

**EIR Online**  
**Online Almanac**  
*From Volume 6, Issue 15 of EIR Online, Published April 10, 2007*

[return to home page](#)

[Is the U.S. Congress Dying Before Our Eyes?](#)

[The Baby-Doomers](#)

[by Lyndon H. LaRouche, Jr.](#)

April 7, 2007

The rush by some poorly advised members of the U.S. Senate, from both sides of the aisle, in support of former Vice-President Al Gore's and Newt Gingrich's ``Global Warming" hoax, suggests a self-inflicted, early doom now threatening the continued existence of our U.S.A. What has been pouring out of the U.S. Senate, and from the presently woebegotten ranks of would-be Presidential pre-candidates, during the recent weeks, can be fairly described as an outbreak of a form of mass-insanity, comparable to the early Eighteenth-Century John Law-style bubbles, or, earlier, the Flagellants of Europe's Fourteenth-Century ``New Dark Age." The current U.S. President is mentally ill, while the Vice-President is purely evil, and, while, seemingly, hordes from the ranks of the Senate, are racing like fabled lemmings, toward the waiting rocks below!...

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

## **In-Depth Coverage**

**Links to articles from**

[\*\*\*Executive Intelligence Review,\*\*\*](#)

[\*\*\*Vol. 34, No. 15\*\*\*](#)

[\*\*\*...Requires Adobe Reader®.\*\*\*](#)

## **Cover Story**

[\*\*Is the U.S. Congress Dying Before Our Eyes?\*\*](#)

[\*\*The Baby-Doomers\*\*](#)

[\*\*By Lyndon H. LaRouche, Jr.\*\*](#)

Poorly advised members of the U.S. Senate, from both parties, are rushing to support Al Gore's and Newt Gingrich's 'Global Warming' hoax, suggesting a self-inflicted, early doom for the United States. What is it that turned the white-collar class of the post-war generation, 'into what has become today, largely, something like a mass of maddened lemmings, which has been rushing to the cliffs since the latest extremely inconvenient outburst of malicious lying from babbling Al Gore?'

## **Feature**

[\*\*LaRouche to Los Angeles Democrats: Four-Nation Accord on FDR Model Can Save Civilization\*\*](#)

Lyndon LaRouche addressed by telephone a town meeting sponsored by the LaRouche Political Action Committee (LPAC) and the Los Angeles

County Democratic Party Central Committee FDR Legacy Club. The United States must ally with the three other great powers—Russia, China, and India—to force a reorganization of the bankrupt global financial-monetary system.

## **[Russian Far East: A World Great Project](#)**

## **[India Needs Thorium Breeder Reactors](#)**

## **[Is Cheney Trying To Break Up Ukraine?](#)**

# Investigation

## **[The Historical Roots of Green Fascism](#)**

By Helga Zepp-LaRouche, the chair of Germany's Civil Rights Solidarity Movement.

This article, first published in 1982, remains the definitive study of the philosophical and historical roots of ecological fascism.

## **[The Road to Hell Is Paved Green](#)**

The most recent historical precedent to today's environmentalist movement is the Nazi regime. Just like today, the Nazi 'green' movement was never about protecting nature, though it gave people a false, warm sense that they were doing good. Environmentalism was a predicate for war, genocide, and empire.

## **[From Middlebury College to Al Gore: The Green and the Brown Nazis](#)**

A review of *The Green and the Brown: A History of Conservation in Nazi Germany*, by Frank Uekötter.

# World News

## **[South America: Two Systems of Ideas Clash, and FDR Is at the Center](#)**

Speaking in Ecuador, Argentinian First Lady and Senator Cristina Fernández de Kirchner explained how her husband's government had saved a bankrupt nation by rejecting the IMF's demands, in favor of a 'New Deal' policy copied from President Franklin D. Roosevelt. Ecuadorian President Rafael Correa agreed, while emphasizing that he intends to restore the role of the state, to foster the common good.

## **[LaRouche on the Subject of President Bachelet](#)**

## **['Climate Al-Guru' Gets Slammed in Europe](#)**

## **[European-Wide Activation of Terrorist Networks Threatens G-8 Summit](#)**

## **[South Asian Countries To Improve Cooperation](#)**

## **[Business Briefs](#)**

# Youth News

## [Cleaning Out the GoreHouse](#)

As the LaRouche Youth Movement wages its relentless assault against Al Gore and the British networks behind him, organizers are discovering that the population has already begun to reject global warming. Moreover, people who would have silently accepted the dictates of the oligarchy, once elevated by LYM interventions, are finding their courage.

# Science

## [The Ampère Angular Force and the Newton Hoax](#)

The Internet posting by *21st Century Science & Technology* of the first English translation of Wilhelm Weber's historic 1846 treatise on electrodynamics, raises anew the crucial question which could not be effectively addressed by any of the principal characters in a scientific battle that raged nearly two centuries ago: the Anglo-Dutch financial institution's hoax, known as Isaac Newton. This has infected science to the present day, and must urgently be extirpated.

# Departments

## [Africa Report](#)

### [Somalia Engulfed in Conflict.](#)

## [Banking](#)

### [The System Is Subprime.](#)

# Editorial

## [A Revolt Against Racist Genocide](#)

# United States News Digest

## **Gary Hart: Reject Cheney's Confrontation with Russia**

Former Sen. Gary Hart (D-Colo.), in an open letter to Democrats posted on Huffingtonpost.com April 7, challenges the Democratic Party to take a more enlightened approach towards Russia, in contrast to that of the Bush Administration and the New York Council on Foreign Relations (CFR). Hart notes that the Bush Administration has adopted a policy, "largely promoted by Vice President Richard Cheney," of confrontation toward Russia.

The CFR, in a report released in March of 2006, entitled "Russia's Wrong Direction," and endorsed by Democratic Presidential candidate John Edwards, endorses the Bush policy outlook. "Both [the Bush Administration and the CFR] reflect a degree of antipathy toward the Russians that has never been fully accounted for or rationalized." One sign of this fact is that the Cold War-era Jackson-Vanik amendment, which denies Russia normal trade relations with the United States, allegedly as leverage to liberate dissidents and refuseniks, is still U.S. policy, 15 years after the end of the Cold War.

The open letter, Hart writes, "represents an appeal to Democrats ... to challenge this antipathy and to propose a more positive, constructive relationship between the United States and Russia, less in Russia's interest than in the strategic interest of the United States."

