chief fundraiser, is president of the SSAT. Levy also raised funds from another group of millionaires, some of whom were nominated for honors, who donated money secretly to the Labour Party. Although Levy is not yet expected to be questioned in the SSAT case, the arrest of Smith gives a lot of credence to charges of wrongdoing.

## **French Socialist Segolene Royal Rising in the Polls**

With over 3 million people regularly taking to the streets to protest neo-liberal "flexibilization," the international financial oligarchy is looking for "options" which will work in France. They are trying to get control of France by promoting Nicolas Sarkozy on the right, and Segolene Royal on the left for the upcoming 2007 Presidential elections.

A former advisor and minister of President Francois Mitterrand and Prime Minister Lionel Jospin, Royal has shot up suddenly in the polls to 42%, becoming the most popular Presidential candidate on the left. Support for Royal, who must still go through Socialist Party (PS) primaries, has come not so much from her own Socialist camp, but from the Sarkozy right wing, which views her as a weaker candidate against Sarkozy.

## **Russia and the CIS News Digest**

### **Russia Urges Calm on Iranian Nuclear Program**

Although the Russian Foreign Ministry officially criticized Iran's announced moves to proceed with its uranium enrichment program, Moscow is continuing to insist that no punitive measures be taken. Foreign Minister Sergei Lavrov said April 13 that military attacks on the facilities would create "a dangerous explosive blaze in the Middle East, where there are already enough blazes." UN Ambassador Andrei Denisov said there were no reasons whatsoever for punitive measures, because there was no evidence of non-compliance with the Non-Proliferation Treaty. He said one should not rush events, and that further actions would "depend on the conclusions in the report, to be presented by the International Atomic Energy Agency (IAEA) chief, as well as on his recommendations and proposals." The IAEA report is due at the end of April.

Moscow Heat Technology Institute Director Yuri Solomonov, whose organization is Russia's own nuclear weapons producer, said Iran posed no threat to the United States. "Iran does not have and will not have the chance to develop such systems in the foreseeable future, as regards U.S. territory," he said.

Sergei Kiriienko, Head of the Russian Nuclear Power Agency, said, "Industrial uranium enrichment in Iran is out of the question and the Iranians are not capable of industrial uranium enrichment." Igor Linge, deputy director of the Russian Academy of Science's Safe Atomic Energy institute said, "One hundred and sixty-four centrifuges suffice only for a laboratory experiment. Real cascades are much larger. And the fission process involves a lot more than a hundred centrifuges." Linge added, "The Iranian announcement of the beginning of uranium enrichment is true but Tehran is still far away from the possession of nuclear weapons."

### **Russia in No Rush To Join WTO**

Russia's chief trade negotiator, Maxim Medvedkov, explicitly told *Rossiyskaya Gazeta* April 12 that Russia has "slowed down the negotiating process" for its accession to the World Trade Organization. *RG* said that Medvedkov cited the "purely political demands" recently sounding from the U.S. side. Speaker of the State Duma Boris Gryzlov said the same on April 11, echoing President Vladimir Putin's own complaint, the week before, that the United States (the main hold-out on approving Russia's membership) had raised new demands all of a sudden. On April 10, U.S. Senate Majority Leader Bill Frist (R-Tenn), at a Moscow press conference, had loudly linked WTO approval with Russia's "positions on the issues such as Iran's nuclear program and trends in democracy promotion." Gryzlov said, "Our country isn't interested in unfavorable terms."

### **Russian Stock-Market Mania Rises; Shades of '98?**



Current news about Russian stock market investment is a nearly verbatim replay of the first half of 1998, when "Russia was hot"—on the eve of the August 1998 default. Since the beginning of this year, prices on Moscow's RTS and MICEX stock exchanges have surged by 33%. Most of the companies listed on the exchanges are oil and metals exporters. Leading the pack is the state-owned gas monopoly, Gazprom, which on April 10 passed Royal Dutch Shell to become the sixth-biggest company in the world in market capitalization. At \$227 billion, it is only \$10 billion behind British Petroleum.

On April 5, the U.S. Department of Commerce noted that Russia's gold and foreign currency reserves had reached \$185 billion, the fifth-highest in the world. The next day, Bank of Russia head Sergei Ignatyev said the figure actually hit \$205.9 billion on April 1, an increase of 150% over the 2005 level.

