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This Week You Need To Know

Under Fire for Plame Leak, Cheney Builds NSA Stone Wall

by Edward Spannaus

Vice President Dick Cheney, visibly and increasingly in the target zone in the criminal investigation of the Valerie Plame obstruction-of-justice case, is desperately trying to orchestrate the coverup around the National Security Agency domestic spying scandal. Informed sources indicate that it was Cheney, not President Bush, who was behind the illegal surveillance of Americans, and thus it is Cheney who is also most vulnerable in this case, if and when the true scope of the spying operation becomes known.

It is openly acknowledged that it was the Vice President and his legal counsel, now chief of staff, David Addington, who ordered that Attorney General Alberto Gonzales refuse to answer any pertinent questions, during his embarrassing appearance before the Senate Judiciary Committee on Feb. 6.

Lyndon LaRouche pointed out that Gonzales was, in effect, "taking the Fifth" in refusing to testify. "Gonzales is refusing to honor his Constitutional obligations to report to the Senate," LaRouche said, "and it's particularly dangerous at this time," pointing to the British-orchestrated confrontation brewing between the United States and Iran.

Continuing the pattern of stonewalling and concealment which has characterized the Administration's dealings with Congress, especially on national security matters, Cheney and his mouthpiece Gonzales were adamant that the full membership of the Senate and House Intelligence Committees could not be briefed on the NSA program. But within 48 hours, the stone wall that Cheney had built began to crumble; the Administration reversed course, and provided briefings to the full committees.

Cheney's biggest vulnerability, is his exposure in the Valerie Plame case. First, therefore, we review developments there, to provide the necessary backdrop for his role in the NSA scandal....

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Latest From LaRouche

[ECONOMY DESPITE ALAN GREENSPAN](#)

[What Connects the Dots?](#)

by Lyndon H. LaRouche, Jr.

January 21, 2006

Both the U.S. economy, and also the world's economy, are now in the grip of the very advanced stage of what is, physically, not a mere economic depression, but a general physical breakdown-crisis of global society. Under any attempted continuation of the current, self-destructive trends in economic and related policies under U.S. President George W. Bush, Jr., the situation of the U.S.A. would become worse than merely precarious, that within a very short time to come.

In this light, there is no competent conduct of political business currently before the institutions of Federal, state, and local government which does not approach every leading issue of national and global policy from the standpoint of the immediate need to face the reality of a currently onrushing global economic breakdown-crisis of the existing world monetary-financial system as a whole. Failure to adopt an appropriate new global economic and monetary-financial system akin to President Franklin Roosevelt's intention for the Bretton Woods fixed-exchange-rate system, would represent reckless disregard for the continued existence of civilization.

In fact, there is no presently leading issue facing any and every part of the world, such as the spread of the continuing asymmetric warfare in Southwest Asia, and no other issue of U.S. national security or internal general welfare, whose solution does not depend on actions which must be premised on adopting a general, FDR-style, global economic and monetary reform as the entire platform on which solutions to any leading issue of policy must be addressed.

The pivotal issue on which all those strategic and related matters of policy-reform hang, is the battle of the giants, the titanic struggle, begun in 1763-1776, between the Anglo-Dutch Liberal system and the legacy of the American System of political-economy. The issue now takes the form of a global struggle whose outcome will determine whether or not this planet will be organized on behalf of a cooperative search for promotion of the general welfare among the members of a system of perfectly sovereign nation-state republics, as Franklin Roosevelt had intended at the time of his death. Or, a new, global form of a Roman world-empire, in which that latter global system is maintained, as the Roman Empire of the Caesars was, by a system of permanent warfare, akin to that which the Bush-Cheney Administration has directed its adopted mission since no later than the time current Vice-President Cheney was U.S. Secretary of Defense under President George H.W. Bush I, the policy announced by a would-be imperial President George W. Bush II in his January 2002 "State of the Union" address....

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ECONOMY DESPITE ALAN GREENSPAN

What Connects the Dots?

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International:

From Islamophobia to War: The Danish Cartoon Affair

by Michelle Rasmussen, Tom Gillesberg, and Dean Andromidas

On the evening of Jan. 31, British Foreign Secretary Jack Straw held a ministerial dinner at his official residence in London, where he played the instrumental role of mediating an agreement among his American, French, Russian, and Chinese counterparts that would open the way to bringing the Iranian nuclear issue to the United Nations Security Council. This would be a decisive step in the drive for a near-term U.S. military attack on Iran.

Shultz and Aznar: Nazis Seeking War With Islam

It's not surprising to find that among the leading promoters of war against "radical Islam," and Iran, are two men best known for their promotion of Nazi policies over recent decades. Both are also leaders of the Committee on the Present Danger (CPD), one of the prominent war-mongering institutions on the global scene. On the one hand, we have

Dealing With Russia: As in 1907, Wrong Again

by Rachel and Allen Douglas

Five months ago, I told you how the career of Alexander Helphand 'Parvus' sheds light on what the neo-con war party, grouped around Vice President Dick Cheney, has really been up to. That is because the hereditary roots of the neo-cons' current doctrine and practice of permanent warfare and proliferating regime changes trace back to the Anglo-Venetian operative Parvus's early-20th-Century theory and practice of Permanent War as the pathway to Permanent Revolution. Now the dangerous excitement about a showdown with Iran, on the part of the same war party and the higher-ups providing them guidance—as at British Foreign Minister Jack Straw's dinner party, reported on p. 36—forces us back to the opening years of the last century once more.

National:

Under Fire for Plame Leak, Cheney Builds NSA Stone Wall

by Edward Spannaus

Vice President Dick Cheney, visibly and increasingly in the target zone in the criminal investigation of the Valerie Plame obstruction-of-justice case, is desperately trying to orchestrate the coverup around the National Security Agency domestic spying scandal. Informed sources indicate that it was Cheney, not President Bush, who was behind the illegal surveillance of Americans, and thus it is Cheney who is also most vulnerable in this case, if and when the true scope of the spying operation becomes known.

'Might Makes Right': Gonzales Follows Hitler's Carl Schmitt

by Elisabeth and Anno Hellenbroich

U.S. Attorney General Alberto Gonzales, who was the chief legal advisor to President Bush during the enactment of the 'emergency measures' after the attacks of Sept. 11, 2001, released a 42-page document on Jan. 19, in which he justified with 'legalistic' arguments the spying on American citizens carried out by the Bush Administration. Gonzales argued that in his capacity as Commander-in-Chief, in times of crisis, the President has

'extraordinary authority which supersedes the influence and regulatory authority of the Congress.' This is the same argument which Nazi 'Crown Jurist' Carl Schmitt used to justify Hitler's grab of absolute power.

History:

Frederick Douglass: 'Knowledge Unfits a Child To Be a Slave'

by Denise M. Henderson

Editor's note: To commemorate the life and works of Dr. Martin Luther King and Coretta Scott King, we reprint this article from EIR, Feb. 3, 1995. Frederick Douglass was a source of inspiration for the Kings' work, as well as for that of the author, the late Denise Henderson of the LaRouche movement.

Frederick Douglass was one of the leaders of America's 19th Century civil rights movement, and one of Abraham Lincoln's chief lieutenants in the fight to save the Union. A former slave and leader in the fight against slavery, Douglass found himself a leader in the fight for the U.S. Constitution itself. His understanding of the anti-slavery struggle as a struggle for the Constitution, arose out of his own intellectual integrity and willingness to think through profound ideas and to think for himself, whether others agreed or not.

Book Reviews:

Our Sordid Love Affair With London's Muslim Brotherhood

by Jeffrey Steinberg

Devil's Game: How the United States Helped Unleash Fundamentalist Islam

by Robert Dreyfuss

New York: Henry Holt and Company, 2005

388 pages, hardback, \$27.50

This reviewer recently attended a conference at the U.S. Senate, which was billed as a symposium of experts on al-Qaeda. I asked a panel of three of the leading 'experts' about the links between al-Qaeda and the Muslim Brotherhood, and I mentioned that the staff reports of the 9/11 Commission had noted that the purported mastermind of the Sept. 11, 2001 attacks, Khaled Sheikh Mohammed, had been captured, and had boasted that he had been recruited to the Muslim Brotherhood at the age of 16. The question drew blank stares from the self-professed al-Qaeda experts, and none chose to answer.

Enron: A Mere Symptom of the Post-Industrial Culture of Corruption

by Harley Schlanger

Conspiracy of Fools: A True Story

by Kurt Eichenwald

New York: Broadway Books, 2005

742 pages, hardbound, \$26

On Jan. 30, 2006, the trial of Enron's top corporate officials, Kenneth Lay and Jeffrey Skilling, opened with much fanfare in Houston. For those who have come to see Enron as epitomizing all that is wrong in contemporary America, there is the hope that, at long last, the truth will come out, the bad guys will be punished, and justice will be done.