Hart also reminds us that when he was co-chair of the U.S. Commission on National Security for the 21st Century, he and his fellow commissioners agreed that the United States should expand ties to Russia, China, and India, in order "to increase their positive contributions to regional stability, and to encourage them to undertake economic and political leadership in their own venues." Not only has no effort been made to implement these recommendations "in the case of Russia, [but] exactly the opposite has occurred."

Hart concludes that, "It is patently not in our interest to demonize and isolate Russia and it is patently in our interest to integrate it into the West."

### **Leahy To Join Feingold, Reid To Cut Off Iraq War Funds**

Sen. Patrick Leahy (D-Vt.) announced on April 5 that, when the Senate reconvenes next week, he will be joining Democratic Senators Russ Feingold (Wisc.) and Majority Leader Harry Reid (Nev.) in introducing legislation that would effectively end the current military mission in Iraq, and begin the redeployment of U.S. forces. The bill will require the President to begin redeploying American troops within 120 days of enactment. President Bush has repeatedly declared he will veto it. "The new Congress has charted a way to end our involvement in a civil war," Leahy said. "The American people want a way out of this foreign policy disaster and I hope the President will reconsider his veto threat."

### **Byrd May Join Webb, Sanders on Anti-Iran War Amendment**

When the Senate passed its version of the \$123 billion Iraq war supplemental, two amendments by Senators Jim Webb (D-Va.) and Bernie Sanders (I-Vt.), which would have required President Bush to go to Congress before initiating military action against Iran, were both excluded, the National Iranian American Council reported April 5. However, some sort of amendment could return when the Senate takes up this year's defense authorization bill (Webb has already introduced a separate bill on the matter). Sen. Robert Byrd (D-W.Va.) is considering allying with Webb and Sanders on an amendment which could be introduced in the Armed Services Committee, on which both Webb and Byrd are members, some time in May or June, when the bill is expected to go to the Senate floor.

On the House side, House Speaker Nancy Pelosi (D-Calif.), under pressure from anti-war Democrats ever since she pulled a similar House amendment, has recently asked House Foreign Affairs Committee chairman Tom Lantos (D-Calif.) to draft a separate bill prohibiting arbitrary military action against Iran, although the current status of that effort is not clear.

### **Levin Releases DOD IG Report Showing Feith's Fraud**

On April 5, Senate Armed Services Committee chairman Carl Levin (D-Mich.) released the now-declassified Pentagon Inspector General's report showing Under Secretary of Defense for Policy Doug Feith's creation of fraudulent intelligence. Levin, who requested the declassification, said: "It is important for the public to see why the Pentagon's Inspector General concluded that Secretary Feith's office 'developed, produced and then disseminated alternative intelligence assessments on the Iraq and al-Qaeda relationship,' which included 'conclusions that were inconsistent with the consensus of the Intelligence Community,' and why the Inspector General concluded that these actions were 'inappropriate.' Until today, those details were classified and outside the public's view."

### **Bush Names Swift-Boater Moneybags in Recess Appointment**

President Bush used the Congressional Easter recess to appoint a top Swift-Boat financier and a leading Social Security privatizer to offices, after they had been rejected by the Senate. Sam Fox, who put \$50,000 into the Swift-Boat operation, was confronted by Sen. John Kerry (D-Mass.), who had been smeared by the Swift-Boaters during the 2004 Presidential campaign, and others in Senate hearings, leading Bush to withdraw his nomination as Ambassador to Belgium, before the Senate vote. Bush then gave Fox the recess appointment on April 5.

Also, Andrew Biggs was appointed Deputy Director of Social Security, after he was rejected by the Senate in February. Biggs, with degrees from Cambridge and the London School of Economics, was the Cato Institute's man on Social Security, and appeared regularly with Bush during the latter's failed 2005 push for privatization. Kerry said he found the appointment sad but not surprising, while Sen. Chris Dodd (D-Conn.) said he would ask the Government Accountability Office to rule on its legality.

## **John Edwards Flunks Nuclear Power Test**

Speaking at a University of New Hampshire town meeting April 2, Presidential candidate John Edwards rejected nuclear power as a safe, pollution-free solution to the nation's energy needs.

As monitored on C-SPAN, an engineering student asked the candidate at the end of the meeting why, if he is concerned about global warming, isn't he supporting clean nuclear energy which produces no carbon dioxide. The student spoke of the future he intends to create with his engineering skills, and noted that the global warming and other environmental scares deny our proven ability to solve problems with science and technology.

Edwards showed his ignorance of nuclear power, by claiming, against the facts, that we don't know how to deal with long-lived radioactive waste.

To learn why spent nuclear fuel is not "waste" but a valuable, renewable resource, see:

<http://www.21stcenturysciencetech.com>.

## **Top Bush Campaign Manager Splits**

Matthew Dowd, who was President Bush's chief campaign strategist in 2004, gave an interview to the April 1 *New York Times*, attacking Bush and calling for a U.S. withdrawal from Iraq. The *Times*, identifying Dowd as the first member of Bush's inner circle to break so publicly with him, quotes Dowd as saying that he's disappointed in Bush, accusing him of a "my way or the highway" mentality, reinforced by a shrinking circle of trusted aides, and that the President has become isolated, "secluded and bubbled in."

Dowd, who was a key operative in the attacks on John Kerry during the 2004 campaign, recently wrote an unsubmitted op-ed entitled "Kerry Was Right," saying that the 2004 Democratic President candidate was correct last year in calling for withdrawal from Iraq. Dowd says he was dumbfounded when Bush didn't fire Rumsfeld after Abu Ghraib; and then events during 2005 led to further doubts: particularly Bush's handling of Katrina; his refusal to meet with anti-war activist Cindy Sheehan; and his recess appointment of John Bolton to the UN.

White House counselor Dan Bartlett, on CBS April 1, attributed Dowd's defection to "personal turmoil" in his private life, and to an emotional response to Iraq, since his son is about to be deployed there.

## **Was Guantanamo Plea Bargain a Cheney-Howard Deal?**

Many observers, particularly in Australia, believe that the David Hicks plea bargain, that resulted in only a nine-month prison sentence, combined with a gag order that prevents Hicks from discussing torture and the conditions of his confinement, was part of a deal worked out in February between Dick Cheney and Australian Prime Minister John Howard. Howard is one of a handful of remaining allies of the Bush Administration; he and his party are in deep trouble going into upcoming elections, with the issue of Hicks and Guantanamo being a major factor in their decline.

