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In-Depth Coverage

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Feature

'Ask the Man Who Owns One' **by Lyndon H. LaRouche, Jr.**

'The first question a wise citizen would ask about any present pre-candidate, would echo the advertising slogan of the Packard Motor Car Company of the 1930s: 'Ask the man who owns one.' . . . The driver behind all of these approximately immediate dangers to life on our planet as a whole, is the continuation of the financial-economic policies associated presently with the predatory role of a global 'hedge-fund' swindle centered, chiefly, in the British monarchy's Cayman Islands. Therefore, which financier interests actually control which Presidential and other candidates, is the most fundamental, personally existential question facing any intelligent U.S. voter today.' **Lyndon LaRouche** elaborates.

Bidding War for the 2008 Dem Candidates

Great Projects

Russian-American Team: World Needs Bering Strait Tunnel!

A major Moscow conference on Great Projects featured discussion of plans for Russian-American cooperation on building the Bering Strait Tunnel, a project which will provide the crucial interhemispheric link for the Eurasian Land-Bridge

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National

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The Korean model of diplomacy, which is currently making progress, could show the way for defusing the danger of a U.S. strike against Iran.

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[Bailout, or Regulated Writedown? Securitizers Who Made Housing Bubbles Now Hide Big Losses](#)

The implications of the mortgage blowout for the U.S. and world financial system are leading the Fed and others to try to paper over the problem. It won't work.

- [Foreclosure Tsunami, McMansions 'Underwater'](#)

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International

[The Ethanol Hoax: Al Gore Is Selling, But IberoAmerica's Not Buying](#)

Gore's policy of pushing racist genocide, under the guise of dealing with global warming, is undergoing a stunning series of setbacks throughout the Americas.

[Dennis Small: Bush Lies, LaRouche Tells the Truth](#)

[Boris Yeltsin: President During Tragedy for Russia](#)

[Let Us Stop France From Becoming a Police State!](#)

Jacques Cheminade, the leader of the LaRouche-affiliated Solidarité et Progrès party in France, issued this statement from Paris after the national elections April 22 in an effort to prevent right-wing neo-con Nicolas Sarkozy from becoming President in the May 6 run-off election.

- [Ségolène Royal: Our Only Thinkable Choice](#)

The French Solidarité et Progrès party is distributing 100,000 copies of this leaflet, beginning April 23, 2007.

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Interviews

[Hal B.H. Cooper, Jr.](#)

Hal Cooper, PhD, a transportation consultant, is a longtime advocate for an intercontinental railroad connection across the Bering Strait, and for development corridors on key routes in the Americas, and worldwide.

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U.S. Economic/Financial News

Mortgage Blowout: Hit Worst—Homeowners, or Homebuilders?

April 26, 2007 (EIRNS)—More signs of the "financial disintegration" spreading outward from the U.S. mortgage bubble blowout, appeared in multiple economic reports today.

In the most serious development, Moody's Credit Rating Service put out a warning that the biggest homebuilding companies in America are in imminent danger of being "foreclosed" by their banks and other lenders. Pulte Homes, Ryland Group, and Beazer Homes all reported big first-quarter losses, as the housing blowout hit their revenues hard and forced them to write off the value of land on which they planned to build houses. These builders, said Moody's, along with Centex Corp. and Toll Brothers, Inc., are now in violation of their bond covenants with banks, because their operating revenue is not exceeding their interest costs by the covenanted amount, and some of them have negative cash flow for the past year. Their loans could be called at any time, and, "The next year or so, for them, is going to be pretty grim," according to Moody's analyst Joseph Snyder.

The national inventory of new homes for sale was over eight months in February, the highest in 16 years; and the builders have been unable to cut them even with aggressive discounting.

Meanwhile, American homeowners had to cut down their home-equity credit outstanding during the first quarter, after eight years of continuous increases, according to a report by MoodysEconomy.com.

And a third report, by Fannie Mae, found that among the record number of foreclosures going on nationwide—at a pace in the first quarter to hit nearly 2 million for the year—the fastest-rising cause, is sheer household indebtedness, making mortgage payments out of reach. This cause, for about 20% of all delinquencies leading to foreclosure, is now second only to loss of jobs, the cause of about 35% of such delinquencies.

This crushing household indebtedness is likely to show up in a steep drop in April auto sales.

U.S. Manufacturing Base Gone, Congress Is Told

WASHINGTON, April 24 (EIRNS)—"China is investing in their future," asserted Rep. James Oberstar (D-Minn.), as he contrasted U.S. and Chinese steel output. "The country with the highest output of steel" in 1979 was the U.S., with 129 million tons of raw steel output. In 2006, "China's raw steel output was 450 million tons. Oberstar's comments, made at an oversight hearing April 24 on the topic of the Bush Administration's subversion of "Buy America" laws as applied to transportation projects. While this was the topic of the hearing before the House Transportation Committee's Subcommittee on Highways and Transit, the real underlying subject discussed was America's decimated manufacturing base. Oberstar said China "is investing \$1 trillion" in infrastructure, and he insisted it's time the U.S. do likewise.

Rep. Grace Napolitano (D-Calif.) agreed: "We don't have the infrastructure we once had." Back in the 1980s, "we were losing manufacturing jobs. We used to build rail cars," for example. "In the 1930s, when we had a recession, we built bridges and dams, etc. Why not use transport projects" to rebuild the U.S. economy today? she asked the witnesses, as she requested their ideas on how to rebuild. John Catoe, general manager of the Washington, D.C. Metropolitan Area Transit Authority, agreed. He explained the U.S. no longer manufactures rail cars, and has only one domestic company still making heavy-duty buses. He then told her, "If you are calling for a public works program for transportation projects, I'm willing to lead it."

Pathetically, not one member of Congress mentioned the shutdown of the nation's auto industry, or called for a reversal of these closures by retooling the industry to manufacture the components for transport projects, as Lyndon LaRouche has called on Congress to do.

World Economic News

Bank of England Warns of Potential 'System-Wide Stress'

The latest Bank of England Financial Stability Report, issued April 26, warns that "ever riskier lending practices," including everything from derivatives, to the bundling and resale of loans, and issuing of "sub-prime" loans in every sector, has "potentially increased the vulnerability of the [global financial] system as a whole ... to an abrupt change in conditions."

The report points to "recent developments in the U.S. sub-prime mortgage market" as a mild taste of what could happen, should "more significant" markets, such as corporate credit, be hit by similar drops in liquidity. As John Gieve, the bank's Deputy Governor for Financial Stability, put it in the press statement announcing the release of the report: "Risk-taking is increasing, including through higher leverage, lower margin requirements and relaxation of covenants. The rapid growth in credit risk transfer markets is also making more participants dependent on continuous market liquidity and could amplify the impact of shocks like a sharp reversal in credit spreads from their current low levels." Sharp language, for a banker.

Across the Atlantic, U.S. Treasury Under Secretary for Domestic Finance, Robert Steel, told a Manhattan Institute forum taking place on the same day, that the Bush Administration believes that government regulation of speculative hedge funds would increase "moral hazard." Steel gave the twisted argument that government regulation would "communicate a sense of confidence in the actual product, which, by definition, is more risky, illiquid and has more flexibility than the average person should embrace," and it might encourage the average person to put his money into hedge funds.

Steel, who like Treasury Secretary Henry Paulson, was a top executive at Goldman Sachs before moving over to Treasury, didn't mention that in the past few years, pension funds, university endowments, and the like, have been moving "the average person's" money for them, into these "risky and illiquid" speculative funds, which the Bank of England now admits can blow out at any time.

Global Consequences of U.S. Housing Collapse

April 23 (EIRNS)—One of the unspoken, but predictable, consequences of collapse of the U.S. housing bubble is being felt by the nation's immigrant community, and by their relatives back at home, in the form of collapsing remittances from workers to Mexico and other Central and South American countries. As reported in the *Wall Street Journal* today, remittances to Mexico have dropped from a peak of \$2.6 billion per month in May of 2006, to a level of \$1.7 billion per month in February 2007. Similarly, for the month of February, Brazil received \$330 million, down 25% from \$446 million in the same month last year; and Guatemala has dropped from a peak of \$361 million last May, to \$271 million this February. This is now coinciding with a slowing of the Mexican economy, which normally would lead to an increase in remittances as workers flowed toward the wages in the United States. Now both are dropping. This has even led to a decrease in border crossings, as judged from the number of apprehensions by the border patrol, which are down 10% for the first quarter of this year.

