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The Current Strategic Situation:

Our World-Outlook Now

by Lyndon H. LaRouche, Jr.

May 30, 2008

Synopsis: With London's continued efforts to ram through the Lisbon Treaty which the Fabian Society's London had intended to impose on continental Europe before the Summer, London clearly did not intend that it should submit its own self to that imperial tyranny, the presently proposed Treaty, which it has been hastening to impose on the western and central regions of the continent. Ambrose Evans-Pritchard's almost incoherent babbling recently, reflects the consternation being spread in Britain and Ireland out of fear that that Lisbon Treaty might also be actually imposed now on the British Isles. As time passes, the anxiety and fear grows within the United Kingdom and Ireland, while Prime Minister Gordon Brown sits uneasily in his chair.

As a coquettish fit uttered by the *Daily Telegraph*'s Evans-Pritchard warned us lately, neither London's reigning oligarchy, nor actual British patriots, ever really intended to put the United Kingdom and Ireland under the reign of the new, radical substitute for the earlier, failed version of the Lisbon agreement...

In-Depth articles from EIR, Vol. 35, No. 24

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Feature

- **It Is Not Over Yet:**

For the Moment, There Are Now Only Two Candidates

by Lyndon H. LaRouche, Jr.

'McCain and Obama are political chess-pieces on the board; the fellows in the back room are chess players who know how a pawn becomes a queen. 'Now, as we speak, the hands of the players are already moving.'

- **The Current Strategic Situation:**

Our World Outlook Now

by Lyndon H. LaRouche, Jr.

With continued British efforts to ram through the Lisbon Treaty before Summer, 'London clearly did not intend that it should submit its own self to that imperial tyranny, the presently proposed Treaty, which it has been hastening to impose on the western and central regions of the continent. . . . '

The proverbial fly in London's dish, is that the present international financial-monetary system is already at the verge of an early plunge into a vortex, a global breakdown-crisis now menacing the world at large. Thus, the effort to ram through the Lisbon Treaty, creates a world crisis which is already echoing, immediately, many of the kinds of economic and related features which are to be associated with the earlier outbreaks of the two so-called world wars of the previous century.'

Economics

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Far from having been stabilized, the global banking system is on life support, kept alive by extensive government funding while it is being restructured. The downsizing is already traumatic, but it has only begun, because the reason for the existence of much of the banking system has disappeared.

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by Helga Zepp-LaRouche

The conference of the UN Food and Agriculture Organization in Rome did not decide on any effective remedy for the world hunger catastrophe. But the good news is, that the 'free traders' were unable to put through their plans, and that the WTO's Doha Round will, in all likelihood, end in failure.

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- **Dutch Citizens Hold Poll on Lisbon Treaty**

- **No Break from Bushism:**

British 'Concert of Democracies'

Backed by Obama and McCain The Princeton Project on National Security is promoting the idea of preventive war, as part of an AngloAmerican led 'Concert of Democracies.' Top advisors to the Obama campaign, Anthony Lake and Ivo Daalder, back the plan, and John McCain has explicitly endorsed it.

- **International Intelligence**

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- **Poll: Financial Collapse Is No. 1 Issue on Voters' Minds**
- **Hyperinflation Hits Auto, Airlines, Driving Management Mad**
- **Japan To Finance Nuclear Plants in the U.S.A.**

Poll: Financial Collapse Is No. 1 Issue on Voters' Minds

June 3 (EIRNS)—A USA Today/Gallop poll released today confirms what Lyndon LaRouche said two weeks ago: The main issue on voters' minds over the next few months will be the collapse of the economy. *USA Today* writes: "Americans are more downbeat about their personal financial situations now than they've been in decades..., an attitude likely to dominate this year's presidential and congressional elections."

The statistics are telling: 55% of families are worse off now than a year ago—the highest figure since Gallop began asking this question in 1976; and 11 percentage points higher than this past February. For the poor—those with incomes below \$30,000—two-thirds are worse off. In age groups, two-thirds of Boomers in the 55-64-year-old category are worse off.

These figures also cohere with the groundswell of support for Hillary Clinton's campaign, especially in the last several months.

Hyperinflation Hits Auto, Airlines, Driving Management Mad

June 3 (EIRNS)—General Motors announced today that it would close four truck production plants, possibly even dump the entire line of Hummer SUVs, and shift its focus to small cars. Over 8,000 jobs will be lost, the majority in hourly workers, at plants in Oshawa, Ontario; Moraine, Ohio; Janesville, Wisconsin; and Toluca, Mexico. The cuts will reduce truck production by 700,000, and, although GM will increase car production, overall production will be cut by 500,000 annually. Cars will now account for 60% of GM's production, up from 50% in recent years. CEO Rick Wagoner rationalized the cuts to shareholders at their annual meeting by saying that \$4/gallon gas represented a "structural change, and not just a "cyclical change."

Ford announced that sales for May had dropped by 16%, with sales of their (formerly) popular "F-series" pick-up trucks falling 31%, and sales of the massive Explorer SUVs falling 41%. This was the sixth straight monthly sales drop for Ford. So far, however, although they said the company will not meet its profit forecast, they have not announced any plant closings. Bloomberg News estimates that, industry-wide, sales have fallen by 10% this year.

Similarly hit are the airlines, where fuel costs have tripled since 2000, almost doubling in the last year alone. Desperate air carriers have taken measures such as charging extra fees for baggage, and eliminating even snacks from flights, in order to cut costs and reduce weight in flight. Now comes the idea that passengers might be charged *by weight*, i.e., as *freight*, forcing passengers like Al Gore to pay extra to fly.

Japan To Finance Nuclear Plants in the U.S.A.

June 7 (EIRNS)—Akira Amari, Japan's Economy, Trade and Industry Minister, and U.S. Secretary of Energy Samuel Bodman issued a joint declaration on June 7 in Aomori, Japan, on the sidelines of a meeting of energy ministers from the U.S., Japan, India, China, and South Korea. The agreement calls for Japan to co-finance construction of as many as 30 nuclear reactors in the United States, with funds from JBIC (Japan Bank for International Cooperation) and Nippon Export and Investment Insurance.

The Japan Broadcasting Corp also reported that "Japan and the United States, together with private companies, will develop small and medium-sized nuclear reactors with a view to having them used in developing countries."

The statement said: "We reaffirmed our commitment to promoting bilateral nuclear energy cooperation," and intend to "consult on potential financing support measures that would facilitate nuclear power plant construction in the United States."

Japan's Toshiba Corp. bought Westinghouse for more than \$4 billion in 2006. Westinghouse announced in May it would build two nuclear power reactors in South Carolina.

Global Economic News

- [Japan's Rice Auction Fails; WTO Rules Challenged](#)
- [Goldman Sachs Out To Grab Global Water Supply](#)
- [London Boasts of Domination of Commodities Speculation](#)
- [High Oil Prices Hit Indonesia, India, China, Taiwan, and Malaysia](#)

Japan's Rice Auction Fails; WTO Rules Challenged

June 2 (EIRNS)—The deadly paradoxes of WTO trade rules have struck again. Japan's Agricultural Ministry went to the world market last week to purchase by auction the remaining 60,000 tons of its international rice import requirement, as demanded by WTO rules. The ministry indicates that its bid failed because the global price of rice was too high. The ministry says Japan must fulfill the WTO requirement, but has not decided whether to place another bid.

Japan is forced to import more than 767,000 tons of rice annually from the United States, Thailand, and other countries, under requirements of the WTO. This was imposed on Japan in exchange for allowing it to have a high rice tariff. By and large, Japanese do not eat this rice. Partly, this is because the rice on the international market is not the same as Japanese rice in terms of taste, consistency, and shape, but mostly because Japan has historically been self-sufficient in rice and strongly protects its rice farmers and rice farming culture.

The rice that Japan must buy on international markets is put into air-conditioned storage. Japan has imported a total of 8.32 million ton of rice under this program over the years. Of this, 2.22 million tons were donated as humanitarian assistance for other countries, while 730,000 tons were used as livestock feed, and 1.3 million tons are still in stock. A small amount was eaten, and the rest is unaccounted for and is probably waste.

Japan is now looking to re-export this rice as humanitarian aid and for commercial sale, in response to the food crisis.