Under the plea agreement, which was worked out behind the backs of the military prosecutors trying the case, Hicks pleaded guilty to a lesser charge of providing material support to a terrorist organization; he is barred from talking to the press for a year, and he was compelled to state that he was never "illegally treated" while in U.S. custody—which contradicts his earlier sworn affidavit in which Hicks declared he had been repeatedly beaten, sodomized, and forced into painful positions during interrogations.

Hicks' lawyer bypassed prosecutors, and worked out the deal with Susan Crawford, the "convening authority" who is in charge of the military commission trials. Crawford is a long-time GOP appointee, who was DOD Inspector General when Dick Cheney was Secretary of Defense—which adds to the suspicions of a dirty deal.

## Ibero-American News Digest

### Castro: Bush Biofuels: 'Internationalization of Genocide'

In the second such blast at the Bush Administration's global biofuels drive in the space of a week, a clearly very much alive Fidel Castro Ruiz penned an article under this provocative headline, appearing as the lead item in the April 3 edition of Cuba's daily *Granma Internacional*.

A week earlier, in *Granma*'s March 29 edition, he had warned that "more than 3 billion people in the world will be condemned to premature death from hunger and thirst," if food is used for fuel. In this latest attack, he takes aim at the March 31 Camp David meeting between Brazilian President Lula da Silva and George Bush, in which ethanol production, and particularly the Brazilian model of ethanol based on sugarcane, was a key topic of discussion. Castro protests that he has no intention of meddling in Brazil's internal affairs, but then goes on to describe in stark detail Cuba's own brutal history of sugar production based on slave labor and colonialism. This, he said, means that "We, therefore, have accumulated more experience than anyone on the social effects of this crop."

As for the "colossal squandering of grains to produce fuel," Castro states, no one "has answered the fundamental question: Who is going to produce—and where—the more than 500 million tons of corn and other grains that the U.S., Europe, and other wealthy countries need, to produce the huge number of gallons of ethanol that the large American and other corporations demand in exchange for their costly investments?" The biofuel boondoggle will only save rich countries less than 15% of their automobiles' annual fuel consumption, the Cuban leader caustically points out. "Yet at Camp David, Bush has declared his intention to apply this formula internationally, which means nothing less than the internationalization of genocide." Where, Castro asks, "are the poor nations of the Third World to find the minimal resources for their survival?"

The Brazilian government didn't take kindly to Castro's remarks. But speaking in Brasilia on April 4, Lula's foreign policy adviser Marco Aurelio Garcia went through contortions trying to defend his boss from Castro's attack. He made the ridiculous statement that "hunger in the world is not a problem of lack of food, but lack of income," and then lamely accused Castro and Venezuelan President Hugo Chavez of making ethanol into an "ideological fuel."

## **Inter-American Development Bank Pushes Green Fascism**

The current president of the IADB, former Colombian Ambassador to Washington Luis Alberto Moreno, is at the same time co-chairman of the Inter-American Ethanol Commission (IEC), founded last December by former Florida Gov. Jeb Bush, and former Brazilian Agriculture Minister Roberto Rodrigues, who is also a major agribusiness tycoon. All three spoke at the April 2 conference in Washington, "Towards a Hemispheric Biofuels Market: The Outlook for Private Investment," along with former Kissinger Associates' executive David Rothkopf. So, now the IADB's priority activities are indistinguishable from those of the IEC, whose aim is to use ethanol to resurrect the Free Trade Area of the Americas (FTAA), which went down in flames in 2005 due to heavy Ibero-American resistance.

At the April 2 conference, Rothkopf made a presentation of the "study" prepared by him for the Bank, "A Blueprint for Green Energy in the Americas," which he described as a call to make the Caribbean "the Gulf of Ethanol." This would be the alternative to the Persian Gulf, he said, and dependency on Mideast oil. The IEC and IADB are promoting numbers of projects, of varying sizes depending on a country's geography, extending from Brazil to Haiti. The idea is to make biofuels from anything—cane, sorghum, any oil seed—so as not to depend only on corn. The only condition for this allegedly lucrative investment is a free market and no controls on investments.

## **Which Bondholders Paid S&P To Attack Argentina?**

Since it's now been revealed that Standard & Poors accepts payments from certain companies in exchange for granting them a good rating, and is in legal trouble for this practice, we wonder how much S&P's Ratings Director Joydeep Mukmerji got—and from whom—to defend those predatory bondholders who refused to participate in Argentina's 2005 debt restructuring and are still demanding payment. This, and his threats against the Kirchner government, don't have much clout right now, given S&P's legal troubles.

Mukmerji took the occasion of his March 28 visit to Buenos Aires to complain that the government's successful economic policies, which have produced annual growth rates of 7-8% for four years in a row, are "only short-term ones," that "cannot be sustained in the long term." An 8% growth rate "isn't normal or sustainable for Argentina," he proclaimed, according to *La Nacion* March 28. As an example of the "policy adjustments" he demanded be made, Mukmerji said that President Kirchner should decide to pay those "hold-out" bondholders who lost their money. Otherwise, he threatened, "we don't know what might happen were the Kirchner Administration to issue and place a bond in New York, London, or some other market," implying the possibility of an embargo. If Argentina wants to gain access to the international markets," this fool lectured, "it must do something with the bondholders."

## **Will Kirchner Give Royal Dutch Shell the Boot?**

This is the question that has Anglo-Dutch oligarchs sweating. On March 29, Argentine President Nestor Kirchner signed a decree prohibiting any foreign oil company from operating inside Argentina, if it has also signed contracts with the British government for exploration or exploitation of oil in the South Atlantic waters off of the disputed Malvinas Islands in the South Atlantic. This occurred just a few days before the 25th anniversary of Argentina's April 2, 1982 retaking of the Malvinas, that Great Britain had illegally seized in 1833, and renamed the Falklands.

Kirchner also ordered cancellation of a 1995 agreement with Britain for bilateral oil exploration in the South Atlantic, charging that the UK had used it only to consolidate its illegal occupation of the islands.

While there are only three small oil companies currently operating in this region, and none has activities inside Argentina, the big question is what will happen to Royal Dutch Shell. Pursuant to a 1996 agreement signed with the British

government, Shell began offshore exploration operations in the Malvinas waters—but it also has operations inside Argentina. Together with Venezuelan President Hugo Chavez, Kirchner has mooted that he may well boot Shell out of the country and take over its operations, having had more than one run-in with the company. This was something the two Presidents discussed when they met in Venezuela on Feb. 21.