U.S. Economic/Financial News

Senator Clinton Calls for Marshall Plan for Auto Industry

Senator Hillary Clinton (D-NY) strongly endorsed the United Auto Workers' call on Congress for "a Marshall Plan for the U.S. auto industry," the *Detroit Free Press* reported Feb. 9. Clinton addressed the last day of a four-day UAW legislative conference Feb. 5-9, attended by 1,600 union organizers in Washington, D.C., saying, "The manufacturers and the UAW have called for a Marshall Plan. Let's marshal our forces and get it done." She said that the American economy cannot

sustain itself without manufacturing, and that the Bush Administration is trying to "undo the work of the 20th century": "They want to dismantle the structure of opportunity that has enabled most of us to live better than our parents and our grandparents."

The *Bangkok Post* took sharp notice of Clinton's speech because she called for protectionism for the auto industry against Thai exports, particularly pickup trucks, which the White House is proposing to free from tariffs and duties. "The Bush Administration is allowing U.S. manufacturing to wither away," the *Post* quoted her as saying.

Hedge-Fund Pirate Kerkorian Tightens Grip on GM

At the General Motors board meeting Feb. 6, corporate pirate Kirk Kerkorian pushed his right-hand man, Jerry York—termed a "fanatical corporate cutter and downsizer" by the *Detroit Free Press* of Feb. 7—onto the Board, replacing a Merrill Lynch representative. Also at that meeting, GM decided to cut its dividend in half, and cut some of its executive salaries—both demands of Kerkorian/York. The elevation of York supposedly involved his agreement not to discuss confidential GM matters with Kerkorian, now its largest shareholder, and York's boss at Tracinda Corp.!

Kerkorian is trying to play the (UAW president Ron) Gettelfinger card, calling his policy "equality of sacrifice," and calling it an equitable solution for the United Auto Workers. Gettelfinger on Feb. 6 said he is in favor of GM adopting some of the steps recently proposed by Kerkorian. After speaking to the UAW CAP (Community Action Program) national lobbying conference in Washington (Feb. 5-9), he said "the UAW has already taken the hit needed to help restore GM to health by granting the no. 1 auto maker significant health-care concessions. Now, he said, GM's executives and board members "should share with sacrifices of their own.

This idea is above all a distraction from the LaRouche policy of Congressional intervention to retool auto for a national infrastructure-building policy—a policy which was much in discussion at the UAW national meeting, where LaRouche representatives held many discussions about LaRouche's policy initiatives. UAW members were lobbying offices of the House and Senate Feb. 7. Their legislative agenda's first point is "A new Marshall Plan for the U.S. Auto Industry."

Equally important to Kerkorian and York, they and their associated hedge funds want to control the sale of 51% of GMAC, GM's finance arm, and push up its price. This sale was to be "reviewed" with York at the Board meeting's second day on Feb. 7. Several conditional bids seem to have been made, including one by Citicorp and the Cerberus Capital Fund in New York, sometimes called the world's biggest hedge fund.

Bush Budget Busts Entitlements, Congress; Backs 'Long War'

President Bush's fiscal 2007 budget, sent up to Capitol Hill Feb. 6, attempts to resurrect the dead Social Security privatization proposal, using exactly the same arguments as last year, and also proposes "reforms" that would reduce Medicare spending by \$36 billion over the next five years, and a total of \$65 billion from all mandatory programs. On the discretionary side, it proposes \$15 billion in cuts, all to support making the 2001 and 2003 tax cuts permanent and continuing the wars in Afghanistan and Iraq, for which the budget asks for \$70 billion in 2006 and another \$50 billion in 2007. The defense budget tops out at \$439 billion, a 7% increase over 2006. It continues the reorientation of the military toward Defense Secretary Donald Rumsfeld's "long war," with large increases for Special Operations, including psychological operations and civil affairs, intelligence and surveillance capabilities, and the reorganization of the Army into information-age modular brigades.

The budget also proposes a number of draconian measures to "enforce spending restraint." Among these are a resurrection of the line-item veto, and a joint budget resolution which would require the signature of the President. These two reforms, along with others also proposed, would bring the Executive branch even more intimately into the process of legislating

spending, yet another clear violation of the separation of powers and Congress's constitutionally mandated power of the purse.

LaRouche Proposal for Cutting the Budget

In response to Bush's new budgetary assault on the General Welfare (see above), Democratic Party elder statesman Lyndon LaRouche on Feb. 6 proposed a better way to cut costs: Get rid of the White House. After all, he mused, you don't need a marble palace to house a padded romper room.

Luxury Homebuilder Sees New Orders Plunge

Toll Brothers, the nation's leading builder of luxury homes, said Feb. 7 that new orders plunged 29% nationwide in the first quarter. The drop, compared to the level of a year ago, was a whopping 41% in the mid-Atlantic region—Washington, D.C./Northern Virginia/Maryland. The number of contracts signed to buy its houses fell to 1,544, down from 2,173 in the same quarter a year earlier. Many speculators are now selling the houses they bought to "flip," at the same time that purchase demand from investors is drying up.

Meanwhile, mortgage loan applications fell for a second straight week, led by a drop in home purchase loans. The Mortgage Bankers Association said its index slid 1.2% in the week that ended Feb. 3.

Mine Safety Agency Reinstates Air-Mask Supply Rule

The Mine Safety and Health Administration (MSHA) has reestablished the rule requiring the placement of extra air masks in mines, and training of miners in their use, which it wiped off the books eight months after Bush's 2001 inauguration.

The rule was reinstated after a Jan. 12 accident at the Aracoma Alma mine at Melville, in Logan County, West Virginia, where sources say two miners died because of difficulty getting the air masks on. In 1999, Clinton's MSHA proposed having caches of extra masks, and providing training.

David Lauriski, the head of MSHA under George W. Bush, was the official who rescinded the rule. In 1984, Lauriski was the safety and training director for a company owning a Utah mine where a disaster killed 27 miners in 1984. A 1987 study of this disaster concluded that there were too few of the devices in place, and that the miners were not adequately trained to use them. This history appears to answer in the affirmative Lyndon LaRouche's question, "Is the Bush Administration guilty of willful, criminal negligence in the death of miners?"

Bush's 'Job Creation' Is Lowering Wages

A report issued in January, "The Role of Metro Areas in the U.S. Economy," prepared for the U.S. Conference of Mayors, states that the 10 sectors of the economy that lost the most jobs between 2000 and the end of 2003, paid an average of \$43,629 per year; while the 10 sectors with the largest job increases pay an average annual salary of \$34,378, or 21% less.

World Economic News

Commodity Prices Rise Again, Buoyed by Hedge Funds

Commodity market sources consulted by *EIR* Feb. 9, as well as financial press accounts, offer a number of very different hypotheses on why zooming commodity prices suddenly hit a 24-hour plunge on Feb. 7-8; but their accounts agree on one thing: Hedge-fund speculation is driving all these commodity markets, and is set to continue driving them upward at the current rates of 80-100% a year, or more. Lyndon LaRouche's Riemannian shock-wave model of hyperinflation, published with sketches and his explanation in the *EIR* of Sept. 30, 2005, stressed that hedge-fund-driven hyperinflation was approaching Weimar 1923 levels.

On the London Metals Exchange Feb. 9, the price of gold rose nearly 3%; of copper, 1%; aluminum rose 2.1%; zinc, 1.8%; lead, 3.7%; tin, 1.7%; and nickel, 2.5%. This kind of daily increases have been typical of the four months since LaRouche's "shock wave" memorandum.

Standard Bank of London issued a report on Feb. 7 which estimated, and no doubt underestimated: "Hedge fund and equity fund investments in commodities will rise almost 50%, to \$120 billion this year [2006]."

In another commodity area, the *Washington Post* on Feb. 9 reported on a big, hedge-fund-driven bubble in sugar futures internationally, speculating on sugar's use in ethanol fuel production. In Brazil, fuel use now constitutes the majority of sugar consumption. But the Brazilian workforce is now reaping the whirlwind of this sugar "boom." In January, the price of ethanol, used as gasoline, rose by 10% in Brazil, driving the CPI up 0.6% for the month.

Expect Big Losses on Metal Derivatives Contracts

Although skyrocketing metals prices have led to fabulous profits for mining companies, analysts anticipate "a growing list of companies reporting large trading losses on metal derivatives contracts," according to the *Financial Times* Feb. 8. The apparent cause of the derivatives losses are that traders are making less on those one- to two-year-old contracts coming due this year and next, than they could at current prices. This is further feeding the metals price rise: The *Times* reports a rumor that a Mideast aluminum producer "had been locked into selling at prices lower than the prevailing market price through derivative contracts," and prices rose on speculation that the producer would have to *buy* aluminum to meet its commitments. (Producers in the region deny having incurred losses from derivatives, the *Times* says.) A broker is quoted, "The market is behaving in a way that would suggest someone out there has large losses in the aluminum market. It is surprising that there are not more trading losses." The article concludes with a discussion on mining companies now being reluctant to enter long-term programs, for fear of missing out on future price gains.

