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

### **The Smell of Impeachment Keeps Getting Stronger**

**by Nancy Spannaus**

The House of Representatives' four-day debate on President Bush's war in Iraq, which concluded with a decisive 246 to 182 vote of disapproval for the "surge" escalation now under way, marks the beginning of the reassertion of the Congress's Constitutional authority. If the American people utilize this occasion to escalate their own pressure on the Congress to act according to the truth, this process will surely end in the early impeachment of Vice President Dick Cheney, and then of the President as well.

Nothing like the Feb. 13-16 debate has been seen in Washington since at least 1970, when the Congress voted to overturn the Gulf of Tonkin resolution that was used to justify the Vietnam War. The resolution, which had been co-sponsored by Republican Walter Jones (N.C.) and the Democratic leadership, was comprised of two parts, one of which expressed support for the U.S. troops, and the other, which disapproved of Bush's plan to send 21,500 additional troops to Iraq. While the resolution's opponents made a big deal out of the fact that it was "non-binding," the reality is that the vote puts the President on notice that he does not have support for his escalation, and that more actions will certainly follow.

The fact that political reality is closing in on the Cheney-Bush war party was underscored in the extraordinary Saturday vote called in the Senate Feb. 17, the day after the House vote...

**...full article, PDF**

## **In-Depth Coverage**

**Links to articles from**

***Executive Intelligence Review,***

***Vol. 34, No. 8***

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## **Feature**

### **LaRouche in Rome Revives Fight for New Bretton Woods**

Members of the Italian Parliament invited Lyndon LaRouche to speak on 'The Upcoming Tasks of the New U.S. Congress.'

- **LaRouche Brings 'Spark of Optimism' to Italian Parliamentarians in Rome**

Discussing the resistance that is growing in the United States to Bush-Cheney policies, LaRouche described own function as 'largely

associated with doing the analysis of what the international monetary-financial system is, and to present proposals, and designs, for what we can do to deal with the crisis which is coming on now.'

- [Rep. Andrea Ricci Calls for New Monetary System](#)
- [Rep. Gennaro Migliore: Today, We Need a New Peace of Westphalia](#)
- ['Cheney's Resignation Would Be Appropriate'](#)

An interview with **Sen. Silvana Pisa**.

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## International

### [Putin Delivers Reality Shock at Munich Conference](#)

President Putin's speech was not an attack on the United States at all— indeed, it began by invoking the policies of President Franklin D. Roosevelt. Rather, it was an attack on the perversion of American policy by traitors to the real identity of the U.S.A., and a call for cooperation among nations to solve the world's problems.

### ['The Security of Each Is the Security of All'](#)

Substantial excerpts from President Vladimir Putin's speech at the Munich Conference on Security Policy, Feb. 10, 2007.

- [Franklin Roosevelt in Post-Soviet Russia](#)  
[Russians Honor FDR's 'Historic Immortality.'](#)
- [Documentation](#)

### [Russia Returns to the Middle East](#)

### [Eurasian Triangle Leaders: Cooperation, Not Confrontation, Should Govern](#)

### [Cheminade Campaigns for 'Soul of France'](#)

An interview on *The LaRouche Show* with French Presidential candidate Jacques Cheminade, joined by LaRouche Youth Movement members Elodie Viennot in Paris and Natalie Lovegren in Leesburg, Va.

## Economics

### [The 'Financial Locusts' Are on the Defensive](#)

While an explosion in the hedge funds' globalized speculative markets was beginning in mid-February, a fight against hedge-fund looting intensified in several European countries.

### [South Korea Battles Financial Locusts](#)

### [India Takes Its First Step To Put a Man Into Space](#)

### [Resurgent Tuberculosis: Deadlier Than Ever](#)

Two epidemiological reports released in the last six months on the extent of XDR-TB— extensively drug resistant tuberculosis—in South Africa,

are critical warnings of the global threat of this virtually incurable disease, and also of its 'companion' ailments, in particular HIV/AIDS.

## [American System Can Protect Germany From 'Predator Capitalism'](#)

[By Helga Zepp-LaRouche.](#)

# National

## [The Smell of Impeachment Keeps Getting Stronger](#)

The House of Representatives' four-day debate on President Bush's war in Iraq, which concluded with a decisive 246 to 182 vote of disapproval for the 'surge' now under way, marks the beginning of the reassertion of the Congress's Constitutional authority.

- [Documentation](#)

Excerpts from the House debate on the Iraq War resolution (*House Concurrent Resolution 63*).

## [Congressional Closeup](#)

# Book Review

## [Britain's Assault on America Revisited The Anglo-American Establishment](#)

[by Carroll Quigley](#)

# The American System

## [When President-Elect Franklin Roosevelt Narrowly Escaped Assassination](#)

A new regular column by historian Pamela Lowry.

# Editorial

## [Britain's New War](#)

## U.S. Economic/Financial News

### Further Fallout in Sub-Prime Mortgage Market

The latest developments on the blowout of the sub-prime mortgage market include:

\* Large sub-prime lender ResMAE Mortgage Corp. filed for bankruptcy on Feb. 12, making it at least the third major lender to borrowers with weak or poor credit histories to seek protection from creditors since late December, joining Mortgage Lenders Network USA Inc. and Ownit Mortgage Solutions Inc. ResMAE said it plans to sell most of its assets to Swiss bank Credit Suisse for \$19 million. California-based ResMAE, one of the top 20 sub-prime lenders with nearly \$8

billion of loans in 2006, said it has been "devastated" by a surge in defaults, which led to increased demand by investors that it buy back soured loans it had sold. Merrill Lynch, which had become the largest buyer of ResMAE's loans, insisted ResMAE repurchase more than \$300 million worth of loans, an "enormous" repurchase request which ResMAE alleged "crippled" its operations, triggered a liquidity crisis and forced the sub-prime lender to put itself up for sale.

\* Fremont General Corp., the seventh-largest sub-prime lender in 2006, has stopped providing risky "piggyback" second mortgages. These loans allow borrowers who can't afford to make a down payment, to finance up to 100% of the purchase price; usually they cover as much as the final 20% of the home's cost. Investors have grown increasingly skittish about buying such loans, as defaults have jumped among recent sub-prime borrowers, because in many foreclosure cases, second mortgages must be entirely or almost completely written off. About half of the sub-prime home-purchase loans included in mortgage securities in 2006 were piggyback second mortgages, according to a report by Credit Suisse Group in New York.

\* Lenders Direct Capital Corp. shut down its wholesale sub-prime lending operations as of Feb. 9, saying liquidity appears to be in a "state of flux."

\* San Diego-based sub-prime mortgage lender, Accredited Home Lenders Holding Co. reported a quarterly loss of \$37.8 million, three times larger than Wall Street expected, and said it set aside \$42 million more reserves at year-end than in September because delinquencies are rising.

## **Real Estate Bubble Blowout Hits Industry**

The crash of the real estate market is now hitting homebuilders, and building materials suppliers. Here are some recent developments:

\* KB Home, one of the largest U.S. homebuilders, said net orders tumbled 38% along with a "spike in cancellations." KB also announced a net loss of \$49.6 million in its fourth quarter, due to writedowns on inventory and land options. It warned the next two quarters would be "challenging."

\* Masco Corp., the maker of Behr paint and Delta faucets, said it will slash 8,000 jobs, or about 16% of its U.S. workforce by the end of the first quarter, as the building materials supplier posted its first loss in five years.

## **Daimler Moots Sell-Off of Chrysler**

The Feb. 14 announcement by DaimlerChrysler of job cuts, plant closings, and losses was followed up with a large front-page headline in the *Financial Times* Feb. 15, "Daimler opens door to sell-off of Chrysler; Carmaker hires JPMorgan to explore all options." The press to implement the "shutdown America" scenario, in this case, comes from DaimlerChrysler chairman Dieter Zetsche who is quoted saying, "all options on table." The *FT* reports that JPMorgan is hired to "explore Chrysler's future." A source quoted in the *FT* said options include "outright sale, spinning off Chrysler to shareholders or continuing integration between Detroit and Mercedes car group," although "the latter is least preferred." CEO Thomas LaSorda said Chrysler needs to reduce dependence on the North American market and instead should "leverage alliances and partnerships" to use "emerging opportunities in new markets and new segments."