## **Pinochetistas: Where Is Carl Schmitt When We Need Him?**

Like most of Chile's Pinochet-loving right wing, Hernan Larrain of the Independent Democratic Union (UDI) insists that Chile can only be saved from the "chaos" he says President Michelle Bachelet has caused, if it returns to the ideas of UDI founder Jaime Guzman Errazuriz. An ardent follower of both Adolf Hitler's "Crown Jurist" Carl Schmitt, and Spanish dictator Francisco Franco, the "Catholic" Guzman became dictator Augusto Pinochet's key adviser only days after the Sept. 11, 1973 coup that overthrew President Salvador Allende, and is best known as the architect of the Constitution of 1980 which enshrined much of Schmitt's fascist legal doctrine.

During an April 1 ceremony in Santiago, commemorating the anniversary of Guzman's 1991 assassination, Larrain repeated the synarchist financiers' line that a recent transit crisis caused by Bachelet's "ineptitude" and lack of "experience" brought untold suffering to the Chilean people. "Chile needs the UDI ... we must build it as an alternative to give a good government to Chile," Larrain pontificated. How would Guzman have dealt with the current crisis? "Given his profound dedication to service, he would have come out like a lion to denounce the abusive treatment received by millions of Santiago residents as a result" of the Transantiago transit fiasco. "What motivated Jaime," he said, "was his unequivocal defense of the dignity of the very poor," Larrain said.

This is a rather remarkable assertion, given the destruction wrought by the University of Chicago free-market model that Pinochet imposed in the 1970s and 1980s, enforced by the fascist Operation Condor repression apparatus that Jaime Guzman and the UDI fully supported.

## **Western European News Digest**

### **Putin, Prodi Defend State Infrastructure**

A source familiar with the energy debate inside the Italian government agreed with *EIR*'s evaluation, in a discussion April 4, that at their recent meeting in Italy, Italian Premier Romano Prodi and Russian President Vladimir Putin might have discussed a deal by which Italy and Russia would help each other to keep control of key strategic infrastructure. The announcement by Aeroflot on April 2, of a bid to purchase Italy's national airline Alitalia, and the announcement April 3 that ENI has won the auction for a stake in Gazprom's oil unit and other assets of Yukos, buttresses this conclusion.

Aeroflot is being helped by Italian bank Unicredito, which will buy 5% of Alitalia. Aeroflot manager Valery Okulov, who married the late Russian President Boris Yeltsin's daughter Elena, is considered very close to Putin, having served as a KGB officer in St. Petersburg during the time when Putin started his career there as a KGB officer.

In their coverage of the ENI purchase, the *Financial Times* April 5 stressed that "ENI has signed a call-option agreement with Gazprom, under which the Italian group could later sell a key 20% stake in the oil business Gazpromneft to the Russian group, in the event that ENI wins [an April 4] auction on Yukos assets. According to several bankers familiar with the matter, ENI will be bidding in part to help out Gazprom, which is declining to participate for fear of lawsuits from Yukos shareholders."

Unfortunately, whereas the Russian government negotiates from a position of strength, being sovereign in its decisions, the

Italian government is on a weak footing, being under the boot of the ECB.

## **Solana, Lavrov Call for Dialogue on Missile Defense**

European Union Foreign Minister Javier Solana, speaking at the EU Parliament in Brussels March 31 about the proposed missile shield, said: "We are not the ones to decide on this—that belongs to defensive alliances, but we can talk amongst ourselves in the most open way possible. Any such system can affect our relations with Russia." (See Russia/CIS Digest for Russian Foreign Minister Sergei Lavrov comments on missile defense.)

## **Socialists and EU Commission at Odds Over Hedge Funds**

The European Social Democracy held a seminar March 28 to present a 300-page study on the need for regulating the activity of hedge funds and investment funds. The report stresses the need to "safeguard pension funds and other investors" and warns, "Conflict is now likely between Euro MPs (Members of the European Parliament) and the Commissioner responsible, Charlie McCreevy, who rejects tighter regulation and, say the Socialists, has so far provided no coherent analysis of the issues involved." Speaking at the event, John Monks, leader of the European Trade Union Federation, said there is going to be a long and bitter fight with the hedge funds and investment funds that are engaged in asset stripping and endangering jobs.

The report states, "We still believe in the market, but we insist on a social market economy, not on "a market society." It points to the fact that these funds could have negative effects on "risk for people's pensions; viability of private companies; security of service provision; decent work and a say for the workforce on company affairs; financial market stability," and "ethics, including the fees charged by the financiers and the low taxes they pay." Rasmussen stated, "Our ambition is to have a market that works better and that serves the real economy."

A group headed by former Danish Prime Minister Poul Nyrup Rasmussen, and spokeswoman on economic and monetary affairs Ieke van den Burg of the Netherlands, prepared the report.

## **New Danish Tax Laws To Target Locusts**

The Danish government presented an agreement with the Danish Folks Party on their legislation against tax-evasion schemes by private equity funds and international corporations, according to the *Berlingske Tidende* April 3. The idea is to limit the amount of interest payments that the funds can deduct from their taxes, and thereby prevent the present practice in which the funds buy up profitable companies, and avoid taxes by loading the target companies up with debt, or move the tax payments to countries with lower tax rates. The extra revenue from these recovered taxes will allow Denmark to lower its corporate tax from 28% to 25%. The opposition Social Democrats did not want to be part of the agreement, since they opposed the idea of lowering the Danish corporate tax, which is already among the lowest of EU countries, and which lowering they claim will serve only to increase the profits of the financial corporations.

The new legislation, which is expected to be voted up before the Summer, is a watered-down version of the proposal made by Tax Minister Kristian Jensen two months ago, which came under heavy attack from the biggest Danish corporations. Despite the limitations of the legislation, it will probably provoke fits from the financial community, since they have grown used to being attacked by trade unions and the left wing, but not being legislated against by a Danish liberal-conservative government.

## **Merkel, in Beirut, Urges Syria-Lebanon Ties**

German Chancellor Angela Merkel, on a trip to Lebanon which ended April 2, urged Syria to establish diplomatic ties with its neighbor, demarcate their joint frontier, and work to end cross-border smuggling of weapons, *Ha'aretz* reported April 3.

"Our view is that Syria, too, must play its role so that Lebanon will develop as an independent state," Merkel told a press conference after meeting Prime Minister Fuad Siniora.

