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## **Combatting Britain's New Opium War**

**by Jeffrey Steinberg**

The stunning July 2, 2008 rescue of Ingrid Betancourt and three American hostages from FARC narcoterrorists in Colombia, was far more than a victory against that nation's longstanding narco-insurgency. The combined efforts of Colombia, the United States, and France delivered a serious blow to the British oligarchy's ``New Opium War" program, a geopolitical scheme to spread chaos throughout the planet, inflict drug addiction on potentially billions of people, and generate trillions of dollars in black market revenue, laundered through Anglo-Dutch offshore hot-money havens like the Cayman Islands, the Dutch Antilles, and the British isles of Man and Jersey. This New Opium War is at the very heart of what Lyndon LaRouche has labeled the Anglo-Dutch Liberal system, which is now unraveling....

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- **Combatting Britain's New Opium War**

The Colombian military's dramatic rescue of 15 hostages held by the narcoterrorist FARC delivered a blow to the Anglo-Dutch financial oligarchy's 'New Opium War.' This was a coordinated effort by at least three nations, working in concert, and precisely fit Lyndon LaRouche's March 1985 proposal for a Western Hemisphere war on drugs.

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## **Fuel Price Rises Send Airline Industry into Shutdown Spiral**

### **Fuel Inflation Closes School Programs, Food for Elderly**

July 9 (EIRNS)—Hyperinflation kills, and the situation building up around heating fuel and gas costs is a pending disaster. National Public Radio reported yesterday on an energy hearing in the U.S. Senate, where horror stories included:

\* Maine: The average household is facing spending \$5,000 more for heating this coming Winter, according to Sen. Susan Collins (R).

\* Florida: A Collier County school district is facing an increase of \$480,000 in gas costs for busing students this next school year. In Palm Beach County, there is now a backlog of 1,500 homes that cannot get help through Meals-on-Wheels, because the gas costs cannot be paid by volunteers.

\* *Education Week* reported that schools across the country are dealing with higher fuel costs by cutting the school week and limiting the number of stops for bus pick-ups, forcing students to take longer walks. "This is completely unprecedented," said Michael J. Martin, the executive director of the Albany, N.Y.-based National Association for Pupil Transportation, or NAPT. "I don't think it was on anyone's radar screen." "The decision [to go to a four-day week] is primarily a result of the higher prices in gas," said Greg A. Schmidt, the superintendent of the 700-student MacCray school district. The shift to a Tuesday-through-Friday schedule, with each day about one hour longer, will save the district an estimated \$65,000 annually in fuel costs alone, said Schmidt.

### **Treasury Undersecretary Resigns To Spend More Time with Wachovia's Family**

July 10 (EIRNS)—Robert K. Steel resigned as Undersecretary of the Treasury this week and immediately signed on as CEO of Wachovia, the bank rumored to be on the verge of bankruptcy. At the same time, Wachovia warned of new losses, expecting a second-quarter loss of \$2.6 billion to \$2.8 billion. Wachovia, in 2006, acquired Golden West Financial, a large California mortgage lender specializing in pay-option mortgages, which has taken vast losses in the past year's "mortgage crisis." The *New York Times* reports that Wachovia also faces mounting losses on loans to builders and commercial real estate developers, and its stock has fallen more than 60% this year, which the *Times* says casts doubt over the bank's ability to survive as an independent company.

Steel, who was a stock-trading executive and vice chairman under Henry Paulson at Goldman Sachs until his 2004 retirement to join Harvard's Kennedy School, joined the Treasury Department with Paulson in 2006, where he has been Paulson's point man for financial crisis management, notably the Bear Stearns "rescue" and the mortgage crisis. Although he has no experience in commercial banking, the Wachovia board of directors unanimously chose him as CEO, apparently to have direct Treasury takeover of the bank's management and a promise of bailout.

### **Fuel Price Rises Send Airline Industry into Shutdown Spiral**

July 10 (EIRNS)—The death-spiral of America's airline industry took another downward turn today as Northwest Airlines announced it will cut 2,500 jobs, blaming skyrocketing oil prices. This cut is about 7% of its current, 34,000-person

workforce. Northwest's job cuts pile on top of those announced by American Airlines (7,000 jobs) and Delta (4,100) last week. Earlier, Continental Airlines had said it would cut 3,000 jobs, United Airlines 2,550, and U.S. Airways 1,700, bringing the total planned layoffs of airline workers to 20,850. This level layoffs makes it the second-worst year this decade for airline job reductions. Airlines laid off more than 100,000 workers in 2001, after the 9/11 attacks in New York and Washington.

