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

### **A New Bretton Woods Now!**

*As a follow-up to the appeal launched in July 2000, in favor of reorganizing the world's financial system, which appeal was endorsed by many international leaders, including former heads of government, MPs, trades unionists, businessmen, civil rights, and church figures, the Schiller Institute's Chairman Helga Zepp-LaRouche has now issued an updated appeal. The text below is currently being circulated worldwide, and will appear, with the signatories' names, both on Internet sites and in newspapers. We call upon our readers to circulate and support this initiative, in view of the immediate crisis we face.*

The paradigm shift of the last four decades, a period in which the world economy increasingly abandoned manufacturing and gave itself over to untrammelled speculation, is now drawing to an end. The world financial system is about to implode. Gross production worldwide stands at a mere \$40 trillion, over which looms a gigantic debt bubble 50 times that size, viz., \$2,000 trillion worth of financial liabilities. The impending bankruptcy of General Motors and, potentially, of the entire U.S. automobile industry, is but one of many factors that could well lead to the collapse of the U.S. dollar, and thereby, that of the entire financial system.

To prevent the world's people from suffering the untold harm that the breakdown of the system would unleash, we the undersigned demand that an emergency conference be convened, to agree upon a new financial architecture along the lines of the Bretton Woods System launched at Franklin D. Roosevelt's initiative in 1944. We stress that Lyndon LaRouche is the economist who has best grasped the causes of the systemic crisis, and who has, moreover, put forward a package of measures that would adequately deal with it: a new New Bretton Woods agreement.

We the undersigned further stress that the Italian Parliament has taken up LaRouche's proposal, and on April 6, 2005, voted up a Resolution calling for "an international conference at the Head-of-State level, in order to lay the basis for a new and just world monetary and financial system."

The following measures must be implemented if we are to alter the mistaken course that we have followed since President Nixon did away with fixed exchange-rates in 1971, a course that has led to the present upsurge of a grotesque and predatory form of capitalism, thanks to unchecked "globalization," after the fall of the U.S.S.R. The New Bretton Woods Conference shall decide as follows.

1. There shall immediately be re-established fixed exchange rates.
2. A treaty shall be enacted between governments, forbidding speculation in derivative products.
3. The debt shall either be cancelled, or reorganized.
4. New credit lines shall be opened by the State, to create full employment by investing in critical infrastructure and

technological innovation.

5. The building of the Eurasian Land-Bridge, as the keystone for rebuilding the world economy, is the vision that will bring about not only a new *Wirtschaftswunder* (economic miracle), but peace in the 21st Century.

6. A new Peace of Westphalia will ensure that for no less than the coming half-century, raw materials shall be extracted and processed for the benefit of every nation on this planet.

We the undersigned believe that so-called "globalization," this predatory form of capitalism, has shown itself beyond all doubt to be bankrupt on every front, whether economic, financial, or moral. It is Man who must stand at the center of the economy, and accordingly, the economy must serve the common weal. The purpose of a new world economic order is to guarantee the inalienable rights of Man.

***Helga Zepp-LaRouche***

Chairman of the Schiller Institute

Chairman of the Civil Rights Movement Solidarity in Germany (BüSo)

## **Latest From LaRouche**

### **Lyndon LaRouche Addresses Midwest, Seattle LYM:**

#### **'FOR WANT OF THE MESSAGE, THE KINGDOM WAS LOST': — WE'RE THE PEOPLE WITH THE MESSAGE**

*Here are Lyndon LaRouche's remarks to LaRouche Youth Movement cadre schools in Toledo and Seattle, on May 8, 2005.*

We're in an interesting situation. You're almost in the middle of it, or approximately in the middle of it, geographically in Toledo.

We have the following problem: We have a number of people in UAW locals, UAW presidents, who are in a sense "on the ball" conceptually on the nature of the problem before us. We also have reported from the Democratic Party and from the Congress, the fact that some alleged UAW officials say there is no problem. I don't know what the problem is, that they would say that! Particularly after what happened this past week. We're now in a situation, where, as I've read it—

Let me just step back one, and say something else on this: What we got, during the week, and I didn't agree to it at all—first of all, we got from the GM people—who I think are worthless anyway; I don't think they have any competence whatsoever in the industry. They're in another business, not the automobile-manufacturing industry. They're in the financial business. But, then you had, obviously, from Democratic Party high-ranking circles in Washington, that they had not only from the management of GM, but also from UAW officials, the perception that there was no problem! Now, we also had a story, to the effect that there was not going to be a downgrading of the GM stock to junk status, until mid-summer! And by that time, the people would have gotten out from under their financial derivatives problems, and would have let it go, and it would have been announced without any great problem for the financial community as a whole.

I said, "Bunk!" But, nobody agreed with me, apparently, from those circles. Even circles that are friendly to me. I said, "No, it's going to come down." Well, it came down a day or so after I got this word from high-ranking Democratic Party officials, who are relaying things from people in the Congress, who were looking into this matter; saying there's nothing to do, there's nothing that Congress can do. If the constituents don't complain, how can the Congress act? Especially the UAW.

So, then it collapsed. And it came as a shock to many people in Europe, and a shock to all the circles that we're regularly in touch with, in the Congress and similar places in the United States. They were wrong! They had disagreed with me, and they were—as usual, when they disagree with me—*wrong*! Especially on economic and strategic matters.

So now, the thing is finished.

Now, what can happen, is either we reorganize the GM production capabilities, and presumably other things, like Ford may be in the same boat, for example; but, we take those measures, now, which require action from the Senate, in particular, or else, you're going to find that there is no future for the automobile-manufacturing industry in the United States—at least, no future worth mentioning. The only thing that might possibly survive, will be foreign subsidiaries, of foreign companies operating in the United States in manufacturing. But, U.S. companies operating in manufacturing of automobiles in the United States, will be largely out of business. And that means that the entire labor force, or virtually all of it, associated with GM and with other things, like Delphi and so forth, are out of business!

And it's irreparable. What happens is, if that happened, you would have that the only significant machine-tool capability, would be a limited capability inside the military, and that is pretty much on thin ice these days. So, that's where we stand.

So, the big problem we have, is foolish people, who don't take seriously what is about to happen to the manufacturing potential of GM and associated companies in the automobile and related fields. If that continues, then the United States starts to become a real Third World country, with not much of a future. Under those conditions, the chain-reaction effects under present circumstances, would be such, that there would be very little hope of a recovery, and the world would go into, not a depression, but a virtual dark age. Because, what would happen is, the dollar would collapse—it's ready to collapse. And without some kind of program of the type I'm indicating, there's no hope for the dollar.

If the dollar collapses, that means that everybody who holds dollars overseas, such as China, Japan, and elsewhere, and Europe, is up the creek. Because a collapse of the dollar will be a 30-50% collapse of the value of the dollar; which is already, now, it's around \$1.30 for a euro, already. And only because of certain special manipulations has that been somewhat lowered, moderated. If the dollar goes down, you're talking about \$2 for a euro, or something like that: When that sort of effect hits, then you have a chain-reaction, because the world monetary system is a dollar system. You have a chain-reaction inside the world monetary system, you have a sudden crash which is much bigger than the 1929 Crash, 1929-1931 Crash—much bigger. As a matter of fact, it's the edge of a dark age.

And remember, back under Roosevelt, when he came into office in March of 1933, we still had, lying fallow and partly operating, and still breathing a little bit, we had industrial capability. And Roosevelt was able to stimulate that potential, including farms! You know, people still had farms then, if you may recall. And many people left the cities, went back to live with their relatives on the farms to get some chickens and eggs, seed, or something, hmm? This is not the case, now.

So, we have a national social catastrophe. We have a disaster beyond anything in memory of any living person, hitting the United States. All because the "horse lost a nail"—you know, the story of the horseshoe nail. "For the want of the nail, the shoe was lost. For the want of the shoe, the horse was lost. For the want of the horse, the rider was lost. For the want of the rider, the message was lost. And for want of the message—the kingdom was lost." That's the kind of thing we're looking at.

So, we're in a position, a very significant position, where we have the message, clearly. And *at this moment*, all the speaking people in the political system, do not have the message. The industry doesn't have the message. And apparently the UAW leadership doesn't have the message. And certainly, that bunch of idiots called GM's financial-management crowd, at GMAC and so forth, they don't have the message, either! They've got a gravedigger from Las Vegas: He's already selling off the bones!—of the GM productive capability.

So, we have to do something. And we have to, in a sense, deliver the message in appropriate ways, that I just gave you: If they continue to behave the way they're behaving, if the Senate continues to behave with a lackluster response to my proposals that I've seen so far: If this thing continues, kiss the United States good-bye! It's gone! A gone bunny!

And this happens, you know, in history. There have been entire civilizations which seemed to be dominant, in their region at least, at that time, which went down! Went into wreckage! And they were lucky if they existed in history, at that point. For example, you had the case of Greece, Athens: They had just achieved a great naval victory, through an alliance, over the Persian Empire, which was the major threat to Greece at that time. These damned fools, in the leadership of Athens, under Pericles and so forth, started a war *against their allies*! Began looting their allies, and acting like an empire, a cruel, Nazi-like empire. This set into motion what became known as the Peloponnesian War.

And Greece never recovered from the Peloponnesian War. You had the attempt to reform it, led by Socrates; and what happened, is the government of Athens murdered—committed a judicial murder—of Socrates! You had later, a man who was a young guy, a young man at that point, Plato, at a time later, picked up and began to lead Greece in a program which could have saved it. And founded Plato's Academy of Athens, which continued from that point on, for about seven centuries, as the leading scientific institution of the world. But, they went down, too.

As a result of that, and after a period of this Ptolemaic system, which was already collapsing, Rome came up. And at the end of the Second Punic War, Rome began to expand as an empire. And there were bloody fights among the military forces of Rome, until finally, about the time of the inauguration of the Emperor Augustus, Rome took over. And Rome was a big step down—culturally, politically, everything! It was a retreat of civilization, from the level that Greece had represented, at the time that Greece went into the Peloponnesian War.

Now, the characteristic of this, which is really ominous, is, the entry of Greece into the Peloponnesian War—at the time of Athens' greatest power, up to that point—was that the Greek population had become what is called "Sophists." Now, if you want to see what a Sophist is, look at the typical Baby-Boomer generation of today: That is, the people born after the war, after World War II. And look at the "Tweeners," those who are in, say, their 30s today: You want to see Sophists? You want to see people who don't believe in truth? Who believe in spin? Who believe in playing word-games? Who have no standard of truth? They have only a standard of adapting to popular opinion and manipulating popular opinion. And being manipulated *by* it! As you see in the case of the leadership of the UAW, or the national leadership of the UAW. And to say nothing of the utter incompetence and suicidal propensities, of the financial management of the General Motors Corporation, GMAC, and so forth.

So, we're in a situation, where we have an analogous kind of situation: a situation which is typical of the collapse of great empires. In which the United States, and the civilization it dominates, is about to go into the bucket, because of this kind of ideological phenomenon, which over the past nearly 40 years—and longer, but especially about 40 years, since the run-up to Nixon's election—the United States has been going to hell. The beginning of the War in Indo-China, officially, the official War in Indo-China, was the beginning of really going to hell. And we've gone to hell!

Now, we're at the point, that we still have chance to survive: If we will change our ways. If we will get rid of the sophistry, and get back to a sense of truth, we could survive. We could survive quite nicely, if you look in terms of a couple of generations. We could begin to recover right now. Under my leadership, if I were President, we would be recovering right

now. We wouldn't be recovered, because you can't fix what you've destroyed. And a lot of things have been destroyed, in the past 35 years. They don't exist any more to be fixed. You can't repair the automobile which has been scrapped.

So therefore, we're going to have to rebuild. But we can rebuild, and continue to rebuild successfully, if we *wish to*. And within a couple of generations, that is, within 50 years, we could have a world system which we could be proud of. And in the meantime, we could enjoy the fact—under rather tough times, but we would enjoy it—we would be on the way up.

We are at the turning point, right now. And you young guys, in your generation, especially the 18 to 25 age-group: *You* represent the turning point. Because, unless you're able to crack through, as a force which can bring the older generation (I don't know if you can do anything with the Tweeners, but maybe the Baby-Boomers) bring them back to their senses, we can survive. We have a chance. It's up to you.