Putin Calls for 'National Welfare Fund' for Infrastructure

April 26 (EIRNS)—On April 26, in his final annual message to the Federal Assembly of his second term as Russian President, Vladimir Putin presented economic and social programs, ranging from a second Volga-Don Canal to a national drive to rebuild Russia's library system, as vital tasks to be taken up by the Russian state. Even more so than in last year's message, when Putin invoked Franklin Delano Roosevelt on the need for the government to step on the toes of selfish financial operators, in the name of the general welfare, Putin indicated breaks with some of the rules of monetarism and globalization that have trapped Russia for the past 15 years.

The Stabilization Fund, for example, was set up in 2002, according to the monetarist dictum that Russia's oil and gas revenue must be sequestered (invested in foreign government bonds), lest its investment inside the country trigger inflation. "Today, however," Putin told the Federal Assembly, "the nature of our economic objectives requires correction of the function and structure of the Stabilization Fund, while maintaining a conservative financial policy. That is why, in my Budget Message, I proposed a new procedure for the use of oil- and gas-derived financial resources." Now, the Stabilization Fund is to be divided into a Reserve Fund (against the eventuality of a petroleum price crash); a part to go into the Federal Budget, to be spent chiefly on social needs; and a Future Generations Fund, "to raise the quality of life and develop the economy, for the improvement of the welfare of future generations, as well as present ones."

Discussing in more detail this "National Welfare Fund," Putin highlighted the importance of institutions to promote physical capital investment:

"Some of these resources should be directed into the capitalization of development institutions, especially the Development Bank, the Investment Fund, the Russian Venture Company, and others. I propose to direct 300 billion rubles [\$11.5 billion] in this way, already this year, and to anticipate further allocation of funds for these purposes in the future. As for the projects to be financed by the development institutions, I think they ought to be dedicated to addressing the most important tasks in our economy.

"First, the elimination of infrastructural constraints on growth. Second, improving the efficiency of natural resources utilization. Third, modernization and development of high-technology industrial manufacturing." Putin stressed that the government will not fund all of this activity directly: "Budget resources should not be the main source, but chiefly a catalyst for private investment." The state, he added, "should put its shoulder to the wheel, in cases where the risk for private investors is too great." Meanwhile, "the main role of the government should be to assist business in creating new, truly modern manufacturing."

Better Than Subprime Mortgages: Carbon Credit Trading

April 26 (EIRNS)—Carbon credit trading is being viewed by some as the new speculative gold mine, even better than speculating on housing, since in carbon credit trading there is little by way of verification of credit to get in the way of making a large haul on trading in hot air. This is the conclusion of an investigation by the London *Financial Times*, which ran a front-page article today detailing the lack of verification of carbon credits. And when some verification of the carbon credits was done, there was little evidence that the credits were issued in relation to any real carbon offset projects, like wind farms or solar cells. The *Financial Times* notes from their investigation, that with the little or no verification in the carbon market, the consumer is left with no real way to assess the value of their "investment."

The *Financial Times* profiled a website set up on March 1 called CarbonVoucher.com, set up to help households offset carbon emissions through funding projects to protect the Amazon rainforest in South America. The *FT* found out the owner of the website was taking the money for the carbon offsets, but did not have a contract to do any work or help build any projects to help protect the rainforest. According to the owner of the website, the money was coming in so fast they have not had time to build the rest of the business.

German Finance Minister on Hedge Fund Controls: Too Little, Too Late

April 24 (EIRNS)—In Berlin on April 23, German Finance Minister Peer Steinbrueck complained that the Bush Administration's plan to control hedge funds will do nothing more than publish a proposal for a voluntary code of conduct. "This is not enough," he said, adding that he prefers a more binding agreement, though also one that is "market-driven." Germany insists that such a measure be discussed at the mid-May meeting of the G-7 plus Russia, in Potsdam.

German news wires announced today, that the financial market watchdogs of the U.S. and Germany—the Securities and Exchange Commission (SEC) and the BAFIN (German regulatory agency for banks)—will sign a cooperation agreement in Berlin on April 26, which will allow the exchange of information about crisis symptoms and investigative cases on either side, and allow either agency to carry out investigations on the request of the other.

Steinbrueck's comments on hedge funds should be seen in this context.

United States News Digest

Murtha Describes Burnout of the Military

April 26 (EIRNS)—Rep. John Murtha (D-Pa.), chairman of the House Defense Appropriations Subcommittee, described the burnout of the military, and demanded that the Bush Administration be held accountable, during his April 25 speech on the House floor, at the conclusion of the debate on the supplemental war spending bill. He reported rumors that military tours in Iraq, recently extended from a year to 15 months, will be extended to 18 months. A general had told him, he said, "If you're there more than nine months, you start making mistakes. I question myself after nine months." A psychologist told Murtha's committee, the figure is more like three months in heavy combat, dealing daily with insurgents' improvised explosive devices (IEDs).

Murtha said of the bill itself, "We have an accountability bill, this is called the 'Iraq Accountability Bill.' This war has been so mismanaged that we have the responsibility to force the White House to be accountable. The policy is not set by the military, the policy is set by the White House, and we have to hold the White House accountable for the mistakes they have made."

The U.S. Senate voted up the bill passed by the House yesterday, which would require troop withdrawals from Iraq starting Oct. 1. The 51-46 vote on the supplemental appropriations bill was largely along party lines, with GOP Sens. Chuck Hagel (Neb.) and Gordon Smith (Ore.) voting for the bill, and apostate Democrat Joseph Lieberman (I-Conn.) voting against it. The bill now goes to the White House, where President Bush has vowed to veto it.

The April 26 *Wall Street Journal* reported that its recent poll with NBC shows that in the emerging showdown between the President and Congress, "most Americans side with Congress by a lopsided 56% to 37%."

Defense Department: Extend 'Big Stick' Policy To Space

April 26, 2007 (EIRNS)—Ryan Henry, the Principal Deputy Undersecretary of Defense for Policy, called today for a "new Mahan for the Space Age," referring to Alfred Thayer Mahan, the U.S. naval theorist from the turn of the 20th Century, whose policies on sea power became the basis for Theodore Roosevelt's expansionist policy. Henry was the luncheon speaker at a conference on "Spacepower," sponsored by the National Defense University.

Henry reiterated the general thrust of the Bush space policy of retaining "space dominance." He lambasted China's shooting down of its own satellite as "irresponsible behavior." Henry also praised the launch by Teddy Roosevelt of the Great White Fleet for an around-the-world cruise, a cruise, one of the conference participants later pointed out, totally supported by the British, who re-supplied the fleet at their coal ports every step of the way. Henry pointed out to possible "dangers" in space activities to which the Pentagon was looking. These included the deployment by the Russians of their Globnass system (an alternative to the U.S.-controlled GPS system), the creation by India of a new aerospace command, the launching by the British-based Surrey Satellite Systems of 30 small satellites (on behalf of small countries with no launch capabilities), and the Japanese deployment of a four-satellite system (also a competitor to GPS). "These are developments that we must closely watch over the years. We can't miss the warning signs," Henry said.

During the Q&A, Henry was pelted with questions, including from *EIR*, criticizing his in-your-face policy; questioners noted that the U.S. refusal to cooperate with other space-faring nations in working out collaborative efforts for working in space, gave the appearance of saying "My way or the highway" to the entire international community. Henry lamely defended his position, somewhat surprised by the hefty response.

Everything Cheney Said About Guantanamo Was False

WASHINGTON, April 26, 2007 (EIRNS)—Despite claims by top Administration officials that those being held at Guantanamo were "the worst of the worst," captured on the battlefield while fighting Americans, and had valuable intelligence vital to protecting Americans, the Senate Armed Services Committee was told today that "almost everything said by our highest officials about who was detained at Guantanamo, and why they were detained, was false."

