

[return to home page](#)

LaRouche:

FDR Methods Can Lead the World Out of the Nightmare

Here is Lyndon LaRouche's address to a forum in Rome on Feb. 28, on ``The International Systemic Crisis and the Rooseveltian Way Out."

On the 25th of July last year, I gave an international webcast, announcing that we were on the edge of the immediate collapse, the greatest collapse in modern history, of the present world financial-monetary system. Within a week, that collapse began. It began particularly with the collapse of a real estate bubble which had been building up in the United States for some time.

But that bubble was only the weakest point in the entire world system. The entire international financial system is now in the process of disintegrating. There is no possibility for its continued survival during the period of months ahead....

In-Depth articles from EIR, Vol. 35, No. 10

...Requires Adobe Reader®.

Feature

LaRouches in Rome:

Financial Crisis Threatens Return of Fascism Today

Lyndon LaRouche and **Helga Zepp-LaRouche** addressed a forum in Rome on 'The International Systemic Crisis and a Roosevelt-Like Solution.' Both speakers delivered a shock to the audience, warning of the twin threats posed by financial collapse and a drive for corporate style fascism, in both the United States and Europe.

LaRouche:

FDR Methods Can Lead the World Out of the Nightmare

Lyndon LaRouche's speech to the forum. The world faces the prospect of a New Dark Age, he said, like that which wiped out much of Europe during the 14th Century. But there are solutions for it, as the Renaissance showed. Europe must draw on the best of its own cultural history, in alliance with a United States reviving the methods of Franklin D. Roosevelt.

Demand a Referendum on EU Lisbon Treaty

Helga Zepp-LaRouche's speech to the seminar. The Lisbon Treaty, if ratified, would destroy the sovereignty of Europe's nation-states.

Dialogue with LaRouche:

Revive the Principles of the Renaissance

National

Bloomberg Lies:

'I Am Not Running,' Only Dripping Copiously

Despite New York Mayor Michael Bloomberg's denials, the City of London-centered financial oligarchy, and its Wall Street allies, have designated him as their man to be installed in the White House in January 2009.

Media Gear Up:

Promoting Bloomberg, Setting Obama's Trap

LaRouche Said Giuliani Was Set Up for Bloomberg

'The Second Coming of Felix Rohatyn'

The Partnership for New York City is the high council of the Bloomberg Fascism Project.

Obama's Last Hurrah:

LYM Fights for the Souls of America's Youth

A report from the **LaRouche Youth Movement** in Boston.

Economics

The Federal Reserve Has Become Irrelevant

Financiers, technocrats, and elected officials are putting on a clown show, as they push to bail out the already dead financial system, trying to shift the huge asset losses to the taxpayers.

Ethanol Won't Solve Food Price Inflation

Restructuring the Banking System

An open letter to U.S. bankers by **Michael W. Sperry**, a South Carolina banker, and collaborator of the LaRouche movement.

Special Economic Zones:

India's Land Scams Hurt Poorest the Most

Business Briefs

International

British Imperial Strategists Push EU To Confront Russia

Rising acrimony in British-Russian bilateral relations has been carried over into relations between the European Union and Russia. British politicians and strategists most committed to cementing the EU's Lisbon Treaty are simultaneously leading a drive to put Russia in its place—never again to be a great power.

'Economist' Editor Slams Westphalia; Lauds Lisbon

Israel at a Crossroads:
War in Gaza, or LaRouche Plan for Peace with Syria

Pakistani Elections:
Is U.S. Blackmailing the PPP; If So, Why?

Merkel Ignores Crisis, Supports EU Treaty

Reviews

The Dangerous Babblings of a French Neocon
Savage Century: Back to Barbarism,
a book by Thérèse Delpech.

Exposé of Cheney's War Crimes Wins Oscar
Taxi to the Dark Side,
a film by Alex Gibney.

Science

Ocean Temperature and CO2:
Global Climate Change Has Natural Causes

Prof. Lance Endersbee, a civil engineer from Australia, writes that the widespread belief in man-made climate change, is an example of a public delusion— like the belief during Europe's Middle Ages that witches caused crop failures. He describes the actual causes of climate variation, and demonstrates that the oceans are presently cooling, not warming.

Sci-Tech Topics

U.S. Economic/Financial News

- **Revenue Shortfalls Mount Across the Nation**
- **Home Sales Continue Collapse**
- **U.S. Foreclosure Filings Skyrocket in January**
- **Home Prices Falling at Accelerating Rate**
- **Fannie Mae Posts \$3.6 Billion Loss; Worse Is Yet To Come**

Revenue Shortfalls Mount Across the Nation

Feb. 25 (EIRNS)—Across the national landscape, states, counties, and localities, each week report new levels of financial bankruptcy. Wing-ding stimulus plans won't plug 18 states' current deficits, totaling \$14 billion in the current budget, and 20 more expected for 2009, totaling \$34 billion combined. As shortfalls mount, officials turn to austerity to balance budgets.

A sampling from around the nation:

Virginia: In Fairfax County, outside the nation's capital, officials expect the drop in home values to be worse than the 4% forecast in January, and to worsen an existing \$220 million shortfall. "For a government that depends on real estate taxes for \$6 of every \$10 in its general fund, the additional drop will lead" to more cuts, the *Washington Examiner* reported. The county also will lose at least \$26 million on investment income due to the Federal Reserve rate cuts.

Florida: Legislators next week begin debating how to cut \$1-2 billion more from their budget, on top of \$1.1 billion cut last Fall, when the housing bubble burst, and construction collapsed. Tax revenue to run the state next year is now projected to be less than the previous year for two years in a row, which will force the legislature to cut nearly 3% of a \$70 billion budget, the *St. Petersburg Times* reported.

Washington: The state is lowering its revenue estimate \$400 million, due to sagging tax collections.

Wisconsin: "Tough, very tough," is how Wisconsin Gov. Jim Doyle characterized his state's problems, including a \$600 million shortfall.

Rhode Island: Gov. Don Carcieri (R) proposes to slash the state's workforce by 1,000 to help address an estimated \$385 million shortfall next fiscal year.

Kentucky: Gov. Steve Beshear (D) has a \$430 million shortfall this year and \$930 million shortfall forecast over the two-year budget cycle beginning July 1.

Arizona: Gov. Janet Napolitano (D) has an estimated shortfall of \$1.2 billion.

New Jersey: the state has a \$3 billion-plus revenue hole, and Gov. Jon Corzine (D) was expected to announce a slash-and-burn budget on Feb. 26.

Home Sales Continue Collapse

Feb. 25 (EIRNS)—Financial media are reporting that the figures just released by the National Association of Realtors claim that sales of existing homes (and condos) fell a trifling 0.4% in January 2008, compared to the previous month, December 2007. However, compared to January 2007, sales are down 23.4%. In fact, according to MarketWatch, it's the "lowest sales pace since [NAR] began tracking combined sales in 1999." In addition, the inventory of unsold homes rose 18.4% (year on year), and median price again fell, 4.6% to \$201,000.

Also feeling the pain, is number-two home improvement retailer Lowe's, which reported a 33% drop in fourth-quarter profits. Competitor Home Depot is expected to post similar losses later in the week. Lowe's CEO Walter Todd, in an

interview with *Bloomberg News*, said he was tired of giving "overly optimistic" projections of revenue, only to be disappointed three months down the line. Realistically, he said, revenue may further decline 5-6% in the year through January 2009.

