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This Week You Need To Know

Cheney's Ouster Is Key to U.S. Survival

by Jeffrey Steinberg

A number of senior U.S. policymakers responded instantaneously to Lyndon LaRouche's April 20 document, "World System on Weimar Collapse Curve," with shocked recognition that their own timetable for a major, top-down political shakeup of the Bush White House, was way off the mark. LaRouche's highlighting of the Weimar-style hyperinflationary spike in primary commodity prices over the past 16 months (see *EIR*, April 28, 2006), and his forecast that the present global financial system cannot survive the third quarter of 2006 without a major change in policy, suddenly pushed the issue of Vice President Dick Cheney to the top of the strategic agenda.

LaRouche zeroed in on Cheney at the start of his April 27 international webcast, published in full in this issue. After walking the audience through the documentation of the strategic commodities price explosion, LaRouche declared: "This means that the present system is finished! And it's finished this year, unless dramatic interventions to radically change the situation are made by the U.S. government. Which means you've got to get the nerd out of the White House. And Cheney first."

LaRouche continued: "Cheney, I understand, could be in deep trouble, this week, or next week. It's already in process. There's no chance this nation would survive, number one, unless we change the composition of the Presidency. Because this President will never do what's required. He hasn't got the brains to do it, and he'd be 'agin it'—sort of like the Mortimer Snerd of the White House.

"And if Cheney's not out, it's not possible to make the kind of changes that are required, which are changes that are consistent with what Franklin Roosevelt began to do in early March of 1933, at the time of his inauguration. Unless we go back to Franklin Roosevelt, and do it this year, this nation is not going to make it. We're going to Hell—and we're going to take the rest of the world with us."

Fortunately, there are some signs that there is renewed momentum to dump the Vice President. For the first time, senior Washington sources report that a faction inside the Bush White House itself is pressing for Cheney's ouster. There is some speculation that Karl Rove, President Bush's senior political strategist, has now joined the "Dump Cheney" bandwagon. If that proves true, the consequences for the Veep could be politically deadly....

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

Latest From LaRouche

HOW THE WORLD HAS CHANGED

by Lyndon H. LaRouche, Jr.

April 26, 2006

On Thursday, April 20th, I issued my warning that, unless a drastic policy-change intervened, the world as a whole was now on the course toward a systemic monetary-financial collapse of a type comparable to that which was experienced by Weimar Germany during the second half of 1923.

That 1923 collapse in Weimar Germany was echoed on a broader scale by what became the Great Depression of the early 1930s. While the circumstances of the 1923 collapse in Weimar Germany played a significant role in causing the later 1929-1933 general depression, the latter depression was only a severe collapse within the system; it was not a collapse of the general system itself. The difference would be, that, this time, we are now faced with a general collapse comparable to what was the special case of a collapse in 1923 Germany; but, this time, what menaces us is a general collapse of the system, that on a global scale. This collapse would not be limited to one nation, or a few parts of the planet, but world-wide.

I projected September as the estimable limit at which such a general collapse of the present world system would occur: that is, unless fundamental reforms were introduced during the immediate months ahead. *Unless the present world system is suddenly and radically reformed*, a general breakdown-crisis of the entire world system were virtually assured.

To understand how this present catastrophe came about, we must first summarize the contrasting earlier case, of those principal changes in direction in our republic's economic policy, the which have occurred since Franklin D. Roosevelt assumed the duties of our U.S. President in early March 1933. These principal changes can be clearly distinguished and defined, as I proceed now to do here.

Firstly, on the day he entered office, Franklin Roosevelt was confronted with a collapse of our national economy by about half, which had occurred during the period since the 1929 stock-market debacle through the day Roosevelt assumed office. This collapse had numerous contributing causes in world affairs, but it was also a collapse caused by the policies followed by both Presidents Coolidge and Hoover; but, it was Hoover's own response to the 1929 stock-market collapse, which produced the post-1929 collapse in the physical economy of the nation, over the period from that crash, up to President Roosevelt's inauguration....

full editorial, PDF

InDepth Coverage

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Feature:

[LAROCHE WEBCAST](#)

[The Greatest Economic Crisis in Modern History](#)

Here are the remarks of Lyndon LaRouche at his webcast on April 27, 2006, in Washington, D.C., sponsored by the LaRouche Political Action Committee. The moderator was Debra Freeman, Mr. LaRouche's national spokeswoman. The webcast can be viewed at www.larouchepac.com.

- [Dialogue With LaRouche](#)
-

Economics:

['Upside-Down Loans' Show End Of Greenspan's Housing Bubble](#)

[by Richard Freeman](#)

In its last two issues, EIR has reported the characteristics of the U.S. housing/real estate bubble's collapse in two economically very different areas: the industrial layoff-ridden upper Midwest states; and the so-called 'golden housing market' of the Washington, D.C. suburbs' star performer, Loudoun County, Virginia. The series will explore the method by which Greenspan enlarged the housing bubble, through the use of mortgage-backed securities. Here we turn to the 'red die marker' of the fact that a national collapse is under way, the epidemic negative-equity situation known colloquially as 'upside-down mortgage loans.'

[Lyme Disease in Loudoun County](#)

[Tick, Tick, Tick . . .](#)

[Time Running Out on Housing Bubble](#)

[by Marcia Merry Baker](#)

... Loudoun County now has the double-distinction of being both the Ground Zero county for bursting of the real estate bubble (see 'As LaRouche Warned: Loudoun County Real Estate Bubble Is Ready To Implode,' EIR, April 28, 2006), and also for a disease rate associated with the bubble-producing speculative insanity. Loudoun stands as a proof-of-principle of how violating what's best for the economy, is dangerous for your health—man or beast.

[Promising Signs in Germany of New, Pro-Industrial Optimism](#)

[by Rainer Apel](#)

After decades of languishing under the Green ideology that says that growth, science, and technology are all 'bad,' Germany is showing signs of a resurgence of pro-industrial optimism. This is essential to rebuild a nation that has been hardhit with unemployment, and where the hedge funds—known as 'financial locusts'—are trying to gobble up what remains of industry.

[A 'Marshall Plan' For the Niger Delta](#)

The following article was excerpted and edited from reports sent to EIR by **Lawrence Fejokwu**, a researcher and journalist living in Nigeria, who

has collaborated with EIR in disseminating the ideas of Lyndon LaRouche there. The MarshallPlan-type proposal he discusses is intended to alleviate the extreme poverty that exists in the Niger Delta oil-producing region of southern Nigeria.

World News:

Cheney's Ouster Is Key to U.S. Survival

by Jeffrey Steinberg

A number of senior U.S. policymakers responded instantaneously to Lyndon LaRouche's April 20 document, 'World System on Weimar Collapse Curve,' with shocked recognition that their own timetable for a major, top-down political shakeup of the Bush White House, was way off the mark. LaRouche's highlighting of the Weimar-style hyperinflationary spike in primary commodity prices over the past 16 months (see EIR, April 28, 2006), and his forecast that the present global financial system cannot survive the third quarter of 2006 without a major change in policy, suddenly pushed the issue of Vice President Dick Cheney to the top of the strategic agenda.

Book Review

Securing the Good Of the Other

by William C. Jones

The Battle for Peace: A Frontline Vision of America's Power and Purpose

by Gen. Tony Zinni, USMC (ret.) and Tony Klotz

New York: Palgrave Macmillan, 2006

256 pages, hardcover, \$24.95

In the flurry of mostly banal publications which appeared over the last year, authored by numerous self-styled 'experts' about how to 'fix' a system which has obviously failed, whether it be the post-war debacle in Iraq, or the failure to act after Hurricane Katrina, Gen. Tony Zinni's (ret.) *The Battle for Peace* comes as a breath of fresh air.

LYM on Mexican Elections

'Forget the Chair: The Heads Are Empty!'

by Gretchen Small

To hear the media chatter, the biggest issue of the first debate between Mexico's Presidential candidates on April 26, was 'the empty chair.' Andrés Manuel López Obrador, the candidate of the Revolutionary Democratic Party (PRD), who has led the polls for months, refused to participate in this one, agreeing to debate his four opponents only once before the July 2 election.

Science and Technology:

The Beauty of Completing The Nuclear Fuel Cycle

The U.S. pioneered the full nuclear fuel cycle, but gave it up in the 1970s, following a Ford Administration policy written under the direction of Dick Cheney. **Marjorie Mazel Hecht** reports.

Editorial:

Characteristics of the Current Crisis

How the World Has Changed

by Lyndon H. LaRouche, Jr.

April 26, 2006

On Thursday, April 20th, I issued my warning that, unless a drastic policy-change intervened, the world as a whole was now on the course toward a systemic monetary-financial collapse of a type comparable to that which was experienced by Weimar Germany during the second half of 1923.