Now, what I've written, recently—I don't know if you've seen it; you may have heard about it—a new piece: It deals with the mental aspects, the mental diseases, the mental sickness, which is underlying our problem, at the same time I indicate what the direction of the solution is, which I've been talking about in various things I've written and spoken about and so forth, in the recent period. We could survive.

But we have to understand these ideas. You're not going to survive with slogans. You're not going to survive with gimmicks: You're going to survive by *ideas* which overcome the Sophistry, the particular type of Sophistry, which dominates and directs the political behavior of the leading institutions, including the Congress of the United States, today. So, you're not going to it by slogans; you're not going to do it by gimmicks. You're only going to do it by changing the *minds*, the way the minds work, of a lot of people in the political parties and Congress.

Now, we've demonstrated that can be done. We demonstrated it by my policy, going into the 2004 Presidential election. I went into it, and I stuck to it, because I knew I had to. I knew the nation had no chance, unless I ran for President. That didn't mean I had to win the nomination, or win the Presidency. But I had to fight. I had to fight to *change* the political system, the political climate in the United States. I had to exploit the fact that the system was going into the bucket, and it was creating anxiety and uncertainty: in the hope that some people would realize that we were going into the bucket, or would get those reactions, realize we had to *do* something about this.

So, we stuck to it! We stuck to the Democratic campaign despite the fact the Democratic Party officially tried to do everything possible to destroy my participation. We succeeded in breaking through at the Boston Convention, which is something we did, over the objection of most of the leadership of my own organization, who were trying to sabotage me, from Leesburg, most of the time; and also, some of the regional leadership, also. We did that.

We went to Boston; we broke into the Democratic Party campaign, the Presidential campaign. They still weren't much ahead, but we had broken through. Now, by having broken through, by the end of the August, about the beginning of Labor Day, we were then brought *in* to the Democratic Party campaign, as a factor. And we played a key role in organizing for victory. What we had done, had it been started earlier—in the Spring for example, with our program—the Democratic Party would have been able to overwhelm all the opposition and would have assured, that even despite the vote fraud that was being done by this bunch of clowns, that we could have won the election. Actually won it, not just earned it.

All right. That's the situation. Now, we're in a situation: The Democratic Party was about to go out to commit a self-burial, the day after the election results were announced. We prevented that. We did that largely with a webcast which I launched on Nov. 9: We succeeded. We got some motion, some life out of the Democratic Party leadership, a small part of it. We went on. And when Barbara Boxer and others did their job, around the actual ceremony of inauguration of the President in protesting it, the Democratic Party pulled itself together and began to fight.

So therefore, we have a President of the United States who is already, in principle, seen as a lame duck. In the press—the British press for example: President George Bush is described as a "lame duck"; in the Australian press, President George Bush is described as a "lame duck." More and more people in the United States, are privately saying, "This is a lame duck. Maybe he's a dead duck, but he's not going to win anything." You had a press conference, a public press conference of the President—televised for about an hour—and what you saw, is a spectacle of a babbling idiot. And you blushed with *shame for the United States to have such an idiot as its President!* Such a mean-spirited, nasty, little *idiot* as President!

And still, the Democratic Party is whimpering. Some people who have been close to me, under pressure have backed off from me and so forth, because they couldn't take the pressure. That's gone on.

So, we're in trouble. So, you and I, and so forth, and we're sitting here, we are, spiritually, the future of the United States, and pretty much civilization because of the importance of the United States, in this process. We are the key. It's in our lap. It's our responsibility. The Democratic Party has proven that it's dead without me. It's doing a fine job, in many respects now. But it would be dead without my active participation, in a leading, influential role. Be finished. And the United States would be finished, too.

So, there we are. A relative handful. This is not unusual in American history, that we've gone to our greatest victories with a handful of people, relatively speaking, fighting. Remember the number of people that wanted to cave in to the British during the Revolutionary War? And so forth and so on, through our history. So, it's those of us, the tiny minority, which sticks to the responsibility, sometimes with ragged pants, and dirty this and dirty that, and poverty this. And it's we—not with the money, but with our guts and brains, who have repeatedly saved this country, or inaugurated, set off the spark which led to the saving of the country: We're back there, again.

That's our situation. And, you shouldn't be frightened by it. You should be proud of yourselves, to be part of it.

## InDepth Coverage

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[\*\*\*Executive Intelligence Review\*\*\*, Vol. 32, No. 19](#)

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## Feature:

### [\*\*The Revolutionary Aspect Of the LaRouche Method\*\*](#)

[\*\*by Lyndon H. LaRouche, Jr.\*\*](#)

April 27, 2005

The subject of this report is a specific class of mental disorders, disorders which are the most typical cause of today's commonplace, major man-made disasters of modern economies. Ask yourself: Why are we, as a nation, and as a world, in the awfully dangerous, worsening mess we are in today? Since human beings are not animals, but capable of making the discoveries which enable us to improve the conditions of life in and among nations, why have we permitted this civilization to collapse in the way this has happened during the recent three and a half decades since someone elected Richard M. Nixon as the U.S. President.

# Economics:

## Health-Care 'Fundamental Infrastructure' Threatened by Medicaid-Cuts Mentality

by Marcia Merry Baker

A bipartisan, widespread resistance movement came into being this Spring, against the Bush Administration's commitment to cut government outlays to the 1960s-enacted program for health care under the Social Security law, known as Medicaid. Though intended as a temporary-use safety net for citizens in need, Medicaid now has become the only resort for some 55 million Americans. The President's Fiscal Year 2006 budget called for \$60 billion in cuts to the program over ten years; and Medicare cuts are pending as well.

## LaRouche: Move Fast To Save Auto; GM Sliding To Bankruptcy

by Paul Gallagher

A late-February forecast of debt blowout in the American auto sector, clearly announced by Lyndon LaRouche when all 'accredited' economists were proclaiming an accelerating U.S. economic recovery, was confirmed in the first week of May. It became evident then that General Motors, if not also Ford Motor Co., and scores of their supplier companies, are mudsliding faster and faster towards bankruptcy and dismemberment of the most important machine-tool and related industrial capabilities remaining in the American economy.

## Report From Germany

by Rainer Apel

Debate Rips Across Political Spectrum: Catalyzed by LaRouche movement, the key issue on the table is 'shareholder value' versus the Common Good. The April 13 call by Social Democratic Party (SPD) Chairman Franz Müntefering for the protection of industry from financial 'locusts' (see last week's EIR), was the official kickoff for a stormy debate on the future of Germany as an industrial nation.

# International:

## China-KMT Visit Judoes 'Taiwan Independence' Ploy

by William Jones

The visit of Kuomintang (KMT) leader Lien Chan to mainland China has dealt a serious blow to the diabolical policy of the Cheney-Rumsfeld neo-conservative faction of maintaining a high-tension state between Taiwan and China. At a loss over the continued strong economic growth of this nation of 1.3 billion people in East Asia, combined with a very successful diplomatic initiative by China to improve its economic and diplomatic ties with the other nations of East and Southeast Asia, the neo-cons have exerted every effort to provoke instability in the region in an attempt to keep those nations in their camp, and at each other's throats.

## Japan, India Move To Build Strategic Ties

by Ramtanu Maitra

The April 28-30 visit to India by Japanese Prime Minister Junichiro Koizumi is expected to herald a new phase in IndiaJapan relations. Included among the eight agreements signed, is a dedicated, 5,790 mile freight corridor, along the Golden Quadrilateral (Delhi-Kolkata-Chennai-Mumbai) railroad project, connecting India's four largest cities.

## War, and a Big Piece Of the West Bank

by Dean Andromidas

Are Israeli Prime Minister Ariel Sharon and his backers in Washington planning a strike against Iran—a move that would enable Sharon to ditch his so-called disengagement plan and tighten his hold on the West Bank? Any decision for a strike against Iran is unlikely to come from Sharon alone. That decision would come from the bunker in the White House where Vice President Dick Cheney might give Sharon a green light to create a major crisis, perhaps as a diversion from Washington's political and economic woes.

## In Memoriam

## Ezer Weizman: From Hawk to Peace Advocate

## **by Dean Andromidas**

With the death of former President Ezer Weizman on April 24, Israel has lost one of its key advocates for peace between Israel and its neighbors. It is important to reflect on Weizman's role, not to eulogize him, but to show that success in achieving peace in the region requires leadership. Lyndon LaRouche once commented that Weizman was a 'tough guy,' who saw the wisdom of an ecumenical approach to peace, the necessity of negotiating with one's enemy if one wishes to have peace.

## **Ecuador**

### **Dollarization Brings Down Another Government in the Americas**

#### **by Gretchen Small**

It was a familiar scene: On April 20, in the midst of mass protests escalating out of control, a rump session of the Congress of Ecuador voted to oust the President, Lucio Gutierrez, and replace him with his Vice President, Alfredo Palacio, who was sworn in the same day. Gutierrez was the third Ecuadoran President in less than 10 years to be ousted in the midst of mass turmoil.

### **Mexico's LYM: Ready To Change the World**

#### **by David Ramonet**

'We are changing the world, and having lots of fun doing it,' was the message delivered by Carlos Cota Moreno of the LaRouche Youth Movement (LYM) in Mexico, to more than 90 young people gathered May 2 at the University of Sonora, in Hermosillo. The youth had come to hear Bruce Director, a spokesman for U.S. economist and statesman Lyndon LaRouche, during Director's early May tour through the state of Sonora.

### **Iraq's Partial Government Won't Last for Very Long**

#### **by Muriel Mirak-Weissbach**

After three months of haggling, horse-trading, and faction fighting, the new Iraqi leadership that emerged from the Jan. 30 elections, announced that it had put together a government—almost. As soon became clear, the government announced by Prime Minister Ibrahim Jaafari on May 3, was no government at all. Out of 37 ministerial posts planned, five remained essentially vacant: the ministries of oil, defense, electricity, industry, and human rights, which are filled by 'acting' ministers. Also vacant are two Deputy Prime Minister positions.

## **National:**

### **BONKERS IN THE BUNKERS**

#### **Bush White House Flight Forward Is a National Security Threat**

This statement was issued on April 30. Executive Intelligence Review and the LaRouche Political Action Committee have been informed by several extremely reliable Washington, D.C. sources that in the past several days, a prominent Republican United States Senator has been confronted by Karl Rove and other White House officials on his alleged 'connections with Lyndon LaRouche.' The Senator, who is not, in fact, in any way associated with LaRouche, denied the charges, but his denials were not believed by the White House officials. He was pressed by Rove, according to the sources, to issue a public statement denouncing LaRouche, to 'prove' his denials. EIR has crosschecked the initial incident report with several other wellinformed Washington, D.C. sources, and is satisfied that the essential features of the report are accurate and can be further documented.

### **Arrest of Pentagon Official May Help Unravel Neo-Conservative Cabal**

#### **by Jeffrey Steinberg and Nancy Spannaus**

Pentagon Iran desk officer and neo-con patsy Larry Franklin was arrested on May 4, on charges that he passed classified information based upon secret Pentagon documents to two American Israel Public Affairs Committee (AIPAC) officials in June 2003, at a restaurant in Arlington, Va. The two AIPAC officials, who were not named in the complaint, were Steve Rosen and Keith Weissman, who were both fired by AIPAC in recent weeks.

### **Arnie the Fascist Bashes Immigrants**

#### **by Harley Schlanger**

Reeling from a series of potentially devastating political setbacks, California Gov. Arnold Schwarzenegger (R) has resorted to an old tactic used by one of his predecessors, Pete Wilson: When in trouble, bash illegal immigrants.

## **Guantanamo Revelations Point to Rumsfeld**

**by Edward Spannaus**

'The intent was to humiliate this detainee, and to create a barrier, through sexual humiliation and sexual enticement, between the detainee and his faith . . . to create a wedge between the detainee and his God.' This is Army Sgt. Eric Saar being interviewed on a May 5 National Public Radio show. Saar spent six months as an interrogator and translator at Guantanamo, from December 2002 through June 2003, and has now written a book called *Inside the Wire: A Military Intelligence Soldier's Eyewitness Account of Life at Guantanamo*. He was describing an incident in which a female interrogator used sexual taunts and behavior to try to make a prisoner feel 'unclean,' so that he could not pray and draw strength from his religious faith.