The greater part of these reserves accrue from the taxation of oil and raw materials exports. In addition, all such taxes accruing due to oil prices in excess of \$27/barrel are funnelled into the Stabilization Fund, which now stands at \$60 billion. The government is stuck on the monetarist dictum, that spending that money inside Russia would destroy the economy by breeding inflation. Earlier this month, Finance Minister Alexei Kudrin confirmed what Prime Minister Mikhail Fradkov had hinted: Russia is going to *invest the Stabilization Fund in foreign stocks and bonds*! According to an RIA Novosti overview of the Stabilization Fund debate, dated April 13, "the bulk of the money will be invested in foreign government bonds, and the rest in large foreign companies." Some people are even pushing for the \$60 billion portfolio to be "managed by a foreign company that knows the market well," though others at least contend that the Russian Central Bank can oversee the investment itself.

## Another 'Color Revolution' Loses Its Hue

An anti-Soros organization in Georgia mounted rallies in Tblisi on April 13, calling for President Michael Saakashvili to resign, Parliament to be dismissed, and new Presidential and Parliamentary elections to be held. About 2,000 representatives of the anti-Soros public organization, which unites a number of opposition parties, told the press they had declared 2006 as "the year of the Saakashvili regime's resignation." "Our demands should unite all opposition forces," they said. Over recent weeks, there have been dozens of such demonstrations against Saakashvili, some of them with several thousand participants protesting the further collapse of pensions, living standards, etc.

The Georgian Rose Revolution leader is also facing multiple challenges in Parliament. Currently 38 right-wing deputies are boycotting all proceedings, to protest a ruling against Parliamentarians being active in business. On April 10, a Parliament spokesman had to come out and deny press reports that Saakashvili was about to dissolve the body and hold early elections.

## Southwest Asia News Digest

### Cheney, Rumsfeld Use Terrorist MEK Inside Iran

Vice President Dick Cheney and Defense Secretary Donald Rumsfeld are using the terrorist group MEK in the "Global War on Terror"—inside Iran. Larisa Alexandrovna, of TheRawStory.com, reported April 13 that the Pentagon is "bypassing official U.S. intelligence channels and turning to a dangerous and unruly cast of characters in order to create strife in Iran in preparation for any possible attack." Among the assets being used on the ground inside Iran are the Mujahideen-e Khalq (MEK), an Iranian group on the State Department's list of International Terrorist Organizations. MEK fighters have been reportedly deployed into two border regions of Iran near Pakistan—Baluchistan and Khuzestan.

The operation was rammed through by Cheney and Rumsfeld, against opposition from Secretary of State Condoleezza Rice, according to Alexandrovna. She quoted one of her sources: "These guys are nuts. [Undersecretary of Defense for

Intelligence Stephen] Cambone and those guys made MEK members swear an oath to Democracy and resign from MEK and then our guys incorporated them into their unit and trained them." The MEK operations into Iran reportedly have been going on for a year, and coincide with missions by U.S. soldiers from "special mission units," several intelligence community sources told Alexandrovna.

## **U.S. Intel Officials: Iran Is Years Away from a Bomb**

Thomas Fingar, chairman of the National Intelligence Council (NIC), together with nine other intelligence officials, held an on-the-record press briefing on April 13, to reiterate that Iran is several years away from developing a nuclear weapon, and also to express their determination not to repeat the intelligence mistakes that were made in the lead-up to the Iraq War. Fingar emphasized that incorporating dissenting views into the assessments sent to policy makers, was one of the NIC's important achievements in its first year of operations.

This is not a neutral statement. Fingar previously ran the State Department's Bureau of Intelligence and Research, and in that capacity, disagreed with the Cheneyacs' insistence, based on fabricated intelligence and lies, that Iraq possessed weapons of mass destruction. He pointedly stated in the briefing that by incorporating dissenting views, "we think that will ... make it clear that we are not trying to drive the analytic community to come to any particular position." Fingar also explained that transparency about sources will be a priority, so that the quality of intelligence reporting can be properly assessed.