This is what emerged from a detailed study of the U.S. government's own records. The Committee heard from Prof. Mark Denbeaux of Seton Hall Law School, who conducted the study of Pentagon records. Denbeaux reported that 55% of those at Guantanamo have never been accused of committing a single hostile act; 60% were neither "members of" or "fighters for" al-Qaeda or the Taliban; 92% were not captured by Americans; and two-thirds were not even picked up in Afghanistan. Only a handful were ever accused of shooting a weapon at U.S. soldiers.

The first witness at today's hearing, called to consider changes in the 2006 Military Commissions Act (otherwise known as the "torture bill"), was Sen. Patrick Leahy (D-Vt.), the chairman of the Senate Judiciary Committee. Leahy called last year's passage of that bill "a mistake of historic proportions." He particularly focussed on the law's elimination of the writ of *habeas corpus*, which, he stressed, applies not only to those at Guantanamo, but to 12 million legal permanent resident

aliens in America today. Any of them could be picked up and detained forever without access to a lawyer or to the courts. "This is the kind of 'disappearance' that America has criticized and condemned in parts of the world ruled by autocratic regimes," Leahy declared. "It is unconstitutional. It is un-American."

Other witnesses went further, stating that the whole scheme of Combat Status Review Tribunals (CSRT) and Military Commissions should be scrapped. Former Navy Judge Advocate General Rear Adm. John Hutson (ret.) said in his testimony—and reiterated the point to *EIR*—that the CSRTs (which were created as a substitute for *habeas corpus* and the provisions of the Geneva Conventions) "cannot be fixed. They mock justice and due process and must be jettisoned."

Appearing at the end of the hearing, Sen. Hillary Clinton (D-N.Y.) made a strong argument for closing Guantanamo—with which a number of the witnesses fully agreed.

Wolfowitz Sinks Deeper in the Quagmire

April 24 (EIRNS)—World Bank President Paul Wolfowitz is sinking into a quagmire as deep as the one he created in Iraq. He is willing to hire a coach to help him improve his "leadership style," according to the *Washington Post* April 24. But, more to the point, he has hired lawyer Robert Bennett, a partner at the prominent Skadden, Arps, Slate, Meagher & Flom law firm, to represent him. Bennett stated on April 23 that the beleaguered World Bank president "is not going to resign ... he did not hire me to help him work out a separation agreement. He feels people are trying to interfere with his job to get at world poverty, and wants to get the thing behind him so that he can concentrate 100% on his work," the *Post* reported.

On April 20, the World Bank created a special ad hoc committee to examine Wolfowitz's conduct in arranging for his girlfriend, Shaha Riza, to be hired by the State Department at a unprecedentedly high salary for her position. The committee said it would act "expeditiously" to resolve the matter.

One day later, Wolfowitz hired Bennett, who immediately urged the Bank's board not to "rush to judgment" on his client, but to provide an extended period of time for Bennett to prepare Wolfowitz's defense. The pressure against Wolfowitz is intensifying however. The April 21-27 edition of the London *Economist* documented how the Wolfowitz scandal has affected the Bank's ability to obtain funding for its International Development Association (IDA), and on April 24, German Development Minister Heidemarie Wieczorek-Zeul called for Wolfowitz's resignation. "He should do the Bank a service and take the consequences himself. The sooner the better," said Wieczorek-Zeul, as reported by Xinhuanet.

Did Stress Lead to NASA Murder/Suicide?

April 23 (EIRNS)—On April 20, contract aerospace engineer William Phillips, who had worked at NASA's Johnson manned space center in Houston for more than a decade, killed a NASA co-worker and then shot himself. Houston Police Chief Harold Hurtt told a press conference this afternoon, that Phillips had received an e-mail about his "poor job review," and was afraid he would lose his job. Johnson Space Center Director, and former astronaut, Mike Coats, said April 22 that the stress level at NASA installations needs to be looked at.

Since President Bush announced his Vision for Space Exploration in early 2004, which will phase out the Space Shuttle in 2010, hundreds of engineers who have worked for up to 30 years on the Shuttle program have been told to take "early retirement," and many of those who remain, face the unemployment line when the Shuttle stops flying. Many, like the 60-year-old Phillips, will have no possibility of future employment when the Shuttle program ends. Because the space program has been so seriously underfunded, it will be at least four years after Shuttle retirement before the replacement manned space vehicle is ready to fly.

In the late 1960s, when the Apollo program was winding to a close, thousands of aerospace workers at the Kennedy Space Center in Florida, who had committed their lives to the space program, lost their jobs. As engineers faced the prospect of no future, homes were abandoned, alcoholism and divorce became rampant, and the suicide rate climbed. NASA Administrator Mike Griffin has repeatedly warned, that this upcoming four-year hiatus in manned space flight could lead to tragedies similar to those suffered at the end of the Apollo program.

Ibero-American News Digest

Kirchner: Infrastructure Investment Is for the Public Good

April 26 (EIRNS)—In an April 26 speech at the Presidential Palace, before businessmen and workers from the construction industry, Argentine President Nestor Kirchner tore apart the argument made by "neoliberal economists," who say that investment in infrastructure is an unproductive expenditure.

So, he explained, "whether or not houses are built, is not their problem; whether or not streets are paved is not their problem; it's not their problem whether or not people have clean water ... or whether people have decent sanitation services.... *They* all have those services. They don't care whether or not we have highways, or everything a nation should have—ports, infrastructure, hospitals, which is part of the next government's agenda, to consolidate public health in Argentina."

Neoliberal economists don't like it, Kirchner said, but "for us, it's totally clear: public investment means jobs. It means economic transformation, and growth, dignity, and improved living conditions." There were the (IMF-dictated) economic prescriptions that "created the tension of exclusion," Kirchner said, but "we prefer those prescriptions which brought us the tension of growth."

The Argentine President pointedly noted that in the London *Economist's* recent ranking of nations according to their "competitiveness," Argentina had placed 27th. Bankers meeting in neighboring Chile at the World Economic Forum on Latin America April 25 repeated that Argentina wasn't a good "investment choice." But Kirchner responded, "let them put us in 550,000th place—as long as there is no Argentine without work, no table without food, no child who can't go to school, or attend university." These are the pressing issues of our time, President Kirchner said, and now is the time to prepare the policy agenda for the years ahead, with a view toward creating a "strategic Argentina."

Argentine First Lady Defends Presidential System

April 24 (EIRNS)—In an April 24 speech before the Executive of the Mexican Senate, attended also by the heads of the party caucuses and the Foreign Affairs Commission, Argentine First Lady and Senator Cristina Fernandez de Kirchner delivered an optimistic message on how Argentina has been able to recover from its near disintegration, by using the powers inherent in the U.S.-based model of Presidentialism, which both countries share.

This is a crucial conceptual intervention, at a time when Mexico's synarchists are demanding that the Presidential system be replaced with a parliamentary one, to ensure the destruction of the nation-state. In January 2007, the LaRouche Youth Movement in Mexico identified this fight as the central issue for the survival of Mexico and its neighbors, in a pamphlet printed in Mexico and circulated throughout Ibero-America, titled: "How To Constitute a New Mexico, Preamble for Our Constitution; A New Politics Begins" (see Feb. 2, 2007 *EIR*).

Senator Fernandez said that in Argentina, because of the history of the 1976-83 dictatorship, and the corrupt "democratic" governments which followed it, citizens lost their trust in the Presidential system. "You know," she said, "that our

Presidency, our Constitution, is a copy of the American Constitution." People saw that candidates made all sorts of campaign promises, but when they became President, they did something else. So people lost faith in the institution, because they saw that those elected officials didn't really represent "the interests of the majority, but only those of economic groups." The institution was discredited.

Now, after four years of the Kirchner government, this has changed, Fernandez said, and detailed for the Mexican Senators how her husband's economic policy, which she has identified elsewhere as modeled on FDR's New Deal policies, has begun to turn things around, reducing poverty, creating jobs, promoting industrial and economic growth. It was not the institution that was the problem, she said, but those who occupied it.

