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

### **LaRouche Defines the Fight To Save Civilization Today**

*The following remarks were made by Lyndon LaRouche to an assembly of the his movement in Europe on Dec. 29, 2005.*

There are changes in the world, which are coming from the United States, which I've played a key part in initiating. There's no guarantee of victory. The world is too far gone, for anyone to think of assured survival of civilization, in this period. The changes should have been made a long time ago, and they weren't.

It's been 40 years since the beginning of the collapse of the world economy, especially that of Europe and the United States. The collapse came in the context of the period from 1964 to 1972, in which there was a deliberate destruction of U.S. civilization and that of Europe, which had been planned immediately at the end of the war. And this took an effect upon a generation which was born immediately after the war, which was subjected to a form of brainwashing, known as the Congress for Cultural Freedom, and similar kinds of things.

It was a reign of terror, under Truman, beyond belief. In fact, what we have to understand is, that the crowd in Europe, called the Synarchist International, which gave us fascism between 1922 and 1945, was an Anglo-American crowd, centered in London and in Paris, which created fascism as its tool.

In the early period of the rise of Mussolini, the leading financial circles in New York, were sympathetic, including the circles of John Dewey, the famous liberal, were sympathetic to fascism. The approval for fascism in the form of Mussolini, in the United States, in leading intellectual circles, was strong. And initially, the same thing was true of the Hitler period: In leading financial circles, in the United States, especially in Britain, the sympathy for Hitler initially was very strong.

But there was also a confusion, which was typified by the case of a famous Jewish figure, who had been an agent of the Russian Okhrana, who appealed from Italy, twice, to Hitler, to make a pact with Hitler. This was the leader of what became the Israeli right-wing: Jabotinsky. He wrote twice to Hitler, appealing for a pact with Hitler. Why? Because he believed that, the principles of fascism would require Hitler to put aside anti-Semitism and the persecution of the Jews....

**[...full article \(PDF\)](#)**

# InDepth Coverage

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[Executive Intelligence Review, Vol. 33, No. 1](#)

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## Feature:

### [THE CASE OF BALTIMORE](#)

#### [Deindustrialization Creates 'Death Zones'](#)

[by EIR Economics Staff](#)

'We call it a death zone,' is the description by a long-time Baltimore resident and teacher, for one of several localities within the city, where the population today is in a state of medical collapse. The process of deindustrialization and globalization unleashed in leading manufacturing cities in America over the past 40 years is producing a collapse of civilization. This collapse, now in its end-phase, manifests itself in a large increase in death rates from disease, and the potential for still greater death rates as new combinations of diseases interact with squalid living conditions, to spawn still more virulent killer diseases.

- [LaRouche on Epidemiology In the City of Baltimore](#)

On Oct. 12, 2005, at an international LaRouche PAC webcast in Washington, D.C., Lyndon LaRouche spoke of the situation in Baltimore, in his discussion of the necessity of ending genocide in Africa, Asia, and elsewhere, by returning to the 'characteristic features' of the concepts of the General Welfare and the Common Good, as understood in modern European society.

- ['Death Zone' Profiles](#)

All of the sub-districts in Baltimore, delineated as experiencing 'excess death,' manifest in their particulars of breakdown, disease, and death, the four-decades-long collapse of the entire metropolitan area. The following two community profiles make the point. They are shown in Figure 1 by number, which displays 55 'Community Statistical Areas,' amalgamated from the 200 census tracts, taking into account the 260 local neighborhoods of Baltimore.

- [Poverty Kills](#)

[by Ned Rosinsky, M.D.](#)

Economic collapse kills people. Poverty destroys societies; and social collapse, at its end stages, involves sudden downward changes in people's health, due to factors such as loss of jobs, loss of health insurance, homelessness, breakup of families, resort to substance abuse, psychological collapse, and descent into crime and incarceration. These various downward changes strongly interact. Loss of job can directly cause loss of health insurance, as well as homelessness due to inability to pay rent or mortgage. Homelessness can contribute to family breakup, and with this loss of family support, can come psychological collapse.

- [Interview: Ted Smith](#)

#### ['These Kids Are On a Death March'](#)

Ted Smith is a Baltimore teacher, resident, and community center director. He was interviewed by Larry Freeman on Dec. 27, 2005.

**EIR:** As you know, we're looking at the history of Baltimore and the conditions that have led to an increase in disease and death in certain sections of the city. How do you see this?

## Strategic Intelligence:

### [Cheney and the 'Schmittlerian' Drive for Dictatorship](#)

## by Edward Spannaus

On Jan. 3, 2001, nine months before the 9/11 terrorist attacks on the World Trade Center and the Pentagon, Lyndon LaRouche issued a blunt warning to a Washington, D.C. audience, that the incoming Bush Administration would attempt to impose dictatorial crisis-management rule, modeled on the Hitler regime in Nazi Germany. LaRouche singled out the nomination as Attorney General of John Ashcroft, a leading figure within the 'conservative revolutionary' Federalist Society, as the clearest signal of the intentions of some in the incoming Bush-Cheney regime. 'First of all,' LaRouche warned, 'when Bush put Ashcroft in, as a nomination for the Justice Department, he made it clear, the Ku Klux Klan was riding again. . . . Ashcroft was an insult to the Congress. If the Democrats in the Congress capitulate to the Ashcroft nomination, the Congress is finished.'

## Profile: Carl Schmitt

### Dick Cheney's *Éminence Grise*

#### by Barbara Boyd

Lyndon LaRouche is not the only Constitutional scholar to remark that President Bush's claim of absolute Presidential power, trumping any mere law or statute, and Cheney's Air Force II ramblings, come straight out of Carl Schmitt. Sanford V. Levinson, who holds dual professorships in law and government at the University of Texas, and is an eminent Constitutional scholar, wrote in the Summer 2004 issue of *Daedalus* that, 'although some analysts have suggested that the Bush Administration has operated under the guidance of the ideas of German emigre' Leo Strauss, it seems far more plausible to suggest that the true *e' minence grise* of the administration, particularly with regard to issues surrounding the possible propriety of torture, is Schmitt.'

## Fascist 'Feddies' March Through the Institutions

#### by Jeffrey Steinberg

The same right-wing tax-exempt foundations that are behind the Carl Schmitt revival of the past 20 years, have also bankrolled a 'Schmittlerian' 'march through the judicial institutions' via the misnomered Federalist Society. Founded in 1982, at the University of Chicago and Yale University law schools, the Federalist Society has promoted the dismantling of all regulatory protection of the General Welfare, while advocating the most draconian police-state excesses, typified by the Patriot Acts and the 'torture memos.' These have been authored by a team of Federalist Society members and allies inside the Department of Justice Office of Legal Counsel and the White House Office of the General Counsel—under the sponsorship of Vice President Dick Cheney and Cheney's current chief of staff and general counsel, David Addington.

## What's a 'Rohatyn'?

**Tony Papert** reveals that the Synarchist financial interests who sought to turn France fascist in the 1930s, are trying to do the same to the U.S. today. Researched by a team coordinated by **Pierre Beaudry**.

When a proposal of Felix Rohatyn's appeared in the Washington Post of Dec. 13, 2005, counterposing his own plan, to Lyndon LaRouche's well-known proposals for national economic recovery through long-term, low-interest Federal credits for vital infrastructure-building, leading Congressional Democrats tended at once to realize that there was something 'fishy' in what Rohatyn was suggesting, but many were unsure about exactly what was wrong with it.

## What Is Synarchism?

#### by Lyndon H. LaRouche, Jr.

'Synarchism' is a name adopted during the Twentieth Century for an occult freemasonic sect, known as the Martinists, based on worship of the tradition of the Emperor Napoleon Bonaparte. During the interval from the early 1920s through 1945, it was officially classed by U.S.A. and other nations' intelligence services under the file name of 'Synarchism: Nazi/Communist,' so defined because of its deploying simultaneously both ostensibly opposing procommunist and extreme right-wing forces for encirclement of a targetted government. Twentieth-Century and later fascist movements, like most terrorist movements, are all Synarchist creations.

