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In-Depth Coverage

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International Webcast Conference

A New Monetary System—Now!

Lyndon LaRouche addresses a LaRouche PAC webcast from Washington, D.C. on May 1.

'What I'm about to announce to you, and follow up by a presentation on the subject, will produce incredulity in a lot of people around the world and around the country, especially inside the United States,' he promises. 'But it's all true, and I shall indicate to you what some of you may not have taken into account, or didn't know about the nature of the world situation, and therefore, you would have doubts about what I'm about to tell you.'

- **Dialogue with LaRouche**

Questions and answers from the webcast, covering U.S. relations with Russia, home foreclosures and unemployment, youth organizing, blocked Baby Boomers, crises in Africa, and many other issues.

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Feature

End-Game Forecasts

By Lyndon H. LaRouche, Jr.

'The axiomatic incompetence of today's usual methods in statistical modes of economic forecasting, is inherent in that type of method itself. This will show itself with undeniable force, as an immediate threat of absolute breakdown of an actual economic system, whenever the underlying physical-economic cycle is permitted to approach closely what is best described as a Riemannian boundary condition, as now.'

Economics

Fed Issues 'Fair Warning' of Huge Hedge-Fund Crisis

The New York Federal Reserve compared the hedge-fund fed speculative bubble to the 1998 LTCM crisis, whose collapse almost brought down the entire financial system. **Lyndon LaRouche** commented: 'Fair warning has been delivered.'

Appeal for Bering Link Directed to G-8 Summit

The April 25, 2007 communique from the participants of an international conference in Moscow on an Intercontinental EurasiaAmerica Transport Link via the Bering Strait.

Bering Strait Conference Marked 'Major Phase Shift'

An interview with Hal B.H. Cooper, Jr.

Congressmen Admit, U.S. 'Post-Industrial' Economy Can't Build High-Speed Rail

Climate Expert: Gore's Film Is 'Science Fiction'

An interview with Dr. Syun-Ichi Akasofu

International

Do the British Have a Hand in the Turkish Crisis?

Turkey's founder, Mustafa Kemal Ataturk, resisted the Franco-British geopolitical plans to divide and conquer Turkey in 1916. Are the British instigating the same type of destabilization again?

Bank of the South: Kernel of New System

Global War on Terror in Somalia Spreads Asymmetric War to Africa

An interview with Dr. Kenneth Menkhaus.

National

California Democratic Convention: LYM's 'New Politics' Puts Impeachment Back on the Table

- **Documentation:**

LYM report on their California victory; statement by Wynneal Inocentes; California resolution raises issue of impeachment; Louisiana Dems back Cheney impeachment.

Campus Shootings: The Larger Picture

An interview on The LaRouche Show with Prof. Clifford Kiracofe.

'It's Very Distasteful To See What's Happening to Returning Veterans'

An interview with **Steve Robinson**

Interviews

Hal B.H. Cooper, Jr., PhD.

Cooper is a Seattle-based transportation consultant, who is a longtime advocate for an intercontinental railroad connection across the Bering Strait.

Dr. Syun-Ichi Akasofu

Akasofu was former director of the International Arctic Research Center. He appeared in the British Channel 4-TV documentary, 'The Great Global Warming Swindle,' which aired March 8.

Dr. Kenneth Menkhaus

Menkhaus teaches at Davidson College in Davidson, N.C., and is a leading U.S. authority on Somalia. He has worked as an advisor to the UN, and assisted many U.S. governmental institutions.

Steve Robinson

An independent consultant on the care provided for veterans of the wars in Iraq and Afghanistan, Robinson is a retired Army Ranger, a veteran of Operations Desert Storm and Provide Comfort. Prior to retiring in 2001, he was a senior non-commissioned officer in the Preliminary Analysis Group, Investigations, and Analysis Directorate, Office of the Special Assistant to the Secretary of Defense for Gulf War Illnesses.

Departments

Banking

'A Toy for Hedge Funds'

Editorial

2008 Is Too Late

U.S. Economic/Financial News

Massive Losses in Mortgage-Backed Securities

May 4 (EIRNS)—Reuters reported today that, beginning in the last week of April, the major credit ratings agencies such as Standard and Poor's and Moody's started downgrading mortgage-backed securities (MBS)—a crack in the ratings wall which has been holding back reporting of real losses in MBS, which could rise to hundreds of billions dollars due to the U.S. housing bubble collapse. So far, only \$1 billion in bonds issued in 2006 have been downgraded by the reluctant raters, who have been standing between MBS holders and the need to report large losses known to have broken out in the MBS markets.

That's \$1 billion out of \$36 billion in the worst kind of subprime-based securities—"second lien" mortgages—and out of \$483 billion of MBS created last year alone. Moody's has cut 30 issues of 2006 MBS from investment grade to junk, and is reviewing 81 more; S&P has downgraded 43 issues to junk and is reviewing 60 more.

"It's unusual to see downgrades in subprime deals so soon after they were issued," said a Credit Suisse analyst quoted in the May 4 *Wall Street Journal*. "This is not a normal phenomenon and is a cause of concern." An executive from a New York hedge fund is also quoted: "It's embarrassing for a ratings company to downgrade bonds so quickly" after the bonds were issued. "It reflects poorly on all parties in the underwriting process and their judgment of the credit-worthiness of the bonds."

The ratings companies are still claiming that 90% of the MBS based on subprime mortgages won't require downgrade—indicating how far the process has yet to go. Even the most conservative investment bank estimates put the MBS losses at over \$20 billion already. GM's finance arm has lost nearly \$2 billion over six months; UBS bank in Switzerland just had to close down its hedge fund due to heavy MBS losses.

An S&P report on the U.S. residential real estate sector, sent to subscribers on April 30, says that "the sector is now about one and a half years into what ... may be a roughly three-year downturn," according to Reuters. This means, for example, that S&P expects to downgrade more than a third of all U.S. homebuilding companies, essentially all of those which have gone heavily into building homes purchased by subprime mortgages. As for the others, the "prime builders," the largest five all reported losses in the first quarter of 2007, and S&P warned on April 24 that these builders' negative cash flow created the potential that their lenders may "foreclose," calling in their credit.

Cancellations Driving Homebuilders' Losses

May 4 (EIRNS)—Hovnanian, the sixth-largest U.S. homebuilder, had far greater losses in the second quarter than expected, due to "exceptionally high cancellations" in the Fort Meyers area of Florida. Bloomberg reports that such cancellations are becoming rampant across the industry, as values decline, and speculators recognize that they will lose less by dumping their down payments, than holding on to the contracts. The *Wall Street Journal* today quotes Hovnanian's CFO, Larry Sorsby, whining that many buyers are suing to get out of their contracts, based on claims that they were misled by Hovnanian or others. "Ambulance-chaser lawyers" now have placed ads in Palm Beach media: "Your contract for the purchase of a new house or condo may be illegal—To see if you are entitled to a refund, call today...."

Cheney's Banker 'Spills the Beans': Bubble About To Burst

May 3 (EIRNS)—The Boston banker who has been managing Vice President Dick Cheney's \$6.1 million, has issued a quarterly newsletter describing the entire world financial system as a bubble ready to pop. Under the title "The First Truly Global Bubble," Jeremy Grantham of Grantham, Mayo, Van Otterloo & Co. maintains the bursting of this bubble, Grantham says, "will be across all countries and all assets, with the probable exception of high-grade bonds.... Since no similar global event has occurred before, the stresses to the system are likely to be unexpected."

Grantham attacks the energy policies of Cheney's White House Energy Task Force, according to Bloomberg News, which spoke with him. The news service notes that this Boston banker donated \$23 million to Imperial College London, to establish an institute on climate change.