Bank of Japan To Maintain 'Ultra-Loose' Money Policy

The Japanese yen rose sharply on Feb. 8 on speculation that the Bank of Japan would announce it would abandon its "ultra-loose monetary policy"; however, the bank determined on Feb. 9 to maintain the policy after all.

That's the theory issued by the *Financial Times* on Feb. 8 for the yen's rise, though it reports other theories, including unwinding of short positions in the yen. A column in the *FT's* Feb. 9 edition attributes the previous day's commodities sell-off as paired with the yen's rise, rooted in the yen "carry trade." After describing the carry-trade and the rise of the gold price in yen, the paper says, "The result was that some big short positions developed in the yen while many speculators were betting on continued commodity price rises. When either trade looked like [it was] faltering, investors cut their positions on both sides. So the Feb. 7 yen decline was accompanied by a general sell-off of commodities—and it might have been the commodity price decline that led the yen higher."

All that said, on Feb. 9, at the end of a two-day meeting, the Bank of Japan board voted 7-2, to maintain its liquidity target in the range of 30-35 trillion yen, but to allow the amount to drop below the range when "market conditions warrant." The 30-35-trillion-yen figure is the target for the outstanding balance of current account deposits held by private financial

institutions at the central bank. This decision means, according to several reports, that at present, the Bank of Japan will make no fundamental change in its zero-interest-rate policy.

United States News Digest

Growing Revolt Among GOP Over Bush Arrogance Toward Congress

When Rep. Heather Wilson (R-Calif) declared her concerns about President George W. Bush's NSA wiretapping operations last week, she was giving voice to what many other Republicans were thinking, the *New York Times* reported Feb. 11. The *Times* named six Senate Republicans, in what could be described as a growing institutional revolt against the Bush Administration over its arrogance towards the Congress. Even Sen. Orrin Hatch (R-Utah), who is generally supportive of the NSA program, is quoted saying "The real question is do we have oversight?"

* Sen. Susan Collins (Me): "There is considerable concern about the Administration's just citing the President's inherent authority or the authorization to go to war with Iraq as grounds for conducting this program. It's a stretch."

* Sen. Lindsey Graham (SC) said Wilson's comments were "a sign of a growing movement" by lawmakers to reassert the power of the legislature.

* Sen. Chuck Hagel (Neb): "I don't think anyone wants any kind of constitutional showdown over this. We want the President to succeed, but the fact is we are a coequal branch of the government and we have serious oversight responsibilities."

Also cited are Republican Senators Lisa Murkowski (AK) and Judiciary Committee chairman Arlen Specter (Pa), who said he would draft legislation to have the Foreign Intelligence Surveillance Court rule on the constitutionality of the program.

Cheney-Bush Provoke Republicans on Another Front

Congressman Sander Levin (D-Mich) held a crowded press conference call on Feb. 9 attacking President George W. Bush for the "disappointing surprise" inclusion of Social Security privatization in the White House's budget proposal. "We don't want to have this fight again, but we will. We're putting Republican Members on notice," Levin said.

So nasty is this Cheney-Bush proposal, that it includes eliminating the Social Security "death benefit" for widows and orphans, to save \$55 million a year; it also proposes to cut some benefits, and squander \$70 billion a year on creating Wall Street private accounts. Levin said that Bush, in his State of the Union message Jan. 31, had talked about forming a bipartisan commission on entitlements; but in the budget submission, he made that impossible by demanding another battle over privatization.

Asked by *EIR* how Republicans in Congress had reacted to Bush's proposals, Levin quoted a statement issued Feb. 9 by Senate Finance Committee chairman Charles Grassley (R-Iowa): "I have no plans to pursue these proposals. The Administration didn't consult with me on these proposals. Even if someone had, I'd be hard-pressed to give them a second look."

House Working Group Resets U.S.-China Agenda

Characterizing the House of Representatives discussions on China as "relentlessly negative, and, many times, uninformed,"

Rep. Mark Kirk (R-Ill) described the work of the 35-member House U.S.-China Working Group, during a presentation this evening at the School of Advanced International Studies. Citing "disastrous decisions by the British Empire" which led to World Wars I and II, Kirk said the U.S. could make the same mistake of arrogance, if it does not recognize the growing importance of China. He described the U.S.-China diplomatic relationship as the "most important of the 21st Century."

While House discussion on China centers on controversial such issues such as Taiwan, trade, and currency, the bipartisan Working Group is focussing on deepening diplomatic relations, by establishing a hotline between the DOD and the Chinese Defense Ministry, cultural exchanges, encouraging the learning of Chinese in American schools, increasing the number of U.S. diplomatic missions in China, and cooperation in space. On a recent trip to China, Rep. Rick Larsen (D-Wash) said, his group were the first foreigners since 1989 to visit the Chinese space launch center.

Larsen explained that in the state of Washington, China is not the "Far East," but our "Near West." China is not "waiting for the U.S." in space, Larsen said, and is already working with Europe, Brazil, and South Asian countries. Asked about "containment," Larsen said that "China's already out in the world—there is nothing there to contain." On a question about China's pursuit of energy resources, Kirk indicated that the discussion in the House on China's possible oil company purchase reflected a "Napoleonic view," with too much focus on who owns what. On Chinese energy resource forays into Ibero-America, Kirk said that there are "negative trends" in U.S. relations there, and "bad feelings on free trade." Chinese investment in Ibero-America "could spur growth there," he said, which would be good for the U.S.

The Working Group has previously set up briefings in the House on China's response to avian flu, and on defense policy. It plans to raise issues in the Congress in April during President Hu Jintao's visit on space cooperation and the defense link.

GOP Still Resisting Oversight of Cheney Torture Policy

Republican members of the House International Relations Committee demonstrated on Feb. 8 that they still prefer to block any inquiry into the Bush Administration's torture policy. The Committee voted to report adversely three resolutions of inquiry introduced by Democratic members of the House. The three resolutions amounted to subpoenas of the Bush Administration for documents relating to Administration policies on extraordinary rendition of terrorist suspects to third countries to be tortured, the Convention Against Torture, and secret prisons. All three were rejected by nearly party line votes—only Rep. Jim Leach (R-Iowa) broke ranks to vote with the Democrats on all three resolutions, and Rep. Ron Paul (R-Texas) on the one relating to rendition.

Committee chairman Henry Hyde (R-Ill) set the Republican tone early in the proceeding by accusing the Democrats of wasting the committee's time and seeking political advantage in an election year. Furthermore, he said, there have been a dozen investigations in the Pentagon, therefore there's no need for Congressional oversight. Other Republican members of the committee, notably Ileana Ros-Lehtinen (Fla), Dana Rohrabacher (Calif), and Dan Burton (Ind), only got more insulting from there. Congressman Ed Royce (Calif) even complained that at least one newspaper has labelled Dick Cheney as "the Vice President for Torture."

Democrats, on the other hand, asserted the constitutional responsibility of the Congress to conduct such oversight of the Executive Branch. They especially bristled at the notion that their only motive was partisan politics, and that to question the policies of the Administration in the war on terrorism is anti-patriotic and gives aid and comfort to the enemy. Democrats, one after another, warned that the Congress is in danger of becoming a rubber stamp unless it fulfills its constitutional oversight responsibilities.

Louisiana Congressmen Blast Bush Budget Plan

Louisiana's Congressional delegation blasted President Bush's budget plan as more of the same failed policy as occurred in

responding to the Hurricane Katrina disaster, the New Orleans *Times-Picayune* reported Feb. 8. Louisiana lawmakers from both parties ridiculed the slow pace of the recovery, especially the critical storm-protection needs which will go unmet as Bush's budget plans to cut the overall U.S. Army Corps of Engineers budget by 11%. The cuts to the Corps include no money requested for two important flood-control projects in metropolitan New Orleans—one in South East Louisiana, the other, the West Bank and vicinity project.

Senator Mary Landrieu (D-La) said, "The White House budget reflects an Administration that has still not learned from its dysfunctional response to Hurricanes Katrina and Rita and the levee breaks that followed." Senator David Vitter (R-La) criticized the 34% cut to the Corps' construction budget saying, "These sorts of cuts in the past are what led to cutting corners. And that led to catastrophic flooding in New Orleans." Congressman William Jefferson (D-La) blasted cuts to food and health insurance programs that benefit hurricane victims, and a 30% cut to Community Development Block Grants which are so crucial to housing rebuilding efforts. "The President proposes painful cuts to a wounded nation while protecting healthy insurance subsidies, making permanent costly tax cuts, and increasing funding to rebuild Iraq and Afghanistan," he charged.

