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This Week You Need To Know

Democrats Throw Down the Gauntlet on Bush's 'Surge'

by William Jones

Anticipating President Bush's psychotic babbling to the nation on Jan. 10, Congressional Democrats decided to throw down the gauntlet to the Bush Administration, showing clearly that they are prepared to wield the independent power of the Legislative branch to stop the mad rush to war.

When the Senate Democrats held their retreat on Jan. 5, senior party leaders Bill Clinton and George Mitchell attended, and emphasized the need for the Democrats to take the offensive and set the agenda, rather than react to the White House. The result was Massachusetts Sen. Edward Kennedy's hard-hitting speech on Jan. 9 at the National Press Club—a preemptive attack on Bush's anticipated "surge" proposal, on the eve of the President's address to the nation. As expected, Bush called for an additional 21,500 troops to be deployed in Iraq; not expected, was Bush's virtual declaration of war against Iran and Syria.

Kennedy should be seen essentially as a point-man for a Democratic strategy that includes a mobilization for a non-partisan resolution opposing the surge, which is now broadly identified by members of Congress and others, as a spearhead for war against Iran. Senators on both sides of the aisle are also loudly warning against an impending strike on Iran, and indicating that it would be a trigger for impeachment. Whether the Democrats are prepared to take the follow-up steps, toward impeachment, which White House intransigence demands, is still a wide-open question.

In his Press Club address, Kennedy announced that he was putting forward legislation which would require the President to come to Congress before increasing the number of troops in Iraq. "Our bill will say that no additional troops can be sent and no additional dollars can be spent on such an escalation, unless and until Congress approves the President's plan," Kennedy said....

...complete article, PDF

Latest From LaRouche

LaRouche Webcast

The Old Economics Is Dead; the New Economics Must Begin

Lyndon LaRouche addressed an international webcast on "The Old Economics Is Dead, The New Economics Must Begin,"

in Washington, D.C. on Jan. 11, 2007.

I think we should begin by declaring this the Year of *Bel Canto* Choral Singing [applause] which is one of the more important weapons available to us, to change the world, and to transform people who look glum and miserable on the streets, into actually smiling and happy human beings.

But we have to justify that happiness at the same time. We can proclaim it, we can declare for it, we can call for it, but we must make it possible.

Now, what has to be done to save civilization, global civilization, not just here, must be done largely within a span of the coming 90 days, or less. Of course, the first thing we must do, in order to do the other things which we must do, we must put the Vice President into some form of retirement, involuntary or otherwise, and we must put the President of the United States under compassionate care. Because, without the removal of these two impediments, civilization will not continue. You see this madman, who's the unshackled husband of a terrible wife—they have such things in history—you're going to have war. You're going to have a war spreading throughout the entire region from Turkey and so forth, into Somalia, and beyond. The whole world will blow up

We are entering a period of the greatest financial crisis in all modern history. Because this time, while there are comparable regional cases, such as the 14th-Century New Dark Age, never before has the entire planet been threatened by virtual extinction of its culture and mass depopulation, as now. So therefore, this is unprecedented.

What we're going to have to do, is what the Congress, in general presently, hasn't the slightest intention of doing. But it must be done, if the nation and civilization are to survive. There is no force outside the United States, which has the intellectual capability and influence to do what must be done, in reorganizing an international monetary-financial system and economic system, which is bankrupt beyond repair. The world will not continue as a civilized world under the present international monetary-financial system, and the prevalent policies which have evolved in the world, as from the United States and elsewhere, over a period from about 1970 to the present time....

[...complete coverage, PDF](#)

InDepth Coverage

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Feature:

[LAROCHE WEBCAST](#)

[The Old Economics Is Dead, the New Economics Must Begin](#)

Lyndon LaRouche addressed an international webcast on 'The Old Economics Is Dead, The New Economics Must Begin,' in Washington, D.C. on

Jan. 11, 2007. The proceedings were moderated by Debra Freeman.

Freeman: . . . Obviously, with the paint barely dry on the walls of the new Congress, we have come into a very important moment in American history. And I think that there is little question that what we do, over the course of the next days, will determine not only the immediate future of the United States, but in fact, the future of the world. We have a new Congress, one that many of the people gathered here in this room, and people who are gathered around the United States participating long-distance in this event, played a critical role in bringing about. ...

National:

Democrats Throw Down the Gauntlet on Bush's 'Surge'

by William Jones

Anticipating President Bush's psychotic babbling to the nation on Jan. 10, Congressional Democrats decided to throw down the gauntlet to the Bush Administration, showing clearly that they are prepared to wield the independent power of the Legislative branch to stop the mad rush to war.

Senate Dems, GOP Throw Down Gauntlet to Rice

Probably not since Vietnam has an Administration been as isolated as the Bush-Cheney Administration is today, judging by the responses of the Senate Foreign Relations Committee on Jan. 11 to an appearance by Secretary of State Condoleezza Rice, who had come to defend President Bush's 'surge' plan.

- **Documentation**

Kennedy Bill To Reassert Congress's Power Over War

In a speech to at the National Press Club in Washington Jan. 9, Sen. Edward Kennedy (D-Mass.) announced that he was introducing a bill requiring the Congress to vote before the President escalates troops levels in Iraq, and to reassert Congressional authority over the Iraq War, as required by Article I, Section 8 of the U.S. Constitution. We reprint a summary of the legislation as it appears on Senator Kennedy's website.

The 'Surge': Tragedy Replayed as Farce

by David Shavin

Frederick Kagan's power-point paper on victory in Iraq, a sort of Viagra-driven two-year surge of troops, presented at the American Enterprise Institute Dec. 14, proves nothing about war-fighting or strategy—though it does lend credence to the theory that the nuts don't fall far from the tree.

Obituary

In Memory of a Fighter: William P. Robinson

by Stuart Rosenblatt

Longtime Norfolk lawyer and member of the Virginia House of Delegates William P. 'Billy' Robinson, Jr. passed away on Dec. 19, 2006. Robinson had been battling cancer, but succumbed at the age of 64. Ever the fighter, Robinson was at court only days earlier, winning a dismissal in a murder case.

Economics:

Will Anglo-Dutch Use Sterling To Bring Down Dollar System?

by Mary Burdman

The most remarkable fact about the following report on the menace to the United States from circles in the City of London, is that the U.S. government appears to be completely ignorant of such an immediate and massive present, potentially devastating strategic threat to the United States, from European Anglo-Dutch Liberal circles tied to U.S. President George W. Bush's closest European crony, the United Kingdom's Prime Minister Tony Blair.

In Failing Auto Supply Sector, 'Big Three' Means Hedge Funds

by Paul Gallagher

A shocking measure of the disintegration of the strategically vital auto-supply industrial sector—the largest and most versatile store of machine-tool skills in the modern economy— was given in early January. The firm Hedge Fund Research published its finding that at the end of 2006, hedge funds and private equity funds (the distinctions between these two varieties of financial locusts have been disappearing) controlled auto-supply industrial assets worth \$1.1 trillion internationally, and about \$400 billion in North America. The magnitude of this control has doubled in just three years.

U.S. Congress Must Forge Ahead With Nuclear Power

by Marsha Freeman

Globally, a nuclear renaissance is under way. On Jan. 9-10, a conference on the peaceful uses of nuclear technology in Africa was hosted by Algeria and the International Atomic Energy Agency (IAEA). 'Algeria has the right to benefit from atomic energy without constraint or undue interference,' stated Ramtane Lamamra, Algerian secretary general of the Atomic Energy Ministry, expressing the sentiment of those in attendance, who represented 45 African nations.

N.Y. Court Case Charges That Plan To Close Hospitals Is Unconstitutional

On Jan. 3, a Bronx, New York Supreme Court judge issued a temporary restraining order (TRO) barring the implementation of a plan to shut down Westchester Square Medical Center, one of 57 hospitals in New York State that are being closed or downsized by recommendation of the 'Commission on Health Care Facilities in the 21st Century.' The recommendations of the Commission, which is chaired by longtime associate of synarchist banker Felix Rohatyn, Stephen Berger, became law when the state legislature failed to overturn them on Jan. 1.

International:

British Arc of Crisis Extended to Africa

by Douglas DeGroot

The December military offensive by Ethiopian troops in Somalia, ostensibly in defense of a weak Transitional Federal Government (TFG), with the support and encouragement of the Bush Administration, plus the subsequent U.S. airstrikes in Somalia, and the presence of U.S. troops there, demonstrate that Vice President Dick Cheney and his neo-con cabal are intent on expanding the British-designed global crusade against Islam by instigating a war in the Horn of Africa.

Interview: David Shinn

Rebuild Somalia To Undercut Warlords

David Shinn is a former U.S. Ambassador to Ethiopia, and in his 37 years with the State Department, he also served as the director of East and Horn of African Affairs. He is now an adjunct professor in the Elliott School of International Affairs at George Washington University. He was interviewed by Lawrence Freeman on Jan. 4, 2007, at a Washington, D.C. forum on Somalia.

Friends of Nazi Carl Schmitt

Federalist Society Infiltrates Germany

by Rainer Apel and Anton Chaitkin

A leading German politician, spotted carrying around a copy of Adolf Hitler's Mein Kampf in public, maybe even in the national parliament—could that be possible in the Germany of today? Or, a leading legal expert, even a member of the German Supreme Court, walking around with a copy of Nazi 'crown jurist' Carl Schmitt's writings on the infamous 1935 Nuremberg racial laws? Could that happen, 61 years after the end of the Third Reich, after six decades of an official ban on Nazi writings?

Press Paints Hitler As a Silly Clown

by Lyndon H. LaRouche, Jr.

January 6, 2007

WIESBADEN, GERMANY—Today, in Germany, some leading press have put new emphasis on conditioning the population of Germany to see dictator Adolf Hitler as virtually a German remake of 'Bozo the Clown.' The obvious implication is, that by defanging Adolf Hitler's image in this way, the way is cleared for a new kind of Führer, with a content similar, still, to that of real-life history's Hitler; but, with a different exterior, a Hollywood-style image in the likeness of actor Charlie Chaplin's memorable Hollywood performance.

Change in Washington: Good Chances For German Presidency of the EU

by Helga Zepp-LaRouche

Since the landslide victory of the Democrats, the political climate in Washington will be characterized by the newly elected 110th Congress and an improved Senate. But President Bush, in his short press conference on Jan. 3, underlined his refusal to pay attention to the will of the voters. 'Congress has changed, but the tasks facing our country have not changed,' Bush announced, and then disappeared after five minutes, without answering any questions. Political Washington knows what that means: Bush and Cheney will soon go for increasing troop strength in Iraq by something like 30,000 soldiers. Many military figures and experts have warned, that the goal of this is not just to have more American troops in Iraq, but that this increase must actually be seen in connection with an imminent military strike against Iran.

