

border with Iran, which makes it controversial. Moreover, according to the U.S.-based think-tank, Global Security, Shindand is the largest air base in Afghanistan.

Encircling Iran

According to Paul Beaver, an independent defense analyst based in London, the proximity of Shindand to Iran could give Tehran cause for concern. Beaver points out that with American ships in the Gulf and Shindand sitting next to Iran, Tehran has a reason to claim that Washington is in the process of encircling Iran. However, the United States has played down the potential of Shindand, saying that it will not remain with the United States for long, but would be handed over to the ANA.

But Tehran has a reason to worry beyond Shindand. In Pakistan, the Pervez Musharraf government has allowed the commercial airport at Jacobabad, about 300 miles north of Karachi and 300 miles southeast of Kandahar, to be one of three Pakistani bases used by U.S. and allied forces to support their campaign in Afghanistan. The other bases are at Dalbandin and Pasni. Under the terms of an agreement with Pakistan, the Allied forces can use these bases for search and rescue missions, but they are not permitted to use them to stage attacks on Taliban targets. Both the Jacobabad and Pasni bases have been sealed off, and Pakistani security forces have set up a 5-kilometer cordon around them.

By March 2004, there were reports of increased U.S. operations in Pakistan. Two air bases—Dalbandin and Shahbaz—were the focus of extensive movements to provide logistical support for Special Forces and intelligence operations. Shahbaz Air Base near Jacobabad appeared to be the key to the U.S. Spring offensive. At Jacobabad, C-17 transports were reportedly involved in daily deliveries of supplies. A report in the Pakistani *Daily Times*, March 10, 2004, claimed that the airbase was under U.S. control, with an inner ring of facilities that were off-limits to Pakistan's military.

There is no question that prior to an U.S. invasion—unilateral or with the support of U.S. allies—a lot of diplomatic water will flow through the Persian Gulf. Only time will tell how long it will take either to resolve conflicts or to come to a determination that the disputes cannot be resolved. But, there is no doubt that the war option is on the table, and plans are afoot to go ahead in case. . . .

The intent to prepare for war was announced publicly by none other than Vice President Dick Cheney, just hours before being sworn in for a second term. In an interview on the MSNBC program "Imus in the Morning," Cheney publicly raised the possibility that Israel "might well decide to act first" to prevent Iran from obtaining nuclear weapons. Commenting on the Vice President's remarks, former National Security Council chief Zbigniew Brzezinski said on PBS, "the Vice President today in a kind of a strange parallel statement to this declaration of freedom hinted that the Israelis may do it, and, in fact, used language which sounds like a justification or even an encouragement for the Israelis to do it."

Will Mexico's PRI Become a Whorehouse?

by Ruben Cota Meza

If the current president of the Mexican PRI, Roberto Madrazo Pintado, is successful in forcing his policy changes on that political party, the chances are that Mexico will sink still further into the destruction and chaos that have characterized the past quarter-century.

The PRI, which ruled Mexico for more than 70 years, until it lost power to the right-wing synarchist National Action Party (PAN) in the year 2000, made a fundamental change in its party action program during the party's national assembly, held the first week in March. That change removed a paragraph which had banned foreign investment in the Mexican energy sector (a Constitutional mandate, in any event), and took a strong stand reaffirming the State's dominion over national resources, and in particular, over Mexico's hydrocarbon wealth. In its place, the PRI adopted an ambiguous statement that opens the door to the possibility that the PRI—previously the fiercest defender of the nation's right to its own natural resources—will modify Mexico's 1917 National Constitution, to once again allow the exploitation of those resources by foreign interests.

The founding of the PRI, and the national governments through which it governed from the 1920s until 2000, was largely the result of three historic episodes in Mexico's battle to establish itself as a republic, dedicated to the attainment of justice for its people. Those three episodes were: first, Mexican independence from Spanish colonial rule in the early 19th Century; second, the Reform and the battle led by Benito Juárez against French intervention, against the empire of Maximilian of Hapsburg, and for the restoration of the Republic in the mid-19th Century; and third, the bloody Mexican Revolution against the system of virtual serfdom and against the so-called economic "modernization" of dictator Porfirio Díaz in the early 20th Century.

The state's dominion over the natural resources of the soil and subsoil, established in Articles 27 and 28 of the 1917 Mexican Constitution, and the oil expropriation decreed in 1938 by President Lázaro Cárdenas (1934-1940), represent the essence of those historic battles. And it is against the very existence of the Mexican Republic, and of its right to use its natural resources, that both national and foreign interests have joined forces throughout Mexico's history, to threaten the viability of the nation itself. The PRI's surrender of its long-cherished defense of that national character, threatens to throw open the doors to such foreign enemies, and to turn the



The Congressional attempt to break the Constitutional defense of Mexico's national oil company Pemex, coincided with "energy NAFTA" looting plans being circulated in the United States ahead of the Crawford "NAFTA summit."

