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This Week You Need To Know

Emergency Legislation, Now!

by Lyndon H. LaRouche, Jr.

May 2, 2006

The purpose of the following communication is to prompt the immediate crafting of urgently needed emergency Federal legislation: Legislation to prevent the threatened immediate collapse of the U.S. national automobile industry from becoming the beginning of a virtually irreversible chain-reaction of destruction of approximately the entirety of the present physical economy of the U.S.A.

This communication has two sets of elements.

The first part, which is presented immediately below, is the proposal which summarizes the nature of the proposed emergency legislation.

The second part, the attached documentation, is a sample of the relevant facts assembled in raw form from discussions and related researches compiled, to date, since a meeting of automobile industry figures and others convened in Washington, D.C. during the evening of April 27, 2006.

Much work needs to be done, urgently, to refine the kinds of data identified in the appended, second portion of this transmission. The purpose of presenting that latter collation here, is to sketch the general proportions and characteristics of the challenge to be met if our nation is to meet the challenge of this national emergency. Despite the need for refinement respecting details, the legislative intention required for this crisis is already clear as a matter of principle....

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

LYM Intervention: Felix and his Fascist Infrastructure Policy

by Myles Robinson
LaRouche Youth Movement

WASHINGTON, D.C., May 2 (EIRNS)—On Tuesday, April 25, sixty members of the LaRouche Youth Movement (LYM) deployed at the Reagan Center in Washington, D.C., in order to drastically shape the environment that was soon to be welcoming one Felix Rohatyn.

Formerly of the Paris-based Lazard Frères banking house, the same banking establishment that funded the Nazi Party,

Rohatyn is now involved in attempting to co-opt Lyndon LaRouche's influence in the Democratic Party, specifically, yet not solely, the revival of Franklin Roosevelt's legacy implicit in Nancy Pelosi's post-Katrina address at Harvard University, where she announced a qualitative shift in policy known as the "Innovation Agenda." Why has the "Innovation Agenda" lay dormant ever since, while the economic situation continues to deteriorate? Look no further than the wolf in sheep's clothing, the nominal "Democrat," Felix Rohatyn, who's been out to steer the Democratic Party away from FDR and LaRouche since the 1970s, in order to ensure that the last 60-odd years of a synarchist-orchestrated collapse of the American nation-state unfolds according to plan.

Luckily his attempts at subverting infrastructure policy towards a financier-run dictatorship, that would build nothing more than his own personal bankroll, has not been uncontested. Opposition has come in many forms—mainly, if not solely, from the work of the LaRouche movement—and the LYM has been on the front lines, distributing the exposés that are turning Rohatyn into a household name, and intervening at his feeble public attempts to sell his disguised fascism to confused Democrats.

At this event, held at the American Society of Civil Engineers, the LYM was in full force, singing beautiful canons, reworded to expose Rohatyn's scandalous past, and well-dressed agents who managed to penetrate the sterile conference, despite its \$900-a-plate entrance fee.

The intervention started before the event, both with the buzz created by our music, signs, and discussions outside, and with a chance run-in with Felix himself. Meghan Rouillard ran into Rohatyn as he entered, and promised him: "After the distribution of the current *EIR* and the LaRouche webcast (April 27), no Democrat will want to touch you ever again." Rohatyn groaned, and ran off into the protected environment of the event, safely guarded by a \$900 price tag.

Danny Makrides, the LYM member inside the event, reported that just as Rohatyn was being introduced, a beautiful chorus welcomed him to the podium with a stunning rendition of "Felix ain't no Democrat, he's a Nazi" followed by the West Coast classic "Rotten Rohatyn." The chorus was not as well received as we deservedly should have been; in fact we were told to leave the building, which we did while singing, producing an eerie fade effect inside.

Rohatyn's self-promoting address started with a five-minute rant on how successful his dictatorship of New York was, known widely as Big MAC, and how a similar method was needed to fix the nation today, without any mention of the proven method of Roosevelt. This obvious fallacy did not go unchallenged as Makrides asked Rohatyn the final question, saying he was amazed that Rohatyn would "cite 'Big MAC' as a way to fix infrastructure, when it is known that 'Big MAC' relocated minorities from the city, and generally destroyed the standard of living of normal working people." Rohatyn was then asked where he stood on LaRouche's infrastructure plans, to which he mumbled feebly, "Difference of opinion."

Myles Robinson approached Rohatyn as he was leaving the event and asked him: "So Felix, do you think the Democrats are really going to buy into your fascist plot to dictate America's infrastructure projects?" "We'll have to see," was his limp reply. Stunned at this response, Robinson continued by briefing Rohatyn on everything that the Democratic Party now knows; namely, Rohatyn's role in the Pinochet coup and Operation Condor in the Southern Cone, where Rohatyn worked along side his Republican Party counterpart, fascist financier George Shultz, and Rohatyn's push to privatize our military using the Nazi Allgemeine SS as a neo-feudal model. The exchange lasted a few minutes and ended with the repeated proclamation: "You're done! You're done!" The potency of our intervention was obvious, and most assuredly caught that little R(oh)AT(yn) off guard.

InDepth Coverage

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[Use It or Lose It:](#)

[Auto Capacity 50% Unused and Going, Going, Gone](#)

[by EIR Staff](#)

The large assemblage of critical auto-industry capacity whose near-term closing or sell-off has already been announced, is represented in part by the map and table of 64 auto assembly, production, parts, and supply complexes on pages 12-14. It comprises 73 million square feet of industrial capacity, much of it richly supplied with machine tools, and with machines of both high precision and flexibility, and large force and lifting capability. Its shutdown will cost 75,000 skilled industrial jobs directly; and through immediate radiating effects on smaller supply plants and machine-tool shops, 300,000 more. What is about to be shut represents, in automobile-industry terms, the capacity to build 2.5 million or more cars and light trucks a year. But in terms of urgent national economic investment, it represents a unique industrial capability to build the United States 'a new national infrastructure' of transportation, power, and so forth.

[LaRouche Briefs Youth Movement on Strategic Context of Auto Campaign](#)

Lyndon LaRouche and the international LaRouche Youth Movement, along with Helga Zepp-LaRouche and EIR's Paul Gallagher, held a conference call on May 5 to map out the campaign to save the U.S. auto industry. We publish here Mr. LaRouche's opening remarks, and one of the questions and answers.

[President Kennedy Knew What Value Was: A History of the Adrian Delphi Plant](#)

[by Bill Roberts, LaRouche Youth Movement](#)

The case of the large industrial plant owned by Delphi Automotive Systems in Adrian, Mich., which President John F. Kennedy saved from being scrapped in 1961, exemplifies the idea of a machine-tool capacity that is capable of being retooled for just about any purpose needed. The history of this plant and its surrounding community, and the actions taken by Kennedy after his first press conference as President, give depth to a real understanding of the concept of 'economic value,' not as something inherent in money, but as the potential to increase the productive powers of labor in a national economy, for the general welfare of mankind.

National:

[Bush 'Roasted' in Tradition of Rabelais, Boccaccio](#)

[by Nancy Spannaus](#)

We have it on good authority that the next time that President George W. Bush signs a piece of legislation and attaches a Presidential Signing

Statement, it will read that the President interprets the law to mean: 'Kill Stephen Colbert!' The Comedy Central TV comedian truly roasted President Bush on Saturday night, April 29, with the President and the First Lady seated at the podium just a few feet away. As Lyndon LaRouche observed later, Bush will probably never recover from the roasting. He can be compared to the naked Emperor, parading in his 'new clothes' before a credulous and dutiful collection of subjects, until Stephen Colbert, disguised as a little boy, shouted out, 'Daddy, but he has nothing on!'

- **Documentation**

- **Colbert Slams Bush and The Hypocritical Press**

A transcript of Steven Colbert's remarks to the White House Correspondents' Dinner, April 29, 2006...

LaRouche Youth to California Dems:

Don't Go Down With Rohatyn!

by Harley Schlanger and Aaron Halevy

The LaRouche Youth Movement (LYM), which was born in California during the 2000 Presidential campaign, has emerged as a growing force in the state Democratic Party, as was evident when more than 2,000 delegates convened in Sacramento on April 28. It is not due solely to numerical strength, although there were more than 150 LYM members attending the convention, out of which at least a dozen were themselves delegates, and many more have become active members of, and participants in, the various party caucuses.

LYM Cadre School: Making a Renaissance

by Anna Shavin and Ali Sharaf, LYM

The idea for a Week of Action spanning the LaRouche Youth Movement's (LYM) West Coast cadre school April 22-23, and the Democratic Party Convention in Sacramento April 28-29, developed out of a proposal by LYM member Oyang Teng, who recognized that the Convention would give our work national significance. California is now the center of the fight between Lyndon LaRouche and Felix Rohatyn, and the Democratic Convention that we will be walking into, will be the site of a meeting on the call for impeachment of both Bush and Cheney by the State Legislature.