U.S. Foreclosure Filings Skyrocket in January

Feb. 26 (EIRNS)—Foreclosure filings nationwide soared 57% in January over the same month last year, according to RealtyTrac. A total of 233,001 homes were affected, 8% more than in December, with 45,327 lost to bank repossessions. California had the largest total, with more than 57,000 foreclosure filings there in January, one for every 227 homes. Florida had 30,000, one for every 273 households. Several states recorded massive jumps in the last twelve months: Rhode Island filings rose 279%; Maryland 430%; and Virginia 634%.

Home Prices Falling at Accelerating Rate

Feb. 27 (EIRNS)—Sales of new single-family homes dropped 2.8% in January compared to December, hitting the lowest annual rate in nearly 13 years, at 588,000. New and existing home sales, combined, have plunged to a rate of 5.5 million per year, a level characteristic of the 1970s.

The median sales price of a new home fell to \$216,000, down 15.1% from a year ago, and down a whopping 33.9% from January 2007, according to the Commerce Department. This represented the biggest annual price drop since records began in 1963. The unsold inventory of new homes climbed to a 9.9-months supply at the current sales pace, the highest level since October 1981.

On Feb. 26, the S&P/Case-Shiller national home-price index for the fourth quarter plunged 9.1% from a year earlier, the largest decline since the index began 20 years ago. The accelerating drop in home prices means that already at the end of 2007, nearly 9 million homeowners had negative equity; that is, they owe more on their mortgage loan than the home is worth.

Households in that situation are effectively in "debt house arrest," trapped in homes on which they are in absolute debt, and unable to sell or move without being liable for tens of thousands of dollars in immediate cash debt payments. They are set up for a looming foreclosure. Housing economists estimate that when the house price plunge reaches 20% year-to-year nationwide (as it already has in parts of California, Florida, Virginia, and elsewhere), some 15 million of America's roughly 57 million mortgaged homes will be in this negative-equity trap.

Fannie Mae Posts \$3.6 Billion Loss; Worse Is Yet To Come

Feb. 27 (EIRNS)—The government-sponsored enterprise Fannie Mae, the largest provider of mortgage financing, said its massive loss for the fourth quarter of 2007 was largely due to a \$3.2 billion loss on derivatives contracts, combined with write-downs on the value of mortgage securities it either holds or guarantees. Warning of a "significant" worsening of defaults and foreclosures amid falling prices, Fannie Mae increased its "credit/loss ratio"—losses as a percentage of the home loans it guarantees—to a range of 11-15 basis points, up from 8-10 basis points it forecast in November.

Global Economic News

- **Clinical Signs of the Accelerating Collapse**

- **Global Blowout Heats Things Up in 'Cool Britannia'**
- **Inflation, Food Speculation, Causing Famine, Riots**

Clinical Signs of the Accelerating Collapse

Feb. 29 (EIRNS)—Visible signs of the financial collapse that began mid-2007, are accelerating day-by-day. Some recent examples:

- * Sprint Nextel reported a \$29.45 billion fourth-quarter loss, saying that subscribers are leaving the company in droves—1.2 million expected in the current quarter—with many leaving because they can't pay their bills.
- * AIG, the world's largest insurance company, wrote off \$11.1 billion on derivatives losses, causing their worst quarterly loss on record, and announced that the head of its financial products unit, Joseph Cassano, is stepping down. AIG guarantees \$61.4 billion in CDOs.
- * Ghost towns are appearing across America, with 200,000 newly constructed homes sitting empty, and 216,000 under construction. New communities in California have few if any residents, and the promised schools and social facilities never materialized.
- * Gold hit \$977 per ounce, on its way to \$1,000; oil hit \$103 per barrel with gas at the pump projected to go to \$4 within weeks; the dollar fell to a three-year low against the yen and a record low against the euro; the U.S. stock indices were all down about 2.5%.
- * The National Association of Purchasing Management-Chicago reported that its index of business activity fell to 44.5 in February. Readings below 50 signal a contraction.
- * Toll Brothers Inc., the largest U.S. luxury homebuilder, reported its biggest quarterly loss in 22 years.
- * Peloton Partners LLP, a London-based hedge-fund manager, liquidated a \$1.8 billion asset-backed fund, blaming the cut-off of credit from the U.S. banks.

Global Blowout Heats Things Up in 'Cool Britannia'

Feb. 25 (EIRNS)—Great Britain has gotten a lot of mileage out of its "Cool Britannia" marketing campaign over the years, but that image is about to take a big hit as a result of the financial blowout. *Financial Times* columnist Wolfgang Münchau warned today that the British economy is destined to suffer even more than the U.S.A.'s, because of its reliance on the financial sector.

"In the next few years, I expect the U.K. economic miracle to be exposed for what it was: an overlong joyride on the back of an overlong asset price bubble. The U.K. economy is about to undergo a downturn at least as large as that of the U.S.—maybe even worse, because of an even more inflated housing market and because the financial sector constitutes a larger share of gross domestic product," wrote Münchau.

He argued that housing prices in Britain might fall 40% peak-to-trough, as many of the foreign buyers "that cool Britannia

has attracted" might leave just as quickly as they came, and that "the U.K. financial sector is in no less trouble," in particular because London is the center of the European credit derivatives market. "Perhaps the worst thing will be that working in finance will no longer be regarded as cool, as it has been for the last 15 years. Finance will be once again what economic theory always told us what finance should be: a necessary activity, requiring some technical skills, but rather dull in the absence of bubbles."

Inflation, Food Speculation, Causing Famine, Riots

Feb. 25 (EIRNS)—Inflation is mounting globally, starting with the two major factors of the economy, energy and food, and hitting first the most vulnerable areas of the world, and within those areas, hitting everybody alike. The United Nations World Food Program (UNWFP), as reported Feb. 25 in the *Financial Times*, is presently drawing up plans to ration food aid in response to the spiralling prices of food commodities. The UNWFP reports on the emergence of a "new area of hunger" in the developing sector where even the urban middle class is being "priced out of the food markets." Until now, the main focus of the WFP was to provide aid to areas which had no food, but it now finds itself having to aid countries where the price of food, not shortages, are the problem, as in Indonesia, Mexico, and Yemen.

All over Africa and Southwest Asia, inflation is causing unrest. In Cameroon's economic capital, Douala, at least four people were killed today when protesters, angry over the high cost of living, barricaded streets in that port city, looted shops, and clashed with riot police. Violence erupted after taxi drivers launched a strike to protest against fuel hikes which have pushed up prices of basic products.

Zimbabwe is already stricken with 100,000% hyperinflation, where the currency traded at Z\$15 million to US\$1. In the second-largest city, Bulawayo, service delivery has collapsed after local authorities announced that the municipality was insolvent and unable to cater to the needs of its almost 2 million residents. Many services, including provision medicines for council clinics, have come to a halt since the council could not pay salaries in January.

In Jordan, the government removed all subsidies due to rising fuel costs, which are up 76%, and the doubling the cost of basic foods like eggs and potatoes. In Saudi Arabia, there have been public protests and boycotts over rising prices, and demonstrations and riots in Yemen, where prices for bread and other staples have nearly doubled in the past four months. In Morocco, 34 people were sentenced to prison last week for rioting over food prices. (See InDepth for more on global food and fuel price inflation.)

United States News Digest

- [Schwarzenegger Lies, as California Plunges into Chaos](#)
- [Torturers Are 'Using a Playbook from the Middle Ages'](#)
- [Cuyahoga County, Ohio Needs an Urban 'Marshall Plan'](#)
- [New Budget-Slashing Medicaid Rules Threaten Public Health](#)
- [Will Authors of 'Torture Memo' Be Prosecuted?](#)

Schwarzenegger Lies, as California Plunges into Chaos

LOS ANGELES, Feb. 29 (EIRNS)—As the state of California plunges deeper into an economic/financial collapse—which Gov. Arnold Schwarzenegger calls a "budget crisis"—the governor was once again caught lying yesterday, when he addressed business leaders here. In his speech, Schwarzenegger endorsed proposals from legislative analyst Elizabeth Hill to close tax loopholes. Hill argued that his budget, which calls for 10% across-the-board cuts, is unfair, as it places too much emphasis on slashing or eliminating programs designed to protect those most dependent on government aid.