PRI into the vehicle of its own destruction.

Pressure for Mexico to Loot Itself

The PRI's suicidal turn is in response to a tremendous escalation in pressure on Mexico by the Bush Administration in Washington, and by the international financial institutions for which the United States serves as policeman (the International Monetary Fund, the World Bank, and so on). Driving them is the same desperate insolvency that is behind their efforts to steal the Social Security funds of the United States itself.

Bush, Mexican President Vicente Fox, and Canadian Prime Minister Paul Martin will be meeting on March 23 at Bush's ranch in Crawford, Texas. One of the main agenda items that Bush will impose there will be the necessity for Mexico to "open up" its energy sector to foreign investment. To prepare for that meeting, U.S. Secretary of State Condoleezza Rice travelled to Mexico in mid-March, to discuss how NAFTA (the North American Free Trade Association) could be expanded into a full "North American Economic Community" which, among other things, would encompass energy.

Another element of preparation for the Crawford meeting included a March 3 *New York Times* article, which publicized the campaign of Pemex director Luis Ramírez Corzo to "modernize" the Mexican state oil company, by allowing "risk contracts" and other forms of foreign investment. Still another was the article by former Mexican Foreign Minister Jorge Castañeda and former California Pension Investment Unit director, Nathan Gardens, which was published in the *Financial Times* of London on March 8. Castañeda, better known by some as "Wall Street's Fair-haired Boy," is currently a Presidential contender for 2006.

In the *Financial Times*, Castañeda proposes the establishment of a North American Energy Security Fund, which would channel financial resources from U.S. pension funds

into buying the bonds of this new fund. These bonds would then be used to double Mexico's oil production—and export it all to the United States. Castañeda's bonds would be backed, of course, by the future sale of Mexico's oil.

Senator Bartlett Fights the PRI 'Transvestites'

It is the allies of the international bankers within the PRI, who are encouraging PRI President Madrazo's sell-out plan. PRI Senator Manuel Bartlett Diaz, in an emotional speech before all the delegates of the PRI assembly, said that the enemy is also within the PRI. "Those who vote to abandon the explicit defense of the Constitution," he said, "are in favor of foreign interests. . . . If today we allow these neoliberals and sellouts encrusted within the party, to assure that we do not approve the defense of the Constitution of the Republic, we will have surrendered the party, and we will have lost the defense of national sovereignty. Do not allow this to happen!"

Senator Bartlett warned that if the PRI's conservative elements succeed in this, they will have eliminated the party's essence. The PRI would no longer be a nationalist party of the people. Bartlett identified this effort to destroy the PRI with former Mexican President Carlos Salinas de Gortari, who turned the PRI into the PAN's tail, and who, together with former President Ernesto Zedillo, pushed the PRI to the right.

Later, Bartlett denounced Madrazo as an anti-nationalist, an opportunist, and a hypocrite who seeks to stay on the good side of the businessmen and the multinationals, by offering them access to strategic sectors of the economy, and who, together with the PANista Government Secretary Santiago Creel, believes that the multinationals are the ones who are going to determine the 2006 vote, by choosing the person who is most sympathetic to their interests, and who can promise them the best deal.

In other words, Bartlett is describing how the PRI is rapidly becoming a brothel of transvestites, who are offering themselves to whomever is able to pay and will give them a new house—in this case, the presidential house.

Bartlett's strong attacks have forced Madrazo and his transvestites onto the defensive. For example, Manlio Fabio Beltrones, current president of the Mexican Chamber of Deputies, tried to justify what happened at the assembly by insisting that it did not mean "that we are going to support the privatization initiatives of Zedillo or of the PAN." And Madrazo himself declared that what the PRI assembly had approved was only "deeper reflection" on how to support the energy sector, and to discuss it with freedom and democracy.

Bartlett's response to all this was to say that such denials that privatization is on the agenda is just designed to fool PRI members. What is clear in all these verbal attacks and counterattacks, is that the PRI sector linked to Madrazo is sending a message to foreign interests and to their partners inside Mexico: Put us back in the Presidency, and we get you the oil that you lost more than a half century ago.

International Intelligence

Brazil Again in the Financial Whirlwind

JP Morgan Chase raised Brazil's country-risk rating by 7% on March 14-16, to 430, meaning that Brazil and Brazilian companies now have to pay a minimum premium of 4.3%, over the cost of U.S. Treasury bills, to borrow. The country risk supposedly is rising because financier cartels lowered their ratings on Brazilian debt at the beginning of March, citing the increasing danger of developing sector capital flight.