GMAC 2007 Mortgage Losses: \$1 Billion ... and Counting

May 3 (EIRNS)—Some investment banks' estimates of \$20 billion in total losses in the mortgage-backed securities (MBS) markets, have now been exposed as far too low; one major firm alone lost nearly \$1 billion in just the first quarter of 2007.

The three top credit-rating agencies have all downgraded their outlooks for Residential Capital (ResCap, part of General Motors Acceptance Corporation or GMAC) to "negative," after the Bloomington, Minnesota mortgage company acknowledged its mortgage losses on May 2, according to the Minneapolis *Star-Tribune*. ResCap lost \$910 million, and is laying off 1,000 employees. GMAC, which used to be the financial engine pulling up GM's auto operations, is now transformed by the mortgage collapse into a big money-loser, half-owned by GM and half by the huge Cerberus hedge fund.

World Economic News

Huge MBS Losses Force UBS To Collapse Hedge Fund

May 3 (EIRNS)—Some \$125 million in mortgage-backed securities (MBS) losses by its hedge fund in the first quarter of 2007, forced UBS bank to close the \$1.8 billion Dillon Read Capital Management (DRCM) hedge fund, according to the London *Guardian* today. Closing the hedge fund, formed two years ago, "is a major embarrassment to UBS," the bank is quoted as saying. The losses came from investments in securities in the subprime mortgage bubble in the United States, the first—but not the last—of the huge international real estate bubbles of the 21st Century to collapse.

IMF Chief Joins Chorus: Financial System Is Finished!

May 2 (EIRNS)—The International Monetary Fund (IMF) joined the Bank of England and the Federal Reserve in warning that the global financial system is a goner. The risks of "disruption in the financial markets" are serious, and, if there were a "sharp depreciation of the U.S. dollar" followed by increases in U.S. interest rates, things could get very serious, IMF Managing Director Rodrigo de Rato told the Council of Americas annual meeting today. Rato identified three areas which could blow:

- * the U.S. mortgage market, whose problems are still playing out;

- * the "increase in large private equity buyouts financed by a rising proportion of debt, as well as the deteriorating credit quality of leveraged loans." If some of these deals were to turn sour, he said, credit for corporate borrowers could go, too;

- * Hedge funds, 30% of whose investment today comes from pension funds.

Rato, a Spanish banker with fascist ties, whose name means what it sounds like, made a comment in his dry manner on this stunning statistic, which ought to get the attention of anyone serious in the U.S. Congress: "A situation where almost one-third of the capital for institutions on the cutting edge of financial risk comes from institutions whose first priority is safe investments certainly bears watching."

Commenting on the same statistic, Lyndon LaRouche termed this process a quasi-genocidal intention to loot the pensions of the world. The people responsible for this want to kill off old people as soon as possible.

Venezuela: 'We Can Do It Without the IMF and World Bank'

May 4 (EIRNS)—In his response to U.S. State Department spokesman Sean McCormack's complaint about the Venezuelan government's decision to formally cut off relations with the IMF and World Bank, as announced by President Hugo Chavez at an event May 1, Venezuela's Finance Minister, Rodrigo Cabezas, defended the policy. Cabezas stated that Venezuela is not becoming "isolated," as McCormack charged, but is instead emphasizing economic relations with China, India, Russia, and Iran, which "amplify and diversify the external front of our national economy and foreign policy."

Cabezas pointed out that the decision is based on economic and national sovereignty. Speaking on Union Radio May 2, Cabezas explained that, now, without the IMF and the World Bank, Venezuela will expand its role in the concert of nations, with greater freedom. In this respect, he announced that he would join the next day in a meeting in Quito, Ecuador, with the finance ministers of Argentina, Brazil, Bolivia, and Ecuador. "The theme to discuss is the financial architecture of South America.... We can do it without the tutelage of the IMF and the World Bank," he declared.

Germany Resists Locust Funds, Strikes a Raw Nerve

May 4 (EIRNS)—The economic-financial press of Europe, led by the London *Financial Times*, predicted today that no concrete steps toward transparency or regulation of hedge funds will result from the upcoming May 8 meeting of the 27 European Union finance ministers. However, Germany, which may be followed by other EU member-states, is taking steps, and cautious as they may still be, the fact that the same press has sounded the alarm over the German government's actions, indicates that its steps are striking a raw nerve.

Concretely, the German finance ministry wants to upgrade the powers of the financial watchdog agency BAFIN, to enable it to monitor regularly up to 400 banks and funds, the functioning of which is seen as crucial for the German financial sector. The new powers for BAFIN are at the expense of the monetarist-dominated German Central Bank, and although the ministry rushed to play down the issue, fears have been voiced in the economic media over the past days, that a clandestine re-regulation is taking place.

United States News Digest

CNN Airs First Big Media Hit on Global Warming Fraud

May 3 (EIRNS)—CNN's "Glenn Beck" program ran an hour-long special on May 2, attacking the hype and fraud of the scientific consensus around the issue of global warming. The special, entitled "Exposed: Climate of Fear," interviewed some of the climate researchers who appeared in the British Channel 4 documentary, "The Great Global Warming Swindle."

The special clearly showed that there is no consensus of the scientific community on man-made global warming, and that most of the warming that has occurred is due to natural causes like solar activity. The program highlighted Roy Spencer, a former NASA scientist, saying, "The global warming crowd talks of a consensus but never mentions the Oregon Petition that has been signed by 17,000 professionals and scientists, who do not agree with the idea that we are causing climate change."

The Intergovernmental Panel on Climate Change (IPCC) was exposed as a political body with a scientific "window dressing."

Patrick Moore, the former Greenpeace founder, who appeared on the program, said, "You've got Greenpeace and other major environmental groups saying that civilization and the environment are going to be destroyed by global warming, catastrophe, chaos, and these scary words; and yet they are unwilling to adopt nuclear energy." In response to a question about the supposed risk of nuclear power, Moore said, "I don't think there is much risk in nuclear power, myself. There 103 plants operating everyday in the United States, and no one has ever been injured by them."

Comey Contradicts Gonzales on U.S. Attorney Firings

May 3 (EIRNS)—The smell of perjury and coverup is in the air, in true Watergate style, as former Deputy Attorney General (until mid-2005) James Comey testified on May 3 at a House Judiciary subcommittee hearing. Comey dramatically contradicted the evaluations given by Gonzales's chief of staff Kyle Sampson, of the U.S. Attorneys who were fired. Although he was the number two in the DOJ and the direct supervisor of all U.S. Attorneys, Comey said, he never saw Sampson's target-list of those to be removed, and was unaware of any such process at the time. Comey said that his experience with the U.S. Attorneys who were fired was "very positive"; he explicitly disagreed with the Sampson list's assessments of Carol Lam (San Diego), Dennis Bogdan (Nevada), and David Iglesias (New Mexico), as "weak

performers" and "ineffectual managers." Thus, although Gonzales testified that the list of U.S. Attorneys to be fired was a consensus of top DOJ officials, Deputy Attorneys General Comey and Paul McNulty, Associate Deputy Attorney General William Moschella, and Gonzales's chief of staff Sampson have all denied giving any recommendations as to who was to be fired.

Bush/Cheney-Funded Wiesenthal Center Hosting Gore

May 2 (EIRNS)—Former Vice President Al Gore will speak at a benefit for the Friends of Simon Wiesenthal Center for Holocaust Studies on June 5, at a Toronto synagogue.

Under the title "The Spirit of Hope," the event will be chaired by Ben Mulroney, son of former Canadian Prime Minister Brian Mulroney. The senior Mulroney is now chairman of the international advisory board of the genocidal Barrick Gold Company, which recently had to pull out of sponsoring a Gore appearance at a Pinochista event in Chile.