U.S. Economic/Financial News

Fuel, Fertilizer Hyperinflation Slam Agriculture

Since 2002, farm fuel prices are up a whopping 113%; while fertilizer costs are up 70%, according to a recently released University of Missouri study, by their Food and Agricultural Policy Research Institute. "This extended price increase is something we have never seen before. In the past, if we had an energy price spike, prices would come right back down again. In this baseline, prices stay up," noted the Institute's co-director, Abner Womack. Conservatively, he projects still another 10% rise in farm-fuel costs in 2006 over 2005; and fertilizer costs 10% to 15% above 2005. This is untenable.

UAW Files Legal Counterattack vs. Delphi Bankruptcy

A 55-page legal memorandum filed in bankruptcy court in New York on April 21 by the United Auto Workers, against Delphi's motion to rip up the union contracts, indicates that the UAW believes it has adequate grounds for an all-out court fight to stop Delphi, according to *The Automotive Connection* April 24. The strategy is a union alternative to a provoked national strike, either against Delphi, bankrupt Tower Automotive, or GM.

The UAW counterattack to Delphi's so-called "rejection motion" takes the broad approach that Delphi is abusing bankruptcy law as a whole; that it is hiding information (particularly of its vast foreign operations) without which its bankruptcy claim for its American operations can't be judged; that so far it has yet to bargain with the UAW as bankruptcy law requires that it do, at least briefly—rather, all its "proposals" have been based on hypothetical bailout actions by GM; and that Judge Robert Drain's only legal course is therefore to pressure both sides to negotiate in good faith. Drain is scheduled to hold two-three days of hearings from May 9.

The union's lawyers also indicated in the memorandum that they are prepared to challenge whether the court has the constitutional jurisdiction to consider Delphi's motion, raising the possibility of a drawn-out fight through the appellate courts.

This strategy, also joined in motions filed the same day against Delphi by the International Union of Electrical Workers (IUE), is not simply a delaying alternative to a strike; it also fits with the Congressional fight begun during this two-week recess by Democratic Senators Ted Kennedy, Debbie Stabenow, Evan Bayh, and others, and Representatives George Miller, John Conyers, et al. These Congressional bills would change existing corporate bankruptcy law by clarifying that the "strategic bankruptcy" frauds being practiced by Delphi and Tower are not legal. Among other things, Delphi would be forced to provide full information about its international operations (180,000 workers, vs. 43,000 in the United States and Canada), before it could claim that losses in U.S. operations justified any actions in bankruptcy court. *Business Week* recently called the Delphi strategy "globalization by bankruptcy," saying the company would soon have 200,000 workers abroad and only 7,000 here, if allowed by the bankruptcy court.

New Orleans 'Charity Hospitals' Shutdown Leaves Poor Vulnerable

The takedown of New Orleans' state-funded "charity hospital" network leaves the poor with few options. The network of state charity hospitals set up by Gov. Huey Long in the 1930s to serve the poor and indigent, was wiped out, at least in New Orleans, by Hurricane Katrina. Growing numbers of uninsured have flooded those private hospitals still operating in the city, overwhelming their emergency room capabilities. Moreover, Louisiana State University (LSU) medical system, that ran the city's charity hospitals, has had to lease space at a separate medical center from the private Ochsner Hospital to set up a temporary trauma unit to replace the one at the now-closed Charity Hospital.

Ochsner has its own problems. Its total emergency care is up 40% over pre-Katrina levels, but no Federal or state aid has been forthcoming to help pay for the growing patient load. In the absence of financial assistance—it is not eligible to receive state aid—it has incurred \$70 million in operating losses. Meanwhile, a private reform group that is an offshoot of the Louisiana Recovery Authority's Public Health and Health Care Task Force, will release a report April 27 recommending that state-funded charity hospitals be eliminated altogether, as private care providers can deliver "more efficiently."

Coastal Insurers Cancel Vast Numbers of Policies

Fearing another catastrophic hurricane, insurers are cancelling hundreds of thousands of homeowner policies. In Florida alone, insurers who say they can't survive big losses, have informed the state that they will cancel 500,000 homeowner policies, *USA Today* reported April 26. Allstate, the country's second-largest property insurer, is cancelling 95,000 policies in Florida and 28,000 in New York, and announced it will not write any new homeowner policies in 14 coastal Texas counties, New York City, Long Island, or Westchester County.

The crisis in Florida is acute. To qualify for a mortgage, homeowners must have insurance. Those whose policies have been cancelled will have to find other, more expensive insurance. According to *USA Today*, near the Florida coast annual insurance premiums of several thousand dollars now rival the cost of a mortgage. State-run insurers of last resort in the affected states are already running huge deficits.

Brownsville, Texas Awarded Desalination Project

The Texas Water Development Board approved a pilot seawater-desalination plant on the Brownsville Ship Channel on April 17, the *Brownsville Herald* reported April 18.

The state awarded a \$1.3 million grant to the Brownsville Public Utilities Board for the initial project, which should be desalinating seawater by August. It will initially process just 100,000 gallons per day for a year to test the system. Eventually it will produce up to 25 million gallons per day.

Brownsville had just opened a brackish water desalination plant in 2004, which can desalt 7.5 million gallons per day.

World Economic News

Brazil Finance Minister Dismisses IMF Credibility

"I don't know if it's the place of the Fund to carry out closer monitoring" of nations' exchange rate policies, Brazil's new Finance Minister Guido Mantega told the press upon arriving in Washington April 21 for the IMF annual meeting. "It is worth remembering that in the past, the Fund ... supported what happened in Argentina, whose negative results we all know. That's why I don't know if the Fund should be an advisor on exchange policies."

Smiling, he added that Brazil is now in the "comfortable" position of speaking as one of the IMF's creditors, after having paid off its IMF debt in 2005.

IMF director Rodrigo Rato drew Mantega's fire with his public "suggestion" on April 20 that Brazil up its primary budget surplus yet further, to drive down its debts.

Expert: Chile and Argentina Should Join To Build Nuke Plants

Chile and Argentina should build nuclear plants together, Argentine energy expert Dicarado De Dicco declared April 25. The scientific researcher at Argentina's Salvador University, pointed out that had Argentine President Carlos Menem and his Chilean counterpart Eduardo Frei, made nuclear energy the basis for integration between the two countries in the 1990s, instead of natural gas, Chile's energy needs would have easily been met, and the current energy shortages avoided. Given that there are sizable uranium reserves in the Andean Mountain range, a good portion of which are found in Chile, there is no reason for that country not to build low-potency plants, and use Argentina as its supplier. The latter country has years of expertise in the field. Nuclear is cheaper and more efficient than any other energy source, he underscores.

De Dicco points out that Argentina has two functioning nuclear plants and is going to finish a third, Atucha II. The Kirchner government, he reported, has announced that it intends to build several more. Since Argentina's current energy infrastructure is woefully inadequate, De Dicco emphasizes, it is imperative for the state to take back control of energy resources such as oil—he suggests expropriating Repsol-YPF—and use the revenue from that to finance the building of several nuclear plants. There is no reason why Argentina can't build half a dozen nuclear plants, in the context of a program to reindustrialize the country, he explained.

United States News Digest

Iraq War Getting More Expensive

"Iraq Black Hole: The \$2-Trillion War" is the title of a May-June *Harvard Magazine* article by Linda Bilmes and Joseph Stiglitz based upon their report, "The Economic Costs of the Iraq War." What Bilmes and Stiglitz account for, apart from their very conservative outlay for the war itself of \$500 billion, is the cost of disability for 17,000 wounded soldiers, the cost of offsetting Iraq War investment from the civilian economy such as infrastructure, the rise in re-enlistment settlements and death insurance payments, and the need to rebuild equipment supplies.

In addition, the *Washington Post* online reported April 27 on the official supplemental figure of \$320 billion, that it says makes up one quarter of this year's budget deficit, and the official figure is causing "sticker shock" in Congress.

GAO Blasts Failure To Hold Contractors Accountable

David Walker, the head of the Government Accountability Office, told a May 25 hearing of the National Security subcommittee of the House Government Reform committee, that the lack of progress in rebuilding Iraq is due in part to the failure of both the Executive and Legislative branches to hold defense contractors accountable, *CQ Today* reported April 26.

At the hearing, subcommittee chairman Rep. Christopher Shays (R-Conn) told Walker: "You give us a list of some contractors, some areas within the DoD that need a look, and we will have a hearing or a series of hearings on that. The sooner you provide it to us, the sooner we will do it."