As fuel costs have soared, doubling since last year, the nation's airlines have also begun to slash many domestic flights, as well as some international routes, cut their fleets, and now, pare work forces, as costs have jumped and stock prices have sunk.

## Global Economic News

### Nuclear Manufacturing Capability Expanding Worldwide

### In India, Camels Replace Tractors as Fuel Prices Soar

### Vietnam Breaks Ground for Steel Complex, Deepwater Seaport

### London: Don't Use Your Own Food for Fuel: Use Brazil's

## Nuclear Manufacturing Capability Expanding Worldwide

July 10 (EIRNS)—As the orders for new nuclear power plants grow, the world nuclear manufacturing industry is being stretched to its limit. This is true both in industrial capacity, and in the supply of engineers and skilled workers. The recent entrance of Alliant Techsystems—a satellite, rocket propulsion, and defense company—into the nuclear business, is indicative of the expansion that is taking place.

As reported in the July 8 Minneapolis *Star Tribune*, Alliant is completing a factory in West Virginia which will produce rotor tubes for centrifuges, which will produce enriched uranium for nuclear power plant fuel. Other companies that were in the nuclear business 20 years ago, are reapplying for certification to produce nuclear-qualified components.

Earlier this month, French nuclear power giant Areva announced that it will be increasing capacity at its forging plant at Le Creusot in Burgundy, so that fully 100%, up from 80%, of the components for French-built nuclear plants will be manufactured in France.

In early June, South Korea's Doosan Heavy Industries, which aims to become a major exporter of nuclear plants, announced that it was raising its production capacities for castings and forgings, through a \$395 million investment program.

And in Japan, Mitsubishi Heavy Industries announced last month that it will double capacity for forgings for reactor pressure vessels and other components at its Kobe shipyard. It will hire an additional 1,000 employees, and be able to produce components for two nuclear power units per year.

Russia, too, is upgrading and expanding its nuclear industry; and China and India are now manufacturing their own indigenously designed reactors.

Worldwide, only about two dozen new nuclear plants can be fabricated at any one time. This capacity has to be multiplied many times over, to meet the requirements of a "nuclear renaissance."

## **In India, Camels Replace Tractors as Fuel Prices Soar**

PARIS, July 6 (EIRNS)—The Paris daily *Le Monde* describes today how small Indian farms are returning to the use of camels for transporting items, because the explosion of fuel prices has made using tractors for haulage into "a luxury."

"The camel is the future of the tractor" the daily quotes a farmer in Indian state of Rajasthan saying, adding "it's slower, but it only consumes water and bushes." Since there is only one planting season, the tractor remains indispensable, he says. The rest of the year, says *Le Monde*, "on the roads that cross the desert countryside of Rajasthan, camels have never been so numerous ... pulling carts of water drums, villagers, or produce."

Of 1.34 billion farmers on the planet, only 26.7 million have the privilege of using tractors (less than 2%). But in India, those happy few are now buying camels. As a result, the price of camels also is rapidly increasing. At the Winter fair in Pushkar, Rajasthan, a camel now costs the equivalent of 300 euros, about five times more than four years ago. *Le Monde* quotes the director of a camel preservation NGO complaining that the government policy of irrigation reduced camels' pasturage, in favor of cropland. He further explained that the nearby Thar Desert bordering Pakistan was India's nuclear testing range: "The least accident, and the animal dies for lack of veterinary care," he said. As a result, the number of camels in India has been halved in the last ten years, now down to 450,000.

In Ethiopia, the cost of gasoline is not so much the problem, because only large-scale farming in coffee and oilseed is mechanized. Rather, explains another NGO, specializing in rural micro-financing, the problem is the rising price of animal feed, which has doubled the cost of a working ox, and tripled the cost of working donkeys over the last year alone. The main reason is that more arable land is going to crops, and less for forage, forcing farmers to buy animal feed. And the price of animal feed is rising, says the NGO, "because emerging countries are beginning to eat more meat."

## **Vietnam Breaks Ground for Steel Complex, Deepwater Seaport**

July 7 (EIRNS)—Vietnamese Prime Minister Nguyen Tan Dung gave the opening speech at the ground-breaking ceremony for Vietnam's largest steel complex in the central province of Ha Tinh on July 6. The steel complex will have an expected annual capacity of 7.5 million metric tons with the first phase of construction, and will cost almost \$8 billion. Formosa Heavy Industries Corp. will carry out the initial phase, which will be four years in construction. This phase will employ 10,000 Vietnamese workers.

The plant's capacity will be doubled in the second phase of construction of the steel mill, which will put it among the 15 biggest steel plants in the world.