EIR has exposed the multi-million dollar funding of the Wiesenthal Center, through its Los Angeles office, by the U.S. Justice Department under the Bush-Cheney Administration. That funding is significant especially in light of the Center's participation in the British slander attack against the LaRouche Youth Movement around the Duggan hoax.

Gore's upcoming Toronto appearance was touted in a half-page ad in the *National Post* of Canada March 13, 2007. The ad used a very old picture of Al Gore—before he acquired his current vast bulk.

LaRouche: Tenet Book Is Institutional Attack on Bush-Cheney

April 29 (LPAC)—In an appearance CBS-TV's 60 Minutes news magazine, former CIA Director George Tenet delivered what Lyndon LaRouche characterized as a "CIA institutional" attack on the Bush-Cheney Administration, with particular venom directed against Vice President Dick Cheney. Tenet's TV interview aired one day before the release of his book on his seven years at the helm of the Agency, *At the Center of the Storm*.

Tenet assailed the Vice President for his persistent false claims that the Bush Administration went to war with Iraq because of the CIA Director's purported December 2002 Oval Office characterization of the evidence against Saddam Hussein as a "slam dunk." Tenet denied that the "slam dunk" comment referred to the CIA's evidence that Saddam Hussein had amassed weapons of mass destruction, and argued that the decision to go to war with Iraq was not made on the basis of that White House meeting, but had been made long before. Tenet described the leak to the *Washington Post* of those purported remarks as a "total breach" between the White House and the CIA; he reported that he immediately called his White House contact point, then Chief of Staff Andrew Card, and denounced the leak as "the most despicable thing ever."

Tenet also made clear that the CIA never believed there was any connection between the Saddam Hussein regime in Iraq and the al-Qaeda networks that carried out the Sept. 11, 2001 attacks. Tenet described how he had gone to the White House weeks before the 9/11 attacks, and had asked then National Security Advisor Condoleezza Rice to get Presidential authorization for a preemptive strike against al-Qaeda inside Afghanistan, because the CIA had evidence that the head of al-Qaeda was preparing "imminent multiple mass casualty attacks inside the United States." Rice sloughed off the warning and assigned a third-level NSC staffer to pursue the matter, according to Tenet's 60 Minutes account.

Tenet also had choice words for Richard Perle, the head of the Defense Policy Board at the time of the 9/11 attacks. On Sept. 12, 2001, Tenet was at the White House to brief the President when he ran into Perle, who said that "Iraq should pay the price" for the previous day's attacks on New York and Washington. Tenet claimed he stated categorically that there was never any Iraqi link to the 9/11 attack—or any other operational act against the United States while he was CIA

Director.

LaRouche further commented on the Tenet interview and the book: "From what I know about the problems at the CIA that have been created by the Bush-Cheney Administration, I fully understand that the Tenet book is not a personal matter, but an institutional response by the CIA, which, therefore, carries far more weight and implications."

Murtha Raises Possibility of Impeachment

April 29 (EIRNS)—To the manifest shock of CBS-TV interviewer Bob Schieffer, Rep. John Murtha (D-Pa.), the chairman of the Armed Services Subcommittee of the House Appropriations Committee, during an appearance on "Face the Nation" today, raised the possibility of impeaching both Bush and Cheney. At the end of a 10-minute discussion, Murtha said, "There are four ways to influence the President: public opinion, elections, impeachment, and the [power of the] purse." Schieffer interjected, in slight paraphrase, "Wait a minute! What did you say? Impeachment? Are you serious?" Murtha replied, "I said, there are four ways," and repeated his formulation again.

The unquestionable implication was that the first two "ways" have already been used, and the fourth way is being attempted now: Murtha had just been speaking of the White House's refusal to compromise in any way on the war disaster, and that "the public has spoken." And then again, "the public backs this [Congressional] strategy." Then he proceeded to the "four ways" remark.

Murtha did it again, the following day, during an interview on National Public Radio, when he described impeachment as one of the ways available to Congress to influence the President. He noted that he is getting calls from the public demanding impeachment, and said that, although he thought it inappropriate at this time, "it's one of the things, certainly, that I always consider."

Ibero-American News Digest

Colombia, the Bering Strait Tunnel, and the Darien Gap

May 1 (EIRNS)—The following statement, under the above title, was released on April 27, by the president of the LaRouche Association in Colombia, Maximiliano Londono Penilla.

"President Alvaro Uribe should be informed that with the conference on 'A Eurasian-American Transcontinental Link via the Bering Strait,' held in Moscow on April 24, a new era for humanity has begun, in which the physical connection between continents, via great corridors of development and infrastructure, marks the beginning of a strategic discussion among the nations of the world on achieving a lasting peace.

"Colombia should immediately place on the world's agenda the plan to build a high-speed railway corridor that would cross the Darien Gap [the jungle area separating Colombia and Panama—ed.], thereby completing the physical integration between Eurasia and the Americas. The only two significant bottlenecks that have prevented a physical connection between the old and new continents have been the Bering Strait and the Darien Gap; if these are overcome, the Eurasian Landbridge becomes a World Landbridge, and Colombia, especially, will once again play a positive role among the nations of the world.

"Instead of insisting on a Free Trade Agreement with the United States, which would wipe out the incipient industrial and agricultural activity in our country, Colombia should seek instead to make the construction of a development and

infrastructure corridor that would traverse the Darien Gap, a key part of the mega-construction project of a tunnel that would link Russia with Alaska across the Bering Strait. Therefore, Colombia should begin immediate negotiations with Russia and the United States in this regard.

"On the webpage of the Political Action Committee of U.S. statesman Lyndon LaRouche (www.larouhepac.com), one can find the details of this historic Moscow conference. For more than 20 years, LaRouche and his wife Helga Zepp-LaRouche have been in the forefront of promoting this great Eurasian Landbridge project. In parallel to this, LaRouche has advocated the creation of a new, just international monetary and financial system, to replace the old, usurious International Monetary Fund (IMF)."

Argentina's President Target of Assassination Attempt

May 2 (EIRNS)—On April 28, a hijacked truck, driven by one Jose Walter Mansilla, crashed only a few meters away from the residence of Argentine President Nestor Kirchner in the city of Rio Gallegos, in the province of Santa Cruz, following a crazed drive through several city blocks, during which he damaged ten cars and injured six people, one of them critically. Although Kirchner was not present at his residence at the time, other members of his family were, but fortunately were not harmed.

Countering claims by the President's political opponents that this was an "accident" carried out by a lone deranged individual, Interior Minister Anibal Fernandez told Radio America April 29 that police investigators who raided Mansilla's house following the crash, found drawings of Kirchner's residence. "This was no insane individual ... this was not an accident," the minister stated, reporting that during police interrogation, Mansilla himself had declared, "You know, there are two political bands, and 'that Nazi' [Kirchner] has to be eliminated." This was a premeditated attack, he emphasized, adding that authorities are also investigating whether more people were involved.

In an April 30 speech from the Presidential Palace in Buenos Aires, Kirchner also debunked the idea that the incident was accidental, locating it in a broader strategic context. "I am threatened daily ... all the time, for many reasons," he said. Why? "Because I delve into a lot of issues that no one has touched for a long time, and you know how those interests react when someone bothers them." For example, he said, "I know that when you talk about neoliberalism, or say you don't want concentration of wealth, or mention that there are some companies that are too strong and have a dominant position, and when you get tough with them, well, often there are interests that move in concert with each other."