To recap: Japan makes a special, and successful effort to be self-sufficient in rice (although not in other foodstuffs, by far). But it must import almost 800 thousand tons of rice per year to "pay for" this self-sufficiency privilege as a WTO mandate. To re-export this rice to meet the needs of hungry countries, it must still keep its quota of international rice, and thus go out to auction and bid for rice, which drives up the price—for some of the same countries to which it wishes to offer its rice as aid! And driving the price so high that Japan itself cannot afford to buy it!

The daily *Asahi Shimbun* calls for an end to this farce: "Japan's importation of rice is not in conformity with the international situation. Japan should start full-fledged negotiations with the WTO to change the existing rules."

Goldman Sachs Out To Grab Global Water Supply

June 5 (EIRNS)—The next big target of speculation is the water sector. On June 4, Ambrose Evans Pritchard posted an article in the London *Daily Telegraph*, on a Goldman Sachs report advising clients to invest in water, because soon there will be extremely high returns, as water supply, due to climate change, is becoming the next "petroleum." Headlined, "Drought to be biggest world risk," Pritchard writes, a "catastrophic water shortage" could prove to be an even bigger threat to mankind this century than soaring food prices and the relentless exhaustion of energy reserves, according to a panel of "global experts at the Goldman Sachs 'Top Five Risks' conference."

The article quotes Nicholas (Lord) Stern, author of the "Government's Stern Review" on the economics of climate change, warning that underground aquifers could run dry at the same time as glaciers melt. Glaciers on the Himalayas are retreating, and, being the places that hold the water back in the rainy season, this would mean an extreme risk with water running straight into the Bay of Bengal, taking a lot of top soil with it, Stern claimed. The Himalayas are the source for all the major rivers of Asia—the Ganges, the Yellow River, the Yangtze. Three billion people, almost half the world's population, live there.

Stern, the World Bank's former chief economist, accused governments of being "slow to accept, that usable water is running out." He called it a "non-renewable resource," and since it has "not been priced properly," it has been used without restraint.

Then the real target becomes clear—farming, which makes up 70% of global water demand!

The Goldman Sachs report calls water the "petroleum for the next century," offering huge rewards for investors, "who know how to play the infrastructure boom." The U.S. alone needs up to \$1 trillion (£500 billion) in new piping and waste water plants by 2020, they say. China is another target of the report, as is Asia in general, which it says has added to the strain, due to its "shift to an animal protein diet." China makes up 21% of humanity but controls just 7% of the water supply, and faces acute challenges. Egypt has threatened military action against any country that draws water off the Nile without agreement.

Goldman Sachs advises investors to invest in the "high-tech end" of the world's \$425 billion water industry.

London Boasts of Domination of Commodities Speculation

June 5 (EIRNS)—What used to call itself "the British Invisible," i.e., International Financial Services London (IFSL), has published a report on how London benefits from commodity speculation. According to their summary:

"Global physical and derivative trading of commodities on exchanges increased more than a third in 2007 to reach a record 1,684 million contracts according to a new edition of IFSL's Commodities Trading report. The OTC [over-the-counter] derivatives market has also seen strong growth in 2007. The notional value outstanding of banks' OTC commodities derivatives contracts grew by 27% to a record \$9 trillion, largely due to an increase in OTC traded energy contracts. According to the report, in the five years up to 2007, the value of global physical exports of commodities increased by 17% while commodity derivative trading on exchanges increased by 213% and the notional value outstanding of commodity OTC derivatives by 540%.

"London has benefitted from this increase in trading due to its position as the largest global centre for commodities derivatives trading after New York. The major exchanges located there accounted for 17% of global commodities' exchange trading in 2007:

"Liffe is Europe's biggest exchange for 'soft commodities' with 12.8 million contracts traded in 2007.

"London Metal Exchange is the leading global exchange for non-ferrous metals with a 90% share of global trading and record turnover in 2007—92.9m contracts.

"ICE Futures is Europe's biggest exchange for energy products. Turnover grew for the tenth consecutive year in 2007 to reach 138.5m contracts.

"The bulk of global OTC trading in precious metals is also conducted in London through the London Bullion Market association."

The British Invisibles insist that commodity prices have skyrocketed because Chinese and Indians eat more, but they admit that this has raised "interest from investors and limited supply of some commodities. The increase in prices has attracted many investors to the commodities sector including short-term speculators such as hedge funds and more recently longer term institutional investors looking to diversify their portfolios. Funds invested in the commodities sector totalled over \$400bn in the first quarter of 2008, with more than \$150bn invested in commodities indices in 2007."

High Oil Prices Hit Indonesia, India, China, Taiwan, and Malaysia

June 3 (EIRNS)—The Indonesian Finance Ministry on May 21 announced a sudden increase of 29.7% in gasoline prices for consumers. Why? Indonesia, like other countries, has been subsidizing gasoline prices for consumers. But with hyperinflation raging, Indonesia's state subsidies ended up representing more than the amount of money spent for the budgets of education, health, and infrastructure combined! In the face of these events, says the French daily *Les Echos*, neoliberal voices are demanding the abolition of all subsidies in most of these nations, claiming that keeping gasoline prices artificially low through state aid creates distortions on the markets and doesn't encourage consumers to develop more "economical" behavior.

India last year spent \$19 billion to subsidize oil products. On June 2, Prime Minister Manmohan Singh declared that his government had no choice but to increase the price of gasoline for consumers. Indian refineries are buying expensive oil and selling it more cheaply domestically. Singh called for a political consensus to adopt more "rational" economic policies. Unlike other countries, India hasn't increased prices of kerosene for four years, he said.

China also subsidizes gasoline prices for consumers. Sinopec, the largest gasoline vendor in the country, saw its profits drop by 72%, while those of the other giant oil company, PetroChina, shrank by 31%. As a result, their stocks fell,

triggering an overall drop on the Shanghai market. The Chinese oil companies buy at \$135 per barrel on the world market, while selling domestically at a price equivalent to \$75 a barrel. Sinopec says it loses \$430 for every ton of diesel or gasoline refined, and extra costs are estimated to rise between \$50-100 billion for the Chinese oil companies. The latter now are pressuring the Chinese government to raise prices to consumers.

In Taiwan, the public gasoline distributor is expected to go bankrupt if nothing is done to solve the problem. And Malaysia's new government has maintained subsidies, despite the fact that gasoline subsidies alone represent more than 10% of the state budget.

United States News Digest

- [Gates Begins Purge of Air Force](#)
- [U.S. Subpoenas BAE Director in Bribery Inquiry](#)
- [Senate Fiddles with Climate Fraud as Financial System Burns](#)

Gates Begins Purge of Air Force

June 6 (EIRNS)—Defense Secretary Robert Gates has initiated what is seen by many as a purge of the U.S. Air Force, forcing the resignation of Air Force Chief of Staff Gen. T. Michael Moseley and Air Force Secretary Michael Wynne. The move follows an investigation into the unauthorized flying of six nuclear-tipped cruise missiles across the United States last August, and the more recent shipment to Taiwan of Air Force electrical fuses for ballistic missile warheads.

Moseley was knighted in 2006 by the Queen of England for "contributions to international relations." He also commanded the U.S. air forces in the invasion of Iraq in 2003.

Wynne, a graduate of the U.S. Military Academy, spent most of his career in the aerospace industry, including Lockheed Martin and General Dynamics, and dealt with ballistic missiles at different times in his career.

According to Associated Press, an investigation by Adm. Kirkland Donald found "lack of effective Air Force leadership oversight" in the Air Force's nuclear mission. Gates also announced that "a substantial number" of general officers and colonels were identified in the report as potentially subject to disciplinary action, including dismissal. He announced the formation of a new task force, led by former Secretary of Defense James Schlesinger, to recommend ways to ensure the highest accountability in the handling of the country's nuclear weapons.

U.S. Subpoenas BAE Director in Bribery Inquiry

June 5 (EIRNS)—The U.S. Department of Justice, in late May, issued a subpoena to Alan Garwood, business development director of BAE Systems—the scandal-ridden British aerospace firm—in the DoJ's investigation of bribery and corruption over a £43 billion arms deal between BAE and Saudi Arabia. It is understood he was approached by DoJ officials as he changed planes in Miami.

Several days earlier, BAE chief executive Mike Turner, and Sir Nigel Rudd, a non-executive director, were issued subpoenas as they landed in the United States. Garwood, in 2002, had been a director of the Defence Export Service

Organization at the British Defence Ministry, where he worked on projects, including last year's deal to sell Eurofighter Typhoons to Saudi Arabia.