## Felix Rohatyn, New York Dictator, 1975-82

The following is an abridgement of 'How LaRouche Fought New York's Fascist Financial Dictatorship, 1975-82,' by Richard Freeman, EIR, July 27, 2001.

# Economics:

## **The Global Real Estate Bubble Is Beginning To Blow**

**by Helga Zepp-LaRouche**

If a patient shows symptoms of acute sickness in several critical organs at the same time, a radical operation is required, or else soon any solution will be too late. The current situation of the world financial system can be described in these terms. It takes the same approach to deal with the apparently totally different problems of the real estate market bubble; the threatening bankruptcy of the whole American auto sector; the enormous difficulties in reaching a compromise on the European Union (EU) budget; or finding a solution at the Hong Kong summit of the World Trade Organization (WTO): They are expressions of the ongoing collapse of the system of globalization.

## **International:**

### **LaRouche Defines the Fight To Save Civilization Today**

Lyndon LaRouche gave this speech to an assembly of the LaRouche movement in Europe on Dec. 29, 2005.

### **Implications of The Iraqi Elections**

**by Hussein Askary**

First putting things in context: The drive to impeach U.S. Vice President Dick Cheney and his obscure bodyguard George W. Bush is the factor that would make Iraq, or break it. As long as Cheney remains at the wheel of the ship of the state of the United States, Iraqis would not be able to sleep quietly nor enjoy the daylight.

### **Is Cheney Setting Up Turkey Against Iran?**

**by Muriel Mirak-Weissbach**

It seems that hardly a day passes without a statement by Turkish Foreign Minister Abdullah Gül, denying reports of an alleged deal struck with U.S. intelligence officials concerning belligerent moves against Iran.

### **Moscow Paper Covers LaRouche Berlin Meet**

**by Rachel Douglas**

The Dec. 23 issue of the Moscow weekly newspaper Slovo carried Prof. Stanislav Menshikov's report on the Dec. 9/10 EIR seminar in Berlin on the post-Cheney era, under the headline, 'The New Program of the American Democrats: The U.S.A., Too, Needs a Recovery.' Highlights of the 2,300-word article include Menshikov's report of how LaRouche explained that 'Cheney must be removed,' as the means to get the policy-change process going, and the professor's forceful argument that the 'revolutionary' developments from the Democratic Party can spell the end of neo-liberalism, including in Russia.

### **Amelia Boynton Robinson Brings Fight For the 'Real, True America' to Europe**

Immediately after a tour of the West Coast of the United States, which began in mid-November, the 94-year-old Schiller Institute vice president, Mrs. Amelia Boynton Robinson, launched a high-profile tour in Italy and Germany. The honored U.S. Civil Rights Movement veteran, who began organizing African-Americans to vote in Alabama, in the face of what most people thought were insurmountable obstacles, 30 years before Dr. Martin Luther King came to the state, focussed on two major subjects during her tour.

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

### **Auto Shutdowns: Delphi Would Cripple Saginaw's Budget**

The city of Saginaw, Mich. stands to lose at least 5% of its total budget in one stroke, if the two Delphi plants in the vicinity of Saginaw are shut down.

Delphi Energy & Chassis Saginaw Operations employs 1,300 hourly and salaried workers, and Saginaw officials estimate 250 of them live in Saginaw and pay the full 1.5% resident income tax. The remaining 1,050 are assessed the 0.75% rate

for non-resident workers. Delphi Steering in Buena Vista Township has 5,500 workers, of whom 1,100 live in Saginaw and pay the 1.5%. Combined, the city is receiving \$1.46 million this year in income taxes from Delphi employees, almost 5% of the \$33 million general fund for police, fire, and other services. In addition, Delphi E&C also pays \$182,000 in property taxes and \$100,000 to the city rubbish fund, so the total contribution is about 5.4% of that budget.

Saginaw City Council members could face a \$3 million shortfall for fiscal 2006-07, after already eliminating more than one-third of municipal job positions since 2000.

## **Automakers Expect Further Sales Declines in December**

The close of the year 2005 looked grim for the auto industry. Here are some of the updates:

- \* The Big Three automakers will likely post a further drop in sales in December despite offering incentives, say Wall Street analysts. GM's sales are expected to decline about 8%, Merrill Lynch analyst John Casesa said Dec. 28, noting that GM's sales have declined in nine of the last 12 months compared to the same month a year ago. Sales at Ford are forecast to fall as much as 14.5%; while sales at Chrysler are seen sliding in the range of 2%-6%. Automakers will announce sales results on Jan. 4.
- \* Standard & Poor's said it is dumping supplier Visteon from its benchmark 500 index, citing low market capitalization.
- \* GM will soon announce its "third wave" of outsourcing IT work, farming out \$15 billion in contracts to U.S. companies.
- \* Detroit area official unemployment rate rose to 6.8% in November from 6% in October, according to the Michigan Department of Labor and Economic Growth.

## **More Machine-Tool Makers Filing Bankruptcy, Slashing Jobs**

Following in the wake of the auto shutdowns, the machine-tool industry also posted dire reports for the end of the year.

- \* Troy, N.Y. mold-and-die manufacturer Bruno Machinery Corp. filed for Chapter 11 bankruptcy. Employing about 80 people, the company makes die-cutting, embossing and molding machines, and heat-sealing presses for many industries.
- \* Duffy Tool & Stamping, based in Muncie, Ind., has slashed its workforce by 40% since spring, to 400 employees. It is the parent company of Meyer Stamping & Manufacturing, which has cut its workforce by half just since March, from 90 to 45 employees—and will lay-off seven more employees in February, as it depends for some 80% of its revenue from the automotive sector.
- \* The vice president of Bessey Tool and Die in Sparta Township, Mich. warned, "Every day, you come in the business and you wonder how long the work is going to be available."

## **Robert Reich: Only Upper 20% Saw an 'Economic Recovery'**

Robert Reich, the former Labor Secretary in the Clinton Administration, blasted the fraud of "GDP" (Gross Domestic Product), and of the widely touted "economic recovery," on National Public Radio Dec. 28. "Listen to most economic commentators and you'd think that the biggest news of 2005 was that the American economy continued to grow at a healthy clip," Reich said. "Well, that's true. The resilience of this economy is truly remarkable; but there's another true

story about the American economy that's equally remarkable, although more sobering: The data aren't all in yet, but it seems almost certain that in 2005, median incomes continued to drop," he noted. "That would make it four straight years, since the last recession, that the economy *grew*, but median incomes *declined*. Take inflation into account and you'll find that half of all workers are earning *less* now than they did in 2001. Rarely in history has there been such a long period of growth in the Gross Domestic Product, without most Americans sharing in that growth," he continued.

"Forget trickle-down economics. Even if you believe that the Bush tax cuts of 2001 and 2003 helped the economy grow, and if you do, you probably believe in Santa Claus, nothing is trickling down, not even to the middle. Most is going to the top fifth. So, let me end 2005 by asking what may be an impertinent question: What's the point of economic growth if most people aren't any more prosperous? Maybe it's time we stop measuring the U.S. economy by how much *larger* the GDP is from one year to the next, and started using a new measure that reflects how most of us are doing from one year to the next. Instead of GDP, let's start looking at what might be called the MDP—Median Domestic Prosperity. By this measure, we've had four straight years of declining MDP, which puts us deep in an MDP recession," Reich stated.

Reich then echoed Lyndon LaRouche's observation that the lower 80% of income brackets have suffered serious deterioration of their living standards over the recent period. "Look, I don't want to end this year on a downer; I want to cheer as much as anyone. But, let's be honest. Unless you happen to be in the top 20% of income, this economy is nothing to cheer about. Happy New Year."

### **Beware the Wal-Martization of the Services Sector**

It's not just manufacturing being outsourced to Asia. The new threat is outsourcing of the service industry—lawyers, accountants, editing, architects—are all beginning to lose jobs to India and other cheap-wage destinations, the *Philadelphia Inquirer* reported Dec. 29.