## **Disintegrating GOP Rams Through Budget**

**by Carl Osgood**

The ramrod passage of the conference report on the Fiscal 2006 budget on April 28, provides further evidence of the flight-forward panic that is taking over top echelons of the Republican Party in Congress. In an attempt to quell the growing revolt within the GOP against the fascist austerity demanded by the White House, the Congressional Republican leadership wrote most of the conference agreement behind closed doors, without the knowledge and participation of the Democrats. In fact, the House didn't even appoint members of the conference committee until April 26, two days before the House voted on the conference report, suggesting that most of the work was done by a handful of party loyalists and their staffs, before the conference committee was even formally constituted.

## **From the Congress**

### **Waxman: Bush 'Wrong Morally And Legally'**

The following letter from Rep. Henry A. Waxman (D-Calif.) was sent to President Bush on April 28, 2005, concerning the President's statements denying the existence of the Social Security Trust Fund. Bush has repeatedly claimed that money collected for Social Security in any given year, that is not spent on Social Security, can be used by the President for anything he deems fit, and does not have to be repaid. Representative Waxman, ranking minority member of the Committee on Government Reform, noted that Bush has so far borrowed \$500 billion from the Social Security system, and Bush's most recent budget projects that the Federal government will borrow an additional \$2.5 trillion over the next 10 years.

# **Commentary:**

## **The ADL, George Bush, and the Christian Right**

In recent weeks, it has come to our attention that White House political hatchet-man Karl Rove has solicited the help of Abraham Foxman, the National Director of the Anti-Defamation League of B'nai B'rith (ADL), in going after some leading Democratic Party figures who have, of late, turned George W. Bush's nascent second term in office into a political near-death experience. While, on the surface, the idea of a Rove-Foxman collusion might strike you as a political oddity, a brief review of Mr. Foxman's decade-long flirtation with the Christian Right—including some patently anti-Semitic figures—sheds light on the current alliance-of-convenience.

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

### **Sales of 30-Year Treasury Bonds To Be Resumed**

The Bush Administration will resume sales of 30-year Treasury bonds next February, according to an announcement May 4, after sales were suspended in October 2001. The timetable announced was for public comment through August, then an auction to take place in February 2006. One source stressed the import of the action in terms of flailing around in hopes of propping up the dollar. He said, perhaps the bonds would carry an interest rate of 7% or so, in a year. At present, money is going off-shore to seek out and park in various short-term instruments. The thinking goes, that maybe it could be induced to come back.

### **Snow Again Demands China Revalue, Now**

U.S. Treasury Secretary John Snow, in a May 3 interview with CNBC, again demanded that China let the value of the yuan float upward, and do it immediately. In response to continual Bush Administration demands since mid-April, Chinese officials have consistently said that they will not set any near-term date for action on their currency, because of the wide currency destabilization that could occur in Asia as a result. Nonetheless, Snow insisted that China must revalue now. "We've been engaged with the Chinese now for over two years in discussions on the direction of their currency. They're committed to move to greater flexibility. They've taken a lot of steps to accommodate greater flexibility through improvements in their financial system. We think they're ready and we think now is the time for them to move," said the Treasury Secretary.

## **Cartels Push for LNG as Part of World Energy Downshift**

The Bush/Cheney energy crowd is moving all over the country to install liquified natural gas (LNG) terminals. Among the big backers are Federal Reserve Board Chairman Alan Greenspan and former Fed chairman Paul Volcker, the enforcer of the "controlled disintegration" policy of the late 1970s.

Some 32 sites on the U.S. Pacific, Gulf, and Atlantic coasts—17 of them live and hot—have been picked as terminals where the compressed liquefied gas is de-pressurized and dumped into pipelines for distribution. There are pitched regional battles over the policy, for example in New Jersey where BP wants a huge terminal. (The anti-LNG resistance arises from both somewhat scientific pro-infrastructure regional interests, as well as anti-infrastructure greenies).

Gas-fired power plants make up 85% of the new electricity generation. The plants can be put up quickly to support suburban sprawl development, and usually come in small packages of about 200 megawatts. Imports have been soaring, and BP et al. are moving hard on source areas for cheap gas. Trinidad and Tobago has been the leading source country, delivering 462 out of a total of 652 billion cubic feet (Bcf) in 2004. Algeria supplied the second-largest volume with 120 Bcf. Others include Malaysia (19.9 Bcf), Australia (14.9 Bcf), Qatar (11.9 Bcf), Nigeria (11.8 Bcf), and Oman (9.4 Bcf)

Transportation expert Hal Cooper's evaluation, based on years of experience in Alaska and environs, is that the gas and oil cartels have no intention of building pipelines and wells in the Alaska natural resources area—the target of the Democrats and others—because the cartel companies would have to spend relatively more on the gas-line corridors, etc.

Overall, the LNG craze is to "perpetuate a policy of dependency" on the use of natural gas, which itself was a retrograde move connected with not going nuclear. The LNG global scheme is entirely connected with control by the few interests dominating oil and gas. It perpetuates import dependence. Key to the whole intention is "minimal capital investment" in the terminals and some LNG freighters—relative to needed nuclear, and high-tech coal-based energy systems. So it's "on the cheap" energy "expansion!"

The LNG freighters and re-gasification terminals involve fantastic danger—this is not just a greenie myth. One freighter, if ignited, would be equivalent to an Hiroshima. To serve the few interests controlling this whole pattern, there is now a demand that the Federal Energy Regulatory Commission just override any local obstruction to the siting chosen by the cartels.

## **'Do Away with Amtrak,' Demands Lazard Mouthpiece**

"Do away with" Amtrak, demanded the Lazard banking interests' favorite mouthpiece, the *Washington Post* May 3. In a snidely written editorial, "Off Track," the *Post* insists it is "madness" to subsidize long-distance rail routes, "spraying billions" at a "national rail network" that can't compete with airlines. Any route of five hours or more "should be dropped," the editorial insists. The *Post* notes Amtrak management's recent compromise with the Bush Administration's demand for elimination of what the *Post* calls the "absurd subsidies" for these routes—a compromise whereby Amtrak is to impose

upon itself new financial reporting terms to create "transparency," showing the cost-effectiveness of the routes as a way to pressure them to perform or be terminated. The *Post* editors say it won't work: "Congress is capable of supporting absurd yet transparent subsidies (think farming), and members from states with uneconomic rail routes will fight to keep federal payments.... Congress is the chief reason reform is needed."

The editors uncloak the reality of Bush's plan to set up a 50/50 Federal-state match as the "alternative" to Amtrak as a Federal national rail program. "Devolve the management and most financial responsibility to the states," as Bush seeks to do, and this will "force the needed closures," of the long-distance routes, since the states cannot shoulder such a burden.

But reform (i.e., privatization) is going to be difficult, they lament, citing Sen. Trent Lott's charge that the Bush plan is "ridiculous" and Sen. Kay Bailey Hutchison's declaration, "My motto for passenger rails is 'national or nothing.'"

## **FDIC Report Expresses Anxiety Over Housing Price Rise**

In a report issued on May 2, the FDIC, using the recently-released 2004 data for the house price index (HPI), said the acceleration of U.S. home prices in 2004 went way ahead of rises of rental prices and personal income. The HPI is published by the Office of Federal Housing Enterprise Oversight. The average home price rose by 11%, while personal income grew at a rate of 5.8%, and rental prices rose by 2.7%. The report also said the number of individual markets which met the boom criteria increased by 72% in 2004, to 55 metro-markets.

One of the main reasons for this boom market is "the increasing market penetration of innovative mortgage products. Some market participants estimate that these higher risk adjustable-rate mortgages (ARMs) are offered to people seeking low-or-no-documentation loans and to those with blemished credit histories." In some of these markets, investors have moved in big numbers. It is estimated that in some markets, investors' share of new mortgages is as high as 19%.

The report concludes that the boom will lead to bust. But what kind of bust that would be? The report was very cautious, saying that "in over 80% of the metro-area price booms we examined between 1978-1998, the boom ended in a period of stagnation that allowed household incomes to catch up with local home prices." Despite this unreal optimism, the report expressed worries, saying even the stagnation-led busts "cause significant distress in the local economy."

## **World Economic News**

### **Russia, Egypt Plan Nuclear Desalination Project**

According to the United Nations, water pollution, poor sanitation, and water shortages will kill more than 12 million people this year. It is estimated that 1.2 billion people worldwide lack access to safe water, and double that number have no access to proper sanitation.

During his trip to Egypt last week, Russian President Vladimir Putin discussed a cooperative agreement between the two nations to build nuclear power plants to desalinate seawater. "The parties will discuss the technical details of the document, aimed at increasing bilateral cooperation in nuclear energy," Alexander Rumyantsev, head of Russia's Atomic Energy Agency, confirmed during the trip. Russia is also discussing a similar project with Libya.

The only industrial-scale nuclear reactor for both power and desalination was built in 1973 in Kazakhstan, producing 520MW of electricity, and 80,000 cubic meters per day of potable water. Russia has been pioneering the effort, as well, to produce small floating nuclear reactors, based on their nuclear Navy experience, also for deployment in developing countries.

Other efforts to couple nuclear plants with desalination are underway internationally. Japan has been operating 10 pilot desalination plants using nuclear power, and China is building a dual-use plant at 200 ME electric. An Indian nuclear expert, Abdul Kalam, speaking recently at a conference in India, is urging his government to target 20,000 MW of additional nuclear capacity, and to place desalination plants next to them, to use the waste heat from electricity production.

All of these efforts are based on using today's generation of water-cooled reactors. Efficiency will be greatly increased with the development of high-temperature, gas-cooled reactor systems, where the heat is high enough to move towards the thermal cracking of water directly, without using current electricity-intensive desalination techniques.

### **High-Speed Rail Project Planned for Mexico City to Guadalajara Route**

The Mexican government is moving toward development of a high-speed-rail project connecting Mexico City and Guadalajara. The Ministry of Communications and Transport has appointed France-based SYSTRA, international consulting engineers for rail and urban transport, to help draw up tender agreement terms for the project. The tender is due to be launched in the middle of this year. Slated to run at speeds of 186 mph, the rail operation will cut travel time to two hours and serve some 28 million passengers. The project also will link up with the cities of Queretaro and Irapuato.

## **United States News Digest**

### **Congress Waters Down Aid to Palestinians**

The U.S. Congress watered down aid to the Palestinians, barring money from going directly to the Palestinian Authority, and handing over \$50 million of the \$200 million in aid—to Israel (!), to build security check points. That's right: The spending bill passed by Congress late on May 3 included the \$200 million in Palestinian aid which Bush included in his State of the Union speech three months ago, but a quarter of the amount goes to Israel, to build terminals at Israel-Palestinian Territory crossing check points. And instead of any funds going directly to the Palestinian Authority, the money must pass through non-governmental organizations.

Edward Abington, a consultant to the Palestinian Authority, told the May 5 *Washington Post* that the restrictions represent a "huge slap in the face" to Palestinian President Mahmoud Abbas. "The Palestinians will not see this money for months and months," added Abington. UPI commented that Israeli officials claim Abbas has not confronted militants and has not worked with the Israelis on plans for settler withdrawal from the Gaza Strip.

### **Lampson Files To Run Against DeLay**

On May 4, Democrat Nick Lampson filed to challenge House Minority Leader Tom Delay (R-Texas) for his Congressional seat in the 2006 elections. Lampson was the ranking Democrat on the Space Subcommittee of the House Science panel when DeLay's redistricting moved the Johnson Space Center from Lampson's district to his own. Lampson submitted bills for a Moon/Mars mission for NASA for several years in a row, before losing his seat in the last election. His wife works on the International Space Station.

### **'Salvador option' underway in Iraq**

In January, *Newsweek* ran an article entitled "The Salvador Option," which reported that the Pentagon was considering setting up Iraqi counter-insurgency forces modelled on the El Salvador "death squads" of the 1980s. This was elaborated by

Seymour Hersh in a *New Yorker* article soon after.

Now, the Sunday *New York Times Magazine* May 1 ran a feature article by Peter Maass on U.S.-led Iraqi "Special Police Commandos," led by Adnan Thabit, a Sunni, and a former general in Saddam Hussein's army. Adnan is conducting counter-insurgency operations in the Sunni Triangle, in which beatings, torture, and killings of prisoners seem to be routine.

One of the leading U.S. military advisers to Adnan is one James Steele, described by Maass as "one of the U.S. military's top experts on counterinsurgency." Steele's role in Central America in the 1980s was described by former DEA agent Celerino Castillo in his book *Powderburns*, and also in discussions with *EIR* over a decade ago.