The Litvinenko Murder

The Story Within the Story: LaRouche's Enemies Caught With Their Pants Down

by Claudio Celani

On Nov. 23, 2006, former Russian spy Alexander Litvinenko died in a London hospital, apparently poisoned by polonium 210. Litvinenko's poisoning and death prompted a massive international campaign accusing Russian President Vladimir Putin of having ordered his assassination. Most vociferous in this campaign was Boris Berezovsky, the Russian oligarch and enemy of Putin who is at the top of an extradition list filed by Russian authorities with the British government. Berezovsky lives in London and Litvinenko worked for him.

New Democratic Majority Initiates Policy Shift Towards Americas

by Gretchen Small

Before it was even sworn in, the new bipartisan consensus emerging under Democratic leadership in the U.S. Congress gave the nations of the Americas grounds to hope that respectful, principled cooperation with the United States may become possible again. Worried leaders of the region heartily welcomed the possibility.

Colombia and Ecuador: Conflict or Integration?

The following declaration was issued by the LaRouche Youth Movement (LYM) in Colombia on Jan. 1, 2007.

Just as a significant group of Ibero-American governments are distancing themselves from the disastrous genocidal policies of the International Monetary Fund and the misnamed policy of 'free-trade,' and promoting a common program of integration for the recovery of our economies and peoples, looted and bled by the shameful liberal Anglo-Dutch financial system, up pops a conflict between Colombia and Ecuador over glyphosate fumigation [for eradication of drug crops— ed.]. The financial oligarchy, whose power is sustained by this usurious system, is not only amused by this conflict, but is provoking it. The reality is, that that financial system is disintegrating by leaps and bounds: We now face a collapse of the whole international financial system, more serious than that which occurred in the 1930s.

Editorial:

Nothing Works Without Impeachment

Evaluating the situation with the new Congress on Jan. 12, in the wake of President Bush's psychotic announcement of an escalation in Southwest Asia, clearly vectored toward war against Iran, and perhaps Syria, Lyndon LaRouche stressed: Nothing works without impeachment.

U.S. Economic/Financial News

Congress Moves To Stop Airlines Takeovers

The Senate Commerce, Science, and Transportation Committee, now headed by Democrat Daniel Inouye of Hawaii, has set hearings for Jan. 24 on airline takeovers. Committee member Sen. Byron Dorgan (D-N.D.) said, "I don't think we need less competition, I think we need more. From the standpoint of consumers, I don't think it's beneficial to see some of the largest carriers marry up." A staffer for the chairman of the House Transportation Committee, Rep. James Oberstar (D-Minn), told ABC News Jan. 11 that Oberstar has "very strong concerns" about any airline mergers; and Oberstar himself

has said he wants to stop the biggest potential takeover, of bankrupt Delta Airlines by recently bankrupt USAirways.

On Jan. 10, USAir announced an increase in its hostile bid for Delta, from \$8 billion to \$10 billion. Of that, \$5 billion would be borrowed from UBS AG and other banks, and thus become new debt piled on Delta *while in bankruptcy!* In fact, USAir CEO Michael Parker, a bank/hedge fund puppet, is insisting on the takeover during the bankruptcy in order to get the judge to impose a new round of salary and job cuts on the airline's unions. It would also shrink the combined airline's flights and fleet by more than 10%.

In this lunatic merger, USAir's borrowing would go to pay *unsecured* creditors of Delta—those who are *not* supposed to get paid in a bankruptcy reorganization plan. In fact, Delta management, which opposes the offer, is now drawn into a bidding contest, to see how much *it* can borrow to pay off these same unsecured creditors without a takeover! The apparent referee is Norman Bethune, the former butcher of Continental Airlines in the 1990s, who has become head of a committee of Delta creditors which is trying to decide Delta's fate. Bethune calls himself "a proponent of stabilizing the industry by consolidating."

Citigroup Suffered \$370 Million Loss in Japan

Citigroup will take a \$370 million loss for the fourth quarter 2006, in its consumer finance branch unit in Japan, Reuters reported Jan. 9. It will close 270 out of 320 consumer branch offices, and 100 of its 800 automated loan machines. Citibank's brand, which operates under the brand name DIC, ranks 5th or 6th in the Japanese consumer finance business.

The background is that there was a change in Japanese law that cut the maximum allowable interest charged on consumer loans to 15-20%, depending on the type of loan. The current interest charged on loans is 29.2%. Further, the Japanese Supreme Court ruled that charges on loans in the range of 20 to 29%— which had represented a gray zone—were illegal.

In 2004, Japanese regulators took the big step of revoking Citigroup's license to operate its Private Bank in that country, in a publicized scandal, charging Citigroup with insider trading, violating anti-money-laundering laws, etc.

Oil Price Fall Continues; Derivatives Market Threatened

The price of oil continued to fall during the second week in January: oil futures for next-month delivery closed Jan. 9 at \$55.56 per barrel on the New York Mercantile Exchange (NYMEX), which is down 29% from its record high of \$78.40 per barrel on July 14, 2006; it is the lowest level since June 2005.

HedgeCo.net reported Jan. 5 that hedge funds are losing money on their oil and commodities bets, and that the losses could be like those that the multi-billion-dollar Amaranth hedge fund suffered in Sept. 2006, on natural gas futures bets, which bankrupted that firm.

This is hitting the stock markets of nations in which oil plays a large role. Russia's stock index, RTS, plunged 6.4% on Jan. 9, with *MarketWatch* observing it was "weighed down by another sharp sell-off in the energy pits [i.e., oil]." On Jan. 9, Norway's Oslo All-Share stock index fell 1.6%.

More Government Fakery on Housing Market

According to Mark Zandi, chief economist at Moodys/Economy.com, the U.S. Commerce Department figures reported for new home sales both significantly overstate the level of new home sales, and understate the inventory of new homes listed for sale, because the Commerce Dept. does not take into account cancellations of new home contracts.

The background is that the Commerce Dept. tallies new home sales each month, based on a sampling of contracts signed by new home buyers. However, for example, if a contract to buy a home, signed in November, is cancelled in December, the Census Bureau *does not subtract* the failed transaction from the number of reported sales. And a flood of cancellations is taking place. Economy.com's Zandi estimated that between 150,000 and 200,000 home sales that never took place are counted by the Commerce Department. That's 15% to 20% of the officially reported new home sales!

Likewise, Commerce is not adding the homes whose sales contracts have been cancelled, into the inventory of unsold homes, thereby significantly understating this inventory, as well.

Yet, based on this fakery, at its December meeting, the Federal Reserve Open Market Committee baldly said in its minutes, "Sales of new and existing homes showed tentative signs of stabilizing."

Homebuilders Report Continued High Rate of Cancellations

Fort Worth, Texas-based D.R. Horton, the nation's largest homebuilder, said sales orders for new homes fell 23% during its fiscal first quarter ended Dec. 31, to 8,771 homes, down from 11,463 a year earlier. Its cancellation rate was 33%, down slightly from 40% in the fourth quarter. "[W]e continue to experience higher-than-normal cancellation rates and an increased use of sales incentives in many of our markets," chairman Donald Horton said. Meanwhile, Scottsdale, Ariz.-based Meritage Homes Corp. said quarterly net sales orders tumbled 42% from a year earlier; while cancellations rose to a record-high 48%.

Fed: Biggest Threat to Economy Is Wage Increase

Donald Kohn, a vice president of the Atlanta Federal Reserve sees a risk of inflation from an increase in minimum wage, he told the Atlanta Rotary Club Jan. 8. "What would be problematic would be a pickup in the growth of nominal hourly labor compensation that was passed through to prices over the next several quarters, or one that was not matched, over a sustained period, by a comparable pickup in the growth of productivity. Eventually, the resulting faster growth of unit labor costs would pose a serious threat to price stability...."

World Economic News

'Elite' U.S. Banks Expect Sterling To 'Plummet' in 2007

The pound sterling is now close to twice the value of the U.S. dollar, Ambrose Evans-Pritchard wrote in the *Daily Telegraph* Dec. 12. *Analysts of both Goldman Sachs and Lehman Brothers are warning that the pound will fall. Goldman Sachs has told some investors to take out a "short" position against the pound on derivatives markets: a client note stated that the "UK remains the largest current account deficit country in Western Europe, with a substantially overvalued currency—about 13% on a trade-weighted basis." Lehman Brothers' UK economist Alan Castle is saying that the pound would fall to \$1.82 in 2007 and to \$1.68 by the end of 2008, amidst concerns about the property market and Britain's current account deficit, which "could widen to 4% of GDP in 2008."*

While central bankers had been making sterling "a favourite choice for global central banks switching reserves out of dollars over the last two years," now, the UK Office for National Statistics shows, private investors are the main foreign sterling buyers.

In 2006, the Bank of Italy switched 20% of its reserves into sterling, and Russia and Switzerland had each raised their share to 10%. (See InDepth for more coverage of sterling/dollar crisis.)

Secondary Market for British Mortgage Debt Soars

The amount of British mortgage debt being sold on capital markets has soared to more than 90 billion pounds, almost double the amount of a year ago, the *Daily Telegraph* reported Jan. 8, citing Citigroup figures. Between 15%-25% of the 1 trillion pounds in outstanding mortgage debt in Britain is being sold on capital markets at this time. This "securitization process ... is one of the fringe factors helping to keep mortgage rates low in Britain, fanning the flames of the housing market," according to the *Telegraph*. "As a result of these deals, Britain's banks are no longer the only institutions directly exposed to any collapse in Britain's housing market."

Such mortgage bonds were introduced in Britain in 1987, but only became a sizable part of the financial situation in recent years. In 1999, some 4.9 billion pounds of mortgages were sold as bonds; in 2006, it was almost 90 billion pounds, one-third of all the securitizations completed in Europe last year. The bubble will grow when the new Basel II European capital rules come into effect later this year, which will make mortgage paper a more attractive investment, the *Telegraph* wrote.

Of course, the hedge funds are getting involved, buying higher-risk mortgages. Such hedge funds as CQS and Cheyne Capital are involved, and hedge fund "demand" is "fueling growth in the so-called 'sub-prime' sector of the mortgage market," the *Telegraph* noted.

World Economic Forum: World Faces Major Economic Risks

The Davos World Economic Forum released a report on global risk which includes economic, environmental, geopolitical, societal, and technological risks, the *Daily Telegraph* reported Jan. 11.