Six percent of junior law work is outsourced; 11% of architecture firms have outsourced design work. With 80% of Americans working in the service sector, there is a certain dark irony in the outsourcing of the last bastion of American labor.

As the co-director for the Center for Economic and Policy Research, Dean Baker, commented, the risk for American workers is "Wal-Martization" of the service sector.

## **World Economic News**

### **2005 Was a Record Year for Hedge-Funds in Germany**

According to a new survey done by Ernst & Young, reported Dec. 28, hedge funds and private-equity funds operations in Germany saw an increase of 18% from 2004 to 2005. The volume of investments (for takeovers and the like) was 29.5 billion euros, which, however, accounts for only 48% of funds' activities which are made public. With the 52% not reported, funds have invested about 60 billion euros in Germany, this year. And the trend seems likely to be unbroken for the coming year.

All the more urgent, then, that funds' activities are fully monitored, and monitored in time—which will be possible with new legislation that will go into effect in July 2006.

### **British Disability 'Reforms' Force Disabled To Work**

The Labour government in Britain will announce in January "reforms" to the national incapacity benefits (disability) system, that will force people back to work. It is likely there will be another revolt by Labour MPs against Prime Minister Tony Blair's program, *The Times* suggested Dec. 28. Some 2.7 million people, mostly laid-off industrial workers, get disability benefits in Britain. Many recipients are actually capable of working, but no jobs are available. Blair wants to kick at least 1 million off these benefits.

Then, there is the question of just how Britain is going to provide 1 million new jobs. According to a new report by the Chartered Institute of Personnel and Development (CIPD), many fewer new jobs will be created in Britain in 2006 than in 2005, since employers are urgently trying to cut costs. Manufacturing is laying off record numbers of workers, and other sectors will stop hiring, the report said.

## United States News Digest

### Bush Changes Pentagon Order of Succession

President George W. Bush quietly signed an executive order Dec. 23, which changes the Pentagon order of succession under Secretary Donald Rumsfeld, in the event of a "continuity of government" crisis—or if Rumsfeld simply is forced out or quits, according to press leaks Dec. 29. Democratic sources report that the exposé is stirring up strong uniformed military opposition against the "Cheney-Rumsfeld cabal," and "will trigger a storm in the Senate."

According to the reported executive order, the number three, four, and five civilian positions in line below Rumsfeld are now all Cheneyac loyalists from the 1992 period, all intelligence stovepipe specialists: Steven Cambone (now Intelligence Undersecretary); Eric Edelman (now Policy Undersecretary); and Kenneth Krieg (now Acquisition and Technology Undersecretary). Moved down below them are the Army, Air Force, and Navy secretaries, to the sixth, seventh, and eighth (last) in line of succession. Only the number-two spot remains the same: Deputy Secretary Gordon England—however, he is at this time unconfirmed by the Senate, and Majority Leader Bill Frist has not been in a hurry to move his confirmation.

### GOP Disillusioned with Bush

Doug Thompson of *Capitol Hill Blue* wrote Dec. 28 on the increasing GOP disillusionment with George W. Bush, and the splits in Republican ranks, citing former Rep. Bob Barr (R-Ga) and Senators Chuck Hagel (R-Neb), Larry Craig (R-Idaho), Olympia Snowe (R-Me), and Arlen Specter (R-Pa). House Speaker Dennis Hastert (R-Ill) and Senate Majority Leader Bill Frist (R-Tenn) are trying to hold GOP dissension in check, but not very successfully. Thompson says he was told by a longtime GOP consultant that the White House "is particularly pissed at Frist" over the derailing of the Patriot Act in the Senate. Bush is also especially angry at Craig, whom he called a "goddamned traitor"; the President also reportedly referred privately to Specter as a "lily-livered bastard."

### Republican Elders Revolt Against DeLay

Former Rep. Pete McCloskey (R) of California initiated a group called "Revolt of the Elders Coalition" to "educate the public about the DeLay Republicans" who have, they believe, "abandoned traditional [GOP] values, but also have dishonored and disgraced the party with their unethical conduct." The Coalition was formed a year ago, when then-House Majority Leader Tom DeLay (R-Texas) forced through a change in House ethics rules in order to keep his position. The group describes DeLay as the "spiritual and ethical heir" of Newt Gingrich, who "began a junkyard dog attack" on previous decades of political and social advances for the nation.

Since the Coalition's founding, the transgressions have only gotten worse, and in a recent column, McCloskey explained that concern has grown especially "over the close relationship between indicted ... lobbyist Jack Abramoff and his claimed best friends DeLay and [Rep. John] Doolittle (R-Calif) ... who have received substantial money from Abramoff."

With the NSA spying revelations and Cheney-Bush's defiant defense of them, McCloskey penned a piece, "Deceit over spying—prelude to long-term lame duck President," which appeared in the *San Francisco Chronicle* on Dec. 23. He castigated Bush for his "omission of material fact[s]" vis-à-vis his actions, arguing that such omission is "as much a fraud as a deliberate lie." Even more galling, he finds, is Bush's claim of an "authority that has been denied to Presidents since the earliest days of our republic."

The group is bipartisan. Some of its adherents are former Congressmen Jim Johnson (R-Colo, 1973-81), Paul Findley (R-Ill, 1967-83); Lewis Butler, former Assistant Secretary of HEW, 1969-71, Charles U. Daly, White House Assistant to President John F. Kennedy, and John Hooper, Defense Advisor to Ambassador to NATO, 1958-67.

## **Democrats May Make Gains in Governors' Races**

The GOP is facing some very tough races, due to "term limits" and "tax backlash," the *Wall Street Journal* frets in a Dec. 27 article. "Republicans May Lose Grip on Statehouses," the *Journal* headlines, and worries that where governors imposed tax hikes in the face of a depressed economy, renege on their "no new taxes" promises. But the reality of the changing political climate of disgust with Bush, Cheney, DeLay, and the others tainted by their crimes, is also acknowledged, albeit only in reference to the Ohio Governor's race, where incumbent Gov. Bob Taft is caught in swirling scandals.

Republicans hold 28 governorships overall, including 22 of the 36 up for election in 2006. Some pivotal states where the battle is expected to be tough are California, Colorado, Florida, and Ohio. Three Democrats have declared their candidacies for the Massachusetts Governor's race. At least eight GOP Governors are not seeking re-election. In New York State, William Weld (R), running against Elliott Spitzer (D), is trailing. Other states noted where races could be tough for GOPers are Alabama, Alaska, Maryland, and Nevada.

## **Defense Review Will Slash Spending on Big Ticket Systems**

Major defense contractors are bracing for significant cuts in Pentagon spending on big-ticket items like battleships and combat aircraft, the *New York Times* reported Dec. 27. Since 9/11, the defense budget has grown by a whopping 41%. But at two recent briefings to military industrialists, Ryan Henry, principal Deputy Undersecretary of Defense for Policy, and Gordon England, Acting Deputy Secretary of Defense, told the assembled CEOs that in the future, defense spending will be directed at combatting terrorist threats, not rival states. As a result, many big-ticket programs will be cut back or shut altogether.

In February 2006, the Pentagon will release the Quadrennial Defense Review (QDR), a four-year planning and policy document, spelling out the military's priorities for the next period. The last time a QDR was published was February 2001—prior to 9/11, the Iraq war and the doctrine of preemptive war. Both Henry and England warned contractors to expect more emphasis on the kinds of mobile weapons systems suited to Special Forces operations, including more emphasis on drone aircraft, that can carry out both espionage and combat missions. Within weeks of the release of the QDR, the Pentagon will also release its FY 2007 budget, and Henry said that it would reflect the change in emphasis contained in the QDR. Others interviewed by the *Times* were skeptical that the radical changes advertised by Henry and England would actually occur, citing the "iron triangle" of the Congress, the uniformed military command and the military-industrial complex, that would resist all the way against such dramatic changes.

But a senior retired military source confirmed to *EIR* certain features of the Henry and England briefings, noting that the

costs associated with the Iraq war and occupation have so badly drained the military, that the Air Force and the Navy are facing significant losses of senior personnel, especially among non-commissioned-officer ranks, due to the huge costs of the war, on top of costly weapons systems. The source said that the QDR would be a warning shot that the whole military is dangerously close to being hollowed out. He added, "Thank God Wolfowitz is gone, because he never would have told the truth in the QDR if he was in charge."