Fingar was the first person from the administration with whom the recently created, unofficial, bipartisan Iraq Study Group met to get an assessment of "where we are" in Iraq. Fingar was joined at the briefing by Kenneth Brill, head of the National Counter-Proliferation Center, who emphasized that recent statements by Iranian President Ahmadinejad, that Iran plans to build 3,000 uranium enrichment centrifuges by next year, don't necessarily reflect reality. "It will take several years to build that many centrifuges," he said. Stephen Rademaker, Assistant Secretary of State for non-proliferation issues, said on April 12 that it would take 13 years for Iran to produce enough highly enriched uranium for a nuclear weapon.

## **Richard Armitage Calls for Direct U.S.-Iran Talks**

Richard Armitage, formerly Deputy Secretary of State in the current Bush Administration has called for direct U.S.-Iran talks, according to the *Financial Times* April 13. Armitage said: "It merits talking to the Iranians about the full range of our relationship ... everything from energy to terrorism to weapons to Iraq. We can be diplomatically astute enough to do it without giving anything away." He said the U.S. could afford to be patient "for a while" about Iran, since it wouldn't have nuclear weapons for a long time.

## **U.S. Embassy Report Shows Increasing Instability in Iraq**

An internal staff report prepared by the U.S. Embassy and the military command in Baghdad, rates the stability situation in six provinces as "serious" and one as "critical." According to the *New York Times* April 9, the report shows that ethnic and religious schisms have become entrenched; taken together with reports of mass migrations within Iraq, it shows that Iraq is undergoing a de facto partitioning along ethnic and sectarian lines.

The *Times* notes that the report contrasts sharply with the optimistic comments from Administration officials, especially Vice President Dick Cheney, who has been saying that the Administration's glowing statements on Iraq are much more accurate than news reports. Others, such as U.S. Ambassador Zalmay Khalilzad, have been more realistic, the *Times* notes, pointing out that Khalilzad had warned April 7 that a civil war in Iraq could engulf the entire Middle East.

Asked about this April 9 on Fox News Sunday, Khalilzad did not dispute the accuracy of the *Times* story. He acknowledged that "we commissioned this study," to look at the situation in the provinces, and said that this is different from a purely military assessment, because it is looking at the broader picture. But he denied that the situation in Iraq is deteriorating, and maintained that it is better than it was a year ago.

## **Italian PM-Elect Prodi Open To Helping New Hamas Gov't**

Italy's Prime Minister-Elect Romano Prodi commented April 14 on the new, Hamas-led Palestinian government in an interview with the Arab TV channel Al Jazeera. Prodi said, "I shall commit myself at the European level to shape a new position with respect to the new Palestinian government. I am looking with great attention at the signs of an opening being made by Hamas."

Meanwhile, Al Jazeera reports that Palestinian Prime Minister Ismail Haniyeh will soon make a "special political statement," that is expected to include acceptance in principle of the 2002 Arab League peace initiative, based on a state-to-state solution, recognizing Israel and normalizing relations with it, pending its withdrawal to the 1967 borders. This initiative is also written into the so-called Bush Road Map for a Middle East peace.

In a positive development, the Bush Administration has renewed its permission for the Washington office of the Palestinian Liberation Organization—which functions as a de facto diplomatic mission of the Palestinian National Authority—to remain open.

## **Criminologist Points to U.S., Israel in Hariri Murder**

In a new book, *The Hariri Murder—Suppressed Leads in Lebanon*, criminologist Juergen Cain Kuelbel points to the U.S. and Israel as possibly having been responsible for the murder of former Lebanese Prime Minister Rafik Hariri, which has generally been pinned on Syria. Kuelbel studied criminology in the former East Germany and has been active in the field for 15 years. In an interview in Germany's *Junge Welt* April 11, Kuelbel said the UN investigating committee had been set up by Kofi Annan, who was being blackmailed with the oil-for-food scandal, and that Carla del Ponte, of Milosevic prosecution fame, was the one who named Detlev Mehlis to lead the investigative work, with orders to follow the Syrian track only. Kuelbel says his investigation revealed information not contained in the UN reports: First, that the security technologies in Hariri's convoy, which were able to neutralize electronic devices such as mobile phones, or other devices that could set off a bomb, completely failed during the attack, although they were activated. Had they functioned, the attack would not have succeeded. Kuelbel said he has confirmed that the supplier was an Israeli firm, and that he spoke with one of the owners, who had previously worked for the Mossad.