Merkel offered technical assistance for establishing improved border controls and monitoring the border with Syria. She also met with Parliament speaker Nabih Berri.

### **British Envoy Meets Palestinian Prime Minister Haniyeh**

According to *Ha'aretz* of April 5, the British consul general in Israel, Richard Makepeace, held a meeting with Palestinian Prime Minister and Hamas leader Ismail Haniyeh, to discuss the release of a BBC journalist Alan Johnston, who was kidnapped on March 12. Over 300 journalists, mostly Palestinians, demonstrated in protest of the kidnapping, which was most likely conducted by criminals.

The meeting between Haniyeh and Makepeace is the first meeting between the leader of Hamas and any diplomat from a European Union country.

### **Is Blair Considering Legalizing Afghan Heroin?**

British Prime Minister Tony Blair is ordering a review of his counter-narcotics strategy, at the urging of Tory MP Tobias Ellwood, with the idea of possibly legalizing some of Afghanistan's poppy production, the *Independent* reported April 1. Blair argues that partial legalization of poppy production—this year's crop is estimated to be the largest ever—will help alleviate the medical shortage of opiates worldwide, and curb smuggling.

## **Russia and the CIS News Digest**

### **Russian Government Warns About Iran Attack Threat**

Andrei Denisov, First Deputy Foreign Minister of the Russian Federation, confirmed April 3 that the Russian leadership is taking deadly seriously the live threat of a U.S.-led attack on Iran. Underscoring that Moscow considers that threat as directly affecting its own strategic interests, Denisov warned that "any military action near our borders is absolutely impermissible."

There continues to be tremendous publicity in Russia around warnings of an imminent attack on Iran. In one version, the attack is code-named "Operation Bite" and would have been slated for Good Friday, April 6. Former Russian Defense Ministry official Gen. Leonid Ivashov, in several late-March statements, voiced concern that nuclear weapons will be used.

RIA Novosti reported April 3 that Denisov said Russia would "do everything necessary, to prevent military action against Iran." Asked if there are concerns that the U.S.A. will attack Iran, Denisov replied, "Of course there are." He said that Russia's stand on this question is "decisive and tough," but that Moscow wants "common sense" to prevail. Denisov said that he had no information on a scenario with a specific date: "Our partners state that the deployment of various military forces in the Persian Gulf area is part of a planned rotation.... Our premise is that it will be possible to preserve the peace."

Following Denisov's remarks, Russian media headlines ranged from "White House Categorically Denies USA Will Attack

Iran This Friday," to "USA May Attack Iran." Also on April 3, Chief of the Russian Armed Forces General Staff Gen. Yuri Baluyevsky said that the USA should think twice before launching a military campaign against Iran, which would have global implications. "Inflicting damage on Iran's military and industrial potential might be realistic, but winning [the war] is unachievable—its reverberations would be heard across the world," he warned.

## **Lavrov Calls for Missile Defense Cooperation**

Speaking at the Yerevan University in Armenia on April 4, Russian Foreign Minister Sergei Lavrov called for a joint assessment of potential missile threats by the Commonwealth of Independent States (CIS), Russia, and NATO. "Any unilateral moves in the sphere of missile defense should be seen as attempts to split Europe," said Lavrov. Once again expressing grave concern over U.S. plans to deploy elements of the missile shield in Central Europe (the Czech Republic and Poland), Lavrov said, "we agree that we need a thorough and joint assessment of technological, strategic, and political issues related to European missile defense." The U.S. and Russian Presidents had discussed the issue by phone on March 28.

A senior Russian military source elaborated to *EIR*, "We were the first ones to propose a joint program many years ago [a reference to the "Trust" proposal in 1993, for joint U.S.-Russian development of anti-missile systems using new physical principles]. Radars can be very sophisticated instruments. If you place them right on our border, we will naturally wonder what purpose they might have. We have clear coverage of Iranian airspace with our own radar systems. Why not use these systems, if that is what you are worried about? It would cost you billions, instead of tens of billions that the U.S. will spend in building new systems."

## **Russia Aims for 20% of World Nuclear Plant Market**

"In the next 30 years, the world is to build 300-600 gigawatts of new nuclear generating capacity, and Russia plans to have 20% of this market," said Rosatom director Sergei Kiriyyenko, speaking to a Russian energy forum on April 5. Russia is building a vertically integrated company, Atomprom, to operate in the civilian nuclear industry and "compete with the world's leading nuclear power plant builders," he said. Russia's Atomstroyexport is already involved in the construction of a total of seven nuclear units in China, India, Bulgaria, and Iran. It has a new agreement this year to build four more reactors at Kudankulam in India, and is in discussions with Kazakhstan on nuclear fuel production and the possibility of building a plant at Balkhash. Russian President Vladimir Putin will go to Kazakhstan in May, and this will be on the agenda.

France's *Alstom* and Russia's *Atomenergomash* signed a joint venture April 2 on cooperation in manufacturing equipment for nuclear power plants. The base of the joint venture is the machine-building firm ZIO Podolsk near Moscow. The agreement is of particular importance for the modernization of existing Soviet-era power plants in all of Eastern Europe, the Caucasus, and Central Asia, as well as future power plant construction in other countries, such as China, India, African countries, maybe also Saudi Arabia, and Iran. It cannot be ruled out that the joint venture will become relevant also for numerous Ibero-American countries where Russian economic diplomacy has been active recently.

## **Kremlin Focus on Space Exploration**

On March 30, President Putin took his State Council to Kaluga, birthplace of Russian space pioneer Konstantin Tsiolkovsky, to discuss the future of the Russian space program. This year marks the 150th anniversary of Tsiolkovsky's birth and the 100th anniversary of the birth of Sergei Korolyov, father of the Soviet space program. They discussed Russia's currently orbiting satellites, as well as the manufacture of space hardware, future research, and financing. This occurred just days after the visit to Russia by Chinese President Hu Jintao, at which a landmark joint Mars program was discussed. The Khrunichev State Research and Production Center announced April 3 that China will be Russia's partner in

space exploration, with robotic expeditions planned to Mars and one of its moons. Krunichev is the predominant design and manufacturing facility for the Russian space program.

A Russian diplomatic source reported that Russian interest in the Chinese program has increased, with the diminishing returns on the International Space Station, in which the U.S. seems to have lost interest. Russia has tried to integrate its space program with that of the United States, the source said, but with U.S. space efforts being increasingly defense-oriented, Russia has turned more to the Chinese. "We have the capability to put a man on the Moon," the official said, "and the Chinese have the money to pay for it."