## **Lynne Cheney's 'Campus Watch' Attacks LaRouche**

In an item posted to frontpagemag.com Dec. 23, "Campus Watch"—part of the neo-McCarthyite apparatus set up by Lynne Cheney and Irving Horowitz to purge the Cheney family's enemies' list from college and university teaching positions—director Alexander Joffe pens another in his series of attacks against University of Michigan history professor Juan Cole. This time, the attack protests Cole's election as president of the Middle East Studies Association. Joffe accuses Cole of anti-Semitism for his criticisms (by name) of the Likud, and for his "dislike" for the fascist Vladimir Jabotinsky.

Joffe brings in Lyndon LaRouche through the charge that Cole borrowed his description of the "Clean Break" report from *EIR*: "Cole's commentary is often derivative and dishonest; he often substitutes others' web commentaries for the effort of tracking down original sources.... [H]e adopts the narrative espoused by the Lyndon LaRouche movement and mischaracterizes the IASPS paper ['A Clean Break'] that actually chastised Israel for not supporting the U.S. fight against terrorism and made suggestions about how Jerusalem could be more supportive of Washington."

## **Ibero-American News Digest**

### **Chile Ruined by Free Trade, Just Like Everyone Else**

Chile's free-trade agreement with the U.S., touted as a key factor in its economic success, is a total fraud. At the Nov. 4-5 Summit of the Americas in Argentina, Chilean President Ricardo Lagos argued that by refusing to discuss implementation of the Free Trade Area of the Americas, Ibero-America was plunging itself into "the Middle Ages."

But Argentine consultant Carlos Pereyra Mele revealed Nov. 17 that Chile's own FTA with the U.S., signed two years ago, has done enormous economic harm to Chile. The country supposedly benefitted from selling certain agricultural products in the U.S. market, free of tariffs. But for nine types of fresh Chilean fruit, prior tariffs were already very low, so the benefits were minimal. And, it will take another 12 years for tariffs to be lifted on other agricultural goods, including beef and dairy products.

Meanwhile, traditional agricultural products destined for the internal market, cannot compete with cheaper U.S. imports which enter Chile duty-free. The Chilean National Agricultural Society reported that 150,000 hectares of wheat, 40% of national production, will be taken out of cultivation this year, and beet producers who can't compete with cheaper U.S. sugar and other sweeteners, face a similar fate. Some 85% of Chilean landowners are small farmers with limited access to credit or technology, and they won't survive under these conditions.

Chilean manufacturers are doing no better, facing tough U.S. anti-dumping and sanitary laws for their exports—while U.S. manufacturing goods enter Chile with only a 6% tariff, soon to be lowered to zero. The Chilean government can't force U.S. companies operating in the country to buy inputs produced nationally. Nor can it prevent them from competing against Chilean companies whose major customer is the state. The U.S. even convinced Chile to eliminate the capital controls it had in place to limit the entry of speculative capital.

### **'Nestor Unbound'**

International Monetary Fund board members are bemoaning the Fund's lack of control over Argentina's economic policy, once the Kirchner government pays off its outstanding \$9.8 billion balance (to be completed by Jan. 2). Argentina's representative to the IMF, Hector Torres, reported that several board members expressed the fear that Argentina will quickly "stray" into a policy far from the Fund-recommended "fiscal and monetary discipline."

That "straying" is already reflected in Planning Minister Julio De Vido's Dec. 16 announcement that the government will ignore the IMF's oft-repeated demand, and *not* raise the rates charged by privatized, largely foreign-owned utility companies through the end of 2006.

German, French, and British IMF directors lament that with Argentina (and Brazil) paying off the Fund, that institution's already questioned legitimacy will be further weakened. The only major debtor with which it still has an agreement is Turkey. "Black sheep" like Argentina, which should have been punished, will—God forbid—instead be free to determine their own policies.

In its inimitable style, London's *Economist* magazine summed up the financiers' fury at Argentina's daring to challenge their would-be Olympian stature, in the headline to its Dec. 24-Jan. 3 issue's story on Argentina and the IMF: "Nestor Unbound."

### **IMF Hurting as Brazil, Argentina Make Early Payments**

Without continued interest payments from Argentina and Brazil, the IMF is scrambling to find a way to pay its annual expenses of close to \$1 billion. With Brazil having paid \$15.56 billion already, and Argentina scheduled to complete its \$9.8 billion by Jan. 2, the IMF's largest exposure in Ibero-America is now a much smaller loan to Uruguay. American Enterprise Institute fellow Desmond Lachman lamented that the IMF's "loan book is going to be really rather small." The Fund may have to increase interest rates to other borrowers, or cut its target for reserve accumulation, to generate funds.

Meanwhile, Venezuelan President Hugo Chavez has announced that he intends to follow in Argentina's and Brazil's footsteps, and pay off in 2006 the entirety of what Venezuela owes to the World Bank, the Inter-American Development Bank (IADB), and the Andean Development Corporation. This would represent a 25% reduction in that country's debt.

### **Mexico Escalates Mobilization vs. Bush-Cheney's Border Wall**

Mexico's Foreign Minister, Luis Ernesto Derbez, met with Under Secretary of State Robert Zoellick at his Northern Virginia home Dec. 26, to register his country's outrage over what Derbez called the "xenophobic" plan to build a border wall to keep out Mexican and Central American migrants attempting to enter the United States. No public comments followed the "cordial" meeting, and Derbez returned to Mexico on Dec. 27 having received no sign of flexibility on the part of official Washington.

Before heading to the U.S., Derbez made it clear that Mexico's position was shared by many of the countries in Latin America, and he will be meeting on Dec. 29 with the foreign ministers of all the Central American countries to prepare a joint strategy for blocking the U.S. Senate's expected February passage of the bill, which was approved Dec. 16 by the House of Representatives, and which is supported by the White House.

At the same time, the Mexican Congress has called on all of Ibero-America's national Congresses—in Latin America, Spain, and Portugal—to join them in "an act of unity," by denouncing the wall project. The call, in the form of a letter drafted by the Mexico's Speaker of the House, insisted that the migration issue had to be addressed with justice, and in "a

bilateral framework," to prevent the violation of human rights and the exacerbation of xenophobia and racism.

### **And in Other News:**

\* Much to his dismay, former Chilean dictator Gen. Augusto Pinochet was fingerprinted and photographed, front and side views, like a common criminal by the police Dec. 28, as mandated by law for his indictment in the killing and disappearance of nine dissidents. No details were made public.

\* The Presidents of Brazil, Argentina and Venezuela will meet in Brasilia on Jan. 19 for further discussions of regional integration. One day earlier, President Lula da Silva and Argentina's Nestor Kirchner will meet to discuss further "revitalizing" Brazilian-Argentine relations.

\* FARC narcoterrorists in Colombia ambushed and killed 28 soldiers involved in drug-eradication efforts on Dec. 27, presaging a violent escalation against government forces as the May 2006 Presidential elections—and President Alvaro Uribe's highly likely (as of now) re-election—approach.

## **Western European News Digest**

### **Rising Energy Costs Force Nuclear Debate in Germany**

Two CDU (Christian Democratic Union) state governors in German states have declared their support for reopening the public debate on nuclear technology. In an interview with the *Hannoversche Allgemeine Zeitung* on Dec. 22, Christian Wulff, Governor of Lower Saxony, pointing to the rising energy prices and the need for a secure energy supply for industry and consumers, said, "We will not be able to keep the timetable for turning off modern nuclear power plants.... Because of rising energy prices, a mix of energy sources is required." He left open whether he thought merely of having existing power plants continuing to operate for several years more, or of also building new plants. Wulff also recommended that energy-intensive industries get relief from rising costs, through tax rebates.