## **Chrysler Accelerates Liquidation of U.S. Auto Industry**

The Chrysler group announced Feb. 14 its three-year "Recovery and Transformation Plan" that will cut 13,000 jobs, or 16% of its workforce; close its Newark, Delaware assembly plant; eliminate shifts at two other plants; and slash total production capacity by 400,000 vehicles per year. A key part of this restructuring, Chrysler said, will be a greater "global

footprint" and to "balance supplier purchasing globally," i.e., more outsourcing overseas, by buying an additional \$5 billion worth of parts from "low-cost sources."

Parent company DaimlerChrysler, reporting that fourth-quarter earnings fell 40% as sales of Chrysler vehicles dropped 7%, said it was considering "far-reaching strategic options with partners," and that "no option is being excluded" regarding its Chrysler unit.

Specifically, Chrysler will: in 2007, eliminate a shift at the Newark assembly plant, and one at its Warren, Michigan truck plant; in 2008, eliminate a shift at its St. Louis South assembly plant; idle the Newark plant in 2009; idle the Cleveland parts distribution center in December 2007; cut back powertrain, stamping, and component operations to reflect reduced capacity.

Hourly employment will be reduced by 11,000 over three years, with 9,000 in the U.S. and 2,000 in Canada. Salaried employment will be reduced by 2,000 over the next two years.

Special retirement programs and other termination/attrition programs will be announced later.

### **White House Reiterates 'Benign' Neglect Toward Auto**

The White House reiterated its policy of benign neglect toward the U.S. auto industry last week in response to a question from a reporter regarding what the government had done since President Bush's meeting last year with the heads of the Big Three automakers, given Chrysler's cut of another 13,000 jobs,

"We have not targeted specific actions at this juncture," White House spokesman Tony Snow replied. "On the other hand, if you take a look at things like the health-care plan, that certainly does offer some opportunities.... One of the things we're trying to do is to make sure that workers are going to be able to have help when it comes to everything from job training, future education, existing unemployment insurance, and job programs—all of those we think ought to be made available to them. Ultimately, the automakers are becoming more competitive. They need to. They understand that," Snow said.

At what point should the government come and help them out, the reporter asked. "A strong economy certainly is always going to be a helper to the auto industry in the sense that the more disposable income you have—for instance, more opportunities you have for people to go out and buy new cars—so there are any number of ways where we can help them."

In other words: Bush to auto, "Drop dead!"

### **Home Sales Continue To Fall**

During the fourth quarter of 2006, in 40 of the nation's 50 states, home sales fell relative to the same period of 2005, the National Association of Realtors (NAR) reported Feb. 15. For the nation as a whole, home sales fell 10.1% during the fourth quarter of 2006. For some states, there was a wipe-out: Comparing fourth quarter 2006 to fourth quarter 2005, sales fell in formerly "red-hot" areas, by 21.3% in California; 26.9% in Arizona; 30.8% in Florida; and 36.1% in Nevada.

Nationwide, for the fourth quarter of 2006, the median price of a home slid to \$219,300, a drop of 2.7% from the same period a year ago. The National Association of Realtors was so freaked out, that in its press release, NAR President Pat Vredevogd Combs stated that it were better to make comparisons over a five-year period, rather than comparing 2006 to 2005, hoping that would make things look better, because 2006 was such a disaster.

## Trade Deficit Grew at Record Level Fifth Straight Year

For the year 2006, the U.S. trade deficit on goods and services swelled to a record \$736.6 billion, rising from a level of \$716.7 billion for 2005, and \$362.8 billion for 2001, a mere five years ago, the Commerce Department reported Feb. 13. The U.S. trade deficit for merchandise/physical goods (not counting services) jumped to \$836.1 billion for 2006, also unprecedented, and nearly double the level of five years ago.

While Members of Congress were quick to blame China, and Speaker of the House Nancy Pelosi grandstanded and sent a letter Feb. 13 to President George Bush urging him to work with Chinese officials to "develop a new direction in U.S. trade policy" that addresses the "unsustainable" trade deficit, the truth is that the real culprit is 35 years of globalization/free trade, and the associated policy of de-industrialization, which not a single Congressman seriously addressed.

The U.S. trade deficit with China rose to a level of \$232.5 billion in 2006, from \$201.5 billion in 2005, which represents an increase of \$31 billion. Yet, the U.S. trade deficit with NAFTA "partners" Canada and Mexico, rose from \$122.5 billion in 2005, to \$142.6 billion in 2006, an increase of \$20.1 billion. For 2006, the U.S. trade deficit with the European Union nations stood at a stunning \$116.6 billion. The overarching problem is the pursuit of globalization, not something caused by a single nation.

## World Economic News

### Brits Rush To Defend the Yen Carry Trade

Bank of England governor Mervyn King declared his agreement with the Bush Administration against the rest of the G-7, opposing efforts to force the Japanese to raise interest rates and raise the value of the yen, the *Wall Street Journal* reported Feb. 15. Without once mentioning the yen carry trade, which provides a huge quantity of liquidity to prop up the various bubbles in the world economy, King (with a straight face and a stiff upper lip) declared that, "Having spent two years explaining the merits of a flexible exchange rate to our Chinese colleagues, I find it odd" to now demand intervention to raise the value.

### Crown's Raw Materials Cartels Move To Grab Alcoa

As if to accentuate Lyndon LaRouche's observation of the Anglo-Dutch intention to destroy and take over the United States, the *Times* of London reported Feb. 13, that BHP Billiton Ltd., and Rio Tinto, two of the giants of the Crown's raw materials cartel, are each preparing a \$40 billion takeover bid for U.S. Alcoa, the largest aluminum producer in the world. The report of the bids caused Alcoa's stock price to rise 6% on Feb. 13, according to MarketWatch.

Billiton was incorporated in the Netherlands in 1860, to loot tin and other raw materials from Indonesia, and other Dutch colonies. In 1970, Royal Dutch Shell bought a chunk of Billiton, and the company set up headquarters in London. In 2001, it merged with Broken Hill Properties, an Australian raw materials firm. Rio Tinto, which was formed in 1873, with input from the Rothschild family, extends over the world with operations that give it significant dominance in uranium, copper, gold, diamonds, bauxite, titanium, cobalt, etc. As the dust settles from a financial crash, destroying financial paper, the Anglo-Dutch will use these companies to control the means of human existence.

## United States News Digest

### House Hearing Challenges Vaunted Independence of Fed

Federal Reserve chairman Ben Bernanke, in his first appearance before the new Democratic leadership of the House Financial Services Committee Feb. 15, was told by chairman Barney Frank (D-Mass.) that he was "troubled" that Bernanke was talking about raising interest rates, that he seemed to be concerned with inflation more than employment issues. Frank put Bernanke on notice that the Congress must be "kept involved" in these decisions. Rep. Ron Paul (R-Texas), now a ranking member on a subcommittee, then told Bernanke that he shared Frank's concern for oversight, that this was the Constitutional duty of the Congress, rather than the myth of the "independence of the Fed," whereby the Congress supposedly gave up its oversight rights.

## **Iraq Surge Is Increasing Strategic Risk**

Outgoing Army Chief of Staff Gen. Peter Schoomaker testified to the Senate Armed Services Committee, on Feb. 15, that the measures that the Army is taking to equip and deploy five additional brigades into Iraq are reducing the Army's ability to respond to new contingencies. For example, there are 800 trucks that the brigades will need, but won't get until they arrive in Iraq, because there is no surplus of those trucks in the U.S. The trucks are currently being rebuilt in theater and will be distributed to those brigades when they arrive. Another measure the Army is taking to equip those brigades is to draw down pre-positioned stocks, which, Schoomaker said "are being used to accelerate" the deployment of those brigades; but doing so "increases the risk to strategic depth." Schoomaker would not elaborate further in an open hearing but he did say that his concerns "have increased" over the years that he's been Chief.

Also testifying was Marine Corps Commandant Gen. James Conway, who indicated that while the Marines' equipment problems are not as severe as those the Army is experiencing, Marine combat units are either in Iraq or preparing to go to Iraq. Therefore, they are not able to engage in the training that prepares them for the full range of combat operations.