The economic risks include an oil price shock, the U.S. current account deficit/fall in the U.S. dollar, a Chinese hard economic landing, a fiscal crisis caused by demographic shifts, and a blow-up in asset prices and excessive indebtedness. All of this, they fear, will lead to a retrenchment of globalization—which is itself a risk. The debt and housing bubble which has built up around the world could burst, causing more than \$1 trillion in damage.

In a commenting on the report, the *Telegraph* quotes the chief executive of Marsh and McLennan, Michael Cherkasy, as saying, "The world has certainly become a riskier place to live, thanks partly to globalization."

People's Bank To Reduce Liquidity—'If Necessary'

The People's Bank of China will take further measures to reduce liquidity in the country, if necessary, stated PBOC governor Zhou Xiaochuan at central bankers' meetings at the Bank for International Settlements in Basel. Zhou said that policy changes are designed to cope with the excess liquidity in the market. "We are not ruling out the possibility of using more measures, but we have to see the effectiveness of the current policies," Zhou said.

The PBOC has just announced that banks, as of Jan. 15, will have to raise their reserve ratio by 0.5%, which will keep some 150 billion yuan from flooding the stock market, the Hong Kong Standard reported Jan. 9.

In addition to its huge trade surplus, China also has been receiving a big flow of foreign direct investment, which is also pushing up its foreign exchange reserves.

"We don't know what the trend of the market demand and supply will be for this year," Zhou said. "So far, there is more supply of foreign exchange than demand for it."

Bloomberg quoted Zhou Xiaochuan also saying that, "The data from 2006 show that China's trade surplus has been increasing, and if this situation continues, then I think the flexibility of the exchange rate will be increased." The RMB has risen 5.7% against the dollar since July 2005, and the national Xinhua Economic Analysis report of Jan. 2 said it could rise by another 5% in 2007.

Zhou had told visiting U.S. Treasury Secretary Henry Paulson in December, that he wants to increase the flexibility of the yuan at a "gradual" pace.

United States News Digest

Senate Judiciary Committee Targets Data-Mining Programs

The first hearing of the Senate Judiciary Committee, held on Jan. 10, focussed on what Committee chairman Patrick Leahy (D-Vt) called a "dramatic increase" in the Bush Administration's use of data mining—"the collection and monitoring of large volumes of sensitive personal information" to attempt to identify patterns or relationships. Leahy said that there are at least 199 different data-mining programs spread across 52 Federal agencies.

Leahy said that he and other Senators, both Democrats and Republicans, are attempting to restore Congressional oversight, by introducing the Federal Agency Data Mining Act of 2007, which "would begin to restore checks and balances," by requiring Federal agencies to report on their data-mining activities.

Former Republican Congressman and former CIA attorney Bob Barr was asked about reports that, even though Congress passed a law banning it, the Administration is still operating the Total Information Awareness (TIA) program, which had been initiated by Adm. John Poindexter (ret.), of Iran-Contra fame.

"I am very concerned about this," Barr said, "as a former prosecutor, as a former member of the House of Representatives, and as a citizen." This Administration "does what it wants," he charged, and "it breeds contempt for the law." Until Congress addresses this issue, Barr said, the Administration will continue "to thumb its nose at the Congress and do what it wants."

When Barr raised the likelihood that the Administration is reading people's private mail, Leahy announced that he will call Attorney General Alberto Gonzales in front of the committee, and that he will question Gonzales as to whether there is a mail-opening program.

Wesley Clark: Is Iran Next?

Speaking at the press conference organized by Senate Democrats on Jan. 10, the former Supreme Allied Commander in Europe, Gen. Wesley Clark (ret.), repeatedly attacked what he called "the neo-conservative vision" for regime change in the Middle East. Clark pointed out that under the Administration's plan, Iraq was supposed to be the first to go, followed by Syria, Iran, and others.

Identifying the "surge"—Bush's plan to escalate the war in Iran—is a tactical measure, not a strategy, Clark asked: "How does the surge contribute to the outcome? How does it help us deal with the larger regional issues?" He then asked,

whether the surge is "to prepare for what comes next, in Iran?"

During the question period, *EIR* asked Clark to elaborate on this, and what would be the effect of a U.S. or Israeli attack on Iran, on U.S. forces in Iraq.

Clark said that he is sure that "there have been intelligence studies done on this," but he hastened to add that he was not referring to these. "It's just common sense that the Iranians have looked at this possibility, and that they have put in place some preparatory measures.... There is no doubt that the presence of American troops provides an accessible target for the Iranians, should they choose to use it."

He said that the United States can hit Iran with plenty of ordnance, but that this should be "a last, last, last resort," and that "hopefully, it will never come to this."

"I've yet to see the Administration disavow the neo-conservative strategy and vision for the region," Clark told *EIR* during impromptu questions afterwards. "I think that is a precondition for establishing some stability in the region. As long as the governments in the region believe, rightly or wrongly, that the United States has declared war on them and is committed to throw them out, then they're going to resist in any way they can."

Wild Attack on General Wesley Clark

The Jewish Republican Coalition, founded by the late, gangster-linked Max Fisher, lashed out against former NATO Commander Wesley Clark, who has been warning about a potential U.S. attack on Iran. The remarks in question, made to columnist Arianna Huffington, are also quoted in Jeffrey Steinberg's article, "Bush's Tragic Southwest Asian 'Peloponnesian War,'" in the Jan. 12 *EIR*. Clark said that he was concerned about a U.S. preventive strike on Iran, explaining: "You just have to read what's in the Israeli press. The Jewish community is divided, but there is so much pressure being channeled from the New York money people to the office seekers."

Selectively taking quotes from Clark, the RJC says that, "By prefacing the observation with a remark about the Jewish community, Clark made it clear to anyone who failed to read between the lines exactly which New York money people he had in mind." The RJC Executive Director stated that "Wesley Clark owes American Jews an apology, and I sincerely hope Democratic leaders will join the RJC in urging him to retract his reckless comments."

ACLU To Target Bush-Cheney Torture and Spying

Anthony Romero, executive director of the ACLU, and Caroline Fredrickson, director of the ACLU's Washington office, told reporters Jan. 9, that the group would be working closely with the new Congress to roll back the Bush Administration's erosion of civil liberties. Among the measures they will be working for are the following:

- * Restore habeas corpus and conduct oversight of the Military Commissions Act.
- * Investigate and stop warrantless wiretapping by the National Security Agency, and conduct vigorous oversight of its activities to include learning the scope of the program and how the information acquired is being used.
- * Repeal provisions of the Patriot Act that invade privacy and block unwarranted data-mining programs.
- * Investigate and stop torture, abuse, and rendition, and determine where these illegal policies originated.

* Curb the abuse of state secrets privilege that is being used to hide embarrassing information from the public.

Romero noted that, with the Democrats now in charge of the Congress, the ACLU expects much greater success in overturning these measures, though nothing should be taken for granted.

Pentagon Continuing To Whitewash Torture at Guantanamo

Lawyers representing prisoners at Guantanamo said, on Jan. 9, that there is a continued effort by the Pentagon to whitewash the situation at Guantanamo prison; despite the Administration's protestations, the conditions there are not humane. Many of the detainees are in isolation cells, subjected to environmental manipulation, such as 24-hour lighting, sleep disruption, and temperature extremes. This is designed to drive them mad, and the techniques are all taken from the CIA's (1963) Kubark interrogation manual. As a result, many detainees are showing signs of mental illness, and can't assist in their litigation. This is similar, the lawyers said, to what was done to Jose Padilla.

Speakers reviewed the five-year history of the fight around Gitmo, including the Administration's denial that detainees had any rights, two Supreme Court decisions saying that they do, then the Administration going to Congress to get laws passed saying they don't. *EIR* asked what happens if the Cheney-directed Administration again defies the courts and Congress—doesn't this raise the question of impeachment? Center for Constitutional Rights head Michael Ratner said that if the White House were to defy a Supreme Court ruling, people in Congress would be looking at impeachment; but, he said, he isn't prepared yet to say that we have reached the point where our system of checks and balances is out the window.

The speakers, all affiliated with the Center for Constitutional Rights, said that they are hoping to get hearings in the new Congress, where there would be witnesses from the military, the diplomatic corps (regarding the image that Guantanamo represents internationally), and some former detainees.

Bush-Cheney Plans for New Nuclear Warhead

The Bush-Cheney Administration will announce plans for a new nuclear warhead, reported the *New York Times* on Jan. 8. The announcement, to be made by the interagency Nuclear Weapons Council, will reportedly be of a hybrid design, taking elements from two competing designs, one by Los Alamos, the other by the Lawrence Livermore National Laboratory. The big question now, the *Times* quoted arms experts as saying, is whether such a mix-and-match approach "will produce a clever hybrid or an unworkable dud."

Congress authorized research, but not development, for new nuclear warheads three years ago. If the Administration goes ahead with the new design, the *Times* predicted, this will set off a debate in the new Democratic-controlled Congress, and also among both allies and adversaries abroad. Many have argued that this is the wrong time for Washington to produce a new nuclear warhead of any kind—when the U.S. is trying to persuade other countries to put sanctions on North Korea and Iran to halt their nuclear programs; the U.S. project would be viewed as hypocritical, and as an attempt by the U.S. to extend its nuclear lead over other countries. It is likely that, if the U.S. tests the new weapon, China and Russia would likewise feel free to do the same under their own nuclear modernization programs.

As a signatory to the Nuclear Nonproliferation Treaty, the U.S. and other nuclear weapons states are committed, on paper, to reducing, and ultimately eliminating, all of their existing stockpiles of nuclear weapons.

Ibero-American News Digest

LaRouche on Ecuadorean Radio!

EIR's Ibero-America editor Dennis Small was interviewed Jan. 5 on Radio 530 in Quito, Ecuador for 20 minutes, to discuss the significance of the new Democratic majority in the U.S. Congress. More important than the fact of the Nov. 7 results per se, is *how* they were achieved, Small explained, going into LaRouche and the LaRouche Youth Movement's mobilization of American youth to usher in the New Politics. He pointed out that LaRouche is now bringing about a return to the policies of Franklin Delano Roosevelt in the U.S., and that this means that Ecuador and Ibero-America, like the rest of the world, now have an interlocutor in the Democratic Congress led by LaRouche's ideas.

The half-dozen questions called in after Small's interview were cautiously optimistic about what the U.S. shift means for Ecuador and the world, and allowed a review of the global financial crisis and LaRouche's programmatic solutions; the need for the impeachment of Cheney and Bush to stop their war drive and provocations, such as the Ecuador-Colombia border conflict; how to stop the drug trade with great development projects; and an invitation to listeners to tune in to LaRouche's Jan. 11 webcast (see *InDepth* this week).