In an interview with the German edition of the *Financial Times* Dec. 23, Guenther Oettinger, Governor of Baden-Wuerttemberg, said, "I think that the development of electricity prices over the coming months, and new nuclear power plant projects on the European energy market, will make the Social Democrats rethink their views." Also, labor union officials have begun to question the exit from nuclear technology by the previous (Red-Green) government of Gerhard Schroeder, which combined the SPD (Red) and the Green Party, Oettinger said. He warned that if that exit policy remains unaltered, the power plant at Neckarwestheim in his state will have to be shut down in three years. As there will be no substitute for it by then, Baden-Wuerttemberg will be forced either to import electricity, or to face the possibility that companies and jobs will leave for other European countries which do have secure power supplies.

### **German States Tighten Control of Energy Prices**

Christa Thoben, economics minister in the state government of North-Rhine Westphalia, gave her approval Dec. 27 to the RWE firm's planned increases of electricity prices beginning Jan. 1. However, prices were fixed at 25% below RWE's plans, and the government permit is dependent on the growth of RWE expenses—which will be monitored. Should a review next spring deliver evidence of lower real expenses than those reported by RWE to the government in official hearings in early December, the pricing permits will also be subject to review.

Three other German state governments—Hessen, Thuringia, and Schleswig-Holstein—have not yet decided on electricity

prices. Thuringia and Schleswig-Holstein want to negotiate the increases down by as much as 40 or 50%.

A debate has also begun on controls of household gas-pricing policies, and on the usefulness of privatization in the gas-supply sector: there, increases are quite drastic, as shown in the case of GASAG, Germany's biggest municipal supplier of household gas, which supplies 700,000 Berlin households. Formerly state-owned in both parts of Berlin, GASAG was sold to Gaz de France several years ago, during one of several emergency privatizations of the public sector of the over-indebted city-state of Berlin.

On the heels of increases of 10.5% in October, GASAG wants another increase of up to 12%, beginning in January. EMB, which supplies municipalities in the state of Brandenburg, plans gas price increase of up to 11%. The average price increase for household gas, before these new increases, was 43% between June 2004 and September 2005.

### **Britain Developing Orwellian Traffic-Monitoring Scheme**

Starting in 2006, Britain will monitor every journey by every motor vehicle, the Independent Online reported Dec. 22. Science editor Steve Connor reports that the vehicle surveillance network "is only the beginning of plans to monitor the movements of all British citizens."

Staying a step ahead of the Cheney-Bush regime, the United Kingdom will become the first country to use a network of thousands of CCTV cameras to automatically read every passing license-plate number. The round-the-clock system will monitor all motorways and main roads, as well as towns, cities, ports, and gas stations. By next March, the central database alongside the Police National Computer will store details of 35 million "reads" a day, including time, date, and precise location. Arrangements are under way to expand the number of camera networks so that the central computer would receive 100 million reads a day, which will be stored for up to five years.

The database "will revolutionize arrest, intelligence, and crime investigation opportunities on a national basis," according to a "strategy document" issued by the Association of Chief Police Officers.

### **Mass Layoffs Next Year in German Auto, Finance Sectors**

During the next two years, Daimler-Chrysler has plans to lay off 16,000 production workers; Volkswagen will let 14,000 go, and Opel 12,000. For every job eliminated in the big firms, two or three others in the supply sector will disappear. And, as these announcements of new layoffs keep coming in piecemeal, it is expected that even more layoffs are planned by management.

For the *Frankfurter Allgemeine* daily, which published a two-page overview Dec. 28, this trend "from the industrial to the services economy" is allegedly "without any alternative."

The banking sector also features considerable layoffs: Deutsche Bank 6,400; Hypovereinsbank 4,200; Dresdner Bank 3,000. The biggest wave of layoffs, so far, is planned at Deutsche Telekom, with 32,000 over the coming two years.

### **Italians Want To Question CIA Chief on Rendition**

The Milan prosecutor made a formal request for the FBI to question a CIA ex-station chief over the rendition and torture of Abu Omar after he was kidnapped and taken to Egypt nearly three years ago. In a formal request for information was made under a mutual assistance treaty between Italy and the U.S., Milan's chief anti-terrorism prosecutor Armando Spataro is asking U.S. authorities to question the CIA's former chief in Milan, Robert Seldon Lady, about events in the aftermath of

the kidnapping. They wish to know why Lady went to Egypt just after Abu Omar was flown there, whether Lady participated in his interrogation, and whether he had any reason to believe Abu Omar was being mistreated. The information request also asks for the interrogation of Lady's boss, the chief of the CIA's station in Rome.

Spataro has sent the request to Italian Justice Minister Roberto Castelli, who will decide whether to officially transmit it to the U.S. Justice Department. Castelli has not yet acted on Spataro's earlier request to extradite Lady and the 21 other CIA operatives accused in the case.

## **Italians Choose 'Mr. Britannia' To Head Central Bank**

Mario Draghi, better known as "Mr. Britannia," has been chosen as the new head of Italy's central bank. Draghi is currently vice chairman of Goldman Sachs. Earlier, he was Director General of the Treasury Ministry for ten years, during which time he directed the process of privatization and liberalization of the Italian economy. This process started after the June 2, 1992 semi-conspiratorial meeting on the British royal yacht *Britannia*, which was exposed by *EIR*. Draghi was at that meeting, together with a selection of City bankers and Italian managers. In his speech on the *Britannia*, he pointed to the fact that to create a financial market in Italy, the obstacle represented by the political system had to be removed. Soon after that, a financial and a political crisis was provoked, through the George Soros-led speculative attack that pushed the Italian currency out of the EMS, and the "Clean Hands" investigation that successfully destroyed that very political system targeted by Draghi for elimination.

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

### **Putin's Interventions Fail To Settle Russia-Ukraine Gas Crisis**

Russian President Vladimir Putin personally intervened on Dec. 29, and then again on New Year's Eve, in the stalled negotiations between Russia and Ukraine over Russian natural gas supplies to Ukraine in 2006. Both attempts were unsuccessful. On Jan. 1, the Russian gas monopoly, Gazprom, cut supplies to Ukraine, while attempting to maintain enough gas in the pipelines to complete its deliveries to other customers. Gazprom officials described this approach as "a simple formula: Europe minus Ukraine." By the end of New Year's Day, Gazprom was already accusing Ukraine of stealing some of the gas intended for European customers, a charge that Ukrainian Prime Minister Yekhanurov vehemently denied.

On Dec. 29, the European Union and the U.S. State Department had both called on Moscow and Kiev to reach agreement. The fear is that the cutoff will also disrupt the flow Russian gas to Western Europe, since it is delivered through Soviet-era pipelines that run across Ukraine. On Dec. 31, the Italian energy giant ENI confirmed that Gazprom had warned of possible disruptions in deliveries. The latest turn of events may play havoc with Putin's just-announced bid to be the "energy security guarantor" for the world.

At issue is the price of the natural gas sold by Russia to Ukraine, which Gazprom proposes to more than quadruple, from \$50 per thousand cubic meters, to \$230. The price formulas are based on a shift to "market prices," a principle that Ukraine also endorses, but Ukraine wants a slow transition over several years. The "market price" of natural gas, like all other petroleum products, is driven by global derivatives speculation. In the talks between the heads of Gazprom and the Ukrainian energy firm Naftohaz, as well as the respective Industry and Energy Ministers, Victor Khristenko and Ivan Plachkov, Ukraine has rejected any immediate imposition of this price, while, at the same time, demanding higher transit fees for the gas transshipments to Europe.

Some Ukrainian officials and politicians threatened to jack up the rent Russia pays for basing its half of the Black Sea

Fleet at Sevastopol in Ukraine's Crimean Peninsula; Russian Defense Minister Sergei Ivanov came out Dec. 27 with a stinging denunciation of this threat, saying that "attempts to revise that treaty would be fatal," in that it would call into question the recognition of the two countries' respective borders.

In his remarks at the Dec. 29 negotiations, Putin said, "This crisis resembles a crisis between our two countries. This is very bad." Putin said that subsidizing gas prices in former Soviet republics is quite legitimate, but "subsidizing, say, Indian business in Ukraine is another matter"—a reference to the recent acquisition of the giant Kryvorizhstal steel plant by Mittal Steel. He then proposed that Russia extend a \$3.6 billion credit to Ukraine, guaranteed by a European or American bank, to finance gas purchases during 2006.