## **Defense Rests With No Cheney, No Libby Testimony**

With the judge irritated for being misled, and observers wondering what the heck is going on, Lewis Libby's lawyers rested their case Feb. 15 without calling any more witnesses, in the perjury trial of Dick Cheney's former chief of staff.

As a result of the announcement on Feb. 13 that neither Libby nor Cheney would testify as expected, Judge Reggie Walton banned the use of summary statements of classified information that had resulted from many weeks of hearings under the Classified Information Procedures Act (CIPA). "During the course of the CIPA hearings, it was my absolute understanding that Mr. Libby would testify," Walton said. "My CIPA rulings were predicated on Mr. Libby's testifying." An obviously exasperated Walton explained that the CIPA summary statements were drawn up as a substitute for the fact that Libby could not testify about certain matters because they were classified. "This turns the whole process into a game, when it is supposed to be truth-seeking," Walton stated, adding that "this is what happens when you play games with the process." After this, Walton ruled that since Libby is not testifying, he would not permit the substitute statements to be entered either.

On Feb. 14, three CIA briefing officers were scheduled to testify about the types of information on which they had briefed Libby during the time period germane to the indictment, but the defense decided not to put them on the stand either. Instead, the defense and the government read a stipulation to the jury as to the topics that they had briefed Libby on, on one particular day in June 2003. After reading a few other stipulations to the jury, the defense rested.

After the jury had left, Libby's lead lawyer Ted Wells launched into a long explanation, claiming that they had not misled the court, and that they decided not to put Libby on the stand because they had concluded that the government had not proved its case against Libby beyond a reasonable doubt. "We spent hours working on preparing for putting the Vice

President on the stand," Wells said. "We spent hours working on preparing to put Mr. Libby on the stand."

"I had the Vice President on hold up to the last minute," Wells continued, claiming that Cheney was ready to testify Feb. 15, and that he had cleared his schedule to be able to do this.

Judge Walton told Wells that he assumed Wells was going through this, because of an AP story that went out midday, reporting that he (the judge) was misled, but, Walton said, he did not intend to suggest that there was intentional misleading of the court. However, it is difficult to interpret his remarks in any other way.

Closing arguments are scheduled for Feb. 20.

## **Iranian Offer Went All the Way Up to Colin Powell**

Former National Security Council official and severe critic of the Bush Administration Flynt Leverett told an audience assembled by the New America Foundation and the National Iranian American Council that in 2003, then-Secretary of State Colin Powell received a "grand bargain" offer from Iran, but was rebuffed by the White House according to *Rawstory* Feb. 14. "I know as a fact from multiple sources this went all the way up to Secretary Powell," Leverett said, citing multiple sources at the State Department and the NSC. "In [Secretary Powell's] words, he 'couldn't sell it at the White House.'"

Leverett ridiculed current Secretary of State Condoleezza Rice's recent claims to Congressional hearings that she never saw the document. She was Bush's National Security Advisor at the time. "The document went over to the NSC" and "it is unthinkable" that it wouldn't have gone to then-National Security Adviser Rice, Leverett asserted. "She owes Congress an apology for saying she had not seen the document."

A day earlier, Hillary Mann, Leverett's wife, former Director for Iranian and Persian Gulf Affairs for the National Security Council, supported *EIR's* "Gulf of Sneezes" analysis—that the military buildup in the Gulf virtually ensures an "Gulf of Tonkin" provocation for war with Iran—in an interview on CNN. After the host played a clip of Defense Secretary Robert Gates "denying three times" that the U.S. would invade Iran, she calmly stated that the U.S. is currently staging "a series of increasing provocations in anticipation of an eventual retaliation" that will allow the U.S. to conduct a surgical strike against Iranian nuclear facilities, and support facilities of the Revolutionary Guard. Asked for her solution, she pointed to the example of Nixon and Kissinger dealing with former enemy China after the Vietnam War. "Both sides would have to give a little," she said, "but there is a path."

## **Pace: No Evidence of Iranian Complicity in Iraq Bombs**

The head of the Joint Chiefs of Staff, Gen. Peter Pace, stated during a press conference in Jakarta on Feb. 13 that even if explosively formed projectiles (EFPs) used in Iraq are manufactured in Iran, "what I would not say is that the Iranian government, per se, knows about this." Pace also said that the U.S. does not see any threat from China, and has no indication that China intends to use its military capabilities "in an aggressive manner." The latter came in reply to a question about China's recent anti-satellite space test.

According to a Pentagon official, Pace has seen the briefing slides presented in Baghdad on Feb. 10, in which unidentified "senior officials" purported to prove Iranian involvement in manufacturing the EFPs, but "had no personal knowledge of any involvement by senior Iranian officials."

## **Skelton Demands 'Careful Scrutiny' of Iran Claims**

House Armed Services Committee chairman Ike Skelton (D-Mo.) responded Feb. 10 to articles in the *New York Times* on Iran's providing IEDs to Iraq, and a *Washington Post* piece on al-Qaeda members held in Iran, with a call for "careful Congressional scrutiny" of Administration claims, and for engagement with Iran. Skelton said that, "Suggestions of Iranian involvement in providing these weapons that kill or maim American troops are extremely serious and require careful Congressional scrutiny.... Today's articles... demonstrate just how urgent it is that the United States adopts a strategy that extensively engages Iran on these and other issues, while making clear that any contributions to attacks on American forces is unacceptable.... Briefings delivered to the committee to date have not made clear the specificity or extent of the information that intelligence agencies have gathered.... Congress will insist on looking at all of the evidence, as well as at what the Administration has planned and what kinds of measures are required to address the situation."

## Ibero-American News Digest

### Bogota LYM Candidate Picks Solon of Athens as Running Mate

In early February, the Colombian LaRouche Youth Movement (LYM) issued a polemical and optimistic statement announcing that Pedro Rubio, candidate for the Bogota City Council, "will have Solon of Athens (640 BC-560 BC) as his running mate." This is particularly appropriate, the LYM explained, "since the central platform of the Rubio-Solon slate is that Bogota must become the 'Athens of South America,' as the great 19th Century German historian and scientist Alexander von Humboldt used to refer to Bogota."

Entitled, "Bogota, the South American Athens of the 21st Century," the LYM statement is being circulated throughout the capital as a leaflet, prominently highlighting at the top the quote by Solon of Athens, "never will our city be destroyed by Zeus' decree."

Why the inclusion of Solon? Because, as the LYM explains, "Solon, a philosopher and statesman of ancient Greece, ruled in 594 BC, at a time when Greece was facing self-destruction. Solon warned in a poetic letter to the citizenry ("The Constitutional Order of Athens") of the dangers that threatened the Greek Republic, if it continued to allow the rule of a political class which was pushing the idea of empire and slavery to replace the Republic. Solon denounced the oligarchic model, of irrational authorities like the gods of Olympus, who only ruled in the interests of the elites, while keeping the citizens impoverished, enslaved, and abandoned through draconian measures such as unpayable debts, the death penalty, and underdevelopment."

Today, the LYM states, Colombia "finds itself in the same situation that threatened Greece and the existence of the Republic." And, as young adults, "we will not accept this destruction of our future. The LaRouche Youth Movement (LYM) issues a call to citizens, and to the youth in particular, to mobilize for the rebirth and rebuilding of the Republic, from Bogota, the South American Athens of the 21st Century. We need sovereign states founded on the principle of the general welfare, with the development of a universal classical culture, the promotion of manufacturing, Classical public education, scientific research, and industrial development. On an international level, we must put an end to the unjust free trade policies of the International Monetary Fund, replacing them with a new international financial system, such as that proposed by the renowned economist and former U.S. Presidential candidate Lyndon LaRouche."

After describing the "World Landbridge" program proposed by LaRouche, and the role that Colombia can play within that, the LYM adds that, "in Bogota itself, a metro [rail] must be built as an imperative, to turn the city into a 21st Century metropolis." This will be the driver for a "shock-wave of industrialization and infrastructure growth, necessary for turning Colombia into an industrial and agricultural power," the LYM states. It calls for creating "an economic model of national banking which, with large volumes of low-interest and long-term credit, can finance these projects that will generate 6-7 million jobs in the coming years, just as U.S. President Franklin Delano Roosevelt did to help the U.S. economy recover

from the economic crisis of the 1930s, and as LaRouche proposes today to help the world economy recover from the current systemic global collapse."