Mrs. Kirchner also underscored that both Argentina and Mexico now have a "fantastic opportunity" to strengthen their ties and to work together to deepen regional integration. "This is part of the reason which has brought me here to Mexico," she said. Mexico is at one end of the continent and Argentina at the other, "as if these were the two arms of the region."

This is another crucial intervention. For most of the 20th century, Mexico was at the forefront of integration efforts, but it has been increasingly absent from this process, when not openly attempting to sabotage it, since the IMF seized control of its affairs in 1982.

After a lively exchange with the Congressmen, Mrs. Kirchner said she would like to arrange for Mexican Senators to visit the Argentine Senate, to begin a process of deliberation and reflection on these vital issues.

Ecuador Plans 'Legal Action' vs. World Bank Blackmail

April 23 (EIRNS)—Ecuadoran President Rafael Correa announced during his regular national radio address April 21 that not only is he going to expel the World Bank's representative from Ecuador, but that he is planning to take "the pertinent international legal action" against the World Bank for its attempted blackmail against the Ecuadoran government.

Correa was referring specifically to 2005, when the World Bank withheld disbursement of \$100 million in pre-approved credit to punish Ecuador over Correa's decision—then, as Finance Minister—to reform the Petroleum Fund legislation, thereby giving priority spending of oil revenues to social needs over debt repayment. Correa was ultimately fired by the Palacio government, under that blackmail pressure.

Said Correa in his radio address, "Ecuador is nobody's colony; it is a sovereign nation, and we will not tolerate blackmail from this international bureaucracy." He added that, "The economic policies most applauded by the country's elite, by the bankers who have bankrupted us, by that infamous international bureaucracy, the IMF and World Bank, were the policies that destroyed the most jobs" in our country.

Venezuela to IMF and World Bank: 'Ciao'

April 21 (EIRNS)—On April 15, Venezuela paid the remaining \$3.3 billion that it owed to the World Bank, thereby bringing to zero the amount it owes to the Bank and the IMF. Venezuela Finance Minister Rodrigo Cabezas stated happily: "Gentlemen of the IMF and the World Bank, we tell you, 'Ciao.'" Venezuela has now joined Argentina, Brazil, and Ecuador in paying off their entire IMF obligations, and telling that august institution, and destroyer of nations, to go jump in the lake.

What comes next? Will the IMF and World Bank's role in Ibero-America be replaced by the pro-development Bank of the South, which Argentina, Venezuela, and Ecuador are trying to establish this year? That will depend in large measure on

the outcome of next week's meeting between Argentine President Nestor Kirchner and Brazil's President Luiz Inacio Lula da Silva. The Brazilian government, which is visibly factionalized over whether and how to participate in the Bank of the South, has been the fly in the ointment in the plan, to date.

Venezuela Moves Towards Maglev Rail

April 27 (EIRNS)—The Science, Technology, and Social Communication Committee of the Venezuelan Congress held a hearing on April 26 on the project to link the nation's capital, Caracas, with the nearby La Guaira port. Gen. Raul Baduel, Venezuela's Minister of Defense, and engineer Alberto Cerra Bals, the head of the project, addressed the committee, and Cerra brought along a scale model of the maglev train to demonstrate its various uses for transport of people or cargo.

Cerra Bals has been working on this project for 40 years, but he was always turned down until Gen. Baduel endorsed the idea, whereupon Bals moved the project to the ministry's premises. Now he also has the support of the Infrastructure and the Science and Technology Ministries, as well as the Autonomous Institute of State Railroads, but still has no funds to build his prototype. Last Dec. 26, President Hugo Chavez saw the plans and the scale model, and pledged to support the project.

Congressman Manuel Villalba, head of the Science Committee, declared that "this is a project that can be the solution to the problem of mass transit in Venezuela," and suggested that it could be extended to the difficult, mountainous terrain of the Andean region of the country.

The committee agreed to work with the Defense Ministry on securing the necessary funding. The official TV channel referred to the project as a "technology in the service of humanity," and underscored Baduel's remarks on the environment-friendly kind of technology that magnetic levitation represents.

The scale model will remain in the halls of the National Assembly, where the general public can view it.

Argentina Promotes Small Reactor for Developing Nations

April 24 (EIRNS)—Argentina's small CAREM reactor is ideal for developing nations, said Planning Minister Julio De Vido, speaking in Sydney, Australia April 20. The small prototype, currently being developed by Argentina's National Atomic Energy Commission (CNEA) and the state-run INVAP company, will generate 25 MW of electricity when it becomes fully operational by 2012, but, De Vido said, the plan is to increase that to 250 MW by 2020.

Speaking at the April 20 ceremony to inaugurate the Argentine-made OPAL reactor built for Australia, De Vido underscored that CAREM is ideal for energy generation in remote areas, at a reasonable cost. Once it's developed, he said, the plan is to sell it to Asian and other developing sector-nations, which want to expand their use of nuclear energy but don't have the resources for huge investments. According to the Argentine Planning Ministry website, the government will spend \$300 million to complete the CAREM reactor.

Western European News Digest

Former MP Charges Dr. David Kelly was Murdered

April 22 (EIRNS)—Norman Baker, a former British Liberal Democratic Party front-bencher, has charged, in a recent series of public events and interviews, that British weapons scientist Dr. David Kelly was murdered, and did not die of

suicide. Baker resigned from his parliamentary seat in February 2006 to devote himself full time to investigating the circumstances surrounding the death of Dr. Kelly in the summer of 2003. Kelly had revealed to BBC that the Blair government had "sexed up" the dossier on Iraqi weapons of mass destruction to get both the United States and Britain into a preemptive war against Iraq to overthrow the Saddam Hussein regime. After his name came out in public as the BBC source, and he was hauled before the House of Commons and grilled by pro-war MPs, he ostensibly took his own life.

However Baker, among others, questioned the basis for the suicide verdict, and sharply criticized the Hutton Commission, the official government inquest into Dr. Kelly's death, which whitewashed the Blair government, and provoked a major shakeup at BBC. After one year of investigation into the circumstances surrounding Kelly's death, Baker appeared on Feb. 25, 2007, on the BBC-Two show, *The Conspiracy Files*, and spelled out his case disproving the death was by suicide.

On April 11, Baker held a public forum in Lewes, former parliamentary district, on the southeast English coast, and elaborated the reasons that the suicide findings were false.

Among Baker's criticisms is that the Lord Chancellor, Lord Falconer, ordered Coroner Nicholas Gardiner to halt his forensic investigation, and turn the probe over to the Hutton Commission.

Former BBC Head Asked to Run for London Mayor

April 23 (EIRNS)—In what is likely an indication of the continuing turmoil in British politics around the David Kelly "suicide," Tory leader David Cameron had approached Greg Dyke to run as the Tory candidate for Mayor of London against Labour incumbent Ken Livingston next year. Greg Dyke was the head of the BBC, at the time of its broadcast in 2003 of the charges that the Blair government had "sexed up" its dossiers on Iraq's (non-existent) WMD, based on the evidence of weapons expert Dr. David Kelly. Dyke resigned in January 2004 over the fight with Downing Street, and has since left the Labour Party, due to his continued opposition to the Iraq War. Dyke was once a prominent Labour member.

Tremonti: Follow the Debate in the U.S. Democratic Party

April 23 (EIRNS)—In a comment made on the Italian national television station Raiuno on April 22, former Italian Finance Minister Giulio Tremonti indicated that the French election debate has been characterized by a cross-party preoccupation with the consequences of globalization. "This is something neither leftist nor right-wing," Tremonti said. "In the United States, the Democratic Party is discussing right now how to protect American labor and American industry from the effects of globalization."

Tremonti, a deputy chairman of the conservative Forza Italia party, is seen as a maverick for his endorsement of "Colbertism," that is, state-driven policies for infrastructural development, and for his critique of free-trade policies. In 2001, as Finance Minister and during the Italian half-year chairmanship of the European Union, he launched the "European Plan for Growth," to promote European-wide transportation infrastructure, which became known as the "Tremonti Plan," but was eventually downsized by the banker-dominated European Commission.