Ukrainian President Victor Yushchenko rejected that offer, saying, "We are grateful for the proposed large credits, but Ukraine does not need them. Ukraine will pay with its own money, at a price set in a comprehensible, objective fashion." The Gazprom price, Yushchenko dubbed "a provocation." After conferring with Yushchenko by phone on Dec. 31, Putin followed up by ordering Gazprom to continue supplying Ukraine on the previous terms through March 2006, if Ukraine, by the end of that day, signed a contract to shift to market prices in April. This New Year's Eve deadline was not met, leading to the cutoff.

Ukrainian officials have indicated that they intend to cover domestic needs with natural gas purchases from Turkmenistan, from which they say they have contracted to buy 40 billion cubic meters next year. On Dec. 29, however, Gazprom announced its purchase of 30 billion cubic meters of Turkmen gas, including 15 billion in the first quarter of 2006, undercutting Turkmenistan's ability to deliver to Ukraine.

### **Goss: Russian Energy Policy Is Crucial for U.S.A.**

Mid-December talks between U.S. CIA Director Porter Goss and Ukrainian leaders are suspected by the Russians of having contributed to the sudden stonewalling of Ukrainian negotiators in the ongoing gas-price dispute with Gazprom. In a backgrounder on the conflict, the *Ukrainian Journal* reported Dec. 30 that during hearings in the U.S. Congress last February, Goss portrayed the energy strategy of Russia, notably vis-à-vis Ukraine, as a "crucial" aspect affecting U.S. strategic interests in the region.

### **Adamov Extradited to Russia, Not United States**

Overruling the Swiss Justice Department, the Federal Court in Lausanne, Switzerland ruled Dec. 30 in favor of former Russian nuclear-energy chief Yevgeni Adamov's appeal of an order for his extradition to the United States. Adamov was detained in Switzerland last May, on U.S. charges that he embezzled \$9 million from funds earmarked to assist nuclear-security programs. That same day, Adamov was taken to Moscow. An uproar in Russia over the national security implications of his being interrogated by U.S. prosecutors has evidently been averted. Upon arrival in Russia, Adamov was jailed and indicted for "large-scale fraud and abuse of office," according to a spokesman for the Russian Prosecutor General's office.

### **Cato's Free-Trade Fanatic Quits as Putin Economic Advisor**

Andrei Illarionov has resigned as one of the economic advisors to Russian President Vladimir Putin, a post he had held since 2000, Itar-Tass reported Dec. 27. Illarionov, who spent years in the Washington, D.C.-based Cato Institute (temple of worship of neo-con guru Friedrich von Hayek) reportedly resigned in a fury, fuming that he can no longer work in Russia because the country "is no longer politically free." He has been at odds with Putin over the imprisonment of Yukos oil company founder Mikhail Khodorkovsky, who had looted the Russian energy sector, and owed billions in taxes. Illarionov had also taken to denouncing Russia's turn towards "state interventionism," and measures against free trade.

"He will not be missed," commented Lyndon LaRouche, on hearing the news.

## Southwest Asia News Digest

### Israel Re-Occupies Gaza 'Buffer Zone' With Bombing Campaign

Over Dec. 28 and 29, the Israeli Air Force launched a bombing campaign in a "buffer zone" in the Gaza Strip, amounting to a re-occupation from the air; the Sharon lameduck government threatened that Palestinians living in East Jerusalem (Al Quds) may not be allowed to vote in the Jan. 25 Palestinian national legislative elections; and the Israeli government demanded—and won—a move by the so-called "Quartet" (the U.S., European Union, Russia, and the UN) to outlaw all candidates from organizations that have not "renounced violence."

Less than a month before legislative elections—the first for the Palestinians since the death of Yasser Arafat—the Israeli military has launched a bombing campaign in a unilaterally designated "buffer zone" in Gaza where the former Jewish settlements stood, under the code name "Operation Blue Skies." The Israeli Air Force has announced that the area will be subjected to massive bombings after sundown, if people are observed to be in the area. This "buffer zone" is being justified by the Israelis as the way to stop the firing of Palestinian Qassam rockets into Israeli towns near the Gaza border; these are attributed to Hamas and Islamic Jihad.

The bombing campaign, supported by U.S. State Department spokesman Adam Ereli, is collective punishment, affecting about 100,000 Palestinians living in Gaza. It is also a direct attack on Palestinian President Abu Mazen, who is involved in truce negotiations with the militants.

On Dec. 28, Abu Mazen gave a press conference in Gaza City at which he said, "We condemn this. Israel left the Gaza Strip and has no right to return under any pretext such as the firing of rockets, which I also condemn strongly." He also warned the Palestinian militants to cease attacks, and not "give pretexts to Israel."

But Israeli Vice Prime Minister Ehud Olmert told Army Radio that, "The operations will take as long as is needed to ensure that the fire against us will be curbed." Whether the air attacks are a prelude to reversing the Gaza withdrawal remains to be seen, since Sharon's illness is a wildcard.

The move by the Quartet, directed against Hamas and Islamic Jihad candidates, is like throwing a match on gasoline. It also reduces the Quartet to the status of a fig leaf for Dick Cheney's policy for the Palestinians, that is, elimination of the Oslo Accords and the Palestinian National Authority—the policy spelled out in a 1996 policy paper written by Cheney's Middle East Advisor at the White House, David Wurmser, entitled, "A Clean Break: A New Strategy for the Realm."

### Sharon's Stroke: It Was Not 'Mild'

The doctors of Israeli Prime Minister Ariel Sharon revealed in a press conference that the characterization of his recent stroke as "mild" was incorrect, according to the Israeli daily *Ha'aretz* Dec. 20. In fact, he could not speak for almost 24 hours. They also revealed that they believe the stroke was caused by a hole in his heart, and that in a few weeks he will undergo a procedure to repair it.

Only diplomatic and political correspondents were allowed to attend the press conference. No medical correspondents and no tape recorders were allowed.

That Sharon was entirely unable to function for 24 hours has created an outcry as to who was running the government. At no time were his powers transferred to Deputy Prime Minister Ehud Olmert, leading to fears that Sharon's son Omri, who has recently been convicted of serious crimes, and Sharon's crony attorney, Dov Weisglass, were running state, a point emphasized by Knesset (Parliament) member Michael Eitan of Sharon's former party, the Likud.

## **AIPAC Spies May Sue AIPAC**

Steve Rosen and Keith Weissman, former spies for the American Israel Public Affairs Committee (AIPAC), one of the top four U.S. lobby organizations, may sue the committee for defamation, and for failing to pay their legal costs in their upcoming spy trial, according to *Forward* Dec. 23. Rosen and Weissman, senior AIPAC operatives who ran its "research" division, are scheduled to go on trial in April 2006. Their co-conspirator, Larry Franklin, who worked in the Department of Defense as an analyst, and was a collaborator of the neo-con inner circle, has already pleaded guilty. Franklin admitted to passing secrets to Rosen and Weissman, and to officials of the Israeli Embassy, in dozens of meetings.

According to *Forward*, AIPAC sought to clear itself of Rosen's and Weissman's crimes by firing them and issuing a statement that their conduct was "unbecoming" employees of the committee. Even so, AIPAC promised to pay their legal fees, which have already mounted to almost \$1 million. Rosen and Weissman plan to argue that what they did was standard "practice for AIPAC," that is, to get information from the U.S. government. AIPAC admits that it has promised to pay their legal costs—but not in advance.

Observers note that AIPAC wants to make sure that the two accused don't say anything damaging before they get their bills paid. One problem with this arrangement, is that AIPAC reportedly fired Rosen and Weissman as part of an arrangement with the Department of Justice to avoid indictment of the organization itself.