The interviewer responded strongly to the idea that Cheney and Bush were behind the border conflict between Ecuador and Colombia, and that Ecuador's new President Rafael Correa could play a positive global role, in alliance with Argentine President Nestor Kirchner and other South American leaders.

LaRouche Youth Hit Ibero-American Airwaves

On Jan. 8, immediately following a rebroadcast of Dennis Small's interview, the same Ecuadorean radio station interviewed Colombian LYM leader Pedro Rubio, Jr. for 15 minutes. The interviews intersect non-stop organizing by the Colombian LYM, via telephone, into Ecuador's new government, Congress, and political parties, around LaRouche analysis and proposals. Then, on Jan. 10, Rubio was also interviewed for 30 minutes on Radio Nuevo Mundo in Guatemala, where he briefed listeners on the LYM's campaign to resolve the Colombia-Ecuador conflict in the context of the drive for a New Bretton Woods and LaRouche's programmatic alternatives (see this week's *InDepth*). Host Carlos Wehr asked Rubio to come back, and urged all the Ibero-American chapters of the LaRouche Youth Movement to use his program to reach Guatemalan youth.

Ecuador Tells the IMF: We Don't Need You

Ecuador will pay off \$33 million it owes to the International Monetary Fund, but will take no further loans, nor sign a new letter of intent with the Fund, the Correa government's incoming Finance and Economics Minister Ricardo Patino told IMF representatives who paid him a several-hour "courtesy-call" on Jan. 9. The IMF vultures tried to offer their advice on how Ecuador should manage its private foreign debt, and reportedly expressed their "concern" about the budget and payment arrears on debts the new government faces. With a nice touch of irony, Patino reported that he told them "they shouldn't get all worried, because that is our problem, and we will know how to take care of it."

The principal arrears amount to \$900 million, owed to provinces and municipalities. Patino remarked that, "it's strange that they fell behind only on payments to domestic creditors, but not with the foreign creditors. Not a single foreign debt is in arrears, but there are a billion dollars in arrears on domestic debt."

Chavez Announces Re-Nationalization Drive

As he began his new term in office on Jan. 9, Venezuelan President Hugo Chavez announced his intention to re-nationalize everything that had been privatized during the previous governments of Carlos Andres Perez and Rafael Caldera, starting

with the telecommunications firm CANTV, and including electricity and the oil companies that exploit heavy oil in the Orinoco belt. Basic industry—iron, steel, and aluminum—developed by the Venezuelan state in the 1940s and 1950s, and then sold for peanuts over the last 20 years, is also included.

The announcement came after the swearing-in of Chavez's cabinet which includes 13 new members and a new Vice President. Chavez reported that he's sending enabling legislation to the National Assembly to make the reforms needed to launch "the socialism of the 21th Century."

In his speech announcing constitutional reform, Chavez also pointedly attacked the "autonomy" of the central banking system as "disastrous" for the nation. The clause in the 1990 Bolivarian Constitution affirming the autonomy of the central bank is wrong, he said, underscoring how ridiculous it is that the government has to submit a form to the central bank every time it needs foreign exchange, while most of the foreign exchange is generated by the state-owned oil industry.

'Let them Eat Biofuels!' Calderon Tells Poor Mexicans

On Jan. 8, Mexican tortilla production companies raised the price of this diet staple from 6.5 to 8 pesos per kilo, with the possibility of it increasing to 10, and perhaps as high as 15 pesos, over the next three months. Finance Minister Eduardo Sojo announced that the government will not resort to controls to keep the price down, but will let the "market" do its magic, while encouraging increased production and "competition," and deal with any shortages through increased imports. Tortillas, which are made from corn or flour, are essential for poorer Mexicans, as it is often their only food source.

Simultaneously, the government announced that a "strategic" component of its national economic development program will be expanded corn production for a Brazilian-style national biofuels energy program, as well as for exports to the United States for its biofuels program. So, in reality, farmers will be encouraged to produce more corn, not for human consumption, but for biofuels!

So the government's purported strategy is a cruel joke. Under NAFTA (North American Free Trade Agreement), increased corn imports from the U.S. lowered local prices and put many Mexican producers out of business, although now, increased demand for ethanol in the U.S. is pushing prices up again. But Mexican producers are bracing themselves for the imposition of the next phase of NAFTA over the next two years, when tariffs on agricultural imports from the United States will be lowered to zero in many cases, making it impossible for farmers to compete with cheaper U.S. products. More producers will join the 2 million farmers which NAFTA has already driven into bankruptcy.

Victor Suarez Carrera, director of the National Association of Marketing Companies (ANRC), warned of the "food dependence" into which Mexico has fallen, due to increased imports that have discouraged local production and control over grain marketing by cartels such as Cargill. The culprit for problems in productivity and production of Mexican corn is "neoliberal policies," Suarez charged. They have decimated agriculture. "There isn't enough supply to meet demand," he said, "but authorities should focus their policies on production for *human consumption* rather than for biofuels. Last year they spent an estimated \$10 billion for imports, and this year it could be \$15 billion, with the corresponding [negative] economic consequences."

Argentina To Investigate 1970s-Era Death Squads

Argentine Federal Judge Norberto Oyarbide has reopened a criminal case against the Argentine Anti-Communist Alliance (AAA), the 1970s-era death squad run by the synarchist Lopez Rega (a.k.a. "the Sorcerer"), and linked to the fascist Propaganda Due (P-2) lodge and Operation Gladio networks in Europe. The AAA was responsible for a minimum of 1,500 murders, kidnappings, and disappearances in the period leading up to the 1976 military coup. Lopez Rega was the Minister of Social Welfare under President Isabel Martinez de Peron, who took power in 1974 after the death of her husband Gen.

Juan Peron. Lopez Rega made himself an indispensable "counselor" to Gen. Peron when the latter was exiled in Spain, accompanied him on his return to Argentina in 1973, and operated inside the government with Peron's acquiescence.

The decision by Judge Oyarbide to arrest former AAA leaders Rodolfo Almiron in Spain two weeks ago, and Juan Ramon Morales in Buenos Aires on Jan. 8 (both former bodyguards of Lopez Rega), based on 1986 arrest warrants, is significant. It could shed further light on the workings of the fascist apparatus that plunged Argentina and the Southern Cone into the "dirty war" of the 1970s and 1980s, of which P-2 was only one part.

President Nestor Kirchner's local fascist enemies, who yearn for a return to the "good old days" of military dictatorship and free trade, are starting to get nervous, and have warned him not to proceed with these prosecutions.

Judge Oyarbide has characterized the AAA atrocities as crimes against humanity for which there is no statute of limitations, as far as prosecution goes. The AAA's crimes were "orchestrated from the apparatus of the State, under whose protection and guarantee of impunity it acted, and was the foretaste of the systematic plan developed with the advent of the 1976 coup." Oyarbide had indicated he might subpoena Isabel Peron to testify in the case, but on Jan. 11, Federal Judge Hector Raul Acosta of Mendoza issued a warrant for the former President, and she was arrested by Interpol at her home in Madrid on Jan. 12. Acosta wants to question "Isabelita," as she is known, in the cases of two citizens who were "disappeared" by the AAA in 1976, while she was President.

Western European News Digest

Synarchist Influences on Top French Candidates

The Synarchist influences over the top three Presidential candidates in France have become more visible in recent days. Neo-con Interior Minister Nicolas Sarkozy's pedigree is quite clear, but sources have confirmed to *EIR* the strong role played by the "Club Temoin" behind the candidacy of Segolene Royal (Socialist Party). These clubs were founded by former EU Commission President Jacques Delors, the man who inspired and created the European Monetary Union, the euro, and the Maastricht Treaty. These Roman Catholic committees are inspired by the apparently more "moderate" forms of Petainism of the period leading to World War II (Marshal Petain headed the collaborationist Vichy government in southern France under the Nazis). Among those mooted to become Royal's Economics and Finance Minister, is Jean Pierre Jouyet, a high-level officer at the Treasury Department who was trained by former IMF managing director Michel Camdessus.

Sources confirmed as well that Jacques Attali, who saved Lazard from nationalization during the Mitterrand era, is now working for both the Sarkozy and the Royal camps, playing go-between for Sarkozy and the show biz celebrities, and organizing "dinners" for Segolene with top business figures.

Finally, as the Presidential election gets closer, a "third man" has put his foot in the door and is trying hard to push it open: Francois Bayrou, president of the UDF and collaborator of the followers of Monnet in France. While he profiles himself strongly as an opposition figure to the system, recently he surprised many with statements supporting the European Central Bank in its present mandate of only fighting inflation.

Kornblum Europe Script: Weak Bush Leans on 'Strong' Merkel

In an article reviewing Chancellor Angela Merkel's trip to the U.S. in early January, the Paris-based *International Herald Tribune* wrote Jan. 12, that, "to some extent, analysts say, Mrs. Merkel's strength is a corollary of Mr. Bush's weakness." The *IHT* quotes former U.S. Ambassador to Germany John Kornblum, as saying that "there is a precedent for a German

leader to act boldly during a time of trouble in the United States. Thirty-five years ago, Willy Brandt reacted to Watergate and Vietnam by taking the initiative with his Ostpolitik. Thirty-five years later, Merkel is doing the same thing with her own form of Westpolitik."

The article portrayed Merkel as the "go-to person in Europe" for Bush, as the careers of Chirac and Blair are coming to an end soon. One may add to this image Merkel's remark, in a Jan. 10 interview with the London *Times*: "I like the British." So where does the German Chancellor stand these days?

Omar Abduction Trial Begins in Milan

On Jan. 9, the first preliminary hearing of the trial in the kidnapping of Egyptian citizen Abu Omar took place in Milan. The defendants are 26 CIA officials, plus Italian military intelligence leaders and policemen. In line with reports that had already appeared in the Italian media, the *Chicago Tribune* reported that the Milan CIA station chief, Robert Seldon Lady, was against the abduction, but he could not go against the Rome station chief, who was in favor and was backed at the highest levels at Langley. The split reflected a divide throughout the CIA, which is now increasing around the development of the Abu Omar case. Lady has been offered immunity by Italian prosecutors if he takes the stand. However, on Jan. 8, Lady's lawyer Daria Pesce pulled out of the case, explaining, "This is a political case and I am not a political mediator." She added that her client "does not recognize Italian justice." Prosecutor Armando Spataro answered, "We used to hear this answer from the Red Brigades."