Steele worked closely with the Salvador death squads, particularly with Dr. Hector Antonio Regalado, known as "Dr. Death," a dentist who used a pliers to extract teeth—without anesthesia—of prisoners during interrogations, before killing them. Castillo also reports that then-Colonel Steele, as the "MilRep" (military attache) at the U.S. Embassy, was supervising the guns- and drug-running operation at Ilopango airport, run by the Ollie North-Richard Secord Iran-Contra operation.

It is probably no accident that Steele was brought in to help create these Iraqi death squads, while John Negroponte, the former U.S. Ambassador to Honduras, who also worked closely with the death squads, was the U.S. Ambassador to Baghdad.

## **Hagel Tours New Hampshire as Presidential Pre-Candidate**

Senator Chuck Hagel (R-Neb) began a three-day, pre-candidate tour of New Hampshire by telling a house meeting there that he is open to a Presidential campaign, but won't decide until after the 2006 election, the *Lincoln Journal Star* reported May 3. Hagel hit the administration on several critical issues:

\* Allegations about John Bolton, the Bush nominee for UN Ambassador, are "coming from serious people" and should be explored, rather than trying to "ramrod a party vote":

\* "Both parties' hands are not clean" on blocking Federal judge nominees, but stopping minority rights (ending the filibuster) would "not be in the best interests of this country;"

\* Issues like Social Security reform, trade, energy, immigration, health care, and government spending must be solved by both parties, working together. Asked if there were Democrats willing to do so, he said: "Sure. There are enough to make things work. Enough to get 60 votes."

## **Iraq and Afghanistan Wars Collapsing the Army**

Chairman of the Joint Chiefs of Staff, Gen. Richard Myers, reported to Congress on May 2, that the wars in Iraq and Afghanistan are straining the military services to the point that there is a risk of being less able to defeat potential adversaries. Military and Defense officials at the Pentagon were quick to tell reporters, however, that there is no chance that any potential adversary could defeat the United States. A U.S. victory would just take longer and come at greater cost.

Underlying this increased risk is, of course, the collapse in Army recruiting. The Army reported separately that it made less than 60% of its April recruiting goal, putting it 16% behind for the fiscal year, so far. The impact of poor recruiting is showing at the army's basic training center at Fort Benning, Ga. The center has a capacity to train 14 companies at a time, but currently is only training seven. Those seven are smaller than usual, at 190 men each, rather than 220. The Army is

hoping for a "summer surge" in recruiting to help it make up the shortfall, but a spokesman for the Basic Combat Training Brigade told the May 3 *Washington Post* that, last year, "there was no summer surge."

## **Frist Threatens 'Nuclear Option' by Memorial Day**

After weeks of avowing that he and Vice President Dick Cheney could exercise the "nuclear option" any day now, Senate Majority Leader Bill Frist (R-Tenn) told *USA Today* in an interview, on May 2, that a filibuster showdown is "almost inevitable," and that he is going to push for a vote on judicial nominees before Memorial Day.

But, as is commonly recognized, if Frist had had the votes, he would have done it already. "I don't think he has the votes," a Republican source told the May 2 *New York Daily News*. "He's now in his own corner. If he doesn't have the votes, he's really screwed."

## **Waxman Demands Halliburton Explain Discrepancies**

Representatives Henry Waxman (D-Calif) and Stephen F. Lynch (D-Mass) have demanded that Halliburton CEO David J. Lesar explain discrepancies in testimony by senior Halliburton officials before the House Committee on Government Reform, and information disclosed in a recent Federal indictment of Halliburton employees for taking kickbacks in exchange for illegal mark-ups on services to U.S. troops in Iraq and Kuwait through the subcontractor "La Nouvelle," which operates under Halliburton's LOGCap contract.

In the Waxman-Lynch letter, the two Congressmen note mark-ups on contracts of more than 700%.

## **U.S. To Start Troop Withdrawal by December?**

A "classified document being circulated among senior officers," suggests that the U.S. will begin withdrawing troops from Iraq by December, the May 2 *London Telegraph* reported. Meanwhile, Mowaffak Al-Rubaie, Iraq's chief security adviser, speaking to CNN's Late Edition, confirmed as much, by stating that larger troop withdrawals would likely take place in early 2006. Last month Jack Straw, the British Foreign Secretary, said he expected British troops to start being withdrawn from Iraq next year, a move that would fit in with the proposed American timetable. Tied in closely with this, is the training and ability of the Iraqi security forces to control the situation on the ground. The Defense Department is now stating that "credible threats" against U.S. forces are at their lowest since Sept. 11.

The circulation of this "good news" is likely to be carefully managed by Vice President Dick Cheney and company, to rescue the failing Bush (and Congressional Republicans) from collapsing in the polls in the lead-up to the 2006 elections.

## **National Guard Platoon Complains About Poor Training**

While the Iraq war is eating up a lot of money, it still appears that that money is not well spent, at least not on training the ground troops who are deployed there. The commander of an Iowa National Guard platoon, which recently returned from Iraq, reported in his after-action review, which was obtained by the *Des Moines Register*, that the training his unit received at Fort Hood prior to deploying was "inept."

"Having been in Iraq ... conducting combat operations on a wide spectrum, we can confidently say we did not learn a thing at Fort Hood," wrote Capt. Aaron Baugher, according to the April 29 *Register*. Baugher also complained about the lack of professionalism of Fort Hood soldiers, and poor living conditions in the Fort Hood barracks, among other things. While officials at Fort Hood vehemently disagreed with Baugher's report, Col. Luke Green, chief of staff of the 5th Army, which

is responsible for the training of National Guard troops, told the *Register*, "There is some truth there, because I will tell you this is just a damn hard business and it does not go perfectly every day."

## Ibero-American News Digest

### South American Officials Discuss Greater Cooperation

High-level officials from Chile, Argentina, Brazil, and Uruguay, in an intense meeting of "Mercosur's Progressive Parties," held in Montevideo, Uruguay April 28-29, discussed the need for a common strategy to deal with the major issues facing the region, including the foreign debt. Argentina's First Lady, Sen. Cristina Fernandez de Kirchner, who was one of the five Argentines participating in the meeting, argued the case for a common strategy toward the multinational creditor agencies. "I'm not talking about creating a debtors' club, but about having each of our countries moving in the same direction," she said, particularly in rejecting the IMF's constant lunatic demand for higher primary budget surpluses solely to generate debt payments.

The Chilean delegation was led by the Socialist Party's Michelle Bachelet, the front-running Presidential pre-candidate. From Brazil came President Lula's Chief of Staff Jose Dirceu and key foreign policy adviser Marco Aurelio Garcia; the Argentine delegation also included Nestor Kirchner's Chief of Staff Alberto Fernandez and Labor Minister Carlos Tomada. Uruguay's Foreign Minister Reinaldo Gargajo and Education Minister Jorge Brovetto made up that country's delegation.

Mrs. Kirchner is a Senator from Santa Cruz, and a political leader in her own right, who has had a great deal to say about the IMF's insane demands on her country. She will most likely be running for Senator from Buenos Aires province in the October legislative elections.

### Officials Calm Frictions Between Argentina and Brazil

Leaders of Argentina and Brazil have begun mobilizing to reduce the tensions which had been building between the two countries over the past two weeks. The tensions reached a boiling point on May 2, when the Argentine daily *Clarín* published several stories asserting that Argentine Foreign Minister Rafael Bielsa had ordered a "hardening" of the Foreign Ministry's stance against various Brazilian initiatives, with which Argentina reportedly disagreed.

Brazil's Foreign Minister Celso Amorim and former Argentine President Eduardo Duhalde were among the officials who issued statements to cool down any potential conflict between the two countries. Both men indicated that, given the magnitude of the undertaking in which both nations are engaged—economic integration and cooperation—problems are to be expected. "But I don't see any serious problems," Duhalde said to reporters on May 3.

In remarks to the press in Paris on May 2-3, Amorim emphasized that Brazil has "a very good relationship with Argentina.... [O]n essential matters ... our positions are very similar, and have been very well coordinated." As for the *Clarín* story, Amorim said he thought "there is a lot of smoke in all this ... a lot of grist for the media, but nothing that worries us." Amorim did suggest, however, that perhaps Brazil had made mistakes regarding Argentina, and should help more economically, such as buying more oil and wheat from Argentina. Brazil should also have an "industrial policy in which BNDES (National Economic and Social Development Bank) could be used to finance investments in Argentina."

*Clarín* then reported on May 4, that an angry Argentine President Kirchner had called his Foreign Minister, to dress him down for making derogatory remarks in public about Brazil. Kirchner was said to be especially angry that Bielsa attacked Brazil at precisely the moment that First Lady Cristina Fernandez de Kirchner was in Montevideo holding discussions with top Brazilian government officials, on the possibilities for joint cooperation vis a vis the IMF and the foreign debt. For the

President, coordinating with Brazil on these issues is a priority—although Brazil has been less than supportive in backing Argentina's fight with the IMF. The discussion with Brazilian officials in Montevideo was said to have been very serious and friendly.

## **Rumsfeld Admits He's Dumber Even Than 'the Markets'**

"Anyone with an ounce of sense knows that the market is a lot smarter than government," said Defense Secretary Donald Rumsfeld, pontificating May 3 on the benefits of the free market for the impoverished nations of Ibero-America, in his speech to the annual conference of David Rockefeller's Council of the Americas. Speaking as if he was lecturing small children, Rumsfeld ordered the governments of the hemisphere to start "behaving in a more mature way," and accept "economic freedom," rather than constantly claiming that "somebody's causing poverty, somebody big, somebody evil, ... somebody's making us poor." The problem is, he said, is that nations aren't "willing to defer an immediate appetite or pleasure [like food?] in favor of a longer-term benefit," which is supposed to result from killer free-market policies. People have to be able to tolerate the "bumpy" times that sometimes occur with the free market, Rumsfeld advised, and resist the temptation to go to a more "controlled system," in which "they demand more."

The Mexican daily *La Jornada* aptly characterized Rumsfeld's speech as in the tradition of what decorated U.S. Marine General Smedley Butler had denounced in 1933 as those military men willing to be "a high-class muscle-man for Big Business, Wall Street, and the Bankers."

## **Mexico City Mayor Cleared of Wrongdoing**

Newly appointed Mexican Attorney General Daniel Cabeza de Vaca dropped charges against Mexico City Mayor Andres Manuel Lopez Obrador, after President Vicente Fox ordered Cabeza de Vaca to conduct an "exhaustive review" of the case when he had just been sworn in at the beginning of this week. On Sunday, April 24, about a million people gathered at Mexico City's major plaza, El Zocalo, to protest the attempt to put Lopez Obrador on trial, and thus exclude him from next year's Presidential race. Three days later, Attorney General Rafael Macedo, who had started the prosecution, was asked to resign.

Commentators and analysts in Mexico characterized the Fox government's about-face, as an "unconditional surrender," as the real intent of the case was to outlaw Lopez, the leading pre-candidate for the Presidential elections.

Macedo had tried to jail Lopez on charges of contempt of court, after a judge had ordered him to stop the construction of a road to a hospital. The new AG, Cabeza de Vaca, dropped the charges because the legal code laid out no specific punishment for that kind of alleged offense, so no trial was possible, which is what Lopez lawyers were contending from the outset.

Fox stated from Jamaica, on an official visit, that the decision was a bid to "remove obstacles to dialogue and open up space for a legitimate, clean election, truly fair play."

## **Moves To Privatize Chile's State Copper Company**

The now-open debate on allowing private investors to participate in Chile's giant state copper firm, Codelco, is a foot in the door toward the privatization which Gen. Augusto Pinochet's former Mining Minister, Jose Pinera, has sought, since he revamped the country's mining regulations, to favor foreign private investment, in 1981.

Recent statements by Codelco's executive president Juan Villarzu, to the effect that now is the time to permit private capital

to participate in the company, "and open Codelco to the market," unleashed a heated debate on how to obtain financing for future copper projects. Alberto Arias of Goldman Sachs investment bank suggested Codelco's "partial privatization," with possible 20% private investment, was a great idea. Why? These "fresh" funds could help develop the local capital market to allow the private pension funds, the AFPs set up by Pinera, to "participate in Codelco's growth!"

Opponents of this privatization scheme warn of a government giveaway, noting that the \$15 billion, which Codelco executives say the company is worth, is far below its real worth, which is closer to \$1 trillion. To offer private investors a 20% participation in the company "would be a giant fraud against the Chilean state," warned Julian Alcayaga, president of the Committee for the Defense and Recovery of Copper. "This is a covert way of moving toward privatization in the next few years."