Last night, according to a report in the London *Guardian*, a spokeswoman for BAE said: "The company has confirmed that the Department of Justice has issued a number of additional subpoenas in the US to employees of BAE Systems, Ltd. and BAE Systems, Inc. [the company's U.S. subsidiary] as part of an ongoing investigation."

Senate Fiddles with Climate Fraud as Financial System Burns

June 6 (EIRNS)—Senators Barbara Boxer (D-Calif.), Joseph Lieberman (I-Conn.), and John Warner (R-Va.) announced "that we are in a moment to be remembered," in their press conference held at the Capitol just prior to the start of Senate floor debate on the Climate Security Act. The Act, also referred to as the Lieberman-Warner bill, calls for a 18% cut in carbon emissions by 2020, and a 71% cut in emissions by 2050, and sets up a mandatory cap-and-trade scheme in the United States.

The Senate floor debate on the Lieberman-Warner bill dominated that body's deliberations from June 2 until June 6, when the Democratic leadership was forced by GOP opposition to pull it. Ranking Republican on the Senate Environment and Public Works Committee James Inhofe (R-Okla.) pointed out, "The last time the Senate debated a bill of this complexity, ... was during the 1990s, when the Senate debated the EPA's Clean Air Amendments, and that debate shut down the Senate for five months."

The "Mad Hatter's Tea Party" debate, backed up by fraudulent computer models, fails to take into account the systemic crisis of the financial system, or the hyperinflationary spiral in prices of commodities driven by speculation.

As the Senate started to debate the Climate Security Act, President Bush announced he was going to veto the bill if it remained in its present form.

Ibero-American News Digest

- [**Zepp-LaRouche Takes Food Campaign to Ecuador Radio**](#)
- [**Sonoran Institutions Join Pro-PLHINO Committee Campaign**](#)
- [**The World Should Not Follow Mexico's Food Policies!**](#)
- [**Guatemala Adopts Aztec Model, Too**](#)
- [**Argentina: Instead of Avarice, Think of the Poor!**](#)
- [**Workers Strike Across Chile**](#)

Zepp-LaRouche Takes Food Campaign to Ecuador Radio

June 1 (EIRNS)—As the food crisis begins to dominate the political and economic agenda in Ibero-America, Schiller

Institute founder Helga Zepp-LaRouche and Iván Angulo Chacón, the Ecuador representative of the UN Food and Agricultural Organization (FAO), discussed the global battle to secure food, on Ecuador's Radio 530-AM program on May 30, with program host Patricio Pillajo.

The focus of the discussion, was the Schiller Institute's call to double world food production and end biofuels, and move from there to initiate a just, new world economic order. That call has been endorsed, so far, by one sitting Congressmen in Argentina, and six in Mexico, along with a growing number of other labor, farm, and grassroots leaders from the region.

An archived recording of the discussion, in Spanish and English, is available on the Spanish page of the LaRouche's Political Action Committee (www.larouchepac.com), and is circulating in other Ibero-American countries.

Sonoran Institutions Join Pro-PLHINO Committee Campaign

June 3 (EIRNS)—Sonora Sen. Alfonso Elias Serrano and Congressman Carlos Navarro López, along with the presidents of the Northern Sonora Agricultural Organizations Association, and the North West branch of the national manufacturing association, CANACINTRA, and the head of the National Peasant Federation (CNC) in the state, yesterday joined spokesmen for the "Pro-PLHINO of the 21st Century Committee" for a press conference in the state capital, Hermosillo, exposing the plans by the head of the National Water Commission (CONAGUA), José Luis Luege Tamargo, to sabotage construction of the tri-state Northwest Hydraulic Plan, known as the PLHINO.

Two messages were delivered at the press conference:

First, that any attempt by Luege Tamargo to divert the funds allocated by Mexico's Congress for the technical studies required for the great engineering project to begin, would constitute "a crime against the Mexican population," at this moment when it is threatened by hunger as a consequence of the world food crisis.

Second, that the statewide officials present have thrown their full support behind the Pro-PHLINO Committee's campaign to ensure that the decades-old water project finally gets *built*. Speaking for the Committee at the press conference was its Secretary and founder, Alberto Vizcarra Osuna, well-known as Lyndon LaRouche's leading associate in the state of Sonora.

Clearly, leading Sonorans are ready for a fight against oligarchic agents such as CONAGUA's Luege Tamargo, who think they can block the PLHINO.

Sen. Elias Serrano emphasized, that if the PLHINO is not built, Mexico could face food scarcity. The Mexican State, therefore, must implement measures which resolve the *causes* of the food crisis; we have to get to work on this quickly, before there are social uprisings in Mexico over food, as have occurred in other countries, he said.

The World Should Not Follow Mexico's Food Policies!

June 4 (EIRNS)—Mexico's Agriculture Minister went before the FAO summit on Food Security this morning, to promote an agricultural policy equivalent to the Aztec school of cardiology,

Alberto Cárdenas Jiménez, speaking on behalf of the Felipe Calderón government—and the reactivated Synarchist movement in Mexico in which he is a key player—held up Mexico as one of the most open economies in the world, and called the food price crisis an opportunity to make sweeping changes, citing the Calderón government's decision last week

to remove all tariffs on food imports. In other words, to adopt even more radical versions of the very policies which turned once-food self-sufficient Mexico into the world's eighth-largest importer of food (with a population of a little more than 100 million people), dependent on international markets to supply over 25% of its most basic food staple, corn, at prices it cannot pay. Lifting all tariffs will finish off what's left of Mexico's ability to produce its own food.

That is precisely the Calderón's government objective, as stated by the head of Mexico's National Water Commission, José Luis Luege Tamargo on April 6. (See InDepth May 27, "Luege Tamargo: WWF's Hitman Against Mexico.")

Guatemala Adopts Aztec Model, Too

June 2 (EIRNS)—Guatemalan President Alvaro Colom has taken the desperate and insane step of permanently eliminating tariffs on food imports, in hopes of addressing the food crisis wracking the nation. This mimicking of Mexican President Calderón's policy, is sure to result in disaster, and has already provoked a backlash from national producers who want to know how they will be protected from an anticipated flood of cheap food imports.

By lifting tariffs on ten key food items, Colom basically eliminates the 18-year timetable by which the Central American Free Trade Agreement (CAFTA) was to fully go into effect. This measure, he said, "should be interpreted as a change in economic policy," which, he hoped, would "bring benefits to the poor" by allowing cheap food into the country tariff-free.

Congressman Mariano Rayo warned that the announced measure can't have positive results, unless it offers incentives to Guatemalan farmers to produce food. The head of the Guatemalan-American Chamber of Commerce expressed similar concern. According to the World Food Program, the increase in food prices over the past year has increased the poverty rate from 51-54%, and the extreme poverty rate from 15.2-20.2%, out of the total population of 13.3 million.

Argentina: Instead of Avarice, Think of the Poor!

June 5 (EIRNS)—Argentine President Cristina Fernández de Kirchner delivered a warning to striking agricultural producers today, that it is time to stop thinking of their own high profits, and show some compassion for those poor citizens who have no homes, jobs, or potable water. "Avarice," she said, "is one of the sins which God most condemns."

Speaking in the working-class district of La Matanza, where she inaugurated potable water projects, the President referred to the producers who have been on strike for 90 days, protesting higher export taxes on soybeans and sunflower seeds, announced by the government on March 11. Most of the strike leaders have made a financial killing in the soybean craze, and don't want the state interfering, while the strike is used by the British as a vehicle for attempting to overthrow the President.

Fernández explained that the higher export taxes are intended to make sure that high international commodity prices weren't passed onto the internal market: "We want bread, beef, fruit, and vegetables to reach everyone's table, at a price they can pay and not the price paid abroad!" She also expressed regret that angry and frustrated truckers who have been put out of work by the producers' highway blockades, and are now tossing milk and other foods onto the highways to protest.

For this to happen at a time when there are still too many Argentines who go hungry, is unthinkable, the President said.

"Who can afford to go for 90 days without working" as the striking producers have done? "Only those who have accumulated much profit and much wealth. Everyone else has to go out to work. Those who have to get up every day ... know this very well," she said. "It's always the most humble who lend a shoulder, and they have done so to lift up this

Argentina again. Please, in the name of those who don't yet have potable water, or a job or a house, I ask you to think a little more about them and a little less about yourselves."