Europeans at Center of US-Iran War Avoidance Talks

April 26 (EIRNS)—A high-level source in Washington has told this news service that there are signs that the Bush Administration may be open to a Russian and European Union (EU)-brokered compromise with Iran over its alleged nuclear weapons program. On April 25, EU negotiator Javier Solana and Iranian National Security Council head and chief nuclear weapons negotiator Ali Larijani held five hours of talks in Turkey. Coming out of the meeting, both men said that the talks were fruitful, and will be continued in two weeks.

On April 25, the *Miami Herald* reported that the United States has increased back-channel discussions with Iran, "using Switzerland as an intermediary."

U.S. Ambassador to Italy Defends Globalization

April 20 (EIRNS)—U.S. Ambassador to Italy Ronald Spogli escalated his attack against the Italian government by publishing an open letter in Italy's largest-circulation daily, *Corriere della Sera*, on April 19.

Spogli argues that Italy has the wrong attitude towards foreign investments when it stresses that "national interest must prevail." This is resulting in low rates of foreign investments. "One should concentrate less on who wants to invest and more on the fact that Italy is last in Europe in terms of GNP growth and increases of wages and productivity. There is a clear connection between these data and the low level of foreign investments."

Spogli, himself a founder of a private equity venture, should know that investments from his sector result in an increase of wages only for executives, and in layoffs and reduction of workers' wages in order to increase "productivity," i.e., shareholder value.

Even more outrageous is the fact that a U.S. government representative intervenes, not on behalf of the institution he represents, but rather of a private U.S. concern, AT&T. The latter's decision to drop out of the contest to buy Telecom Italia, Spogli says, "clearly expresses the fear of investing in a market where rules are unpredictable. I think that this is an understandable fear."

Real Estate Markets Crash in Spain

April 25 (EIRNS)—"The specter of the explosion of the Spanish real estate bubble has appeared on the Madrid stock exchange," says today's *Le Figaro* from Paris. The London *Financial Times'* Lex Column says, "In the past few days, Spanish real estate has exhibited all the signs of a bursting bubble." They report that the crisis was blamed on Valencia-based property developer Astroc Mediterraneo, which lost 9.5% yesterday alone, with a cumulative 70% drop in the past seven trading days, while Colonial lost 22% and Inmocaral fell 20%. The sell-off then propagated to the banks, as BBV Agentaria, Spain's second-largest, lost 3% and Banco de Bilbao and Santander fell about 2.5%. Some 24% of all Spanish loans are to construction and property-development companies. This follows a crazy year of speculation where some of the real estate companies saw their profits grow tenfold.

More Fissures in Legend of German 'RAF Terrorism'

April 23 (EIRNS)—For 30 years, it has been the official story that on April 7, 1977, Federal Prosecutor of Germany Siegfried Buback was killed by a Baader-Meinhof gang (or, Red Army Faction/RAF) team of three: Christian Klar, Guenter Sonnenberg, and Knut Folkerts. With hints last week by Buback's son, that a "source in the RAF environment" told him that Klar did not fire the shots, a broad debate is on in Germany, as to who did fire them.

Today, *Der Spiegel* weekly carries a cover story revealing that anti-terror authorities have been in possession of hints for 25 years, that none of the alleged three killers actually did it. In 1982, RAF member Verena Becker leaked to investigators that another RAF member, Stefan Wisniewski, was the killer. And in 1990, Silke Maier-Witt, who was arrested in exile in East Germany, revealed that Knut Folkerts was not even in Karlsruhe on the day that Buback was killed there, but was at the German-Dutch border, waiting to pick up Maier-Witt, who was coming from Amsterdam.

None of this necessarily is the truth, either, but one thing is clear: It is already sparking a heated debate in Germany about the question as to why these leads were kept secret all these years.

Germans Note Swedish Turn on Nuclear Power

April 27 (EIRNS)—Inspired by neighboring Finland, which is going nuclear, Swedish Labor Minister Sven Otto Littorin said that Sweden's 1980 decision to "exit" from nuclear technology must be reversed, the German paper *Neues Deutschland* reported April 21. "Swedish energy policy for almost 30 years has been blocked by this decision," he said. "In terms of energy, we have to learn from Finland."

Another indication of the turnaround in Sweden is that channel TV4, rebroadcast the British Channel 4 documentary, "The Great Global Warming Swindle," on April 26. TV4 is a free broadcast channel available everywhere in Sweden. In contrast, Al Gore's lying movie, "An Inconvenient Truth," was shown recently, but only on a pay-TV channel.

Bavaria Wants Alps Railway Tunnel To Be Top Priority

April 24 (EIRNS)—As the governmental news service reported on April 20, Bavarian State Governor Edmund Stoiber met with the EU coordinator for the grand North-South railway project (Berlin-Palermo), in Munich earlier that day. The two discussed the need to make that project, especially the Brenner Base Tunnel across the Alps, a top priority, in expectation of a visible increase of cross-Alps travel and transport in the future, which could no longer be absorbed by the existing highway grid.

Russia and the CIS News Digest

Russian Cold Shoulder Rattles London Financiers

April 24 (EIRNS)—The Kremlin advised Russian officials and leading businessmen to skip the annual Russian Economic Forum in London, held April 22-23, the Russian business daily *Vedomosti* reported April 20. Word from President Putin's people was that this year the "decision-makers" will not be in London; rather, they will be at the St. Petersburg Economic Forum in June, where 1,000 executives of Russia's largest companies, 50 heads of state, numerous governors, and representatives of all branches of government will gather. *Vedomosti* was quoting a source at one of the big Russian companies, whose managers had changed their minds about going to London, after Putin's suggestion. A government official confirmed the information.

A source close to the Presidential administration said that the Kremlin "has an understanding that in order to discuss Russian problems, it is not necessary to convene in London." Minister of Economic Development and Trade German Gref and Unified Energy Systems CEO Anatoli Chubais decided to refrain from visiting London, as did the head of the Russian Union of Industrialists and Entrepreneurs, Alexander Shokhin.

The shrunken conference, when it went forward, heard warnings from Hans-Joerg Rudloff of Barclay's Capital, who said that Russia's financial boom, based largely on credit expansion, will "be penalized somewhat excessively in the near future," and come to a "painful" end. While correctly pointing to the enormous credit expansion over the past seven years, this statement and similar ones from other bankers reflect concern in London that the Anglo-Dutch oligarchy has little control over the direction of Russia's economic policy.

Russia, Japan Discuss Rail, Nuclear Power Cooperation

April 25 (EIRNS)—Following the visit of Russian Prime Minister Mikhail Fradkov to Japan at the end of February, direct discussions on energy and railroad development are being conducted from Moscow and Tokyo. The president of Russian Railways, Vladimir Yakunin, met in Moscow with Kosaburo Morinaka, chairman of the board of directors of Sumitomo Corporation, Russia Newswire reported today. On the agenda were Russia's plans for developing a high-speed rail system in Russia, which Yakunin had announced in Rome on Feb. 9. He said that Russia will be sending experts to Japan; Russia wants to look at the most modern technology available, and is interested in Japanese experience. The first high-speed line in Russia will link Moscow and St. Petersburg; other links on the agenda are Moscow-Nizhny Novgorod, and Moscow-Sochi. Russia wants to bring in foreign partners to help build rail lines, including future projects in the Far East, in the North, and a possible tunnel link to Sakhalin Island. A high-speed link to Finland is also being discussed.

Russia and Japan were to hold their first round of talks on joint cooperation on nuclear power in Tokyo on April 26, RIA Novosti reported April 24. Sergei Kiriyyenko, head of the Russian Federal Nuclear Power Agency (Rosatom), had led a delegation to Japan April 10-12, and the two sides agreed to start discussion of joint use of civilian nuclear power. Kiriyyenko said that Japanese companies could be invited to help build a nuclear plant in Russia's Far East. Rosenergoatom, the state-run nuclear agency, announced in March that it is considering two new nuclear plants in that region. Electricity corporation RAO UES suggested the construction, Novosti wrote, because China has announced it would like to buy some 30 billion KWH of electricity from Russia a year.