Codelco's former general manager Orlando Caputo also points out that while Chile has increased its participation in the world copper market, Codelco's participation has actually decreased. Why? Because six large foreign mining conglomerates (Anglo American, BHP Billiton, Noranda, etc.) have vastly increased their participation over the last ten years, "directly related to increased [foreign mining] investment Chile has allowed as well as the handover of mining deposits."

## **Cuban-Venezuelan Alliance Deepened**

Venezuelan President Hugo Chavez and Cuban leader Fidel Castro discussed their project for a "Bolivarian Alternative for the Americas," in opposition to the Bush Administration's efforts to create a Free Trade Accord of the Americas, during Chavez's state visit to Cuba April 27-28.

A highlight of Chavez's trip to Cuba was the announcement that the Venezuelan state oil company PDVSA "plans to use Cuba as its center of operations in the Caribbean," and toward that end, is setting up an operating base there. In effect, Cuba would be participating in the newly-formed PetroAmerica, as the PetroCaribe branch, and would primarily be involved in trade, storage, and transport of oil. Venezuela is currently providing 90,000 bpd of oil to the island-nation, whose lack of energy resources is considered the regime's Achilles' heel. The Chavez government also announced the opening in Cuba of an office of the Industrial Bank of Venezuela, and a variety of other bilateral deals.

## **Western European News Digest**

### **Italian Opposition Demands U.S. Apology for Calipari Death**

Speaking in the name of the center-left coalition, DS (Democrats of the Left) secretary general Piero Fassino on May 5 urged the Italian government to "demand an act of moral and political reparation from the U.S. government," as "a fact of dignity" for the nation, and "of justice towards the Calipari family and Italy." Italian secret service agent Nicola Calipari was killed by U.S. troops, while escorting an Italian journalist, Giulia Sgrena, to the Baghdad airport, after she was released by kidnappers. "We believe that the U.S. government must offer its apology. So far, this expression from the U.S. government did not come." Fassino was indirectly referring to a phone call between George W. Bush and Prime Minister Silvio Berlusconi the previous day, which was made public by the two governments, in which Bush expressed "regret" but nothing more.

Fassino also invited the Italian government to draft an exit strategy for Italian troops in Iraq. He took the Parliament floor after Prime Minister Silvio Berlusconi had addressed the Chamber of Deputies on May 5. In his speech that morning, Berlusconi had made an effort to decouple the Calipari issue from the issue of Italy's presence in Iraq. "The discrepancy on the causes and the modalities of the tragic accident has proven to be unreducible," Berlusconi said, "and I will not be the

one who minimizes the dimensions of the disagreement." "One does not need to be an expert in criminal law to understand that the absence of the voluntary element does not exclude at all the guilt element, which is provoked by negligence, imprudence or even just uncleverness," Berlusconi said. He pointed to "the irregularity of a checkpoint which was lacking signal mechanisms that would make it clearly visible" and to "a checkpoint placed in the dark, shortly after a curve, certainly in conditions barely indicated to guarantee security both of the soldiers and the incoming drivers." Such a truth, Berlusconi said, has been implicitly recognized by the U.S. report, which recommends to review signals, rules of engagement and post-accident procedures.

However, "the result of the investigation has nothing to do with the quality of our relationships with the United States," Berlusconi said, and "we have no intention of establishing any connection between the evaluation of the events in which our official lost his life, and the role of our country in Iraq." Berlusconi promised formal government support to the Italian judiciary investigation.

## **Steel Workers Prepare for Strike in NorthRhine-Westphalia**

Steel workers in NorthRhine-Westphalia (NRW) announced May 4 they would prepare for the first real strike in 27 years, following the collapse of the wage negotiations in the West German steel sector.

As many as 85,000 steel workers, mostly in NRW cities like Bochum, Duisburg, and Essen, are expected to support a strike, which would be the first in the western districts of Germany since 1978. Steel workers in Lower Saxony, in the Salzgitter, and in Bremen, will join. The strike could be called immediately after the May 22 NRW state elections.

## **German Union Calls for Public Sector Investment**

The chairman of Germany's largest union, IG Metall, called for a program of public-sector investment, in his May Day speech. Many of the union speeches during the May 1 rallies reflected the recent campaign by SPD chairman Franz Muentefering to return to the social state, and a few labor leaders went a step further, into the domain of program. One of these was Juergen Peters, head of the metal workers union, calling for a national and European public-sector investment program to create new and real jobs, with emphasis on public infrastructure. Peters did not go into details in his speech, but IG Metall does have a three-year-old memo calling for such a program, financed through the Kreditanstalt fuer Wiederaufbau, with 18-20 billion euros annually.

## **German Press Warns Against Agricultural Speculation**

Financial speculators are moving from raw materials into agricultural goods, at an alarming pace, wrote the *Welt am Sonntag*, Germany's second-largest Sunday mass tabloid, on May 1. The fact that, speculators have begun to show considerable interest in agricultural commodities, after energy-related raw materials and minerals, has received increasing coverage in Europe. The *Welt am Sonntag* dedicated one full page to this pattern, warning that after coffee and sugar, cereals may be next on the speculators' wish list—driving prices drastically up, as they have done in oil and minerals.

## **Leading Mainz-Wiesbaden Firm Under Financial Attack**

The Kostheim branch of the Cologne-based Linde firm, a leading producer of cooling-generators and related equipment for department stores, is threatened by management plans to outsource production to the Czech Republic. More than 800 workers would lose their jobs. The top management is not German, but are linked to the Anglo-American Carrier group.

Armin Becker, chairman of the Kostheim branch, said in a discussion with *EIR*, that since the company has workers with

more than 20 or 25 years of experience in producing this special equipment, which has an edge also on global markets, the Kostheim site cannot simply be replaced by workers somewhere else. This is not to diminish the qualifications of Czech workers, but the long tradition of Linde cannot easily be replaced. For the Carrier management, however, the only thing that seems to count is to please the shareholders with the prospect of producing in Czechia for 4 euros per hour—one third of the wages in Kostheim.

When Carrier took over Linde, there was hope that the Germans could, within this new alliance, produce coolers also for cars, railways, ships, and other systems, since Carrier is one of the leading firms internationally, in that branch. But these hopes were betrayed; now the management policy is outsourcing. Asked about conversion alternatives, Becker said something could be done, like producing other equipment, but that would require political guarantees, which the municipal administration of Wiesbaden, under whose jurisdiction Kostheim falls, is refusing to give. Kostheim workers have protested repeatedly in recent weeks, and also played a major part in the May Day rally in Wiesbaden.

## **CDU Leader Calls for New Financial Agreements**

In a radio interview with the state-run DLR station on May 2, prominent former CDU official and former German Labor Minister Heiner Geissler said, "What we need is international agreements, ... multilateral agreements, for example among the G-7 states, which simply must work out rules that can be made operational in the global economy." Geissler added that, "for some time, there has indeed been discussion about that, among the medium-level leadership of the G-7 states," on how to get control over the global financial bubble. "To regulate this giant financial bubble, one would have to impose an international tax on speculation. One would have to shut down the offshore centers. All of that can be done. It is within the powers of the industrial states. That can be done by politicians."

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

### **Russian Demographic Collapse Linked With Disintegration Threat**

A mid-April opinion poll conducted by the Public Opinion Fund found that over 60% of Russians who were asked, believed there was a big chance that Russia will split apart. The poll was widely publicized within Russia, and echoed statements made this spring by leading regional governors and even high-ranking Kremlin officials. The question of Russia's ability to survive as a nation-state is clearly on the mind of leading people, including President Vladimir Putin, who led his annual message to Parliament with reference to the breakup of the USSR as a catastrophe, and the comment that the same process now threatens Russia. He was talking about Chechnya, but evidently thinking beyond the North Caucasus.

The weekly *Argumenty i Fakty* wrote on April 19 about the recent merger of two ethnic regions, the Taymyr and Evenki autonomous districts, into Krasnoyarsk Territory. In the case of this merger in central Siberia, the predominance in the region of people associated with the Norilsk Nickel mining and processing giant was the decisive political factor, but there are numerous other merger proposals on the drawing board. "How far will the merger processes go?" asked *AiF*. "What will happen if several self-sufficient regions emerge on the territory of the country? Their whole existence would come down to individualization and, ultimately, secession. Incidentally, this is what the notorious anti-Soviet author Zbigniew Brzezinski writes in his book *The Grand Chessboard*. He names seven self-sufficient regions, including the Far Eastern and Siberian Republics."

Mikhail Prusak, Governor of Novgorod, and a member of the United Russia party, warned, in an April 22 interview, carried by Interfax and *Nezavisimaya Gazeta*, that the merger process was "very delicate." Russia inherited from the Soviet Union "the division of the country along ethnic-territorial lines," he said, "but surely this does not mean that we should not consider the interests of the ethnic republics today! Otherwise, there are hotheads who want to annex Tatarstan to

somebody else or, conversely, somebody else to Tatarstan. The ethnic republics, in my view, should not be touched at all."

Especially dramatic is the specter of a depopulated Siberia slipping out of Russia's control. Dmitri Medvedev, who, as chief of the Presidential Administration is one of Putin's closest aides, took this up in stark terms in an interview with *Ekspert* magazine in April. Medvedev said, "If we do not develop our eastern regions, Russia will not survive as a single whole. This is a simple truth. There is also the very obvious and difficult demographic situation. We absolutely must do something to boost the population in these regions. Otherwise, the Far East will be a cold, empty, and neglected place, or someone else will develop it instead."

Irina Kobrinskaya of the Academy of Sciences Institute for the World Economy and International Relations (IMEMO) gave an interview to Polit.ru, published April 25 under the headline, "We could quietly lose Siberia." She said that this was not a threat for "the next three to five years," but it should not be ignored: "If we do not change [our] immigration policy, if we do not make every effort to link this region economically [to the rest of the country], and if we do not develop real transportation—not just two roads or three pipelines, but an entire strategy for linking East Asia and Europe, with Russia in the center—we could quietly lose this." Kobrinskaya stressed that she did not mean a seizure of Siberia by China or Japan, but "Siberia and the Far East ... are simply falling away by themselves. It is happening by evolution, because there is a tremendous deficit of population, investment, and other resources, leading to a situation where some forces are appearing in the region, who understand that they might be able to reach agreement with the Japanese, who could provide a higher level of financing and investment, and develop the economy better, and so they would just fall away from the center."

In an April 28 interview with RFE/RL, Russian Academy demographer Nikita Mkrtchian pointed out that Russians are steadily leaving Siberia and the Far East for Moscow, which is becoming more and more congested, as outlying regions empty out. He said, "Without a migration inflow, almost all of the population in the Asian part of Russia will drop at a very fast rate, and Siberia will start already at the Volga. Almost all the regions east of the Volga will be giving up population, chiefly to Moscow and the surrounding area."

### **Luzhkov Warns of 'Split in Society'**

In an interview for the April 19 issue of *Argumenty i Fakty*, Moscow Mayor Yuri Luzhkov continued his campaign of criticism against the current Russian government's economic policies. "There is no economic stability in our country," Luzhkov said, "It has been replaced with financial stability." With the Ministries of Economic Development and of Finance (Gref and Kudrin) in charge, "everything comes down to saving and bookkeeping.... An 'economic policy' of this kind may result in a split of society. Look, there is polarization of different groups of the population by income level, norms of behavior, and values."

Luzhkov accused the exiled tycoon Boris Berezovsky, from London, of "trying to organize a powerful opposition in Russia, to split society and take people into the streets." Then the population's attitude towards the President might change. "I'm not a fortune-teller," said Luzhkov, "but I consider it my duty to issue a warning about a threatening danger."

Addressing a May Day rally in Moscow, Luzhkov continued his polemic, saying that he was "deeply concerned about decisions being made at the state level, and by initiatives to reorganize the system of health care, education, culture, science, and sport, being proposed by some ministers.... The Cabinet's plans, coupled with the State Duma's obedience, are dangerous for society," Interfax quoted Luzhkov. He said that if the government did not start investing in high technologies, science, and education, Russia "will turn into a mere source of raw materials for the West, and then they'll simply wipe us out."