Kirchner warned his audience "I am not afraid of anything, although I do naturally have the fears that all Christians have ... but I'm not afraid, because I know what responsibilities I took on when people gave me the mandate to be their President.... And I urge you to continue transforming Argentina, continue to build our industrial Argentina, to end indigence, poverty, and unemployment, continue expanding industry to all of Argentina, and continue with all our strength to achieve productive transformation, and build the country for everyone. Not just for some corporate sector, but for everyone, so that among us all we shall have the ability to carry out a permanent correction." The Argentine President told his audience that, "with all my limitations, I can guarantee you that I'm doing everything I can, day by day, hour by hour, and I feel truly happy."

Argentine LYM, Chilean Activists Slam Gore's Warming Hoax

May 5 (EIRNS)—Leading up to May 11, when Al Gore is scheduled to make appearances in both Argentina and Chile, to promote his global warming hoax, activists on both sides of the border have started educating people on the genocidal implications of what Al Gordo is preaching. Gore will address the First Biofuels Congress of the Americas in Buenos Aires on the morning of May 11, and then fly into Chile in time to give the keynote address at the "Global Warming and Climate Change: The Time To Act Is Now" conference in Santiago.

On May 3, six members of the LaRouche Youth Movement shook up the conference sponsored by the UN's Intergovernmental Panel on Climate Change (IPCC) in Buenos Aires, with a hard-hitting and creative intervention that not only reached the conference attendees, but hundreds more attending the 33rd annual Book Fair held nearby. One LYM member was dressed as a tree, decked with signs reading "I'm a tree that lives off CO₂, just like you!" and "Don't miss the IPCC's scientific fraud: Global Warming due to CO₂ is a lie!" Another member dressed as a nuclear cooling tower had signs reading "Building our nation's future is only possible with Nuclear Energy."

Staid Argentines, and the four main speakers, became nonplussed when confronted with the reality that the IPCC, and Al Gore, are telling developing nations they don't have the right to industrial or technological progress, condemning their populations to death by starvation and disease. LYM leader Emiliano Andino told the panel of speakers, "Given that population-reduction policies were demanded by Kissinger and Hitler, who is going to make up the list of the people who have to die?" When the moderator demanded a question, Andino replied that the LYM wasn't asking questions, but making a "moral intervention on behalf of the many young people who want a future. What you're proposing here is a crime against humanity. This is Nazism—openly and publicly—and it comes from the United Nations."

Across the border in Chile, activists have begun to circulate *EIR* material exposing the genocidal roots of Fat Al's global warming swindle and his nefarious ties to the Anglo-Dutch financial oligarchy. One Chilean trade union leader who is circulating the *EIR* material, collaborated with the LaRouche movement in 2006, to expose George Bush's Social Security privatization scheme as an exact replica of what the fascist Pinochet dictatorship rammed down the throats of the Chilean population in 1981. In fact, Sebastian Pinera, the brother of Jose Pinera, the man who privatized Chile's social security system, is responsible for inviting Gore to Chile, and guaranteeing his \$200,000 honorarium!! The trade union leader told *EIR* on May 4, that inside Chile, most of the left-leaning and progressive sectors "see Gore as a defender of humanity," adding that she is distributing *EIR*'s material "to set the record straight.... Had it not been for you, I would have thought the same." She reported that Gore's lying film "An Inconvenient Truth," is being widely circulated in Chile.

Lopez Obrador: IMF Policies for Mexico a 'Failure'

May 2 (EIRNS)—Mexico's legitimate President, Andrés Manuel Lopez Obrador, or AMLO as he is known, issued a statement April 28 denouncing the IMF for dictating failed economic policies to Mexico. He also denounced the government of President Felipe Calderon for following those dictates "to the letter," as has every Mexican government "since the administration of Carlos Salinas de Gortari," PRI and PAN parties alike.

Proof of that failure, said AMLO, is "the growing unemployment, abandonment of productive activities, and the countryside, and the migration of approximately 500,000 nationals every year."

What good is it, he asked, "to occupy the fourth place in the world in number of multimillionaires, if there are still more than 70 million citizens in Mexico living in poverty and extreme poverty?"

In particular, AMLO slammed the government of "usurper" Felipe Calderon for promoting an IMF-dictated tax reform that would impose a value-added tax on previously untouchable food and medicines, a tax that will hit hardest at the poor. AMLO noted that the IMF's director had also recently publicly expressed his approval of Mexico's new social security "reform," and had urged Calderon to ram through energy and tax "reform" as quickly as possible.

Western European News Digest

British Dagger for Cheney: He Planned Iraq Occupation

May 3 (EIRNS)—In an exclusive interview with the May 2 London *Guardian*, Geoff Hoon, British Secretary for Defence during the 2003 Iraq war, said that the planning for the aftermath of the military victory over Iraq had been wrong because of the role of U.S. Vice President Dick Cheney.

Hoon, now Minister for Europe, said, "Sometimes ... Tony [Blair] had made his point with the President, and I'd made my point with Don [Rumsfeld] and Jack [Straw] had made his point with Colin [Powell], and the decision actually came out of a completely different place. And you think: What did we miss? I think we missed Cheney."

Hoon said that Britain had argued strongly against the summary dismissal of Iraq's 350,000-man army and police forces, but the U.S. was uncompromising. The sacking of so many with military training and weapons allowed "Saddam's people to link up with al-Qaida and to link up ultimately with Sunni insurgents" to foment sectarian violence. It was also a mistake, Hoon said, to fire all state employees with Ba'ath Party membership, because "they were first and foremost local government people ... they weren't fanatical supporters of Saddam."

This occurred, Hoon said, because dealing with the U.S. Administration was a "multi-dimensional jigsaw puzzle." Hoon, *The Guardian* reports, "accepted that Britain had greatly underestimated the influence of the neo-con Vice President Mr. Cheney, and had lacked a comparable figure able to engage him regularly over the war."

Committee Blocks Funds for European Missile Defense

May 3 (EIRNS)—The Armed Forces Subcommittee of the House Armed Services Committee voted unanimously yesterday to block funds for construction of an anti-missile defense system in Poland, a system which has been repeatedly denounced by Russian leaders.

While the House voted up funds to continue development of radar and interceptors that could be used in the Czech Republic, they could also be used in the U.S., if the Czechs vote not to allow them.

Rep. Ellen Tauscher (D-Calif.), chair of the subcommittee, said in a recent interview, "There has to be a debate" on the Eastern Europe deployment. In an April 19 speech to the Atlantic Council, Tauscher said that the Bush Administration had conducted only "limited bilateral negotiations" to extend the missile defense system to Europe; that there is currently "no NATO consensus on the Bush Administration's proposal"; and, that the U.S. Missile Defense Agency "has only concluded one successful test of the ground-based system since 2002, which occurred in September 2006."

In his statement at the May 2 hearing, ranking Republican Rep. Terry Everett (Ala.), acknowledged that no agreements had been reached with either Poland or the Czech Republic to station this system.

Labor Gets Bloody Nose in Loss to Scottish National Party

May 3 (EIRNS)—With the final vote tallies still uncertain as of this writing, it appears that outgoing Prime Minister Tony Blair's Labour Party took it on the nose in today's election. In voting marred by 10% spoiled ballots, Alex Salmond has just claimed victory for the Scottish National Party (SNP) in a 47-seat SNP/46-seat Labour split for the 129 seat Scottish Parliament. But, it is unclear whether, lacking a clear majority, Salmond can form a government, since the Conservatives are the third-largest party with 17 seats, and the Liberal-Democrats fourth with 16. Since both these latter oppose Scottish independence, which is supported by the SNP, leading Liberal-Democrats have already rejected any coalition, if it means a referendum on independence from the UK in four years.