## **Creation of Mexican Space Agency on Senate Agenda**

Mexican scientists are optimistic that the creation of a national space agency will finally be approved when the Senate's Science and Technology Committee meets Feb. 20 to debate enabling legislation already passed in the Lower House in April 2006.

In the 1950s, Mexico had a National Outer Space Commission, which put several rockets into orbit and participated in many other impressive scientific endeavors before it was dismantled in 1977. Although leading scientists and engineers continued to fight for aerospace education programs, and developed a capability for building small satellites at institutions such as the UNAM (National Autonomous University) and National Polytechnic Institute, even these were eventually shut down. "It was very grave," said one engineer. "A country without science and technology is lost."

Now, these same dedicated scientists and academics, including Mexico's first astronaut Rodolfo Neri Vela (who flew on the shuttle Atlantis in 1985), are hopeful that Mexico will finally have the opportunity to use a new Mexican Space Agency to collaborate on technological research and development projects with other nations, and to inspire a new generation of young people. "This is urgent," Dr. Neri Vela told Televisa. "It's a responsibility we have that will stimulate our youth." Space exploration has brought immense benefits to the Earth, he said.

## **Bankers: Ecuador Default Could Spark Derivatives Crisis**

After just one month in office, Ecuadoran President Rafael Correa announced Feb. 11 that his government would not be making an expected \$135 million payment on the country's 2030 global bonds due Feb. 15. Instead, he said that the government needed to focus on political reform and the Administration's fight with Congress over establishing a Constituent Assembly. "We have said that we will restructure the foreign debt, and we will do so, but we need to be careful about fighting on too many fronts."

Although the government did finally make the payment on time, the mere hint of a postponement set off a panic on Wall Street and in the City of London, where financial predators feared that Ecuador were headed for an Argentine-style default. London's *Financial Times* began its Feb. 12 coverage of the postponement by warning "things could be about to get much worse." The article then quoted a Standard & Poors analyst saying, "It's hard to imagine a scenario in which they won't default."

Most revealing in this situation was the *Financial Times*' observation Feb. 13 that an Ecuadorean debt default is less feared for its impact on financial creditors, than it is on "the arcane world of credit derivatives, which has mushroomed in the past five years and would mean a whole new level of crisis in the event of a sovereign debt default." The derivatives crisis unleashed by an Ecuadorean default would "send shockwaves around the world," the *FT* warned.

## **Uruguay Lawyer: Kissinger Complicit in Operation Condor**

Uruguayan lawyer Gustavo Salle has called on the nation's Supreme Court to issue an international arrest warrant and request for the extradition to Montevideo of former Secretary of State Henry Kissinger. In statements made Feb. 14, Salle charged that Kissinger is the "intellectual author" of the fascist Operation Condor apparatus that kidnapped, tortured, killed, and "disappeared" tens of thousands of people in several countries of Ibero-America's Southern Cone during the 1970s and 1980s. Chilean dictator Augusto Pinochet, whose 1973 coup against President Salvador Allende was

orchestrated with Kissinger's help, set up Operation Condor in 1974, allegedly to fight "communist subversion."

Representing the family of Bernardo Arnone, who disappeared in Buenos Aires in October of 1976, Salle stated that there is more than enough evidence, in the form of declassified U.S. government documents, that "implicate Kissinger in the [military] coups in South America, and his subsequent participation in the assassinations" of Chilean General Carlos Prats (1974), former Chilean Foreign Minister Orlando Letelier (1976), and the possible poisoning of former Chilean President Eduardo Frei.

Salle also noted that between 1969 and 1976, Kissinger presided over the "40 Committee," a semi-clandestine grouping based in Washington that was complicit in destabilizing or overthrowing several Ibero-American governments through military coups in the 1970s.

## **FDR's Name Crops Up in Brazilian Economic Debate**

Speaking from the floor of the Brazilian Senate Feb. 15, Sen. Gilvam Borges of the PMDB (Brazilian Democratic Movement Party) likened the "Accelerated Growth Program" (PAC) announced by President Lula da Silva on Jan. 22 to Franklin Delano Roosevelt's New Deal. After outlining FDR's "new and courageous" policies that created jobs, public works projects, social security, and State economic planning, Borges said "this is just what President Lula wants to do now with the Accelerated Growth Program ... it's not a timid project."

From an initial reading, the PAC doesn't come close to a New Deal. It contains some interesting proposals and ambitious infrastructure development and social plans, but in typically Brazilian fashion, sneaks in strong doses of monetarism to maintain a "balanced" approach. Nonetheless, as a Jan. 22 Reuters wire reported, "in the discussions about the PAC, according to sources, the industrial policy of President Getulio Vargas ... and the New Deal of U.S. President Franklin Delano Roosevelt, in the 1930s, were frequently mentioned." Getulio Vargas was FDR's close wartime ally who aggressively promoted Brazil's industrialization as well.

## **Western European News Digest**

### **Indications British Setting Trap for Bush in Iran**

The London *Economist*, which published a declaration of intent to revive the British Empire in its Feb. 3 edition, ran an editorial in its Feb. 10 issue, advising George Bush to "resist a Wagnerian exit from the White House." It warned that a U.S. attack on Iran's nuclear facilities, which seems inevitable given Bush's tendency to blame all U.S. problems in the Middle East on Iran, would be a "reckless gamble," because it would only delay Iran's nuclear ambitions and rally support for the regime. Instead, the U.S. should continue with diplomacy at the UN, even though it moves at a "glacial pace." "What is required now is a further tightening of the economic squeeze coupled with some sort of incentive—most usefully an unambiguous promise from Mr. Bush that if Iran returns to compliance with the nuclear rules it will face no attempt by America to overthrow the regime."

If Bush does attack Iran (highly probable if Cheney is not removed from office), and the world blows apart, the Anglo-Dutch interests behind the *Economist* can sit back and watch the U.S. disintegrate, all the while gloating, "We told you so."

### **Merkel Outs Herself as a 'Bio-Con'**

A good part of the speech which German Chancellor Angela Merkel gave at the Munich Security Conference Feb. 9 dealt

with global warming, which she said poses a non-military challenge to mankind equivalent to the military threat from terrorism. She said that global warming led to environmental degradation, migration, and other catastrophes, thereby creating security problems. Reducing carbon emissions is, therefore, a challenge of the first order, which has to be met by new, alternative technologies and economical methods. "Investing in mankind's future," Merkel put it, meaning "sustainable development" and future security.

It is worth noting that in a special supplement for the Munich conference, *Sueddeutsche Zeitung* ran two articles on the bio-con agenda, by Amory Lovins and by Daniel Yergin, two of the most prominent U.S. green neo-cons. Lovins argued that if the Pentagon could manage to free U.S. and Western energy supplies from sources in the Southwest Asia, energy security for the West was achievable.

## **Merz Working To Further Schism in German Politics**

Friedrich Merz, the neo-con lawyer and promoter of hedge funds in Germany, who is now said to be actively working for a split-off from the Christian Democrats (after his own resignation from all CDU party functions), fired another salvo Feb. 11, with remarks in an interview with the Sunday edition of the *Frankfurter Allgemeine Zeitung*. Merz said that because of the "leftist" turn of the CDU when it joined with the SPD to form the Grand Coalition in November 2005, larger conservative constituencies of the CDU became alienated. These are the constituencies that the CDU is going to lose, if it doesn't return to its pre-Coalition profile, Merz warned.

Apart from rumors that he is planning a new conservative (neo-con) party, Merz is also said to be ready to return to the CDU top, if it splits from the SPD and goes for a neo-con government coalition with the Liberals (FDP)—perhaps in combination with a Green Party that is run by environmentalist neo-cons like Reinhard Buetikofer and Fritz Kuhn. Christian Wulff, Governor of the State of Lower Saxony, one of the "crown princes" of the CDU for the era after Merkel, said in interviews Feb. 10 that the CDU would do better not to believe that grand coalitions have eternal value, but rather to look to the FDP as a future governing partner.