Shays was the only Republican attending the hearing; the Democrats present were Henry Waxman of California, and Chris Van Hollen and Dutch Ruppersberger of Maryland. Waxman, who has been the driving force in the full committee for investigations and hearings, blasted Dick Cheney's Halliburton, which he said has "repeatedly overcharged" U.S. taxpayers.

Sen. Collins: FEMA Should Be Abolished

"FEMA is in shambles and beyond repair, and it should be abolished," said Sen. Susan Collins (R-Maine) April 27. She is the chairman of the Senate Homeland Security and Governmental Affairs Committee, which has been investigating the Federal response to Hurricane Katrina. According to preliminary accounts (full report to be released this week), the Senate committee report points to many errors by FEMA director Michael Brown, Homeland Security head Michael Chertoff, and the Administration. But the committee calls for keeping whatever reorganized disaster agency is formed within the Department of Homeland Security.

Nissan's Racist Experiment in Mississippi

Lyndon LaRouche sketched a major flank against economic collapse and depression in the union fight about to be launched against Nissan Corporation's racist "auto plantation" at which 5,500 mostly African-American wage slaves are toiling in Canton, Mississippi.

A friend of LaRouche in the middle of the fight said April 26 that it is a top priority of both the UAW and the AFL-CIO nationally, precisely because it is "mission impossible"—organizing Nissan, and in Mississippi. The Nissan racists, he said, are "just conducting an experiment, on an African American workforce, to see how low they can drive auto"; and LaRouche completely agreed that that is the way to attack this disgrace and "kick it in the ass."

The starting wage for *most* of the plant's employees, whom Nissan admits are more than 75% of them black, and actually more than 80%, is \$9.50/hour; nobody will make more than \$12.50/hour. The Nissan racists have been operating this plant for two years, said the organizer, and a large number of its workers are, in fact, still working for a temp contractor! They are at least five years from wage increases, from becoming vested in pensions, or a healthcare plan. The plant's sections are hermetically divided, so that no one can go from one part to another talking union. Nissan, like Wal-Mart, writes threatening letters to the plant's suppliers if they are about to agree to wage increases with their workers. "You can imagine how low the suppliers are working [wages], if Nissan's paying \$9.50, he said."

The State of Mississippi was conned into giving Nissan, eventually, \$460 million in free land and tax breaks for this one plant, and the wages are so low (one-third lower even than Nissan's main U.S. plant in Smyrna, Tennessee), that the state is cheated out of payroll taxes in almost equal amount.

Senator Warner May Hold Hearings on Rumsfeld

Senate Armed Services Committee chairman John Warner (R-Va) is considering whether to hold a hearing to take testimony from the growing list of retired generals who have called for Defense Secretary Donald Rumsfeld's resignation, as requested by Sen. Hillary Clinton (D-NY), a member of the committee. Warner's spokesman said that he will consult with committee members in the coming days; Warner has said the committee could not hold such a hearing before Memorial Day because of its heavy workload.

ABC pointed out April 26 that Warner's statement is notable for what it doesn't say—it says nothing good about Rumsfeld or supporting him. Warner did not attend an April 25 meeting of Armed Services Committee Republicans with Rumsfeld.

Meanwhile, three more retired flag officers, all of whom have previously come out against Rumsfeld on the torture issue, are supporting the retired combat generals who have called for Rumsfeld's firing.

Gen. David Irvine, who taught interrogation and military law for 18 years, says he has yet to meet any retired flag officer

who is a fan of Rumsfeld, and he says he hasn't seen anything like this in 40 years. "I sense a great deal of distress among senior military officers over what's happened with prisoner treatment," Irvine said. "I believe the abuse is playing a significant part in how these generals are feeling and why they're speaking out. There's an understanding that whatever we're doing at Guantanamo and elsewhere constitutes license for others to do to us when our soldiers are taken prisoner in the future."

Retired Gen. James Cullen told Salon: "Personally, I don't believe the torture memos originated with Rumsfeld, but with Vice President Cheney and his top aides," adding that "Rumsfeld was quite willing to carry out those policies with enthusiasm. They were offensive to military culture—a departure from the rule of law at the very core of military discipline."

Retired Adm. John Hutson, the former Navy Judge Advocate General, says that the criticism of Rumsfeld's conduct of the Iraq war is even more fundamental than the torture issue, on which Hutson has been very outspoken.

Rumsfeld Plans To Expand 'Long War' Around the Globe

Secretary of Defense Donald Rumsfeld has approved plans to spread the war on terrorism to at least 20 more countries, according to a review in the April 23 *Washington Post*, which says that Rumsfeld approved the new three-part plan within the past month. There is an expanded role for the elite Special Operations forces, which have been developed over the past three years. The plans reportedly reflect an expansion of the Pentagon's roles into areas traditionally reserved for the State Department and the CIA. SOCOM has already dispatched small teams of Army Green Berets to U.S. embassies in about 20 countries in the Middle East, Latin America, Asia, and Africa to do operational planning and intelligence gathering. An important aspect of these operations is that the Pentagon no longer needs the permission of the U.S. Ambassador before conducting military operations. Rather, the Pentagon can now get away with simply "informing" him.

The first of the three plans sets priorities, allocates resources, and sets nine key goals for targetting terrorist activities. The second plan is focussed on al-Qaeda and associated movements, including groups in Egypt, Africa, and Indonesia. The third plan sets out how the U.S. will retaliate in the event of another major terrorist attack on the U.S., depending on who is "believed" to be behind the attack. According to the *Post*, "Another attack could create both a justification and an opportunity that is lacking today to retaliate against some known targets," say unnamed defense officials familiar with the plan.

Younger Officers Debating Rumsfeld, Too

In addition to the senior retired generals, younger military officers, are debating Secretary of Defense Donald Rumsfeld's performance and the Iraq war policy, the *New York Times* reported April 23. Conversations with dozens of cadets and junior and mid-level officers by military reporters for the *Times* show that the issues raised by the group of retired generals calling for Rumsfeld's resignation are being debated in all ranks. Even many of those who say Rumsfeld should not resign think he should acknowledge errors and "show that he is not the intolerant and inflexible person some paint him to be," one Army colonel said. Two Army majors are quoted at length, attacking the senior leadership of the Army for going along with Rumsfeld's war plan without protesting, but, everyone knows that the responsibility for the tragedy in Iraq is a shared one: Even though they hate Rumsfeld, they know that President Bush gave the order and the Army went along "without saying a word." One Army colonel noted that while the military is over-deployed, there is little or no commitment from the rest of the nation, not even to retain battle-experienced junior officers, who are leaving the Army in droves.

Ibero-American News Digest

'Presidents' Club' Meets Amidst Regional Tensions

The Presidents of Brazil, Argentina, Venezuela, and Colombia met in various bilateral and trilateral combinations this week in Brazil, to further a number of integration initiatives and to try to get a handle on a growing number of regional conflicts—all of them triggered in one way or another by the international financial crisis.

Most immediate is the threatened rupture of the nearly-40-year-old Andean Community of Nations, which includes Colombia, Venezuela, Peru, Bolivia, and Ecuador. Venezuela's Hugo Chavez announced last week that he was pulling his country out of the pact, which he labelled "dead" because of "unilateral decisions" by Colombia and Peru to sign bilateral Free Trade Agreements with the United States. Chavez offered to stay within the pact if Colombia and Peru pulled out of the FTAs, which both governments refused to do. Bolivian President Evo Morales, after denouncing Peruvian President Alejandro Toledo as a "traitor," proposed an Andean Presidential summit to address the crisis, which Colombia's Uribe enthusiastically endorsed.

Before Uribe's meeting with Brazilian President Lula da Silva, his Foreign Minister Carolina Barco suggested they might ask Lula to mediate in the Andean brawl. The communiqué following the Lula-Uribe meeting reports the two Presidents had a "frank exchange of points of view on regional integration processes," as well as discussing bilateral trade initiatives and integration projects.

The other major regional trade pact, Mercosur—which includes Brazil, Argentina, Paraguay, Uruguay, and its newest associate member, Venezuela—is also disrupted by the still-unresolved brawl between Argentina and Uruguay over the latter's plans to build two pulp mills on the river between the two countries. Uruguay is demanding that the OAS take up the issue, and has refused to send one of its ministers to a Mercosur meeting in Argentina, claiming that Mercosur is currently non-functional, while Argentina is threatening to take the case to the International Court at The Hague. Both Uruguay and Paraguay are reportedly seeking bilateral Free Trade Agreements with Washington, as well.