In elections to the Welsh Assembly it appears that Labour won about 25 seats of the 31 needed to have an absolute majority in the 60 seat Assembly. Here, it is easier for Labour to turn to the Liberal-Democrats with restoration of the old Lib-Lab coalition which existed in 2002-2003. Horsetrading has apparently already begun by Rhodri Morgan, the Labour First Minister.

The elections in the British Isles reflect an overall pattern of increasing ungovernability in Europe, which has resulted from the capitulation of governments to globalization. Most significant, of course, is the May 6 election of neocon Nicolas Sarkozy as President of France, whose result will be an increased destabilization of that nation.

British Directly Insult Wolfowitz in Brussels

May 2 (EIRNS)—British Chancellor of the Exchequer Gordon Brown, scheduled to appear at a press conference with embattled World Bank chief Paul Wolfowitz, cancelled his appearance, claiming that he had to leave early to campaign in Scotland. British officials told the *New York Times*, however, that "appearing side by side with Wolfowitz had become a political liability."

To add further insult, Brown was replaced by Hilary Benn, the British International Development Secretary, who stood next to Wolfowitz as he was grilled by the press on the mounting calls for his resignation. It was Benn who had announced last September that the UK was withholding 50 million pounds from the World Bank in protest over Wolfowitz's withholding of loans from numerous nations for political reasons. Benn also publicly lambasted Wolfowitz just before the annual meeting in Washington last month, for undermining the credibility of the Bank.

Locust Fund Alert From Austria

May 3 (EIRNS)—In the wake of initiatives, last week, for a parliamentary hearing on hedge fund plans for aggressive takeovers in Switzerland, warnings are also being issued in neighboring Austria, against similar fund plans for takeovers of the 50 biggest corporations of the nation. The Vienna daily *Die Presse* today carries an article in its economic-financial news section, declaring an alert against the danger of hostile takeovers. The article is accompanied by a picture of a real, green-colored locust. References to "locusts" are also made in other Austrian wires and media.

London Trumpets Coming 'Brutal Adjustment' for Spain

May 5 (EIRNS)—The collapse of Spain's real estate bubble can bring down the Spanish monetary system and economy, with ramifications for the euro, is the message delivered by Ambrose Evans Pritchard in the April 26 London *Telegraph*. Spain's Central Bank has reportedly done a study which concluded that home prices in Spain are 35% overvalued, a bubble which bank governor Miguel Fernandez Ordonez blames on the low interest rates and loose credit resulting from Spain's adoption of the euro.

But now that monetary policy is tightening, Evans Pritchard projects that Spain could find itself in a "monetary squeeze just as the economy swings from boom to bust, more or less the fate suffered by Britain ... in 1992, except that Spain has no way out." He suggests Spain may have to abandon the euro, citing the forecast of a strategist for Banque AIG, that Spain will face a "brutal adjustment over the next two years." The stock market slide of the past week is no correction; "it has a very, very, long way to go."

Lobbying for Maglev Projects in Scotland Intensifies

April 30 (EIRNS)—As the *Glasgow Herald* and other Scottish and British news dailies reported yesterday and today, James Ramsbotham, CEO of the North East Chamber of Commerce of the United Kingdom, having just returned from a ride on the maglev in Shanghai, on April 28, said, "We are a 21st century economy mired in 20th century transport links, which increasingly cause us problems around the major conurbations. Maglev would revolutionize travel in this region and would make the North East a much more cohesive place in which to live. The economic benefits of such a link would be incredible. And it were rolled out across the U.K., it would shred existing journey times to the major cities."

The economic benefit was also prominently addressed by Scottish Labour Party leader Tom McCabe, who said on April 28 that, whereas the cost of a maglev connection between Scotland's two biggest cities, Edinburgh and Glasgow, was 200 million pounds sterling per year, maximally, the benefit of having the combined workforce of both cities coming together by maglev would be in the range of 500 million.

Russia and the CIS News Digest

Russia Suspends CFE Treaty

May 4 (EIRNS)—Implementing the measure President Vladimir Putin announced April 26 in his annual Message to the Federal Assembly, in response to U.S. plans to station missile defense systems in Europe's east, Russian First Deputy Prime Minister Sergei Ivanov announced May 3 that the treaty on reduction of Conventional Forces in Europe (CFE) has been suspended. "We declare a moratorium, and we will not inform anyone about movement of troops across our own territory," he said, according to a report by the Interfax news agency. Ivanov added that the moratorium will last until all NATO countries have ratified the 1990 treaty in its 1999 revised form.

Russian Nuclear Power Corporation Created

April 30 (EIRNS)—President Putin signed a decree April 27 to create a state-owned nuclear power corporation called Atomenergoprom. This new holding company, under development by Federal Atomic Energy Agency (Rosatom) head Sergei Kiriyenko for some months, was featured in Putin's April 26 Message to the Federal Assembly, as being essential for launching what he called "the second great electrification of the country."

Itar-Tass reported that Atomenergoprom will be operational by January 2008. It will be a wholly government-owned joint stock company. Some 55 entities will be corporatized and brought under the holding company by Dec. 1, and a list of the joint stock companies registered by July 1. Itar-Tass cited a source at Rosatom, who said that this "holding company will incorporate all enterprises and companies, which produce atomic energy machinery, build and operate nuclear power plants, produce and enrich uranium, and make nuclear fuel."

The new entity, according to *Kommersant*, will be directly responsible to the President of Russia, who will appoint the board of directors. *Kommersant* also reported that a state-run national corporation for nanotechnology will be set up along the same lines. On April 18, Putin had addressed the Kurchatov Institute on the importance of nanotechnology research.

First Deputy Prime Minister Sergei Ivanov told the April 28 constituent congress of the Union of Russian Machine Builders, Russian news agencies reported, that in strategic sectors like the nuclear industry and missile production, "Control over holding companies will always remain in the hands of the state, as happens all over the world; the rest is 100% open to private capital, above all Russian." He also said that the future of machine-building lies in "large integrated structures with a complete production cycle, from the manufacture of key components to the output of finished products," adding that "it will be much easier for powerful companies to compete with foreign companies," especially if Russia joins the WTO.

Siberian Official: Transport Corridors a Strategic Must

May 1 (EIRNS)—Following up the April 24 conference held in Moscow, "Megaprojects of Russia's East: Intercontinental Eurasia-America Transport Link via the Bering Strait," First Deputy Chairman of the government of the Sakha Republic (Yakutia) Gennadi Alexeyev gave an interview that day to Konstantin Kirillov of FK-Novosti. It was also published April 28 on the Sakha News portal, under the headline, "Construction of a Rail Line from Yakutsk to Uelen Is a Strategic Project of Federal Significance." Uelen is a village of 500 people on the Chukotka side of the Bering Strait.

"Without transport connections," Alexeyev said, "there will be no social and economic development of Russia's Northeast." He explained that transport accounts for 70-80% of the cost of production of goods and services in Yakutia, as against a national average of 25%.

Construction of a railroad line from Yakutsk to the Bering Strait, with a spur to Magadan, "should be viewed as a strategic project of Federal significance," Alexeyev said. "This railroad will make it possible to develop the natural resources of a huge area of Northeast Russia, which are currently cut off from their markets." These include gold, polymetals, gold-antimony deposits in the Adycha-Tarynsk zone, and copper-tungsten deposits in Agylky. Yakutia also has platinum, graphite, apatite, uranium, tin, phlogopite, rock crystal, precious stones, and raw materials for the construction industry. Likely hydrocarbon and iron ore deposits remain to be prospected.