Workers Strike Across Chile

June 6 (EIRNS)—This week saw an explosion of strikes in Chile by workers fed up with rising fuel and food prices, and frustrated by the Bachelet government's failure to overturn the neo-liberal economic and social policy associated with the 1973-90 Pinochet dictatorship.

A strike by long-haul truckers, demanding government action on the price of diesel fuel and high tolls, particularly rattled the government, because this mode of transport is the only way that food, raw materials, and other essentials are delivered in the country. There are no functioning railroads, as these were destroyed by the Pinochet dictatorship and never rebuilt. Once the truckers' strike began to affect food supplies in the interior, and threatened mining operations in the north, the government agreed to a 50% decrease in the tax on diesel fuel, and promised to keep the price stable over the next three months.

Several other sectors mobilized over such issues as the rising cost of living, driven by higher fuel and food prices. On June 4 alone, aside from truckers, employees for the postal service went on strike over wages. High school and university students, as well as professors, held a nationwide strike to protest the government's education reform law.

The reform is supposed to strengthen public education which was essentially dismantled by the Pinochet dictatorship, but students and teachers say it doesn't go far enough. The right-wing Alliance for Chile is threatening to sabotage the reform altogether, should the government dare to respond to protests by improving on the proposed law. Students and teachers who demonstrated in Santiago on June 4 were harshly repressed by police.

According to an activist who worked with the LaRouche movement in the 2005 fight to defend social security, people have had it with a "socialist" government "whose policies aren't socialist, but rather free-market ones."

Western European News Digest

- [Irish Farmer Union Capitulates, Calls for 'Yes' on Lisbon](#)
- [Italy: Opposition to Treaty Reflected in Press Coverage](#)
- [EU Creating Super-Diplomatic Corps](#)
- [EU Commission Tells French Fishermen: Pay and Die](#)
- [Milk Delivery Boycotts Enter Decisive Phase](#)
- [LaRouche Movement Recommends Government Protect Alitalia](#)
- [OECD Forum 2008: Make Money With Global Green Dictatorship](#)

- **Can You Believe It? Blair Launches 'Faith Foundation'**

Irish Farmer Union Capitulates, Calls for 'Yes' on Lisbon

June 4 (EIRNS)—The Irish Farmers Association has struck a dirty deal with the government, and decided to recommend a "Yes" vote in the referendum on the Lisbon Treaty. In exchange, the government promised to use its veto powers in case the European Union pushes a World Trade Organization "Doha Round" deal which is unfavorable to Ireland. It should be noted that this is a decision of the leadership, and not based on a vote of its 80,000 members. The IFA leadership had supported the Treaty prior to the surfacing of a report that EU commissioner Peter Mandelson intended to push the WTO deal. So it is an open question as to whether the farmers themselves will support the Treaty.

Italy: Opposition to Treaty Reflected in Press Coverage

June 4 (EIRNS)—Rome University Prof. Giuseppe Guarino's call for rejecting the Lisbon Treaty is covered for the third time in three days in major Italian dailies. On June 1, Guarino gave an interview to the financial paper *Il Sole 24 Ore*. On June 3, in the same paper, author Guido Gentili writes under the headline "EU Treaty: No Blind Ratification":

"Professor Guarino insists that the Treaty raises serious constitutionality issues and a more careful reflection would be in Italy's interest. Guarino has gathered his remarks into a forthcoming book, a volume whose reading we suggest to the members of Parliament, who, in the coming weeks, will discuss ratification of the Lisbon Treaty. It is a ruthless, but factual analysis of what we are facing, including the self-avowed, extra-parliamentary government role of the Commission, future mother-owner of Europe.

"To reflect on the Lisbon 'method' and on the ensuing Treaty is not a way to oppose Europe, but a way to have a clear sight. 'If one or more states need more reflection, they can take the necessary time,' is written in the Treaty, which does not prescribe blind ratifications."

EU Creating Super-Diplomatic Corps

May 30 (EIRNS)—The European Commission has already drafted detailed plans for an imperial European diplomatic service—even before the Lisbon Treaty is approved. The Conservative Party in Britain is accusing British Foreign Secretary David Miliband of misleading Parliament when he claimed that nothing had been done to set up a "European External Action Service" (EEAS), which would become the EU's foreign ministry if the Treaty were to be voted up.

The Conservatives claim that the European Commission has already ordered that an "organogram" chart of the EEAS's structure be produced for as early as next week. The May 23 *Daily Telegraph* cited top British Euro-imperialist Robert Cooper, director of the General Secretariat of the Council of the EU, as positively commenting that the EEAS would make Brussels the diplomatic capital of Europe.

EU Commission Tells French Fishermen: Pay and Die

PARIS, June 2 (EIRNS)—On May 29, the National Committee of French Fishermen called for the creation of a special fund to guarantee fuel prices for the industry. The next day, Madrid responded with an initiative, with backing by France, Italy, and Portugal, to create a European-wide "fishermen's support fund"—something sure to provoke the EU Commission functionaries. Italian fishermen have joined their French colleagues, and suspended activities in the past days.

As background to the crisis: In October 2004, France created the "Fonds de prévention contre les aléas de la pêche" (FPAP), a fund to regulate fuel prices. Fishermen paid a fixed price into the fund, whose financial resources increased when fuel prices were low, and compensated fishermen when fuel prices were high. Since that time, oil prices have only gone up, so the French government, under EU pressure closed down the FPAP on Jan. 1, 2007, creating the conditions for the current mess.

Milk Delivery Boycotts Enter Decisive Phase

June 2 (EIRNS)—Milk farmers in numerous European countries have joined their colleagues in Germany, with solidarity and support actions, like French farmers blocking the main roads leading to a big dairy in Strasbourg, or several hundred farmers in Switzerland boycotting their dairies. Italian producers are demanding a parity price of at least Eu42 cents/liter, otherwise they will start a protest, similar to the German one. Also farmers in Belgium, Luxembourg, the Netherlands, Denmark, and Spain are engaged in protest actions calling for a parity price above Eu40 cents/liter.

A nasty strikebreaking operation is reported from the Netherlands: Yesterday, farmers organized in the Dutch Dairymen's Board, blockading nine dairy processing plants in the Netherlands, were forced to stop their actions. An organized group of farmers reportedly threatened their colleagues, after which the dairy farmers lifted the blockades.

LaRouche Movement Recommends Government Protect Alitalia

May 30 (EIRNS)—The Italian Treasury, through an executive order, has taken control of the negotiations for the sale of the national airline, Alitalia. The previous government had entrusted the Alitalia management with that power. Now, it is expected that the Berlusconi government will appoint a new chairman of the board. The move was necessary to protect the recent state loan from the EU watchdogs, who will allow it only if it is a "bridge loan" in the context of a "market" operation. Although the Italian government says that the option of a bankruptcy procedure is now further away, the executive order leaves a door open to that option as a last resort.

The Italian LaRouche organization, Movisol, has drafted a memorandum to the government, written with the collaboration of a flight expert, explaining that an airline should not be degraded to become part of a global world company acting as a mere instrument of world domination by a financier oligarchy. The memorandum recommends maintaining strategic lines of communication as the basis of bilateral and multilateral trade and exchange of people and ideas.

OECD Forum 2008: Make Money With Global Green Dictatorship

PARIS, June 4 (EIRNS)—Over 600 experts, decision-makers, elite bankers, CEOs, diplomats, financial journalists, and elected officials participated in a two-day brainwashing session June 3-4, on "Climate Change, Growth, Stability," at the prestigious Paris OECD Forum 2008, each willing to pay a Eu1,000 registration fee.

The opening session was keynoted with a triumphant speech on the "new phase" of globalization and free trade "integrating high oil and food prices" by the Spanish Francoist Rodrigo de Rato, who blamed the "surges of nationalism," now even stronger in the North than in the South, and called for a rapid conclusion of the WTO Doha Round.

Other panels cautioning against pulling back from the "gains" of globalization, and for making money under the new regime of "green," as in climate change. The Forum 2008 forum was key to preparing the OECD ministers' meeting tomorrow in Paris with EU Trade Commissioner lunatic Peter Mandelson. Everything goes then to the Hokkaido G-8 summit July 7.

Can You Believe It? Blair Launches 'Faith Foundation'

May 31 (EIRNS)—Former British Prime Minister Tony Blair was in New York May 23, where he launched his new Tony Blair Faith Foundation at the headquarters of Time Warner. Former President Bill Clinton was on hand.