- **LYM Brings Beauty to Baltimore 'Death Zone'**

by Ted Smith

...[I] have a sneaking suspicion that there may be a revolution brewing in East Baltimore. There is a light that is glowing in the midst of a lot of darkness. The LYM is sparking a chorus, defying all popularly conceived rules in the process. I thank God that the LYM believe that the kids of Collington Square deserve a chance to experience beauty.

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International:

Iran: Regime Change Option As Bad As Military Strike

by Muriel Mirak-Weissbach

Now that the opposition to a military strike against Iran, inside the United States, and internationally, has reached critical proportions, some fools are contemplating what they consider a fallback option, known as 'regime change by other means.' This will be no more promising than the totally discredited scenarios for military strikes, to knock out Iran's nuclear energy facilities. That, however, does not mean that the nutty boys at the drawing boards will not pursue it; quite the contrary. Nor does it mean at all that the military option is off the table; that will be the case, only when Dick Cheney, Rumsfeld, and Bush are out of the capital.

- **Iran Contras**

by Jeffrey Steinberg

A number of extremely reliable Arab and American intelligence sources have reported that the Bush Administration already has 'boots on the ground' inside Iran, running a multi-front 'Contra'-style destabilization. These operations, which are still on a relatively small scale, involve ethnic and tribal paramilitary forces, conducting ambushes, assassinations, and 'blind terrorist' bombings —with the active involvement of American, British, Pakistani, and Israeli 'advisors,' the sources report.

Book Review

The Philippines' Fight For Nuclear Energy

by Mike Billington

Trailblazing: The Quest for Energy Self-Reliance

by Geronimo Z. Velasco

Manila: Anvil Publishing, 2006

209 pages, paperback, 350 pesos

Twenty years ago, the Philippines received the final approval from the International Atomic Energy Agency (IAEA) to turn on the fully completed nuclear power plant in Bataan, which was to provide 16% of the energy needed in the island of Luzon, including the capital, Manila. This was to be the first commercial nuclear power plant in all of Southeast Asia, representing the scientific and industrial coming of age of the Philippines, and by implication its Southeast Asian partners, in the post-colonial era.

Darfur Crisis Aims To End Nile Water Agreement With Egypt

by Lawrence K. Freeman

On May 5, after this article was completed, the Sudanese government and one leading rebel faction signed a peace accord; some other rebel groups have yet to sign. While this represents progress, the underlying problems analyzed in this article remain to be solved.

Israel's Government: What Chance for Peace?

by Dean Andromidas

Israeli Prime Minister Ehud Olmert presented his new government to the Knesset (parliament) on May 4. The new coalition will include Olmert's own Kadima Party, with Labor as senior partner, along with the religious Shas Party and the Pensioners Party. In a surprise appointment, the crucial portfolio of Defense Minister has gone to Labor Party chairman and peace advocate Amir Peretz. Characterized as 'centerleft,' the new government is fueling speculation that its so-called 'convergence' plan will lead to further withdrawals from the West Bank, which could open the doors to restarting the peace process.

France:

A Hard Head Makes A Soft Behind

by Samuel Dixon, LYM

One should learn from one's mistakes. From the 'No' vote in the referendum on the European Constitution last May, to the rioting in immigrant neighborhoods last Autumn, and the recent protest movement against an unpopular youth employment plan, France's leadership has been running from one crisis to another for a year, deaf to the music, while positioning France for 'competition on the global market,' contrary to every poll which screams that the majority of Frenchmen consider globalization a threat rather than an opportunity.

- **After the Victory, Let Us Create the Future**

by Jacques Cheminade

Jacques Cheminade is the candidate of the Solidarity and Progress party for the French Presidential elections, scheduled for 2007. He issued this mass leaflet on April 11.

Report From Germany

Berlin Needs a Debt Moratorium

by Rainer Apel

Felix Rohatyn or Lyndon LaRouche: Which way will Germany's catastrophically indebted capital city go?

- **Interview: Daniel Buchmann**

LaRouche Youth Take On 'Rohatyn' of Berlin

Daniel Buchmann, 24, is campaigning for mayor of Berlin, heading a slate of 20 candidates of the Civil Rights Movement Solidarity (Bu"So), the LaRouche party in Germany, in the Sept. 17 elections. Abdul-Aliy Muhammad of the LaRouche Youth Movement

interviewed him on May 1.

Economics:

IBERO-AMERICA MARCHES AGAINST GLOBALIZATION

Bolivia Nationalizes Its Hydrocarbons Industry

by Gretchen Small

Financier interests are beginning to panic, as they see the historic nationalism for which Ibero-America had long been rightly famous, arising from the ashes of mercilessly looted countries, to effect real change. On May 1, President Evo Morales announced the re-nationalization of Bolivia's hydrocarbons industry, effective immediately. The measure was enforced by the deployment of Bolivian troops, primarily the engineering battalions, to oil and natural gas installations and fields across the country.

LaRouche Warns Nissan's Wage Killer: 'Mississippi Is Not Manchukuo'

by Bonnie James

The Japanese car-maker Nissan is leading a 'race to the bottom,' in a drive to bust wages, working conditions, benefits, and the right to organize, in what a Mississippi State Legislator has called a 'racial experiment on African American workers, aimed at how low they can drive auto, and American workers as a whole.' In its Canton, Miss. plant, Nissan has slashed wages to about 40% below what an union autoworker in one of the Big Three auto plants earns, and about 20% under the pay scale for Nissan workers in the company's Smyrna, Tenn. plant, some 300 miles distant.

LYM Internet Forum:

Restore Real Social Security for Ibero-America!

by Cynthia R. Rush

The April 20 Internet forum, 'Toward the Revival of IberoAmerica's Social Security System,' organized entirely at the initiative of the LaRouche Youth Movement (LYM), brought together activists from Argentina, Chile, Mexico, and the United States, to discuss how to reinstate those policies that protect the General Welfare, in the context of the imminent global financial crash. The international forum attracted trade-union and other institutional representatives from these nations, who are mobilizing to restore the state-run social security systems that were brutally privatized in IberoAmerica during the free-market binge of the 1980s and 1990s. Dialogue among the participants made clear that continentwide collaboration is a powerful tool in this fight.

Helga Zepp-LaRouche Renews Her Call for a New Bretton Woods

In the wake of previous calls for a New Bretton Woods, from 1997 and 2000, in which thousands of notable personalities from around the world, among them, former heads of state, parliamentarians, trade unionists, entrepreneurs, jurists, church leaders, members of the military, and so forth, demanded a reorganization of the world financial system, the chairwoman of the Schiller Institute, Helga Zepp-LaRouche, has written a new appeal, which will be circulated worldwide by the Institute. It will be published with the names of the signers on the Internet and in various newspapers.

Ethanol Takes More Energy Than It Gives

by Marjorie Mazel Hecht

The truth about ethanol, the wonder fuel that is supposed to replace U.S. dependence on 'foreign oil,' is that it takes more energy to produce the ethanol, than the resulting ethanol fuel will provide. And to replace imported oil with ethanol would require covering more than half the land area of the United States in corn or other biomass.

Editorial:

The War Must Be Won In the United States

With the release of his paper on emergency legislation to save the capacity of the auto industry, Lyndon LaRouche has launched a new phase in the war to win the survival of the human race. LaRouche has stressed that if the battle for the approach he outlines, is not won on the war-front in the United States, it will not be won at all.

U.S. Economic/Financial News

LaRouche: Bernanke Has Lost Control of Post-Greenspan Era

Forecasts of an imminent crash on the super-inflating commodities markets, have been coming from many (particularly Swiss and British) analyst and banking sources in recent days. Henderson Global Investors Fund, and Legg Mason brokerage, are among the best-known of institutions suddenly forecasting a near-term commodities markets collapse. Swiss-based Tiberius Asset Management warned, "The risk of prices collapsing is now very high"; and a well-known veteran copper trader, David Threlkeld, said, it's increasingly likely that "copper will implode overnight," comparing metals futures to the NASDAQ dot-com stocks of late 1999. The main association of users of copper, the International Wrought Copper Council (IWCC), held a London press conference to release a letter to the London Metals Exchange, saying "wolfpack speculators" in hedge funds have shanghaied and stampeded the LME into wild inflation; the IWCC implied it may try to set prices independent of (below) LME prices. Some 95% of all base metals trading is done on the LME. Hedge-fund trading volume is now ten times what it was in 2001, and dominates the LME's \$4.5 trillion annual trading volume.

Lyndon LaRouche stressed that forecasts of a commodities crash do not mean there will be one: What they do mean, was identified by a London financial figure to *EIR*'s Wiesbaden, Germany intelligence staff this week—"Ben Bernanke has lost it already. Bernanke has lost all credibility," by publicly shifting back and forth several times in a few weeks on interest-rate policy, and thus has lost all control of the "post-Greenspan era." LaRouche has explained repeatedly, around his April 20 hyperinflation warning statement, that the central banks are caught between trying to stop runaway inflation, by raising rates, and trying to save collapsing housing bubbles, by not raising them. Bernanke, the top central banker, has already lost his nerve.