## **Egyptian Cleric To Sue Italy, U.S.**

Abu Omar, the Egyptian cleric who was kidnapped by the CIA in Milan, Italy, in 2003, has been released from an Egyptian prison, after an order was issued by an Egyptian State Security Court which determined that his imprisonment was "unfounded," the *Independent* reported Feb. 13. Abu Omar, also known as Osama Moustafa Hassan Nasr, is now at his family home in Alexandria, Egypt, according to his lawyer.

"Abu Omar will be filing a suit against the U.S. and Italian governments to seek damages for his kidnapping, his moral and financial losses, and his excruciating personal and psychological torment," his lawyer said. Another lawsuit will be filed against former Italian Prime Minister Silvio Berlusconi.

This will be the second suit filed in a U.S. court over rendition; the other was filed by Khaled al-Masri, a German citizen, and is now on appeal in the 4th Circuit Court of Appeals.

Speaking today at a forum at Georgetown University Law Center, Sen. Arlen Specter (Pa.), the senior Republican on the Senate Judiciary Committee, cited the release of Abu Omar, and said that he and Committee chairman Sen. Patrick Leahy (D-Vt.) are looking into both this case and the case of Maher Arar, a Canadian citizen who was sent by U.S. authorities to Syria, where he was tortured.

## **More Signs of 1980s Terror Networks Rebuilding**

Italian police have arrested 15 persons belonging to an alleged terrorist organization, the Political Military Communist Party, ideologically linked to the Red Brigades. Among those arrested were fugitive Red Brigades member Alfredo Davanzo, now in his 50s, and two trade unionists. They were allegedly planning criminal acts ranging from kneecappings to kidnappings. Among those targeted were Israeli journalist Vittorio Feltri and labor consultant Pietro Ichino. The house of former Premier Silvio Berlusconi, and/or the offices of his media companies, were also said to be on the target list.

Interior Minister Giuliano Amato said the group "was a structured and highly dangerous organization. The group we broke up, we know, isn't their last."

Anti-terrorist official Giovanni Calesini said the group financed itself through armed robberies and spread propaganda in leftists clubs and in factories.

Meanwhile, a court in Spain reduced the sentence of ETA hunger striker Inaki De Juana from 12 to 3 years. De Juana has been on a 96-day hunger strike protesting his sentence, saying it was unjust. He had been released in 2004 after serving a sentence for terrorism. He was rearrested after writing threatening articles, and sentenced to 12 years. It is not clear whether he has ended his strike. And in Germany, Baader-Meinhof gang member Brigitte Mohnhof has won parole after serving 27 years of her five life sentences. She was involved in the 1970s kidnappings and murders of German industrialist Hans Martin Schleyer and banker Juergen Ponto.

### **Foundation Receives Substantial State Funding**

The German Green Party-linked Heinrich Boell Foundation will receive 37.5 million euros in 2007, from state funds, i.e., taxpayers' money, according to a report released Feb. 9 by the Parliament. This is only one-third of what the Social Democrat-linked Friedrich Ebert Foundation with its 109.3 million euros will get, but disproportionately more Boell funds go into Anti-Fa terrorist and bio-con/neo-con operations.

German Party funding laws arrange for state co-funds for all parties that have gained more than 5% of the vote, in elections.

### **Sarkozy Suddenly Declares Against Hedge Funds**

Look who's come out against hedge funds! In an interview with the *Financial Times'* French echo, *Les Echos* Feb. 14, neo-con French Presidential candidate Nicolas Sarkozy (now Interior Minister) came out blasting against hedge funds, saying that if elected, he will push for a "European tax" against leveraged takeovers by the funds. "Who can tolerate a hedge fund buying a company with debts, firing 25% of staff, and then reimbursing themselves by selling it in pieces? Not me." So pronounced the candidate of the right, and said, "I want to make France the [country] that rewards wealth creation, but which also knows how to hit predators." The *FT* added that Sarkozy's comments are linked to those of Axa Insurance chairman Claude Bebear; but clearly, they are also linked to the public pressure of French organizations and citizens.

### **Soccer Hooligans Linked to Neo-Nazi Underground**

Premeditated violence broke out during and around a soccer match that was held between two Saxony teams in Leipzig, last Feb. 10. Eight hundred hooligans clashed with 300 policemen. The scene was such that police as well as sports journalists spoke of "great luck" afterwards, that no deaths resulted, as had happened in Italy, during similar "fan riots" about a week ago. Thirty-two policemen were wounded, however.

Police found evidence through a search of hooligan blogs, that there had been intense communication, days before the incident, between the relevant groups in Germany and Italy, with explicit announcements of the intent to make the Leipzig match an "Italian-style showdown" with the police. Anti-terror experts have also pointed out that many of the hooligan gangs have little to do with spectator sports, but rather with violence-prone right-wingers linked to the neo-nazi underground.

## Russia and the CIS News Digest

### Putin Promotes Sergei Ivanov

Russian President Vladimir Putin held a government economic policy meeting on Feb. 16, followed by a session at the Ministry of Defense. During these meetings, he explained the personnel changes in the upper echelons of the Russian government, on which he issued decrees the same day.

Deputy Prime Minister and Defense Minister Sergei Ivanov leaves the Ministry of Defense, to become a First Deputy Prime Minister with responsibility for "coordinating not only the military-industrial complex, but also part of the civilian sector of the economy." Deputy Prime Minister Dmitri Medvedev remains as the other First Deputy Prime Minister, in charge of the four National Programs, which are for health care, housing, agriculture, and education. The promotion of Ivanov is relevant to the so-called "succession" question, i.e., the Presidential election of March 2008, but it also portends possibly major economic moves in the more immediate future. Putin said he expected Ivanov to guide "the expansion of the positive accomplishments in the military-industrial complex, into the civilian sector."

The new Minister of Defense is Anatoli Serdyukov, who has had no military career, except that after his conscript service he did officer training and retired as a reserve officer. For the past three years, he has headed the Federal Tax Service, including during the prosecution of Yukos Oil for tax violations. Putin told the Ministry of Defense meeting that, with a finance man in charge of the ministry, maintaining the military component of its activity will involve an upgraded role for the General Staff under Gen. Yuri Baluyevsky, as he said he had discussed with Baluyevsky already.

In addition, government chief of staff Sergei Naryshkin was elevated to the level of Deputy Prime Minister (making two of those, with Alexander Zhukov), at the request of Prime Minister Mikhail Fradkov. Naryshkin will handle foreign economic ties, especially with CIS member countries. Like much of Putin's team, Naryshkin comes from St. Petersburg with a background in high-technology industry. He is also an official of the state-owned oil company Rosneft.

Speaking at the Ministry of Defense, Putin said that Ivanov would be in charge of "one of the main directions" of government efforts, namely, "making our economy more innovative." For this purpose, he added, "it would be very important to combine the capacities of the military-industrial complex and the civilian sector of the economy." The expanded roles for Ivanov and Naryshkin leave some question marks over what clout such liberal economists as Minister of Economic Development and Trade German Gref and Finance Minister Alexei Kudrin will continue to have.

Some of the most far-reaching characterizations of Ivanov's new role were sounded at the ongoing 4th Krasnoyarsk Economic Forum, which opened in that Siberian city today under the title "The Industrial Basis for Russia's Development." Putin sent greetings to the conference, again stressing the need to shape "the investment and innovation climate" in Russia.

*Expert* magazine wrote that a highlight of the Krasnoyarsk Forum was the report by Vladimir Dmitriyev, head of Vneshekonombank (the government-owned foreign trade bank), which is serving as the core of the newly commissioned Development Bank. The latter is being established—the State Duma gave preliminary approval on Feb. 14—with capital of 70 billion rubles, which is only \$2.7 billion, but Dmitriyev said that, in its first five years, the Development Bank's

assets would rise from \$8.9 billion to \$41.8 billion, while its capital will rise to \$6 billion. "He estimates that by 2011, the bank will have invested around \$35 billion into infrastructure, the power industry, housing, agriculture, and the MIC."