Opening the ceremony, Blair said, "Religious faith will be of the same significance to the 21st Century as political ideology was to the 20th Century." The foundation, dedicated to interfaith dialogue, has been in the planning for at least two years, with Ruth Turner, Blair's former aide, as one of the directors. Turner became famous when she got caught up in the "cash for peerages" scandal, in which Labour Party funders were given peerages for cash donations to the Party. It is not known whether Blair will be accepting cash for indulgences through the new foundation.

Russia and the CIS News Digest

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Medvedev Sees Systemic Crisis; Offers 'Rotten' Proposals

June 7 (EIRNS)—Russian President Dmitri Medvedev keynoted the XII St. Petersburg Economic Forum today, with a speech that took note of the utter failure of the existing "global financial architecture," which he said had not only failed to prevent the worst world economic crisis since the Great Depression, but had produced the world food crisis, and the further impoverishment of most of the world's population. While welcoming Medvedev's recognition that the current crisis is "systemic"—the Russian leader used this term with regard to the role of derivatives contracts in driving food and raw materials prices—*EIR* founder Lyndon LaRouche characterized his proposals as "rotten," because they would attempt merely to reform current, disastrous trends.

Saying that Russia wants to "take part in formulating new rules of the game," Medvedev offered Russia as a venue for a discussion of specific solutions for "reforming the global financial architecture." An international conference could be held on the topic this year, he said, but he suggested that it be attended only by "leaders of major financial companies, leading financial analysts, and scholars," who would then submit proposals to politicians for action.

Medvedev Calls for Non-Bloc Euro-Atlantic Security Plan

June 6 (EIRNS)—In Germany, on his first diplomatic trip to a Western country since taking office, Russian President Dmitri Medvedev unveiled an initiative for a European security conference and treaty, in which each country would take part as an individual nation, not a bloc member. Medvedev said he wanted to "break the vicious circle of unilateral action and reaction," typified by the current issues of Kosovo independence, NATO expansion, and missile defense. The United

States and Canada would be included.

The proposal came in a June 5 speech to German political, parliamentary, and civic leaders, and industrialists and bankers. The Kremlin released a separate, short statement highlighting the European security initiative. "The President of Russian suggested developing a legally binding treaty on European security," it said, "[He] proposed organizing a pan-European summit, which could start the process.... The President stressed that it is important that all states would participate in this work directly on the basis of their national interests, foregoing 'bloc' approaches and ideological considerations."

Russian media played up positive remarks by German Foreign Ministry spokesman Martin Jaeger, who said Berlin would study the proposal closely.

Medvedev said that Russian-German relations, based on "historic reconciliation, despite the tragedy of two world wars, ... represent, to a large extent, the relations between Russia and Europe as a whole." That reconciliation, he added, is as important historically as Franco-German reconciliation was, even if people don't recognize the fact. Medvedev's security concept would be based on principles set forward by "the founders of the United Nations," concerning cooperation among nations on an equal basis. With the end of the Cold War, NATO is obsolete, Medvedev said: "It is my conviction that Atlanticism as a sole historical principle has already had its day. We need to talk today about unity between the whole Euro-Atlantic area from Vancouver to Vladivostok."

The Russian President charged that NATO "has also failed to give new purpose to its existence," after the end of the Cold War, while "trying to find this purpose by globalizing its mission, including to the detriment of the UN's prerogatives." If NATO expands further to the East, he warned, its cooperation with Russia, including on anti-drug and other operations in Afghanistan, "would be completely undermined, ruined for a long time to come."

Medvedev noted the failed League of Nations and anti-war Kellogg-Briand Pact in the 1920s, but also the partial success of the Soviet-initiated Helsinki accords of the 1975 Conference on Security and Cooperation in Europe. Today, Medvedev proposed that the nations cooperating "as individual countries" in his Euro-Atlantic initiative would be able to address problems such as the global food crisis and energy security.

London Mouthpiece Campaigns for EU Offensive vs. Russia

June 6 (EIRNS)—On May 21, the European Union agreed to resume negotiations with Russia over a new umbrella cooperation agreement. These talks will proceed at the June 26-27 EU-Russia summit in Khanty-Mansiysk, western Siberia. The current issue of the London *Economist*, the City of London mouthpiece that has vigorously campaigned for using the EU to cut Russia down to size, carries an exultant commentary, congratulating Lithuania for having held off this decision for months, until the EU formalized a pledge to monitor Russian behavior in Georgia and elsewhere.

The *Economist* attacked Germany for wanting the cooperation talks to move ahead quickly. To be welcomed, on the other hand: "Other countries are moving to counter what they see as Germany's overly Russia-friendly policies." Carl Bildt and Radek Sikorski, the foreign ministers of Sweden and Poland, respectively, have launched a plan they call "Eastern partnership," which will offer preferential trade terms and other EU-membership-preparation enticements to Georgia, Ukraine, and even Belarus and "Russian regions such as Kaliningrad" (which, as the formerly German city of Koenigsberg, is located between Lithuania and Poland).

In an editorial, the *Economist* claimed that the consolidated pool of cheap labor, created through the EU's enlargement into Eastern Europe, has helped all the member countries! "Teething troubles with a few new members," the *Economist* said, "should not become an excuse for slamming the door on others." Of greatest interest, the commentary insisted, is eventual

EU membership for Ukraine, which is currently involved in quarrels with Russia, as well as within its own leadership.

Sergey Yastrzhembsky, the former Kremlin special representative to the EU, said on May 29, that the new EU-Russia talks will be "long and difficult." Novosti information agency cited an unnamed Russian government source who expressed doubt that a new umbrella agreement could be reached this year.

(For background, see "British Imperial Strategists Push EU To Confront Russia," *EIR*, March 7, 2008.)

EU Meddles in Transcaucasus; Attempts To Replace UN Mediation

June 6 (EIRNS)—On May 30, fifteen emissaries from European Union countries arrived in Sukhumi, capital of the autonomous region of Abkhazia in Georgia, to prepare the way for mediation efforts by EU leaders to follow. The mission was part of a campaign, endorsed by Georgian President Michael Saakashvili, to end the United Nations mandate, under which Russian peacekeepers have policed Abkhazia since the end of its civil war with the central Georgian government in the early 1990s.

As *EIR* has reported, ideologues of an "imperial European Union" under the Lisbon Treaty, such as the London-connected analyst Ivan Krastev of the Centre for Liberal Strategies (Bulgaria), saw the EU's role in Kosovo's declaration of independence from Serbia as a foot-in-the-door for meddling throughout western Eurasia. A series of articles in the Russian daily *Nezavisimaya Gazeta* has now documented EU moves into the so-called "frozen conflicts" in Moldova and Georgia. In "steps that Europeans are taking quietly and without pomp in the field of mediation which quite recently was Russia's priority," the staff of EU foreign policy chief Javier Solana has arranged "dialogue" visits to Brussels by leaders of the breakaway autonomous regions of Transdniestria (Moldova) and South Ossetia (Georgia), *Nezavisimaya* reported May 16. "Tbilisi is trying to squeeze the UN (where Russia has the right of veto) out" of the Abkhazia negotiations, the paper wrote on May 19, quoting Georgia's State Reintegration Minister Temur Iakobashvili on how he wants the EU to step in as mediator.

Today, Javier Solana staged a visit to Abkhazia. And in St. Petersburg, on the sidelines of an informal Commonwealth of Independent States (CIS) summit, Saakashvili met with Russian President Medvedev, who rejected a shift to outside mediation of conflicts within the formerly Soviet CIS region. Medvedev told the CIS meeting, "I think we can sort out our relations by ourselves." Within the past month, a deputy foreign minister of Georgia has described Russia and Georgia as being "on the brink of war" over Abkhazia, while Saakashvili himself proclaimed in May, "We are the fighting ground for a new world war."

Saakashvili claimed an overwhelming parliamentary victory for his party last month, but over 100,000 people have turned out in several rallies to protest vote fraud. Shalva Natelashvili's Georgian Labor Party, which did cross the vote threshold to enter Parliament, has refused to take its seats because of the fraud.