Because of the huge distances in Yakutia, with its three time zones, and in the rest of Russia's East, Alexeyev said that, "the only efficient approach will be to build mainlines in a single transportation corridor. This principle is beginning to be implemented in Yakutia now. In particular, the VSTO [East Siberia-Pacific Ocean] pipeline is now under construction in southwest Yakutia, as is the Vilyuy highway, which has been given federal status, and which will link Yakutia and Irkutsk region, simultaneously serving as a road along the pipeline route, for developing the oil and gas fields.

"There's no question but that in the same corridor there will be a gas mainline, a major electricity transmission line, tying in the Vilyuysk Cascades Hydroelectric Station and the Irkutskenergo Hydroelectric Station, and a railroad from the Lena Station (port of Osetrovo, city of Ust-Kut) to the city of Lensk."

Echoing Dmitri Mendeleev's famous remark about the civilizing effects of railroad construction, Alexeyev pointed out the catalytic role of infrastructure in society: "It was shown during the experience of building the South Yakutsk Coal Complex, that the construction of major transportation lines, especially railroads, leads to rapid growth of industry in a region, and to its social and economic development.

Putin Visits Murmansk

May 2 (EIRNS)—A session of Russia's State Council Presidium, together with the Naval Board, was held in the northern port city of Murmansk May 2, with President Putin presiding. On the agenda was a topic emphasized during Putin's April 26 Message to the Federal Assembly, namely, how to speed up the restoration and development of Russia's port and naval transport infrastructure, Itar-Tass reported.

The meeting took place on board the icebreaker *50 Years Since Victory* in the Kola Bay by Murmansk, in northwestern Russia near its border with Norway and Finland. Murmansk was one of the key ports used for transport of U.S. Lend Lease goods to supply the Soviet Red Army during World War II. The State Council presidium is made up of governors of Russian territories on a rotating basis.

The Russian Naval Board, created in September 2001, had as its predecessor the Admiralty Board created in 1718 by Peter the Great. Putin's itinerary included reviewing the port facilities at Kola Bay, as well as a meeting with Murmansk region governor Yuri Yevdokimov. The governor of Primorsky Territory, in Russia's Far East, Sergei Darkin, was scheduled to present proposals for developing naval infrastructure, according to the *Vladivostok Times*.

Turkmenistan and Russia Affirm Gas Export Cooperation

April 28 (EIRNS)—The new President of Turkmenistan, Gurbanguly Berdymukhammedov, visited Moscow April 23-24, and agreed to expand cooperation in the gas sphere. As RIA Novosti reported, "Moscow sought to secure guarantees on gas deals signed under his predecessor, and to counter attempts by the U.S. and its allies to reroute some of the Central Asian state's gas exports away from Russia."

Berdymukhammedov urged the government in a cabinet meeting to ensure effective implementation of the agreements. President Vladimir Putin said earlier, that Russia "had launched a new leg of the gas pipeline system along the Caspian Sea and was currently pumping more than 5 million cubic meters of gas through it daily." Putin suggested that Russia modernize the 1974 Central Asia-Center gas pipeline that runs from Turkmenistan via Uzbekistan and Kazakstan to Russia, and build a new leg on the Caspian's eastern coast via Kazakstan.

Turkmenistan has the world's fifth-largest reserves of natural gas and substantial oil resources. Two-thirds of Turkmen gas goes through the Russian national monopoly, Gazprom. Russia has a gas contract with its former Soviet ally stretching into 2028, and Gazprom has signed a separate deal until 2009 with Turkmenistan, to supply 162 billion cubic meters of gas to Russia at \$100 per cubic meter, two-and-a-half times lower than gas prices for Europe.

Following the death of former President Niyazov in December (in what sources have reported may have been an assassination), the U.S.A., Europe, and Georgia put pressure on Turkmenistan to return to a project to build a pipeline under the Caspian Sea to supply gas to southern Europe via Azerbaijan, Georgia, and Turkey. Niyazov's successor has pursued a more open policy of contacts with its neighbors, especially Russia.

Southwest Asia News Digest

Cheney Will Push Israeli Strikes Against Iran

May 6 (EIRNS)—Vice President Dick Cheney is scheduled to depart May 8 for a six-day tour of four key Middle Eastern nations, and senior intelligence sources in the United States and the region believe that the top item on the Veep's agenda will be a military confrontation with Iran. According to one leading Arab analyst, due to intensive opposition within the United States military, diplomatic, and intelligence communities, Cheney will press for an Israeli—rather than U.S.—attack on Iran, ostensibly over Iran's refusal to shut down its nuclear enrichment program. Once such an Israeli strike is launched, Cheney and his backers reason, Congressional and public opposition to a showdown with Tehran will evaporate, and the United States will step in to back Israel.

Other sources who share this evaluation have pointed to a number of recent developments, highlighting the preparations for a war against Iran. The Bush Administration has, in recent months, provided Israel with "smart" bombs and the latest generation Patriot anti-missile batteries. Furthermore, in an interview with the April 28 edition of the German magazine *Focus*, Israeli Prime Minister Ehud Olmert was quoted, warning that Israel had the capacity to launch 1,000 cruise-missile strikes against Iranian targets over a ten-day period.

Last month, former Israeli Prime Minister Benjamin Netanyahu traveled to Washington, where he conferred privately with

Cheney, and then addressed the annual Washington, D.C. convention of AIPAC (American Israel Public Affairs Committee). In his speech to the Israeli lobby group, Netanyahu equated Iran with Nazi Germany in 1938, and vowed that Israel would strike Iran before the Islamic Republic obtained the capability to build a nuclear weapon. In the wake of the Winograd Commission interim report, strongly criticizing the Olmert government's handling of the Summer 2006 Lebanon War, Netanyahu has launched a drive to unseat Olmert through a vote of no confidence in the Knesset, and return to power. So far, according to Washington and Israeli sources, Netanyahu is at least five Knesset votes short of the required 61 needed to replace Olmert. Polls in Israel show that, were there to be early elections, a Netanyahu-led right-wing coalition would win.

Cheney's six-day trip will take him to Saudi Arabia, the United Arab Emirates, Jordan, and Egypt. All four countries are Sunni allies of the United States, which have been under pressure from Cheney and National Security Council Middle East director Elliott Abrams, to ally with Israel in a political-military coalition against Iran, since Cheney's November 2006 visit to Riyadh.

LaRouche on Arab Peace Plan: Don't Lose Optimism in a Crisis

May 5 (EIRNS)—Egyptian Foreign Minister Aboul Gheit said the Israeli government is too weak to move on the Arab peace initiative because of the ongoing government crisis, and the calls for the resignation of Prime Minister Ehud Olmert. "Do you think that the Israelis are in a position to receive anybody? Of course not," Aboul Gheit is quoted by Associated Press. Gheit was speaking following a meeting on May 4, held on the sidelines of the Cairo Iraq Stabilization Conference with the Quartet of Middle East mediators, including U.S. Secretary of State Condoleezza Rice, UN Secretary General Ban Ki-Moon, Russian Foreign Minister Sergei Lavrov, EU Foreign Policy Chief Javier Solana, and EU External Affairs Commissioner Benita Ferrero-Waldner, as well as many Arab ministers.

Lyndon LaRouche, briefed on Gheit's pessimistic statement, said it was "too general to say that they can't act because of the crisis in Israel." He pointed out that although that entire section of the world is not functioning right now, "it is often in such a crisis that people will do things that they would never do under normal circumstances. Even the U.S. is now trying to find a way out from under the consequences of its own mistakes. The factor of uncertainty can be decisive in making things happen. I maintain my optimism in such a crisis."