Asked who could have been behind the attack, he named numerous neo-cons and the U.S. Committee for a Free Lebanon.

## **Asia News Digest**

### **India's Leading Stock Market Crashes**

On April 12, India's leading stock exchange in Mumbai plunged sharply as the 30-scrip Sensex index lost 307 points, liquidating close to \$8 billion. This followed a 170-point drop on April 7, but the index managed to gain back some of it early in the week. The 300-plus-point crash of the Sensex from 11,663 to 11,356 is the biggest drop in one day since May 2004.

According to some observers, the drop is a "correction" of the market, but they are quite uncertain as to whether many such "corrections" will not happen in the coming days. One observer pointed out that it is not yet a crash, but if the Sensex goes below 11,000, investors may leave the scene in a flash, causing a huge crash.

Meanwhile, on April 12, the Indian rupee fell sharply against U.S. dollar, losing almost 2.5% in one day. Some observers pointed out that the drop in the market and the demand for dollars were inter-related, because of the soaring oil price and the weakness in the global market.

## **China Makes Huge Grant to Cambodia**

China's \$600-million aid package to Cambodia is greater than the entire amount of aid to that country from the Western nations, and has sent the China-bashers into fits over China's "aggression," according to Reuters. Chinese Premier Wen Jiabao announced the package of loans and aid on April 8 after meeting Prime Minister Hun Sen, as part of Wen's Asia tour.

Half of the money will fund a hydro-electric plant, about \$200 million will pay for two major bridges across the Mekong and Tonle Sap Rivers, and the rest will go on projects such as a new Council of Ministers building. China also gave Cambodia six naval patrol boats in September.

"It's working the turf to establish a Chinese presence," said Carl Thayer of the University of New South Wales in Canberra, a regular anti-China Southeast Asia watcher. "It's a broadening out from the political and economic and cultural and scientific dimensions to the military."

## **Stronger Indo-Chinese Military Ties Recommended**

Indian Defense Minister Pranab Mukherjee, who will be visiting China in May, told reporters that both countries are involved in developing new initiatives in the defense sector to boost confidence, according to *India Daily*) April 14. *"My efforts will have to have much larger participation in joint military exercises, more exchange of visits by armed forces personnel, and an expanded mutual training program," the Indian Defense Minister said.*

Meanwhile, China's Ambassador to India, Sun Yuxi, told Indian media that, "We need developing countries in the expanded [UN] Security Council, and hope India would play larger role in the international affairs, including the UN." Ambassador Sun urged New Delhi not to make a claim jointly with Japan as part of Group of Four (which includes, besides India, Japan, Brazil, and Germany) if it wants Beijing's backing. He said China has worked against the G-4, because Tokyo is in the group.

## **Nepal Remains on the Brink**

Despite King Gyanendra's announcement that he would hold general elections, demonstrations and protests have continued unabated in Nepal, Indian media reported from Kathmandu April 14. The King's announcement came in the context of participation of all major political parties in nationwide demonstrations and strikes.

It is evident that New Delhi, having stayed away from the year-long turmoil by the Nepalis against the King's absolute rule, has now conveyed to Kathmandu that it would not limit itself to tough words, but if the King continues to undermine the democratic forces, New Delhi is prepared to take tough actions as well. What those tough actions would be, has not been spelled out in public.

At the same time, New Delhi has informed the Nepali Parliamentary parties to continue with demonstrations until the King comes out with a definite date for general elections. "We have many levers to call Nepal's King to account. The only problem is that such measures might give some sections in Nepal fodder for anti-India propaganda," said former Maj-Gen. Ashoke Mehta, one of the leading Nepal policy experts in India.

Another Nepal expert, former Indian Ambassador to Laos, S.D. Muni, now professor emeritus with the Jawaharlal Nehru University in New Delhi, told the press: "We should encourage the setting up of an interim government of the Maoists and the seven democratic parties.... The King is fighting a violent battle which he can't win. There is a growing feeling in India that this King cannot be sustained."

## Asia News Digest

### India's Leading Stock Market Crashes

On April 12, India's leading stock exchange in Mumbai plunged sharply as the 30-scrip Sensex index lost 307 points, liquidating close to \$8 billion. This followed a 170-point drop on April 7, but the index managed to gain back some of it early in the week. The 300-plus-point crash of the Sensex from 11,663 to 11,356 is the biggest drop in one day since May 2004.