Russia and Kazakstan Continue Eurasian Rail Talks

June 3 (EIRNS)—In the second major Russia-Kazakstan meeting on joint railways projects in the past two weeks, Kazakstan's President Nursultan Nazarbayev yesterday met with Vladimir Yakunin, head of the state-owned Russian Railways, according to the President's press service. "Issues of Kazak-Russian cooperation in international railway transit and creating new transportation corridors were discussed during the meeting," the press service said. One project under discussion was transit from China to Europe via Kazakstan and Russia. On May 29-30, the CIS Railway Transportation Council met in Kyrgyzstan to discuss Eurasian rail projects. Yakunin attended that meeting, while also grabbing headlines about his negotiating a training camp for the Russian Railways champion soccer team, Lokomotiv, on a lake in

Kyrgyzstan.

Kazakstan has also ratified the agreement to set up a customs union in the framework of the Eurasian Economic Community (EurAsEc). An agreement was signed by the Presidents of Russia, Belarus, and Kazakstan in Dushanbe, Tajikistan in October 2007, and has now been ratified by Kazakstan's parliament. Three other members of EurAsEC—Tajikistan, Uzbekistan and Kyrgyzstan—will also be able to join the customs union.

Southwest Asia News Digest

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AIPAC Beats the War Drums Against Iran

June 2 (EIRNS)—In 2002, the American Israel Public Affairs Committee (AIPAC) was in the van of the British-driven campaign to go to war against Iran. Today, AIPAC is trying to play the same role again, goading the U.S. into war against Iran.

Sen. John McCain, the presumptive GOP Presidential candidate, opened AIPAC's Annual Policy Conference today by saying that the United States will stand with Israel against all threats, and that, "Foremost in all our minds is the threat posed by the regime in Tehran."

"Tehran's continued pursuit of nuclear weapons poses an unacceptable risk, a danger we cannot allow," McCain ranted. He mocked the idea of a U.S. Presidential summit with Iranian President Mahmoud Ahmadinejad, and demanded instead that the UN Security Council should impose tougher sanctions against Iran, or if it won't, then "the U.S. must lead like-minded nations in imposing multilateral sanctions outside the UN framework" (e.g., the Anglo-American "League of Democracies," without naming it).

McCain called upon countries in the region to impose targetted sanctions against Iran, including denial of visas and freezing of assets, and demanded that the U.S. impose financial sanctions on Iran's Central Bank; we should "privatize" sanctions by launching a worldwide divestment campaign, he added.

The AIPAC conference was preceded by a similar gathering on May 30, by the Washington Institute on Near East Policy (WINEP), which also featured anti-Iran ravings. Former CIA Director Jim Woolsey outdid any of the Israelis present, in his calls for action against Iran; while claiming that the use of military force against Iran isn't inevitable yet, Woolsey

claimed that it "is getting closer every day," because the Bush Administration is wasting time. If we can't undermine the regime by supporting dissidents, breaking Iran's economy, etc., "we will have to look at the use of force," Woolsey threatened.

Obama to AIPAC: Jerusalem 'Will Remain' Israel's Undivided Capital

June 5 (EIRNS)—Placing himself to the right of even George Bush and Dick Cheney, Democratic Presidential candidate Barack Obama told the American Israel Public Affairs Committee (AIPAC) on June 4 that he would work to make Jerusalem the "undivided capital of Israel." This statement not only violates the U.S. government's longstanding policy, but also the several UN resolutions to which the U.S. is a signatory over the last 40 years.

"Let me be clear," Obama said, "Israel's security is sacrosanct. It is non-negotiable. The Palestinians need a state that is contiguous and cohesive and that allows them to prosper. But any agreement with the Palestinian people must preserve Israel's identity as a Jewish state, with secure, recognized and defensible borders. Jerusalem will remain the capital of Israel, and it must remain undivided," he added.

Palestinian President Mahmoud Abbas attacked Obama's remarks later the same day, saying there would be no peaceful solution to the Middle East conflict without a resolution of the status of Jerusalem, which both sides claim as their capital. "This statement is totally rejected," Abbas told reporters. "The whole world knows that holy Jerusalem was occupied in 1967, and we will not accept a Palestinian state without having Jerusalem as the capital."

The fact that Israel has occupied East Jerusalem, is the reason that almost every country in the world, including the United States, maintains their embassies in Tel Aviv and not Jerusalem.

On Iran, Obama said, "I will do everything in my power to prevent Iran from obtaining a nuclear weapon—everything," for which he received a standing ovation. The *Jerusalem Post* quoted him saying, "Let there be no doubt: I will always keep the threat of military action on the table to defend our security and our ally, Israel."

'What, Me Pander?' Obama Staff Clarifies AIPAC Statements

June 5 (EIRNS)—The *Jerusalem Post* reported on June 4 that Obama's staff clarified to them, the statements on Jerusalem he'd made to the AIPAC conference. The spokesperson said that the candidate did not rule out Palestinian sovereignty over parts of Jerusalem, when he called for Israel's capital to remain "undivided." The staff's quoted remarks are that Obama believes that, "Jerusalem is a final status issue, which means it has to be negotiated between the two parties" as part of "an agreement that they both can live with," and that, "Two principles should apply to any outcome," which the advisor gave as: "Jerusalem remains Israel's capital, and it's not going to be divided by barbed wire and checkpoints as it was in 1948-1967."

Israel's Mofaz Threatens Strike on Iran

June 6 (EIRNS)—In an interview with the mass-circulation *Yedioth Ahronoth* newspaper, Israeli Transport Minister Shaul Mofaz said that an Israeli attack on Iran is unavoidable, as sanctions have failed to stop Iran's uranium enrichment program. "If Iran continues with its program for developing nuclear weapons, we will attack it. The sanctions are ineffective. Attacking Iran, in order to stop its nuclear plans, will be unavoidable," said the former army chief, who has also been defense minister.

This is not the first time that Mofaz has issued such a threat. On May 1, speaking at Yale University, he linked the Nazi

atrocities to the Iranian threat: "Israel will not tolerate a nuclear Iran; and I'd like to believe that the rest of the world will not allow it to happen. All is fair in the efforts to make sure it doesn't happen." He told the Yalies on that occasion: "Appeasement has not proved an efficient policy and in the Middle East it is perceived as weakness."

Barak and Assad Both Call for U.S. to Join Peace Talks

June 3 (EIRNS)—Israeli Defense Minister Ehud Barak and Syrian President Bashar Assad have both underscored the need for the United States to eventually take part in peace talks between Syria and Israel, now being mediated by Turkey.

Testifying before the Knesset Foreign Affairs and Defense Committee on June 2, Barak said that Turkey may not be able to see Israel and Syria through the entire process, and that at some stage it might be necessary for the United States to step in as well. According to the *Jerusalem Post*, Barak added, "Israel has a supreme responsibility to try and exhaust all of the possibilities to remove Syria from the cycle of aggression." Barak claimed that the return of the Golan Heights is not the Syrian government's number one priority, adding that his belief that Syria is still concerned that Israel could launch an attack on the country this Summer, and is continuing to strengthen its coordination with Hezbollah. Barak added that Israel had initially requested secret and direct talks with its Syrian counterparts, whereas Damascus had insisted upon indirect and overt talks. In any case, he estimated, it is highly unlikely that any agreement would be concluded by the end of 2008.

Speaking at a press conference in the United Arab Emirates, Assad said that Syrian-Israeli peace talks "will need international sponsorship in later stages of talks, particularly from the U.S." He explained that the U.S. is in an important position, both as a world power, and due to its special and strong connections with Israel.

Opposition Growing to U.S.-Iraq Security Agreement

June 7 (EIRNS)—Opposition to the security agreement that the Bush Administration is negotiating with the Iraqi government of Prime Minister Nouri al-Maliki has reached a high enough level to raise doubts as to whether an agreement will ever be achieved. Iraqi Deputy Prime Minister Barham Salih said yesterday that Iraq would not grant U.S. troops freedom of movement under the agreement. According to Reuters, Salih told Arabiya television that, "If we reach an agreement, any American military movements should be in the framework of Iraqi approval and decisions and through consultations with the Iraqi side." Salih's statement came as protests have been building in Baghdad's Sadr City and other Shi'ite strongholds, against the U.S. occupation.

Concern about the agreement has also been building on Capitol Hill, where the Bush Administration has been questioned for refusing to provide any details about the agreement. Senate Foreign Relations Committee chairman Joe Biden (D-Del.), in a letter to Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates, complained that the administration "has not followed through" on commitments made to consult with Congress while negotiations are underway. The letter was also signed by Senators Dick Lugar (R-Ind.), Chuck Hagel (R-Neb.), and John Kerry (D-Mass.).