## **Russian Pipeline Projects Change Caspian/Black Sea Geopolitics**

Anxiety is one reaction to the new possibilities for energy trade, opened up by Russia's latest round of pipeline diplomacy around the Black Sea and Caspian Sea areas. Ariel Cohen of the Heritage Foundation gave voice to it in a March 22 commentary, published on the Russia Profile website, in which he noted Hungary's recent interest in the extension of Russia's Blue Stream gas pipeline, which goes under the Black Sea to Turkey, back northwards to join the long-planned Nabucco gas pipeline network from Turkey into Bulgaria, Romania, Hungary, and Austria.

Secondly, Cohen drew out the implications of the recent agreement among Russia, Bulgaria, and Greece, to build an oil pipeline from Burgas, on Bulgaria's Black Sea coast, to Greece's Alexandroupolis on the Aegean (280 km). The Burgas-Alexandroupolis line will not only bypass the Bosphorus, but represents an alternate route for the export of oil from the Tenghiz fields in western Kazakhstan. Instead of the long-nourished scheme of piping Kazakhstan's oil under the Caspian to Baku, thence into the Baku-Ceyhan (Turkey) pipeline, avoiding Russia, the Tenghiz oil may now go into Russia to the latter's main oil-export terminal at Novorossiysk, then be shipped by tanker across the Black Sea to Burgas, and exported through the new pipeline. Wrote Cohen, "The Russian state is pursuing a comprehensive strategy that masterfully integrates geopolitics and geo-economics."

In the March 23 *Asia Times*, M.K. Bhadrakumar commented on Burgas-Alexandroupolis, "The readiness of the two allies of the U.S. [Bulgaria and Greece] not to pay heed to Washington's *démarche*, and instead to proceed to cooperate with Russia, reveals that the U.S. agenda of evolving a Euro-Atlantic approach to the energy dialogue with Russia is not a *fait accompli*.... Russia is positioning itself through the Burgas-Alexandroupolis project as a major supplier of energy for the countries of southeastern Europe." What's more, "The Russian project frustrates the U.S. attempt to dictate the primacy of the [Baku-Ceyhan pipeline] as the key transportation route for Caspian oil to the Western market.... [Also] Russia intends to make the Burgas-Alexandroupolis pipeline a virtual extension of the main 1,510 km Caspian Pipeline Consortium (CPC) [pipeline] that already connects the oilfields in western Kazakhstan with the oil terminal at Novorossiysk."

Another dimension of current pipeline projects emerged April 3, when representatives of Italy, Slovenia, Croatia, Serbia, and Romania met in the Croatian capital, Zagreb, to sign an agreement on a new 1850 km oil pipeline from the Romanian Black Sea port of Constanta, to those countries. At Trieste on the Adriatic Sea, the oil will be shipped via an existing pipeline to Germany. Spurs will service Austria, Slovakia, Czechia, and Hungary. The oil for the new pipeline will come from Caspian Sea sources, mostly Kazakhstan, and from Russia, delivered through the new Burgas-Alexandroupolis pipeline.

## **Southwest Asia News Digest**

### **Behind the British Fiasco in the Persian Gulf**

In the aftermath of the release of 15 British sailors and marines by the Iranian government on April 4, a hue and cry has

arisen from military circles in the United States and abroad over the apparent colossal failures and unprofessionalism of the British Naval forces, during the engagement with the Iranian Navy, and while the 15 Britons were in Iranian custody. The controversy was further fueled on April 6, when six of the captives gave a press conference upon their safe return to Britain, and complained about the conditions they were subjected to and the harsh interrogation methods, which led several to issue statements to the Iranian government, admitting they had trespassed in Iranian waters and offering their apologies.

The 15 British sailors and marines were captured by the Iranians as they completed a search of a merchant ship headed for an Iranian port. Normally, such a search would involve helicopter air cover and monitoring of the area by the sophisticated British Naval frigate from which the sailors and marines had been dispatched. According to one U.S. intelligence source, 80 such searches have been conducted in the area by the British Navy over the past 12-month period. As American military experts told *EIR*, there is no plausible explanation for the failure of the British sailors and the captain and crew of the frigate to follow the most basic procedures for such a search.

The behavior of the British captives, based on their own accounts, was equally baffling. They complained of aggressive interrogation techniques, of being "fooled" by the Iranians into issuing the confessions, and of being held in isolation under harsh conditions. As several U.S. military sources reported, every soldier, sailor, and marine goes through basic POW training, and is drilled on procedures in the event of capture. From that standpoint, everything the Iranians did was totally predictable.

Lyndon LaRouche noted "a smell of real cowardice by the British forces, and what appears to be a lack of training." The idea that there was no close cover for the search party is also "stunning," LaRouche added. "This begs all kinds of questions that I am not in a position to answer."

Whatever the actual explanation for this performance, LaRouche concluded that it casts the Blair government in a most pathetic light. LaRouche also warned that the incident could embolden hardline factions in Tehran, who may misread the implications of the affair, and thus increase the danger of a confrontation with the United States, which has its own war party," centered around Vice President Dick Cheney, which makes no secret of the fact that they are looking for a pretext to bomb Iran.

## **Cheney Running Terrorist Operations Against Iran**

ABC's "Nightline" reported April 3 that the U.S. is advising and supporting a Baluchi guerrilla organization, Jundullah, which is running raids into Iran from Pakistan, killing and capturing Iranian military and intelligence personnel. It was Jundullah, for example, which claimed responsibility for the February attack on a bus in Zahedan, Iran, in which members of the Iranian Revolutionary Guard were killed. The group's leader, Abd el Malik Regi, has posted videos on the Internet showing him killing Iranians.

Regi is described as "part drug smuggler, part Taliban, and part Sunni activist" by Nixon Center senior fellow Alexis Debat. Vali Nasr, an expert on Shi'ite Islam and a professor at the Navy Postgraduate School, compares this to U.S. support for the Afghan Mujaheddin, out of which al-Qaeda emerged.

Investigative reporter Seymour Hersh reported, in a widely noted article titled, "The Redirection," in the March 5 *New Yorker*, what *EIR* had already been advised by intelligence sources, viz., that the Bush-Cheney Administration was conducting a reorientation of its Middle East policy into support of Sunni groups and governments against Iran, and Shi'ites in general. Hersh also reported that this involved cooperation with al-Qaeda sympathizers in covert operations aimed at Iran, and he specified that Vice President Dick Cheney was running the clandestine side of these operations.