Colombian Energy Minister: 'Yes' to Nuclear Energy

At the annual meeting of Colombia's National Association of Auto-Parts Manufacturers (Asopartes), held April 19 in Bogota, LaRouche organizer Miriam Redondo challenged Energy Minister Luis Ernesto Mejia, to explain how the country is going to develop its nuclear energy capacity as an efficient new energy source, if Colombia has no nuclear engineering program, and the Nuclear Affairs Institute is shut down. His response was notable:

"I want to answer your question using a phrase I recently heard from the Saudi Arabian Energy Minister, and that is, that anyone today who is not researching the nuclear frontier is lacking a vision of progress. I want you to know that, while the Nuclear Affairs Institute is effectively closed down, we do have a research reactor ... which we are working on moving forward with.... We are also studying the possibility of educating youth, as you correctly propose, which is absolutely necessary."

At this point, a youth in the audience asked about the danger of radiation and referred to Chernobyl. The minister smiled and said, "This is a really very small experimental project, but at this point, nuclear energy is being used for radioactive material in medicine and other highly beneficial fields. It is totally necessary for Colombia to enter this field, since our oil reserves are only for seven years and with hydrocarbon imports, the government spent 2 billion pesos in 2005, which could reach 5 billion in 2006 because of the increase in international prices...."

Debate on Nuclear Energy Intensifies in Chile

Chile's inability to import natural gas from Argentina, which has a policy of supplying its domestic market first before exporting, has led to severe energy shortages in the country, and panic in the private sector. Thus, voices are now being heard calling for something Chile has yet to develop: nuclear energy.

At a conference on energy efficiency in Chile on April 12, Bruno Philippi, president of the industrial association Sofofa, noted that nuclear energy "is one of the few reliable alternatives" available to Chile. Former Presidents Eduardo Frei and Ricardo Lagos have also stated that Chile will have to consider nuclear energy.

Even the rabidly free-market *El Mercurio*, voice of Chile's synarchists, editorialized on April 21 that "Chile shouldn't rule out nuclear energy automatically." Conservation and "efficient energy use" won't work, the daily argued, uncharacteristically warning that this would condemn too many people to poverty. As a country grows, so does energy consumption, it said. To reduce consumption would mean also halting economic growth.

Chile currently has two research reactors. But at the end of 2004, the French nuclear firm Areva, which is 87% state-owned, stepped up its activity in the country, holding a number of seminars to promote nuclear energy.

Kirchner: Thank God We Don't Think Like the IMF!

The IMF and Argentina "are like black and white; we think differently.... Things went so badly for us with the Fund, I'd be worried were we to think alike!" This was Argentine President Nestor's response April 21 to reports that IMF Managing Director Rodrigo Rato complained to Finance Minister Felisa Miceli in Washington about the Argentina's economic policy. Rato demanded that Kirchner raise public utility rates, change the exchange-rate policy, and stop trying to control prices, among other things.

"Of course the Fund isn't going to applaud what we're doing," Kirchner told his audience. "The Fund disagrees with what Argentina is doing, but we no longer depend on the Fund for anything. Had we paid attention to Rato, to the Fund, and everyone else, we know how it would have turned out for the Argentines. We have our own path, our own conceptions, we paid our debt, and we have an *absolute, sovereign economic independence*. And we Argentines made that decision!" Kirchner warned that he wouldn't change his policy on controlling prices, and "we aren't going to ask [the Fund] for permission.... Don't worry, we're not going to pay attention to what the Fund says, because we know about the poverty and indigence that Argentines suffered when we did."

Panama Announces Historic Expansion of the Canal

Evoking the memory of his father, Gen. Omar Torrijos, the highly popular nationalist President of Panama who, in 1977, established Panamanian ownership of the Canal, current Panamanian President Martin Torrijos gave a nationally televised address in which he proposed a \$5.3 billion widening of the huge 50-mile waterway, to enable it to handle the giant container ships that are becoming increasingly common in today's global trade. The project, which will be put to a national referendum later this year, will provide thousands of new jobs and "define our future and give reality to Omar Torrijos' dream," he said.

The Canal, which currently handles 5% of world trade, much of it between Asia and the U.S., is facing competition from other trade routes, said Torrijos, who stressed that "it would be unforgivable" if Panama did not step up and meet the challenge. The plan is to build a new set of giant locks, more than 50 meters wide, which would create a third lane of traffic capable of handling the larger ships.

While the Torrijos proposal addresses the immediate need for expanding cargo transport through the Canal, it does not

meet the need to build an entirely new inter-oceanic canal across the isthmus.

High Court Lets Kissinger Walk in Pinochet Coup Murders

The Federalist Society-dominated U.S. Supreme Court let Henry Kissinger off the hook, refusing on April 12 to hear an appeal of the 2001 suit accusing him of orchestrating the 1970 assassination of Chilean Gen. Rene Schneider. Schneider, who had spoken out against any military action to prevent Salvador Allende from taking power, was kidnapped and murdered in October 1970 by individuals belonging to fascist paramilitary groups financed by the CIA. After Gen. Augusto Pinochet overthrew Allende in 1973, he pardoned the individuals who had participated in the Schneider murder.

U.S. intelligence documents declassified in 2001 linked Kissinger, then National Security Advisor, to the Schneider murder. A suit filed in a District of Columbia circuit court that same year by Rene and Raul Schneider Arce, sons of the murdered general, charged Kissinger, who had authority over the CIA, with the "execution, torture, degrading and cruel treatment, arbitrary detention, and conduct resulting in wrongful murder" of their father.

The D.C. court threw out the 2001 case, claiming that it had no authority to "second guess" a President's foreign policy decisions.

Kissinger's Justice Department lawyer Paul Clement recommended that the Supreme Court not get involved, with an argument constituting a flagrant defense of the Nixon-Kissinger government's role in the Pinochet coup: "Adjudicating those claims would necessarily require a court to evaluate the reasonableness of the President's broader decision, at the height of the Cold War, to take actions to prevent a Marxist-led government from taking power in Chile," Clement argued.

Rene Schneider told *La Tercera* April 18 that he wasn't surprised that the Justices wouldn't hear the appeal. "It would be unusual for a U.S. court, the majority of whose Justices are Republicans, to convict Kissinger," he said.

Western European News Digest

Senior Tory Breaks Ranks, Calls for Troop Withdrawal

Michael Ancram, the Tory Shadow Foreign Secretary, called for British troops to withdraw from Iraq, which Ancram said is now in "civil war," before they become "part of the problem," the *Guardian* reported April 21. Ancram added that his original decision to back the war in 2003 was a mistake.

Re-Election of Ruling Coalition is Record for Hungary

For the first time since 1989, the ruling government coalition in Hungary received a mandate for a second term. In a run-off election April 24, the ruling socialist center-left coalition MSZP and the liberal SZDSZ, which is headed by Socialist PM Ferenc Gyurczany, won 210 out of 386 seats in the parliament. The liberal conservative Fidesz, the party of Victor Orban, having failed to unify the opposition, was defeated.

The victory has garnered striking prominence in the financial press, and the financial community is now exerting pressure on Hungary to get in line and fulfill the "convergence criteria." Thus, the election results were placed as lead articles in the Swiss daily *Neue Zuercher Zeitung*, as well as in *Financial Times*. *The NZZ* underlined that Hungary, the EU country with the largest deficit, 6.1% of GDP, may not be able to join the Eurozone by 2010, and risks not fulfilling the Maastricht stability criteria. *The FT*, on the other hand, warns that Hungary's budget deficit this year will exceed 8%. To adopt the

common currency, under the insane Maastricht criteria, Hungary would have to bring its deficit down to 3% of GDP or less by 2008.

U.S. Neo-Con Threatens Incoming Prodi Administration

Italian investigative journalist Maurizio Blondet reported April 24 on a recent article by self-professed "universal fascist" Michael Ledeen in the *Wall Street Journal* (April 13), in which Ledeen issues what Blondet calls an "implicit threat" from the neo-cons (American Enterprise Institute, the Jewish Institute for National Security Affairs, etc.): "Prodi must choose a Foreign Minister appreciated by the U.S. And this must be the first decision of Mr. Prodi, before any other nominees of his government."

Blondet identifies Ledeen as a collaborator of the Italian and Israeli secret services; and as a member of P2: "in short, a key man in the occult network of NATO in Europe," during the years of the strategy of tension in which right-left terrorism was deployed by this network to "keep Italy on the Atlantic track." JINSA is identified as "the semi-secret umbrella under which are brought together the Israeli military, the Pentagon, and the U.S. military-industrial complex, which has conducted a neocon coup d'etat and the subsequent wars of aggression against the potential enemies of Israel."

In sum, says Blondet, Ledeen "has the means to give concreteness to his threats."

Berlin 'Budget Consolidation' Is Wrong Approach

On April 26, the Governing Mayor of Berlin Klaus Wowereit and his Senator of Finances Thilo Sarrazin presented their "fiscal emergency" case in a legal action at the Constitutional Court of Germany, in Karlsruhe.