Former Powell Aide: 'I Participated in a Hoax'

'I participated in a hoax on the American people,' said Col. Larry Wilkerson, who served as chief of staff to Colin Powell when the latter was Secretary of State; Wilkerson was speaking during an interview on PBS's *Now* program, aired on Feb. 3. The hoax to which Wilkerson referred was Powell's infamous speech to the UN on Feb. 5, 2003, in which Powell claimed Iraq had weapons of mass destruction. In the interview, Wilkerson detailed how Dick Cheney leaned on the CIA to provide the conclusions he wanted, and the absurd 48-page script of the speech that was provided by Cheney's top aide Lewis "Scooter" Libby, now facing criminal charges for his role in the Valerie Plame Wilson leak case.

Wilkerson noted that none of the dissent in the intelligence community ever reached him or Powell—dissent questioning Cheney's conclusions about Iraq's WMD programs, with respect to either Curveball, the fake source in Germany, or Sheik al Libbi, the al-Qaeda member who was tortured into saying that Iraq had such programs.

Wilkerson concluded the interview with an attack on the Federalist Society, although he did not name it, in response to a question from interviewer David Brancaccio asking if he were worried that we may be headed down the path to dictatorship. "Oh, I think it's come to that," Wilkerson said, arguing that a few people, including Attorney General Alberto Gonzales and former Justice Department official John Yoo, have decided on a different reading of the Constitution than that which has prevailed for more than 200 years. Nonsensically, they claim Alexander Hamilton as their leading light. "They haven't even read Federalist Six," Wilkerson said, "where Alexander Hamilton lays down his markers about the dangers of a dictate-issuing chief executive.... This is an interpretation of the Constitution that is outlandish and clearly ahistorical."

Ibero-American News Digest

Zapatista Advocate Claims Nazi Carl Schmitt as EZLN's Own

Even as members of Jose Maria Aznar's right-wing fascist Popular Party are invoking the name of Nazi legal theorist Carl Schmitt to support their calls for a military coup against Spanish Prime Minister Jose Rodriguez Zapatero, in Mexico, a prominent supporter of the Zapatista National Liberation Army announced that the Zapatistas' policy, too, is based on Schmitt's theory of friend and foe and the destruction of the State.

Thus, exactly as Lyndon LaRouche has warned, we see how Schmitt's work is *very* broadly spread among both "right" and

"left" wings of the Synarchist movement, particularly in the Spanish-speaking regions of the world. Schmitt's philosophy comes from Hegel and from Sauvigny, LaRouche commented, in discussing the simultaneous public hailing of the Nazi theorist in Spain and Mexico. It is the Romantic theory of law, he emphasized, noting that anarcho-syndicalism is still synarchism. It's left-wing fascism.

The Mexican support for Schmitt came in a Jan. 24 article in the national daily, *La Jornada*, by Zapatista supporter Luiz Hernandez Navarro. This is the same Hernandez Navarro who in July 2001 interviewed Italian left-synarchist Tony Negri—the Italian terrorist who had corresponded avidly with Carl Schmitt in earlier days—for *La Jornada*, on Negri's vision of a new, anarchist-riddled global empire to replace the nation-state. *La Jornada* has been the leading national mouthpiece for the Zapatista insurgency since it began in 1994.

The Zapatistas have decided to march an organizing force throughout Mexico in the run-up to the July 2006 Presidential elections, in order to build a "non-state public sector," Hernandez wrote, to thus deepen "the deterioration of the state monopoly on political decisions, a tendency described, years ago, by the theoretician Carl Schmitt. According to the German political scientist [sic]: 'The days of Statism are coming to an end... The State as the model of political unity, the State as the head of the most extraordinary of all monopolies, that is, of the monopoly of political decision, is at the point of being overthrown.' Unlike the hypocrisy of institutional politics, in which the contenders refuse to recognize that they have enemies ... [the Zapatista march] calls things by their name, and refuses to abandon the idea of enmity."

Hernandez Navarro asserts that the Zapatistas are part of a "new hard left, born outside the traditional political classes," who reject the reformism *à la* Lula, and have emerged as a governmental option in various Ibero-American countries.

Argentina Launches Battle Against Rapacious Monsanto

The Kirchner government of Argentina has joined with Dutch and Danish importers of Argentine soy flour in a legal suit against the Monsanto Corporation, a leading world food cartel. Last June, in an attempt to force Argentina to pay royalties on the use of Roundup Ready genes, which is *not* patented in the country, Monsanto sued Dutch and Danish importers of Argentine soy flour, charging them with patent infringement and violation of its intellectual property rights. This week, Monsanto stopped a shipment of 5,900 tons of Argentine soy flour in the port of Liverpool using the legal proceedings as a pretext. Over the last two weeks, the multinational stopped two other Argentine shipments in the Spanish ports of Bilbao and Santander.

In a Feb. 7 press release, Argentina's Agriculture Secretary Miguel Campos charged that with this action, Monsanto is seriously damaging Argentina's exports, causing a reduction in the export revenue that is used by the government to finance social programs. Eduardo Buzzi, head of the Argentine Agrarian Federation (FAA) accused Monsanto of violating international treaties, adding that its illegal action reflects "one more chapter in Monsanto's commercial voraciousness." Carpab, another agricultural organization, pointed out that Monsanto's legal suit in Europe was filed while negotiations with the Argentine government were taking place in Buenos Aires. Carpab called on the state to immediately seize all of Monsanto's assets inside Argentina, and urged producers not to purchase any of the company's products.

Provocations Launched Against Kirchner

Protests by oilworkers in the town of Las Heras, in Argentine President Nestor Kirchner's native province of Santa Cruz, ended in tragedy Feb. 6, when provocateurs infiltrated the oilworkers' storming of a local police station and killed one unarmed policeman and wounded several more. Those involved in the shooting reportedly had FAL rifles and sophisticated telescopic technology, and may be linked to the extreme leftist Workers' Pole group.

In statements Feb. 8, President Kirchner said, "It was no accident that these events took place in my province, and that

these events would have occurred in a town as beloved as Las Heras." Kirchner's own statements, and those of close advisers, strongly implied that the incidents were an attempt to discredit the President and his political project for Argentina. Towns like Las Heras, which prospered during the 1980s, were devastated by the 1993 privatization of the state oil firm YPF, which caused unemployment to soar. The only jobs available now are with private oil companies, which have refused to hire locally. Las Heras, and many other towns in Santa Cruz's interior, are therefore socially volatile, lacking infrastructure, educational facilities and jobs. Between 1997 and 1999, twelve young people, averaging 25 years of age, desperate about having no future, committed suicide in Las Heras.

President Kirchner vowed that these incidents "won't cause us to lose our calm," or to "deviate from the path of coexistence." Argentines must never forget what they suffered in the dark days of dictatorship, when hooded and armed men committed unspeakable atrocities. That cannot be allowed to happen again.

LaRouche Youth Movement in Mexico Calls for "'Nuclear Option' To Stop Fascism"

"No, not a nuclear *bomb*. *Nuclear energy*," a LYM statement issued on Feb. 7 begins. The LYM explains:

"In late January, Mexico's Energy Minister announced that the Fox government would promote the building of a single, new nuclear energy plant in the country, in a location to be decided before Fox leaves office in December 2006.

"The LaRouche Youth Movement of Mexico does not think that we should be building *one* nuclear plant: We need 20! We have to return to the nation-building policies of ex-President Jose Lopez Portillo, including building 20 nuclear energy plants, dozens of new industrial cities especially near the coasts, and, in general, exchanging our oil for advanced technology. We have to rapidly industrialize, achieve food self-sufficiency, and—most important of all—create millions of new productive jobs, and educate and train the new generations of young Mexicans for them, so that our nation's most valuable resource, its people, stay at home to contribute to national development.

"*Ya basta* with the brain-drain, where our population is being dumped into slave labor conditions in the United States!

"Such a nuclear-centered development program is the key to Mexico's 2006 Presidential elections. This is the opportunity for Mexico to end the nightmare of the last two decades of neo-liberal economic policies; to drive all vestiges of synarchism from national politics and return to its republican roots; and to resume its rightful, historical role as a leader in Ibero-America. This is the opportunity to put an end to the fascist economic policies of the synarchist international bankers globally. And Mexico has important, powerful allies in that battle." (See www.larouchepac.com/spanish for full statement.)

Uribe Goes to Washington for Free-Trade Pact

With the negotiations for a free-trade agreement between Colombia and the U.S. entering their 15th session in Washington next week, with no sign of a break in the impasse, Colombian President Alvaro Uribe opted to weigh in. He and his entourage of ministers flew to Washington on Feb. 13 to meet with President George W. Bush and, it is expected, push the negotiations to a rapid conclusion.

The Uribe government's fear is that, now that the statement has carried into the electoral period in Colombia, the opposition will use the unpopularity of the free-trade agreement as an electoral weapon against the government in upcoming legislative, then Presidential elections. Indeed, as the widely read magazine *Portafolio* reported Feb. 9, even if Uribe manages to get the agreement signed in Washington, the real battle will take place in the Colombian Congress, which has to ratify the agreement. Senator Jorge Enrique Robledo, a staunch opponent of the agreement, insists that opposition is widespread and growing within both houses of Congress, where the coffee, rice, sugar, poultry, and other

threatened agricultural producer federations have significant lobbying influence.