### **Yushchenko Bids To Replace Russia in CIS Hot-Spots Role**

On April 22 in Chisinau, Moldova, there was a summit of the group of countries called GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova—except Uzbekistan stayed away). Ever since Georgian and Ukrainian Presidents Mikhail Saakashvili and Viktor Yushchenko pledged to work closely together, each of them having come to power in Project Democracy-backed regime-change operations, it had been expected that they might use GUUAM to challenge Russia in various ways. Yushchenko did take the opportunity of the summit to unveil a seven-point initiative to resolve the so-called "frozen" conflict in the Transdnestr area of Moldova. Moldova is nestled between Ukraine and Romania; the heavily Russian-ethnic breakaway Transdnestr is policed by the Russian military. The Ukrainian President wants the EU, the OSCE, the USA, and Russia to oversee elections there, while Russian peacekeeping forces would be replaced by international ones.

Moldovan President Vladimir Voronin welcomed Yushchenko's initiative, while Romania's President Traian Basescu, attending the GUUAM meeting as a guest, objected that it lent too much legitimacy to the Transdnestrans.

Yushchenko also called for making GUUAM "a large-scale regional organization" dealing with democracy, economic development, and regional security, ... a guarantee of democratic reforms and stability in the Black Sea-Caspian region." This formulation, coming just after the April 21 NATO-Ukraine Commission meeting (covered by Moscow *Kommersant* under the headline, "Ukraine Departs for Europe, Never To Return"), led some Russian commentators to say that Yushchenko aspires to drive the Russian Black Sea Fleet out of the Black Sea. Boris Berezovsky's *Nezavisimaya Gazeta* covered the GUUAM meeting under the inflammatory headline, "The New (Anti-Russian) Warsaw Pact."

## **Georgia Presses for Russian Base Removal**

Immediately after the GUUAM summit, Georgia's Foreign Minister Salome Zurbishvili arrived April 24 in Moscow for talks with Foreign Minister Sergei Lavrov on anti-terror coordination and, particularly, on the issue of closing down Russian military bases in Georgia. Russia's position has been that such closings could happen only on a timetable acceptable to Russia, and not soon. (One consideration is the financial and social policy difficulty of re-absorbing 7,000 troops and their families, back into Russia.) Many Russian leaders in the State Duma and in military circles are still saying this cannot happen before the end of this decade, but Lavrov made the surprise announcement, after his talks with Zurbishvili, that, "withdrawal will take place gradually, and may be launched by the end of this year."

*Izvestia* headlined, in an article co-authored by senior military correspondent Dmitri Litovkin, "A miracle has happened—Moscow surrenders quietly and without a fight." Litovkin pointed to persistent pressure on Moscow from Washington as a factor. *Nezavisimaya Gazeta* came out with the wild-eyed headline, "Lavrov Gives In. Military Bases Forced Out of Georgia. Black Sea Fleet Is Next." That April 29 article suggested that "Tbilisi's success in resolving the 'bases' issue may have a considerable effect on Kiev's stance on the Black Sea Fleet." Ukrainian Defense Minister Borys Tarasyuk recently stated that Ukraine's hosting of the Russian Black Sea Fleet in the Crimea is not a permanent arrangement. A Ukrainian commission under a deputy foreign minister has recently complained of the Russian Navy's violating environmental regulations in the Black Sea and causing problems in the rental housing market in Sevastopol.

*Nezavisimaya* asked whether or not the "long-standing friends and like-minded revolutionaries Mikhail Saakashvili and Viktor Yushchenko have begun putting some kind of joint plan into effect." It quoted Georgian military analyst Irakli Aladashvili, who said that "this plan is designed to force Russia out of the Black Sea region, and has been suggested to Presidents Saakashvili and Yushchenko by NATO headquarters."

## **Uzbekistan Cracks Down on Hizbut Tahrir**

A large number of people have been picked up and jailed for their association with the Islamic group Hizbut Tahrir (Party of Liberation) group in Uzbekistan. The group, recipient of funds from Saudi Arabia and London, is spreading the Wahabi

form of Islam in an allegedly "atheist" society, but it is non-violent and has dug its roots deep in Central Asia, particularly in the Fergana Valley. One of Hizbut's trademarks is that it wants to re-establish the Caliphate. This is not the first time that such crackdown happened. Since the United States has an air base in Uzbekistan, and a high-profile "democracy" drive underway, the makings of a dangerous situation, over some period of time, are present.

## Southwest Asia News Digest

### 88 Members of Congress Demand Answers on Secret Pre-War Deal

Eighty-eight members of Congress have called for immediate answers about a secret pre-war deal between President George W. Bush and British Prime Minister Tony Blair, in a letter written to President Bush on May 6, 2005. Led by Rep. John Conyers (D-Mich), Ranking Member of the House Judiciary Committee, and Dean of the Congressional Black Caucus, the Representatives demanded information from Bush about an alleged "secret deal" dating to 2002, between Bush and Blair to go to war with Iraq.

Details of the Bush/Blair deal emerged in recent articles in the British press, which reported on classified minutes of a summer 2002 secret meeting between Blair and his advisers on preparations to go to war with Iraq.

According to the letter from the 88 members of the U.S. House of Representatives:

"The minutes of this meeting contain the following stunning revelations:

"British officials offered an assessment of the case for war as 'thin'....

"The Foreign Secretary [Jack Straw] indicated a plan was being hatched with Bush Administration officials to create justifications to go to war, where no legal basis currently existed.

"British officials indicated that Bush Administration officials had already decided to go to war in the summer of 2002 despite contemporaneous, and apparently false, statements by Bush Administration officials that the President had not yet made such a statement.

"A high-ranking British official acknowledged the deliberate manipulation of intelligence, indicating that, while the President 'wanted to remove Saddam, through military action, justified by conjunction of terrorism and WMD ... the intelligence and facts were being fixed around the policy.'

"The same official warned that the Bush Administration had no plan for post-war Iraq, stating that ... [t]here was little discussion in Washington of the aftermath after military action."

Conyers wrote that, "These allegations strike at the heart of our democracy and present the most troubling constitutional questions.... These allegations... echo allegations by former Bush Administration officials Paul O'Neill and Richard Clarke. When these officials brought these allegations forward, they were slandered by Administration officials as lacking credibility. The source of these allegations—the British government itself—cannot be similarly assailed."

Among the signers, in addition to Conyers, were: Jackson-Lee, Sheila, Texas; Nadler, Jerrold, N.Y.; Maloney, Carolyn B., N.Y.; Frank, Barney, Mass.; Lee, Barbara, Calif.; Jones, Stephanie Tubbs, Ohio; Watson, Diane E., Calif.; Wasserman Schultz, Debbie, Fla.; DeFazio, Peter A., Ore.; Michaud, Michael H., Maine; Markey, Edward J., Mass.; Blumenauer, Earl,

Ore.; Hinchey, Maurice D., N.Y.; Baldwin, Tammy, Wisc.; Kucinich, Dennis J., Ohio; Olver, John W., Mass.; Gutierrez, Luis V., Ill.; Schakowsky, Janice D., Ill.; Slaughter, Louise McIntosh, N.Y.; Serrano, Jose E., N.Y.; Waters, Maxine, Calif.; McKinney, Cynthia, Ga.; Christensen, Donna M., V.I.; Payne, Donald M., N.J.; Brown, Corrine, Fla.; Kilpatrick, Carolyn C., Mich.; Meeks, Gregory W., N.Y.; Clay, Wm. Lacy, Mo.; Butterfield, G.K., N.C.I; Johnson, Eddie Bernice, Texas; Napolitano, Grace F., Calif.; Meehan, Martin T., Mass.; Moran, James P., Va.; Berkley, Shelley, Nev.; Thompson, Bennie G., Miss.; Lofgren, Zoe, Calif.; Kildee, Dale E., Mich.; DeGette, Diana, Colo.; Van Hollen, Chris, Md.; Hastings, Alcee L., Fla.; Watt, Melvin L., N.C, 12th Owens, Major R., N.Y., 11th Woolsey, Lynn C., Calif; Lewis, John, Ga.; Miller, George, Calif.; McGovern, James P., Mass.; McDermott, Jim, Wash.; McCarthy, Carolyn, N.Y., Solis, Hilda L., Calif.; Brown, Sherrod, Ohio; Bishop, Sanford D. Jr., Ga.; Farr, Sam, Calif.; Grijalva, Raul M., Ariz.; Stark, Fortney Pete, Calif.; Kaptur, Marcy, Ohio; Filner, Bob, Calif.; Wu, David, Ore.

## **Saudi Crown Prince on Diplomatic Offensive**

Following his talks with President George W. Bush and others, at Bush's Crawford, Texas ranch on April 25, Saudi Crown Prince Abdullah has started a round of meetings with key leaders in the region, in an attempt to cool down tensions. According to his aides, the Prince had urged Bush to reduce the pressure on Syria. In return, Abdullah would "encourage Assad to put into practice his stated intentions to carry out internal reforms and cooperate at the regional level," a reference to Lebanon. The Saudi sources said Bush and Abdullah agreed that Assad "should be given a chance to introduce political and security reforms at home and to formulate a policy of non-intervention in Lebanon, especially by Syrian security services." Furthermore, he said Abdullah would "not just brief Assad on the U.S. stance towards Syria, but also put forward proposals that would help ease Washington's pressure on Damascus and set the stage for better relations."

Abdullah was to meet Egyptian President Hosni Mubarak on May 6, and was then to travel to Amman for talks with Jordan's King Abdullah II. A visit to Syria would follow.

At the same time, however, Bush was quoted attacking Syria for being a danger to the world—leaving one to wonder what Dubya is up to. An important commentary in the *Gulf News*, by Patrick Seale, outlined the neo-cons' thinking. The article, entitled, "Is Syria's Leadership in Danger?" noted that for the Bush Administration neo-cons, getting the Syrians out of Lebanon was merely "a means to an end," the end being overthrow of the Assad regime. Seale wrote that for the neo-cons, Syria is at the center of a "hostile network" in the region, which includes Hizbollah, Iran, and the Iraqi resistance. "For the network to collapse, the Syrian regime must be overthrown!" he wrote.

Seale went on to explain that the neo-cons believe they cannot control the Iraq mess, until they have removed Iran and Syria as factors; since they are shying away from attacking Iran directly, they would go for regime change in Damascus, hoping that a puppet regime there would help isolate Iran.

## **Maronite Patriarch Intervenes for Lebanon Stability**

On May 2, Maronite Patriarch Nasrallah Sfeir returned to Lebanon from Rome, where he had a private discussion with the new Pope, Benedict XVI, and from Lourdes, France, where he spoke on the phone with French President Jacques Chirac. The Patriarch gave a press conference at the airport, where he sternly criticized the way various political factions were squandering the political potential of the upcoming Lebanese elections. Sfeir, who has urged that all factions proceed from the higher commitment to the nation of Lebanon, and not fall into the quagmire of civil war, noted how Lebanese factions have played "confessional politics."

Patriarch Sfeir will be meeting with various political and religious leaders in the next two weeks, with the aim of changing the environment leading into the May 29 elections.

Lebanese leaders have told *EIR* that the political agitation is making people dizzy, particularly in the context of the build-up to the May 7 return of former Interim President Michel Aoun from French exile, and the expected release from jail of Lebanese Forces Commander Samir Geagea. One Lebanese commentator wrote, "Let us steer the Lebanese democracy out of the bazaar, where the most precious aspirations and beautiful dreams are sold for the cheapest price."

Among the hot spots that were noted are:

\* A new draft resolution calling for the disarmament of Hezbollah is being discussed in the UN Security Council. The draft, circulated by France, deplors the fact that "there has been no progress toward the disarmament of Lebanese and non-Lebanese militias, and that the government of Lebanon still does not fully exert control over all its territory."

Making the disarming of Hezbollah an issue is a favorite of the U.S. neo-cons, who see this as an opportunity for military intervention into Lebanon, which can then be a springboard for the "regime change in Syria" strategy, that Cheney and his crowd are pushing.

\* Disinformation that Syria has not evacuated from Lebanon, although UN troops declared that all Syrian forces and intelligence agents had left the country. Fuel was added to the fire being kindled in the UN Security Council when a UN verification team attempted to inspect a post in the Bekaa Valley. The post was manned by guards from the Popular Front for the Liberation of Palestine-General Command, who, not expecting the team, fired shots in the air and ordered them not to approach the post. Although the inspection team left without incident, UN Secretary General Kofi Annan protested that the Lebanese army must do more to protect the UN inspectors. (Palestinian refugee camps have been outside the jurisdiction of the Lebanese state since the Cairo Agreement of 1969—but now some are trying to make an issue of the PFLP-GC outposts.)