In the House, Rep. Bill Delahunt (D-Mass.) released a letter from a group of Iraqi parliamentarians warning that no agreement will be ratified in Baghdad without "clear mechanisms that obligate the occupying American military forces to fully withdraw from Iraq, in accordance with a declared timetable and without leaving behind any military bases." Delahunt noted that he and Rep. Rosa Delauro (D-Conn.) have introduced legislation that would bar any funding of any U.S.-Iraq agreement that has not been approved by Congress. This is one of a number of proposals cited by the Biden letter that indicates "a level of discomfort in Congress that will not abate on its own."

Asia News Digest

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India Proposes 'New Security Architecture' with China

June 6 (EIRNS)—Indian External Affairs Minister Pranab Mukherjee, in a speech at Beijing University today, said that, "India is ready to ensure peace and stability in Asia, and beyond, by joining hands with China to evolve a new flexible security architecture. Such a security architecture would take into account the conditions prevailing in Asia, in an "open and inclusive" framework, flexible enough to accommodate the great diversity in Asia, he added.

Mukherjee's statement is significant for a number of reasons. First, by including the phrase, "and beyond," he is deliberately including Russia and other Eurasian countries. Second, discussion on security matters has always been conducted *sotto voce*, in both India and China. The reasons were many, but most importantly it was perceived, prior to this speech, that two countries have different security concerns, unique to them.

In defining the "open and inclusive" architecture, Mukherjee said that security issues could be discussed at some forums, such as the ASEAN (Association of Southeast Asian Nations) Regional Forum, the Conference on Interaction and Confidence-Building Measures in Asia, and the Shanghai Cooperation Organization (SCO).

"India and China should try to work together for a new framework from these basic building blocks," he said. This would help both nations address common concerns, such as the security of sea lanes of communication, which are critical to trade and energy flows in the region, and on which the future of both nations would depend, Mukherjee pointed out.

Mukherjee: Reform Global Institutions

June 6 (EIRNS)—India's External Affairs Minister Pranab Mukherjee, in his speech at Beijing University today, made clear that India's foreign policy is to work with China to make the global institutions like the United Nations and World Bank more conducive to Asian requirements.

"These global institutions are based on the world order which is more than 60 years old," he said. "There is an urgent need to restructure and democratize these structures, attuned to the ground realities of today." He pointed out that cooperation between India and China has global implications, and it is now recognized that the center of gravity of international relations is shifting towards Asia. Speaking on bilateral relationships, Mukherjee said: "India wants closer relations and friendship with China, and I believe that China reciprocates."

Another aspect of the speech that was striking, was Mukherjee's formulation on the border dispute issue. On June 5, when he left for China, Indian observers were of the view that he would exert pressure on Beijing to speed up the resolution of the five-decade-old dispute. Instead, Mukherjee told the students: "We have to be patient on the border issue. China and

India should work together on security issues in the region. Both of us have a common responsibility and a common interest in saving our border. We have gained experience to maintain peace and tranquility on our borders." This is exactly the formulation that has been used by the leadership in Beijing over the years.

Vietnam Plans To Ensure Long-Term Food Security

June 6 (EIRNS)—Vietnam, a rice-surplus nation, plans to protect at least 3.9 million hectares of prime rice fields to ensure long-term national food security, the state-run newspaper *Tuoi Tre* announced.

The move comes amid the global surge of grain prices, and aims to preserve a core growing area from the burgeoning demand for industrial parks and urban development. In China, the rapid growth of urban areas and industrial facilities took away almost 8 million hectares of arable land.

Urban development has seen thousands of Vietnamese rice farmers lose their ancestral lands, driving a steady series of demonstrations outside government offices by farmers, who typically complain they received insufficient compensation. In a protest last month, hundreds of farmers in central Nghe An province set up roadblocks to stop the building of an industrial park, claiming they were short-changed by developers, the *Thanh Nien* daily reported.

To ensure food security and win back the confidence of the farmers, Deputy Prime Minister Hoang Trung Hai has instructed the Agriculture Ministry to prepare a Rice Cultivation Land Management decree and submit it for approval in the third quarter of this year. The ministry also plans to set up a national rice reserve of 100,000 tons to help stabilize distribution and meet domestic demand when market prices fluctuate, the state-run Vietnam News Agency reported.

Undermined, Britain Tries To Destabilize Sri Lanka

June 6 (EIRNS)—An explosion in a crowded passenger bus near Colombo, Sri Lanka, today, killed at least 22 people and injured scores. Brigadier Nananyakkra, Sri Lanka's military spokesman, said the Liberation Tigers of Tamil Eelam (LTTE)—better known as Tamil Tigers—were behind the explosion.

In recent months, the British-run Tigers were marginalized, partly because of President Mahinda Rajapakse's adroit diplomacy, which made the nation's ports available for naval ships of China, India, and the United States. Former colonial ruler, Britain, where most Sri Lankan elites were educated, had a firm grip on both sides of the nearly 25-year-old civil war. However, Britain is fast losing control over the geographically strategic island in the Indian Ocean. Rajapakse's speech on June 3 at the FAO Summit at Rome reflected his opposition to globalization and resentment toward the international financial institutions.

As a result, Britain is now helping the Tigers to destabilize Rajapakse, and prolong the civil war.

In the early 1970s, the LTTE began establishing training camps and secret arms caches under the cover of a chain of Refugee and Rehabilitation Farms of the Gandhian Society. Funds for the farms came from Oxfam (Oxford Famine Relief), a non-governmental organization with British intelligence connections.

Author John Glover wrote to the *Western Mail* in Wales about the training of Tamil youth by British mercenaries in the 1980s: "A band of mercenary soldiers recruited in South Wales is training a Tamil army to fight for a separate state in Sri Lanka. About 20 mercenaries were signed up after a meeting in Cardiff and have spent the last two months in southern India preparing a secret army to fight the majority Sinhallas...."

The main fundraising centers of the Tigers are South Africa, Canada, Australia—all former, and not-so-former, British colonies—and Britain itself, which has long been the Tamil headquarters.

Chinese Technology for Large-Scale Desalination

June 4 (EIRNS)—The largest project using a "dual membrane process" for desalinating seawater has been operating in China for two years now, *China Economic Net* reports in an article on desalination as "a sunrise industry in the 21st century." The Yuhman power plant has a daily disposal capacity of 35,000 tons, and demonstrates Chinese know-how for designing, building, and operating large seawater desalination projects. The project demonstrates how to guarantee water for industrial use as well as the local populations' daily supply. However, most of the desalination projects in China are smaller, with a daily capacity of several hundred to several thousand tons. China needs to develop more projects with a daily capacity of over 10,000 tons, to say nothing of a "large-scale power plant totally applying seawater desalination for water supply overseas," the commentary states.

China is a sea power, with a 18,000-km coastline, so it has the potential for this. The coastal regions have only 25% of the current water resources of the whole country, and up to now, overexploitation of ground water has led in some areas to large sinkholes, due to the water drainage, back-flow of sea water into river mouths, and other serious problems. The "shortage of desalinated water has become one of the bottlenecks restricting a sustainable economic development" in these regions, the article states.

The Beijing CNC Water Technology company went ahead to experiment with developing a new "dual membrane" process, which involves a much-improved pre-treatment which is much faster and more efficient at cleaning the water than the current membrane process. The new process also greatly reduces the high energy requirements for the process. With this process, the Yuhuan Power Plant not only supplies its own daily water consumption, but another 10,000 tons per day for the town, adding 33% more water to total consumption.

This project "lays a foundation for establishing large-scale seawater desalination projects with a daily disposal capacity of over 100 thousand tons," and makes the goal of "demanding water from the seas" a realistic option for meeting the water needs of China's coastal regions, to ensure development of these areas. Investment in desalination will reach the equivalent of \$8 billion by 2020.

In 2005, the Chinese government issued a Special Program on Seawater Usage, to enhance processing and use of seawater in the coastal regions, especially for high-water-consumption enterprises such as electricity generation, petrochemical, and metallurgical industries. New enterprises in these industries are requested to set up a "matched" desalination project, and existing enterprises are to be eventually converted to using desalinated water. The 11th Five Year plan calls for desalinated water availability reaching 800,000 to 1 million tons daily by 2010, and eventually, after 2020, to reach 2.5-3 million tons, or 90% of all water use.