Hyperinflation of Metals Continues

Copper prices surged May 4 by 5.4%, the greatest one-day rise in 18 years, reaching a new record. Copper rose \$550, to \$7,660 per metric ton, on the London Metals Exchange, and in trading on the New York Mercantile Exchange, it rose to a level of \$3,485 a pound, an increase of 5.4% in one day. Other metals needed for construction and making steel also rose: tin, 4.8%; nickel, 3.6%; and zinc, 6.8%, all in one day. Gold was falling in trading in London, but by afternoon had hit a new record, \$680 an ounce in trading on the New York Mercantile Exchange.

Rotten Mortgage Debt Piling Up Higher and Deeper

Cash-out refinancees, i.e., people using their homes as a form of ATM, hit a 15-year high in the first quarter of 2006. In fact, according to a May 2 report from Freddie Mac, a whopping 88% of its mortgage loans that were refinanced in the first quarter resulted in new mortgages with loan amounts that were at least 5% higher than their original mortgage balance. This percentage was up from 81% in the fourth quarter of 2005 and was the highest since the third quarter of 1990—right before the real estate boom of the 1980s ended. For the first time in five years, more than half of all refinanced mortgages carried an interest rate higher than on the former mortgage. Most of those taking out such mortgages are said to be people willing to lose more of their equity and pay higher interest rates, in order to switch from adjustable-rate to fixed-rate mortgages.

In California, mortgage default notices for homeowners hit the highest level in more than two years, as lenders sent 18,668 default notices—an early indicator of possible foreclosures—in the first quarter, up 23.4% from the fourth quarter of 2005, and up 28.7% from year ago, according to DataQuick Information Systems.

Not surprisingly, then, the parent company of the nation's largest subprime mortgage lender, based in Orange County,

Calif., is closing all of its retail branches, and eliminating one-third of its workforce. ACC Capital Holdings, parent of Ameriquest Mortgage, is cutting 3,800 jobs and shutting 229 branches of Ameriquest. Subprime loans is a fancy term for swindling poor schnooks who don't qualify for a mortgage into taking a high-interest loan to purchase a home. Facing an investigation of its activities in 49 states, Ameriquest agreed in January to pay \$325 million and change "business" practices, shortly before its founder, Roland Arnall, was rewarded by being sent to the Netherlands as Bush's Ambassador.

Home Resale Figures Now at Level in Two Years Ago

Sales of existing homes fell 1.2% for the month of March, to the lowest level since February of 2004. Sales for all of 2006 are now expected, according to the "experts," to fall 6%. Fed chairman Ben Bernanke was doing his best to argue that the housing market will experience a "soft landing" rather than a "sharp slowdown," but in the meantime, Bloomberg reports May 1 that "homebuilder optimism" has fallen to its lowest level since 2001.

Meanwhile, the *Washington Post* has taken front-page notice that, in the 20176 Zip code in Leesburg, Va., the area identified as "ground zero" for the blowout of the housing bubble, by Lyndon LaRouche, homes are now staying on the market longer than any other region in the Washington, D.C. metro area.

Realtor: 2006 Housing Foreclosures Could Top 1 Million

The first-quarter report from RealtyTrac on nationwide home foreclosures, released May 1, indicates the widespread nature of the collapse. The ten states with the highest foreclosure rates are, in order, Georgia, Colorado, Indiana, Nevada, Michigan, Texas, Ohio, Tennessee, Utah, and Florida. Georgia, where 24,419 homes have entered some form of foreclosure process, had the highest rate, with one of every 127 homes in foreclosure. Michigan, with 22,917 homes in foreclosure, showed the nation's highest *increase* in the rate of foreclosure, up an astounding 416%. In Tennessee, rates were up 92% from a year ago, and 147% from the previous quarter. The District of Columbia showed a similar increase of 127%. And, although their overall rates were not as high, California showed a 86% increase from a year ago, and Virginia 127%.

A RealtyTrac consultant commented that, "Foreclosures have now increased in four consecutive quarters and are on track to go above 1.2 million in 2006, which would push the nation's annual foreclosure rate to more than 1% of U.S. households."

New Orleans Mental-Health Facilities Nonexistent

Once considered among the nation's finest, New Orleans mental-health facilities are all shut down, partly because FEMA is not allowed to dispense funds for *operation*, only reconstruction, the *Washington Times* reported May 1. Nurses are now reporting a rise in calls from people who are suicidal, with no prior history of mental illness. Patients are lining the halls of emergency rooms at already-overcrowded acute-care hospitals, a situation not conducive to anyone's mental health. The timing here is critical, because in cases of shock trauma, symptoms only begin to manifest themselves in about a year's time.

World Economic News

Danish Daily Warns of Derivatives-Triggered Crash

A May 1 article in the leading Danish daily *Politiken* warns that derivatives could set off a global financial crash, adding to the series of recent articles and statements from Denmark, issuing similar warnings. Under the title "Dannevirke has fallen," a pun on the name of a collapsed Danish derivatives-based bond, and the name of an historical Danish defense fortification

line, *Politiken* announces that "the global trade of sophisticated financial instruments—so-called derivatives—has exploded, but the politicians are not talking about it, even if speculation in derivatives, in the worst case, can set off new financial crashes." Derivatives, lo and behold, they discover, "can harm the Danish national economy, the liberty of action of the politicians, and the private economy of Danes.... Financial institutions gear their investments as never before. In some cases, they have gambled so much, that there is even a risk for their existence, for the stability of the global financial market and for national economies...."

"Never before has trade with claims on financial values of the future been so great—in comparison with what, in the old days, was called 'the real economy.' Maybe it is more important to discuss derivatives rules than to run an election campaign based on slaughterhouse jobs," the paper suggests. After all, one or more unforeseen political and economic events could trigger "a lemming effect on a global scale, which has never been seen before."

Not all Danish politicians have ignored this issue, however. The election poster of Tom Gillesberg, the Copenhagen mayoral candidate for Friends of the Schiller Institute—which won the award for the "worst" election poster, among other things, because it contained the word "derivatives"—had the slogan "When the bubble bursts ... a New Bretton Woods" with a picture of a bubble with the words "derivatives, housing prices, inflation."

United States News Digest

Odom Reiterates Call for Iraq Pullout

"Cut and Run? You Bet!" is the title of an article in the May/June issue of *Foreign Policy*, in which Gen. William Odom (ret.), the director of the National Security Agency (NSA) from 1985 to 1988, reviews and refutes the arguments for "staying the course" in Iraq. "The problem in Iraq is not military competency; it is political consolidation," Odom says. "Iraq has a large officer corps with plenty of combat experience from the Iran-Iraq war. Moktada al-Sadr's Shi'ite militia fights well today without U.S. advisors, as do Kurdish Pesh Merga units. The problem is loyalty. To whom can officers and troops afford to give their loyalty?"

On the question of undermining U.S. credibility in the world, Odom makes a clear reference to the need for the resignation of Bush and Cheney: "I served as a military attaché in the U.S. Embassy in Moscow during Richard Nixon's Watergate crisis. When Nixon resigned, several Soviet officials who had previously expressed disdain for the United States told me they were astonished. One diplomat said, 'Only your country is powerful enough to do this. It would destroy my country.'"

On the war on terror: "Tied down like Gulliver in the sands of Mesopotamia, we simply cannot attract the diplomatic and military cooperation necessary to win the real battle against terror. Getting out of Iraq is the precondition for any improvement."

And most importantly, on Iran: "Following a withdrawal, all the countries bordering Iraq would likely respond favorably to an offer to help stabilize the situation. The most important of these would be Iran. It dislikes al Qaeda as much as we do. It wants regional stability as much as we do. It wants to produce more oil and gas and sell it. If its leaders really want nuclear weapons, we cannot stop them. But we can engage them."

Bush Claims Authority To Disobey Over 750 Laws

"President Bush has quietly claimed the authority to disobey more than 750 laws enacted since he took office, asserting that he has the power to set aside any statute passed by Congress when it conflicts with his interpretation of the Constitution," the *Boston Globe* reported April 30. While all Presidents in recent decades have used "signing statements" to a limited

degree, Bush is using them to a degree that is unprecedented in U.S. history. And with this record of ignoring laws, Bush has never bothered to veto a bill.

Bruce Fein, a Deputy Attorney General in the Reagan Administration, said that Bush has declared himself the sole judge of his own powers. "This is an attempt by the President to have the final word on his own Constitutional powers, which eliminates the checks and balances that keep the country a democracy," Fein said. "There is no way for an independent judiciary to check his assertions of power, and Congress isn't doing it, either. So this is moving us toward an unlimited Executive power." New York University Law Prof. David Golove says: "Bush has essentially said that 'We're the Executive branch and we're going to carry this law out as we please, and if Congress wants to impeach us, go ahead and try it.'"

Senate Democratic leaders reacted strongly the day after the *Boston Globe* report. Minority Leader Harry Reid (D-Nev) declared that Bush has "disregarded the Constitution." Senator Patrick Leahy (D-Vt) stated that "The Bush-Cheney Administration has cultivated an insidious brand of unilateralism that regularly crosses into an arrogance of power," and Sen. Edward M. Kennedy (D-Mass) noted that the Republican Congress has failed to "guard against abuses of power."