"I think we should go after those tax loopholes," he said, which Hill estimated would give the state an extra \$2.7 billion. Schwarzenegger added that the extra revenue from closing the loopholes could go "straight to education." However, immediately following the event, he changed his tune. When asked if that means he will go immediately to the legislature and ask them to close the loopholes, he said, "I'm not for the recommendations she made." When there was a follow-up question, asking how he could keep a \$21 million loophole for owners of yachts, when necessary state programs were being slashed, Schwarzenegger shrugged, saying that, "some of my colleagues are very strong in lobbying for keeping that."

Arnie was thus caught, again, lying to the public. And while he continues to insist that the only way to balance the budget is by destroying the social safety net built up since the 1930s Depression, thereby throwing millions of poor, elderly, and disabled onto a human scrap heap, the state's economy continues in free fall. The official number of unemployed jumped by 20,300 in January, with the capital city, Sacramento, hitting an official unemployment rate of 6.4%, the highest level since January 1997, when the state was coming out of a recession. In addition, Sacramento—which has one of the highest rate of homes posted for foreclosure in the nation—announced a plan to cut 500 jobs from the city's payroll, to deal with a growing budget crisis.

Torturers Are 'Using a Playbook from the Middle Ages'

Feb. 29 (EIRNS)—Two retired generals joined with Human Rights First during a conference call briefing today, to call on President Bush to sign the Intelligence Authorization Bill; the measure has a provision in it that makes the *U.S. Army Field Manual* the standard for all interrogations of individuals in U.S. custody across all agencies. Gen. Harry Soyster (ret.), a former head of the Defense Intelligence Agency, said that the *Field Manual's* approach to interrogations works, and permits all of the techniques needed to get reliable information, while defining the lines that interrogators cannot cross. Those who promote the use of harsh techniques, such as waterboarding, "are naive and living in a fantasy world," he said, and "they're using a playbook from the Middle Ages."

All of the speakers emphasized the need for a single interrogation standard, as opposed to the current situation where the Army has one standard and the CIA has another. The fact that the CIA is able to use torture, and the Army may not, undermines the Army's higher standards. Alex Gibney, another retired general, and producer of the documentary "Taxi to the Dark Side" (see review, *EIR*, March 7), recounted how, because of the "fog of ambiguity" as to what the rules were early in the "war on terror," a technique that had been authorized for one prisoner only at Guantanamo, Cuba, migrated to the U.S. base at Bagram in Afghanistan. Having a single standard applied to everybody would eliminate such ambiguities.

The White House threatened, on Feb. 14, that Bush would veto the bill.

Cuyahoga County, Ohio Needs an Urban 'Marshall Plan'

Feb. 25 (EIRNS)—Ohio's Cuyahoga County Treasurer Jim Rokakis (D) called for an urban Marshall Plan to deal with the devastation caused by home foreclosures across the nation. "I've got 8,000 to 12,000 rotting houses, primarily in Cleveland and East Cleveland, and these won't go away by themselves. We need an urban Marshall Plan," Rokakis told the *Cleveland Plain Dealer*. When asked today by *EIR* what he means by a "Marshall Plan," Rokakis said, "We all know what the

Marshall Plan did for Europe after World War II. We have cities here—Cleveland, Buffalo, Detroit—which look like Dresden did after the war. Wall Street and the Federal Reserve have failed for seven years." Rokakis told *EIR* that just for the Greater Cleveland area, which Cuyahoga County covers, he needs \$100 million to take control of the cost of fire, police, demolition, etc., for the devastated communities. But then there is the cost of reconstruction too. Bush's foreclosure fixes are "useless political gestures," he said, and "the nation needs an indefinite foreclosure moratorium."

When Bloomberg TV came to his offices today to ask him to compare and contrast the candidates' plans, Rokakis told them "none of them go far enough." The Cleveland area had the sixth-highest foreclosure rate in 2007, nationally. Ohio had 153,200 foreclosures last year an 88% increase from 2006.

New Budget-Slashing Medicaid Rules Threaten Public Health

Feb. 24 (EIRNS)—Even as its last days come closer, the Bush Administration has lost none of its zeal for targeting the lower 80% of income brackets in the United States. The latest proposed changes in Medicaid would curtail the use of Federal money to train doctors, set new limits on hospitals and nursing homes operated by states, cities, and counties, and limit rehabilitation services for people with disabilities, including serious mental illnesses. All of this is being done, in the words of Dennis G. Smith, the director of the Center for Medicare and Medicaid Services, to "protect the fiscal integrity of the Medicaid program," and save an estimated \$15 billion over five years.

The Bush Administration has been complaining for some time that states are using "creative financing techniques" to get more Federal money through Medicaid than they are entitled to, but state and local officials from both parties call the rules changes devastating. Larry Gage, president of the National Association of Public Hospitals, told the *New York Times* that the new rules would compromise the ability of public hospitals to provide vital services like trauma care and burn treatment. Dr. Rhonda Meadows, commissioner of the Georgia Department of Community Health, added that these rules, taken together, "would undermine the health-care safety net for the entire state of Georgia, reducing federal Medicaid payments for hospitals, nursing homes, and school clinics." State governors from both parties oppose the rules, especially as their own revenues are already declining because of the collapsing economy.

The rules changes come on top of fiscal 2009 budget proposals targeting Medicaid for \$14 billion in budget cuts over the next five years, and Medicare for \$91 billion.

Will Authors of 'Torture Memo' Be Prosecuted?

Feb. 24 (EIRNS)—The authors of an infamous 2002 Justice Department memorandum that authorized torture, including waterboarding, are finally being investigated by the Justice Department's Office of Professional Responsibility (OPR), it was disclosed on Feb. 22. The DOJ's acknowledgement of the internal probe, came in response to a Feb. 12 letter from Sens. Sheldon Whitehouse (D-R.I.) and Richard Durbin (D-Ill.), requesting an investigation, following Attorney General Michael Mukasey's claim that those who conducted waterboarding wouldn't be investigated, because they were acting under a DOJ authorization. Durbin asked the right question: Did those who *authorized* waterboarding violate the law? The laws that were violated would include the Federal War Crimes Act and the anti-torture statute.

Whitehouse and Durbin also asked OPR to determine if the DOJ memo writers had consulted the military Judge Advocates General (who were known to be adamantly opposed to the Cheney-Rumsfeld policies), and whether the DOJ was subject to outside pressure, which everyone knows originated with Vice President Dick Cheney. The OPR can refer the matter for criminal prosecution, or can recommend that DOJ lawyers be disbarred.

Ibero-American News Digest

- [Global British Assassination Strategy Threatens Mexico](#)
- [López Obrador: Cardenas Beat the Oil Multis, Thanks to FDR](#)
- [Probe of Ecuador's Foreign Debt Yields 'Scandalous' Results](#)
- [Bolivia, Argentina, Brazil Devise Energy Strategy](#)
- [Will a Sane U.S.-Cuba Relationship Emerge?](#)

Global British Assassination Strategy Threatens Mexico

Feb. 27 (EIRNS)—An apocryphal news item reporting that Mexican opposition leader Andrés Manuel López Obrador (AMLO) had been assassinated in the central plaza of Mexico City, was briefly but prominently posted on the website of the national Mexican daily *Milenio* Feb. 25. The item was purportedly issued by the official news agency, Notimex, and is variously reported to have remained on the website between five and 30 minutes, before being replaced. While some suggest that the inflammatory note was the work of a hacker, as of today's news stories, neither *Milenio* nor Notimex had issued any comment on the incident.