Black Sea States Plan Ring Highway

April 24 (EIRNS)—Leaders of 12 nations agreed on April 19 to build a highway around the Black Sea, according to local and international press reports compiled by Radio Free Europe/Radio Liberty. The April 19 meeting brought together six Black Sea littoral countries—Bulgaria, Georgia, Romania, Russia, Turkey, and Ukraine—and six neighboring states, Albania, Armenia, Azerbaijan, Greece, Moldova, and Serbia.

In the declaration concluding their meeting in Belgrade, the leaders of the Black Sea Economic Cooperation (BSEC) group said that "road construction and renovation is vital to build ties among EU, Black Sea, and Asian countries." The 4,700-km road would be created by linking up existing roads. The Turkish news agency Anatolia reported on April 19 that the BSEC's incoming president, Turkey, plans to institute reforms to make the organization more effective and to boost cooperation with other organizations. Collectively, the members of BSEC, which was established in 1992, are the world's second-largest producers of oil and natural gas after the Persian Gulf.

Russia Responds to Estonia's Removal of Red Army Statue

April 27 (EIRNS)—Russia should build its own modern Baltic Sea ports, as a response to the tense situation in relation to Estonia, Russian First Deputy Prime Minister Sergei Ivanov told the press April 26. According to Itar-Tass, Ivanov denounced as a sacrilege, the Estonian decision to dismantle a statue in the capital, Tallinn, commemorating the Red Army. The authorities will also move the graves of Soviet soldiers buried near the statue in 1947. The Red Army liberated Estonia from the Nazi occupation in Autumn 1944. "In particular," Ivanov said, "Russia must speed up the construction of modern ports on Russian territory on the Baltic Sea, in the towns of Ust-Luga, Primorsk, and Vysotsk. Thereby, we will handle our own cargo flow and not allow other countries, including Estonia, to benefit from its transit. I have already ordered and instructed the Minister of Transport accordingly."

The statue was dismantled during the night of April 26-27, although the government had said it would wait till after May 9, Victory in Europe Day. There is a long-standing dispute about the Soviet memorials, including between ethnic Russians who have lived in Estonia since the 1940s, and ethnic Estonians. Tensions erupted into protests against the destruction of the statue April 26, which developed into riots in which at least one person was killed, 57 injured, and 300 arrested.

At the NATO meeting in Oslo April 27, Russian Foreign Minister Sergei Lavrov said Moscow opposes "such desecration" and that he "cannot understand attempts to equate Communism with Nazism." Russia's Federation Council, the upper house of Parliament, called for breaking diplomatic relations with Estonia.

Southwest Asia News Digest

Bering Strait Tunnel Plan Reported on Arabic News Website

April 24 (EIRNS)—An optimistic response came when the Saudi news website Elaph.com reported today that "Russia is planning to build the longest tunnel in the world under the sea, and is intending to present the project to the governments of the U.S.A. and Canada."

The report emphasized that "the tunnel will connect Siberia to Alaska, and a great part of it will be used for building oil and gas pipelines, electricity and fiber optic cables. The tunnel will include a motorway and railway." It added that "the cost of this gigantic transport project, \$65 billion, will be quickly paid back through the revenues created by the transit of goods between the countries in the region." The report also noted that "many countries around the world have shown great interest in the project, especially Asian economic giants China, Japan, South Korea, and of course Russia and the U.S., who have been looking for partners in the state and private markets."

An important aspect of the Elaph.com report was the great sense of optimism it created in the readers. This was reflected in the commentaries sent in to Elaph.com by readers from Arab countries and Arab-Canadians and Arab-Americans. These commentators also urged the Arab states to learn from Russia, Canada, the U.S., and Asia, and build a major network of railroads and bridges throughout the Arab world from the Gulf to North Africa (see this week's InDepth for "Russian-American Team: World Needs Bering Strait Tunnel!").

Lawmakers Seek Dialogue with Iran; Cheney, White House Stonewall

April 24 (EIRNS)—Two members of the U.S. Congress said today that the Bush-Cheney Administration is doing everything in its power to prevent anyone from engaging in a dialogue with Iran. Rep. Wayne Gilchrest (R-Md.), a co-founder of the Dialogue Caucus in the U.S. Congress, said that the White House opposes members of Congress travelling to Iran, and he said that he understands that this also applies to House Speaker Nancy Pelosi, who reportedly has been invited to Iran by the Speaker of the Majlis (the Iranian parliament). Likewise, the Administration won't allow any Iranians to visit Washington.

Rep. Jim Moran (D-Va.) pointed to the fact that the U.S. continues to hold five Iranian diplomats as hostages, even though they were captured in Kurdistan, and were not involved in any activity against the United States. Even though Secretary of State Condoleezza Rice strongly urged that they be released, Moran said, "the Darth Vader of foreign policy—the Vice President—intervened to make sure they were not released."

"As long as this Administration is in power," Moran continued, "they will use Iran as a foil." Moran was especially concerned that the Administration will try to get out of the war in Iraq, by widening it to Iran.

Moran also pointed to the situation with Syria, where he said U.S. negotiators had come very close to getting an agreement between Syria and Israel, but then Israeli Prime Minister Ehud Olmert told the press that the Americans didn't want them talking to the Syrians.

Moran also said that both Defense Secretary Robert Gates, as well as Secretary of State Rice, are more open to a dialogue with Iran, but the White House remains opposed. And, he declared, "as long as that policy is determined in the Vice President's office, there'll be no real substantive change."

Both were speaking at a forum sponsored by the George Mason University Institute for Conflict Analysis and Resolution, held at the National Press Club in Washington, D.C.

Experts: Iran Won't Have Nukes for Eight Years

April 24 (EIRNS)—The technical difficulties faced by Iran are so great, that it would take at least four years to produce enough weapons-grade uranium for one bomb, and up to eight years to produce a deployable weapon, say specialists quoted in today's London *Daily Telegraph*.

Despite Iranian President Mahmoud Ahmadinejad's claims made on April 9, that Iran had begun "industrial scale" uranium enrichment, Prof. Norman Dombey of Sussex University pointed out that, "It's very difficult to enrich uranium.... It calls for several different scientific and engineering disciplines. Iran hasn't yet shown that it has mastered the problem." Explaining the problems involved, Dumbey estimated that Iran will need about two years just to master the process of running centrifuges, then another two years to produce enough weapons-grade uranium to make just one bomb. Then, it would have to master the technology of building a warhead that is capable of being delivered by a missile.

International Atomic Energy Agency head Mohammed ElBaradei has likewise stated that it may be eight years before Iran could have an operational nuclear weapon.

Gary Samore, of the U.S. Council on Foreign Relations, is quoted by the *Telegraph* as saying: "Washington feels it has time to play out the diplomatic hand because Iran is having trouble solving technical problems with its centrifuge machines.

"The belief in Western intelligence circles is that a large portion of these machines are likely to break if Iran attempts to operate them at high speeds necessary for enrichment."

U.S. Holds Biggest-Ever Military Drill in Bahrain

April 24 (EIRNS)—With the threat of a military strike against Iran by the United States growing rapidly, the U.S. Navy's base in the Gulf Kingdom of Bahrain and several Bahraini agencies, including the special forces, conducted today the biggest emergency response exercise ever held in the island, the U.S. Navy reported.

More than 800 U.S. service members and Department of Defense personnel took part in the exercise, dubbed Desert Sailor 07, less than a month after the U.S. Navy had conducted the biggest war games at sea on Iran's doorstep.

"Desert Sailor 07 is designed to bring the host nation and the U.S. Navy ... together to function as a single crisis management team that will work together to solve any potential issues brought about through a mass casualty scenario," the statement of the U.S. Navy spokeswoman said. She pointed out that a similar crisis management drill was conducted in March 2005, adding hastily that this drill was not related to the regional developments.

The exercise involved the U.S. Navy base in Bahrain, not ships at sea, and participants included the Navy's explosive ordnance disposal and emergency response teams, Reuters reported.