According to a number of Russian commentaries, there is discussion about putting the state Investment Fund, and part of the infamous Stabilization Fund, under Development Bank supervision. Kremlin economic adviser Arkadi Dvorkovich, who was in Krasnoyarsk talking about a shift from raw materials emphasis to high-technology industries within five to seven years, told Bloomberg wire service, that the Development Bank would oversee the Investment Fund, which would have reached the \$14.4 billion level by 2009. Last week, former Prime Minister Yevgeni Primakov predicted that 2007 will be the year in which the Stabilization Fund would be liberated for investment into the Russian economy; the fund is a now nearly \$100 billion pool of earnings, mainly from taxation of oil and gas exports, which is set aside, or "sterilized" (held as foreign government bonds, or in Federal Treasury forex accounts, actually) in order to "prevent inflation," according to monetarist doctrine.

## **Will Russia Unilaterally Quit the INF Treaty?**

The treaty on ground-based Intermediate-Range Nuclear Forces (ranges of 500 to 5,500 kilometers) was signed by the U.S.A. and the U.S.S.R. Dec. 8, 1987 and went into effect in June 1988. The treaty removed the SS-20 missiles with which the Soviets could reach all of NATO's facilities in Europe. Chief of the Russian General Staff Gen. Yuri Baluyevsky said in Moscow Feb. 15, that "it is possible for a party to abandon the treaty, if it provides convincing evidence that it is necessary to do so. We have such evidence at present."

"Unfortunately, by adhering to the INF treaty, Russia lost many unique missile systems," Baluyevsky said, in what Russia's RIA Novosti news agency wrote "could be interpreted as a strong warning to the United States, regarding U.S. plans to deploy elements of its anti-missile defense system in Poland and in the Czech Republic." Baluyevsky's remarks are situated as follow-up to remarks by President Vladimir Putin and Defense Minister Sergei Ivanov at the 43rd Munich Conference on Security Policy Feb. 10 and Feb. 11, respectively.

## **Southwest Asia News Digest**

### **IAEA Head: 'Creative Diplomacy' Needed To Avert Iran Conflict**

In a Feb. 10 interview with the German weekly *Der Spiegel* in advance of the Munich Conference on Security Policy, International Atomic Energy Agency Director Mohammed ElBaradei said it was urgent to address "an uncontrolled chain reaction" towards conflict.

"If we continue on the same course, we could see a spiral of escalation. There is an urgent need for creative diplomacy and leadership. Diplomacy is pressure and engagement, and I very much hope that we can find the right balance. A durable, peaceful solution will not come through pressure only. It will ultimately come at the negotiating table." he said. "If we only focus on sanctions, that might lead to confrontation on both sides, ending in an uncontrolled chain reaction..... I personally believe that in a situation like the one you have in the Middle East today, where it's like a ball of fire, you have to be very cautious. We cannot afford to add oil to that fire. The more we have confrontation, the more the Middle East will become militant and angry. The earlier we move into a conciliatory mood the better for everybody.... We should not ride a train wreck."

### **Lavrov: U.S. Should Show Flexibility on Iran**

Following the breakthrough on the North Korean Six-Party talks, Russian Foreign Minister Sergei Lavrov called for the

U.S. to show the same flexibility as with North Korea. "I must single out the efforts made by the American side that probably, in some respects, retreated, by agreeing to a reasonable compromise with Pyongyang, and thus broke the stalemate in the six-nation process," he said Feb. 14. "We would want to see similar flexibility, reasonable flexibility, not damaging the principles of nonproliferation which all of us advocate, with regard to the Iranian nuclear program as well."

## **Revolutionary Guards Killed in Terror Attack in Iran**

As many as 18 people were killed when a remote-controlled car bomb was set off, exploding next to a bus carrying Revolutionary Guard officers on Feb. 14. The attack took place near the city of Zahedan in the southeastern Iranian province of Sistan-Baluchistan. The province is inhabited by Muslims, most of whom belong to Sunni sect in a Shia-majority Iran.

A radical Sunni group, Jundullah (Brigade of Allah) has claimed responsibility for the criminal act. The previous week, the same group killed four security officials in Zahedan. The group, headed by Abdolmalek Righi, has long been claimed by Tehran of being "hired by foreign powers" to carry out violence against Iran. Tehran claims the group is funded by the United States and the Pakistani Inter-Services Intelligence (ISI).

Last summer, writing for the *New Yorker* magazine, investigative reporter Seymour Hersh asserted that the United States had infiltrated special forces through the same area to commit violence against Iran as a prelude to invading the country.

## **U.S. Claims Iran Arming Insurgents in Iraq**

A U.S. "senior intelligence officer" briefed the press in Baghdad Feb. 11., that the U.S. military believes that the sophisticated roadside bombs—explosively formed projectiles, or EFPs—used by Shi'ite insurgents in Iraq are manufactured in Iran and smuggled into Iraq on orders from the top levels of the Iranian government.

The officer, briefing reporters on condition he not be further identified, said Iran was working through surrogates—mainly "rogue elements" of the Shi'ite Mahdi Army—to smuggle the EFPs into Iraq. He said most of the components are entering Iraq near Amarah, the Iranian border city of Meran, and the Basra area of southern Iraq. During the briefing, the officer said that one of six Iranians detained in January in a raid on an office in Irbil, was the operational commander of the Quds Brigade, which has been running surrogate war inside Iraq. He said the "machining" on the components was traceable to Iran, but he did not elaborate.

As the *New York Times* reported Feb. 12, the briefing occurred under extraordinary security conditions. All cameras and recording devices, including cellphones were banned. The individuals giving the briefing were anonymous. According to the *Times*, the officials giving the briefing merely asserted, "without providing direct evidence, that Iranian leaders had authorized smuggling those weapons into Iraq for use against Americans."

"The officials said such an assertion was an inference based on general intelligence assessments," the *Times* continued. "That inference, and the anonymity of the officials who made it, seemed likely to generate skepticism among those suspicious that the Bush Administration is trying to find a scapegoat for its problems in Iraq, and perhaps even trying to lay the groundwork for war with Iran."

There are also related questions about the timing of the disclosure, since the "evidence" was known as early as 2004.

## **Analysts Question Pentagon Claims on Iran IEDs**

Col. Pat Lang, a former Defense Intelligence Agency official, and CFR analyst Reay Takeyh, spoke on CNN's Late Edition Feb. 11, about the Pentagon claims that Iran is responsible for the powerful EFPs being used by the insurgents in Iraq. Neither Lang nor Takeyh doubted that these EFPs might have been produced in Iran, but they were somewhat disconcerted by the intense propaganda on this issue, at just this moment, when the Bush Administration seems to be preparing military action against Iran. "This type of stuff has probably been going on for awhile. But I have difficulty in understanding the present drumbeat," Lang said. "It bears an eerie resemblance to what happened in 2002 with regard to Iraq," referring to the intense propaganda campaign around WMD leading into the invasion of Iraq in 2003.

Takeyh pointed out that the main Iranian contact in Iraq had been with the Badr Brigades, an arm of the Shi'ite SCIRI group, which participates in the Maliki government, but reasoned that they may also maintain some contacts with the Al Sadr militia. Takeyh also took note of the "increasing stridency" of the Bush Administration in talking about Iranian involvement in Iraq. With regard to the recent statements by Ayatollah Ali al-Khamenei that Iran would retaliate if the United States attacked, Takeyh simply said, "It seems as if the Iranians are simply playing back the same type of tough talk that the Bush Administration is using against them."

### **British First Peddled Iran/EFP Claims**

On Feb. 15, Radio Free Europe reported the following reading from David Claridge, weapons expert from Janusian Security Risk Management: "My first recollection of their [EFPs] use was against a private security company in the [Basrah] area and then, fairly rapidly afterward, against British security military patrols there. And, to my recollection it was the British MOD [Ministry of Defense] that first highlighted, first of all, the use of the weapons, but also their potential connection to Iranian technology."

An Iranian source reached in Tehran, when asked about this, in reference to Bush's anti-Iran ravings Feb. 14, said: "We must remember that [British Prime Minister] Tony Blair accused Iran in 2005 of the same thing.... His government failed to prove the allegation and he had to withdraw the allegation in January 2006, admitting that the allegation was made in haste and weapons can easily be bought from the black market in the Middle East."