European Press Notes Shift in U.S. Congress

Bush officials are going to face "the cruelest and most impartial circus of American democracy," the Italian daily *Corriere della Sera* wrote Jan. 8, describing vividly what awaits the Administration in the new Congress. "America will soon get used to the famous 'Congressional hearing room,' where a solitary witness is brought to the red velvet-covered table, under a blinding beam of light, to be interrogated by a ruthless inquisitor sitting in front of him. No member of the Bush Administration will be immune to the cruelest and most impartial circus of American democracy."

Germany's *Der Spiegel* online reported Jan. 12 that impeachment is coming back on the agenda. The website, one of the most-read in Germany, gave a detailed account of the U.S. Senate Foreign Relations Committee hearings, featuring quotes from Senators Joseph Biden, Barbara Boxer, and George Voinovich as they grilled Secretary of State Condoleezza Rice. The *Spiegel* coverage was introduced with the observation that Bush looks like Nixon at the end of his days in office, and noted that "the word, 'impeachment,' made the rounds, again, yesterday."

Polish Archbishop Resigns; Ties to Secret Police Revealed

A major scandal has been stirred up Poland over the role that some Catholic officials played under the Communist regime, Vatican wires and other media reported Jan. 8. Archbishop Stanislaw Wielgus, who had recently been nominated to succeed Warsaw Archbishop Cardinal Jozef Glemp, resigned after he publicly admitted that he had lied about his involvement as informant for the Polish Communist secret police. During the ceremonial mass planned to welcome the Archbishop, held at Warsaw's Cathedral of St. John the Baptist, on Jan. 7, the Archbishop shocked everyone there, including President Lech Kaczynski and his wife, by reading out a statement that ended, "I have tendered my resignation from the post of archbishop and metropolitan of Warsaw."

There had been weeks of rumors in the press, and the revelation by Poland's Historical Commission issued on Jan. 5, stating that as a priest, Wielgus had had connections to the Security Service of the Ministry of Internal Affairs.

Pope Benedict accepted the resignation as an "appropriate solution to address the situation of disorientation that has been created in the country."

June G-8 Summit Poses Security Challenge for Germany

Taking over as rotating one-year chairman of the German Interior Ministers' conference, Ehrhardt Koerting from the Berlin Senate, said that the summit is already now fraught with much more security threats, than the world soccer championship of last summer, wires reported Jan. 10. He said that about 1,000 extremists were out to cause disruption, and leading politicians and businessmen have been personally targeted and threatened, with acts of violence. Germany will deploy at least 10,000 policemen to protect the summit, he announced.

Russia and the CIS News Digest

Russian Duma Greets U.S. Congress; Media Covers Disputes on Iraq

By a vote of 368 to 0, with 1 abstention, Russia's State Duma on Jan. 10 adopted a message to the U.S. Congress, calling for an upgrade in interparliamentary contacts, as well as for specific legislative action. The Duma demanded repeal of the Jackson-Vanik amendment (linking U.S.-Russian trade to Jewish emigration), as a Cold War relic. It also wants ratification of a range of global treaties and agreements, including the Kyoto Protocol, Comprehensive Test Ban, Conventional Forces in Europe, and others. The Duma wants to preserve "the spirit of anti-terrorist solidarity, which brought our countries closer together after the Sept. 11, 2001 attacks and the horrific terrorism in Moscow and Beslan." The motion was introduced by Duma Speaker Boris Gryzlov of the Unified Russia party, an ally of President Putin. One deputy from Rodina attacked the statement as "subservient," while Vice Speaker Vladimir Zhirinovskiy grandstanded, shouting, "We are sending this message to the last empire in human history! America will perish!"

Pessimistic Russian commentaries like that of Political Studies Institute head Sergei Markov, who said in a radio interview, "The Democrats will use Russia, to attack Bush," are on the same wavelength as the *Financial Times* of London, which beat the drums for Russian-American tension, headlining a Jan. 10 article, "Congress on collision course with Moscow." But continuing Russian coverage of the Congressional challenge to Bush's intended Iraq actions is more attuned to reality. "Iraq is George Bush's Vietnam, declares Democratic Senator," RIA Novosti titled a report on Sen. Edward Kennedy's Jan. 9 press conference. The major radio station Ekho Moskvyy's story of the same date said, "The failure of American policy in Iraq is being called the reason for the Republican Party's recent defeat in the Congressional elections, and this same matter is going to lead very soon to serious conflict between the Congress and President George Bush." The radio report cited the letter from Sen. Harry Reid and Speaker of the House Nancy Pelosi to Bush, about not funding a "surge." The coverage is particularly noteworthy, coming from Russia, where foreign policy expectations towards the Democratic Congressional leaders have been largely negative.

Russian Economist Sees Dollar Crash

The Moscow daily *Komsomolskaya Pravda* on Jan. 4 rounded up various experts' forecasts for 2007, most of them focussed on the run-up to the Russian Presidential election of March 2, 2008. But economist Mikhail Leontyev, host of the Odnako (However) program on First Channel TV, said the top priority for Russia would be to strengthen the ruble as "a full-fledged sovereign currency," in anticipation of the crash of the dollar system. At present, said Leontyev, "Our Stabilization Fund and reserves are mostly invested in U.S. assets. We have one year to establish a sovereign system that's disaster-proof to some extent, or at least shielded from the cataclysms that may befall the dollar-based economy.... We need to stop holding our currency reserves in dollars. We need to invest the Stabilization Fund in Russia. If this happens, we shall become one of the leading powers in the multipolar world of the future; if not, we'll cease to exist as a sovereign

state."

Russia and Belarus Reach Oil Agreement

Prime Ministers Mikhail Fradkov and Sergei Sidorsky, of Russia and Belarus, reached agreement Jan. 12 to settle a dispute over duties on Russian oil deliveries to and through Belarus. The talks began two days earlier, when a phone call between Presidents Vladimir Putin and Alexander Lukashenka ended a standoff that had cut the oil flow into the Druzhba pipeline, just days after a dispute over steep natural gas price hikes by Russia's Gazprom had gone to the brink of a gas shutoff on New Year's eve. Belarus lifted a tax on transit oil (piped to customers elsewhere in Europe), as demanded by the Russians as a precondition for the talks. Under the agreement, Russia reduced the duties it had imposed on oil to Belarus as of Jan. 1, from \$180 per metric ton, to \$53; the Belarusian transit tax had come in retaliation against those new fees.

A Russian cabinet meeting on Jan. 9, chaired by Putin, had reviewed the dispute in detail, also taking up contingency plans for the eventuality that Belarus would not resume talks, and that the 2 million barrels per day of crude that go into the Druzhba Pipeline would remain cut off. Some of these contingency plans involved major production cuts and reorientation of Russia's exports. There was serious consideration of cutting oil output by 1 million bpd (over 20% of Russia's exports). Russian reports said that Russia's own refineries could accommodate up to 500,000 bpd more, while Minister of Industry and Energy Victor Khristenko suggested that, though "there is no magic wand to switch transit routes over just two days' time," a medium-term approach could include "speeding up the already record pace of laying the pipeline from East Siberia to the Pacific Coast, and expanding oil terminals on the Black Sea."

Within the previous Soviet economy, a large portion of industrial activity and employment in Belarus was associated with two big oil refineries, and related industries. The crude oil for this fuels complex came from elsewhere in the Soviet Union: Russia. In the post-Soviet period, Belarus has enjoyed duty-free importation of this crude oil. In return, out of the export duties Minsk charges when it sells the refined products abroad, 85% is supposed to go to Russia, with Belarus keeping 15%. Russian Economics Minister German Gref said Jan. 9, that Belarus had not handed over the 85%, during the past four years. The Soviet-era Druzhba (Friendship) Pipeline from Western Siberia carries approximately 40% of Russian oil exports (the rest move by ship and rail), a total of 2 million bpd, of which 500,000 bpd is for Belarus; 360,000 bpd to Poland, 500,000 bpd to Germany (20% of its oil needs); and a southern spur takes the rest to the Czech Republic, Slovakia, and Hungary.

British Conundrum: How Can We Punish Both Russia and Belarus?

The Jan. 10 editorial in the *Financial Times* of London laid out a conundrum for the relevant British and related circles. On one side, it said, the European Union "rightly wants Europe to be rid of Mr. Lukashenka." But, at the same time, "it must not allow Russia to seize political control of Belarus, let alone annex it." It concluded that Russia must be pressured to continue guaranteeing energy for Europe, while Belarus must remain independent.

More Energy Fallout: Azerbaijan Cuts Its Oil Exports

In another energy export disruption, related to Russia's raising of natural gas prices, the Azerbaijani state oil company SOCAR announced Jan. 9 that it has suspended oil exports through the Baku-Novorossiysk pipeline for January-March. The amount is 2.4 million tons, or approximately 200,000 bpd. The oil will be used to fuel Azerbaijan's electric power plants, instead of running them on natural gas imported from Russia. Gazprom hiked prices for Azerbaijan to \$235 per 1,000 cubic meters of gas on Jan. 1, more than doubling the 2006 price of \$110. President Ilham Aliyev called this "commercial blackmail," and terminated the imports from Russia as of the new year. The Azerbaijan International Operating Company (AIOC), an international consortium, will continue to ship through the Baku-Novorossiysk pipeline.

Russia and Kazakstan Sign Nuclear Partnership

Inaugurating a modern uranium-mining facility in Zarechnoye, the head of Russian Federal Nuclear Power Agency (Rosatom), Sergei Kiriyenko, and Kazak Prime Minister Danial Akhmetov have signed a nuclear partnership, under which Russia can use Kazakstan's vast uranium deposits, in exchange for access to Russian high technologies. *Energy Daily* quoted Kiriyenko: "We are not simply cooperating with Kazakstan in certain industries, but, by pooling our potentialities, we want to lead in the world nuclear market, and there is every prerequisite for this." The Zarechnoye project is Russia's first uranium-mining joint venture on foreign territory. Kyrgyzstan has a tiny share of 0.67%, whereas Kazakstan has agreed to the joint venture only on conditions of parity—uranium for technology. The project, located in south Kazakstan (on the historic road, where Genghis Khan's cavalry rode eight centuries ago), was completed in 14 months, and Russia will start receiving "yellow cake" from this 20,000-ton uranium deposit beginning now, in January 2007.

Russia Writes Off North Korean Debt

An agreement between Russia and North Korea on the cancellation of 80% of the latter's debt to Russia was signed in early January at the Deputy Finance Minister level, *Chosun Ilbo* reported Jan. 5. A Russian diplomat explained, "Russia earlier said it won't continue economic cooperation unless the North pays its debt. But it changed its mind as it wants to relieve the financial burden on Pyongyang so it can persuade the North to take part in trilateral economic cooperation with South Korea and Russia, and any six-party talks on North Korea's nuclear program in the future."