Initially, iron ore for the mill will be imported from the world's major suppliers, such as Brazil's CVRD and Australia's Rio Tinto and BHP Billiton. Coal is available in quantity from Vietnam itself.

The Son Duong deepwater seaport will be capable of handling vessels weighing up to 300,000 DWT (deadweight tons).

The project, which is the largest foreign direct investment (FDI) project in Vietnam, was only licensed late last month. It is part of the Vung Ang Industrial Park which has developed road connections to Thailand and Laos.

## London: Don't Use Your Own Food for Fuel: Use Brazil's

July 7 (EIRNS)—The London line, appearing everywhere from the *Economist*, to the European Union, to Washington, D.C., is that if we must "moderate" our use of biofuels at home to take the pressure off food prices, supplies, and our pretenses of morality, then just import more cane ethanol from Brazil.

Last week's Paris meeting of the European Union energy ministers, which backpedaled somewhat on the volume of food that should be going for bio-energy, said that the EU should instead consider ramping up ethanol imports from Brazil. European Parliament Member Claude Turmes even suggested a bilateral EU-Brazil agreement for biofoolery.

In the U.S., the cry is going up from livestock feeders as well as urban Democrats, that Brazilian ethanol must be freely imported, to allow more U.S. grain to be used for food marketing.

"Biofuels in Brazil—Lean, Green and Not Mean," is the headline on a promotional article in the London *Economist*, June 26. The rah-rah coverage stresses that some, such as GOP Presidential hopeful John McCain, want to scrap the U.S. tariff on imported ethanol, and well he should. The *Economist* sings the praises of cane ethanol, ignoring the vast agro-industrial and R&D capacity tied up in using sugar for fuel. For one thing it states defensively, "the sugar industry may be less deadly than many others." Fewer Brazilian peasants are dying in accidents in the fields these days. There is more mechanization.

Furthermore, concerns about land use are "premature," the *Economist* asserts: "Sugar cane occupies only 7 million hectares (17 million acres) of Brazil's farmland (and only about half of the crop is distilled into ethanol). This compares with some 200 million hectares devoted to cattle ranching, much of which is extensive (a Brazilian cow enjoys, on average, a lordly hectare of grazing). Sugar could expand on degraded pasture with little or no effect on beef prices."

## United States News Digest

**'Soros Foundations Should Be Shut, for Violating Election Laws'**

**Congress Warned: Resolution To Blockade Iran Means War**

**Hospital Closings: Final Solution for Urban Centers?**

**Something Gore *Did* Invent: 'Faith-Based' Government Aid**

**Sen. Clinton Was Right: McCain Has Electoral College Lead**

**'Soros Foundations Should Be Shut, for Violating Election Laws'**

July 8 (EIRNS)—A senior political consultant to both Republican and Democratic Presidential campaigns has called for the Internal Revenue Service (IRS) and the Federal Election Commission (FEC) to crack down on George Soros's Open Society Institute and related tax-exempt foundations, for violations of tax-exemption and election laws. The source, who spoke with *EIR* on condition of anonymity, said that the Soros network of tax-exempt foundations and public interest groups have all "crossed the line" and engaged in illegal political campaign activities. "It is an open secret," the source said, "that the Soros foundations regularly bankroll political campaign activities, in flagrant violation of Federal laws."

He added, that, "If we are going to have a fair election in 2008, the IRS and the FEC ought to focus their resources on Soros's foundation operations." Soros should be forced to spend his time in court over the next five months, the source concluded. The LaRouche PAC pamphlet hit the nail on the head: "Your Enemy, George Soros."

## **Congress Warned: Resolution To Blockade Iran Means War**

July 9 (EIRNS)—Retired Air Force Col. Sam Gardiner, who teaches at several U.S. military war colleges, issued a warning to the Congress that if they act like lemmings in voting up a resolution to blockade Iran, they are voting to give Bush the power to start a war. "The last time the United States imposed a blockade on another country was during the Cuban Missile Crisis," Gardiner wrote in the July 5 *Washington Times*. "President Kennedy labeled the move 'quarantine' because he understood a blockade to be universally regarded as an act of war," Gardiner continued. "Yet, a blockade is exactly what many politicians are considering in Washington and elsewhere. Israeli Prime Minister Ehud Olmert reportedly suggested the idea to House Speaker Nancy Pelosi during a recent meeting, and presumptive Republican nominee John McCain alluded to the same during his speech at the American Israel Public Affairs Committee conference in Washington. With hardly a word of opposition, Congress is poised to pass a resolution calling on the President to enact such a blockade, possibly as early as next week."