"PRD Fractures After the Death of AMLO, Says [PRD leader] Acosta Naranjo," the headline read, adding: "The PRD leader lamented the death of the so-called legitimate president and attributes his death to an assassination organized by the presidential forces themselves, although he admits that he lacks sufficient information, and it is also suspected that German terrorists linked to a Mexican publication are involved."

Whatever the who, what, and how of this specific incident, it must be viewed as a serious threat to the stability of Mexico, perpetrated by British imperial interests which Lyndon LaRouche has denounced for fomenting global chaos and destabilization. As LaRouche commented when the *Ottawa Sun* put out a false story about a hit against Barack Obama: "This is the kind of stuff that creates confusion in the population; that then creates the cover for an assassination, and people point back to such writings as 'evidence' of an assassination plot."

López Obrador: Cardenas Beat the Oil Multis, Thanks to FDR

Feb. 29 (EIRNS)—Mexican opposition leader Andrés Manuel López Obrador pointed to a key lesson of history for today, when he identified the crucial role which U.S. President Franklin Delano Roosevelt played in ensuring Mexico was able to finally win the battle to enforce sovereign control over its oil in 1938.

López Obrador, along with other opposition figures in both the PRD and the PRI, is urging Mexicans to mobilize to block the intended privatization of Mexico's state oil company, PEMEX, in the immediate months ahead. Interviewed by Carmen Aristegui of CNN in Spanish on Feb. 27, López Obrador warned that once a law opening the door to privatization is passed, it will be very difficult, if not impossible, to reverse.

Look at our own experience, he said. Article 27 of the 1917 Constitution established that Mexico's oil and subsoil resources belong to the nation, but for decades no government could pass a law enforcing that right, because the oil companies operated as a state within a state, doing what they wanted, protected by their private police and paramilitary

forces. President Calles tried to pass such a law, but was unable to, confronted by pressures which even included talk of a secret invasion plan.

In 1938, Gen. Lazaro Cardenas (President, 1934-1940) expropriated the foreign oil multinationals, establishing PEMEX, which within years became a world-class company, despite the then-British ambassador's stated conviction that people of "degenerate Indian blood" could never run oil refineries.

López Obrador pointed out that Cardenas was a man of principle, and that he was able to pull off his victory against the "arrogance" of the oil companies, because during his term in office, FDR, "one of the best Presidents which that country has had," was President of the United States.

Probe of Ecuador's Foreign Debt Yields 'Scandalous' Results

Feb. 25 (EIRNS)—A six-month investigation of Ecuador's foreign debt, carried out by the Commission on the Integral Auditing of Public Credit, has yielded "scandalous" results, President Rafael Correa reported on his weekly radio show Feb. 23.

"What was done with the foreign debt is incredible," Correa said. The investigation, which is not over, has shown that a portion of the debt is illegitimate, and won't be paid, he said. Moreover, there will be "trials of those bad Ecuadorians who participated in these shameless acts." Correa cited as an example how government officials signed contracts with creditors in which they renounced the government's right to take any legal action, should the contract be annulled, couldn't be executed as written, or were found to be illegal.

One of the Commission's foreign members is Argentine lawyer Alejandro Olmos, who worked with his father in investigating Argentina's illegitimate debt. In an interview published Feb. 25 in *Reseau Voltaire*, Olmos praised Ecuador as the first *government* to audit its foreign debt. He notes that a Brazilian member of the Commission has demonstrated that from 1982 onward, Ecuador was always a victim of "bankers' arithmetic"—it paid out more than it received, and it didn't matter what it paid, because it always owed more.

Olmos cited a 1991 report by a manager at Ecuador's Central Bank, that Ecuador paid off the same loan two and three times, due to rampant disorganization at the bank. In another case, a contract for a \$200 million loan from the Inter-American Development Bank, included clauses stipulating that the money would be granted only if state enterprises were privatized in return.

Bolivia, Argentina, Brazil Devise Energy Strategy

Feb. 24 (EIRNS)—Bolivian President Evo Morales met with his Argentine and Brazilian counterparts in Buenos Aires Feb. 23, to discuss solutions to the energy crises afflicting all three countries. On the agenda was how to address Bolivia's inability to meet its commitment to ship 7.7 million cubic meters of natural gas daily to Argentina (it currently ships 3-4 million cubic meters/day), which has created acute shortages in the latter country.

Bolivia has said it must first meet its domestic demand before shipping abroad. Argentina had asked Brazil to divert 1 million cubic meters daily of the supply it receives from Bolivia, but Brazil has refused, due to its own needs. So, foreign media gleefully trumpeted that the mini-summit of the three Presidents "failed." The truth is more interesting.

The Presidents set up an emergency coordinating committee made up of their energy ministers, which will meet regularly and monitor the situation in the three nations, starting immediately. Leaving Argentina, President Lula told reporters that

the issue isn't really gas supply. "We're talking about a policy of solidarity that the Mercosur [Common Market of the South] countries must have to help each other. All of our economies are growing, and we all need energy.... We are going to look at which sources of energy production we need."

The decision by Argentina and Brazil to embark on joint nuclear energy development (see EIW #9, Feb. 26), with the idea of supplying the entire region, is key here, although it requires a crash program of the kind that Lyndon LaRouche has advocated to begin to address the regional energy deficit. In the meantime, the Presidents underscored the importance of investments already underway in Bolivia, from both Brazil and Argentina, to help it increase production and develop its own infrastructure. Brazil's Energy Minister Edison Lobao said that while Brazil can't offer natural gas to Argentina, it could supply Argentina with 200 MW/hr of electricity during the Winter months (June, July, August). Whenever Argentina is able, he added, it could repay Brazil in energy.

Will a Sane U.S.-Cuba Relationship Emerge?

Feb. 26 (EIRNS)—On Feb. 24, as expected, Cuba's Parliament named Raúl Castro, the 76-year-old brother of Fidel, as the island's President, making official what has effectively been the case since July of 2006, when the ailing Fidel "temporarily" handed power to his younger brother. During that time, Raul made three public overtures to the United States, expressing his willingness to engage in serious negotiations with whatever government succeeds the Bush-Cheney regime.

According to a leak published by Brazil's *Folha de São Paulo* Feb. 21, when President Lula da Silva visited Cuba in mid-January, he was asked by Raúl Castro to use his "good offices" to serve as a mediator with the United States, especially since a new President will be entering the White House in 2009, who, it assumed, will be a Democrat.

According to *Folha's* government sources, the Cuban leader indicated that because Brazil enjoys a good relationship with the U.S., it "would be a more convenient partner than Venezuela"—with which Cuba maintains close relations—in speaking to Washington and urging it to end its decades-long economic blockade of Cuba. *Folha* hinted that Raúl Castro sees in Lula a means of distancing himself somewhat from Venezuelan President Hugo Chávez, who has been personally close to Fidel.

In the same vein, Spanish daily *Hechos de Hoy* claimed on Feb. 25 that observers were very surprised that Vice President Carlos Lage, who is close to Chávez, had not been promoted to the No. 2 spot behind Raúl Castro. Instead, that post went to the 77-year-old member of the "old guard," José Ramón Machado. The daily suggested that with these appointments, Raúl Castro may be attempting to put Cuba's relationship with Venezuela on a much more institutional basis, as opposed to having it defined, as has been the case to date, by Chávez's personal relationship to Fidel. It was Carlos Lage who teamed up with Chávez at a late-January conference in Caracas to hail the advent of the "post-dollar era" and cheer on the "demise" of the dollar.