Their case there is that, because Berlin is no position whatsoever to balance its budget, and that because Berlin has to provide special functions as the capital of Germany, the other 15 states of Germany and the national government should subsidize Berlin. Their special argument is that Berlin has already proven that it is committed to brutal budget cuts, so that it has qualified for outside funding—in the range of 30 billion euros, to reduce its public debt of, presently, 62 billion.

It is worth noting that Wowereit, infamous for his policy "cut budgets until it hurts," actually said something true: namely, that because of World War II and the postwar partition of Germany, Berlin lost its industrial belt around the city, and with it, its historical function as the "center of industrial production in Germany." The argument is delphic, though, because neither Wowereit nor Sarrazin really want to reindustrialize the city, but want budget consolidation only in the framework of establishing a servicing sector economy for Berlin.

On behalf of the German government, assistant Finance Minister Barbara Hendricks repudiated the arguments of Wowereit and Sarrazin, on the grounds that 1) the government is not in a fiscal position to give any extra money to Berlin, and 2) charging that Berlin still has not privatized enough, has therefore not balanced the budget as much as it could have done. The scandalous position of Hendricks and her boss, Finance Minister Peer Steinbrueck, is aggressively shared by the three outspokenly neo-con CDU state governors of Hesse (Roland Koch), of Baden-Wuerttemberg (Guenther Oettinger) and of Saxony (Jochen Milbradt).

In fact, the solution to the Berlin problem is also the solution to the problem of the rest of Germany—namely, the exit from the Maastricht rules, a productive credit-policy approach, coupled with a national banking arrangement, and a moratorium on debt payments in the framework of a just debt reorganization.

Germany's Productive *Mittelstand* Starved for Capital

The VDI (Association of German engineers) has pointed out that many productive innovations cannot be realized by *mittelstand* (small and medium-sized entrepreneurial) firms, because they do not have enough capital of their own, and no access to private banking loans. In what is likely an understatement, the VDI speaks of EU8 billion of national productive output that could not be realized, in 2005, because of that shortage of loans.

In stark contrast to the private banks, public banks (state and savings banks) continue to grant loans to the *mittelstand*); *that explains why private banks, hedge and equity funds want to dismantle the public banking sector, to gain control of the mittelstand for hostile takeovers. With loans to several tens of thousands of mittelstand firms, the savings banks are a source of survival.*

One of the biggest enemies of the *mittelstand* is Commerzbank CEO Klaus Peter Mueller, at present also the president of the German Banking Association. Mueller is infamous for being a leading collaborator, among private bankers, of hedge and equity funds that are buying up *mittelstand* firms' debts in order to gain leverage against those firms.

Germany Runs Short of Machine-Building Engineers

In what still looks like a fairly underestimated figure, the VDI (German Association of Engineers) stated at a press conference during the first day of the Hanover Industrial Fair April 25 that firms, notably *mittelstand* firms, urgently need 16,000 engineers in the machine-building sector.

This undersupply is the more deplorable, as the potential of Germany's respective industrial sector is largely untapped, and this in a situation in which in laser applications machines produced in Germany have a 40% world market share already.

Swedish Expert: Iran Has Good Case for Nuclear Defense

"Why England and Not Iran?" is the title of an article by Swedish security policy specialist Gunnar Jervas in the Swedish daily, *Svenska Dagbladet*, April 25. He argues for Iran's right to nuclear development and if need be, a nuclear defense.

Jervas writes: "We have Israel, which has not hesitated, in time of peace, to bomb the Iraqi nuclear reactor in Osirak." Also, Iran's neighbor Pakistan could end up with an al-Qaeda-friendly government, and what would Iran then expect? Meanwhile, the U.S. is pushing for regime change in Iran, while giving Israel protection. That, he says, means that "Iran seems to have a real need for a nuclear deterrent policy"—but to outline a scenario of equal need for Great Britain would be very difficult.

Jervas concludes: "If Israel has to look forward to a balance of terror in the Mideast, it ought to be easier to establish a nuclear-weapons-free zone in the area."

Neo-Fascist Hooligans Arrested During Attempted Robbery

Five neo-fascists were arrested in Italy after a shootout downtown in Civitavecchia, on the outskirts of Rome April 24. Bank robberies are the typical means in Italy to give cover for financing terrorist operations, and was the modus operandi of both right- and left-wing terrorists in Italy during the Strategy of Tension years. This episode must be taken seriously in the context of warnings against potential neo-fascist terrorism in the coming World Cup soccer championship in Germany June 9-July 9.

The neo-fascists all belong to the "Roma" hooligan teams, which are dominated by organizations indirectly steered by Mussolini's ally Roberto Fiore's Forza Nuova. The arrested neo-fascists are all convicted felons, some of them for hooliganism.

Russia and the CIS News Digest

Russian, German Leaders Meet in Siberia

President Vladimir Putin of Russia and German Chancellor Angela Merkel had a two-day summit meeting in the central Siberian city of Tomsk, April 26-27. Bilateral energy cooperation was emphasized, as well as the overall role of Russia's Gazprom company in supplying Western Europe with natural gas. An expert from Russia's Institute for the World Economy and International Relations noted that Russia is also particularly interested in involving Germany in Russia's nuclear projects.

Prior to meeting with Merkel, Putin told a Tomsk audience that the West was resorting to "unfair competition on the world [energy] market," and obstructing Russia's desire to expand into European energy markets through Gazprom. He warned that Russia would look to the Asia-Pacific region for new markets, should problems with Europe not be resolved.

Merkel was accompanied by ten cabinet members, including the Ministers of Foreign Affairs, Economics, Finance, Health, Transport, Science, and Culture. Among the 20 industry leaders in the delegation were leading German energy producers like E.on, BASF-Wingas, and Siemens, as well as the aerospace producer EADS and German Railways. Their Russian opposite numbers attended the talks.

Among the numerous agreements signed during the summit, three accords in the economic-financial sphere are worth special mention:

1) Cooperation in the exploration of, and establishment of production at, the Yuzhno-Russkoye natural-gas field, between Russia's Gazprom and Germany's BASF-Wintershall firms. The gas field is said to be one of the world's largest; its location is in the Yamal-Nenets region of Siberia. The production capacity is to be 25 trillion cubic meters per year; the gas will be pumped into the new North European Gas Pipeline from 2010 on. This deal not only is the first in which a Western company has been granted access to a strategic resource field of Russia; but it also goes with an asset swap, which makes BASF's Wintershall subsidiary a substantial shareholder in the venture, and makes Gazprom a substantial shareholder in BASF's Wingas subsidiary, which operates gas pipeline grids in Germany, and through partnerships in other Western European states.

2) Cooperation between German Railways and Russian Railways, through a joint venture for the promotion of cargo transit between Asia and Europe, via the Trans-Siberian Railroad.

3) Cooperation in development projects (public and private) financing inside Russia, notably in Siberia, between Russia's Mezhekonombank, Roseksimbank, National Development Bank, and Germany's KfW (Kreditanstalt fuer Wiederaufbau) Bank. Deutsche Bank signed an agreement on cooperation with the National Development Bank, as well.

Russia Rejects U.S. Pressure Over Iran

In response to U.S. Undersecretary of State Nicholas Burns' demands that Russia cease weapons deliveries to Iran, Deputy Secretary of the Russian Security Council Nikolai Spassky stated on April 22: "Currently, nothing is preventing the

fulfillment of our obligations—in the area of military and technical cooperation with Iran." He added: "As far as the future is concerned, military and technical cooperation with any country may be limited only after the UN Security Council imposes the relevant sanctions."

Speaking to the *Los Angeles Times*, Spassky said: "At this stage we consider it unproductive to discuss the issue of sanctions." He went on to discuss the IAEA report: "When we get the report, we'll review what's written in it. Moreover, we will be reviewing concrete issues, concrete items—Not abstractly: 'Do we like Iran or not?', but 'What's it doing with centrifuges?' The primary issue, the source of this whole story, is the issue of Iran's failure to fulfill its obligations, the issue of doubts on the part of the IAEA about its past nuclear program." He concluded: "As soon as this dossier is closed, the mechanisms of Iran's normal IAEA membership can immediately be fully restored, as can the normal, full-fledged development of its peaceful nuclear program."

During the Russian-German summit in Tomsk, the countries' foreign ministers released a joint declaration on April 27, which stated: "Special attention was paid to agreeing on positions on Iran's nuclear file with the emphasis on there being no alternative to continuing efforts for a politico-diplomatic settlement of the Iranian nuclear problem, in order to accomplish the main task of ensuring the nuclear non-proliferation regime. In this context, the Russian President's initiative for creating international centers for nuclear cycle services under IAEA control was affirmed as important for strengthening the non-proliferation regime."