## **Lebanon at Crossroads of Southwest Asia Tensions**

Sources in Lebanon and Washington reported an increased buildup of tensions in Southwest Asia in the last week of December, especially as a result of the Dec. 12 assassination of Lebanese publisher and noted journalist, Gebran Tueni. Factors feeding the tensions include:

- \* Wide coverage in the Arab press of rumors that Washington is planning the bombing of Iran.

- \* The walkout of Amal-Hezbollah ministers, representing the Shi'ites, marking the impasse over the Lebanese response to U.S. demands based on UN Resolution 1559. U.S. officials representing UN Ambassador John Bolton warned Prime Minister Fuad Siniora, Saad Hariri, Gen. Michel Aoun, and others outside the government, that Lebanon's internal dialogue about Hezbollah does not fulfill the conditions of Resolution 1559 that all militias in Lebanon be disarmed.

- \* Increased pressure from the Bush-Cheney Administration on the Lebanese government to turn over convicted hijacker Mohammed Ali Hamadi to the United States. Hamadi served 19 years in a German prison for the killing of U.S. Navy diver Robert Stethem during a plane hijacking in 1985. The Germans, opposed to the death penalty, have for the last 20 years refused to send Hamadi to stand trial in the U.S., where he could be executed. Hamadi has now been freed from German prison and returned to his native Lebanon, which does not have an extradition treaty with the United States.

## **Iran Considers Russian Offer for Joint Nuclear Enrichment**

In a recent shift, Iran is considering a Russian offer for joint nuclear-enrichment facilities in Russia. Javad Vaeedi, the head

of the Iranian nuclear negotiating team, told the Iranian Students News Agency (ISNA), "Iran can study the economic, technical, and scientific aspects of Moscow's new proposal, according to which Russia would supply the nuclear fuel required by the Bushehr nuclear power plant for an entire year and Iran would transfer the nuclear fuel waste to Russia." The *Tehran Times* reported the statement Dec. 29. "Obviously, the extent of Iran's participation in the project is a serious factor," he said.

"According to the nuclear Non-Proliferation Treaty (NPT), countries that possess nuclear technology should cooperate with countries that lack nuclear expertise in order to expand this technology. Since nuclear projects that are within the framework of the NPT and the International Atomic Energy Agency (IAEA) Charter are of an economic, non-military, technical, and scientific nature, Iran will seriously and gladly study the Russian proposal if it is within this framework," Vaeedi added. He said that Iran believes the Russian proposal can lead to the expansion of the use of nuclear technology for peaceful purposes and boost countries' indigenous technologies by presenting a practicable interpretation of the NPT and the IAEA Charter.

## **Israeli Chief of Staff Nixes Preemptive Attack on Iran**

Israeli Chief of Staff General Dan Halutz has ruled out a preemptive strike against Iran in the near term. Halutz told Israeli Army radio Dec. 29, "I don't think that a military intervention against Iran's nuclear installations should be necessary in the short term," adding, "There is no threat to the existence of the state of Israel as long as Iran does not possess nuclear arms." Halutz said he did not believe Iran would actually perfect a bomb "before the start of the next decade.... If they manage to do so, we will not be the only ones targetted, and we should work out how to defend ourselves."

Halutz's comments contrast sharply with earlier statements by Mossad chief Meir Dagan to the Knesset Foreign Affairs and Defense Committee, reported in *Ha'aretz* Dec. 27, that "There exists a strategic Iranian decision to reach nuclear independence and the capability to produce bombs" much sooner, unless "its plans [are] thwarted by other countries." Responding to Dagan, Committee Chairman Yuval Steinmitz said that, if unchecked, Iran will have the bomb in one or two years and the region will become "a black Middle East."

## **Asia News Digest**

### **Final Phase of Indonesian/Rebel Peace Underway**

Indonesian soldiers completed the final phase of a troop reduction in tsunami-ravaged Aceh province Dec. 29—a key step in an accord with separatist rebels marking the end to a 29-year war. The last of 24,000 troops pulled out on five Indonesian Navy ships and a Hercules air carrier, just days after Free Aceh Movement rebels completed the handover of their weapons and disbanded their military wing.

Peace efforts picked up pace after last year's tsunami that swept away 156,000 lives in the province, and left a half-million others homeless.

The rebels and the government decided they did not want to add to people's suffering, and reached a landmark agreement seven months after last December's disaster. The move was credited with helping to smooth efforts to bring relief to tsunami survivors.

Hundreds of people turned up at the port in northern Aceh on Dec. 30 to wave off nearly 3,800 soldiers—the last batch slated to leave under the deal, including Free Aceh Movement representative Irwandi Yusuf, and Pieter Feith, head of the 240-strong EU peace monitoring mission.

The rebels agreed to hand over all of their self-declared 840 weapons and gave up their long-held demand for independence. The government agreed to withdraw more than half of its nearly 50,000 garrison from Aceh and to give the region limited self-government and control over much of the oil- and gas-rich province's mineral wealth.

Aceh's military commander, Maj. Gen. Supiadin guaranteed the security of all returning rebels, singling out the group's top exiled leader in Sweden, Hasan Tiro. "We'd consider his presence in Aceh as a commitment for peace."

## **Russia, France Show Interest in India Nuclear Program**

Although last July's deal between President George Bush and Indian Prime Minister Manmohan Singh, indicating the White House's approval to supply India with civilian nuclear power plants and enriched uranium, is still very much stuck in the U.S. Congress, it is evident that both Paris and Moscow are moving in tandem to support the White House position. Recent reports indicate that French and Russian atomic-energy people were in India, figuring out how many reactors they could sell there, and where they would be located. Reports indicate that the United States is planning to sell six reactors and locate them in northern India. Two French reactors will be based in Andhra Pradesh, and Russia would like to add two more (they have already sold two, which are now in the process of being set up in Tamil Nadu) in Tamil Nadu and Karnataka.

The Manmohan Singh government claims the nuclear deal with the United States will be settled prior to President Bush's scheduled visit to India early in the new year. The French deal will be penned formally when President Chirac visits in India in February 2006.

Both Paris and Moscow have apparently conveyed to New Delhi that they believe the Bush Administration is serious about the India-U.S. nuclear deal.

## **Siemens Producing High-Speed Rail Cars for China**

The Siemens rail-car plant in Uerdingen, Germany is now turning out one high-speed rail car every day or two. The rate will soon rise to two cars per day, when fulfillment of an \$804 million Chinese order for 60 high-speed trains begins, according to the *New York Times* Dec. 30.

The technology includes electric motors on the axles of every second rail car, allowing faster acceleration and braking, and eddy current brakes which use the principle of electromagnetic induction. High-speed rail is classed as having a top cruising speed of 150 mph; very high speed is 210 mph. The most advanced U.S. trains in general use, the Acela cars used on the U.S. Northeast corridor, have a top cruising speed of 125 mph.

## **This Week in History**

### **January 3 - 9, 1785 & 1793**

#### **Benj. Franklin and Friends Lay the Basis for Manned Flight**

This new year, which will commemorate Benjamin Franklin's 300th birthday on Jan. 17, begins with the anniversaries of two events which ultimately contributed to the exploration of space. On Jan. 7, 1785 a manned balloon flight successfully

crossed the English Channel from England to France, and on Jan. 9, 1793, the first American exhibition of manned lighter-than-air flight took place in Philadelphia.

The balloons, which were developed toward the end of the 18th Century, are often thought of nowadays as beautiful toys—a pleasant concept, but a mere sidebar to aviation history. That is not the case, as Franklin himself knew. Sir Joseph Banks, a leading botanist and president of the British Royal Society from 1778 to 1820, had known Franklin in his London days, and corresponded with him in Paris. Although ostensibly a man of science, Banks looked at ballooning from a Newtonian worldview, and wrote to Franklin that, "I see an inclination in the more respectable part of the Royal Society to guard against the Ballomania [until] some experiment likely to prove beneficial either to society or science is proposed."