Western European News Digest

- [Opposition Mounting to European Union's Lisbon Treaty](#)
- [Opposition Mounts to Deployment of U.S. Missile Defense](#)
- [City of London: Blair Not Fit To Be EU President](#)

- [Independent Kosovo Heading Towards Partition?](#)
- [France, Germany Sucked Into Brit Geopolitics](#)

Opposition Mounting to European Union's Lisbon Treaty

Feb. 29 (EIRNS)—The Socialist Party of the Netherlands has submitted to that country's parliament, legislation calling for a referendum to be organized on the EU Treaty, which would deprive member states of essential aspects of national sovereignty. The SP was at the vanguard of mobilizing the "no" vote in the 2005 referendum, which defeated the European Constitution, making the Lisbon Treaty—a slightly altered version of the same thing—a political necessity for the oligarchical circles promoting it.

In Great Britain, Liberal Democratic Member of Parliament Ed Davey was thrown out of the House of Commons on Feb. 26, after demanding a referendum during a debate on the treaty. His call for a vote on holding a referendum was ruled out of order by Speaker Michael Martin, after a decision by the Labor and the Conservative Party leaderships in Parliament.

In Ireland, the Sinn Fein will be holding its annual conference, where a mobilization for a "no" vote against the Treaty will be a major topic. Anti-treaty campaigners from other countries will be speaking as guests, including Harry Van Bommel of the Socialist Party of the Netherlands. Sinn Fein, which has four seats in the 166-seat Irish Parliament, is the only elected party opposing the treaty.

On Feb. 27, EU Commissioner Margot Wallstroem showed up in Dublin, in an attempt to defuse broadly voiced Irish concerns that joining the Lisbon Treaty would imply the loss of Ireland's military neutrality status.

The Europe committee of the Austrian parliament discussed the Treaty on Feb. 27. The governing Socialists are not happy about it, although they are support it anyway. Both opposition parties, FPÖ and BZÖ, oppose the Treaty, the latter's members even walking out of the committee session, calling it a "mere propaganda event." The FPÖ is gathering signatures for a petition aimed at getting a referendum in Austria.

In Britain, the cross-party alliance called, "I want a referendum," brought more than 2,000 protesters to London on Feb. 27, to rally in front of parliament and lobby parliamentarians. The rally, which brought together parliament members from all parties, labor unionists, and representatives of other organizations, came ahead of a crucial House of Commons vote March 5, on whether to hold a referendum. A giant ballot box was placed in next to the House of Commons, to symbolize the need for voters to be given a say on the switch of sovereignty from Great Britain to the EU.

The Czech Republic government is "wary" of the Lisbon Treaty, Prime Minister Mirek Topolánek told *EIR*, at a presentation at the Center for Strategic and International Studies (CSIS) in Washington today. But the Czech Senate is insisting that the Treaty be considered by the Court of Justice, and that the government agrees that the legitimacy of "the Lisbon Treaty must be judged by the Czech Court of Justice," and not by the European court.

Opposition Mounts to Deployment of U.S. Missile Defense

Feb. 22 (EIRNS)—U.S. Undersecretary of State John Rood, following meetings with Czech and Polish representatives to discuss missile defense, assured reporters at a news conference yesterday that they've made "significant progress," and that there are no "major issues that are outstanding ... insurmountable," as reported by Reuters. But opposition to those plans is growing abroad, and in the United States.

Foreign Policy in Focus reports on the opposition in Poland and the Czech Republic to the deployment of components of a U.S. missile defense system in their nations. In the Czech Republic, the No Bases Initiative is organizing opposition (70% of the population is opposed), and is calling for a referendum. Peace groups in the U.S. are planning demonstrations in Washington on Feb. 27, when Czech Prime Minister is in town, and also in March, when the Polish Prime Minister visits President Bush.

City of London: Blair Not Fit To Be EU President

Feb. 25 (EIRNS)—An editorial in today's *Financial Times*, mouthpiece of the City of London, suggests that the Anglo-Dutch financial oligarchy has not yet reached a consensus around the candidacy of Tony Blair for the EU presidency. The editorial states that he would "be an inappropriate choice and not just because of the folly of Iraq." He also failed to "change the terms of Britain's tortured EU debate," and "blew the chance to lead Europe—even though many policy arguments inside the EU tilted Britain's way." "The new president," says the *Times*, "should also have the authority to help the EU punch its political weight. The job could therefore include the ability to unite the EU in standing up to Russia, articulate a more coherent and less supine policy towards the Middle East ... develop a more rounded engagement with China beyond trade, and make the EU a more valuable ally to the U.S. All this suggests an instinctive Atlanticist who, nevertheless, could say no to Washington when necessary. That does not immediately suggest Mr. Blair."

Independent Kosovo Heading Towards Partition?

Feb. 24 (EIRNS)—Independent Kosovo could wind up being smaller than the territory that declared independence one week ago. The northern Kosovo city of Mitrovica has been de facto divided between Serbs and Albanians, with NATO troops and UN police having closed the bridge over the river that divides the city. Oliver Ivanovic, described as a moderate Serb leader who has been sidelined by Belgrade-backed extremists, told the *Sunday Telegraph* that this is the beginning of the secession of the Serb-dominated part of Kosovo, which could lead to attacks on Albanians who still live north of the river. "The Albanians would then retaliate on the Serbian enclaves throughout Kosovo, and the ethnic cleansing will be completed under the eyes of the international community," he said.

France, Germany Sucked Into Brit Geopolitics

PARIS, Feb. 26 (EIRNS)—If you wondered why German Chancellor Angela Merkel and French President Nicolas Sarkozy are suddenly rushing into a policy of increasing the troops in Afghanistan, the January 2008 policy paper, "Afghanistan, Europe's Forgotten War," shows how France and Germany are being sucked into British imperial geopolitics. Written by Daniel Korski, the report was published by the London-based European Council on Foreign Relations (ECFR), whose executive director is Tony Blair's 25-year-old "wonder boy," Mark Leonard, who co-authored the liberal-imperialist "New European Century" doctrine with Blair advisor Robert Cooper.

Korski argues that the current, military-focussed coalition strategy should be replaced with "a comprehensive political strategy." The crux of this strategy is the need for a "grand bargain": "The EU should deploy more troops in Afghanistan," relax restrictions on their troops, and reverse the decline in development aid. This "bargain" is to be agreed upon at the April 2008 Bucharest NATO summit.

ECFR is backed by the Soros Foundations Network, Sigrid Rausing, FRIDE (La Fundacion para las Relaciones Internacionales y el Dialogo Exterior), the UniCredit Group, and the Communitas Foundation.

Russia and the CIS News Digest

- [Russians Intensify Balkans Diplomacy on Energy](#)
- [LaRouche's Reply to Ivashov Published in Russian](#)
- [Russian Railways To Purchase Track, Equipment from Mechel](#)

Russians Intensify Balkans Diplomacy on Energy

Feb. 26 (EIRNS)—Russian Foreign Minister Sergei Lavrov and Gazprom chairman of the board Dmitri Medvedev (now President of Russian, following the March 2 elections) were in Belgrade yesterday for talks with the Serbian leadership on the Kosovo issue, and to sign a partnership agreement between Gazprom and its Serbian counterpart, Srbijagas. That comes in the context of Russia's design for a Balkans on-land extension of the planned underwater gas pipeline, South Stream, which will cross the Black Sea from Russia to Bulgaria. The visit was a return visit to the one made to Moscow, Jan. 25, by Serbia's President Boris Tadic and Prime Minister Vojislav Kostunica, for talks with outgoing President Vladimir Putin and Medvedev, as well as finalization of Gazprom's takeover of 51% in Serbia's oil firm NIS.