Citing Pakistani and U.S. intelligence sources, "Nightline" reported that the U.S. funds Jundallah indirectly, through Iranian exiles, to avoid legal requirements for a Presidential "finding" and Congressional oversight. "Nightline" also reported that Cheney specifically discussed the Jundallah operation when he met with Pakistani President Pervez Musharraf in February.

Other sources have told *EIR* that Musharraf refused Cheney's request to expand the Jundallah operations—one of a number of reasons for which the Bush Administration is reportedly withdrawing its protection for Musharraf.

## **Arabic Press Increasingly Cites LaRouche**

On April 5, the leading Saudi daily *Asharq Alaswat* published on its website an article by LaRouche associate Hussein Askary debunking an op-ed by World Bank chairman Paul Wolfowitz which called for political "action" on supposed man-made climate change. There has been increasing coverage of LaRouche in Arabic press lately. This includes:

\* In March, just days before the Riyadh Summit of the Arab League, the electronic daily *Dunia Alwatan*, connected to Fatah, published a lengthy article on LaRouche by Imad Fathi Shammout, entitled, "LaRouche exposes the Iraq war scandal and the collapse of the US economy."

\* On April 4, the Jordanian daily *Al-Ghad* discussed the failure of U.S. policy in Iraq on the fourth anniversary of the invasion, concluding with a lengthy and accurate summary of LaRouche's view, concluding, "It is not about conquering land, but the elimination of all the remnants of the sovereign nation-state, the reduction of the world population...."

\* On March 31, in *Al-Shaab* daily of Cairo, Dr. Farghal, senior Islamic scholar and former professor at Al-Azhar, quoted LaRouche similarly.

\* Meanwhile, LaRouche's Arab-language website, [nysol.se/arabic](http://nysol.se/arabic), is posting a pamphlet on the genocidal roots of the global warming madness. The article/leaflet on the IPCC's CO<sub>2</sub> fraud has already been posted.

## **Cheney Slams Pelosi, While Arabs Slam Cheney**

During the week of April 1, Speaker of the House Nancy Pelosi (D-Calif.) led a Congressional delegation on a tour of Southwest Asia which took her to Israel, the Palestinian National Authority, Lebanon, Syria, and Saudi Arabia. These efforts to conduct a dialogue in the service of peace were denounced by President George W. Bush and Vice President Dick Cheney. By contrast, Pelosi and the other members of Congress were welcomed with open arms by their Arab hosts. *Arab News*, the leading news agency of Saudi Arabia, praised Pelosi for "building bridges" for peace while Bush's policy is a "treacherous wreck."

In an April 5 interview with Rush Limbaugh, Cheney denounced Pelosi's announcement that she had delivered to Syrian President Assad a message of Israeli Prime Minister Ehud Olmert that Israel was prepared to discuss peace.

"Well, I think, clearly, she stimulated a reaction out of the Israelis. Prime Minister Olmert immediately made it clear that she was not authorized to make any such offer to Bashir Assad," Cheney said. "It was a non-statement, a nonsensical statement.... I think it is, in fact, bad behavior on her part. I wish she hadn't done it, but she is the Speaker of the House, and fortunately I think the various parties involved recognize she doesn't speak for the United States in those circumstances. She doesn't represent the Administration. The President is the one that conducts foreign policy, not the Speaker of the House."

Meanwhile, Pelosi held direct talks with Saudi King Abdullah Bin Abdul Aziz, with whom she discussed the situation in Iraq and the long-stalled Israeli-Palestinian peace process on April 4. Pelosi later spoke before the Shoura Council, Saudi Arabia's 150-member advisory body, where she praised the constructive role that Saudi Arabia has been playing in finding solutions to the region's problems, and the Arab peace initiative, recently endorsed by the Arab League summit. Pelosi also met with Interior Minister Prince Naif, but details of the talks were not made public.

While praising Pelosi's efforts at constructive dialogue, the editorial comment in the April 6 *Arab News* slammed the Bush Administration. Pointing up the absurdity of Bush's "stinging criticism" of her visit to Syria, the paper stated, "He cannot abide the fact that Pelosi, the third-most senior official in the U.S., refuses to dance to his tune. Not that his tune is anything other than a shrill cacophony." Pelosi's visit, the paper goes on, seems to have "built bridges with Damascus and laid the grounds for possible renewed peace talks between it and the Israelis. Bush, however, doesn't seem interested. He keeps his head firmly stuck in the sand, willfully ignoring the reality that without Syria there is no chance of a Middle Peace settlement." Pointing to the absurdity for the Republicans to claim Pelosi has undermined Administration policy, the *Arab News* declares there is nothing to undermine in his policies: "They are all a wreck. Bush has the opposite of a Midas touch in the Middle East: Everything he handles turns from a potential golden opportunity into a treacherous liability. Yet when someone tries to bring some common sense back into the U.S.'s Middle East thinking, the White House takes umbrage. It shows how far the Bush Administration has lost the plot in the Middle East."

### **U.S. Troops Take the Brunt of Casualties from 'Surge'**

As predicted, U.S. soldiers are suffering twice as many casualties in February and March as Iraqi troops, despite the fact that they are better armed and trained. In March, 81 U.S. soldiers and marines were killed, compared to 44 Iraqi Defense, Interior, and Health Ministry forces. Data compiled by several ministries put civilian deaths in March at 1,861, compared with 1,645 in February, an increase of 13%. U.S. diplomats say violence in Baghdad has fallen by 25%.

## **Asia News Digest**

### **China Plans 12 Highways into Central Asia and Pakistan**

China is planning to build 12 highways which will connect its western part to Central Asia, Russia, and Pakistan. The longest will be the one that would connect Urumqi, the capital of China's Xinjiang province, to Istanbul, Turkey. But the other ones will connect China to Russia, Kazakstan, Tajikistan and Pakistan, China's transport administration reported. Xinjiang province of China shares border with eight countries.

China's objective in developing these highways is to link up with energy and raw material sources of Central Asia, Russia, and Pakistan. Already, China has invested heavily in helping Pakistan to develop the Gwadar port in the southeast corner of Pakistan at the mouth of Strait of Hormuz in order to bring hydrocarbon from the Persian Gulf. These highways, and the existing highways within Pakistan, would bring the hydrocarbon resources into western China.