Franklin had told Banks that experimenting with balloons would someday "pave the way to some discoveries in natural philosophy of which at present we have no conception." He answered Banks' objection by writing that "It does not seem to me a good reason to decline prosecuting a new experiment which apparently increases the power of man over matter until we can see to what use that power may be applied. When we have learned to manage it, we may hope some time or other to find uses for it, as men have done for magnetism and electricity, of which the first experiments were mere matters of amusement." When a spectator at one of the early balloon launchings asked Franklin what this new invention could be used for, Franklin gave his famous answer: "What is the use of a new-born baby?"

Although scientists had been fascinated with the possibility of human flight at least since the time of ancient Greece, direct work on flying machines did not yield the desired results. The early days of aviation actually stemmed from research on the composition and properties of gases, one of those gases being the air itself. European scientific research had been badly disrupted during the Thirty Years War (1618-1648), but after the Treaty of Westphalia in 1648, coordination among scientists in the various European countries was resumed. When one of Ben Franklin's Boston mentors, Increase Mather, travelled to London in 1688 to try to maintain the independent charter of the Massachusetts Bay Colony, he met with many of the scientists working on the composition of gases. Over the period of his four-year stay, Mather saw Robert Boyle almost weekly, and attended many meetings of the Royal Society. He also probably talked with the leading scientist in the field, Christiaan Huygens, when he visited London during Mather's stay there.

## **Experiments with Gas and Electricity**

During Franklin's lifetime, other researchers had taken up the work, and the composition of ordinary air was established. Many scientists worked with both gases and electricity, since the latter could be used to separate out the components of a gas or to combine two components to produce a third, as in the work of Henry Cavendish. Franklin had encouraged Joseph Priestly, an English minister, to make scientific experiments, and in 1767, Priestly authored, with Franklin's collaboration, the "History and Present State of Electricity." Priestly also experimented with gases, and in 1774 he produced what he called "dephlogisticated air," which later would be produced by French chemist Antoine Lavoisier and named "oxygen."

Lavoisier was a member of the French grouping which included Gaspard Monge, Lazare Carnot, and Claude Berthollet. This republican faction, also known as the "American faction," worked closely with Benjamin Franklin in supporting the American Revolution.

They also attempted to carry on the work of Jean Baptiste Colbert, the French statesman who had built up France's infrastructure through public works and expanded education. Lavoisier himself was responsible for initiating the building of canals, the establishment of savings banks, and the installation of street lighting in Paris. In June of 1783, Lavoisier published his research on the gas discovered by Henry Cavendish in England, and named it "hydrogen."

This research on gases came to the attention of Joseph and Jacques Montgolfier, two brothers who ran a paper manufactory near Lyons, France. Joseph had developed a strong interest in chemistry, and had set up a small laboratory. Jacques, an

architect, had invented the first vellum paper. While working with samples of their paper, Joseph discovered that heated air inside a paper bag could lift it to the ceiling. The brothers collaborated for two years on their hot-air balloon project, and first conducted an unmanned flight from the market place of Annonay.

A regional assembly of deputies had been meeting in the town, and it sent word of the flight to Paris. The Marquis de Condorcet, head of the French Academy of Science, set up a committee to investigate the invention and to study possible improvements and uses. The aerostatic commission included Lavoisier, Monge, and Berthollet. While the Montgolfiers were preparing for a longer flight at Versailles in front of King Louis XVI and Queen Marie Antoinette, another scientist entered the lists. This was Jacques Charles, who had repeated all of Franklin's electrical experiments in order to confirm them, and was now using hydrogen gas in public demonstrations, forcing it through a tube to blow bubbles which would mount to the ceiling.

Charles determined to build a hydrogen balloon, and Benjamin Franklin contributed funds toward the project. Such a balloon was difficult to fill, because the hydrogen had to be produced by using iron filings and dilute sulfuric acid. Charles overcame the obstacles, and it required a thousand pounds of iron and half as many pounds of acid to produce enough hydrogen to fill his small balloon. On Aug. 27, 1783, from the Champ de Mars, the balloon was launched and flew 15 miles before it burst, due to the low pressure at high altitudes. Then, on Sept. 11, the Montgolfiers sent up a hot-air balloon at Versailles, with three passengers aboard: a sheep, a duck, and a rooster riding in a cage. The seven-minute flight was a success, and afterwards, all France talked of nothing else. On Nov. 21, the first aeronauts, a scientist named François de Rozier and a minor nobleman named François d'Arlandes, flew from the Bois de Boulogne in a Montgolfier balloon and covered five miles in 25 minutes. Franklin witnessed the flight, and was one of the scientists who signed the official certification of the history-making ascension when the Montgolfiers called on him at Passy on the following evening.

On Dec. 1, Jacques Charles and Noel Robert were launched in a hydrogen balloon from the Tuileries and quickly reached 2,000 feet. Franklin, suffering from gout, watched from his carriage. Charles had developed technological improvements, which included a valve to relieve internal pressure if the balloon rose too high, and ballast to toss overboard if the balloon fell too rapidly. Charles also took with him a thermometer and a mercury barometer, and when he made a second flight alone on the same day, he reached 9,000 feet in ten minutes. He demonstrated that an aeronaut could make meteorological observations at high altitudes, and his own calculations showed that the barometer had fallen by over nine inches, and the temperature dropped from 50 to 20 degrees Fahrenheit.

### **'Charles's Law'**

From the research on hydrogen balloons, came Charles's Law, also developed by Joseph Gay-Lussac slightly later, which states that if the pressure on a gas is constant, its volume is directly proportional to its temperature. Once Gay-Lussac had discovered this property of gases, he, too, became a balloonist, and in 1804, he ascended to more than 23,000 feet in order to test magnetism and the composition of the atmosphere at high altitudes.

By 1785, an aeronaut named Jean-Pierre Blanchard determined to cross the English Channel in a hydrogen balloon. In London, he met John Jeffries, a physician from a patriot family in Boston, who had taken a job as a physician to the Royal Navy, and had remained with the Crown during the Revolution. Jeffries financed the building of the balloon and their test flight over London carried experiments suggested by Henry Cavendish. The air samples gathered at various altitudes were subjected to chemical analysis, and the 12 observations of temperature, pressure, and humidity produced values which closely agree with modern measurements.

Then, on Jan. 7, 1785, Blanchard and Jeffries took off from Dover. Their crossing was fraught with difficulties, and the two passengers were forced to drop their ballast. Still flying too low, their food was jettisoned, followed by their aerial oars, rudder, a hand-cranked propeller, grapnels, rope, and then even their heavy outer clothes. Finally, just as they were

about to climb onto the ropes in order to stay afloat as the balloon went into the water, a breeze drove them over the cliffs of Calais and they landed in France.

A few days later, they met with Louis XVI and then had dinner with Franklin at Passy. These two, and Franklin's grandson Temple, were the recipients of the first air-mail letters, sent from London in the balloon. Franklin wrote to James Bowdoin in Boston, that, "I sent to you some weeks since, by Mr. Gerry, Dr. Jeffries' account of his aerial voyage from England to France, which I received from him just before I left that country. My acquaintance with Dr. Jeffries began by his bringing me a letter in France, the first through the air, from England."

Eight years later, Blanchard, who had developed a prototype of the parachute, came to Philadelphia and New York to demonstrate balloon flight to the American public. Franklin had died in 1790, but President George Washington, Franklin's coadjutor in helping to develop the steamboat, attended the demonstration and provided Blanchard with a passport which instructed all Americans to give him aid when he landed. Blanchard took off from Philadelphia on Jan. 9, 1793, and landed 15 miles and 46 minutes later in Woodbury, New Jersey.

"Dunlap's American Daily Advertiser" described the crowd as "an immense concourse of spectators" which was notable for its awed silence when the balloon began to rise. "Indeed," said the newspaper, "the attention of the multitude was so absorbed, that it was a considerable time e'er silence was broke by the acclamations which succeeded."

By the time Blanchard visited America, Dr. Jeffries had already returned to Boston and resumed the practice of medicine. His son, John Jeffries, founded the Massachusetts Eye and Ear Infirmary. His grandson, Benjamin, also became an eminent ophthalmologist, and lived until 1915, long enough to have the pleasure of learning about the Wright brothers' successful flight in an airplane, 118 years after his grandfather's perilous flight across the English Channel.

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