Southwest Asia News Digest

Call for New Madrid Mideast Peace Conference

The Jan. 13 concluding document of the Madrid+15 conference, commemorating the 1991 Madrid Peace Conference, states that, "participants discouraged interim agreements as a negotiated destination and called for an immediate return to negotiations toward a final and expedient comprehensive regional agreement," and it notes that many participants made calls "to convene an official international peace conference for the region of the Middle East, in the spirit of Madrid."

Former U.S. President Bill Clinton, in a letter to the participants which was read before the conference, declared that the conflict "requires assertive leadership in the region and from Europe and the United States.... For many years, the people of the Middle East have been denied normal lives. Every passing day without peace threatens to further radicalize the region and engulf it in another deadly conflagration. Every passing day endangers the very possibility of a two-state solution to the Israeli-Palestinian dispute."

Former Secretary of State James Baker III issued a statement saying the Madrid+15 conference "could not be more timely."

In his message to the conference, former Russian President Mikhail Gorbachev, one of the original conveners of the 1991 Madrid conference, warned of the necessity of reviving the Madrid approach. He first described how, in the 1991 Gulf War, there was a broad international coalition operating under a U.S. mandate for the liberation of Kuwait following its takeover by Iraq, which then correctly led to convening the Madrid conference to seek a political solution to the Arab-Israeli conflict. By contrast, writes Gorbachev, "The new war in Iraq has produced tragic consequences for the civilian population and introduced the uncertainty for the future of this state. It has provided a sharp political division in the international community ... the Israeli-Palestinian conflict is heading towards a dead end.... As a result of the recent events, new conflicts were added to former unresolved problems," creating "battlegrounds for civil, interethnic and religious wars."

Peretz Presents New Diplomatic Peace Initiative

Israeli Defense Minister Amir Peretz has presented a new diplomatic peace initiative to his Labor Party faction, Ynet reported Jan. 8. Peretz's plan, which aims "to combine the Saudi initiative with the Road Map," is comprised of three phases: stabilizing the economic and security situation; general negotiation on a permanent solution and extension of Palestinian sovereignty; and specific negotiation for a permanent solution.

Phase A calls for kidnapped Israeli soldier Gilad Shalit to be released in exchange for Palestinian prisoners. In addition, a ceasefire will be based on preventive operations by Palestinian security forces loyal to President Mahmoud Abbas, and on Palestinian-Israeli coordination. This stage is aimed at bringing about an improvement in the Palestinians' living conditions and a revival of economic activity. Illegal Israeli outposts that were built after March 2001 are to be evacuated.

Phase B would focus on negotiations over a permanent agreement and extending Palestinian sovereignty. During this stage, Israel will negotiate with Abbas, or any other official Palestinian representative willing to recognize the conditions of the Quartet of Middle East mediators—the U.S., Russia, the United Nations, and European Union.

The objective of negotiations will be to achieve a two-state solution.

Phase C would involve negotiations regarding the permanent plan that would be derived from the general ideas consolidated in Phase B. This phase would be longer than the other two phases and is planned for 18 months.

At the end of Phase C: Implementation of the agreement and the creation of a Palestinian state. The process will continue for a number of years, with the support of the international community.

While the initiative received the support of several key Labor Party leaders, including Agriculture Minister Shalom Simhon and Tourism Minister Isaac Herzog, Knesset member Ami Ayalon spoke against it, saying "such an approach of working in phases will fail."

Hamas Leader: Israel Is a Reality

In an interview with Reuters, Hamas leader Khalid Meshal declared that Israel is a reality, and will continue to be a reality once a Palestinian state is formed, *Ha'aretz* reported Jan. 11.

Meshal said, "There will remain a state called Israel, this is a matter of fact." He said that the problem is not Israel's existence, but the failure to establish a state for Palestinians, and that once a Palestinian state is created, then the question of recognition can be discussed. "The distant future will have its own circumstances, and positions could be determined then."

Meshal said past concessions to Israel by Palestinian negotiations went unrewarded. "For Israel to suck us into bargains in stages and in packages—this road constitutes an attempt to weaken the Palestinian position." He went on, "As a Palestinian today, I speak of a Palestinian and Arab demand for a state on the 1967 borders. It is true that in reality there will be an entity or state called Israel on the rest of Palestinian land. This is a reality, but I won't deal with it in terms of recognizing or admitting it."

He blamed Israel's "intransigence" for the delay in the freeing of Israeli army prisoner Gilad Shalit, over the question of how many Palestinian prisoners, who include women and children, are to be released in exchange.

U.S. Troops Raid Iranian Consulate in Irbil

U.S. troops raided the consulate of Iran in the Iraqi city of Irbil, in the Kurd-controlled north, Jan. 11, arresting six staffers and seizing computers and documents. A U.S. statement acknowledged that Iranians had been detained in the course of "routine security operations," but made no reference to the raid. U.S. helicopters landed on the roof of the consulate and soldiers broke down the doors.

Iran's Foreign Ministry responded immediately, denouncing the incident, and called in the Iraqi and Swiss envoys in Tehran—the Swiss represent U.S. interests—to demand an explanation for the provocative action (which could be considered an act of war). Foreign Ministry spokesman Ali Hosseini charged that the raid was a complete violation of international law and all diplomatic norms, adding that the U.S. was attempting to damage Iran-Iraq relations in pursuit of its insane policy for the region.

Neo-Cons Cooked Up Scheme for Hamas-Fatah Civil War

The policy of fostering a Palestinian civil war between Fatah and Hamas was dreamed up by U.S. Deputy National Security Advisor Elliott Abrams about a year ago, according to Alastair Crooke and Mark Perry, writing for the website conflictsforum.org Jan. 7. The Pentagon and CIA totally rejected the plan, as did Palestine's neighbors, so it was moved to the State Department's Middle East Partnership Initiative, headed until last summer by Dick Cheney's daughter Elizabeth L. Cheney.

A Pentagon official said of it, "This is not going to work and everyone knows it won't work. It's too clever. We're just not very good at this. This is typical Abrams stuff."

He went on to say, "It is unlikely that either Jordan or Egypt will place their future in the hands of the White House. Who the hell outside of Washington wants to see a civil war among Palestinians? Do we really think that the Jordanians think that's a good idea? The minute it gets underway, [King] Abdullah is finished. Hell, 50% of his country is Palestinian."

Rumsfeld became enraged when he heard of the scheme, and scheduled a meeting with Bush to try to stop it. He thought it would radicalize Muslim groups among America's allies and eventually endanger U.S. troops in Iraq. Bush told him that the State Department was dealing with Palestine, and that it was none of his business.

Neo-cons David Wurmser and John Hannah in Cheney's office had joined Abrams in cooking up the scheme, and Bush signed a secret CIA "finding" to start it off under CIA control, but the CIA wiggled out of it, and it was reassigned to the State Department under then-Principal Deputy Assistant Secretary of State Elizabeth Cheney.

Pentagon officials admit that Abrams' plan seeded the recent armed clashes between Hamas and Fatah. Israeli officials know this, and have begun to rebel. According to *Ha'aretz* Dec. 25, "Shin Bet chief Yuval Diskin told that cabinet Sunday [Dec. 24] that should elections be held in the Palestinian Authority, Fatah's chances of winning would be close to zero. Diskin said during Sunday's weekly cabinet meeting that the Fatah faction is in bad shape, and therefore Israel should expect Hamas to register a sweeping victory."

Jordan's King Abdullah refused to meet Abbas without Hamas Prime Minister Haniyeh, and Saudi officials have welcomed the latter for talks there.

Anglo-Dutch Cartel To Divvy Up Iraqi Oil Reserves

Iraq's oil reserves, the third-largest in the world, are to be carved up by the Anglo-Dutch oil cartel, if a little-known bill passes the Iraqi parliament in March. The Jan. 7 London *Independent*, which has seen the draft law, reported that its terms would "give big oil companies such as BP, Shell, and Exxon 30-year contracts to extract Iraqi crude and allow the first large-scale operation of foreign oil interests in the country since the industry was nationalised in 1972."

Oil industry executives and analysts said that the law's provisions would allow "oil companies to take up to 75% of the profits ... until they have recouped initial drilling costs." But anyone familiar with the way the oil industry performs "creative" accounting, knows that those costs can be grossly inflated, and kept high for many years. After "recouping" drilling costs, the oil companies "would collect about 20 percent of all profits, according to industry sources in Iraq. But that is twice the industry average for such deals," the *Independent* notes.

Oil constitutes between 80 and 90% of Iraq's export foreign-exchange earnings.

Asia News Digest

Thailand Restricts Foreign Ownership

Despite loud protests from the international financial community, Thailand has implemented its planned restriction of foreign ownership of Thai firms to 50%, local press reported Jan. 9. The Thai cabinet has approved a plan to stop the common practice of foreign firms circumventing the 50% limit on foreign ownership through nominee domestic firms under their control (and other means). Overseas investors have a year to disclose their holdings in Thai companies and a further 12 months to pare their stakes to less than 50%, measured by voting rights. Local joint venture partners, known as nominees, have 90 days to disclose their stakes and 12 months to comply with the revised rules, he said.

Commerce Minister Krirkkrai Jirapaet later said that retailers, insurers, banks, and brokers were exempt from the proposed changes to the foreign ownership laws. This follows the mid-December implementation of currency controls, requiring hot money coming into the country (i.e., money not tied to specific investments) to deposit 30% of the total for a year, aimed at stopping currency speculation. Hot money is now fleeing the country, but neither that nor the deadly terror bombing of Bangkok New Year's Eve has stopped the continuing clampdown on the speculators. It is a risky game.

Japan Urges India To Join the NPT

Japan's top government spokesman, Chief Cabinet Secretary Yasuhisa Shiozaki, on Jan. 10, refused to acknowledge India as a nuclear weapons state, demanding the South Asian nation join the nuclear non-proliferation treaty (NPT), AFP reported from Tokyo. Shiozaki also urged India to abandon its atomic weapons program, denying a report published earlier by the daily *Yomiuri* that Tokyo was considering acknowledging India's nuclear status.

"We will continue to seek the admission of India into the NPT as a non-nuclear weapons state," Shiozaki said, and added that Tokyo will carefully study details of the U.S.-India nuclear agreement signed last December by the US Congress.

Shiozaki's statement is a setback for the Manmohan Singh government in India. Prime Minister Manmohan Singh was recently in Tokyo seeking Japan's support in the commercial nuclear energy generation program. There was also a discussion of bringing in the Japanese Prime Minister Shinzo Abe to New Delhi at an early date to push the collaboration through.