Blair Backs Off Challenge to Gazprom

British Prime Minister Tony Blair said April 25 that his government will not challenge an attempt by Gazprom, the Russian gas company, to buy a controlling interest in the British gas distributor Centrica. There had been calls for a challenge on the grounds that Gazprom was a state monopoly and through the sale would exert a strong influence over British gas supplies. Britain already imports Russian liquefied natural gas.

Speaking in Tomsk April 27, after his talks with German Chancellor Merkel, President Putin again lashed out—as Gazprom's leadership had done the previous week—against attempts by the UK to block Gazprom's penetration of European markets, as with the Russian company's bid to take over the British gas distributor Centrica. When foreign companies operate in Russia, Putin pointed out, we're supposed to welcome it as globalization, but when Russian companies try to operate abroad it's dubbed Russian expansionism.

Ivanov Visits Beijing

Russian Defense Minister Sergei Ivanov made a working visit to China April 24-27, to take part in a Shanghai Cooperation Organization defense ministers' meeting. A Defense Ministry press statement said before the meeting, that the ministers would "discuss international and regional security and plan measures that the Defense Ministries should take to oppose international terrorism and other new challenges and threats." Ivanov himself, as the meeting opened, spoke about the SCO as having "entered new frontiers not only on a regional level, but also on the global scale."

Southwest Asia News Digest

Rice on Tour To Win Support for Hard Line Against Iran

Following U.S. Undersecretary of State Robert Joseph's trip to the Persian Gulf, and preceding Vice President Dick Cheney's visit to Lithuania, Kazakhstan, and Croatia, Secretary of State Condoleezza Rice is touring Greece, Turkey, and Bulgaria. The main thrust of her talks will be Iran, although officially she is discussing other issues. After talks with Greek

Foreign Minister Dora Bakoyannis in Athens April 25, Rice told the press, "The U.S. President does not take any options off the table, but we are on a diplomatic course here; ... that is the agenda the Foreign Minister and I discussed." Rice was besieged by a few thousand protesters. "Wanted for killing millions of people," read one banner with Rice's picture. Another called her a Nazi by turning "Rice" into "Reich."

U.S. House Passes Act for Iran Sanctions

The U.S. House of Representatives April 26 passed the Iran Freedom Support Act by a vote of 397 to 21; the act calls for tightening sanctions on Iran until it dismantles its nuclear program, the *Washington Times* reported April 27. Rep. Ron Paul (R-Texas) said, "The measure reminds me of the 1998 Congressional resolution that called for regime change in Iraq, and I think that was the first step toward a very unpopular, expensive Iraq war."

Israel Raises Alert Status of Its Anti-Missile Batteries

The Israeli military has raised the alert status of its Arrow anti-missile batteries because of the rising threat of an attack on Iran, according to the *Jerusalem Post* April 24. If the U.S. were to attack Iran, Israel believes Iran would target Israel as part of its retaliation.

U.S. House Intel Committee Leaders: Why Attack Iran?

Rep. Pete Hoekstra (R-Mich), Chairman of the House Intelligence Committee, when asked April 23 by Fox News Sunday's Chris Wallace how close Iran is to developing a nuclear weapon, said, "We really don't know." An astonished Wallace noted that this is described as the major foreign policy challenge facing the country, "and you're saying we really don't know what's going on in Tehran?"

The ranking Democrat on Hoekstra's committee, Rep. Jane Harman (D-Calif) agreed with Hoekstra, but added, "I'm not comfortable that even if we knew more, that the White House would be listening clearly to the intelligence case. They apparently did not in Iraq.... This is not a time to be saber-rattling.... We don't know enough."

Russia Defense Minister: Iran Political Solution Essential

Russian Defense Minister Sergei Ivanov, in Beijing April 25, said that a "political solution to the problem with Iran's nuclear program is the only way—there is no alternative." Ivanov made this statement after speaking to his Chinese counterpart Cao Gangchua. Ivanov stressed the two countries are in almost complete agreement on Iran.

Jordanian King: Israel Must Give Up Nuclear Weapons

Jordan's King Abdullah told the Spanish daily *El Pais* April 24 that Jordan is interested in a nuclear-free Middle East, and that this was also in the interest of Israel, which, he said, must give up its nuclear weapons. "If the world is demanding that Iran not develop nuclear weapons, it should also demand that countries which possess nuclear weapons disarm."

Iran Says Its Nuclear R&D Work Is 'Irreversible'

"Iran's uranium enrichment and nuclear research and development activities are irreversible," declared Iranian Foreign Ministry spokesman Hamid Reza Asefi April 23, at a weekly news conference. The International Atomic Energy Agency (IAEA) report on Iran's program, he said, "contains an expert assessment, there will be nothing left to worry about." If the

report "puts pressure on Iran, ... Iran will not abandon its rights and it is prepared for all possible situations and has planned for them." He said discussions with Russia about the Russian proposal were continuing.

IAEA Report Expected To Say Iran Not Cooperating

The IAEA issued its latest report on Iran's nuclear program April 28, and the U.S. and Britain have reacted by issuing statements calling for UN Security Council (UNSC) action this week, to make it mandatory that Iran halt its uranium-processing program.

While the report is confidential and will not be made public by the IAEA unless so instructed by its board of governors and the UNSC, press coverage anticipating its release said that it would declare that, despite the UNSC's request, Iran has not provided inspectors with any new information, and has accelerated rather than curbed its uranium enrichment.

The U.S. Ambassador to the UN, John Bolton, said at his April 28 press conference at the UN, that the U.S. is ready to take action in the Security Council to move a resolution under Chapter 7 of the UN Charter, making mandatory for all UN members the requirements of the IAEA resolutions, and that he plans consultations early in the week of May 1 in the UNSC and with governments. "We're prepared to work in the Security Council, he said, "but certainly not for an unlimited period of time."

A Chapter 7 resolution is used for "threats to peace, breaches of the peace, or acts of aggression," binds all UN members, and can authorize sanctions or military action.

The *Washington Post* reported April 28 that the U.S., UK, and France would begin pushing immediately for such a resolution, and then, if Iran balks, to move for sanctions either through the UNSC or "like-minded allies." It also reported that, as inspectors were finishing their report, Iran's deputy nuclear director, Mohammad Saeedi, submitted a written schedule for cooperation on several issues, and that the IAEA's report would note it.

China's UN Ambassador Wang Guangya, who heads the UNSC this month by rotation, reiterated China's opposition to invoking Chapter 7, AFP reported April 28.

Iraq Is in the Throes of Civil War

A Continental European military expert, in discussion with EIR April 24, said that Iraq is in the throes of a civil war. The number of attacks (bombings, killings, etc.) has risen to 120 *per day* in Baghdad alone, media reports to the contrary notwithstanding, the expert said. The Iraqi military and police are totally infiltrated by resistance forces. The saying goes: "In the daytime, the army, at night with the resistance."

There are 11 different militias involved in sectarian fighting: in addition to the well-known Badr Brigades of the SCIRI, Moqtadar al Sadr's Mehdi Army, Chalabi's personal militia and the Kurdish Peshmerga, there are 7 other militias organized along ethnic/religious sectarian lines.

In Israel, Kadima and Labor Parties To Form Gov't

Israeli acting Prime Minister Ehud Olmert's Kadima Party and the Labor Party signed an agreement April 27 to form a coalition government. The agreement gives the Labor Party seven cabinet posts, including the Defense Ministry, to be headed by Amir Peretz. The Pensioners Party of Rafi Eitan will also join the government. Other parties expected to join the coalition are the Shas Party and the United Torah Judaism Party, both ultra-Orthodox.

Chirac Calls for Special Fund To Pay PNA Salaries

French President Jacques Chirac called April 28 for setting up a fund to pay the salaries of the 165,000 employees of the Palestinian National Authority. They have not been paid since the election of the Hamas government in mid-March, when Western donors cut off funds. The fund could be managed by the World Bank, Chirac said. He was addressing a joint press conference in Paris with visiting Palestinian President Abu Mazen. Chirac said that France would make the proposal May 9 at the Quartet meeting of the European Union, UN, Russia, and the U.S.

Abu Mazen told the press conference, "If we don't reach a solution, it will be catastrophic. The situation is very grave, complex and sensitive."