According to some observers, the drop is a "correction" of the market, but they are quite uncertain as to whether many such "corrections" will not happen in the coming days. One observer pointed out that it is not yet a crash, but if the Sensex goes below 11,000, investors may leave the scene in a flash, causing a huge crash.

Meanwhile, on April 12, the Indian rupee fell sharply against U.S. dollar, losing almost 2.5% in one day. Some observers pointed out that the drop in the market and the demand for dollars were inter-related, because of the soaring oil price and the weakness in the global market.

### China Makes Huge Grant to Cambodia

China's \$600-million aid package to Cambodia is greater than the entire amount of aid to that country from the Western nations, and has sent the China-bashers into fits over China's "aggression," according to Reuters. Chinese Premier Wen Jiabao announced the package of loans and aid on April 8 after meeting Prime Minister Hun Sen, as part of Wen's Asia tour.

Half of the money will fund a hydro-electric plant, about \$200 million will pay for two major bridges across the Mekong and Tonle Sap Rivers, and the rest will go on projects such as a new Council of Ministers building. China also gave Cambodia six naval patrol boats in September.

"It's working the turf to establish a Chinese presence," said Carl Thayer of the University of New South Wales in Canberra, a regular anti-China Southeast Asia watcher. "It's a broadening out from the political and economic and cultural and scientific dimensions to the military."

### Stronger Indo-Chinese Military Ties Recommended

Indian Defense Minister Pranab Mukherjee, who will be visiting China in May, told reporters that both countries are involved in developing new initiatives in the defense sector to boost confidence, according to *India Daily*) April 14. "My

*efforts will have to have much larger participation in joint military exercises, more exchange of visits by armed forces personnel, and an expanded mutual training program," the Indian Defense Minister said.*

Meanwhile, China's Ambassador to India, Sun Yuxi, told Indian media that, "We need developing countries in the expanded [UN] Security Council, and hope India would play larger role in the international affairs, including the UN." Ambassador Sun urged New Delhi not to make a claim jointly with Japan as part of Group of Four (which includes, besides India, Japan, Brazil, and Germany) if it wants Beijing's backing. He said China has worked against the G-4, because Tokyo is in the group.

## **Nepal Remains on the Brink**

Despite King Gyanendra's announcement that he would hold general elections, demonstrations and protests have continued unabated in Nepal, Indian media reported from Kathmandu April 14. The King's announcement came in the context of participation of all major political parties in nationwide demonstrations and strikes.

It is evident that New Delhi, having stayed away from the year-long turmoil by the Nepalis against the King's absolute rule, has now conveyed to Kathmandu that it would not limit itself to tough words, but if the King continues to undermine the democratic forces, New Delhi is prepared to take tough actions as well. What those tough actions would be, has not been spelled out in public.

At the same time, New Delhi has informed the Nepali Parliamentary parties to continue with demonstrations until the King comes out with a definite date for general elections. "We have many levers to call Nepal's King to account. The only problem is that such measures might give some sections in Nepal fodder for anti-India propaganda," said former Maj-Gen. Ashoke Mehta, one of the leading Nepal policy experts in India.

Another Nepal expert, former Indian Ambassador to Laos, S.D. Muni, now professor emeritus with the Jawaharlal Nehru University in New Delhi, told the press: "We should encourage the setting up of an interim government of the Maoists and the seven democratic parties.... The King is fighting a violent battle which he can't win. There is a growing feeling in India that this King cannot be sustained."

## **Africa News Digest**

### **Nigerian Journal Prints LaRouche Essay**

The double edition of Nigeria's *Conscience International* (Vol. 2, No. 3, 2005/2006) reproduces Lyndon LaRouche's essay, "The Night They Came to Kill Me," in a three-page article, with three prominent color photos of LaRouche, who is identified as a U.S. Presidential candidate.

### **Life Expectancies in Zimbabwe Are Now 34 (Women), 37 (Men)**

The life expectancy in Zimbabwe for women has dropped in one year from 36 to 34 years, and 39 to 37 for men, according to "World Health Report 2006," released by the World Health Organization (WHO) April 7. The figure for women is the lowest in the world, according to a news story released by the UN's Integrated Regional Information Networks (IRIN) April 7. The figures are based on statistics for 2004 compared with 2003.