Gardiner, writing together with Cyrus Bina of the University of Minnesota, suggests that a disruption of the oil flow through the Persian Gulf would drive gasoline prices up to \$7.50 a gallon, and "create a tinderbox where even a small incident could erupt into a conflagration. To say nothing of the fact that a blockade is a *prima facie* act of war under international law." The resolution's proponents are saying negotiations have failed, but, says Gardiner, direct talks have not even begun.

Whether the resolution actually does call for war on Iran, was the topic of a contentious hearing in the House Foreign Affairs Committee on July 9, on U.S. policy toward Iran, where Undersecretary of State William Burns was the witness. The tension displayed during the hearing clearly reflects the debate which has broken out in recent weeks about a possible Israeli and/or U.S. attack on Iran. A parallel hearing in the Senate Foreign Relations Committee that afternoon, was in complete contrast to the House hearing, with all the Senators present urging dialogue with Iran.

## **Hospital Closings: Final Solution for Urban Centers?**

July 7 (EIRNS)—The New Jersey state budget for FY2009 requires \$600 million in cuts below the previous budget. More than 18% of those cuts—\$111 million—are from "charity care," which includes reimbursement to hospitals for services for people who have no medical insurance.

Betsy Ryan, the president and CEO-designate of the New Jersey Hospital Association, told the *Washington Post* July 7 that the budget "marks the state's retreat from its commitment to pay a fair amount for the care that it mandates that hospitals provide to any of the 1.3 million New Jersey residents without health insurance."

An estimated 15% of New Jersey residents have no medical insurance, and that percentage can only be expected to increase, with the continued collapse of the economy. The law requires that all people be given necessary treatment at hospitals, whether or not they have medical insurance.

"The brunt of this cut will be borne by the hospitals themselves," Ryan said. "The timing and the severity of these cuts couldn't be worse. New Jersey has lost seven hospitals to closure in the last 18 months, and an eighth hospital plans to close its doors in the coming days. Five others have declared bankruptcy. Of the 75 hospitals that remain, half are losing money."

In 1995, New Jersey had 112 acute care hospitals.

Prof. Jonathan M. Metsch at the New Jersey School of Public Health predicts, "We're going to have a run of [hospital] bankruptcies this summer.... Bankruptcy trumps everything."

"The hospitals that close are generally in urban areas with minority people living there, and they don't count politically," said the Rev. James Colvin, who has been leading a fight to keep Muhlenberg Regional Medical Center in Plainfield open. The state approved closing the 355-bed acute care hospital last month. "From a 'survival of the fittest' standpoint, it makes sense," Colvin said. "We're saying it smacks of the final solution for urban centers. Someone else called it 'genocide-lite.'"

New Jersey may be worse off than some, but people in most states are facing a similar dilemma. A solution, in the context of the LaRouche program for rebuilding the economy, H.R. 676—Medicare For All—now has 90 co-sponsors in the House.

### **Something Gore *Did* Invent: 'Faith-Based' Government Aid**

July 6 (EIRNS)—With Barack Obama's "faith-based initiative" speech in Ohio ringing strangely in the ears of voters who thought he was the candidate of change, *Newsweek* prints a reminder of where the Bush faith-based policy came from—Vice President Al Gore.

Former Bush speechwriter Michael Gerson, in the online edition of *Newsweek* dated July 7, goes back to the Democratic Veep's speeches in 1999: "'The men and women who work in faith-and-values-based organizations,' he explained, 'are driven by their spiritual commitment; to serve their God, they have sustained the drug-addicted, the mentally ill, the homeless; they have trained them, educated them, cared for them, healed them. Most of all, they have done what government can never do; what it takes God's help, sometimes, for all of us to manage; they have loved them—loved their neighbors, no matter how beaten down, how hopeless, how despairing.' And he went on ... 'I believe government should play a greater role in sustaining this quiet transformation—not by dictating solutions from above, but by supporting the effective new policies that are rising up from below.'"

"That was Vice President Al Gore, speaking at the Salvation Army in Atlanta in 1999...."

Gore made faith-and-values-based government aid one of the principles of his "reinventing government" mantra, which also included launching the plague of privatized military operations, etc. When George W. Bush beat Gore for the Presidency in 2000, the "Faith Based Initiative" was the first executive order he signed.

Obama, in Zanesville, Ohio July 2, echoed Gore: "The challenges we face today—war and poverty, joblessness and homelessness, violent streetings and crumbling schools—are not simply technical problems in search of a 10-point plan. They are moral problems, rooted ... in the imperfections of man. And so the values we believe in cannot only be expressed in our churches and our synagogues [no mosques allowed, apparently—ed.], but in our policies and our laws. The challenges ... are simply too big for government to solve alone." Obama proposed a new effort to "empower faith-based organizations."