Powell Cautions on Iran

In an interview with Jonathan Dimbleby, broadcast on Britain's ITV April 30, former Secretary of State Colin Powell said of Iran, "I don't know that there is a very robust plan, or menu of sanctions. I think that the menu of sanctions would be quite limited ... those that could actually get through the Security Council. "[The Iranians] have decided to go forward even in the face of potential sanctions which suggests to me that they have pretty much decided that they can accept whatever sanctions are coming their way."

Asked about the possibility of a U.S. nuclear strike, he said: "No, nuclear weapons have not been used since Hiroshima and Nagasaki. I think it most unlikely that anybody would seriously contemplate use of a nuclear weapon in the 21st Century and especially for such a purpose." He added, "We are far from a point where any Prime Minister or President has to sit down and say it's time for an ultimatum or something more drastic will happen. You never take a military option off the table; it's always an option, but I think we are far from any consideration of using such an option."

Cheney Stonewalls on Classification Reporting

The Office of the Vice President is refusing to comply with a 2003 Executive Order issued by President Bush, and a follow-up directive from the National Archives, which requires all agencies and entities within the Executive branch to provide an annual accounting of their classification and declassification of documents, according to the *Baltimore Sun* on April 20. Cheney claims that his dual roles as Vice President and as President of the Senate make him unique, and therefore, the reporting requirements don't apply to him.

Government Accountability Office head David Walker views this as part of the Executive branch power grab that Cheney et al. have been carrying out. (Cheney's stonewalling is especially telling, given his vastly exaggerated claims about his authority to declassify secret documents.) The *Sun* article also notes that the Bush-Cheney Administration has drastically increased the extent of secrecy and classification, and has even reclassified information that had been public for years.

Specter Agrees To Hold New Hearings on Kavanaugh

On May 4, Senate Judiciary Committee chairman Arlen Specter (R-Pa) acceded to Democratic demands for a new hearing on the nomination of Brett Kavanaugh to the D.C. Circuit Court of Appeals, which has been stalled for almost two years. The hearing will be held on Tuesday, May 9, and Kavanaugh will be questioned about any role he may have played in developing or approving Bush-Cheney policies on torture, rendition, and domestic wiretapping.

Kavanaugh, who was an assistant to Whitewater prosecutor Kenneth Starr and then a deputy to White House Counsel Alberto Gonzales, recently had his approval rating from the American Bar Association downgraded, something which Sen. Patrick Leahy (D-Vt) said he has seen only once or twice in 30 years in the Senate. Specter said the ABA's refusal to comment on their reasons for this is "unsatisfactory," and he intends to call the ABA to the hearing.

Democrats are threatening filibusters of both Kavanaugh and Terence Boyle, whom Senate Minority Leader Harry Reid (D-Nev) described as "somebody who has violated every judicial ethic you can think of." The seven Democrats of the "Gang of 14" that blocked Cheney's "nuclear option" last year, also sent a letter to Specter urging a new hearing on Kavanaugh, so that Senators can make an "informed decision."

Sanchez Wanted Interrogators To 'Break' Detainees

General Ricardo Sanchez, the top U.S. military commander in Iraq from mid-2003 to mid-2004, wanted interrogators to "go to the outer limits" to extract information from prisoners, and to "break the detainees," according to a May 2004 Defense Intelligence Agency document just obtained under the Freedom of Information Act by the American Civil Liberties Union. Already in September 2003, Sanchez authorized use of dogs to exploit "Arab fear of dogs," and stress positions. This was right after Guantanamo commander Geoffrey Miller was sent to Iraq by Defense Secretary Rumsfeld and Undersecretary Stephen Cambone.

Republicans Block Amendment on Iraq Inspector General

Senator Patrick Leahy of Vermont blasted Republicans for ruling "non-germane," an amendment to the Iraq war supplemental spending bill, that would ensure continued funding for the office of the Special Inspector General for Iraq Reconstruction. The Special Inspector General, said Leahy May 3, "has uncovered numerous instances of waste and fraud—some, shocking in their audacity—and there are dozens of investigations and prosecutions underway." Without the amendment, the Special Inspector will have no oversight over reconstruction funds. "Projects have been poorly designed, grossly overpriced, and many will never be finished, while U.S. contractors like Halliburton have made off with huge profits," Leahy charged.

Lieberman Faces Serious Primary Challenge

Ned Lamont, the great grandson of Morgan Bank chief Thomas Lamont, is posing a serious challenge to Sen. Joseph Lieberman (D-Conn) in the upcoming Democratic primary race. The anti-war candidate Lamont is seen as likely to get on the primary ballot by either of the two legal means, by receiving the support of 15% of delegates to Connecticut's May 20 Democratic nominating convention, or by collecting 15,000 voters' signatures. Connecticut polls show strong majorities opposed to Lieberman's neo-con war views. Lieberman has floated the possibility he might file as an independent if he loses the Democratic nomination.

Ibero-American News Digest

IMF Flips as Argentina Refuses 'To Follow the Rules'

Nestor Kirchner's government in Argentina is providing critical intellectual and political leadership in South America's growing rebellion against globalization (see "Ibero-America Marches Against Globalization: Bolivia Nationalizes Its Hydrocarbons Industry," in this week's Indepth), as it demonstrates that economies can grow only when the rules of the present system are broken. Thus, when Argentine Finance Minister Felisa Miceli met with IMF Managing Director Rodrigo

Rato during the Fund's annual meeting in Washington in April, he was beside himself with rage over the Kirchner government's defiance of IMF policy dictates. The daily *Clarín's* veteran economist Marcelo Bonelli reported it this way on April 28:

In response to Miceli's assertion that government efforts to control prices through sectoral agreements had been successful, Rato fumed, "You are wrong!... To really stop inflation, you have to lower the exchange rate, raise interest rates, and reduce public spending to cool off internal demand."

Miceli: "I want to make it clear that we aren't going to cool off the economy, as the Fund proposes.... You have your opinion and we have ours. But we are going to continue with our policy, because it has produced excellent results."

A more enraged Rato: "The entire world applies the measures that I explained, and they work, because they obey an economic logic!! Why does Argentina have to be different?"

Miceli: "I think that the Fund is evaluating things with a large degree of resentment toward Argentina." In other words, Mr. Rato, you blew it on Argentina, and we don't have to listen to you any more!

Argentina Puts Priority on Developing Science

The austerity policy that forced thousands of Argentine scientists to leave the country and work elsewhere in the 1980s and 1990s, has been reversed by the Kirchner government, which has announced significant increases in funding for scientists' salaries, and for scholarships at the National Council of Scientific and Technological Research (CONICET). Education Minister Daniel Filmus reported on April 28 that CONICET workers, researchers, and scholarship recipients would receive a 19% increase in their wages and funding between now and August. Since 2003, when Nestor Kirchner took office, the government has increased the average wage of CONICET employees by 141%, and as Filmus emphasized, this is done particularly with youth in mind.

"Those who used to enter a CONICET program, traditionally had little chance of finding a job in the country, and in large part were tempted to leave and develop their skills outside of Argentina. So now, we are privileging that [youth] sector." Filmus noted that between 2003 and 2006, the number of scholarships for doctoral programs increased by 158%. The total number of researchers at CONICET has increased to 5,280 from 3,600 two years ago, and the goal is to incorporate 500 researchers per year into CONICET'S programs. All of these developments, Filmus said, "show the importance the President places on science and technology.... Science and technology are integral to the country's development and growth strategy. They have to do with keeping our best cadre, best professionals, researchers, and scientists in the country."

The focus on educating young people in science and technology is crucial for Argentina's plans to expand its nuclear energy program, by completing the country's third nuclear reactor, Atucha II, whose construction was halted in 1994. As Energy Secretary Daniel Cameron pointed out in a speech in May of 2005, because the nuclear sector was largely neglected, beginning at the end of the 1980s, "It has lost almost two generations of scientists, professionals, and workers." The average age of the scientists still working in the sector is 54, and "we don't have a lot of time to pass the baton." By building Atucha II, gearing up uranium mining, getting the heavy-water plant operating, and transferring technology and knowledge among the participating agencies and personnel, Argentina's nuclear sector can develop with a renewed sense of optimism, Cameron said.

Mexican Congress Votes To Create National Space Agency

On April 26, the lower house of the Mexican Congress voted 225-83 on a PRI initiative to create a Mexican space agency

(Aexa), that would coordinate with both universities and the private sector. With an initial budget allocation of less than \$2 million, it will focus first on communication and weather satellites. The hope is that such an agency will bring Mexico into the international aerospace community, giving the country access to cutting-edge technology and research in areas such as robotics, electronics, and telecommunications.

It still remains for the Senate to approve the bill, which if passed, will launch the agency into operation as early as next year. The ruling PAN Party voted against the initiative, but was outvoted by the combined PRI and PRD Parties. PRD deputy Omar Ortega, head of the science and technology committee, said, "This could be very important for the technological development of the entire country. It is the moment for Mexico to involve itself in industrial and research projects related to these activities, and to enter into programs of international collaboration."