Carla Abou-Zahr of WHO's Health Metrics Network said the decrease was related to the high prevalence of AIDS,

according to IRIN. But, IRIN reported, inflation in Zimbabwe is 800% per year, and "Local newspapers have also reported that many provinces had run out of tuberculosis drugs, while deepening poverty and the HIV/AIDS pandemic were contributing to the resurgence of TB."

IRIN did not mention U.S. economic sanctions as a contributing cause.

## **Soros Behind Drive Against South African Nuclear Reactor**

Two of the three organizations leading the campaign against South Africa's development of the high-temperature pebble-bed modular reactor (PBMR) for the past three years are financed by George Soros through his Open Society Foundation in South Africa.

First, there is the Legal Resources Centre (LRC), which is representative of the South African liberal elite that opposed apartheid, but now seems to be acting against the ANC government. It is financed by Soros. The LRC financed a study aimed at debunking the viability of the PBMR, written by Steve Thomas, who was, at the time, at Sussex University, UK, and is now at the University of Greenwich in London. Thomas was brought on to a panel of five experts commissioned by ESKOM (the South African power company) to assess the project.

The LRC study was then used by the South African environmentalist organization Earthlife Africa as propaganda, but also as part of a court action aimed at forcing ESKOM to release the report of the five experts. The court case was financed by the Open Democracy Advice Center, which is also financed by Soros, as are its founders, the Institute for Democracy of South Africa and the Black Sash Trust.

The case was thrown out of court and Earthlife had to pay the costs. The judges ruled that the study by Thomas, which was submitted as evidence, had "no probative value." Indeed, the report speaks only in general terms, alleging that high-temperature reactor technology has always been problematic. But most of the report deals with the incompatibility of nuclear energy with energy privatization, since it prevents the earning of high short-term profits required by private energy companies. ESKOM is a government company and South Africa has no intention of privatizing it.

Also cited in the court action was a report written by Dr. Edwin S. Lyman of the Nuclear Control Institute (NCI) of Washington. The court stated that this report was too technical to be intelligible. The NCI, run by Paul Leventhal, is committed to stopping all nuclear power because it leads to proliferation—the Albert Wohlstetter and Paul Wolfowitz line. Written in 1999, Lyman's report may have been used to get Exelon Generation Corp., the U.S. energy company, to pull out of the project in April 2002, which almost led to closing it down.

## **Sub-Saharan Africa: 'Dying for Water'**

"Water will be the cause of the next war in Africa," according to a representative from a Sub-Saharan African country, cited in the *Washington Post* April 14. The story, headlined, "Dying for Water in Somalia's Drought," reports on the "War of the Well"—a deadly conflict that killed 250 men in a drought-stricken area over two years. The effect the current and previous droughts, on top of decades of deprivation of vital infrastructure, has led to the current crisis, where upwards of 30 million Africans are faced with growing hunger. The most intense areas of starvation are in the Horn of Africa, where 11 million lives are in danger. The potential loss of life due to lack of food and water is reported to be 2.1 million in Somalia, 3.5 million in Kenya, and 2.6 million in Ethiopia. South of the Horn, Malawi has 4.9 million out of 12.8 million of its people in need of food and water, and Mozambique has 1 million facing severe hunger, out of a population of 17 million.



In parts of Mozambique, water from the bottom of shallow wells is salty, but is still considered potable. In Kenya, wells that are 50 meters deep are infested with worms and are killing the animals.

About 43% of Africa's land surface is reported to be arid, and with droughts occurring more frequently, many nations on the continent are in worse condition than they were 20 years ago. Among the most vulnerable are: Somalia, Sudan, Ethiopia, Uganda, Chad, Mauritania, and Mozambique.

Lack of water has a devastating effect on poor, rural, agriculture-based nations, creating food shortages leading to famine among both the human and animal populations.

## **This Week in American History**

### **San Francisco Earthquake**

**April 18 — 24, 1906**

#### **The Huge 1906 California Earthquake Triggers a Major Scientific Project**

April 18 marks the 100th anniversary of what is generally called the Great San Francisco Earthquake of 1906. Although most attention at the time focussed on the destruction in San Francisco, the earthquake's range was actually much wider, and caused more severe earthquake damage in other places. The devastation in San Francisco was compounded by the firestorms which resulted from broken gas and electric lines, and there was no city water to fight the fires because of ruptured water pipes.