Killings in India's Assam Resemble the Khalistanis

Insurgents in India's northeastern state of Assam have killed more than 65 migrant workers over the Jan. 6-7 weekend. While killings are continuing and panic-stricken Hindi-speaking migrant workers are fleeing the state, the Congress Party-led Manmohan Singh government is doing virtually nothing. The killers have been identified as members of the United Liberation Front of Asom (ULFA), a well-organized group seeking secession and operating from the border areas with Bangladesh for almost two decades. Their present targets are the migrant workers on tea plantations.

In the 1980s, a similar secessionist movement but in Punjab state, called the Khalistani movement, had landed heavy body blows to the Indian Republic and helped eliminate its then-Prime Minister Indira Gandhi. Their tactic was to terrorize the migrant workers by butchering them while they were being transported to the farm fields in this agriculturally prosperous and manpower-short state. The Khalistani movement had many patrons in the West, but it was run through the ever-willing bordering nation of Pakistan.

Afghan Heroin Floods U.S. Cities, Despite DEA Denials

Despite denials from the U.S. Drug Enforcement Administration, local authorities report that more Afghan heroin is coming to the U.S., five years after the Bush Administration toppled the Taliban in Afghanistan, the *Miami Herald* reported Jan. 6. The surge comes as Afghanistan's opium production has soared like never before. Today, according to many official sources, such as the UN, almost 90% of the world's opium is made from poppies grown in Afghanistan.

U.S. DEA spokesman Steve Robertson denies the reports, saying, "We are not seeing any increase being reflected in our intelligence." However, internal drug enforcement reports indicate that the U.S. authorities are seizing more Afghan heroin at U.S. ports and from low-level dealers in American cities. Their reports wholly contradict the DEA denials.

The local drug enforcement authorities were also backed by Rep. Mark Kirk (R-III), who represents the suburbs north of Chicago. Kirk said the Bush Administration had been slow to respond to indications that more Afghan heroin is flowing into the United States. U.S. law enforcement officials have told him privately that Afghanistan's share of the American heroin market is growing, he said.

China Begins Shipping Oil Up the Mekong

The first two shipments of oil, 300 tons altogether, left Chiang Rai in Thailand heading for Yunnan Province in southern China, *Asia Times* reported Jan. 9. The Chinese cleared out the rapids along the Laotian section of the Mekong last year, turning the river into a navigable route for travel and transport. The current plans call for 1,200 tons of oil to be shipped per month, but China is asking Thailand, Myanmar, and Laos to allow a fivefold increase.

This is the second route in the works for China to avoid shipping its oil supplies through the Malacca Straits, which they fear could be blocked by the U.S. in any potential conflict over Taiwan. The second is a pipeline being constructed from Sittwe in Myanmar, on the Bay of Bengal, through Mandalay, the Shan State, and into Yunnan.

British-Backed Insurgents Sue for Peace in Myanmar

The Karen, a largely Christian sect which is the last armed force still fighting the government, and the "last hope" of the Western forces trying to break Myanmar and prevent the unity of East, Southeast, and South Asia, may be ending its insurgency, AFP reported Jan. 8. "This is something we really want to do. After fighting for 57 years, there is no solution," said Col. Nerdah Mya, the son of the historic KNU (Karen National Union) leader, who died a few weeks ago. "It is time to see each other, solve our problems and make a change."

The Karen have sent a delegation to Yangon, where informal agreements were signed in 2003 and 2004 but not finalized. They are the last significant force to end the foreign-sponsored insurgency after 57 years, starting immediately after the British granted independence in 1948 on conditions that prevented national unity, by granting the right to independence to all the hill tribes and ethnic divisions. The British thus kept the border regions ungovernable, in order to run drugs and terrorist operations against the Chinese, Indians, and Thais. With all the region's nations now backing Myanmar's sovereignty against the U.S.-British "outpost of tyranny" nonsense, it appears that the Karen are choosing peace.

South Korean Household Debt Triples in Three Years

Household debt in South Korea has tripled during the past three years, the *Korean Herald* reported Jan. 8. As of the end of last September, it stood at about \$500 billion, which is also three times the amount recorded at the end of September 1997, or two months before the Asian financial crisis hit Korea. Housing loans, drawing out equity from inflated house values (as in the U.S.), are largely responsible for the ballooning household debt. Floating rates apply to almost all of the property-backed loans, while the central bank is being pressured to raise interest rates to siphon off excess liquidity, portending a collapse. Moreover, disposable income relative to interest payments has been declining.

China Vulnerable to World Economic Slowdown

China is not immune to a world economic slowdown, especially if the U.S. economy goes, according to the UN World Economic Situation and Prospects 2007 report, released Jan. 8. The over-20% rise in Chinese exports since its accession to the WTO five years ago, is largely based on processing industries, which produce some 60% of China's exports.

China is especially vulnerable to a U.S.-led global slowdown, the report said. Were U.S. house prices to "dive," economic growth in China would drop to just 5% next year, rather than the potential of over 9%. China's big vulnerability is unemployment, which would obviously greatly increase if growth slows.

Call To Speed Up Beijing-Shanghai Railway Project

China's railway minister called for speeding up preparations to build the planned Beijing-Shanghai high-speed railway. Minister for Railways Liu Zhijun said Beijing would invest 256 billion yuan (\$32.8 billion) in railway construction in 2007, part of which would go to the high-speed project, *Xinhua* reported Jan. 9. The funding is a 65% increase over 2006. The high-speed project was to have been launched last year, but this did not occur. It is still planned that the major part of the rail line, for 300-kph trains, would be completed by 2010. China will also start producing the locomotives for the railway.

China raised its investment in railways 76% in 2006, to 155.3 billion yuan (\$19.9 billion). It now has 76,600 kilometers of rail lines, the highest in Asia and third in the world.

However, China will need another 1 trillion yuan (\$128 billion) to fund the railway projects already being built and those to begin before end-2007.

Africa News Digest

Six African Nations To Build Nuclear Power Plants

The first African Regional Conference on Nuclear Energy, in Algiers Jan. 9-10, drew representatives from 45 African nations and the head of the International Atomic Energy Agency, Dr. Mohamed ElBaradei. Press reports say that Algeria,

Libya, Egypt, and Morocco described their plans to go nuclear, and that Namibia also plans a small nuclear plant. South Africa has nuclear power now, and plans to build additional plants.

The conference was opened by Algeria's President Abdelaziz Bouteflika. The Secretary General of the Algerian Foreign Ministry, Ramtane Lamamra, noted that "Africa is entitled to reap the benefits of atomic energy, without any constraints or obstacles being put in its way," within the bounds of international agreements. Algeria currently operates two research reactors, and has submitted an application with the IAEA to build commercial nuclear power plants.

EIBaradei stressed that nuclear technology is key to the UN's Millennium Development goals, in water management, pest control, human health, and energy production. "Capacity building in science and technology is a prerequisite for addressing national and global challenges associated with basic human needs," he stated.

The results of the nuclear conference will be presented to the heads of state attending the summit of the African Union at the end of January.

Italian Parliamentarian: LaRouche Is Right on Somalia

"LaRouche is right about Somalia: We will ask the Italian government to take a stand against Bush and Cheney," was the comment of an Italian Member of Parliament in response to LaRouche's Jan. 11 webcast (see InDepth this week), and in particular to the U.S. raids in Somalia, a country which is historically connected to Italy. "Bush's raids have created tremendous complications and increased tensions; Somalia has a key strategic position for the Gulf, and I share LaRouche's view that this goes in the direction of an imperial control over Southwest Asia," he said.

"When it convenes again Jan. 15, the Italian Parliament will discuss refinancing the Italian military mission in Afghanistan, and we will demand a clear stand of the Italian government against Bush and Cheney's policy," the Deputy said. He is also planning to raise the issue of a New Bretton Woods in the Parliament.

Pentagon: Somalia Ops a Model for Global Irregular Warfare

Ongoing military operations in Somalia by U.S. Special Operations Forces, as well as the use of Ethiopian troops to root out alleged al-Qaeda operatives there, are "a blueprint" that the Pentagon hopes to use increasingly around the world, the *New York Times* reported Jan. 13.

Joint Chiefs of Staff Chairman Gen. Peter Pace testified Jan. 12 that the Somalia strikes were carried out under a directive issued by former Defense Secretary Rumsfeld, and authorized by the White House, shortly after the 9/11 attacks.

Whether the bombing and strafing of Islamist positions in southern Somalia actually killed any al-Qaeda suspects among the scores that were killed, is still not known, according to Pentagon officials.

When Ethiopia began preparing to invade Somalia, the U.S. provided it with up-to-date intelligence on Islamist fighters' positions there, and a small number of American "advisors" accompanied Ethiopian troops when they went into Somalia.

Bush Administration Seeks More Control Over African Union

The Bush Administration appointed Dr. Cindy Courville as ambassador to the African Union (AU) in Addis Abeba, and with no other responsibilities, just days before the Ethiopian offensive in Somalia, on Dec. 18. Ambassadors to Addis

Abeba customarily also served as ambassador to the AU; the U.S. has become the first country to send a dedicated ambassador to the AU. Courville has been special assistant to the President and Director for African Affairs at the National Security Council.

Courville will support the creation of an Africa Center for Strategic Studies, and President Bush is expected to announce the formation of a U.S. Africa Command before the end of January, CNS News reported Jan. 8.

Courville is a heavyweight, according to her official State Department biography. She "went to the NSC from the Defense Intelligence Agency (DIA), where she served as a Senior Intelligence Officer in the Office of the Chief of Staff. In her career at DIA, she also served the Deputy Assistant Defense Intelligence Office for Africa Policy as a liaison to the Office of the Secretary of Defense for Africa, the National Security Council, the Department of State, and the Office of the Secretary of Defense. Ambassador Courville was also the Director for East African Affairs in the Office of the Secretary of Defense where she was responsible for the coordination of U.S. military and security policy with East Africa and the Horn of Africa." She was at one time a Shell Oil Fellow at the University of Denver.

Somali Deputy PM Says Islamic Courts Have British Funding

Somali Deputy Prime Minister Hussein Aideed charged that the Somali Islamists receive British funding and manpower, the London *Independent* reported Jan. 10. "The Deputy Prime Minister of [Somalia's] transitional government accused Britain of being the main source of money and men for the fighters of the Islamic Courts Union (IUC)," the *Independent* said. It quoted Hussain Mohammed Aideed stating that: "The ICU's main support was coming from London, paying cash to the IUC against the government. Those who died in the war with the IUC were British passport-holders and American passport-holders." The article continued, "Mr. Aideed is the son of the warlord the American forces tried to kill or capture in their ill-fated intervention in Somalia in the early 1990s. Mr. Aideed, a former member of the US armed forces, who grew up in America, told More4News: "They were the elite who went outside, were indoctrinated differently and were told that the government is not a Muslim government, but that it is a government backed by infidels."