Mexico is not a total novice in the field. In 1959, Mexico put a rocket 90 km into space, and in 1969, created the National Commission of Outer Space, but that commission was shut down in 1977.

Fox Drug Legalization Attempt Stymied—for the Moment

The Fox government in Mexico came within an inch of legalizing consumption of heroin, cocaine, marijuana, LSD, Ecstasy, and other "recreational" drugs, at the end of April. A bill to legalize "personal use" drugs of all sorts, already approved in the Chamber of Deputies, passed the Senate on April 28, with the support of the governing National Action Party (PAN), needing only President Vicente Fox's signature to become law. Fox, who has pushed drug legalization since his election in 2000, supports the bill: "This law gives police and prosecutors better legal tools to combat drug crimes that do so much damage to our youth and children," said Fox's spokesman Ruben Aguilar, after the Senate vote.

George Soros's top drug legalizer, Ethan Nadelmann, director of Soros's New York-based Drug Policy Alliance, was in ecstasy at the news, piously promoting the bill for supposedly removing "a huge opportunity for low-level police corruption."

Pressure from saner circles in the United States, however, convinced Fox that signing the law would not be politic, at least for the moment, and on May 3, Fox announced he had sent the bill back to be reworked.

The quantities which would have been "legalized" are: 2.2 pounds of peyote, 25 milligrams of heroin, 5 grams of marijuana (about four joints), or 0.5 grams of cocaine (about four "lines"), and about two pills of LSD, Ecstasy, amphetamines, and others. As LaRouche's Anti-Drug Coalition once said: You can't "legalize" something that is illegal under natural law.

Who's Lying About the LYM in Mexico?

Certain Mexican media have begun a lying campaign asserting that the LaRouche Youth Movement was behind a breach of PAN Presidential candidate Felipe Calderon's security. On April 25, a strange incident occurred at a public appearance in Mexico City of PAN candidate Calderon. A group of four or five individuals, wearing George Bush masks, approached Calderon and "congratulated" him for his economic policies, and for handing Mexican sovereignty over to the United States. The individuals got within arm's length of the candidate, passed through his security, and calmly left a few minutes later—also undisturbed.

That evening, Televisa TV anchor Joaquin Lopez Doriga announced that it had been "confirmed" that the individuals in question were members of the LYM—a total lie—recalling that the LYM had indeed disrupted a Calderon rally two days earlier by raising his links to international synarchist bankers and the Nazi International. The next day, the daily *Milenio* also reported that "the LaRouche Youth Movement" had donned Bush masks and had penetrated Calderon's security.

On May 2, another incident occurred which was also falsely ascribed to the LYM. *Milenio* reported that at a Calderon rally, a group of youth raised posters saying "PAN = Extreme Right Wing," and "Felipe = A Right-Wing Millionaire," adding that it was "members of the so-called 'LaRouche' group, who at various events have protested against the Panista. On this occasion, the youth had Bush masks in their hands ... however, on this occasion they were not able to get near the presidential candidate." Lopez Doriga reported on the new incident, saying that the two actions posed "the gravest danger" to the candidate.

The Mexico LYM responded with a statement denying their involvement in either of these incidents, noting that whatever they do, they do so openly and in their own name. The statement also wonders if the masked men were not perhaps Zapatista Sub-Commander Marcos (who has an affinity for masks), or if the entire affair were not perhaps a publicity stunt perpetrated from within Calderon's own camp, desperate because his standing in the polls is in fact a lot lower than is being reported.

Western European News Digest

Blair Loses Again in Local Elections

Tony Blair's Labour Party has come in third in Britain's local elections, held May 4. Preliminary figures gave Labour 26%; the Liberal Democrats, 27%; and the Conservatives 40%. Of the 4,360 council seats that were up for election Labour lost more than 200 councillors and relinquished control of 16 towns from the previous election, mostly to the benefit of the Tories. Even the tiny neo-fascist British National Party took 11 council seats from the Labour Party, doubling its councillors.

Sky News is already predicting that in the next general election the Tories could have a 10-seat majority in the House of Commons.

The losses for Labour are double what they had said they could live with. Within hours of the results, Prime Minister Tony Blair announced a Cabinet reshuffle. Rumors were afoot, which Chancellor of the Exchequer and chief Blair rival Gordon Brown had to deny, that a group of Labour backbenchers were petitioning for Blair to step down and begin an "unified and orderly" transition of power.

On top of the election debacle, scandals continue to plague the Blair regime: Home Secretary Charles Clark, who has been under attack for two weeks because of the failure to deport dangerous prisoners, was dropped from the Cabinet altogether. Deputy Prime Minister John Prescott, who was at the center of a sex scandal, was removed from his departmental responsibilities.

While these changes were expected, others were not. Jack Straw was dropped as Foreign Secretary and will become speaker of the House of Commons. He was replaced by Margaret Beckett, the former Environmental Minister and Blair loyalist. Some press claim that Straw was looking for a way out of the Cabinet.

Other changes: Defense Secretary John Reid takes over Clark's position as Home Secretary; Des Browne, who had been a junior minister, will now be the new Defence Secretary.

Bush-Merkel Summit Ends: Agree Only To Meet Again

German Chancellor Angela Merkel and U.S. President George Bush held a press conference May 4, at the conclusion of

their White House meeting. They focussed, Merkel said, on maintaining "step-by-step diplomatic" measures having to do with Iran. The only concrete result of the meeting is that the President will visit Germany, including the city of Stralsund, in Merkel's election district, on July 14. That may turn out to be a great burden for the citizens of the city and the surrounding region: When Bush came to Mainz in 2005, the entire city was sealed off, and emptied of all public activity and traffic for an entire day.

French Power Struggle Intensifies

The revelation that French Prime Minister Dominique de Villepin ordered an investigation of his major rival, Interior Minister Nicolas Sarkozy, in connection with the investigation of the Clearstream financial scandal, has taken on a new dimension, according to the *Financial Times* and other media April 29. Charges that President Jacques Chirac was personally behind the investigation of Sarkozy, were angrily denied by Chirac.

But shortly afterward, a former leading French intelligence officer, Gen. Philippe Rondot (ret.), told *Le Monde* that he carried out the investigation of Sarkozy on orders from de Villepin, and he, in turn, got instruction from Chirac to do so.

The bitterness of the power struggle was characterized by National Assembly President Jean-Louis Debre: "Sarkozy has put a bullet in de Villepin's head. He wants to put a second one in straightaway, to make sure he is dead. De Villepin reckons that he is far from finished, and wants to put two bullets into the heart of Sarkozy."

Volkswagen Enters GM-Like Crisis

Drastic cuts in expenses and in employment are on the agenda, for leading German carmaker Volkswagen: CEO Bernd Pischetsrieder was approved by the shareholders at their meeting in Hamburg May 2, and therefore he will go ahead with his streamlining policy.

That implies the firing of up to 40,000 of the 105,000 workers in Germany; another 6,000 of the 22,000 in Brazil; and a couple of hundred each, in Spain and Portugal. That is also the agenda of the hedge and private equity funds that have supported Pischetsrieder against his main inner-VW rival, Ferdinand Piech, whose removal from the advisory board they are urging.

That does not imply that Piech, who is to blame for a lot of the running-down of Volkswagen in the past, is any better than Pischetsrieder; he has warned, at least, that the latter's frontal attack on expenses runs into big conflicts with VW workers.

Pischetsrieder pushed through a cost-cutting program last year, in the range of 3.5 billion euros, which is said now to be "only the first step toward consolidation." In Germany alone, a quarter-million jobs in supply-sector firms depend on Volkswagen.

'Big MAC' Trap Sprung for Berlin

The capital of Germany is being pushed into a trap which resembles the Big MAC plan Felix Rohatyn sprang on New York 30 years ago. The "extreme budget situation" which the Berlin Administration cited in its April 26 call for emergency funding at the Constitutional Court, is the first step into that trap.

With standard methods, there is no way out of Berlin's staggering public debt of \$62 billion euros. Berlin only has tax income to pay for 40% of its 2006 fiscal-year budget. It does not have money to invest, because it pays 2.5 billion euros in interest alone, to the creditor banks. Berlin actually has to borrow, to pay the banks. Budget cuts and privatizations of the

sort the present Wowereit-Sarrazin administration are doing, only worsen the situation.

Berlin Minister of Finances Thilo Sarrazin's argument at the Constitutional Court is that Berlin has been in the "extreme budget situation" since January 2002—when he took over the municipal department of finances, and "discovered" what the real situation was. If the Court rules in favor of Berlin, to support its claim for extra funding from the Federal government and the other 15 state governments, Berlin will have to continue the austerity, to honor that ruling. This is the setting orchestrated for the creation of something like a Big MAC for Berlin. That would open the second phase of the de-urbanization: privatize the bus service, sell off 240,000 flats still owned by the municipal administration, sell off more real estate, invest in media and tourism, but not industrial jobs.

Berlin should have learned its lesson from Argentina: Berlin could have made itself the leader of an all-German municipal revolt against the debt, for reindustrialization, and gone to court in this role. Berlin should not have privatized anything, but, like the Argentines, should have revolted, and it should have revolted three times as much, because its per-capita debt was, and still is three times that of Argentina.