In the wake of the disaster, San Francisco's elected officials were shunted aside by the city's banking and business interests, who formed the "Committee of 50" to handle relief and rebuilding. San Francisco's mayor chaired the committee, but had very little power. The Committee, anxious to attract investment and immigrants to San Francisco, downplayed the role of the earthquake and instead emphasized the fire damage.

Daniel Burnham, the architect of the Lincoln Memorial and of many civic improvements in Washington and Chicago, had been asked several years before to draw up a plan for the revitalization of San Francisco. Ironically, printed copies of the plan were ready for distribution the morning the earthquake hit. But even with half the city destroyed, the Committee rejected the opportunity to build a better and safer city, and quickly bulldozed the fallen buildings, with their human remains inside, and used them for landfill. The landfill areas of the old city had liquefied when the earthquake hit, dropping them five or six feet lower. The Marina district of today's San Francisco is built on the landfill of 1906.

Immediately after the earthquake, Gov. George C. Pardee, an eye, ear and nose specialist who had previously served as Mayor of Oakland, brought a large staff from Sacramento and based them in the current Oakland Mayor's office. One by one, the telegraph operators in San Francisco had been forced by the raging fires to abandon their posts, and finally only the naval wireless radio station at Yerba Buena Island was left to send out messages on military frequencies, which were picked up and forwarded over civilian telegraph cables.

Governor Pardee set up a system of messengers between Oakland and San Francisco, and became the relay point between the devastated city and the outside world. Pardee coordinated the flow of money, goods and materials into the city, determining what was needed and how it could be moved to the earthquake victims.

On the day after the earthquake, the Governor received a telegram from Andrew Lawson, the Chairman of the Department of Geology at the University of California at Berkeley. A decade before, Lawson had mapped a section of the San Andreas Fault, which at that time was only visible in a small area. The telegram read: "The appointment of a scientific commission to investigate the earthquake in this state would have a beneficial effect upon the public mind." Two days later, on April 21, Pardee announced the names of eight members, including Lawson, of a "Committee of Inquiry," which soon became known as the State Earthquake Investigation Commission.

The members of the Commission served without pay, but its expenses were supposed to be paid by the state. However, due to the chaos caused by the earthquake, Lawson contacted the Carnegie Institution, which wound up paying most of the costs plus supporting the printing of the final report. Lawson recruited a talented group of scientists to serve on the Commission, and hundreds of other geologists, astronomers, biologists, engineers, and civilian observers contributed to the report. This was no dry-as-dust commission—its members were field people who had surveyed and mapped most of the American West.

For example, there was Grove Karl Gilbert, a geologist who had volunteered as a young man on the geological survey of Ohio. In 1871, he was appointed a member of the U.S. government survey west of the 100th meridian, led by Lt. G.M. Wheeler. On that survey, he studied the Rocky Mountains, the Grand Canyon, and the extinct Lake Bonneville of Nevada and Utah. From 1889-1892 Gilbert served as the chief geologist of the U.S. Geological Survey. Later, he went on to study the history of the Niagara River, the earth movements in the Great Lakes Region, and the giant meteor impact crater near Flagstaff, Ariz.

Gilbert, along with another geologist named F.E. Matthes, headed north from San Francisco to trace the path of the now well-known San Andreas Fault. Others followed the fault southward, and still others travelled eastward by rail, horse and buggy, or on foot to determine how far the effects of the earthquake had been felt. The object of the project, coordinated by Lawson, was to determine the extent of the earthquake's effects, the kind of damage it caused, the exact time that the shocks arrived in various locations, and where the epicenter was located.

The Napa and Sonoma Valleys to the north of San Francisco had been hit harder than San Francisco, with the town of Santa Rosa almost completely destroyed. The winery workers reported that when the earthquake hit, the grape vines and their arbors rose and fell as if gigantic ocean waves were crashing down the slopes. At the town of Olema, Gilbert found the most serious displacements of all. One road had been moved to the right by 21 feet, and groves of trees, fences, and farm lanes had been moved far from their original positions.