Western European News Digest

'Together' Loans Drive Up Home Repossessions in Britain

With a "Together" loan, first-time British home buyers can borrow up to 95% of the price of their home, *plus* another 30% as a personal loan at the same interest rate, the *Guardian* reported Feb. 4. In other words, you get your mortgage and your home equity loan all at once—before you have any equity! These loans made up about one-sixth of all mortgages to first-time buyers in 2005, about 7 billion pounds sterling. Some of the same banks offering these "Together" loans are also making them at up to six times the income of the buyer, twice the recommended formula. It's no surprise then that repossessions are skyrocketing as borrowers struggle to repay these loans. One lender, Northern Rock, has seen its repossessions triple in the past year, to 576. The proportion of such borrowers behind on their payments has also increased.

Report Signals Intent To Reform NATO for War on Terror

Last October, the Spanish FAES (Foundation for and Social Studies and Analysis), linked to former Spanish Prime Minister Jose Maria Aznar, produced a report demanding that NATO be reorganized, "in order to combat and defeat Islamist terrorism." Aznar, an avowed admirer of Spain's late fascist dictator Francisco Franco, personally presented the FAES proposal, titled "NATO: An Alliance for Freedom," at NATO headquarters on Nov. 30, 2005. Many in Europe do not yet agree that "Islamic jihadism/extremism/terror"—a phrase appearing over 20 times in the document—is an "existential threat" to countries, the report says, but then confidently asserts that "the threat of Islamist terrorism will end up becoming the greatest priority sooner or later."

The FAES document is a proposal for NATO to become a supranational dictatorship on behalf of "the liberal and democratic world." The report proposes that NATO create a standing counterterrorist military command, empowered to commandeer "domestic resources" into the military fight as required, including taking "active measures" against domestic threats. NATO is to provide Homeland Security for its members. "A new legal framework" must be drawn up to permit NATO and its armed forces to operate within the countries themselves. And NATO must be prepared to go into the Middle East and impose democracy—by military force, if necessary.

Background research by *EIR* indicates that Aznar's proposal received its first international endorsement on Nov. 15, 2005: from the think tank Committee on the Present Danger. The endorsement should not come as a surprise, since both James Woolsey and George Shultz sit on the CPD's board, and the CPD-International is co-chaired by Jose Maria Aznar.... The day after the CPD endorsement, Nov. 16, 2005, the American Enterprise Institute held a panel discussion on Aznar's proposal, with Aznar giving the keynote address, in which he emphasized the importance of his foundation's call for a "homeland security dimension" for NATO.

Aznar is still busy promoting his foundation's NATO plan. On Jan. 29, 2006, he presented it at George Shultz's Hoover Institute's Washington, D.C. office, and later dined with President George Bush at the White House. The next day, in a speech at Georgetown University in the company of two of his cronies from FAES, Aznar insisted that now is the time to create an "Atlantic Prosperity Area" to strengthen trans-Atlantic ties and pave the way for global free trade.

On Feb. 6, the *Wall Street Journal* endorsed Aznar's call for Israel to join NATO. In its editorial, the *Journal* stated that if Israel were to join NATO, it would have "the additional virtue of forcing Europe to take a firmer stand against an Iranian bomb."

Spain and Turkey Promote Dialogue of Civilizations

Spanish Prime Minister Jose Rodriguez Zapatero and Turkish Prime Minister Recep Tayyip Erdogan came out in a common call to promote "an alliance for the dialogue of civilizations"—a call which was officially presented by Zapatero during the last UN General Assembly. "A call to respect and calm," is the title of their op-ed published by the Spanish daily *El Mundo* Feb. 7, in which the two statesmen expressed their concern about the fuelling of tensions and called for "the voice of reason to be heard." The two further stated, "Last year when the government chiefs of Turkey and Spain put forward the initiative 'Alliance of Civilization,' we did it with the firm conviction, that we need initiatives and instruments in order to stop the spiral of hatred which constitutes a threat to peace and international security."

Spain and Turkey have been historically situated at the crossroads between Occident and Orient, and would want to promote contact and dialogue between the different cultures, the two statesmen said. While rejecting the publication of the Danish caricatures of the prophet Mohammed, they stressed the need to respect religions of both sides and to cultivate "peaceful coexistence, which is only possible if there is an interest in understanding the viewpoint of the other and about what each side considers as the most sacred."

This call is in direct opposition to the Clash of Civilizations proposal by former Spanish Prime Minister Jose Maria Aznar (see above). In the same light, it has been announced by the Vatican Press office that Pope Benedict XVI has accepted an official invitation from the President of Turkey, and will visit the country Nov. 28-30. It is also noteworthy that Bishop Renato Raffaele Martino, in commenting on the Danish cartoon story, spoke about the "arrogance of the West"—especially of the rich countries in the Western world "which have no respect for the poor."

EU Commission Makes Concessions on Anti-Labor Directive

The EU Commission has now signalled that it would no longer insist on the "country-of-origin principle" formulation in the anti-labor Bolkestein Services Directive, but rather accept that services offered by a firm in one country to another country, are subject to the respective labor and social laws of the other country. This is a significant retreat for the EU Commission, which is still reeling from its big setback four weeks ago in the European Parliament, on the Port Package II directive and on the draft for the 2007-2012 EU budget—both voted down with a 75% majority.

The new formula is praised as a "breakthrough" by both Social Democrats and Christian Democrats, even those who have previously opposed it. Evelyn Gebhardt (SPD, in charge of the directive at the Internal Market Committee of the EU Parliament), and SPD national party chairman Matthias Platzeck have both called it "good," Platzeck calling it a "good compromise between the requirements of the market and the social state model."

The labor unions however are skeptical, and for several good reasons. First, the full text of the "breakthrough" document is not yet available, and may not be until Feb. 14, the day when the EU Parliament begins its hearing on it. Also, labor demands that definite standards be imposed for minimum wages and against fake "entrepreneur" status of, in reality, low-paid foreign workers, have not been heeded, which means that the erosion of living standards, health, and security regulations continue with wage-dumping practices. In addition, there still is no clause that makes registration of services firms in another country mandatory, which opens the door to "unregistered" firms undercutting legitimate businesses.

The labor unions are sticking to their plan to protest in Berlin Feb. 11, and in Strasbourg, with labor from all EU member countries taking part, on Feb. 14. Warning strikes have been taking place throughout Europe (notably in the public services sectors), in anticipation.

Russia and the CIS News Digest

Russians Respond Carefully to Iran Escalation

Two top Russian officials spoke out the weekend of Feb. 4-5 on the escalation of the crisis around Iran's nuclear program. Foreign Minister Sergei Lavrov, speaking in Athens, warned, "At this stage it is important not to make guesses about what will happen in Iran. And even more so, not to threaten that country." Lavrov noted that U.S. Secretary of Defense Donald Rumsfeld had said he "does not exclude" the use of force, but portrayed British Foreign Minister Jack Straw as "completely excluding the use of force against Iran." In any event, Lavrov stressed that the UN Security Council will do nothing, except to be "informed" by the International Atomic Energy Agency (IAEA), under the IAEA vote of this past weekend. Lavrov concluded that Russia was looking forward to the early-March IAEA report and stressed that "under current circumstances, the use of force may only occur on the basis of the UN Charter."

Russian Defense Minister and Deputy Prime Minister Sergei Ivanov, who attended the Feb. 4-5 Wehrkunde conference in Munich, was shown on Russian TV making comments similar to the content of his interview, published in the *Frankfurter Allgemeine Zeitung* Feb. 6. Ivanov said, "Russia is opposed to removal of the Iranian nuclear dossier from the competence of the IAEA and its complete transfer to the UN Security Council," because "we want to use absolutely every possibility to settle this delicate problem peacefully." Ivanov told the *FAZ* he still had hopes that "Iran will make a reasonable compromise, based on its own interests." He added, referring to the Russian plan for processing Iran's uranium in Russia, "We have made a good proposal. The Iranian leadership must make its decision soon."

Alluding to the ravings of Sen. John McCain (R-Ariz) about Russia's association with Iran, Ivanov said, "The notion that Russia plays the decisive role, does not correspond to reality. We have good relations with Iran. But we do not assume that Tehran will follow all of Moscow's advice."

Russian Commentators See Pre-War Situation

Even as Russian officials stressed the diplomatic efforts to defuse the Iran crisis, the government daily *Rossiyskaya Gazeta* headlined on Feb. 7, "Iran: The USA's New Target; Rumsfeld's Latest Argument; USA Prepared To Strike Iran Militarily." The article gave quotations from U.S. Secretary of Defense Donald Rumsfeld's interview in the German daily *Handelsblatt*, augmented by the even more strident statements of Senate Majority Leader Bill Frist (R-Tenn) about resorting to military force, if diplomatic and economic sanctions don't force Iran to drop its nuclear program.