More From Berlin: Transit Company Deals in Real Estate

The Berlin transport company BVG "improved" from a deficit of EU106 million at the end of 2004, to a surplus of EU247 million at the end of 2005. However, the transport part of the operation showed a loss of EU49 million, in 2005.

The alleged "profit" was made through the sale of 5,100 flats owned by the BVG's real estate department, for EU296 million, to a real estate entity called Corpus (or Corpse?). The entity is a joint venture of the municipal savings banks of Frankfurt, Cologne-Bonn, and Duesseldorf, which, since 1995, have invested in takeovers of real estate in the rest of Germany. With a property valued at EU3 billion, Corpus, today, is one of Germany's biggest real estate entities. Corpus also has a special consultative partnership with the Morgan Stanley bank.

The money BVG made from its housing sale went straight back to the creditor banks of the BVG, to reduce its outstanding debt from EU1.069 billion to EU788 million. The Berlin population had no benefit at all: they pay increased prices for BVG tickets, and those BVG workers earn 10% less.

Flu Outbreak in England Is Low-Tox Version of Avian Flu

Some 35,000 chickens have been culled in Norfolk County in the eastern U.K., the *Yorkshire Post* reported May 1. Three farms, at least two of them with free-range flocks, are involved. One poultry worker developed conjunctivitis from exposure to the virus.

The important thing about this is that it shows that, if the H5N1 virus were there, it would be able to spread. England's vaunted detection and prevention program needs improvement.

Russia and the CIS News Digest

Cheney Opens Fire on Russia from Vilnius Meeting

At a May 4 summit of leaders from select countries of Eastern and Western Europe, U.S. Vice President Dick Cheney attacked Russia as undemocratic, while praising the recent revolutions in Georgia and Ukraine, and describing the Baltic region as "the very front lines of the modern world." Ignoring the policies of his own administration, Cheney said "elections

must be fair ... men and women must be free to speak their minds.... Power must be accountable, the rule of law must be secure."

On economic policy, Cheney denounced "price controls, protectionism, or state ownership." "Closed and overregulated systems only hinder progress and pull a nation down. Long-term growth depends on the free market, because the engine of prosperity is the private sector."

Cheney singled out the government of Belarus as "the last dictatorship in Europe," where there "is no place ... for a regime of this kind." Zeroing in on Russia, he said, "In Russia today, opponents of reform are seeking to reverse the gains of the last decade. In many areas of civil society—from religion and the news media, to advocacy groups and political parties—the government has unfairly and improperly restricted the rights of her people.... No legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation.... Russia has a choice to make. And there is no question that a return to democratic reform spawn in Russian will generate further success for its people and greater respect among fellow nations.... None of us believes that Russia is fated to become an enemy."

Kremlin spokesman Dmitri Peskov responded, "The speech of Mr. Cheney in our opinion is full of a subjective evaluation of us and of the processes that are going on in Russia. The remarks ... are completely incomprehensible for us. In essence, it seems that when we're talking about U.S. or British energy companies, it's considered business, but when he talks about us, it's 'intimidation.' The Vice President isn't taking into account that Russian energy resources are the wealth of Russia itself. They should be used above all to advance the interests of the Russian people, not the interests of other countries." Foreign Minister Lavrov and other spokesmen followed up with rebuttals on May 5 and 6.

Russian Analysts: 'Democracy' Push Veils Resource Grab

Russian energy officials (from Gazprom, and oil pipeline chief S. Veinshtok of Transneft) were joined by President Vladimir Putin personally in standing up for Russia's vigorous pursuit of its energy export business, during the past few weeks of escalating polemics between the EU bureaucracy and Gazprom over Russia's place in European markets, and of increasingly strident Bush-Cheney Administration attacks on Russia as a danger to energy security. Speaking in Tomsk, Siberia April 26, Putin denounced "unfair competitive practices on global markets" and urged that Russia "look for sellers' markets and integrate into global development processes, considering that Asia-Pacific region countries are developing extremely rapidly, and they need cooperation with us." After his Tomsk talks with Chancellor Angela Merkel (and obviously not referring to Germany), Putin went on, speaking April 27: "We constantly hear about some threat of dependence on Russia and that Russian companies should have limited access to the energy market.... What are we to do when we hear the same thing every day? We start to look for other markets. When companies come to us it's called investment and globalization, but when we go there it's called expansion by Russian companies."

Nezavisimaya Gazeta (no longer owned by anti-Kremlin tycoon Boris Berezovsky) of April 28 published a big article called "Russia's Right Direction," which was framed as a rebuttal to the Council on Foreign Relations report, "Russia's Wrong Direction." Authors Vitali Ivanov of the Center for Political Projects at the Institute for Public Projects and Konstantin Simonov from Russia's Center for Political Conjuncture were introduced as "belonging to Kremlin-connected think tanks, so the text we offer ... may be seen as an unofficial reaction of Kremlin circles."

Ivanov and Simonov quoted the CFR report, first on the need to push Russia to "democratize" and, secondly, on the importance of Russian energy sources becoming "state owned ... [and] Kremlin controlled." The latter was the real point of the CFR authors, they wrote: "The CFR report wasn't written by messianic 'democratizers' alone. Some parts of the report were written by hard-headed realists who know what America really wants these days. Discussion of de-sovereignizing Russia as punishment for 'authoritarianism' is just a smoke-screen. What is it concealing?... The CFR report evaluates

Russia as part of America's energy security problem. That ... exposes Washington's true motives. It couldn't care less about 'authoritarianism' in Russia. What's really upsetting the United States is Russia's unique role in the global energy market.... So let's call a spade a spade. Washington is aspiring to at least partial control over production, transportation, and exports of Russian oil and gas. This is the minimum plan. The maximum plan would be to deprive Russia of sovereign control over its oil and gas reserves. That's what makes 'democratization' so useful."

Cheney Hunts Resources in Central Asia

Dick Cheney arrived in Kazakstan May 5 for talks with President Nursultan Nazarbayev on energy, security, and trade issues. In a *Washington Times* op-ed the previous week, Kazakhstan's Ambassador promoted a "strategic partnership" with the USA, calling his country's oil and gas reserves too big to ignore. Within the decade, he wrote, Kazakstan will be one of the top ten oil exporters, and it also has rich reserves of uranium. Ariel Cohen of the Heritage Foundation, a participant in the Cheney-instigated revision of U.S. policy toward Russia, circulated his opinion that, "The Caspian basin is one the final frontiers of today's energy development. It is important to get this oil to the global markets, preferably bypassing Russian chokeholds."

Cheney is reportedly still pursuing the scheme to pipe Kazakhstan's oil across the Caspian Sea floor, to hook up with the Baku-Ceyhan pipeline (operating costs currently 30% over budget), which would "break Russia's stranglehold" on the export of Kazakhstan's oil. The *Moscow Times* of May 5 ran a piece entitled "Caspian Great Game Back On," saying: "The U.S. government appears to be stepping up its drive to secure energy supplies from Central Asia in a bid to counter Gazprom's growing clout and thwart a mounting challenge from China.... Cheney is expected to push in Kazakstan on Friday for a major new gas pipeline from the country to bypass Russia.... Kazakstan on Thursday gave an early signal it was interested in the project following talks between Kazakh officials and EU Energy Commissioner Andris Piebalgs."

Russia Opposes NATO Black Sea Exercises

Russian Navy Commander-in-Chief Adm. Vladimir Masorin said May 1 about the planned NATO naval exercise in the Black Sea, "Russia's stance is that we are ready to participate in 'Active Endeavor' in the Mediterranean, but in the Black Sea only countries of the region should be involved, and the maritime operation 'Black Sea Harmony' initiated by Turkey is aimed at that." He cited the 1936 Montreaux Convention that restricts the passage of the Turkish Straits by outside naval vessels. Russian Foreign Minister Sergei Lavrov, in Bulgaria April 29 for a Russia-NATO meeting in Bulgaria, warned NATO against deploying its forces in Eastern Europe near the Russian borders. He also said Moscow was against Ukraine and Georgia joining the NATO.

Solzhenitsyn Sees U.S. Plot Against Russia

Alexander Solzhenitsyn, the Russian writer who attained mythic status as a Soviet dissident, gave a written interview to *Moscow News* weekly, reported in the *Washington Times* April 29, in which he accused the United States of engaging in a military campaign to encircle Russia. "Though it is clear that present-day Russia poses no threat to it whatsoever, NATO is methodically and persistently expanding its military apparatus in the east of Europe and is implementing an encirclement of Russia from the south," he wrote. This, plus the Western backing of the so-called revolutions in Ukraine and Georgia, "leaves no doubt that they are preparing a complete encirclement of Russia, which will be followed by the deprivation of her sovereignty," he said. He also praised Russian President Vladimir Putin for his efforts "to salvage the state from failure."