After the trip, Medvedev said the project was "particularly important as regards the situation in Serbia today," and was "essentially an element of our moral, material, and economic aid to the state." Lavrov and Medvedev reiterated support for the Serbian view on the Kosovo issue, while also reiterating Russia's policy of non-interference.

The Russian delegation went on to Hungary, yet another EU member that is preparing to join the South Stream project. It is planned to transport 10 billion cubic meters of Russian gas annually across the Black Sea, with first deliveries scheduled for 2013. South Stream is built by Gazprom and Italy's ENI, and is a rival project to the Nabucco pipeline backed by the EU and U.S., which will pump Central Asian gas to Europe via Turkey, bypassing Russia. Nabucco, which is due to go on line by 2011, will involve Turkey, Austria, Bulgaria, Romania, and Hungary. The latter three, however, getting frustrated over the slow progress of the Nabucco, have decided to take part in South Stream simultaneously.

LaRouche's Reply to Ivashov Published in Russian

Feb. 23 (EIRNS)—Lyndon LaRouche's essay "Reply to General Ivashov: A World System in Collapse!" began circulating in Russian today, which happens to be the Armed Forces Day national holiday in Russia. The article, which was published in *EIR* of Feb. 8, was written in response to a January article by Gen. Leonid G. Ivashov, former Russian Defense Ministry official and now president of the Academy of Geopolitical Problems, titled "Hooray for the Global Crisis!" Ivashov, citing LaRouche on the systemic nature of the financial/economic breakdown, suggested that the United States lacked the sovereign capability to put its economy through bankruptcy. LaRouche replied that the entire planet is in the grip of a general breakdown-crisis, from which no nation or group of nations might escape, if any one of the major nations, including the U.S.A., were to succumb to fascism and barbarism. LaRouche describes the origins of the oligarchic forces which got the world into the present untenable situation, and explains how the crisis can be solved, with a new international fixed-exchange-rate monetary system and the creation of credit for specific major, long-term development projects, within and among nations, in a nested set of agreements labelled "the common aims of mankind."

The Russian translation of this reply first appeared last night on the Kiev-based analytical site strateger.net. Today it is featured on anti-glob.ru, site of Russia's Anti-Globalist Resistance Movement, with the kicker, "There is no argument about the existence of the catastrophe; the debate is only over how to get out of it: LaRouche replies to Ivashov."

Russian Railways To Purchase Track, Equipment from Mechel

Feb. 26 (EIRNS)—In its first domestic contract with a supplier other than Yevrazholding steel giant, the state-owned company Russian Railways has signed a deal with OAO Mechel, another mining and metals company, to supply rails and equipment for its railroad expansion plans. Mechel will build a modern rail and structural steel mill at Chelyabinsk Metallurgical Plant over the next two years, adding annual capacity of over 1.0 million tons of high-quality steel products. The new equipment will enable Mechel to manufacture, among other products, rails up to 100 meters in length, using state-of-the-art technologies for steel melting, rolling, tempering, straightening, finishing, and rail quality control. Technical solutions will enable manufacturing products that surpass their world analogues in a number of key parameters, which are determined by the climate conditions of the rail service in Russia.

Rail manufacturing volume for Russian Railways will be up to 400,000 tons annually and include products specifically designed for high-speed operation, enhanced durability and contact wear resistance, and for operation in a low temperature environment. Railway construction in Russia is still hindered by a large deficit in quality rails. Mechel came forward with an initiative of mastering and implementing, at its Chelyabinsk Metallurgical Plant subsidiary, a unique technology, to produce high-quality rails up to 100 meters in length, conforming to the most stringent requirements. The company plans to invest more than \$500 million in the new production development.

Southwest Asia News Digest

- [Fighting in Gaza Careens Out of Control](#)
- [U.S. Naval Deployment Heightens Chance of a New War](#)
- [Iranian President's Visit to Iraq Makes History](#)
- [King Abdullah Delivers a Message in Washington](#)

Fighting in Gaza Careens Out of Control

March 2 (EIRNS)—Israeli military operations against Gaza have killed more than 100 Palestinians through air strikes and ground fighting over the last 48 hours, prompting Palestinian National Authority President Mahmoud Abbas to suspend talks with Israel until the offensive is stopped.

Commenting on the situation, Lyndon LaRouche, who warned that the only immediate path to peace following the Annapolis meeting of November 2007, was to immediately pursue the Syria-Israel peace track, said today that what is happening in Gaza is a British destabilization to trigger a crisis right now, which none of the U.S. presidential candidates, the Bush Administration, or any other world leaders are equipped to handle. "London is detonating a whole series of chaos operations—in Southwest Asia, in the Balkans, in South and Central Asia, in South America—all aimed at spreading chaos and paving the way for a global fascist system, run out of London. This is one global picture," LaRouche continued, "and must be seen in the context of the London drive to destroy the United States, once and for all, through their Bloomberg corporativist scheme, and to turn Europe once again into a fascist dictatorship, building towards war, through the Lisbon Treaty scheme to create a Brussels-based fascist corporativist mega-state."

Abbas referred to the attack on Gaza as "more than a holocaust," after Israel's Deputy Defense Minister Matan Vilnai warned that Palestinians in Gaza face a *shoah* (the Hebrew term for the Nazi genocide against the Jews). Abbas contacted UN Secretary General Ban Ki-Moon, to demand an emergency meeting of the UN Security Council to end "the massacres"

in Gaza, reported the *Washington Times* March 2. The UN has already shut down 37 schools that it runs in Gaza, affecting 40,000 pupils.

The Israelis have also suffered casualties of an extent not seen in the last year—two Israeli Defense Forces (IDF) soldiers were killed in Gaza, and an Israeli civilian was killed by Palestinian rocket fire against the town of Sderot on Feb. 27. Violence has also spread to the West Bank, where the IDF killed a 14-year-old Palestinian boy who was allegedly involved in a protest against the Gaza assault.

An informed Washington intelligence source described the situation as "careening out of control." For weeks, a major assault and ground invasion into Gaza has been under debate in the Israeli press and Knesset. The Israeli daily *Ha'aretz* reported March 2 that the Palestinians have fired 21 rockets from Gaza into Israel over the last days.

The Israeli assault is a serious blow to President Abbas, who has been following the Anglo-U.S. war-party line to isolate Hamas. As *EIR* and Lyndon LaRouche warned, this would lead to disaster, and now the mass killing of Palestinian civilians in Gaza by the Israelis is making sure that the "peace process" promised at the Annapolis meeting is completely shattered. Secretary of State Condoleezza Rice is to begin a trip to the Middle East on March 3.

U.S. Naval Deployment Heightens Chance of a New War

March 1 (EIRNS)—The Bush Administration has dispatched the *USS Cole* and the *USS Nassau* to the Eastern Mediterranean, in a show of gunboat diplomacy that threatens to trigger a new Mideast war. Senior U.S. intelligence sources confirmed to *EIR* today that they are alarmed that the United States has deployed these Naval forces to the region, in partnership with Saudi Arabia. The Saudi foreign minister was at the White House on Feb. 15, meeting with President Bush, Vice President Cheney and members of the national security team, in what the *Washington Post* characterized today as a planning session for coordinated action against Syria, which Washington and Riyadh blame for the stalemate in Lebanon.