The new allegation by U.S. seems to be but the revival of the same failed British attempt.

### **Jerusalem Mayor Orders Halt to Temple Mount Construction**

Jerusalem Mayor Uri Lupoliansk ordered a halt to the construction of a bridge at the Al Haram Al Sharif's Mugrabi Gate, *Ha'aretz* reported Feb. 12, which had been the center of tension for the last several days. He did not halt the archeological dig that is taking place. The mayor held meetings with Arab representatives from East Jerusalem to review all the plans before they are implemented. Lupoliansk told associates that "the plan to construct the walkway engendered a wave of rumor and speculation about Israeli intentions regarding the Al Aqsa mosque. We therefore decided to be totally transparent with all residents about the walkway construction plan, so they will know clearly where it is to be built and to allow members of the public to express their positions to the zoning board." The project had been begun without seeking any prior approval from the Wakf or the Jordanian authorities who are caretakers of Jerusalem's Islamic holy sites.

### **U.S. Continues To Boycott Palestinian Unity Government**

As a result of agreements reached in the Saudi-sponsored Mecca meeting between Hamas and Fatah, Palestinian Prime Minister Ismail Haniyeh resigned on Feb. 15, and was immediately reappointed by President Mahmoud Abbas to form the new cabinet for a Hamas-Fatah unity government. Haniyeh said that he hopes to form the new government within three weeks.

U.S. Secretary of State Condoleezza Rice said the agreement to form a unity government complicates her trip to the region which began Feb. 17; Rice still insists that Hamas is an "extremist" group which must be isolated. She was scheduled to meet with Abbas and Israeli Prime Minister Ehud Olmert on Feb. 19, then go to Jordan, followed by a meeting in Berlin with the Quartet.

Aides to Abbas said on Feb. 15 that the Bush Administration made it clear that it will not deal with the new unity government, but only with Abbas. The aides said that David Welch, the Assistant Secretary of State for Near Eastern Affairs, warned Abbas in a telephone conversation that the U.S. will not deal with members of the new government, even Fatah members, unless it meets the Quartet preconditions. Jacob Walles, the U.S. Consul-General in Jerusalem, delivered the same message to Abbas in person at a meeting in Ramallah.

## **Asia News Digest**

### **Worsening Developments in Afghanistan**

Following their recent trip to Afghanistan, where Canadian troops are stationed to fight the Afghan insurgents, 11 Canadian Senators have produced a report saying, in essence: We are in trouble in Afghanistan and we need help. The report, covered by AP Feb. 13, claims that the situation is extremely bleak for the following reasons: rampant corruption inside the Karzai government, the Afghan army, and the police; porous borders with Pakistan that leak weapons and militants; recalcitrant NATO allies who refuse to put their troops on the front line; and an Afghan society that is neither prepared for, nor interested in, building a modern nation. The report concludes by suggesting that if NATO does not step up to the plate soon, Ottawa must consider a "cut and run" option.

There are reasons for the Senators to express such dire concern. Reports indicate that a large number of insurgents, which include 700 foreign fighters from Chechnya, Uzbekistan, and Pakistan are now operating in Afghanistan's drug haven, the Helmand province. This was reported by none other than Helmand Gov. Asadullah Wafa. Wafa said a large number of Helmandis are fleeing the province anticipating a major battle between the British troops and the converging militants, and an eventual takeover of the province by these foreign insurgent-led militants.

### **China, India, Russia Plan Long-Term Global Security**

The foreign ministers of three giants of Asian landmass—China, India, and Russia—met at New Delhi on Feb. 14 to advance an old proposal for a Trilateral Global Alliance (TGA) that would effectively exclude the West from a position of domination in Asia, said an Indian contact.

The objective of the TGA is aimed at promoting business, trade, and energy security among the three at the first phase, and then, eventually to most of the world. According to discussions that took place in New Delhi, in the next stage, identified as TGA Phase II, Iran and Indonesia would enter as partners followed by peacefully unified Korean peninsula. Naming Iran as a future partner at this juncture is interesting, particularly since the Indian External Affairs Minister Pranab Mukherjee, who was in Iran in early February, said India considers Iran as a stabilizing factor not only for the Middle East, but for the region as a whole.

In the Phase III, the TGA will be further expanded to include selected countries in Ibero-America such as Brazil, and in Africa, such as Nigeria and South Africa. While the list for future entrants to the TGA is by no means final, it is important to note that the objective of the TGA is seemingly to bring in those nations who have the size and population to provide leadership on their respective continents.

Based on reports of the discussions that took place, within the next three years, a framework agreement could be signed by the three Eurasian heads of state that would codify the principles and objectives of the partnership. (For more on these developments, see Indepth, "Eurasian Triangle Leaders: Cooperation, Not Confrontation, Should Govern," by Mary Burdman.)

## **Neo-Con Abrams Blasts North Korea Deal**

Deputy National Security Advisor Elliott Abrams responded to the deal with North Korea by sending off scathing e-mails denouncing it, the *Washington Post* reported Feb. 15. Sometimes called the "last neo-con standing" in the Administration, Abrams expressed "bewilderment over the agreement, and demanded to know why North Korea would not have to first prove it had stopped sponsoring terrorism before being rewarded with removal from the list," said the *Post*, quoting officials who saw the e-mail, who wanted to make known the depth of disagreement within the Administration.

As *EIR* has reported (although unreported elsewhere), several leading State Department officials who had participated in forging agreements with North Korea to end their nuclear program, went public last year with the fact that the Bush-Cheney White House repeatedly sabotaged its own foreign-policy officers and scuttled the deals. Those who scuttled them are clearly not happy with this deal, either. Former U.S. Acting Ambassador to the UN John Bolton is screaming, but he's out of office, unlike Abrams. The White House is claiming that Abrams has accepted an explanation about the deal, but the fight is not over.

## **Russian Minister Calls for Russia-India-China Rail Line**

"It would be great to have a railway corridor between Russia [the Pacific] and India [Indian Ocean] via China," Russian Economic Development and Trade Minister German Gref said in an interview with the Indian *Financial Express* published Feb. 12, at the opening of a Russian-Indian economic forum in New Delhi.

Asked about the lack of an efficient shipment route between the two nations, Gref said this is "a very serious issue." He said that this rail corridor project "was coordinated by our three countries and Myanmar. It was designed in the mid 1950s as a South Asian-Pacific transportation system. But for a number of objective reasons, political rather than economic, it was frozen in the early 1960s. Now that relations between India, China, and Russia have improved and their economies are actively cooperating, we have all the prerequisites for reviving the transportation project.

"During President Putin's recent visit to India, Vladimir Yakunin, CEO of Russian Railways, had his own program. Among other issues, he discussed modernization of the country's railways, one of the longest and multiple in the world," Gref said. "Russia's participation in the Southern railway corridor, which will stretch from Russia to the Indian Ocean, has already been estimated. I believe that it is a very promising and viable project."

## **China Finds 'Vast' Metal Reserves on Tibet-Qinghai Plateau**

China has found "vast" metal reserves on the Qinghai-Tibet plateau in the first full-scale geological survey of the region, Xinhua reported Feb. 13. "The survey represents an historical step in our understanding of the geology of China," said Zhang Hongtao, deputy director of the China Geological Survey (CGS). "We will speed up the surveying process to more accurately locate these minerals," said Zhang. "Once mines are developed they will greatly relieve the strain on China's existing resources."

However, it will be a big challenge, since many of the materials lie deep under the surface.

The survey took seven years, but conditions are so extreme in Tibet that more than half of its 2.6 million square kilometers still has to be surveyed. Most of the plateau lies some 4,300 meters above sea level (that's well over 12,000 feet, and that's just the plateau, not the mountains!)

The survey found more than 600 potential sites for new mines, with estimated reserves of 30-40 million tons of copper, 40 million tons of lead and zinc, and several billion tons of iron ore. Up to 500 million tons of rich iron ore were found in the area of Nixiong, near the plateau's center, which offer reserves of up to 500 million tons. If the find is substantiated, this would be China's first substantial rich iron ore supply.