\* All protesters agreed last week to move out of the tent city in Martyrs' Square which developed out of protests after former Prime Minister Rafik Hariri's assassination last February. But supporters of jailed Lebanese Forces Commander Geagea and General Michel Aoun moved back in, saying that the protests were not finished. Although the opposition had agreed to curtail their demonstrations, Geagea's supporters held sit-ins in front of parliament demanding that it pass a law freeing the Commander, who has been imprisoned for the last eleven years. Also, Aoun's supporters are plastering the country with posters reading; "DeGaulle 1945; Aoun 2005," and preparing big rallies for his return to Lebanon on Saturday after 15 years of exile in France.

Christian and Muslim forces are working to ensure that these two figures, who have been known to have been manipulated by outside forces during their long periods of prison and exile, do not spring any of the traps set for them, and through them for the nation. There is still a dispute about the electoral process, and Aoun, who, in an interview from France announced that he expects to be swept into the Presidency upon his return, already labelled as "traitors" those who want a larger electoral district. On the other hand, the Patriarch, Cardinal Sfeir, said that, while he thinks that the smaller electoral district would assure better representation, "the priority is not to postpone the election, because the whole world is watching us very closely."

## Asia News Digest

### Afghan Civilian Deaths Worry President Karzai

A major explosion in Afghanistan at an ammunition dump killed 28 Afghans on May 2. The explosion took place in the village of Bajgah, in the province of Baghlan about 80 miles north of Kabul. It is not clear whose ammo dump it was. The government of President Hamid Karzai issued a statement saying it belonged to Jalal Bajgah, a militia commander who

died in the explosion. A few days later on May 5, U.S. special envoy to Afghanistan, Zalmay Khalilzad, answered President Karzai saying, "whenever there are military operations and innocent civilians lose their lives, we regret it very much."

On May 5, U.S. military spokeswoman Lt. Cindy Moore reported the deaths of 40 "insurgents" in an ongoing firefight with U.S.-led coalition forces in Zabul.

But there is no doubt that the end of winter has not reduced violence in Afghanistan. Most of the victims of recent days' violence have been civilians. Karzai—whose "throne" is in a great deal of jeopardy, if one could believe what the U.S. military officials say—has issued a statement urging Afghan and coalition forces to use "extreme caution" as they root out Islamic militants. He said there is a spurt in civilian deaths in recent weeks as a result of counter-terror operations in civilian areas. He said that while his government is committed to combatting terrorism, he is also responsible for the safety of the Afghan people.

### **Evidence Shows U.S. Sends 'Terror Suspects' for Torture**

There is growing evidence that the U.S. has sent "terror suspects" to Uzbekistan for detention and interrogation, i.e., to be tortured, according to the *New York Times* May 1. Uzbekistan has earned the notoriety of being a ruthless torturer of its own prisoners. Intelligence officials estimate that the U.S. has sent dozens of terrorism suspects to Uzbekistan. Since 9/11, the CIA has used two American-registered planes—a Gulfstream jet and a Boeing 737—to ship terrorists over to Uzbekistan.

The story was leaked by the British Ambassador Craig Murray who made available to the *Times* a confidential memo describing the vicious torture methods used by the Uzbeks. "We should cease all cooperation with the Uzbek security services—they are beyond the pale," Murray wrote in the memo.

The United States and Uzbekistan's strategic partnership was based initially on the American use of a Uzbek military base. The base was used for bringing in Special Forces into Afghanistan in the winter of 2001 to oust the Taliban.

### **African Polio Outbreak Arrives in Indonesia**

Medics in Indonesia say they have detected the first case of polio virus in the country in nine years, in a 20-month-old girl on Java island, a UN World Health Organization medical officer reported, according to AFP May 3.

Tests indicate that the virus may have been transported from Saudi Arabia, which has suffered an outbreak that originated in Nigeria, and spread across Africa and the Red Sea, possibly carried by Muslim pilgrims heading to Mecca, or by migrant workers. Indonesia is the largest Muslim country in the world.

Polio remains prevalent in only six countries: Afghanistan, Egypt, India, Niger, Nigeria, and Pakistan. Vaccination programs have reduced the number of cases from 350,000 in 1988, to 1,243 last year, but a handful of African and Middle Eastern nations have reported being reinfected following a ban last year on a polio vaccine in Nigeria, prompted by radical clerics who spread rumors that it had been contaminated by U.S. agents.

The UN official said the Indonesian government had mobilized a major vaccination campaign, targeting millions of children in the densely populated region of Sukabumi in West Java province, where the case was detected on April 21. The official said that all children under the age of five in the affected area would be immunized.

## **U.S. Rep Would Accept Bilateral Talks with North Korea**

The U.S. representative to the six-party talks on North Korea said he would welcome bilateral talks with Pyongyang in the context of the six-party talks. Speaking with the South Korean newspaper *Hankyoreh*, Assistant Secretary of State for East Asia, Christopher Hill, apparently broke from the "no bilateral talks" line of the Bush Administration, to a position closer to that proposed by some Democrats—hold both the six-party talks and bilateral talks at the same time. In the context of the hysterical tirade against North Korea by President George Bush (and the White House press corps) at a press conference April 28, and the leaked proposal from the Pentagon about preemptive nuclear strikes in Asia, the proposal by Hill was at least an attempt at sanity.

"If they would like to talk to us in private, bilateral ways within the six-party process, or if they would like consultations between the rounds of the six-party process, I would be very open to those proposals," Hill said. Asked if such talks could take place at a separate venue, Hill responded: "I think we can look at that suggestion positively. We would be willing to talk, and I enjoy give-and-take."

Hill also said "No one is talking about taking this to the Security Council."

## **ADB Moving Into 'New Era of Development'**

Former Japanese Finance Minister Haruhiko Kuroda, who took over as President of the Asian Development Bank (ADB) in February, told the 38th Annual Meeting of the Board of Governors in Turkey that the Asia/Pacific region is moving into a "new era of development," and undergoing a "fundamental and far reaching transformation." Kuroda noted that while poverty in Asia has been reduced by some 200 million in the past 15 years, "some 700 million people still struggle on less than \$1 a day." He said that the ADB itself "must change, [and] become more relevant, more responsive, and more focussed on results."

He listed the areas of "greater focus" as: greater investment in water, sanitation, health, and education; HIV, and the condition of women; "Asia's massive infrastructure financing gap, estimated at more than \$250 billion a year"; cooperation on international projects, like the Greater Mekong Subregion, as well as Central and South Asia; and cooperation with the ASEAN+3.

## **ADB Will Expand Issuance of Regional Currency Bonds**

The Vice President of the ADB, Khempheng Pholsena, told the Annual Conference on May 4, that the program begun last year in India and Malaysia to issue local currency bonds will be expanded to include Thailand, the Philippines, and China, primarily to "enable the public and private sector to raise and invest long-term capital while minimizing currency and maturity risks." She noted in understated terms that the "direction of the global capital markets remains uncertain," while the rising interest rates in the U.S. have increased interest in local financing.

## **German Group, ADB To Cooperate in Projects**

The ADB and the German Development Cooperation (GDC) have agreed to cooperate in a number of projects in Asia, including co-financing of programs in education, water, energy, transport, health, and urban development. The agreement was signed on May 4, before the opening of the ADB Annual Meeting in Turkey. The GDC includes the German Ministry for Economic Cooperation and Development, the Kreditanstalt fur Wiederaufbau, and several other agencies.

## **East Timor: Catholic Bishops Demand Regime Change**

The Catholic bishops in East Timor are demanding regime change, and rejecting the "Treaty of Westphalia" policy of President Xanana Gusmao. The Church, led by Bishop Alberto Ricardo da Silva, first called for demonstrations in mid-April, to protest the government's decision to end compulsory religious education in the schools, and in opposition to Gusmao's deal with Indonesia to form a "Truth and Friendship Commission" to deal with the rioting and killings after the independence vote in 1999. The Bishop is demanding acceptance of the UN call for a foreign-run tribunal to get revenge (they call it justice) from some Indonesian military officers.

The Church is demanding the resignation of Prime Minister Mari Alkatiri, one of the few Muslims in the government of the largely Catholic mini-state, over the religious education issue, which further puts these churchmen on the side of reaction. Reports as of May 4 indicate that as many as 10,000 have joined the demonstrations, made up of people with many different grievances in this poor land. The government is reported to be divided on how to handle the threat.

## Africa News Digest

### Marburg in Angola: Situation 'Still Quite Alarming'

There has been a burst of new Marburg Fever cases and deaths in Angola, and Doctors Without Borders (DWB) called the situation 'still quite alarming' on May 2. The number of cases acknowledged by the World Health Organization has jumped, as of May 2, to 313, the number of acknowledged deaths, to 280, and the number of deaths of health workers—including doctors—to 19. Actual figures are larger. The comparison to the figures of three days earlier, is 313 vs. 277 cases, 280 vs. 257 dead, and 19 versus 17 health workers dead.

"The epidemic is still not under control.... The situation is still quite alarming.... [A] new focal point has emerged in the hospital of Songo, about 30 miles northwest of Uige," DWBorders reported May 2.

### Top Nigerian Economist Signs Call for New Bretton Woods

Professor Sam Aluko of Nigeria, formerly the top economic adviser to the Nigerian President, signed Helga Zepp-LaRouche's call for an Ad Hoc Committee for a New Bretton Woods on May 6.

### Nigerian VP: Never More Serious About Debt Relief

Nigeria has never been more serious than it is now about debt relief, said Nigerian Vice President Atiku Abubakar, in response to a question from *EIR*, at a Washington forum. Atiku was the speaker at a Director's Forum at the Woodrow Wilson International Center for Scholars May 2. Atiku said that Nigeria paid \$1.8 billion in debt service in 2004, or 11 times what the country spent on health care and five times what it spent on education in 2004. However, he noted that Nigeria still fell short of the total \$2.9 billion in debt service it is supposed to pay, and is an additional \$3.36 billion in arrears.

In answer to *EIR*, Atiku raised the question, "Do we really owe \$37 billion?" This is the foreign debt of Nigeria, as computed by bankers' arithmetic.

Meanwhile, one reliable source in Nigeria dismissed all talk of debt relief as nonsense.

But Argentine President Nestor Kirchner's success in offering creditors 30% on that country's debt, "take it or leave it," is

likely to be having an impact on the geometry of the collapse of the financial system.

When someone asked, what one thing would have the single greatest impact in unleashing the Nigerian economy, Atiku answered, increasing electricity generation.

### ***Financial Times* Supports Debt Relief for Nigeria, To Keep It Under Control**

The London *Financial Times* supports "at least partial" debt relief for Nigeria as the only way to keep control over the country. A *Financial Times* editorial April 26 recalls that the March report of Blair's Commission for Africa "called for Nigeria to be included in wider and deeper debt relief" for Africa. The editorial states that Nigeria "may be the world's eighth biggest oil exporter, but its 130 million-plus population is one of the poorest.... Foreign aid per head is just \$2 a year, lower than anywhere else in Africa except Libya.... The sum of aid and [actually paid] debt service results in an annual net transfer from Nigeria to rich governments of about \$10 for every Nigerian. No other country as poor as Nigeria has such a burden."

A strong argument for "at least partial relief," it says, is that "Without such a gesture of support, the country's embryonic plans for economic reform have little chance of surviving. At long last, President Olusegun Obasanjo's government is promoting a reasonably credible and rigorous program. But many aspects of it are unpopular and up against entrenched interests. A favorable debt deal would ... go a long way towards providing legitimacy for the proponents of tighter economic governance."

One of Obasanjo's latest "reforms" has been to get a law passed that makes continued existence of the trade union umbrella, the National Labour Congress, a matter of the President's discretion. Other reforms are privatizing state-run enterprises and cutting subsidies for gasoline and kerosene. (Nigeria imports refined products at high prices while its own refineries languish in disrepair.)

### **Nigerian Dailies Plagiarize *Financial Times* on Debt Relief**

*Business Day*, self-described as "Nigeria's premier business daily," published the *Financial Times* editorial on Nigerian debt relief reported above, on the same day, without any indication that it was not written by its own staff. *This Day*, a Lagos daily, did likewise the next day.