Africa News Digest

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- [World Medical Association Rejects Attack on Zimbabwe](#)
- [Anglo-Dutch Plan To Force Out Mbeki and Destroy the ANC](#)

- [Kenya's Odinga Exposes Himself as Anglo-Dutch Agent](#)

Zimbabwe Denies Harassing Opposition

June 6 (EIRNS)—Contrary to press reports, Zimbabwe authorities claim that MDC opposition leader Morgan Tsvangirai was not arrested and detained by security agents June 4, according to the pro-government Zimbabwe *Herald*.

The *Herald* reports that Tsvangirai was part of a three-car caravan that was stopped at a routine roadblock, and it was found that one of the cars, which had South African plates, did not have the proper documentation. The vehicle's driver was asked to go to the nearest police station, but Tsvangirai's car and the other two cars were allowed to continue. Instead, they followed the problem vehicle to the police station. The police said that the false story was spread all over the Western press, that Tsvangirai had been prevented from campaigning, because he had been arrested.

The *Herald* also reports the claim that U.S. and U.K. diplomats were arrested, in a different light. The diplomats were also in three vehicles. When approached by police, the vehicles sped away, and when finally stopped at a roadblock, the occupants initially refused to talk to the police. The *Herald* reports that the vehicles were released after the occupants finally talked to police (although they didn't reveal the purpose of their visit to the area—the British press reports which had said they were arrested, claimed they were monitoring the area for government violence in the election campaign). The police said that if they had identified themselves, there wouldn't have been any problem.

The police, according to the *Herald*, said on June 4 that they have roadblocks all over the country, meant to curtail the movement of weapons being used in political violence. Routine searches at police roadblocks resulted in the arrest of three suspected MDC supporters who were carrying weapons suspected to have been used or destined for use in acts of political violence.

World Medical Association Rejects Attack on Zimbabwe

June 9 (EIRNS)—The World Medical Association passed a resolution May 17, "calling on all physicians to maintain the highest ethical standards," after listening to a report from Zimbabwe Medical Association (ZIMA) president Dr. Paul Chimedza, according to a May 17 WMA release. The resolution foiled efforts by the anti-government Zimbabwe Association of Doctors for Human Rights (ZADHR) to seek punitive actions against ZIMA, and thus, to augment ongoing efforts by the Anglo-Dutch financier cartel to turn Zimbabwe into a pariah state. The ZADHR had called on the WMA to take punitive action against the ZIMA for withholding medical treatment from victims of violence, and to put Zimbabwe on the world agenda for allegedly sponsoring post-election violence, according to yesterday's Zimbabwe *Sunday Times*.

In his address to the WMA Council meeting in Divonne-les-Bains, France, Chimedza said the "ZIMA was against all forms of violence perpetrated by whichever political party," and "the ZIMA would welcome a visit from a WMA delegation to see what was happening in the country," according to the WMA release. The ZADHR had written to the WMA claiming that Health and Child Welfare Minister Dr. David Parirenyatwa and senior ZIMA members were participating in and encouraging politically motivated violence. The Cambridge, Mass.-based Physicians for Human Rights organization is reporting the claims of ZADHR as true, and cites a British *Guardian* claim that Parirenyatwa was seen "brandishing a Kalashnikov rifle, and threatened to kill citizens if they did not vote for President Robert Mugabe in a second round of voting." ZADHR also sent their claims to the British Medical Association, according to the *Sunday Times*.

Upon receiving the ZADHR claims, the WMA summoned the ZIMA leadership to France to respond to the allegations. Chimedza reported to the WMA that the period before the March 29 election and the election itself had been very peaceful, and said, according to the *Sunday Times* "that the post-election violence experienced in different parts of

Zimbabwe had not only affected opposition MDC members but had also seen Zanu-PF supporters being brutalised at the hands of the opposition." Chimedza challenged the ZADHR to produce evidence to support their claims, but nothing was forthcoming.

Because of the economic hardship that the financial warfare against Zimbabwe has inflicted on the population, ZIMA had been giving free treatment to the disadvantaged, and refurbished some medical facilities, reported the *Sunday Times*. But in what is being seen as a reaction to the ZIMA victory at the WMA meeting, the European Commission in Zimbabwe late last week terminated Chimedza's HIV/AIDS consultancy contract. The Commission's chargé d'affaires Sandra Goffin said in a letter: "We would like to inform you that we are terminating the above contract with immediate effect. No more services will be required from you. Please submit your final statement of account as per services rendered as of May 29, 2008."

Anglo-Dutch Plan To Force Out Mbeki and Destroy the ANC

June 6 (EIRNS)—Widespread calls for the removal of South African President Thabo Mbeki—from the British and U.S. press (*Washington Post* and *New York Times*), the South African labor movement, the South African Communist Party, and factional opponents of Mbeki in the ruling African National Congress (ANC)—were followed by a declaration by a British-connected South African journalist, that not only should Mbeki be dumped, but that he should be replaced by someone who is not presently a leading ANC contender.

The call was put forward by William Gumede, a South African journalist who does work for the Intelligence Unit of the London *Economist*, and is also a senior associate and Oppenheimer fellow at St. Anthony's College, Oxford. If the British plan he is advancing comes to fruition, the Anglo-Dutch financial cartel will not only succeed in destroying Mbeki's plans for the development of Africa, but, by destroying the ANC, will also eliminate any institutional capability in South Africa to resist Anglo-Dutch plans to grab all of Africa, as the world monetary system collapses.

Referring to the economic and political crisis in South Africa, Gumede claims that, "this is nothing but a national emergency, which calls for extraordinary steps. Parliament must be dissolved. Next year's general election must be brought forward to give the government a new mandate. Mbeki must step down as president immediately. The ANC must call a special national conference to make the leadership decision.... Because this is a national emergency, the ANC leadership must offer the job of South African president to ANC deputy president Kgalema Motlanthe, to ANC treasurer Mathews Phosa or to ANC national executive committee member Cyril Ramaphosa." He claims, "In sheer desperation, many want Zuma [who became president of the ANC last December, replacing Mbeki] to take over [as President] as quickly as possible. But, he maintains, "the opposition in and outside the ANC against Zuma is intense." He says that, "Zuma can remain the party's president," while "Motlanthe, Phosa and Ramaphosa represent a clear generational change—and a clean break from the two factions [Mbeki and Zuma] currently paralysing the government and ANC."

The proposal that the next South African President should be neither Mbeki nor Zuma, but someone from outside the then-leadership of the ANC, was publicized in 2007 by former ANC parliamentarian Andrew Feinstein, now living in London, in a book he wrote with support from the Rockefeller Foundation, *After the Party: A Personal and Political Journey Inside the ANC*, and was strongly hinted at in Gumede's own book, *Thabo Mbeki and the Battle for the Soul of the ANC*, praised by the *Economist*.

In 2001, *EIR* reported that Mbeki had accused two of those named by Gumede—Ramaphosa and Phosa—and a third, Tokyo Sexwale, of plotting to overthrow him. At the time, Nelson Mandela demurred on pressing charges, fearing that the action would be too divisive for the ANC.

Kenya's Odinga Exposes Himself as Anglo-Dutch Agent

June 6 (EIRNS)—Former Kenyan opposition leader and presidential candidate, Raila Odinga, who became prime minister after two months of violence following a compromised election last December, revealed himself to be an Anglo-Dutch agent on June 4, at a World Economic Forum event in Capetown, South Africa.

According to reports from the conference, Odinga used precisely the code words used by the Anglo-Dutch to shift the blame for the abysmal economic conditions that their policies have created in Africa, onto the Africans themselves. Odinga said that the poor post-independence economic performance of African countries was because of bad governance. He didn't clarify whether he meant that governments were opposed to the free-trade policies that will send all of Africa into a worse-than-colonial Dark Age.

He called Zimbabwe President Robert Mugabe a dictator, and criticized African leaders for not denouncing him. The Mugabe government has been attacked for resisting free-trade policies, among other things. Odinga sat next to Tendai Biti, the second in command of the Zimbabwe opposition party MDC. Mugabe has charged that the MDC is a reincarnation of the Rhodesian Front, with which the racist minority government of Ian Smith ran Rhodesia, with the complicity of the British.

At the conference, Odinga admitted that the two months of violence cost 1,500 lives, displaced 350,000 people. He said the violence probably was necessary. That Anglo-Dutch-manipulated violence, and intense pressure against the Kenyan government in media around the world, was used to force through a fragile power-sharing arrangement in Kenya, which created for Odinga the position of prime minister.

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