Many Russian media have played up statements by Rajab Safarov, head of the Center for Coordination of Russian-Iranian Programs and an adviser to both President Putin and the State Duma. RIA Novosti noted that Safarov talked about the existence in Iran of "voices in favor of changing Tehran's strategy on its nuclear program." At the same time, he warned that, "Iran, together with the entire world, is on the brink of 'fouling out' while waiting for the other side to do something." Safarov said that "the worst scenario" was not out of the question: referral of the Iranian dossier to the UNSC, followed by sanctions, at which point Iran might abandon all cooperation with the international community.

Safarov also said he feared things were moving in the direction of the use of force against Iran. He asserted that Israel "has a concrete plan to make good on these threats, under a plan culminating on March 28, when Israel would carry out precision bombing against Iran's nuclear and military targets." The Russian specialist then said Iran has a plan for retaliation.

The *Rossiyskaya Gazeta* article was accompanied by an interview with Yuri Glushchenko of the Russian Institute of Strategic Studies, who also outlined precise scenarios of how an armed conflict around Iran would unfold, with U.S. or Israeli strikes, followed by Iranian attempts to blockade the Straits of Hormuz.

Baku: No to U.S. Anti-Iran Ops from Azerbaijan

President Ilham Aliyev of Azerbaijan, at a Feb. 6 press conference, said that Azerbaijan would not allow U.S. military operations against Iran to be staged from its territory. Appearing together with Iranian envoy Soleymani, Aliyev added, "Even if the U.S. decides to attack Iran—not a single state in the region, not even Western countries and the UN, will support Washington. Iran is not Iraq. The U.S. should rather think how to get out of the mess in Iraq."

Putin Makes State Visit to Spain

Russian President Vladimir Putin was received King Juan Carlos at the Zarzuela Palace Feb. 9, during his first state visit to Spain. In welcoming remarks, the king paid due to Putin's current stress on Russia's role as energy provider, mentioning "the vast energy resources which have transformed Russia into an indispensable partner in energy questions for Europe and its neighbors." With Russia being one of Spain's main suppliers of energy, the king said there are growing opportunities for Spanish companies in the Russian market, especially in energy and transport infrastructure. Putin met with executives of the energy companies Repsol/YPF, Iberdrola and Campofrio, as well as with reps from the aviation firm EADS-CASA, the high-speed rail company Talgo, and the banks BBVA and Banesto.

In a press conference after talks with Prime Minister Jose Luis Rodriguez Zapatero, Putin condemned the current "cartoon" instigation of violence, urging that the situation be brought under control and that "peaceful dialogue start between cultures." The Spanish and Russian governments agreed upon a common statement on terrorism, in which both countries condemn terrorism in all forms.

Besides signing bilateral documents on energy security and the anti-terrorism and anti-drug fights, the leaders of the two countries also discussed the situations in Iraq, Iran, and the rest of Southwest Asia. The Spanish daily *El Pais* reported Feb. 9 that the Spanish government regards Putin's position vis à vis Hamas—the Russian President having said he will invite the new Palestinian leaders to visit Moscow—as especially useful now, since it will allow Putin to maintain a dialogue and add to international pressure for the radicals to lay down their weapons. In the case of Iran, Zapatero called Putin the last interlocutor, capable of advancing negotiations which the Europeans have exhausted.

Foundation Wants 'NATO' for European Energy Security

Jamestown Foundation analyst Vladimir Socor called for a "NATO" equivalent to handle European energy security. He was speaking at a forum on the Russia-Ukraine gas crisis. Harvard economist Marshall Goldman told the gathering that the showdown had been a power play by the Putin regime, using energy resources to consolidate Russian influence in the region. But Socor laid out an aggressive "roll-back" option, attacking European nations, especially Germany, for being partners with Russia on natural gas supply pipelines. He called for an EU task force to work with Ukraine on energy issues, while also seeking to drive a wedge between Russia and Turkmenistan, whose gas resources are almost as abundant as those of Russia.

The Jamestown group dates back to 1984 as an organization working with high-level dissidents from the Soviet Union and other socialist countries. Zbigniew Brzezinski is on the board, while Jamestown President Glen Howard co-chaired Brzezinski's (with Alexander Haig) project operation "Americans for Peace In Chechnya."

Russia-Georgia Tensions Increase

On Feb. 1 Georgian police detailed a Russian military truck close to the demarcation line with Georgia's breakaway region South Ossetia, which is policed by Russian peacekeeping forces. The next day a Russian-made missile, found in a tree (sic)

in Kareli, close to the same border, was declared to have been planted there for the purpose of a terrorist act against President Michael Saakashvili. These events provided fuel for Georgian Defense Minister Irakli Okruashvili's denunciations of Moscow, during the Feb. 4-5 Wehrkunde conference in Munich.

An escalation occurred Feb. 8, when (according to Russian media) 500 Georgian troops made a raid into South Ossetia and arrested three Russian officers. Givi Targamadze, chairman of the Georgian Parliament's Defense and Security Committee, proposed to prepare for "using force" to "kick out the Russian military contingent" from the Georgia-South Ossetia border zone. The Georgian Parliament has voted in favor of replacing the Russian peacekeepers with soldiers from other countries; feelers have gone out to Latvia and Ukraine, according to reports.

Southwest Asia News Digest

EIR ONLINE EXCLUSIVE

EIR Cairo Visit Exposes Psywar Behind Cartoons

by Muriel Mirak-Weissbach

As this author has just experienced during a visit to Cairo, the outpouring of rage provoked by the issue of the anti-Islamic cartoons is unprecedented. It had been building up, against injustice in Palestine, the ongoing destruction of Iraq, and the preparations for a military strike against Iran. But the cartoons were the proverbial straw that broke the camel's back. The cartoons were deliberately published to provoke such a reaction, and the reaction came, according to profile.

The enraged reaction will contribute nothing to overcoming the crises afflicting the Islamic and Arab world. To do this, governments and peoples must be equipped with an understanding of the larger geopolitical picture, in which the anti-Iran drive, and the psywar of the cartoons, are crucial pieces.

In this context, it was a happy coincidence that this writer, as an editorial board member of *EIR*, had been invited to Cairo, to present the views of Lyndon LaRouche on these and related issues, to an Egyptian audience. The invitation was to deliver a lecture at the Center for Asian Studies of the Faculty of Economics and Political Science, on Feb. 6.

The focus of the presentation, entitled, "Strategic Options for the Post-Cheney Era: Implications for the Middle East and Asia," was on the two interconnected but opposing processes unfolding in the United States today: the drive for Presidential dictatorship, by the Cheney cabal, and the campaign, led by Lyndon LaRouche in the Democratic Party, to defeat this fascist effort and defend the U.S. Constitution. I told my Egyptian interlocutors, "You cannot understand anything about the current situation in U.S. politics, and U.S. policy for the world, unless you grasp this dynamic."

Most of the participants at the lecture were unaware of the revolutionary ferment which is sweeping America, under the slogan "Impeachment!" Two burning issues, it was explained, have mobilized the U.S. population in a drive to impeach the entire neo-con cabal that has usurped power in Washington: the Iraq catastrophe, and the National Security Agency spying scandal. Moves in the Congress toward plans for withdrawal of troops in a rational exit strategy were reported, sparked by the intervention Nov. 17 of Rep. John Murtha (D-Pa.), which has gotten important backing in devastating critiques of the Bush Iraq policy from high-ranking military professionals.

A report of the mass turnout at town meetings with Murtha (for example, in Virginia, where 1,000 citizens showed up), impressed on the Egyptian audience that indeed something extraordinary is occurring in America. Egyptian press had reported on the NSA spying scandal, which had been exposed by the *New York Times* just prior to the debate on the Patriot

Act. But the explosive potential of these revelations, to fuel the drive for impeachment, had not been conveyed to the reading public.

It was in the context of this dynamic internal U.S. political battle, that the threat of military action against Iran was located and discussed. The drumbeat for confrontation around Iran's nuclear energy program, was generally known. What was *not* known, was the broader strategic picture, specifically, how the British financial oligarchy has been manipulating the Iran affair, to prepare a military action which will bring down the current financial-monetary system, and pave the way for City of London financial interests to lay claim, through their hedge-fund holdings, to the vast raw materials assets in the world today. Their oligarchy's thinking is: He who holds these assets, controls the world. - An Electric Response -

The response, by the diplomats, political figures, press, and students attending the event, was electric. Many wanted a better grasp of the workings of internal U.S. politics. How is it that Bush won re-election? asked one student. Why does the American population not bring down the Bush Administration? How could the American people believe the lies about Iraq's presumed weapons of mass destruction, at the same time that they are being hit with higher taxes and deprived of basic social services? The courage displayed by the LaRouche movement and *EIR* in taking on the fascist conspirators, was lauded by many.