In addition, however, these highways will also be designed to provide a sea export route for goods and resources of the Central Asian countries which are landlocked. China will also be looking at supplying the Central Asian nations with the Chinese manufactured goods in return for the oil, gas, and mineral resources that these countries have as reserves.

### **NATO's Loss Is Taliban's Gain**

Afghan insurgents have taken hold of the Khak district of Afghanistan, according to the governor's spokesman, Gulab

Shah Alikhail, *Xinhua* reported April 6. More than 100 insurgents carried out an armed attack in the center of the district, which lies only 40 miles from Qalat, Zabul's capital.

Ghulab Shah also pointed out that between Qalat and the district of Mizan, insurgents attacked a construction site and killed five guards and injuring four others.

Zabul province is situated just north of both Helmand and Kandahar provinces, both of which have significant presence of Taliban and other anti-foreign forces, and anti-Kabul insurgents. In fact, NATO, with 4,500 troops, launched Operation Achilles last month in Helmand province to weaken the insurgents there. Helmand, where rebels held a small town for almost two months, is also the hub of Afghanistan's opium production. Reports indicate the NATO forces have met with little resistance there so far.

The significance of this development is that under pressure from NATO, insurgents crossed Helmand's borders and moved into Zabul to gain control of Khak, and it is likely that they would launch an attack on Qalat in the coming days. This is a pattern which NATO, and the U.S. forces, will have to deal with for years to come.

### **Disastrous Free-Trade Deal Signed by U.S., South Korea**

The free trade agreement signed by the U.S. and South Korea in early April will be a disaster for both, although it may not make it through the opposition in the legislatures of either nation. The deal, signed literally at the midnight hour of the last day in which Bush has fast-track authority (meaning the Congress can vote yea or nay, but may not add amendments), is estimated by the Korea Rural Institute to mean the loss of employment for 130,000 Korean farmers, and the loss of \$2 billion in agricultural sales. The Seoul government has promised to subsidize farmers for lost income, or compensate those who choose to leave their land. Rice was not included (despite U.S. insistence) among the 38% of agricultural products whose tariffs will be scrapped, but the rural opposition is still fierce and occasionally violent. Ninety percent of tariffs on industrial goods, for both sides, will be eliminated.

President Roh Moo-hyun admits that, "Parliamentary ratification won't be easy," with his own base almost totally opposed, and support coming only from some among the opposition conservative forces. One former supporter of Roh is on a hunger strike against the FTA, and said upon its passage that Roh was "handing Korea's economic sovereignty to the U.S. on a platter. This act of betrayal of the people, and their livelihood and of democracy, will be judged harshly."

In the U.S., House Speaker Nancy Pelosi (D-Calif.), joined by Reps. Charlie Rangel (D.-N.Y.) and Sander Levin (D-Mich.), wrote a letter denouncing the FTA, attacking South Korea for not opening up enough, while Sen. Max Baucus (D-Mt.) called the Korean ban on beef imports "entirely unacceptable," which the deal will see removed over a 15-year period.

### **Illiteracy Is Growing in China**

The number of illiterates in China grew by more than 30 million, between 2000 and 2005, despite efforts to eradicate the problem, the Ministry of Education reported April 2. Although more than 9.75 million adults learned to read and write in those years, still, the overall number of illiterates in the country rose to 116 million, Gao Xuegui, director of the illiteracy eradication office of the ministry said. China ranks second in the world, after India, in illiteracy.

Gao said that one matter of concern, is that illiteracy is growing, not so much in the poorer inland regions, but in the central and eastern areas. Two-thirds of all illiterates are in these areas, with 9.63 million alone in the relatively "well-off" coastal province of Shandong.

Gao emphasized that the "market economy" is actually contributing to growing illiteracy, since the peasant population is more and more joining huge migrant labor force all over China to earn money, and not going to school, even when nine years of education is compulsory, and fairly widely available. (Farmers also have to pay fees for books, schools, etc., which many cannot afford for their children or themselves, if they are adult illiterates.) Also, local governments, once they consider the problem "solved," are shutting down the programs to eradicate illiteracy. The ministry's own budget is far too small, at only 0.07 yuan per illiterate person in China. It is calling for additional funds for the program.

In 2000, China had 11.3% of the world's illiterates, still second only to India, and by 2005, China had 15.01%. "The situation is worrying," Gao said. "Illiteracy is not only a matter of education, but also has a great social impact." In China, you have to be able to read and write at least 1,500 Chinese characters to be considered literate.

## **PBOC Raises Reserve Ratios Again**

The Peoples Bank of China is again raising reserve ratios for banks and other deposit-taking institutions, in an effort to control the ever-expanding, excessive liquidity in the economy. The PBOC will raise the ratio by 0.5% as of April 16, to 10.5%. This is the third time the PBOC has raised the ratio this year (after January and February), and the ratio was raised by 0.5% in June, August, and November 2006. China is overwhelmed with excess liquidity, due to the massive inflow of funds due to its huge trade surplus, and "hot money" speculating on a shift in the currency, and on real estate and other sectors. Also, on March 18, the PBOC had raised one-year benchmark interest rates by 0.27%.

*Xinhua* on April 6 quoted Chen Deming, deputy director with the National Development and Reform Commission (NDRC), saying at a financial conference in Chengdu that excessive liquidity is a big problem for the Chinese economy, and the situation worsened in the first two months. The consumer price index (CPI) was up by 2.7% in February on a year ago. The PBOC is also trying to curb bank lending, which was up over 17% year-on-year, to control excess monetary credit.

## **China Will Not Pull Out of Dollar**

China's new foreign exchange investment agency will not suddenly pull out of the dollar, an economist at an important Chinese think tank, the Institute of World Economics and Politics at the Chinese Academy of Social Sciences, emphasized. He Fan was quoted in the *Peoples Daily* April 6 saying that the new agency will only make gradual changes in the composition of China's forex. "Initially, the portfolio of the foreign reserve agency could include a large proportion of U.S. Treasuries ... and any move in reducing the holdings of U.S. Treasuries will be gradual and cautious," He Fan said. The composition of the reserves is a state secret, but it is presumed that at least 66% of China's reserves are in low-risk dollar bonds. He Fan said that China would have little incentive to sell off dollars, because that would bring down the value of its dollar-denominated assets.

**All rights reserved © 2007 EIRNS**

[top of page](#)

[home page](#)