Putin Coordinates with India, China on Iran Policy

On May 3, Russian President Vladimir Putin met with Indian and Chinese envoys in Moscow and asked them to develop a

common position on Iran to prevent an U.S./EU-led military strike. Seventy-four percent of India's oil imports pass through the Strait of Hormuz and Gulf of Aden. The reading in New Delhi is that both these waterways would be blockaded and mined in a new Iran war. China, besides its fuel dependence on West Asia, has invested \$4 billion in Iran, and has close political and military ties with the present Iranian regime. It was indicated that Putin, during his talks with the Indian envoy, warned that any strike on Iran could lead to long Western engagement in West Asia that would further destabilize the region and Asia generally. Putin also urged both envoys to talk to Iran to reopen negotiations with the IAEA. China has already objected to the U.S.-EU draft plan up for UN Security Council discussion, and India has expressed opposition to hostilities.

Primakov Tours Southwest Asia

Former Russian Prime Minister Yevgeni Primakov toured Israel, Jordan, and the Palestinian National Authority at the beginning of May. He told the *Jerusalem Post* April 30, "An air strike on Iran would most certainly bring about very serious consequences in the whole region. It might cause a huge wave of extremism in the Arab world, and the Arab regimes might find it very difficult to survive in this situation. Therefore, Russia is determined to make all diplomatic efforts possible to prevent these developments, but also to prevent Iran from developing nuclear weapons." Primakov stressed that Russia's proposal for itself and other "well-established members of the nuclear club" to serve as suppliers of enriched uranium to other countries for nuclear power, would "allow Iran to comply with the offer without losing face."

Currently head of the Russian Chamber of Commerce and Industry, Primakov often serves as an envoy of President Putin to the region.

Protest Demonstrations Flare in Kyrgyzstan

Thousands of people demonstrated in the capital of the Kyrgyzstan May 1 against the government of President Bakiyev, RFE reported May 2. It was the first such demonstration since the overthrow of President Askar Akayev last year. to be organized after last year's crisis. Protest leaders said the population's hopes were not being met. Among the demonstrators, reportedly, was former Industry Minister Almarbek Atambov.

Southwest Asia News Digest

UN Security Council Divided on Resolution Against Iran

The UN Security Council held a brief meeting May 4 on a British-French draft resolution against Iran, but, as expected, reached no agreement. Both China and Russia have said they oppose sanctions, the threat of sanctions, and the threat of military action against Iran. China or Russia could veto the resolution, even if a majority of the UN Security Council voted for it.

The draft resolution which was submitted on May 3 does not call for either sanctions or military action, but simply makes it mandatory that Iran cease its uranium enrichment by putting the resolution under Chapter 7 of the UN Charter, and states that the Council "intends" to impose "further measures" should Iran not comply.

The resolution is dangerously vague. A retired high-level U.S. diplomat warned, in a discussion with *EIR* in the last week of April, that Cheney's warmongers could "float four carrier groups" through any ambiguity that the international community leaves concerning possible military action against Iran. The U.S. is pushing for a 14-day, or maximum 30-day deadline for Iran to comply.

The Permanent Five members of the Security Council—Russia, the United States, Britain, France, Germany and China—are scheduled to meet at the level of Foreign Ministers on Monday, May 8, in yet another attempt to reach an agreement that China and Russia will not veto.

Bolton: U.S. Would Impose Iran Sanctions Without UN

U.S. Ambassador to the UN John Bolton said May 2 that if the UN Security Council does not act, the U.S. would form a coalition to impose sanctions on Iran without a UN mandate. He was testifying before the House Subcommittee on National Security.

Iran Recognizes That U.S. Threats Are Not Just Psywar

Iranian Oil Minister Najad-Hosseinian, acknowledged that a U.S. military strike may be in the offing, following talks in New Delhi on the Iran-Pakistan-India pipeline May 2. This is new; the Iranians have usually characterized U.S. threats as psywar.

Although European governments are naively taking reports of a new Iran-"Contra" program as a de facto assurance that the Bush Administration has postponed any big air-war campaign against Iran until after the November elections, such assurances are not all that solid, particularly so long as Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld are still in office, and are steering U.S. national security (see this week's InDepth article, "Iran Contras," by Jeffrey Steinberg).

Consistent with this change, the Iranian government has sent a letter to UN Secretary General Kofi Annan, through it UN Ambassador, Javad Zarif, protesting Washington's threats of military aggression as "in obvious contravention of international rules and the principles of the United Nations."

IAEA Report on Iran's Nuclear Program Cites Knowledge Gaps

The IAEA Director-General's report on Iran's nuclear program, presented to the UN Security Council on April 28, says that while "all the nuclear material declared by Iran to the Agency is accounted for," after more than three years of IAEA efforts to seek clarity about all aspects of Iran's nuclear program, "the existing gaps in knowledge continue to be a matter of concern." "Any progress in that regard requires full transparency and active cooperation by Iran—transparency that goes beyond the measures prescribed in the Safeguards Agreement and Additional Protocol—if the Agency is to be able to understand fully the 20 years of undeclared nuclear activities by Iran."

The report also said that Iran has agreed to some transparency measures requested by the IAEA and that Iran does not want to break off contact with it nor say there is no room left for further talks.

On May 5, Russian Foreign Minister Sergei Lavrov said that as far as Russia is concerned, inspection of Iranian facilities has been inconclusive in determining whether Tehran has the ability to develop weapons of mass destruction.

U.S. Establishment Figures Call for Breakup of Iraq

Senator Joseph Biden (D-Del), the Ranking Member of the Senate Foreign Relations Committee, and Council on Foreign Relations head Leslie Gelb effectively called for the breakup of Iraq, in a *New York Times* op-ed May 1 titled, "Unity Through Autonomy in Iraq." They say that it is now "increasingly clear that [U.S. President George] Bush does not have a strategy for victory" in Iraq. Rather, "he hopes to prevent defeat and pass the problem along to his successor." They outline

a six-point program that begins with partitioning the country into Sunni, Shi'ite, and Kurdish regions, and "enticing" the Sunnis to join, with cash payoffs if necessary. Bush could give orders for "redeploying" the troops from Iraq, by 2008, to be followed by a regional conference by the UN or other body, to "pledge respect" for the new Iraq.

Ayatollah Al-Sistani Calls for Reining in Militias

In an unusual move, Iraqi Grand Ayatollah Ali al-Sistani met with Prime Minister-designate Nouri al-Maliki, and reportedly said it had "become necessary to have weapons only in the hands of government forces," the *Washington Post* reported April 29. Sistani said the government must "rebuild these forces on sound, patriotic bases so that their allegiance shall be to the homeland alone, not to any other political or other groups."

U.S. Policy Against Hamas Likely To Backfire

Geoffrey Aronson, a Washington-based expert on Israeli politics and the Palestinian territories who spoke at the Middle East Institute on May 5, warned that the U.S. policy against Hamas is likely to backfire. Aronson said that U.S. policy, which is largely driven by the legal construct of the State Department's terrorist list, is to financially starve the Palestinian Authority with the expectation that the Hamas government will collapse, leading to new elections and the return of Fatah to power. He said that this expectation does not stand the test of what's actually happening on the ground in Gaza and the West Bank. Instead, he said, an implosion of the Palestinian Authority is more likely to leave Hamas as "the only man standing." Among the Palestinians, he said, "there's a great deal of confidence that whatever options evolve, Hamas is best placed to pick up the pieces."

Among the Israelis, he said, there is a different view. (Actually there are many views, but they're more tempered by the fact that the Israelis have to live next door to the consequences of whatever policy is adopted—unlike the Bush Administration.) The view of the moderates in Israel; that is, those who say "we can't let people starve," Aronson said, is typified by former Justice Minister Dan Meridor, who told him, "We would rather have a rogue nation on our borders than no nation at all." The Israelis would rather have Hamas maintaining some modicum of order rather than a social implosion which would result from the complete collapse of the PA government.

Wolfensohn Resigns; Questions Aid Cuts to Palestinians

James Wolfensohn, the former head of the World Bank, announced his resignation as the special envoy of the Quartet of Middle East mediators, comprising the U.S., the United Nations, the European Union, and Russia. In a special report he drafted ahead of his resignation, he called on the international community to address the Israeli-Palestinian crisis without delay in order to prevent severe consequences for the whole region and for world peace. He called into question the credibility of the Quartet for resolving the conflict. (For a full report, see "Israel's Government: What Chance for Peace?" by Dean Andromidas, in this week's InDepth.)

Israeli Chief of Staff: Israel Will Not Invade Gaza.

In a round of interviews granted to the leading Israeli newspapers May 2, Israeli Chief of Staff, General Dan Halutz said that reinvading the Gaza Strip will not stop the Qassam rockets that the Palestinians launch from there.

"We were in Gaza for 38 years. In all the years of fighting in Gaza, we never managed to cut the number of Qassam's to zero," Halutz told *Ha'aretz*. "There is one school of thought in the defense establishment that argues that we need to reenter Gaza to curtail the Qassams. I oppose this. The army is not the main advocate of this approach. Others within the defense establishment are touting it.... I think it would be futile to reenter Gaza at this point if we don't want to find ourselves back in the quagmire."