Behind the Winograd Report: Cheney-Netanyahu Still Lusting for War

May 4 (EIRNS)—In the April 6, 2007 issue of *EIR*, Lyndon LaRouche cautioned that the prominent role of Saudi National Security Advisor Prince Bandar bin-Sultan, the long-time Saudi ambassador in Washington and ally of Dick Cheney, led him to view the Arab League summit outcome with great reservation. Given the forces driving for war, in both London and Washington, the actions at the summit were hardly a check on the war drive, LaRouche warned.

Key to LaRouche's cautionary warning is a report on Benjamin Netanyahu's latest moves, that received by LaRouche and published in *EIR*, which said:

"Well-placed Israeli sources within the Kadima ruling coalition party have also warned *EIR* that former Likud Prime Minister Benjamin Netanyahu is making serious political moves to return to power, and that he has assured Vice President Cheney that, if he takes over again, he will be prepared to launch military strikes against both Iran and Syria, in full coordination with Washington.

"The sources warned that within weeks, the government of Prime Minister Ehud Olmert is likely to fall. Sometime in the second half of April, the Winograd Commission, appointed last September by Olmert to probe the disastrous July 2006

war in Lebanon, will issue an interim report. The report will focus on the roles of Olmert, Defense Minister Amir Peretz, and former Chief of Staff Gen. Dan Halutz in the military fiasco. The Winograd Commission is widely expected to call for Peretz's resignation as Defense Minister, and to trigger such a deep crisis that Olmert will be forced out.

"According to an April 1 Jewish Telegraph Agency wire, Likud chief Netanyahu is already negotiating with Kadima Knesset members to back his move to stage a no-confidence vote. With 61 votes, Netanyahu would claim the premiership, or call for early elections.

"The Israeli source reports about renewed Netanyahu-Cheney collusion are unquestionably true. On March 12, Netanyahu was in Washington for the annual convention of AIPAC. He used the occasion to hold a private behind-closed-doors meeting with the Vice President, the content of which, according to the Israeli source, was a deal to hit Iran.

"In his brief speech at AIPAC, Netanyahu resumed the theme of his 2006 speech: It is 1938, and Iran is Germany. Netanyahu railed that the entire world is 'imperiled' by Iran's quest for a nuclear bomb. 'Ahmadinejad is going for genocide, and we have to stop genocide,' Bibi screamed, to roaring applause from the crowd. And, in a not-so-veiled threat of Israeli attacks against Iranian sites, Netanyahu continued, 'no one will protect the Jews if the Jews don't protect themselves.'"

On April 30, the Winograd Commission (named for retired Israeli Judge Eliyahu Winograd) released its report, charging gross incompetence in the Olmert government's "rush to war" in Lebanon, and the evaluation from Israel-based intelligence sources that was published in the above-cited April 6 issue of *EIR* was substantially confirmed.

Winograd Report: Lebanon War a Catastrophe for Israel

The Winograd Commission report on the Lebanon War confirmed—as LaRouche stated while the Israeli invasion was ongoing—that for Israel, the attack, goaded on from London and Washington, was a *catastrophe*. But, utterly lacking from the report, apparently, is that the pressure from the Bush-Cheney White House was to launch that war, and that the Cheney crowd's real goal was to hit Syria, in order to create a war "emergency" in time for the 2006 Congressional election.

On Olmert, the report says he "is responsible for failing to clearly set out the aims of the war," and those aims adopted "were ambitious, and were not within reach."

On Defense Minister Amir Peretz, Winograd said "he took decisions without consultation, and didn't give enough weight to contrary views. He failed to fulfill his role, and he didn't act out on the basis of a strategic plan. He didn't demand or examine the army's plans. He didn't check the methods of the IDF [Israeli Defense Forces], its plans, and its set targets."

As for then-IDF Chief of Staff Dan Halutz, who had been appointed by former Prime Minister Ariel Sharon, Winograd charged, "His personal involvement in government decisions was dominant. He was not ready for the kidnapping [of Israeli soldiers by Hezbollah]. He acted impulsively. The chief of staff's culpability is made more severe in light of the fact that he knew that the Prime Minister and the Defense Minister had no experience, and his claim that the army was ready and had a plan."

U.S. Army Admits: Iraq War Driving Soldiers Crazy

May 5 (EIRNS)—On May 4, the U.S. Army released its fourth Mental Health Advisory Team report, this one based on surveys of soldiers taken in Iraq in August and September of 2006. The report showed what any mental health professional would say: extended and repeated deployments are taking a psychological toll on soldiers.

Unlike previous MHAT reports, this one also included Marines, 447 of them, along with 1,320 Army soldiers, and discovered that the Marines have fewer mental-health issues and morale problems than do soldiers, probably because their tours are only seven months compared to now 15 months for the Army. Those who have deployed multiple times reported "higher acute stress" and marital concerns than those on their first deployments.

The report, for the first time, included questions on battlefield ethics, and found that 10% of soldiers and Marines reported mistreating non-combatants, either through physical abuse or unnecessary damaging of property. Less than half agreed that non-combatants should be treated with respect. Acting Army Surgeon General Maj. Gen. Gale Pollock tried to put a positive spin on this ethical problem, by claiming that the low percentage is actually proof of how well soldiers and Marines follow orders, rather than considering that it might be evidence of a burgeoning problem.

The most important recommendation made in the MHAT report is that the amount of "dwell" time—the time units spend at their home station—should be increased to 18 to 36 months, rather than the 12, or sometimes fewer, that has been typical of Army units, in order to give soldiers more time to "reset mentally."

Asia News Digest

India and Japan Sign Infrastructure Development Pact

May 2 (EIRNS)—The visiting Japanese Minister of Land, Infrastructure and Transport Tetsuzo Fuyushiba has signed a memo of understanding on cooperation for infrastructure development with Indian Urban Development Minister Jaipal Reddy. The agreement would provide India with Japan's technical know-how in water, sewage, environment, transport, and other issues, Fuyushiba said at a press conference in New Delhi today, Kyodo International reported.

Fuyushiba also met with Indian Railway Minister Laloo Prasad Yadav, and agreed that the Japan-backed project to build freight corridors for Delhi-Mumbai and Delhi-Kolkata routes will be a symbol of cooperation between the two countries.

The two agreed to set up a panel of experts to study works that are necessary for linking the railroads with ports, including the 1,483 kilometer (about 945 miles) Delhi-Mumbai freight corridor which will pass through six states of India, according to Fuyushiba. In a joint statement with Laloo Yadav, Fuyushiba expressed Japan's readiness for the feasibility study on the freight corridor project and said the Japan International Cooperation Agency (JICA) can submit a final report by October to launch the project, possibly in January 2008.

While the Delhi-Kolkata freight corridor project is still at a preliminary stage, the Manmohan Singh government in India has already allotted US\$50 billion for the Delhi-Mumbai freight corridor project. The start-up of the project is scheduled for the end of this year.

Pakistan Offers Innovative Idea for Nuclear Reactors

May 2 (EIRNS)—Pakistan has made an innovative suggestion to the Nuclear Suppliers Group (NSG)—a group of 45 member-nations in charge of selling of all nuclear-related material and equipment—including dual-use technologies: you set up nuclear power plants in Pakistan and you can run them.

"The NSG member-countries have been told that in case of their readiness to establish nuclear reactors, only they could operate them and Pakistani scientists would do nothing with those reactors," said Pakistan's Foreign Minister Khurshid

Mahmud Kasuri. He added that the NSG countries can take back the entire load of spent fuel as well.

Pakistan's offer is unique. Once upon a time, a concept of developing "nuclear parks" in foreign lands was discussed, but failed to take off due to security and other reasons. The reason the concept is being floated now, is that Pakistan, a non-signatory of the nuclear non-proliferation treaty (NPT), and a unrecognized nuclear weapons state, has been denied a deal similar to the Indo-U.S. civil nuclear agreement which is now being negotiated.