China and Saudi Arabia Sign Far-Reaching Agreements

Chinese President Hu Jintao met with Saudi King Abdullah, the Gulf Cooperation Council's Secretary General Abdul Rahman al-Attiya, and many Saudi businessmen. He signed five major deals, for cooperation in gas exploration, possible oil exploration, a joint venture to build a refinery in Qingdao city, as well as security cooperation and a defense system contract. Billionaire businessman Prince Walid bin Talal summed up the deals saying, "We are opening new channels; we are heading East." Abdullah visited China in January, and signed a landmark energy deal to expand cooperation in oil, gas, and minerals. The deals discussed during Hu's visit include a possible joint venture worth \$5.2 billion.

Asia News Digest

Boucher: U.S. To Build Energy Grid from Almaty to New Delhi

Testifying before the U.S. Congress April 27, the newly appointed Assistant Secretary of State for Central and South Asia, Richard Boucher, said the U.S. wants to spearhead a project to transmit electricity from Central Asia across Afghanistan to Pakistan and India.

Under the plan, a regional power grid, stretching from Almaty (Kazakhstan) to New Delhi would be fed by oil and gas from Kazakhstan and Turkmenistan, and hydropower from Tajikistan and Kyrgyzstan. Boucher said that the "opening" of Afghanistan has transformed it from an "obstacle" separating Central Asia from South Asia into a "bridge" connecting the two, which, in turn, opened "exciting new possibilities." He did not elaborate what these exciting possibilities are.

Notwithstanding the absurdity of the proposal in the present context, the purpose of floating this proposal is three-fold. To begin with, this would cut off Iran from supplying energy to the subcontinent. Second, the project would generate support within the subcontinent to giving the U.S. a powerful presence in Central Asia, and finally, it would allow the United States to have control over South Asia by having control over its energy supply.

Such a proposal was made in the 1990s by Frank Wisner, who was then Clinton's Ambassador to India. The proposal did not move for a number of reasons, but the testing of nuclear explosives by New Delhi and Islamabad in 1998 pretty much killed it.

Think Tank: India's Economic Growth To Slow

According to a report issued recently by India's semi-government economic think tank, National Council for Applied

Economic Research (NCAER), based in New Delhi, India's economic growth in the current fiscal year (April 1, 2006-March 31, 2007) would be close to 7.7%, about 0.4% less than the GDP growth registered last year, *India Daily* reported April 27.

The NCAER report explained: "The down side risk to growth can originate mainly from high crude prices, electricity shortage and infrastructure bottlenecks." The analysis is partly true. The most important failure of the Indian economy in the recent period is its inability to make the agriculture sector grow. Lack of investment in this vast sector where almost 60% of India's workforce is engaged is the perfect prescription for disaster. Infrastructure investment in rural India remained particularly low, providing no incentive whatsoever to the private investors to develop small and medium-sized manufacturing facilities.

Sri Lanka Resumes Air Strikes on Tamil Strongholds in Northeast

Hours after a suicide bomber, disguised as a pregnant woman, blew herself up inside the Army HQ complex in Colombo, killing at least 11—five of them bodyguards of the Sri Lankan Army Commander—and severely wounding the commander of the Sri Lankan Army, Lt. Gen. Sanath Fonseka, the Sri Lankan Air Force and Navy bombed Tamil Tiger positions in the northeast of the island *The Hindu* reported from Fairfax, New Zealand April 25. Fonseka is considered a tough anti-Tamil military man and has been accused earlier of being particularly harsh on the Tamils.

The new round of violence had begun in early April, primarily to scuttle the peace talks scheduled to start on April 16 at Geneva. The peace talks were arranged under the auspices of the Norwegian government.

Scandinavian truce monitors in Sri Lanka reported the Air Force's bombing of Tamil positions. "We just received confirmation of air strikes against LTTE south of Trincomalee," said Ulf Henricsson, head of the Scandinavian Sri Lanka Monitoring Mission. "We don't know what they're bombing. It is probably a limited operation, striking planned targets."

Meanwhile, the U.S.-based Human Rights Watch said on April 25 that members of the largely Sinhalese (the majority community in Sri Lanka in conflict with the Tamil minority) security forces stood by during recent ethnic riots (reported by some as the worst since the 2002 ceasefire) that followed a suspected Tiger bomb in the northeastern port-city of Trincomalee two weeks earlier, describing Sri Lankan President Mahinda Rajapakse's response as "grossly inadequate."

Japan Gives Technical Aid to Vietnam in Coal Mining

Over the past eight years, coal mining in Vietnam has developed close technical cooperation with Japanese economic groups, such as NEDO, JICA and JCOAL, *Thanhnie News* reported April 27. The Vietnamese National Coal and Mineral Industries (Vinacomin) held talks April 26 in Quang Ninh province, on construction of thermal power plants near the coal-mining area, and on promotion of the export of high-quality coal to major markets, particularly to Japan. In 2005, Vietnam produced 31.4 million tons of coal, of which 14.7 million were exported to Japan.

In the future, besides enhancing Vietnam's coal production capability, both sides will concentrate on developing clean coal production technology, CH₄ (methane) collection and use practices. Vietnam plans to increase its coal production to 55 million tons by 2010 and to 70 million tons by 2025.

Russia Delivers Enriched Uranium to India for Two Reactors

Despite what non-proliferation experts claim as a violation of international rules, Russia has delivered fresh nuclear fuel for two General Electric-built boiling-water reactors based in Tarapur, near Mumbai, *India Daily* reported April 26. Russia

has ignored a U.S. request for a delay until rules are formally changed to allow such transfer. The rule changes are supposed to occur, as the U.S. Congress is now in the process of considering whether to approve an agreement between the U.S. and India that would allow India, a non-signatory of the nuclear non-proliferation treaty (NPT) and "illegal" producer of nuclear weapons, to obtain nuclear fuel, reactors and technology from the United States, as well as from other countries. At this point in time, the discussion has remained stuck, as one roadblock after another remains unmoved, and seemingly immovable.

A "senior U.S. official," who did not want to be identified, referring to Russia's delivery of fuel, said that "this kind of activity should not take place, in our view," and has assured those who wanted to be assured, that the fuel remains in storage, and "the United States has asked India to refrain from using the fuel...."

Nepal: Maoists Give Parliamentarians Three Months

As a gesture of conciliation, Nepal's Maoists, who fought the King and his army for at least 14 months, and have significantly weakened the monarchy, have declared a unilateral three-month ceasefire, *Press Trust of India* reported April 27 from Kathmandu. At the same time, this puts pressure on the parliamentary parties who have assumed power from the King, to form a Constituent Assembly to draft a new constitution. Nepal's political power has been handed over to the elected-by-consensus Prime Minister G.P. Koirala.

The Maoist chief, Pushpa Kumar Dahal—better known as "Prachanda" ("the Mighty")—made the ceasefire announcement shortly after Koirala appealed to the rebels to withdraw their protests, including economic blockade, and assured them of the main agenda of the Nepali Parliament. The rebels had threatened to resume the economic blockades, and physical blockades of roads and highways, if Parliament dilly-dallies on the issue of setting up a constituent assembly.

The ceasefire must be considered a hiatus, and not a surrender on the part of the Maoists. The rebels, with their close links to the RIM, Sendero Luminoso, and the Indian Maoists, have no reason to concede anything at this point in time. The Maoists want the King to leave the country, make Nepal a "republic" and turn it virulently anti-India.

Philippines Airline Industry Crippled by Loss of Skilled Workforce

The Philippines airline industry, like its health-care and education systems, is threatened with breakdown by the exit overseas of its skilled workforce, according to the *Philippines Inquirer* April 19. Even while the government encourages the population to work overseas, in a desperate effort to gain foreign currency remittances to meet debt payments, the Philippine Overseas Employment Administration (POEA) has restricted the deployment of pilots and aircraft mechanics abroad to prevent a disruption in the local aviation industry. Pilots and mechanics will be required to wait six months, rather than one, to get a permit to work abroad.

The POEA, which has also conducted an evaluation of the labor situation in the education and nursing sectors, plans to treat the labor force in the same way it does industrial goods inventories, by imposing a 20% buffer, i.e., an industry with less than 20% corresponding supply of workers would be considered critical and workers denied exit permits.

Industry groups in the three sectors warned that unless remedial measures were instituted soon, some of the country's vital industries and services could grind to a halt.

World Bank Demands Philippines Suicide

A report released by the World Bank, as reported by the *Philippines Inquirer* April 24, leaves no doubt that Bank director

and über-neocon Paul Wolfowitz is dedicated to killing more people through the Bank than he did when at the Pentagon. The already collapsing Philippine economy and increasingly hungry population is told to:

* "End the National Food Authority's costly subsidy program";

* "Immediately sell the power-generating assets of the Power Sector Assets and Liabilities Management Corp. (PSALM) this year to further improve the government's financial position";

* Rapidly increase the "pace of pension fund reforms," through "a carefully planned and phased-in increase in contribution rates and rationalization of benefit payouts" and investment of pensions in "alternative investment options ... to obtain better returns."