### **Did Bush and Obasanjo Discuss the Nigerian Debt?**

The leading item on the agenda, when President Bush and Nigerian President Olusegun Obasanjo talked at the White House May 5, is supposed to have been Bush's request that Obasanjo hand over former Liberian President and butcher, Charles Taylor, to the Sierra Leone special tribunal for war crimes. The ground was prepared by a 421-1 non-binding resolution in the U.S. House of Representatives May 3 that made that demand. Bush does have an interest in the matter: in 2003 the Cheney-Bush regime offered \$2 million for the kidnapping of Taylor from Nigerian sanctuary.

Obasanjo told the press, "We must not forget the circumstances under which Charles Taylor was brought to Nigeria" by the Presidents of Nigeria, South Africa, and Ghana. But he added, "We have agreed that we will explore how we work together to achieve what needs to be achieved." Surrendering Taylor would likely lead to Taylor's faction reopening the Liberian civil war.

Why is this the central issue now? The House resolution seemed to come out of a clear blue sky. Did Bush and Obasanjo talk about debt and use the House resolution as a pretext? Or is the Bush regime using the Taylor issue as a test, to see how

far Obasanjo can be made to bend over, before deciding on a strategy for the debt?

## **Could Bush Regime Bring Sudan Gov't Into Its Orbit?**

The possibility of bringing the government of Sudan into the Bush regime's orbit is hinted at in a *Los Angeles Times* signal piece of April 29. The lengthy story underscores close counter-terrorism intelligence cooperation between Khartoum and Washington since shortly after 9/11, even while political and diplomatic relations have remained frosty. But the piece ends with this:

"Last month, Secretary of State Condoleezza Rice sent a letter to the Bashir government calling for steps to end the conflict in Darfur. But the letter, reviewed by *The [L.A.] Times*, also congratulated Sudan for increased cooperation with an African Union mission to Darfur. It also said the administration hoped to establish a 'fruitful relationship' with Sudan and looked forward to continued 'close cooperation' on terrorism."

In exchange for its cooperation, Khartoum wants to be removed from the U.S. list of state sponsors of terrorism. The *Times* reports, "A senior U.S. government official familiar with terrorist threats ... said Khartoum was not at present a state sponsor of terrorism.... 'The reason they are still there [on the list] is Darfur, which is not related to state-sponsored terrorism but makes lifting sanctions now politically impossible.' "

As if to "acknowledge receipt" of the *L.A. Times* story, "Sudan officially confirmed Sunday [May 1] recent talks between its top intelligence and American counterparts in Washington. The Sudan National Security and Intelligence Department said in a statement its chief, Gen. Salah Abdullah [Gosh], held 'successful talks recently with his counterparts at the Central Intelligence Agency,' " UPI reported from Khartoum May 1. UPI noted the *L.A. Times* story. The confirmation appears to refer specifically to this paragraph in the story:

"Last week, the CIA sent an executive jet here [Khartoum] to ferry the chief of Sudan's intelligence agency to Washington for secret meetings sealing Khartoum's sensitive and previously veiled partnership with the administration, U.S. officials confirmed."

(Gosh is one of the people accused by the Congressional Research Service and members of Congress of directing military attacks against civilians in Darfur.)

## **Janjaweed Leader in Negotiations With Non-Arab Chiefs**

A top Janjaweed leader has been in peace negotiations with non-Arab chiefs in Darfur for weeks. Jonathan Karl, in the *Weekly Standard* May 2, highlighted the negotiations between Musa Hilal, the most prominent of Darfur's Arab nomad tribal chiefs, and Darfur non-Arab (but Muslim) tribal chiefs. Karl was in Khartoum during Deputy Secretary of State Robert Zoellick's visit April 14-15.

Karl interviewed Hilal during a formal dinner Hilal hosted in Khartoum; the 50 guests were leaders of the Fur, a large, non-Arab people. Karl writes, "These are leaders of the people Hilal stands accused of terrorizing. The 'chief of the chiefs' of the Fur tribe sat next to Hilal.... [He] is an elderly and desperate man. He wants reconciliation with Hilal because he wants his people out of the camps, ... and back to their villages. He doesn't have much faith in ... the international community...."

Reuters had reported April 6 that Hilal read a joint statement of Arab and Fur tribal leaders to the press in Khartoum April 5, rejecting the UN's referral of war-crime suspects to the International Criminal Court. Reuters wrote: "A Fur leader from Zalengei in West Darfur state said he was optimistic Fur members of the rebel groups would listen to him.... Another Fur

leader from Zalengei, Youssef Bakheit, said that within 60 days the Zaghawa and Massalit tribes would join the reconciliation process."

## This Week in History

### May 9-15, 1942

#### Henry J. Kaiser Organizes an Incredible Leap in American Ship-Building

In the late winter and spring of 1942, Hitler had ordered his U-boats to attack American shipping, from Nova Scotia to the Caribbean. Because of the lack of U.S. Navy ships to act as armed escorts for America's merchant ships, the U-boat captains found easy pickings. Due to the fact that the large East Coast cities did not go to wartime blackout rules until mid-April, the German submarines could just wait offshore and fire at American ships as they were silhouetted by the lights of the cities.

Sometimes the survivors would be rescued, at other times they were machine-gunned. By March 1942, 788,000 tons of dry cargo shipping and 375,000 tons in tankers had been sunk. The loss in tankers was so great that they had to be withdrawn from the Atlantic coastal routes. President Franklin Roosevelt was frustrated by the Navy's slow mobilization against these attacks, and began to rely on planes from the Army Air Force. But this was only a stopgap measure, and meanwhile, embattled Britain desperately needed ships as well. Roosevelt decided that the only way to overcome the shipping losses was to outbuild them. He set a goal of 8 million tons of new shipping by the end of 1942, which most people thought was absolutely impossible.

One man who did not, was Henry J. Kaiser. Kaiser was born on May 9, 1882, the same year as Franklin Roosevelt, and shared with him the belief that great problems could be overcome with creativity, careful planning, and, often, bold actions. Kaiser had originally made his career as a construction contractor, and even in the early 1900s, had become known for his unusual methods of enhancing labor power, which enabled him to finish his construction jobs in record time. In an era when much road-building was done with picks, shovels, and mules, Kaiser put rubber tires on wheelbarrows and had them pulled by tractors. Later, he replaced gasoline engines with more efficient diesel engines.

During the 1930s, Kaiser not only built the piers for the Oakland-San Francisco Bay Bridge, but he also headed the companies which built the Parker, Bonneville, and Grand Coulee dams. In 1931, he put together the combine of companies which would build the Hoover Dam on the Colorado River, a project so large and complicated that it took seven different firms to bring it to completion. Kaiser's firm also built levees on the Mississippi River, pipelines in the American West and in Mexico, naval defense installations on Wake, Guam, and Hawaii, and a 30-mile aqueduct to bring water to New York City.

But Kaiser had never built ships. As the Nazis took over more and more of Europe, the danger to the Americas became critical. If the Fascists were to conquer Britain and acquire her fleet, North and South America would be facing the fleets and air forces of the rest of the industrialized world. Therefore, Roosevelt ordered the construction of a fleet of Liberty Ships, which would carry supplies to Britain to aid her in her battle against the Nazis. Although the ships were slow, "ugly ducklings," they could carry 2,840 jeeps, 440 light tanks and 3 million C-rations. Henry Kaiser was convinced by Adm. Emory Land, Chairman of the U.S. Maritime Commission, to enter the shipbuilding business, but he initially knew so little about it that he had to go to the public library to look up shipbuilding terms.

Kaiser went into partnership with an experienced shipbuilder from the East Coast, and chose the site for his enterprise on the mud flats of Richmond, Calif., bordering San Francisco Bay. He had contracted to build 30 cargo ships for the British,

and when a British delegation came to inspect the site in 1940, they asked where the shipyards were. Kaiser pointed to the mudflats and answered that within months there would be a shipyard with thousands of men and women building ships for Britain. The delegation was dubious, but in their desperate straits they had to count on a miracle, and they got one.

Kaiser put Clay Bedford, a young engineer, in charge of the project and gave him an outline of what should be done. This included a generous use of space so that the production would never be crowded, a program of prefabricating huge sections of the ships using the kind of massive cranes that had been used in building dams, and using welding instead of the old technique of riveting the ship together.

According to Bedford, "We designed the yard. Actually, there was a race between the Kaiser draftsmen and the field people as to whether we could build it first or the engineers and architects could draw it first. We finished the office in thirty-four days, during which it rained heavily every day. Actually, it rained steadily for fifty-three days. We had water six inches deep along Cutting Boulevard resulting from a high tide and a hard southwest wind, yet we kept twenty trucks busy night and day for three months bring in fill, and dredging the area. It was a miserable time, but we took it in stride because I had a lot of fellows from Bonneville Dam where it rained eighty-four inches a year."

Shortly thereafter, Kaiser selected another site for a shipyard at Portland, Ore., and the two yards engaged in a healthy competition to see which one could build a seaworthy ship the fastest. Although the average time needed to deliver a ship in 1940 was 355 days, Kaiser and his engineers cut the time to 194 days in 1941, and to 60 days in early 1942. After only one year in shipbuilding, Kaiser had six new shipyards in operation and was dubbed "Sir Lauchalot" by the press. The Maritime Commission took each new record he set and used it as the pacesetter for the entire shipbuilding industry.

In September of 1942, the Portland facility launched the Liberty Ship "Joseph N. Teal" in 10 days, and invited President Roosevelt to attend, and his daughter Anna to christen the ship. The Richmond yard, not to be outdone, proposed to build a Liberty Ship in half that time. Henry Kaiser decided to ask the President whether this breakneck speed would be acceptable, and Roosevelt answered, "Build it, and if it can be done in one day, so much the better." So, on Nov. 12, 1942, the "Robert E. Peary" was launched in four days, 15 hours, and 26 minutes after the keel was laid.

But production speed was only one aspect of Kaiser's accomplishments; how he managed to train a workforce of 197,000 men and women was another. It was Kaiser's conviction that if people were treated with respect and given a fair chance, they would do a good job. In his initial hiring to produce the Liberty Ships, there were not many problems, because there were skilled shipbuilders on the West Coast and they were used to train the less skilled workers. But after Pearl Harbor, and the large number of people entering the military, there was a desperate shortage of workers. Those who were available generally needed a lot of training to enable them to work in a shipyard. In addition, the workers who had been judged unfit for military service needed extra attention in order to compensate for their disabilities.

Kaiser hired many women, and also encouraged the hiring of Negroes. Some unions had a ban on allowing membership to Negroes, but because of the war emergency and Kaiser's hiring policy, this ban was soon lifted. In order to provide health care for his workers, Kaiser originated a health plan which provided clinics and preventive medicine. In coordination with Eleanor Roosevelt, he gave his son Edgar the task of building a comprehensive day-care system for the children of his employees. The program even included hot meals provided at cost, which the workers could take home when they picked up their children.

In 1942, Kaiser sent two trains to New York City to hire workers and bring them directly to the West Coast. His reasoning was that the absence of war plants in the New York area would mean that many people there would be looking for jobs. His recruiters filled both trains. A newspaper article quoted the recruiters as saying, "If they know one end of a monkey wrench from another, we'll take them as helpers. If they don't, we'll label each end." With these workers, Kaiser began producing oil tankers and small aircraft carriers, called "baby flat-tops."

The shipyard at Richmond became a leading example of Kaiser's production techniques. The huge facility was laid out on a grid pattern, with numbered and lettered streets. Behind the ship ways on the water's edge, roads and rail lines led to assembly sheds as far as a mile away. In these sheds, the superstructures of ships moved along assembly lines, with parts and components being fed into the sheds by overhead conveyors. These parts came from sub-assembly plants even further beyond the sheds. Once a superstructure section or bulkhead was completed, it was lifted by a giant crane onto the ship's hull and welded. These methods made the shipyards so efficient that Kaiser's yards built one-third of all the Liberty Ships produced during the war.

The engineers and managers that Kaiser hired were paid only moderate salaries and were driven hard, but they were given bonuses for good performance and were offered the opportunity to work on some of the most challenging projects in the world. Kaiser stated that, "We learned you can't get fine talent into your organization by simply offering high salaries. You and the men who work with you have to build yourselves up to the capacity to tackle bigger and bigger jobs." By the end of the war, Kaiser's group had built seven new shipyards with a total of 58 building ways, which had produced 1,490 ocean-going ships. This was one-fourth of the total shipbuilding program of the United States.

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