Other questions dealt with the strategic crisis points, especially Iran. Prof. Mohammad Sayed Selim, who heads the Center for Asian Studies at Cairo University, asked how one could account for the fact that China had apparently shifted its stance regarding Iran's nuclear program, and allowed the International Atomic Energy Agency "report" to go through. China is, after all, dependent on Iran for energy supplies. What will China's future strategy be? Another question was: What will future relations be among the United States, Russia, and China, if the latter two make use of their veto rights at the UN Security Council, to kill a resolution against Iran? Others asked about the implications of the fact that many Arab and Muslim countries had voted for the IAEA resolution on Iran: Did this not mean that the Iranian leadership was miscalculating the response from these quarters?

The most pertinent question raised was: How can Iran avoid a military confrontation, without giving up its right to a peaceful nuclear energy program? Here, the potential of the Russian proposal, for a joint uranium enrichment facility on Russian territory, was discussed. However, as Professor Selim noted, the *cause* of the crisis is not Iran's nuclear energy program. A quick glance at North Korea, which has acknowledged its nuclear weapons capability, shows that this is *not* the issue. Rather, it is the drive towards military aggression, in the context of geopolitical ambitions for hegemony.

The other leading issue raised by the participants was that of the anti-Islamic cartoons published first in Denmark. Here, as Professor Selim underlined, *EIR* had a unique analysis. Although at the time of the lecture, crucial information regarding the entities behind the cartoon affair had not yet been unearthed, it was clear by the *modus operandi* of the publications, as well as by consideration of the *analysis situs*—the context in which they appeared—that this was not the spontaneous initiative of some cartoonist, but a deliberately planned psychological-warfare operation, typical of intelligence agencies, aimed at creating the psychological climate within which a strike against Iran could be orchestrated.

That same evening, the debate was brought to a much larger audience, in Egypt and abroad, through Egyptian national television, Nile TV. Both Selim and this author were guests on the weekly program "Viewpoint," hosted by Nihal Saad. In an animated debate punctuated by calls from viewers, the issue was thrashed out, and the evidence presented that the current countdown to conflict has nothing to do with Iran's nuclear program. Selim noted that both South Korea and Japan have uranium enrichment facilities, and yet no one is questioning their legitimacy. Not only that, but North Korea, which has admitted to having weapons, is being offered negotiations and incentives, rather than military threats.

Selim was asked about the response of the Arab and non-aligned nations, which, in large part, accepted the IAEA resolution against Iran. He reported on how particularly the Persian Gulf states had been pressured by the United States to

close ranks against Iran. Iran's nuclear program, he said, had never been cause for alarm in the Gulf Cooperation Council, until 2005, when U.S. diplomats began to put on the squeeze.

Selim referred to an important conference in a Gulf country that he had attended last year, during which U.S. representatives literally announced Washington's intention of bombing Iran, and asked merely, what the response of the neighboring countries would be. At the most recent Gulf Cooperation Council meeting, he recalled, there had been an explicit proposal to establish a zone free of weapons of mass destruction in "the Gulf," that is, targetting Iran. Fortunately, he said, in the course of the conference, others intervened, to redefine this demand, to embrace the entire "Middle East," that is, including Israel, whose nuclear capabilities are well known. For Selim, the best thing the Arab countries can do, is to push through this demand for a WMD-free zone in the entire region. - LaRouche's Role in Solving the Crisis -

This author had the opportunity to elaborate on LaRouche's unique analysis of the crisis, highlighting what the British manipulation of the whole situation has been, and the objective of the London-centered financial interests in bringing down the entire world financial-economic system to impose a global dictatorship through control of raw materials. In this context, it was possible to brief the television audience on the raging fight in the United States for the impeachment of Cheney and Bush, and the revolutionary atmosphere this has created in the United States. Ultimately, it is the outcome of this political battle which will determine whether or not Iran will be attacked.

At the same time, the errors made by the current Iranian leadership were addressed. While Selim emphasized the fact, that Iran was wrong to even enter the discussions with the EU-3, because that meant taking the entire nuclear issue outside the proper context of the IAEA, this author noted the failure of Tehran to recognize the contrived, manipulated nature of the entire game, and the error of responding to provocations with counter-provocations. As for possible ways out of the crisis, it was clear that Iran does have options. In LaRouche's view, the Iranian government would do well to accept the Russian proposal for the enrichment of uranium in Russia, as the best option provided to Iran to defuse the crisis.

As a result of further discussions with journalists from *Al Gumhuriya*, *Al Ahram*, and wire services, it is expected that there will be major coverage on LaRouche's unique insight into the current crisis. The press showed special interest in the background information that *EIR* has compiled on the psywar operation around the Danish cartoons. To the extent that the broader strategic picture, as well as the nitty-gritty details of who's doing what to whom in the cartoon affair, can be made clear to a broad Arab and Islamic public, there can be hopes of thwarting the campaign for war.

Asia News Digest

Dow Jones Paper Calls for Overthrow of Thai Prime Minister

The Nation, an English-language paper in Bangkok partly owned by Dow Jones (the *Wall Street Journal* publisher), has been attacking Prime Minister Thaksin Shinawatra ever since his overwhelming election victory in 2001, targetting especially his large infrastructure development policies, his health and development programs for the poor, and his refusal to join in the U.S. subversion of neighboring Myanmar. Thaksin's popularity has been slipping badly, however, due to his blundering failures in ending the violence in the Islamic regions in the south, his drive to privatize the state electricity corporation, his efforts to ram through a destructive free trade deal with the U.S., and, most recently, the sale of his nearly \$2 billion interest in the telecommunication company he founded, Shin Corp., to the Singapore state telecom company.

In this context, Sondhi Limthongkul, a media mogul, has succeeded in drawing large numbers of protesters to his rallies, demanding Thaksin's resignation, based on Sondhi's reactionary call for returning Thailand to a monarchy, and populist attacks on Thaksin's corruption. A rally on Saturday, Feb. 4 brought about 60,000 to an all night event in Bangkok. Despite some violence at a previous rally, the Feb. 4 event remained peaceful.

Not good enough, cried the Dow Jones mouthpiece: "All of Thaksin's desperate attempts [to remain in power] could be rendered meaningless if the rally ends with an eruption of violence," wrote Supalak Ganjanakhundee in *The Nation* on the day of the rally. "Thailand's political history shows that mass rallies that leave people dead and wounded eventually involve a government leader being forced to step down. Field Marshals Thanom Kittikachorn and Prapas Jarusathien, and General Suchinda Kraprayoon are good examples of leaders who were disgraced after uprisings against their administrations ended in fatalities. Thaksin could face the same destiny as these three should today's rally overflow the streets and tempers flare." The Wall Street synarchists will surely try again.

Dow Jones Is Running a Campaign of Subversion in Thailand

On the second week of rallies demanding the resignation of Thai Prime Minister Shinawatra, *The Nation* of Bangkok transformed its website into a central command for regime change. After a call for violence on the day of the first rally, Feb. 4 (see above), a second rally was held on Feb. 11. Logging into the website of *The Nation*, one is greeted with a photo of the rally, with the words: "From the Royal Plaza, Round Two—The Torch has been passed by Sondhi Limthongkul to a Major Coalition of Civil Groups! Click to read our real-time coverage of the anti-Thaksin rally led by the People's Alliance for Democracy!" Then it moves to a running log, minute by minute, of the numbers gathered in the plaza, the speeches, and other developments. One is reminded of the BBC running Ayatollah Khomeini's coup in Iran in 1979.

The rally passed peacefully, with the next round to be Feb. 26.

ADB Chief Blasts Asian Bilateral Free-Trade Deals

A proliferation of bilateral free-trade agreements in Asia risks creating a "spaghetti bowl" of overlapping measures that could actually harm companies, Asian Development Bank president Haruhiko Kuroda said on Feb. 9 in Tokyo, according to the *Bangkok Post*. "We now have an explosion of new trade and investment incentives," Kuroda said, "currently 15 under implementation, close to 10 signed, more than 20 under negotiation and at least 16 more proposed," which will make trade relations both confusing and expensive for individual companies to figure out. He added that a regional free-trade area across East Asia, or a China-Japan FTA, are highly unlikely at this time.

This plethora of bilateral FTAs came at the insistence of the Anglo-American financial institutions in the late 1990s, when ASEAN and China refused the conditions being demanded by the Washington consensus for a "NAFTA"-style regional agreement with the U.S. The U.S. idea was to break down the resistance by foot-in-the-door deals, first with Singapore, then spreading out from there. Thailand is about to fall prey to this approach, with a U.S.-Thai FTA aiming at completion in April.