On Iran, he told Ynet that Israel must wait for the international community to act. "We first of all let the international community find what it wants to find; I think that is appropriate. We are part of the international community; we are not the sheriff of the region here. We should not get carried away, and speed ourselves up, and carry out acts that are not in the right place, not the right time, before others try and do what has to be done."

Halutz spoke against the idea of setting a military deadline on Iran. "Why talk about deadlines? We are following what is happening, we are monitoring and looking, and the term deadline is not good, because it establishes a line that, once crossed, one must act. This obligation is not on our shoulders at this time, because the world understands that this is its task ... I suggest we should not jump the gun."

This Week in American History

May 9 — 15, 1775.

Led by Ethan Allen and Benedict Arnold, the Americans Capture Fort Ticonderoga

In the late winter of 1775, as the British Army occupied Boston and tensions between the Americans and Great Britain mounted, Samuel Adams took some preventive measures. If war came, he reasoned, the British would most probably send an army down from Canada along the line through Lake Champlain, Lake George, and the Hudson River. This maneuver, if successful, would cut off New England from the rest of the colonies and make the task of coordinating American resistance difficult indeed.

Therefore, Adams dispatched John Brown, a lawyer from western Massachusetts, on a journey to Canada to sound out Canadian attitudes toward possible American independence, and to check on the condition of the northern wilderness forts which had played such an important role in the French and Indian War. Foremost among these was Fort Ticonderoga, dubbed by the British the "Gibraltar of America," a stone star fort originally built by the French at the chokepoint between Lake Champlain and Lake George. It had passed into British hands at the end of the war, and now only a small garrison of British troops was stationed there, while the fort itself had suffered from powder magazine explosions and neglect.

Three weeks before the Battles of Lexington and Concord, John Brown returned and reported to Samuel Adams that if the British provoked a battle outside Boston, the Americans should immediately seize Fort Ticonderoga. On his way back to Massachusetts, Brown had arranged with Ethan Allen and the Green Mountain Boys of the New Hampshire Grants that they would seize Ticonderoga if news came from Massachusetts that the British had attacked the Americans.

During the same time period, Captain Benedict Arnold of Connecticut had arrived outside Boston and also proposed, this time to Dr. Joseph Warren and the Committee of Safety, that Ticonderoga be taken. Arnold had served in the British Army at Ticonderoga during the French and Indian War, as had Ethan Allen. Dr. Warren knew that a large number of heavy artillery and other military supplies were stored at Ticonderoga, and so he approved the plan. When Arnold got word that the Green Mountain Boys were already forming, he hurried to Bennington (in present-day Vermont) with his instructions and commission from Connecticut and worked out a joint command with Ethan Allen.

The surprise strike by the combined American force succeeded in capturing the fort and its British garrison in the early morning hours of May 10. The "Pennsylvania Journal" of May 24 carried the following news item: "This evening arrived at Philadelphia, John Brown, Esq., from Ticonderoga, express to the General Congress, from whom we learn that on the beginning of this instant, a company of about fifty men from Connecticut, and the western part of Massachusetts, joined by

upwards of one hundred from Bennington, proceeded to the eastern side of Lake Champlain, and on the night before the tenth current, crossed the lake with eighty-five men, not being able to obtain craft to transport the rest, and about day-break invested the fort, whose gate, contrary to expectation, they found shut, but the wicker [sic] open, through which, with the Indian war-whoop, all that could, entered one by one, others scaling the wall on both sides of the gate, and instantly secured and disarmed the sentries, and pressed into the parade, where they formed the hollow square; but immediately quitting that order, they rushed into the several barracks on three sides of the fort, and seized on the garrison, consisting of two officers, and upwards of forty privates, whom they brought out, disarmed, put under guard, and have since sent prisoners to Hartford in Connecticut.

"All this was performed in about ten minutes, without the loss of life, or a drop of blood on our side, and but very little on that of the King's troops. In the fort were found about thirty barrels of flour, a few barrels of pork, seventy odd chests of leaden ball, computed at three hundred tons, about ten barrels of powder in bad condition, near two hundred pieces of ordnances of all sizes, from eighteen-pounders downwards, at Ticonderoga and Crown Point, which last place, being held only by a corporal and eight men, falls of course into our hands.

"By this sudden expedition, planned by some principal persons in the four neighboring colonies, that important pass is now in the hands of the Americans, where, we trust, the wisdom of the grand Continental Congress will take effectual measures to secure it, as it may be depended on, that administration means to form an army in Canada, composed of British Regulars, French [Canadians], and Indians, to attack the colonies on that side."

Ethan Allen himself wrote an account of his capture of Ticonderoga, but it was not published until 1779 because Allen had been captured by the British during the subsequent Canadian campaign, and was imprisoned in London and then New York. His narrative began: "Ever since I arrived at the state of manhood, and acquainted myself with the general history of mankind, I have felt a sincere passion for liberty. The history of nations, doomed to perpetual slavery in consequence of yielding up to tyrants their natural-born liberties, I read with a sort of philosophical horror; so that the first systematical and bloody attempt, at Lexington, to enslave America thoroughly electrified my mind, and fully determined me to take part with my country.

"And, while I was wishing for an opportunity to signalize myself in its behalf, directions were privately sent to me from the then colony (now state) of Connecticut to raise the Green Mountain Boys, and, if possible, with them to surprise and take the fortress of Ticonderoga. This enterprise I cheerfully undertook; and, after first guarding all the several passes that led thither, to cut off all intelligence between the garrison and the country, made a forced march from Bennington, and arrived at the lake opposite to Ticonderoga on the evening of the ninth day of May, 1775, with two hundred and thirty valiant Green Mountain Boys, and it was with the utmost difficulty that I procured boats to cross the lake.

"However, I landed eighty-three men near the garrison, and sent the boats back for the rear guard, commanded by Colonel Seth Warner, but the day began to dawn, and I found myself under a necessity to attack the fort before the rear could cross the lake; and, as it was viewed hazardous, I harangued the officers and soldiers in the manner following: 'Friends and fellow-soldiers: You have, for a number of years past, been a scourge and terror to arbitrary power. Your valor has been famed abroad, and acknowledged, as appears by the advice and orders to me, from the General Assembly of Connecticut, to surprise and take the garrison now before us.'

"I now propose to advance before you and, in person, conduct you through the wicket-gate; for we must this morning either quit our pretensions to valor or possess ourselves of this fortress in a few minutes; and, inasmuch as it is a desperate attempt, which none but the bravest of men dare undertake, I do not urge it on any contrary to his will. You that will undertake voluntarily, poise your firelocks.'

"The men being, at this time, drawn up in three ranks, each poised his firelock. I ordered them to face to the right, and at the

head of the center file marched them immediately to the wicket-gate aforesaid, where I found a sentry posted, who instantly snapped his fusee at me. I ran immediately towards him, and he retreated through the covered way into the parade within the garrison, gave a halloo, and ran under a bomb-proof. My party, who followed me into the fort, I formed on the parade in such a manner as to face the two barracks which faced each other.

"The garrison being asleep, except the sentries, we gave three huzzas which greatly surprised them. One of the sentries made a pass at one of my officers with a charged bayonet, and slightly wounded him. My first thought was to kill him with my sword; but, in an instant, I altered the design and fury of the blow to a slight cut on the side of the head; upon which he dropped his gun and asked quarter, which I readily granted him, and demanded of him the place where the commanding officer kept.

"He showed me a pair of stairs in the front of a barrack, on the west part of the garrison, which led up to a second story in said barrack, to which I immediately repaired, and ordered the commander, Captain De la Place, to come forth instantly, or I would sacrifice the whole garrison; at which the Captain came immediately to the door, with his breeches in his hand, when I ordered him to deliver me the fort instantly.

"He asked me by what authority I demanded it. I answered him, 'In the name of the great Jehovah, and the Continental Congress.' The authority of the Congress being very little known at that time, he began to speak again. But I interrupted him and, with my drawn sword over his head, again demanded an immediate surrender of the garrison; with which he then complied, and ordered his men to be forthwith paraded without arms, as he had given up the garrison. This surprise was carried into execution in the gray of the morning of the tenth day of May, 1775.

"The sun seemed to rise that morning with a superior luster, and Ticonderoga and its dependencies smiled on its conquerors, who tossed about the flowing bowl, and wished success to Congress and the liberty and freedom of America. Happy it was for me, at that time, that the then future pages of the book of fate, which afterwards unfolded a miserable scene of two years and eight months' imprisonment, were hid from view."

While Ethan Allen was imprisoned, Samuel Adams' conjecture about future British military moves came true, and British General John Burgoyne moved down the Champlain Valley from Canada with a large army of British soldiers, Canadians, Indians, and Hessians. Allen's second-in-command, Colonel Seth Warner, teamed up with Colonel John Stark in August, 1777 and fought a stubborn three-day battle outside Bennington against Burgoyne's Hessian divisions and defeated them. Weakened, Burgoyne moved down the Hudson to Saratoga, where Benedict Arnold, not yet a traitor, led charge after charge against the British forces, and finally, in October, 1777, Burgoyne was forced to surrender his entire army.

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