The second, and more important reason, is that Pakistan is a power-starved nation with very little coal and oil reserves. Pakistan has two nuclear plants under operation now. China has agreed to build three more nuclear plants in Pakistan, but that would not come near meeting its overall power requirements in the coming years.

U.S. Says Chinese Navy Poses a 'Strategic Shift'

May 3 (EIRNS)—Speaking in the Australian capital, Canberra, where he is visiting to commemorate the 65th anniversary of the Battle of the Coral Sea in World War II, Rear Adm. James Kelly, the commander of U.S. naval forces in Japan, said he expects that China is likely to expand its naval power in the coming years to take a more active role in securing global sea lanes vital to its burgeoning economy, news agencies reported.

Such a strategic shift would see China developing a "blue water navy" capable of projecting Chinese power well beyond its shores, Kelly added. He pointed out that the shift had become apparent last October, when a Chinese submarine surfaced near a U.S. carrier group in international waters off Japan.

"As their economy continues to grow, I suspect that China is thinking that they need to have a blue water navy to protect their interests around the globe," Kelly told reporters. "We have, in the past, maybe had more of an expectation that they would stay very close to their own territorial waters and not operate that much outside of those waters."

Of particular interest to China, he said, were sea lanes such as those that bring iron ore and natural gas from Australia, and have helped China become the world's biggest economy, after the United States and Japan. "I certainly would envision them keeping an eye on those sea lanes," Kelly said.

Indian Ministry Outlines Rail Links to China, S.E. Asia

April 29 (EIRNS)—"India is now following a policy of international corridors. In the first step, it is trying to link the railways of India and Myanmar over a distance of 330 km," a spokesman for the India Railway Ministry said, as quoted by the Press Trust of India (PTI) today. India has already launched dedicated freight corridors to link four cities, and is now joining with neighboring nations to develop global railway corridors. The India-Myanmar line "will also give us a link between India and Southeast Asian states including China. The exercise will cut traveling to one-fourth the time taken by sea route," the Rail Ministry source said.

The planned eastern international corridor will link the city of Kohima in Nagaland state to Myanmar, and to railway lines in Vietnam, Cambodia, and Laos in the South, and economically developed southeastern China and Russia on the other, PTI reported.

India is giving technical help to the railroads of Malaysia, Cambodia, Laos, and Bangladesh, to help develop their operating infrastructure and help connect interstate railways. India is also counselling Pakistan and other nations on rail links to Southwest Asia. Iran is already completing the internal rail line that will connect Iran's national rail system to Pakistan, which is already connected to the Indian rail system. Iran has announced the rail line will be completed some

time in mid-2008.

China To Grow Fixed-Asset Investment by 25%

April 29 (EIRNS)—Chinese investment in fixed assets, primarily infrastructure, could grow by some 25% in 2007, the National Development and Reform Commission's Investment Research Institute senior official, Zhang Hanya, was quoted as telling a Beijing financial conference April 29. "Despite the government's strengthened controls over local projects, fixed-asset investment may continue to grow at around 25%," Zhang said. "The government wouldn't like to see investment expansion fall below 20%, and economic growth shrink to lower than 8%, such as around 1998, when the economy was slumping, and the government faced great difficulty in boosting domestic demand and easing unemployment," Zhang was quoted by Bloomberg.

Infrastructure construction and other areas of the economy that need more investment will be funded by the government, but spending will be limited elsewhere. There is more than 6 trillion yuan (\$778 billion) in deposits in Chinese banks, and it has sufficient fuel, electricity, and transportation, as well as growing profits of industrial companies, to support infrastructure investment, Zhang said.

Government controls on investment in real estate and redundant projects have been tightened since last year, and the government has raised reserve requirements for commercial banks, in order to curb uncontrolled lending.

Putin Invited To South Korea To Discuss Railroad Corridor

May 3 (EIRNS)—South Korea's President Roh Moo-hyun has invited Russian President Vladimir Putin to visit Korea to discuss speeding up connection of the Russian Trans-Siberian Railway (TSR) to the Trans-Korean Railway (TKR), Donga press service quoted a senior official of the Uri political party saying May 2. "Former Prime Minister Han Myeong-sook ... delivered a personally handwritten letter from President Roh to President Putin on April 25," the official said.

"Considering that the test runs of the Gyeongui and Donghae lines [the two new connections of the South Korean to the North Korean rail lines, finished in 2003] were agreed to be carried out on the 17th of [May], at the 13th Inter-Korean Economic Cooperation Talks, it can be assumed that the request was made to resolve the deadlock in business cooperation between the [Russian] TSR and [Korean] TKR."

Han also met Vladimir Yakunin, the president of the Russian Railways, and the two had an "in-depth" discussion on building the rail links from Russia through the Korean Peninsula.

This project to build the rail connection between Korea and Russia was agreed upon by former Korean President Kim Dae-jung and Putin in February 2001, but has not yet been started. Recently, progress has been made in resolving the Korean peninsula nuclear issue by the six-party talks, and, independently, the two Korean governments had to go ahead with test runs on the completed rail lines.

Africa News Digest

Italy Opts for Dialogue, Not Sanctions, for Sudan

May 4 (EIRNS)—After meeting with Sudanese Foreign Minister Lam Akol May 3 in Sudan, Italian Deputy Foreign Minister Patrizia Sentinelli told the Italian news agency AKI that Italy wants to encourage the Sudanese government to resume talks with rebels in the strife-torn Darfur region. "Instead of threatening the Khartoum government with more

sanctions over its refusal to allow UN peacekeeping forces to deploy in Darfur, Italy is working to help relaunch negotiations between the Sudanese authorities and the rebels in Darfur," Sentinelli said. She made clear that in her meeting with Akol, she had "stressed the need to make all efforts possible to relaunch negotiations with all sides involved."

Sentinelli's remarks appear to place Italy at odds with warnings issued by the United States and Britain to Khartoum, that they will step up efforts to implement sanctions against Sudan, if it continues to forbid UN peacekeeping forces from deploying in Darfur. The warnings followed the publication of a UN report that accuses the Sudanese government of painting UN colors on planes used by the military to transport weapons to Darfur, in violation of international agreements.

May 3, Sentinelli attended the official opening of a hospital specializing in heart surgery situated in Soba, some 20 km from Khartoum. Named the Salam Centre, the 15 million euro facility, equipped with state-of-the-art medical equipment, is operated by the Italian non-governmental organization Emergency. The facility also employs a large number of Italians and Sudanese.

On May 2, Saudi Arabia brokered a peace agreement between Sudan and neighboring Chad which aims to ensure territorial integrity, and weaken opposition forces who are using the border region as a base of operations.

ICC Has Issued Arrest Warrants for Sudanese Officials

May 5 (EIRNS)—The International Criminal Court issued arrest warrants May 3 for Sudan Humanitarian Affairs Minister Ahmed Haroun and a militia leader, Ali Muhammad Ali Abd al-Rahman, also known as Ali Kushayb, according to Somali.net. Haroun was a minister allegedly responsible for the Darfur portfolio in 2003 and 2004, according to BBC, but the Sudan government denies this. Kushayb is alleged to be part of a pro-government militia in Darfur. He is already in the custody of the government for attacks committed in Darfur.

The ICC conducted its investigation from outside Sudan. Haroun said the move against him was politically motivated. Sudan reports that the ICC has not indicted any Darfur rebels who are also guilty of murderous attacks.

The ICC move creates a head-on confrontation with the Sudan government, over the Darfur crisis.

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