Brazil, indeed, is more vulnerable than ever, after the March 4 decision of its Central Bank to eliminate capital controls—in the name of “simplifying” and thus lowering the cost of sending money abroad. As of March 14, when the new rules went into effect, there were no limits to the amount of money which can be sent out of the country, and no documentation required on the source of the money. “What is underway, in a few words, is the legalization of capital flight,” economist Paulo Nogueira Batista, Jr. warned on March 11, in a *Jornal do Brasil* op-ed. He added that the total stock of financial assets in reals, which can be converted into foreign currencies at any moment, far exceeds the Central Bank's foreign reserves; Brazil will now be even more vulnerable to any run on the real.

On March 16, the Central Bank also raised its SELIC benchmark interest rate by another 0.5%, bringing it up to 19.25% a year. The average interest rate for consumers is now estimated at a usurious 147% a year, and for businesses, 73.52% a year.

'Great Energy Grab' At Crawford Summit

Mexican President Fox revealed March 16 that creation of a North American Community—the “great energy grab” proposed by the New York Council on Foreign Relations (DFR)—is indeed the central theme of the March 23 trilateral NAFTA summit of Fox, Canadian Prime Minister Paul Martin, and President George Bush, at Bush's ranch in Texas. In a press conference for Canadian and American journalists in Mexico City,

Fox announced that the upcoming summit will discuss how to expand NAFTA into a “North American Initiative,”—involving joint security measures, “a North American policy . . . on energy,” and “a customs union.” This is exactly the terms of the proposal floated by the CFR on March 14 for the creation of a North American Community, defined by a common security perimeter, external tariff, and energy policy.

With Fox's announcement and the CFR proposal, a similar one was floated a few days before by former Foreign Relations Secretary Jorge Castañeda and Nathan Gardels, which included doubling Mexican oil output within a few years. There were ugly maneuvers by the financier faction of the Mexican opposition party PRI, to crush its historic opposition to handing over Mexico's energy resources to foreigners, at the March 4 PRI national assembly. George Shultz's faction is demanding Mexico's and Canada's oil to build yet another speculative bubble on.

Fox said the “North American Initiative” is still in a draft form, but “We expect that in this next visit it will be made into an agreement among the three countries.” It will have many chapters, Fox explained: “One of them, very important, is security; we are going. . . to increase actions bearing on security.” The chapter related to energy seeks “a North American regional policy—and here, I'm talking about North America, the three countries, in energy matters,” he said.

Issues such as border security, trade and competitiveness among Mexico and the U.S.A., will be treated in a separate bilateral meeting at Crawford.

U.S. Ambassador Slams Kyrgyzstan Elections

In the aftermath of the second round of parliamentary elections in the Central Asian republic of Kyrgyzstan on March 13—ending with a majority for the candidates linked to President Akayev—attempts are being made to inflame the country. U.S. Ambassador Stephen Young blasted the elections (the first round was Feb. 27) as characterized by harassment of the independent media, government interference in the campaign pro-

cess, and media bias. He also noted that there had been rampant buying of votes by candidates from both sides. “These negative tendencies have damaged Kyrgyzstan's reputation for promoting democracy,” the Ambassador said.

Young made reference to demonstrations which broke out in different places in the country, as “a sign that many Kyrgyzstan citizens felt disappointed by the government failure to run a truly free and fair and transparent process.” The Swiss Daily *Neue Zürcher Zeitung* reported that in Jalalabad, leaders of what it called a “fairly heterogeneous opposition movement”—among them opposition leader Rosa Otunbayeva—had a gathering with 10,000 participants. The opposition leaders demanded the formation of “peoples committees,” which should function like a shadow government. But the paper reported the protest movement has no solid backing from the majority of the population.

\$4 Billion a Day Flowing Into U.S.

The U.S. Treasury reported on March 16 that net capital inflow into the United States in January totalled a huge \$92.5 billion, well over \$4 billion for every business day, to support the U.S. current account and budget deficits. The report brought the net cash that flowed into the United States during the three months November 2004-January 2005, to \$239.5 billion, and rising during that period (\$63.8 billion November, \$83.2 billion December, \$92.5 billion January)—an average rate of nearly \$1 trillion a year. When that immense flow supporting the dollar stops growing, the dollar's fall will accelerate; should it drop, a collapse of the dollar were likely.

Some 90% of December's inflow was from private corporations and individuals rather than governments' central banks; in January, that dropped to about 85%. There was a large increase in net purchases of U.S. Treasury securities by foreigners—from \$1.4 billion in December to \$23.1 billion in January—and an equally large, \$21 billion drop in foreign purchases of corporate bonds.