Human Rights in Iraq Worsen Under U.S. Occupation

April 26 (EIRNS)—A new United Nations report on human rights in Iraq, shows graphically the discrediting of the Cheney-Bush Administration, and its isolation from countries and international institutions which supported the U.S. "War on Terror" five years ago. Now the UN, which in 2003 set up offices in occupied Iraq in close cooperation with the United States, denounces the U.S. occupation for destroying human rights, and it is denounced in turn by the White House.

The report of the UN Assistance Mission for Iraq (UNAMI), released today, details that human rights in Iraq have deteriorated during the U.S. occupation. It documents concerns that torture is still an issue at government-run detention centers, and that since the new security plan for Baghdad has gone into effect, 3,000 people—in some cases, entire families—have been taken into custody. The report also states that 200,000 Iraqis have fled their homes since December 2006 alone, bringing to 736,422 the total number of refugees who have fled their homes since the bombing of the al-Askari Shrine in Samarra on Feb. 22, 2006.

Unlike past reports issued by the UN Assistance Mission for Iraq, this one does not contain official statistics of violent deaths, because the Iraqi government decided not to make the data available to the UNAMI. The January report issued by the UNAMI placed the number of Iraqi citizens killed in 2006 at 34,000. U.S. officials in Baghdad and the Iraqi government have said that the report is inaccurate and based on unreliable sources. According the UNAMI, its sources were victim reports and eyewitness accounts.

Asia News Digest

India Wants To Build 'Missing Link' in Rail to Myanmar

April 27 (EIRNS)—According to the Indian Minister of State for Railways, R. Velu, in a written reply to the Indian Parliament said the Indian Railway has carried out a feasibility study for the construction of a new rail link between Jiribam-Moreh in India and Tamu-Kalay-Segyi in Myanmar. The "missing link" that would tie the Indian railroads with that of Myanmar is estimated to cost a little over \$1 billion. It would provide substantial benefit for both India and Myanmar, and nations in Indochina. The Indian Minister added that the study is currently at the stage of bilateral consultation.

Earlier, speaking at a three-day conference organized by the International Union of Railways in New Delhi, India's Railway Board Chairman J.P. Batra said: "There have been discussions going on between the railways of the two countries [India and Myanmar] and things so far have been very smooth. Both sides have agreed to work towards forging this new relationship to complete the 'missing link' of 315 km. We are taking up construction of 100 km of the link on the Indian side, and the rest will also be completed in due course of time." Batra said once the "missing link" is built, it would greatly help cross-border travel and freight movement.

Malaysia Revives Rail Project with India's Ircon

April 22 (EIRNS)—Malaysian Transport Minister Chan Kong Choy was quoted by Bernama, Malaysia's national news agency, yesterday, saying that Ircon will participate in the multibillion-dollar rail project to double-track the rail line between Seremban and Gemas. The project had been put on hold in 2003 due to its high cost. The Seremban-Gemas rail line is part of Malaysia's largest-ever infrastructure project, which includes a 320-km electrified railway linking Ipoh and Padang Besar in northern Malaysia and a 310-km line between Seremban and Johor Bahru in the South. The project had been approved by former Prime Minister Mahathir Mohamad.

Malaysia has sent a letter of intent asking India to participate in the southern line.

NATO's Pulls Message to Afghans on Destroying Poppies

April 25 (EIRNS)—NATO has pulled its radio-message telling Afghan farmers that the troops will not destroy their opium fields, following complaints from the Afghan government officials, said AP.

The advertisement was paid for by the NATO-led International Security Assistance Forces (ISAF) and aired on radio stations in Helmand province—the largest poppy-growing area in Afghanistan.

"This was an error by ISAF," said Zalmay Afzali, a spokesman for the Afghan Ministry for Counternarcotics. "We request from ISAF to avoid these kinds of errors in the future because it can create a hell of a problem for the counter-narcotics strategy in Afghanistan."

The ad is yet another example of the NATO and Afghan forces' unwillingness to confront the Afghan opium warlords, who are a parallel power, constantly challenging the Karzai regime in Kabul. Nearly 2 million Afghan farmers grow poppy, and the financial benefit of the illicit product is reaped by these warlords. The warlords, besides paying off law enforcement, also pay the Afghan insurgents handsomely to keep the anti-U.S. and anti-ISAF campaign going.

Meanwhile, on April 27, *Financial Times*, on its front page, issued a head-on attack on the Afghan government in Kabul for its inability to eradicate opium in Helmand and Kandahar provinces. The *FT* claims the eradication is not happening because Afghan government officials and police are on the take. However, the London paper failed to mention NATO's indirect role in promoting opium.

India Moves To Rev Up Space Science

April 27 (EIRNS)—Having announced unmanned Moon and Mars missions within the next five years, Indian space research authorities are now gearing up to develop an adequate number of personnel to carry out future programs. India has also launched, for the first time, a commercial Italian satellite this week to join the group of other five nations who have developed this capability. India has already been contracted for launching of two more commercial satellites.

In light of this broadened space program, Information and Broadcasting Minister Priya Ranjan Das Munshi approved Rs 400 million for setting up of an Indian Institute of Space Science and Technology (IIST). The IIST will be set up along the lines of the Indian Institutes of Technology (IITs)—India's top engineering colleges—and will provide high-quality undergraduate and post-graduate education in space technology and science.

Das Munshi said the Indian Space Research Organization (ISRO) is experiencing a severe shortage of qualified graduate and post-graduate scientists and researchers, and that the shortage has already affected the space program in taking up the challenges of research and development in the space area.

The first of the IISTs will come up within 24 months and will be located close to the Vikram Sarabhai Space Centre and Liquid Propulsion Systems Centre in Thruvananthapuram, located in the southwestern coast of the state of Kerala. The institute will have 150-200 students each year and the ISRO will bear all costs by providing the students with scholarships and assistantships. All high-performing students will be absorbed in the ISRO.

China's Economy and National Defense Are at Risk

April 22 (EIRNS)—According to *Xinhua* daily, Yu Chengting, vice chairman of the China Machine Tool and Tool Builders Association, said China's economy and national defense are at risk due to dependence on imported machine-tool technology. China is the biggest consumer and importer of machine tools in the world. *Xinhua* news agency quotes Yu Chengting warning that about 90% of the digital-control systems currently used by Chinese manufacturers for machine tools, are being produced by foreign companies. By 2010, China's engineering-manufacturing sector will need more than 100,000 machine tools, and 40% of those must be medium- and high-quality, he said. Digital control systems account for 30% to 50% of a machine tool's cost.

China's machine-tool-building industry has grown by 20% in output and sales revenue over the past six years. "If manufacturers continue to rely heavily on key component imports, the country's economy and national defense will be stunted," Yu said. China must intensify R&D on domestic machine-tool production, especially of digital-control systems. This process is already underway, he said. In 2006, imported digital-control machine tools were 10% of all those sold in China, down from 40% in 2005. That year, China's machine-tool market was dominated by Japanese and German companies which together sold 19,000 medium- and high-quality machine tools to China.

A Potential Pakistan-China Rail Link

April 23 (EIRNS)—According to *Xinhua* news daily, Pakistani Prime Minister Shaukat Aziz, in Beijing April 18, said that studies for a Pakistan-China rail line will be completed this year. And on April 21, Pakistani Railway Minister Sheikh Rashid Ahmed, during meetings with visiting China National Machinery Corporation vice president Zhao Jun in Islamabad, made similar remarks. This railway would be an engineering feat to rival the Chinese railroad to Tibet: Under feasibility study is a possible 750-km rail link between the city of Havelian, at the westernmost end of the famous Karakoram highway, and 4,693-meter-high Khunjerab Pass at the Pakistan-China border. This pass is the highest paved international connection in the world.

At the Communist Party School in Beijing, Shaukat Aziz said that the Pakistan-China partnership goes back to the "fabled Silk Route," and China's classic *Journey to the West*. "Pakistan is fast transforming into an economic, energy, trade, and communications hub, linking the neighboring regions of South Asia, Central Asia, and West Asia. Pakistan provides the shortest access to the sea for Western China. Our friendship highway over the Karakoram and road and rail networks to our deep-water ports at the Arabian Sea are fast becoming a conduit for trade and energy transactions. The Karakoram Highway is being upgraded. Feasibility studies are being undertaken to establish Pakistan-China rail links."