Zhang called for "a gradual development, with natural restoration plans drawn up before industrial exploitation begins," because of the delicate and unique nature of the Tibet plateau. The survey has also demonstrated that the plateau was once undersea, since thousands of fossilized sea creatures were found. Current views are that the plateau was a seabed over 100 million years ago. "It is likely that a major theory geo-science breakthrough will come from finds on the plateau," said Li Tingdong, an academician with the Chinese Academy of Sciences.

### **China Looks To Build Observatory in Tibet**

China is looking for a spot on the Tibet-Oinghai plateau to build a world-class observatory, according to the *Times of India* Feb. 14. Construction of such an observatory could begin within the next five years, said Xue Suijian, an official with the Chinese Academy of Sciences. Two sites are currently being considered for such an observatory: Karasu on the Pamir Plateau in Xinjiang; and Oma in southwest Tibet. Xue said that scientists had set up some observatory equipment to determine which of the two might be appropriate for the establishment of a "world class" observatory.

"When the location is chosen, we hope to set up the world's most advanced optical science facilities through international cooperation," Xue said.

### **China To Build First Its Inland Nuclear Power Plant**

China is planning to build its first inland nuclear power plant, in south-central Hunan province. Several Chinese energy corporations have agreed to build the project, Xinhua reported Feb. 15.

China's government decided in 2006 to increase its combined nuclear power capacity to 40,000 megawatts by 2020, which will require about two 1,000 megawatt nuclear power plants to be built each year for the next 15 years. All of China's current six nuclear plants are located on the east and southeast coasts.

## **Africa News Digest**

### **Central African Leaders Reach Agreement at Cannes**

The leaders of Sudan, Chad, and Central African Republic met Feb. 15 in Cannes, France, and declared they would not back rebels attacking each other's territory.

Violence in Sudan's Darfur provinces has spilled over into the neighboring states; Chad and Central African Republic (CAR) have accused Sudan of supporting rebels attacking their governments, and Sudan has charged that Chad and CAR have allowed support to be channelled through their countries to anti-Sudanese rebels in Darfur.

Sudan's Foreign Minister Lam Akol said, "There is a commitment in this agreement that each country will respect the sovereignty of the other countries, and no country will support any rebellion within its territory."

The agreement was reached at a mini-summit which took place on the sidelines of the Feb. 15-17 French-African summit in Cannes, with the encouragement of French President Jacques Chirac. The agreement stated that "We reiterate our commitment to respect sovereignties and to not support armed movements."

Sudanese President Omar Hassan al-Bashir, Chad's President Idriss Deby, and Central African Republic President Francois Bozize attended the talks, as did Egyptian President Hosni Mubarak and African Union chairman John Kufuor.

An earlier agreement along these lines subsequently broke down. Before the summit, Chad's Foreign Minister Ahmat Allam-Mi said that the proposed mini-summit "is useless because it is aimed at distracting international public opinion and moving it away from the real problem, which is that Sudan is attacking Chad.... We are not in Cannes to entertain the crowd."

Since the summit, one of the biggest rebel groups in Darfur has agreed to a ceasefire, and is ready to resume peace talks with the Sudan government.

France is coming under pressure from other nations competing against it in Africa. China has been offering low-interest loans, debt relief, and other incentives to increase its influence in Africa, in return for access to the natural resources it needs to feed its booming economy. China's financial assistance is made without the conditions that Western nations demand. "India, China, Brazil, Iran, the United States ... are very interested in Africa," French Foreign Minister Philippe Douste-Blazy told France 3 television. "Competition is fierce," he said.

### **Sudan President Charges Darfur Rebels Western-Backed**

In an interview with the Saudi-owned paper *Asharq al-Awsat* during the French-African summit in Cannes, France, Feb. 16, Sudanese President Omar Hassan al-Bashir said that the Darfur rebels who rejected a 2006 peace deal were backed by the West. He stated that instead of punishing rebels that rejected the peace deal, a United Nations resolution had put the onus on Khartoum, according to a Reuters release published in [sudantribune.com](http://sudantribune.com) Feb. 18.

"The elements that reject the agreement move with freedom in Western capitals and receive financial and military support ... and due to this support have been successful in controlling the northern section of Darfur," Bashir said. "Is this not a direct threat to Darfur and to security and peace?"

Bashir made his statement before Sudan agreed at talks with its neighbors Chad and Central African Republic not to support rebels attacking each others territory. In the *Asharq al-Awsat* interview, he charged that Chad had backed Darfur rebels under the nose of the United Nations.

"These movements were initially present in the refugee camps where they were carrying out military training and where Chad opened its borders and airports to get weapons to these groups and to facilitate their movement to Darfur, and this is happening within the sight of the United Nations," he stated.

"No one has condemned Chad or the states that send arms, but accusations are always against the Sudanese government and Janjaweed," he said, referring to a militia that is alleged to be backed by the government.

The day before Bashir's interview, one of the biggest Darfur rebel factions agreed to a ceasefire, and said it was ready to

resume peace talks with Sudan's government. The announcement by the rebel faction came after UN Darfur envoy Jan Eliasson and his African Union counterpart Salim Ahmed Salim met Darfur rebel commanders who rejected the 2006 peace deal.

According to the Chinese news agency Xinhua, Bashir on Feb. 16, during the France-Africa summit, said the United Nations should provide logistical, financial, and technical support to Sudan. He reaffirmed Sudan's acceptance of an African Union peacekeeping force in Darfur.

## **Sudan President Supports African Union and UN Efforts**

Sudanese President Omar Hassan al-Bashir reaffirmed his support to African Union and United Nations efforts to organize peace talks between the Sudan government and Darfur holdout rebel groups. Bashir made the statement during a Feb. 17 meeting in Sudan with visiting envoys of the AU and the UN, according to SudanTribune online, Feb. 18.

Bashir also said he hoped that stability would prevail in Chad, pointing out that Sudan is keen to normalize its relations with Chad, referring to the positive impact that good relations between the two countries would have on the situation in Darfur.

The visiting envoys were the UN Secretary General for Peace in Sudan, Jan Eliasson, and AU Envoy Salem Ahmed Salem.

## **Jihadists Active in Sahel Region of Africa**

As a reaction to the Bush Administration-led invasion of Afghanistan and Iraq, al-Qaeda has established training bases in the sub-Saharan scrub country running from Senegal to Ethiopia, known as the Sahel, and also has camps in Mauritania, Mali and Niger. A Moroccan activist, Mbar al-Jaafari, arrested in early February in the port city of Tarragona, south of Barcelona, said the Jihadis recruited in Spain have been sent for training in Sahel camps, according to the Spanish paper *El Pais* Feb. 12.

EU security services, which are on alert because they anticipate terrorist attacks in EU countries in the near future, reported that these militants have heavy weapons, ground-to-air missiles, and satellite phones.

One development in this capability in Africa is the splitting of the Algerian Armed Islamic Group (GIA), which has spawned the Salafite Group for Preaching and Combat (GSPC). The GSPC, which has a large number of north African Salafite jihadists, last month renamed itself "al-Qaeda in the Maghreb," and has become active in Mali, Niger, Chad, and Mauritania. According to *El Pais*, al-Qaeda sleeper cells in Europe are engaged in recruitment of new jihadis and terror financing.

The activity of this network overlaps the area of Darfur in Sudan, as well as the location of the rebel activity in Chad.

## **Colorado Legislature Pushes Ban on Sudan Investments**

Following the lead of California governor and George Shultz protégé Arnold Schwarzenegger, who last year signed legislation to end California state investments in Sudan, Colorado lawmakers on Feb. 14 approved a bill barring state pension funds from investing in companies that do business in Sudan. The Colorado measure now must be approved in the state Senate.

On the same day, Los Angeles Mayor Antonio Villaraigosa jumped on the bandwagon, announcing that the city will withdraw more than \$27 million in retirement fund investments from companies that do business with Sudan to protest violence in the Darfur region. "Los Angeles is adding its voice to the international outcry over the genocide in Darfur," a statement released by Villaraigosa said. "We must stand for freedom and basic human rights for all, and we must do everything possible to stop the killing in Darfur."

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