However, several Washington sources confirmed that the U.S. Naval deployment may have immediate implications, in the context of the confrontations in the Gaza Strip. One senior U.S. intelligence source warned that the deployment of the U.S. Navy could draw the United States into the conflict, if Israel gets in trouble in the Gaza operation, and if Hezbollah takes action against Israel in support of the Palestinians. This could trigger a broader regional war, particularly if Dick Cheney and company seize the opportunity to blame Iran for the escalating violence coming from Hamas and Hezbollah, or if the "war party" faction in Tehran takes some kind of provocative action.

It is now universally recognized among all governments in the region that the Annapolis conference did not move the Israel-Palestine peace negotiations forward, and that Bush's promise to finalize a two-state solution before leaving office at the end of the year was all hogwash.

One source added that the idea of the Bush Administration aligning with Saudi Arabia against Syrian involvement in Lebanon is a further act of foolishness. The biggest asymmetric warfare threat comes from British-promoted Wahabi fundamentalists—heavily financed by Saudi Arabia! If a further confrontation breaks out and draws in Iran, this will fuel Shi'ite asymmetric warfare that is currently not a threat.

Iranian President's Visit to Iraq Makes History

March 2 (EIRN)—Iranian President Mahmoud Ahmadinejad visited Iraq today in the first head-of-state contact between the two countries since the Iran-Iraq War of the 1980s. More than 30,000 Iraqi military and security forces were deployed

for his security, said the *New York Times*, but, unlike trips by dignitaries from the United States, his trip was announced well in advance. He met today with Iraqi President Talabani, Prime Minister al-Maliki, and other officials. The visit coincides with the supposedly unrelated trip to Baghdad by U.S. Chairman of the Joint Chiefs of Staff, Adm. Mike Mullen.

Particularly notable, and emphasized by the Iranians, was the fact that Ahmadinejad drove in a motorcade from the Baghdad Airport to the city—in contrast to the practice of most other dignitaries, who consider a drive too risky, and take helicopters.

King Abdullah Delivers a Message in Washington

March 1 (EIRNS)—King Abdullah of Jordan visited Washington the last week of February, where he met with President George W. Bush. In a short speech at Princeton's Woodrow Wilson School of Public and International Affairs on Feb. 29, the King warned that unless an Israeli-Palestinian agreement is reached during the Bush Administration's final months, the chances for Middle East peace could be "set back, perhaps for decades."

"We are in the best possible position to resolve 60 years of conflict between Israel and Palestine," the King said. "It will be two or three years before a new American President will be willing to look at the Middle East." He added, according to the *Jerusalem Post*, that resolving the Israeli-Palestinian conflict is more important to the future of the Middle East than any other issue, including the war in Iraq.

Asia News Digest

- [**Russian Envoy Moots U.S. Military Role in Afghan Drugs**](#)
- [**Harsh Winter, Food Shortage Threaten Afghans and Tajiks**](#)
- [**Pakistan Politics on 'Pause Button'; Violence Resumes**](#)
- [**McConnell: Karzai Gov't Controls Only 30% of Afghanistan**](#)
- [**Thailand Being Set Up To Explode**](#)

Russian Envoy Moots U.S. Military Role in Afghan Drugs

Feb. 25 (EIRNS)—A sharp growth in drug addiction and a Russian news channel reporting that drugs from Afghanistan were hauled by American transport aircraft to the U.S. airbases in Kyrgyzstan and Turkey, have ostensibly led the Russia's Ambassador to Afghanistan Zamir Kabulov to tell the news channel, Vesti, that "if such actions do take place they cannot be undertaken without contact with Afghans, and if one Afghan man knows this, at least a half of Afghanistan will know about this sooner or later. That is why I think this is possible, but cannot prove it," he added.

The Vesti channel's report from Afghanistan said that drugs were hauled by American transport aircraft to the U.S. airbases, Ganci in Kyrgyzstan, and Incirlik in Turkey. The Ganci Air Force Base at the Manas international airport in Kyrgyzstan was set up in late 2001, as a staging post for military operations inside Afghanistan. The Kyrgyz government threatened to close the base after neighboring Uzbekistan shut down a similar U.S. air base on its territory in 2005, but relented after Washington agreed to make a one-time payment of \$150 million in the form of an assistance package, and to

pay \$15 million a year for the use of the base. Another Russian journalist in Central Asia, Arkady Dubnov, recently quoted anonymous Afghan sources as saying that 85% of all drugs produced in southern and southeastern provinces are shipped abroad by U.S. aviation.

In Russia, the Federal Drug Control Service had pointed out in January that as many as 30-40 million people in Russia may have tried drugs at least once. Annually, some 80,000 Russians die of drug-related causes. One in five crimes committed in Russia is related to drugs. The illegal drug turnover in Russia is estimated at \$10-15 billion, discounting transit trafficking. About 45% of Russian university students use drugs, according to Russian Minister for Education and Science Andrei Fursenko.

President Vladimir Putin has described the drug abuse problem as a "national calamity." "Unfortunately, they [NATO] are doing nothing to reduce the narcotic threat from Afghanistan even a tiny bit," Putin had angrily remarked three years ago. He accused the coalition forces of "sitting back and watching caravans haul drugs across Afghanistan" to the former Soviet Union and Europe.

According to the Federal Drug Control Service, 90% of all heroin sold in Russia comes from Afghanistan. Russia today has about 6 million drug-users, a 20-fold increase since the collapse of the Soviet Union and a huge figure for a country of 142 million people.

Harsh Winter, Food Shortage Threaten Afghans and Tajiks

Feb. 29 (EIRNS)—The harshest Winter east of Hindu Kush mountain range threatens the lives of hundreds of thousands in Afghanistan and Tajikistan. Extreme poverty, poor infrastructure, an unstable security situation, and shortage of food have added to the threat.

In Afghanistan, 300,000 livestock—the source of meat and milk—have died since last December, and led the UN Food and Agriculture Organization (FAO) issue warnings of impending dangers. High fuel, vegetable oil, and cereals are compounding the vulnerability of poor households, reducing their access to food. Meanwhile, drug money in the hands of warlords in Afghanistan has resulted in smuggling in huge amounts of wheat and flour from Pakistan, threatening the food situation in Pakistan itself, where food prices are rising rapidly.

In Tajikistan, where the temperature throughout February remained in single digits (Fahrenheit), the UN issued a flash appeal, calling for an immediate international infusion of \$25.1 million in assistance to Tajikistan. At least 260,000 people are in need of immediate food assistance, the appeal stated grimly. "Moreover, the government reports that up to 2 million people may require food assistance through the end of the Winter, if limited food and fuel supplies in rural areas are not replenished. In all, almost one-third of the country's population of just over 7 million is in need of some form of assistance."

Pakistan Politics on 'Pause Button'; Violence Resumes

Feb. 29 (EIRNS)—Although Pakistan's Feb. 18 National Assembly elections are now well known, the inability of President Pervez Musharraf, Washington, and the two leading parties in the elections, the Pakistan People's Party (PPP), and the Pakistan Muslim League-Nawaz (PML-N) to convene the parliament and form a government, has not prevented the militant secessionists from resuming violence in a big way.

Today, bombs went off in Quetta, Baluchistan; Peshawar, the North West Frontier Province; and Mingora, Swat district of Northern Territories—all these areas border Afghanistan and all are under the British-instigated policy to separate from the

Punjab-Sindh-dominated Pakistan. The bombing at Mingora was the deadliest, taking at least 40 lives, most of whom were policemen, and at least 50 injured policemen were brought to the hospital. Electricity has been cut off in the area.

McConnell: Karzai Gov't Controls Only 30% of Afghanistan

March 1 (EIRNS)—Vice Adm. Michael McConnell, U.S. Director of National Intelligence, testifying about the ongoing turmoil in Afghanistan before the Senate Armed Services Committee on Feb. 28, said that while the Taliban controls 10% of the land, the Karzai government controls only 30%. The rest is under tribal control. The key to the Taliban's success, McConnell said, is the opportunity for safe haven in Pakistan. Meanwhile, the surge in violence has placed a big strain on NATO.