On April 21, Sheikh Rashid Ahmed said that work on the Quetta-Kandhar (Pakistan-Afghanistan) and Taftan-Zahidan (Pakistan-Iran) sections of Pakistan's new rail links to the rest of the world is already underway. Pakistani President Musharraf wants the country to become the "economic bridge" between Asia and Europe via sea, road, and rail networks, Pakistan's News Network International reported April 22. The minister invited Chinese Railways to invest in Pakistan, to upgrade its signalling systems and build high-speed rail lines. Sheikh Rashid Ahmed said Pakistan wants to build a high-speed rail link between Lahore and Rawalpindi, which he said would be the first ever project in South Asia.

Africa News Digest

Chinese Oil-Prospecting Site in Ethiopia Attacked

April 24 (EIRNS)—Prof. Kenneth Menkhaus of Davidson College in Davidson, N.C., a leading U.S. authority on Somalia, reported to *EIR* that: "We had breaking news today of an attack on an oil site north of the town of Jijiga, in Somali-inhabited Ethiopia. Seventy-four people died in that attack, mainly Ethiopians, but also nine Chinese oil workers were

killed, and several Chinese were also taken hostage. This attack was conducted by the Ogaden National Liberation Front (ONLF). It is a long-running, armed insurgency of Somali Ethiopians against the government of Ethiopia.

"Its objectives have been at times unclear. Sometimes it's discussed secessionist aims, other times, simply self-determination within Ethiopia. It represents the grievances of the Somali Ethiopians who feel marginalized in Ethiopia. A fairly unusual attack, this was, far and away, the most lethal attack it has ever launched. It has not engaged in more than a handful of these kinds of attacks, per year, and usually much smaller in scale. So this is a major new development. It is almost certainly linked to the ONLF condemnation of Ethiopia's offensive into Somalia. We were fearing that the ONLF would eventually take action, and in fact it has."

Asked if this attack could be a catalyst for the kind of spread of warfare now inside Ethiopia, Dr. Menkhaus responded: "It could, and we'll all stand by to see what kind of reaction this elicits from the Ethiopian government, which of course now has some of its forces stretched along the border with Eritrea, which continues to be a flashpoint for potential violence. It's got some of its forces in Somalia; now it's going to have to react to the ONLF's attack in eastern Ethiopia. And at some point, the Ethiopian military is going to get overstretched."

Dr. Menkhaus has spent time in Somalia periodically since 1984, has worked as an advisor to the UN, and assisted many U.S. governmental institutions in developing policy recommendations. He is uniquely situated to provide an insider view on developments in Somalia and the Horn of Africa. (An extended interview with Dr. Menkhaus will appear in an upcoming issue of *EIR*.)

Ghana Celebrates Freedom with Beethoven's 'Ode to Joy'

April 24 (EIRNS)—La Scala Principal Guest Conductor Daniel Barenboim took Milan's 160-member La Scala orchestra and chorus to Ghana, where yesterday he conducted a performance of Beethoven's "Ode to Joy" at the National Theater in Accra, as part of Ghana's year-long Golden Jubilee Celebration of 50 years of independence from British Colonial Rule. Last December in New York, Barenboim's friend, former UN Secretary General Kofi Annan, had given Barenboim the idea. Beaming after the extraordinary event, Annan said: "In international affairs, you have to learn how to create pillars and foundations in order to realize dreams."

A BBC reporter asked if it was really worth \$600,000 to charter an Airbus to fly the orchestra and chorus 6,000 miles to Ghana, for a single Beethoven performance. Barenboim's answer was an emphatic "yes," and he said he would like to return to Africa, either with La Scala or to give a series of solo piano recitals in various African countries.

Barenboim first conducted the Ghana National Anthem, and then Italy's anthem. He then pointed out to the audience that the performance was special, because he had learned that this was the first live performance of Beethoven's Ninth Symphony in Ghana. Music, he pointed out, is a universal phenomenon, and cuts across boundaries and racial lines.

Indicating how he uses music to focus on a higher level, he said two years ago: "As musicians and creators of culture, we must not wait for politicians: we must be active." Barenboim, an Israeli citizen, has spoken of a dream in which he is Prime Minister of Israel, and "my baton conducts a magnificent new symphony—a treaty celebrating the harmonious coexistence of Israelis and Palestinians."

Global War on Terror in Somalia Spreads Assymetric War

April 27 (EIRNS)—The worst violence in the Somali capital of Mogadishu in the 16 years that Somalia has not had a government, took place during the last two weeks. Bodies rotted in the streets for days, as Ethiopian troops, backing the

puppet Transitional Federal Government (TFG), which has no legitimacy, brought in more tanks. At the behest of the Bush Administration, and in the name of the Global War on Terror, Ethiopian troops have been propping up the TFG since their late-December invasion. On April 24, a truck bomb blew up inside an Ethiopian military base outside Mogadishu.

Doctors and hospitals are overwhelmed, as the city has been pounded by tanks, mortars, artillery, and car bombs, which have destroyed buildings, killed up to 1,500 people, and driven 350,000 people out of the city. Aid and food supplies have been held up by the TFG. The UN reported that more people have been displaced in Somalia in the last two months, than any other country.

As in Iraq, Dick Cheney's much-vaunted Global War on Terror is turning Somalia into a training ground for extremists from other countries. The assymetric war that has developed after the Ethiopian invasion, now threatens to spread to other nations in the region, as well as the rest of Africa.

Ambassador Confirms UN Troop Deployment to Sudan

April 26 (EIRNS)—Sudanese Ambassador John Ukec Lueth confirmed to *EIR* today that the announcement of 3,000 UN troops being deployed to Darfur was part of the agreement worked out in Addis Abeba, Ethiopia Nov. 16-18, 2006, and in Abuja, Nigeria, Nov. 30.

The decision by the government of Sudan to accept this deployment was made prior to the arrival of Assistant Secretary of State John Negroponte April 16 in Sudan. These troops, to be deployed to protect civilians, displaced persons, and government troops, is Phase II of the three-phase agreement proposed by then UN Secretary General Kofi Annan last November, which called for a hybrid UN-AU (African Union) force under AU command.

Phase I has been already accomplished, consisting of approximately 105 civilian advisors, 35 police, and 85 military personnel. This Phase II deployment is expected to begin by June, as UN member-nations contribute troops.

The remaining approximately 10,000 troops—Phase III—could be deployed by the end of the year, which, combined with the 8,000 AU troops already there, will bring the force up to about 21,500. Lueth stressed that there has to be peace in order for peacekeepers to do their job, and that those militia which did not sign the Darfur Peace Agreement in May 2006, are presently at war with the nation of Sudan.

China Now Biggest Foreign Investor in Zimbabwe

April 23 (EIRNS)—With at least 35 Chinese companies operating in this southern African nation, and more Chinese companies eyeing opportunities there, China is now the biggest investor in Zimbabwe, said the state-run *Herald* newspaper in Zimbabwe, according to an Agence France Press report today.

Zimbabwe and China have had relations dating back to Zimbabwe's 1970s liberation struggle, when Beijing provided arms and training to the black nationalist movement fighting the white minority government led by Ian Smith. The strengthening of China-Zimbabwe relations developed further following the latest visit by Jiang Qinglin, chairman of the Chinese People's Political Consultative Conference, on an April 20-24 trip to Zimbabwe.

On April 21, officials from China handed over a \$58 million check that will be used to purchase farming equipment, implements, and tools that Zimbabwe needs badly. Under the agreement, China's CAMC Engineering Co. will supply agricultural equipment. In return, Zimbabwe will deliver 110,000 tons of tobacco to China over the next two years.

"It is heartening to know that China is now the largest investor in Zimbabwe and her investment now stands over \$600 million," Zimbabwe's parliamentary speaker John Nkomo said in his speech at a dinner honoring the visiting Chinese officials. The friendship between China and Zimbabwe was rekindled when President Robert Mugabe, shunned and vilified by the West, adopted a "look East" policy, forging close ties with China, India, Malaysia, and Indonesia.

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