Philippines Senate Challenges President's Gag Order

Philippine Senators, before the Supreme Court on Feb. 4, called for the abolition of President Gloria Macapagal-Arroyo's Executive Order 464, the gag order on government officials under the executive department banning them from testifying before any and all legislative investigations. The Senate's lawyers also said the President was criminally liable for issuing the EO, violating Article 150 of the Revised Penal Code that punishes persons "who shall restrain another from attending as a witness when summoned before a legislative committee." As with the "unitary executive" battle that erupted during the confirmation hearings of Judge Samuel Alito in the U.S., the Arroyo Administration is refusing to recognize the constitutional mandate for the Congress to oversee the Executive—while at the same time she is trying to eliminate the Senate altogether, along with the "checks and balances" of the Constitution, by switching to a Parliamentary system.

The gag order was imposed to stop military and Cabinet officials from testifying in the investigation of Arroyo's taped

conversations with election officials, discussing the fixing of the election in 2004. Adding to the crisis, on Feb. 9, the Administration instructed Cabinet members not to testify about the Administration's proposed budget!

U.S. Troops Arrive in the Philippine Island of Jolo

Jolo, an island off of the main southern island of Mindanao, is famous as the scene of bloody battles between Moro warriors and U.S. Marines during the U.S. colonial war in the Philippines, in the early years of the 20th Century. While memories are long in the region, Jolo is also today considered to be at least partially under the control of the Abu Saayaf killer gang. Philippine military officers, in discussion with *EIR*, questioned why the U.S. would send troops to this location for "training," since it is begging for a confrontation, and expressed concern that an incident could serve as an excuse for escalation of U.S. military operations beyond such "training."

About a dozen U.S. troops aboard a Philippine Navy vessel arrived at the Jolo pier on Feb. 10 with heavy equipment, preparing to greet some 250 U.S. soldiers who will take part in the exercise, which will focus on civic works and humanitarian activities, from Feb. 20 until March 5.

Just minutes before the Americans arrived, the head of Philippine police intelligence in Jolo was shot dead by a suspected Abu Sayyaf gunman. The assailant easily escaped into a nearby housing area. If a U.S. soldier is killed in such a manner, what will the U.S. response be? The U.S. State Department has tagged the Abu Sayyaf, or (in Arabic) Bearer of the Sword, as a "foreign terrorist organization" and has put up millions of dollars in rewards for the capture of its leaders following the deaths of two U.S. civilian hostages at the hands of the Abu Sayyaf in 2002.

This Week in History

February 14 — 20, 1827

Francis Pratt—Setting the Standards for American Machine-Tool Development

There were many skilled mechanics and inventors in 18th- and 19th-Century New England, but it was Francis Pratt, born in Woodstock, Vermont on February 15, 1827, who set out to establish a uniform set of measurements and gages in both America and Europe which would firmly establish the machine-tool industry's ability to produce absolutely interchangeable parts. That goal had been laid out in the 1790s by Eli Whitney, backed by President Thomas Jefferson, and partially implemented by several generations of mechanics before the advent of the Civil War.

However, much remained to be accomplished in 1848 when Francis Pratt completed his apprenticeship with a Lowell, Massachusetts machinist. After working for four years at the Gloucester Machine Works in New Jersey, Pratt went to work at the Colt Armory in Hartford, Connecticut, which had been established by Samuel Colt to produce his "six-shooter" pistols with interchangeable parts. Transferring to the Lincoln Iron Works as its foreman two years later, Pratt worked on designing and producing the "Lincoln" miller for the Colt Armory. This all-purpose miller became the leading American machine tool, used for producing a multiplicity of products. More than 150,000 of these machines were eventually produced and sold throughout America and the world.

But Pratt, like many other mechanics, was not satisfied with the rather broad range of measurement tolerances for the machines and their products. He arranged for a fellow worker at the Colt Armory to join him at the iron works, and in 1860, they became partners. This partner was Amos Whitney, born in Maine, and a member of a branch of Eli Whitney's family. Whitney had previously worked for the Essex Machine Company, which built cotton-spinning machinery,

locomotives, and machine tools. The two mechanics rented a small room and began working on their own account, while still keeping their jobs at the iron works. With the advent of the Civil War, they moved into gun manufacturing, and had all the work they could handle.

By 1865, they had left their positions at the iron works and were erecting a new building in Hartford for their machine-tool company. This progression, from apprentice, to journeyman, to foreman, to partner in a firm, was a typical experience for many talented mechanics and inventors. What distinguished this company from many others with equally talented employees was its partners' dedication to exploring the basic principles of machine design and measurement.

From the very early days of their partnership, Pratt and Whitney had become teachers of other mechanics, and were suggesting new methods of work and new means of accomplishing rapid and high-quality production. Like the work of Alexander Dallas Bache (the great-grandson of Benjamin Franklin) with the U.S. Bureau of Weights and Measures, Pratt and Whitney were struggling to establish standards of length and durability of metals. For example, when John Hall completed his first hundred rifles at Harper's Ferry in 1824, "the joint of the breech block was so fitted that a sheet of paper would slide loosely in the joint, but two sheets would stick." This crude method of measuring tolerances would change by the time of the Civil War to a mechanic's ability to measure in terms of $1/32$ of an inch.

But, the actual size of that inch was still not established, and varied widely, as did the foot and the yard. Francis Pratt decided to establish the actual size of those measurements and to invest in research on hardening steel so that a product could not only be worked to an accurate size, but its material would also be able to maintain that exact dimension. Accuracy from product to product, and from machine tool to machine tool, would ensure the production of truly interchangeable parts in large quantities and at a much lower cost. This was no easy task.

To tackle the problem, Pratt and Whitney established a Gage Division in the company which gave itself the task of setting a practical standard inch of exact dimensions. The work was completed over a number of years, and the standard was accurate to millionths of an inch. This project required cooperation with scientists, and in 1879 came an opportunity to work with an eminent astronomer. William A. Rogers was a mathematician, physicist, and astronomer who then worked at Harvard University's observatory. He was put in charge of the newly erected eight-inch meridian circle, and his chief task was the observation of the catalogued stars between 50-55 degrees north declination. This was part of an international project by the German *Astronomische Gesellschaft* to establish the most accurate positions of all of the sky's brightest stars.

Rogers' work on the star catalogue required him to develop greater refinements in his equipment, and he became proficient in making more accurate screws for his apparatus, and in calculating their errors. In 1879, Rogers was sent to Europe by the American Academy of Arts and Sciences to obtain copies of the British imperial yard and the French meter. Pratt and Whitney now entered into a cooperative agreement with Rogers and his assistant George Bond, a graduate of Stevens Institute of Technology, to develop a machine which could make absolutely correct measurements within a limit of $1/50,000$ of an inch.

Rogers travelled to London and Paris and obtained reliable transfers of the British yard and the French meter. These, and the United States standard yard, designated as Bronze No. 11, were painstakingly compared with the standard bars made by Rogers for Pratt and Whitney. The U.S. standard yard was furnished with the cooperation of the Coastal Survey, which contained the Bureau of Weights and Measures. To do the work of comparison, the two scientists developed a large machine called the Rogers-Bond Comparator.

By 1880, Pratt and Whitney had a set of master bars, accurate within millionths of an inch, and these became the standard for its machines and products. By 1885, the company had developed the Pratt & Whitney Standard Measuring Machine, which could construct and duplicate recognized standards of length. Professor Rogers went on to apply optical methods to

the measurement of very tiny changes in length, and he undertook meteorological research to learn more about the coefficient of expansion in metal objects and thermometers.

The achievement of accurate, standard measurements for American machine tools ensured their use around the world. Pratt & Whitney's machines went to Great Britain, Prussia, Russia, Turkey, Egypt, Spain, Sweden, and Denmark. But there was another feature to American machine tools that made them even more useful. There were talented machine-tool designers in Britain and France, but the industries there, except for arsenals, did not adopt the machines in the first half of the 19th Century. The tradition of the guilds—hand finished products—was still strong. And, most of the mechanics were specialists in some particular field, again because of the remnants of the feudal system.

American mechanics, in contrast, tended to be generalists. They could work on locomotives, guns, sewing machines, looms, bicycles or what-have-you. Many of the machine tools they built were also very flexible. A machine to bore the barrel of a rifle could also drill a hole in the crankshaft of an automobile so that oil could reach the bearings. And, thus, companies which had produced arms during the Civil War had no trouble in converting to making typewriters, sewing machines, or bicycles. And when the first plants were built for making automobiles, the machine tools again made an easy transition to the new invention.

The republican culture of the United States also produced mechanics who could understand both the details and the larger context of the machine tools, and were equipped to suggest minor improvements or major ones of tool design or work methods. And although the machines enabled more work to be done by fewer people, and could be run by semi-skilled workers once they were set up by a master mechanic, they also required a highly-skilled corps of those mechanics to keep them accurate and improve their performance. It was this group that provided the flexibility to convert the machines to any improvement in technology, or to design new machines for a mode of technology never before imagined.

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