The head of the U.S. Defense Intelligence Agency, Lt. Gen. Michael Maples, told the same committee hearing that major problems remain in trying to crack down on the lawless tribal area on the Afghan-Pak border. Saying it would take three to five more years to tame the area, Maples pointed out that the Pakistani military was not trained for that fight. "Pakistani military operations in the [region] have not fundamentally damaged al-Qaeda's position," he said. "The tribal areas remain largely ungovernable and, as such, they will continue to provide vital sanctuary to al-Qaeda, the Taliban, and regional extremism more broadly."

From what these two officials said, it is evident that the killing of thousands of Afghans, and adding more troops to kill more Afghans, is making the Taliban stronger. Also, it is quite likely that if Washington does not wake up to the threat that Pakistan faces today, it may not remain as a single nation five years from now.

Thailand Being Set Up To Explode

Feb. 26 (EIRNS)—Institutions set up under the new Thai Constitution, rammed through by the military government just months before the recent election, are now moving to dismantle the newly elected government, threatening to return Thailand to chaos, in keeping with British global destabilizations. The Election Commission upheld an investigation that found the new speaker of the parliament, Yongyuth Tiypairat, a leader of the victorious People's Power Party (PPP), guilty of election fraud. The commission will ask the Thai Supreme Court to ban him from politics, a commission official said today. According to the military junta's convoluted election law, the PPP itself could be dissolved because of this. This would plunge Thailand into chaos.

Meanwhile, Thai Foreign Minister Noppadon Pattama said that ex-Prime Minister Thaksin Shinawatra, who is strongly supported by the PPP, will return from exile soon. The PPP has applied for a rally permit to welcome him. The People's Alliance for Democracy (PAD) said yesterday that it would oppose Thaksin's return, and threatened to revive street protests, which in 2006 led to the military coup that ousted him from the premiership.

Africa News Digest

- [A Fragile Agreement in Kenya](#)
- [Sarkozy Unveils Eu10 Billion Investment in Africa](#)
- [Gambian Daily Features FDR's War with British Imperialism](#)

A Fragile Agreement in Kenya

Feb. 28 (EIRNS)—In a dramatic turnaround from Feb. 2, when talks being mediated by former UN Secretary General Kofi Annan broke down, Kenyan President Mwai Kibaki and Raila Odinga, leader of the opposition Orange Democratic Movement, signed an agreement today to share power. There had been an impasse over how much power the opposition would have.

The agreement comes after two months of violence following the Dec. 27 election, the results of which were contested by the opposition. As many as 1,500 people were reported killed; 300,000 who had to flee their homes, are in camps; and many more, whose number cannot be accurately determined, because they are not in camps, also fled their homes.

The post of prime minister will be created for Odinga, but his demand for a constitutional change, which he had been holding out for, was not part of the deal. Annan said that the prime minister will work with the President to coordinate government affairs, and the agreement calls for Odinga to be given an active role in running the government. Kibaki stated that his government would create the posts of prime minister and two deputies, but emphasized that this will be done under the current constitution. Therefore, how this agreement will be implemented is unclear, and can be easily destabilized.

The agreement was reached, despite encouragement given to the opposition by the British government and the Bush Administration. During the unrest, the British ambassador and U.S. Secretary of State Condoleezza Rice had taken the side of the Anglo-Dutch oligarchy, which is seeking a long-running conflict in Kenya, as part of a global chaos strategy. After the talks broke down, Rice called for serious armtwisting of the Kenyan government, and talked about imposing sanctions on Kibaki.

Sarkozy Unveils Eu10 Billion Investment in Africa

Feb. 29 (EIRNS)—France will invest the equivalent of about \$14.75 billion in sub-Saharan Africa over the next five years, creating about 300,000 jobs, President Nicolas Sarkozy told South Africa's Parliament on Feb. 27. The French Development Agency's (FDA) initiative will indirectly or directly finance nearly 2,000 companies.

"When this initiative is concluded, the total French bilateral financial commitment to sub-Saharan Africa will thus amount to Eu10 billion over the coming five-year period," Sarkozy said. "The growth potential of your continent, its natural resources, and its promising market make it part of the world we cannot ignore."

Sarkozy also emphasized the reshaping of French policy toward Africa, noting that France intended to alter what he called its "obsolete" defense agreements with several African countries. "France has no call to maintain armed forces in Africa indefinitely," he said. "It is no longer conceivable ... that the French army should be dragged into internal conflicts."

It was also announced that France will be giving a \$2 billion coal-fired power station to South Africa as a gesture of friendship. The agreement was signed on Feb. 27 between Buyelwa Sonjica, the South African Minister of Minerals and Energy Affairs, and Jean-Marie Bockel, the French Deputy Minister for North-South cooperation. France will also send a team of engineers to South Africa to help that country deal with its energy shortage. It has yet to be decided where and when the plant will be constructed.

A \$2.12 billion deal between South Africa's state electricity supplier Eskom and the French company Alstom was also signed, to supply turbines for a new coal-fired power station in Mpumalanga.

The French nuclear power company Areva, which built South Africa's first nuclear plant at Koeberg near Cape Town, is

competing with Westinghouse Electric to build a second \$15.5 billion station, with twice the output.

Gambian Daily Features FDR's War with British Imperialism

March 1 (EIRNS)—The Feb. 14 *Daily Observer* of Gambia, published a 4,000-word article documenting President Franklin D. Roosevelt's war against British colonialism and colonialism in general. The article opens with Roosevelt's declaration, as reported in his son Elliott's book, *As He Saw It*, that "the colonial system means war," and concludes with the statement that "the ideals of Roosevelt for freedom live on to inspire, ironically, those now fighting American imperialism."

The *Daily Observer* identifies the central concept required to understand world politics today: "The fundamental and unbridgeable difference between the United States and the British Empire, is the fact that the United States represents, if imperfectly, the embodiment of the nation-state, and that Great Britain is the modern form of the oligarchical, monarchical and imperialist system of rule." It includes Roosevelt's own horrified report on the "hellhole" he found when he visited Britain's then-colony Gambia, in 1943. FDR told a press conference upon leaving the country: "It's the most horrible thing I have ever seen in my life.... The natives are five thousand years back of us. Disease is rampant, absolutely.... And I looked it up, with a little study, and I got to the point of view that for every dollar that the British, who have been there for two hundred years, have put into Gambia, they have taken out ten. It's just plain exploitation of those people." Exclaiming to his son later about the average lifespan of people in Gambia—26 years—Roosevelt cried: "These people are treated worse than livestock. Their cattle live longer!"

The article delineates in detail—starting before the war—the fight waged by Sir Winston Churchill against Roosevelt, until Roosevelt's death, in an effort to retain all of Britain's imperial possessions. On one occasion, several years after his trip to Gambia, Roosevelt, when he became seriously ill, quipped to Churchill that he was sick with "Gambia fever" from "that hell hole of yours called Bathurst" (Bathurst was the British name of Gambia's capital, which was changed to Banjul after independence).

The article is on the *Daily Observer* website.

The piece has provoked debate internationally. A Cuban website, "Cuba Debate," published a review of the article on Feb. 26. Cuban reviewer Manuel Yepe attempts to dismiss the Roosevelt vs. Churchill fight as inter-imperialist rivalry, but then spends a good two pages quoting from Roosevelt's and Churchill's fights.

All rights reserved © 2008 EIRNS

[top of page](#)

[home page](#)