The article's author Kim Sengupta, continued, "The *Independent*, in Mogadishu after the Somali capital was taken over by Islamist forces last summer, discovered a significant number of young Somalis who had returned to fight for the Islamists from the diaspora in the West. I spoke to at least half a dozen young men, including two brothers from Wood Green in north London who were acting as bodyguards for Sheik Yusuf, one of the main Islamist commanders."

The article reports Ethiopian Prime Minister Meles Zenawi as saying that nationals from Britain, Canada, Pakistan, and Sudan were among those captured or injured in the violence.

Uganda Backs Away From Sending Troops to Somalia

Uganda, a U.S. client state, and the only African country that has said it would send "peacekeeping" troops to Somalia in response to Bush Administration requirements, is now making that commitment conditional. "Uganda is unwilling to contribute to a peacekeeping mission for Somalia unless its mission and an exit strategy are clearly defined, a government official said," on Jan. 2, according to Reuters. "State Minister for Foreign Affairs Oryem Okello told Reuters, Uganda wanted to consult regional heads of state, especially Ethiopian Prime Minister Meles Zenawi, on the mission's purpose and exit strategy, before going in. 'We want to know: what is our objective? How long are we going to stay? And how will we be able to pull out? All these have to be answered before we consider going in,' Okello said."

"Okello said even after [the] Cabinet approves a final decision to deploy, it would still have to go to a vote in Parliament. 'We're in no rush,' he said," according to Reuters.

Somali Islamic Council Sought U.S. Dialogue in November

The Supreme Islamic Council of Somalia sought a dialogue with the U.S. a month before the Ethiopian offensive in Somalia. "We are inviting the United States to send a delegation to see what is happening in Somalia," said Abdurahim Muddey, spokesman for the Supreme Islamic Council of Somalia, according to the government-controlled *Ethiopian Herald*, in an article on or before Nov. 28, which was then posted on the Ethiopian website AigaForum.com. The Supreme Islamic Council is the legislative body of the Union of Islamic Courts.

"The US delegation will be received by our Foreign Relations Chief, Ibrahim Hassan Addow, who is himself an American citizen," Muddey was quoted as saying. The Supreme Islamic Council was particularly concerned about U.S.-sponsored UN Resolution 1725 calling for "peacekeepers," which had not yet been approved by the UN Security Council at that time.

The article continues, "There was no immediate reaction to the invitation from the US embassy in neighboring Kenya which handles Washington's Somalia portfolio. But a positive response was unlikely as the United States accuses some Islamists of ties with al-Qaida."

This Week in American History

January 16—22, 1961

President Kennedy Delivers His Inaugural Address in Troubled Times

The memory of President John Fitzgerald Kennedy's inaugural address is usually focussed on one memorable phrase that he used—"And so, my fellow Americans: Ask not what your country can do for you—ask what you can do for your country." The optimism of America's youngest President was reflected in the rising young generation of that time, many of whom went into public service, especially the Peace Corps, to try to make a positive difference in the world. Yet it is now often forgotten that when Kennedy was inaugurated on January 20, 1961, he and the nation faced an increasingly difficult and perilous situation, one that he called the "balance of terror."

The United States and the Soviet Union were engaged in a frantic arms race, especially involving atomic weapons. On September 19, 1957 the U.S. conducted its first underground atomic explosion, and the next year, on January 3, the U.S. Air Force announced the formation of the first two squadrons armed with intermediate-range ballistic missiles. The launching of the Soviet Union's Sputnik satellite, clearly visible when it passed over the United States, sped up America's efforts to develop rockets which could carry payloads into space.

President Dwight D. Eisenhower met with Soviet Premier Nikita Khrushchev at Camp David in 1960, however, and the amicable talks gave hope for a future solution. But on May 5, 1960, the Soviets announced the downing of an unarmed U.S. plane piloted by Francis Gary Powers over Russian territory. Two days later, the U.S. admitted that the plane was on a spy mission. Khrushchev used the incident to kill the upcoming Paris Summit Conference, and also cancelled his invitation to President Eisenhower to visit Moscow.

During the same time period, matters were coming to a head in Germany. In 1959, U.S. Secretary of State Christian Herter had returned from the Geneva Conference to announce that the nations of the West were convinced that the Soviet Union's goal was to absorb West Berlin and eventually all of Germany into the Communist bloc. Provocations from East Germany followed, culminating, in August of 1961, in the building of the Berlin Wall.

Also in the same period, U.S. relations with Cuba were deteriorating. Beginning with a stiff protest to Cuba on January 11, 1960 regarding confiscation of American property, the war of words escalated when the U.S. State Department accused the Cuban Government on June 4 of undertaking a "campaign of slander." By October 20, the State Department had placed an embargo on exports to Cuba, excepting some medicines and foodstuffs. By the time John Kennedy was elected President on November 8, there was already a plan afoot for Cuban exiles in the United States to invade Fidel Castro's Cuba, and on January 3, before the inauguration, the U.S. broke diplomatic relations with the island.

On the positive side, the peaceful use of nuclear power and the space program had made impressive strides. On February 8, 1957, the U.S. had pledged full support for plans by the European Atomic Energy Community for the establishment of an atomic energy industry in Europe within ten years. The U.S. itself had developed nuclear-powered ships and submarines, and on November 18, 1959, the Atomic Energy Commission announced the development of a small nuclear reactor which could provide electrical power for space vehicles. Earlier that year, on April 9, the first seven astronauts were chosen from among military test pilots by NASA.

Although President Kennedy mentioned the arms race and the threat posed by nuclear weapons in his inaugural address, he chose to emphasize the positive actions that could break the grip of the "balance of terror" on both America and the Soviet Union. He began his address by saying: "We observe today not a victory of party but a celebration of freedom—symbolizing an end as well as a beginning—signifying renewal as well as change. For I have sworn before you and Almighty God the same solemn oath our forebears prescribed nearly a century and three quarters ago.

"The world is very different now. For man holds in his mortal hands the power to abolish all forms of human poverty and all forms of human life. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state but from the hand of God.

"We dare not forget today that we are the heirs of that first revolution. Let the word go forth from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans—born in this century, tempered by war, disciplined by a hard and bitter peace, proud of our ancient heritage—and unwilling to witness or permit the slow undoing of those human rights to which this nation has always been committed, and to which we are committed today at home and around the world.

"Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, to assure the survival and the success of liberty.

"This much we pledge—and more.

"To those old allies whose cultural and spiritual origins we share, we pledge the loyalty of faithful friends. United, there is little we cannot do in a host of cooperative ventures. Divided, there is little we can do—for we dare not meet a powerful challenge at odds and split asunder.

"To those new states whom we welcome to the ranks of the free, we pledge our word that one form of colonial control shall not have passed away merely to be replaced by a far more iron tyranny. We shall not always expect to find them supporting our view. But we shall always hope to find them strongly supporting their own freedom—and to remember that in the past, those who foolishly sought power by riding the back of the tiger ended up inside.

"To those people in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.

"To our sister republics south of our border, we offer a special pledge—to convert our good words into good deeds—in a new alliance for progress—to assist free men and free governments in casting off the chains of poverty. But this peaceful revolution of hope cannot become the prey of hostile powers. Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas. And let every other power know that this hemisphere intends to remain the master of its own house.

"To that world assembly of sovereign states, the United Nations, our last best hope in an age where the instruments of war have far outpaced the instruments of peace, we renew our pledge of support—to prevent it from becoming merely a forum for invective—to strengthen its shield of the new and the weak—and to enlarge the area in which its writ may run.

"Finally, to those nations who would make themselves our adversary, we offer not a pledge but a request: that both sides begin anew the quest for peace, before the dark powers of destruction unleashed by science engulf all humanity in planned or accidental self-destruction.

"We dare not tempt them with weakness. For only when our arms are sufficient beyond doubt can we be certain beyond doubt that they will never be employed.

"But neither can two great and powerful groups of nations take comfort from our present course—both sides overburdened by the cost of modern weapons, both rightly alarmed by the steady spread of the deadly atom, yet both racing to alter that uncertain balance of terror that stays the hand of mankind's final war.

"So let us begin anew—remembering on both sides that civility is not a sign of weakness, and sincerity is always subject to proof. Let us never negotiate out of fear. But let us never fear to negotiate.

"Let both sides explore what problems unite us instead of belaboring those problems which divide us.

"Let both sides, for the first time, formulate serious and precise proposals for the inspection and control of arms—and bring the absolute power to destroy other nations under the absolute control of all nations.

"Let both sides seek to invoke the wonders of science instead of its terrors. Together let us explore the stars, conquer the deserts, eradicate disease, tap the ocean depths, and encourage the arts and commerce.

"Let both sides unite to heed in all corners of the Earth the command of Isaiah—to 'undo the heavy burdens [and] let the oppressed go free.'

"And if a beachhead of cooperation may push back the jungle of suspicion, let both sides join in creating a new endeavor, not a new balance of power, but a new world of law, where the strong are just and the weak secure and the peace preserved.

"All this will not be finished in the first one hundred days. Nor will it be finished in the first one thousand days, nor in the life of this administration, nor even perhaps in our lifetime on this planet. But let us begin.

"In your hands, my fellow citizens, more than mine, will rest the final success or failure of our course. Since this country was founded, each generation of Americans has been summoned to give testimony to its national loyalty. The graves of young Americans who answered the call to service surround the globe.

"Now the trumpet summons us again—not as a call to bear arms, though arms we need—not as a call to battle, though embattled we are—but as a call to bear the burden of a long twilight struggle, year in and year out, 'rejoicing in hope, patient in tribulation'—a struggle against the common enemies of man: tyranny, poverty, disease, and war itself.

"Can we forge against these enemies a grand and global alliance, North and South, East and West, that can assure a more fruitful life for all mankind? Will you join in that historic effort?

"In the long history of the world, only a few generations have been granted the role of defending freedom in its hour of maximum danger. I do not shrink from this responsibility—I welcome it. I do not believe that any of us would exchange places with any other people or any other generation. The energy, the faith, the devotion which we bring to this endeavor will light our country and all who serve it—and the glow from that fire can truly light the world.

"And so, my fellow Americans: Ask not what your country can do for you—ask what you can do for your country.

"My fellow citizens of the world: Ask not what America will do for you, but what together we can do for the freedom of man.

"Finally, whether you are citizens of America or citizens of the world, ask of us here the same high standards of strength and sacrifice which we ask of you. With a good conscience our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on Earth God's work must truly be our own."

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