This led Gilbert to assume that he had found the epicenter of the quake, which turned out not to be the case, because the amount of movement in an earthquake also depends on the amount of rock underpinning the soil, the characteristics of the soil itself, and the slope of the land. Olema had crumbling rocks, soft soil, and well-watered slopes, which led to the greater damage.

Almost all of the earthquake investigators carried cameras to record the damage, and in addition they talked to the local residents about when they had felt the series of earthquake shocks. When the material was gathered, Andrew Lawson plotted all the notations on maps, showing how large or small the shocks were, and from what direction they came. Hanging lamps with pendant glass prisms, which were popular at the time, provided many people with the chance to note their pendulum-like motions during the quake, which in turn provided the scientists with valuable information.

There had been some cool-headed scientists who, not threatened with the immediate collapse of the buildings they were sleeping in, had awakened to the early-morning earthquake and grabbed pen and paper to record when the shocks occurred. That had been the case with Gilbert himself, as well as the head of the San Francisco Weather Bureau, a retired British astronomer, and six astronomers manning a California observatory.

Professor T.J.J. See, the director of the Mare Island Naval Observatory on San Pablo Bay, was able to provide quite precise earthquake-timing information on the first shock because several of the observatory's pendulum clocks had stopped when the quake hit because the pendulums had been knocked too far sideways. Because so many homes and businesses had pendulum clocks, this was a convenient way to determine when an area was hit by the shock. It was important to determine times in different areas, because that was the way to pin down the epicenter of the quake—the earliest times meant that those locations were nearest to the epicenter.

From the massive effort at documentation, Lawson was able to determine that the most northerly place where the earthquake was felt was Coquille, Oregon., and the most southerly place was Anaheim, California. To the east, it was felt as far as Winnemucca, Nevada. This determined an approximate circle of some 400,000 square miles, but the area of heavy damage was lozenge-shaped, with the long axis following the San Andreas Fault. The fault itself ran for approximately 750 miles, plunging underground near southern California's Salton Sea, an area with active geysers, hot springs, and mud volcanoes.

This area contained the answer to why the worst damage was north of the epicenter—the southern part of the fault was pulling apart, allowing liquid magma to escape and thus take off some of the pressure. But in the north, the fault was narrow and rubbed together constantly, with the western edge moving north approximately one-and-a-half inches a year. When the buildup of tension was released, the shock waves travelled at 7,000 miles per hour.

The study of the San Andreas Fault yielded some surprising results. Up to that time, most geologists had thought that internal pressures moved soil and rocks up and down, such as during the formation of mountain ranges; but now it was obvious that pressure could also move the Earth's surface horizontally. The San Andreas Fault was labelled a right-lateral strike-slip fault because if you look across it from either side, everything has moved to the right. The fault was formed by the meeting of the North American Tectonic Plate, whose eastern edge runs down the center of Iceland, with the Pacific Tectonic Plate, whose western edge reaches to the South Island of New Zealand. The San Andreas is now recognized as one of the fastest-moving faults in the world, and geologists refer to it as the SAF.

Andrew Lawson was able to encourage and prod his far-flung staff enough to enable him to begin to analyze the data in early 1907. Even then, he had to send out other investigators to duplicate some observations when it was obvious they were incomplete or flawed. The final report of the Earthquake Commission appeared in 1908, and a second volume in 1910 contained the elastic rebound theory of earthquakes which had been developed by Commission member Harry Fielding Reid of Johns Hopkins University.

The Commission's findings generally fell upon deaf ears. Business leaders told a Stanford University seismologist not to investigate earthquakes nor publish reports. But Lawson pressed on, and, in April of 1907, published a proposal for a Seismological Institute. One hundred fifty-one scientists endorsed it, but no support was forthcoming. But the report did lead to the founding of the Seismological Society of America, and its first "Bulletin" appeared in March 1911. Geologic maps of California did not indicate the San Andreas Fault until 1938.

The Earthquake Commission Report was not reprinted until 1969, but it is still considered a primary reference tool for scientists. A paper written in 1999 for the Geological Society of America cited the fact that there was almost nothing in modern earthquake science that did not owe its origin to the hard-travelling California Earthquake Commission.

All rights reserved © 2006 EIRNS

[top of page](#)

[home page](#)