Africa News Digest

On Chernobyl Anniversary, S. African Daily Says Go Nuclear

On April 26, the 20th anniversary of the Chernobyl nuclear disaster, South Africa's *Cape Argus* daily, in an editorial, wrote that the 1986 incident has "spawned a heated debate between those who are against nuclear energy, and those who support it. This debate continues on the page opposite today, in the context of plans for a pebble-bed modular reactor (PBMR) at Koeberg."

The editorial concludes: "In South Africa, research into the PBMR is continuing apace, and there is no prospect of nuclear-generated energy being abandoned. Our priority needs to be to learn to live safely with it, rather than to sustain dreams of living without it."

Historically, South African British-oriented dailies such as the *Cape Argus* have not supported pro-industrial or pro-nuclear policies.

World Bank Accused of Medical Malpractice in Africa

The World Bank has not followed through on its 1998 pledge to combat malaria in Africa, public health experts say in a report published April 25 in the British medical journal *Lancet*, online edition.

The article coincides with World Malaria Day. Between 300 and 500 million people contract malaria, which is transmitted by mosquito, each year. More than a million, mainly children, die of malaria each year. It kills one child in Africa every 30 seconds.

The World Bank, in reply to the charges, conceded that its malaria programs were understaffed and underfinanced, but said that over the past year it has revitalized them.

In 1998, the bank pledged to provide \$500 million to combat malaria. The stated goal of the bank's Roll Back Malaria campaign was to cut the number of malaria deaths in half in a decade. But as of 2005 it had *no* staff working on the programs.

The public-health experts have called for the Bank to relinquish its anti-malaria funds to the Global Fund to Fight AIDS,

Tuberculosis, and Malaria.

The World Bank contends that it has spent somewhere between \$100 million and \$450 million to combat malaria since 1998.

"That the bank's management tolerates such vague accounting when serving its clients, the African states to whom it pledged an increase in malaria control funds, is extraordinary," the health experts wrote.

They also accused the bank of medical malpractice for spending \$1.8 million to buy more than 100 million tablets of chloroquine for India, even though a deadly variant of malaria had developed resistance to the medication.

This Week in American History

May 2 — 8, 1933

FDR's Second Fireside Chat: Past Actions and Future Plans

On March 5, 1933, the day after his inauguration, President Franklin Roosevelt called Congress into extraordinary session in order to deal with a steadily escalating banking crisis. A plan to halt the crisis had been developed in the weeks leading up to his inauguration, and when it was about to be implemented, Roosevelt delivered his first "Fireside Chat" over the radio on March 12 to inform the American public about what he and the Congress were doing to reverse the situation.

Once the banking situation was stabilized, Roosevelt moved on to deal with other serious problems such as unemployment, and to send legislation to Congress which would establish the Civilian Conservation Corps and the Tennessee Valley Authority. Again, the President reported to the American people, this time in his Second Fireside Chat on May 7.

Roosevelt began by reminding his audience of the purpose of his fireside chats: "On a Sunday night a week after my Inauguration I used the radio to tell you about the banking crisis and the measures we were taking to meet it. I think that in that way I made clear to the country various facts that might otherwise have been misunderstood and in general provided a means of understanding which did much to restore confidence.

"Tonight, eight weeks later, I come for the second time to give you my report, in the same spirit and by the same means to tell you about what we have been doing and what we are planning to do.

"Two months ago we were facing serious problems. The country was dying by inches. It was dying because trade and commerce had declined to dangerously low levels; prices for basic commodities were such as to destroy the value of the assets of national institutions such as banks, savings banks, insurance companies, and others. These institutions, because of their great needs, were foreclosing mortgages, calling loans, refusing credit. Thus there was actually in process of destruction the property of millions of people who had borrowed money on that property in terms of dollars which had had an entirely different value from the level of March 1933. That situation in that crisis did not call for any complicated consideration of economic panaceas or fancy plans. We were faced by a condition and not a theory.

"There were just two alternatives: The first was to allow the foreclosures to continue, credit to be withheld, and money to go into hiding, thus forcing liquidation and bankruptcy of banks, railroads, and insurance companies, and a recapitalizing of all business and all property on a lower level. This alternative meant a continuation of what is loosely called 'deflation,'

the net result of which would have been extraordinary hardships on all property owners and, incidentally, extraordinary hardships on all persons working for wages through an increase in unemployment and a further reduction of the wage scale.

"It is easy to see that the result of this course would have not only economic effects of a very serious nature, but social results that might bring incalculable harm. Even before I was inaugurated I came to the conclusion that such a policy was too much to ask the American people to bear. It involved not only a further loss of homes, farms, savings, and wages, but also a loss of spiritual values—the loss of that sense of security for the present and the future so necessary to the peace and contentment of the individual and of his family. When you destroy these things you will find it difficult to establish confidence of any sort in the future.

"It was clear that mere appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop this downward course. A prompt program applied as quickly as possible seemed to me not only justified but imperative to our national security. The Congress—and when I say Congress I mean the members of both political parties—fully understood this and gave me generous and intelligent support. The members of Congress realized that the methods of normal times had to be replaced in the emergency by measures which were suited to the serious and pressing requirements of the moment.

"There was no actual surrender of power, Congress still retained its constitutional authority, and no one has the slightest desire to change the balance of these powers. The function of Congress is to decide what has to be done and to select the appropriate agency to carry out its will. To this policy it has strictly adhered. The only thing that has been happening has been to designate the President as the agency to carry out certain of the purposes of the Congress. This was constitutional and in keeping with the past American tradition.

"The legislation which has been passed or is in the process of enactment can properly be considered as part of a well-grounded plan.

"First, we are giving opportunity of employment to one-quarter of a million of the unemployed, especially the young men who have dependents, to go into the forestry and flood-prevention work. This is a big task because it means feeding, clothing, and caring for nearly twice as many men as we have in the regular army itself. In creating this Civilian Conservation Corps, we are killing two birds with one stone. We are clearly enhancing the value of our natural resources, and we are relieving an appreciable amount of actual distress.

"Second, I have requested the Congress and have secured action upon a proposal to put the great properties, owned by our government at Muscle Shoals, to work after long years of wasteful inaction, and with this a broad plan for the improvement of a vast area in the Tennessee Valley. It will add to the comfort and happiness of hundreds of thousands of people and the incident benefits will reach the entire nation.

"Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the homeowners of the nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

"Our next step in seeking immediate relief is a grant of half a billion dollars to help the states, counties, and municipalities in their duty to care for those who need direct and immediate relief.

"We are planning to ask the Congress for legislation to enable the government to undertake public works, thus stimulating directly and indirectly the employment of many others in well-considered projects.

"Further legislation has been taken up which goes much more fundamentally into our economic problems. The Farm Relief Bill seeks by the use of several methods, alone or together, to bring about an increased return to farmers for their major farm products, seeking at the same time to prevent in the days to come disastrous overproduction which so often in the past has kept farm commodity prices far below a reasonable return.

"Well-considered and conservative measures will likewise be proposed which will attempt to give to the industrial workers of the country a more fair wage return, prevent cutthroat competition and unduly long hours for labor, and at the same time courage each industry to prevent overproduction.

"It is wholly wrong to call the measures that we have taken government control of farming, industry, and transportation. It is rather a partnership between government and farming and industry and transportation, not partnership in profits, for the profits still go to the citizens, but rather a partnership in planning, and a partnership to see that the plans are carried out.

"Let me illustrate with an example. Take the cotton-goods industry. It is probably true that 90% of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other 10% of cotton manufacturers pay starvation wages, require long hours, employ children in their mills, and turn out burdensome surpluses? The unfair 10% could produce goods so cheaply that the fair 90% would be compelled to meet the unfair conditions.

"Here is where government comes in. Government ought to have the right, and will have the right, after surveying and planning for an industry, to prevent, with the assistance of the overwhelming majority of that industry, unfair practices and to enforce this agreement by the authority of government.

"We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day. Our policies are wholly within purposes for which our American Constitutional Government was established 150 years ago.

"Hand in hand with the domestic situation which, of course, is our first concern is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other Nations of the world. In other words, we can get, in all probability, a fair measure of prosperity to return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

"To you, the people of this country, all of us, the members of the Congress and the members of this Administration, owe a profound debt of gratitude. Throughout the Depression you have been patient. You have granted us wide powers; you have encouraged us with a widespread approval of our purpose. Every ounce of strength and every resource at our command we have devoted to the end of justifying your confidence. We are encouraged to believe that a wise and sensible beginning has been made. In the present spirit of mutual confidence and mutual encouragement we go forward."

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