In the immediate context of the U.S. economy's accelerating collapse and the international financial blowout, Obama's words point back to the Hoover Republicans' reliance on private "charity" to cope with the Depression, in opposition to President Franklin Roosevelt's "government plans."



## **Sen. Clinton Was Right: McCain Has Electoral College Lead**

July 6 (EIRNS)—"The Cook Political Report currently sees the Presidential contest as a toss-up. McCain currently has a 240 to 219 Electoral vote edge, with 79 Electoral votes in the Toss-Up column." The July 7 Report's current assessment brings up repeated statements during May and early June by both Bill and Hillary Clinton, that Senator Clinton's primary victories showed she would beat Sen. John McCain in the critical Electoral College vote, while Sen. Barack Obama would not.

## **Ibero-American News Digest**

### **Colombian, Venezuelan Presidents Foil British War Plans**

### **Mexico's Water Commission Threatens Pro-PLHINO Committee**

### **Caribbean Nations Balk at More Free Trade**

### **Chilean Interior Minister Says Nuclear Energy a Must**

## **Colombian, Venezuelan Presidents Foil British War Plans**

July 12 (EIRNS)—Much to the dismay of the British Empire's gamemasters who've been trying to unleash regional war in South America for the past several months, President Alvaro Uribe of Colombia and Venezuelan President Hugo Chávez met for a day-long summit on July 11, in the Venezuelan state of Falcón, and agreed to a broad-ranging and optimistic agenda of joint infrastructure projects, involving railroads, food production, energy, and water. Prominent among the projects discussed was a Colombia-Venezuela railroad, although the technical details still have to be worked out.

In the press conference following their long private meeting, both Chávez and Uribe emphasized that "a new phase" has begun in their relations: They frankly discussed the causes for past tensions, and committed themselves to working together to bring about improved living standards and economic development of their combined population of 71 million people, through a series of joint "productive projects."

A summit of this nature between the two Presidents would have been impossible a month ago. But the Colombian Army's stunning July 2 rescue of 15 hostages held by the narco-terrorist FARC, followed by Uribe's acceptance of Chávez's proposal to build a Colombian-Venezuelan railroad, have completely altered the regional dynamic, and laid the basis for "kicking the British out of the Americas," as Lyndon LaRouche has proposed.

This new dynamic also holds the potential to revitalize cooperation among Ibero-American Presidents, which was undermined by last year's uproar over the FARC hostages, and Colombia's cross-border entry into Ecuador last March 1. Brazil is interested in access to the Pacific through Colombia's Putumayo River, and should be brought into the regional infrastructure debate. Brazilian President Lula da Silva will be visiting Colombia July 20. Greater collaboration among the Presidents might also assist Uribe in reestablishing relations with Ecuador's President Rafael Correa, who still stubbornly refuses to have anything to do with him. Chávez will be in Ecuador on July 17.

The Colombian-Venezuelan railroad, which would eventually connect the region to Central America and the Caribbean to the north, and to Ecuador—and beyond—to the south, was a key agenda item at the summit. "What a wonderful idea,"

Chávez said. "This can become the great project to strengthen our relations and the economic development of our people." Uribe noted that both Colombia's and Venezuela's plains regions are one of the few areas in the world where land under cultivation for food production could easily be increased. But, he added, these big agriculture projects "need railroads and water transportation. We have the possibility of building the water transport, and with great effort, we can build the railroad too."

Within eight weeks, foreign ministers and other relevant officials will be meeting to determine follow-up (See this week's InDepth *Feature* for more on the Colombia-Venezuela railroad project.)

## **Mexico's Water Commission Threatens Pro-PLHINO Committee**

July 12 (EIRNS)—The deputy director for hydroagricultural infrastructure development of Mexico's National Water Commission (Conagua), Sergio Soto Priante, threatened to stalk, spy on, and harass leaders of the Pro-PLHINO Committee, if they did not stop "raising false expectations" that the Mexican government could take measures to ensure there will be enough food to eat in the country.

"Is this the way the Bush Administration influence in Mexico is being expressed?" Lyndon LaRouche asked, when the threat was reported to him. LaRouche has campaigned for U.S. support for the Northwest Hydraulic Plan (PLHINO) project for decades.

Meeting with three leaders of the Pro-PLHINO Committee on July 4 in Mexico City, and in the presence of other Conagua officials and a representative of the Congressional Rural Development Committee, Soto Priante attacked the Pro-PLHINO Committee's campaign to build the great tri-state project, which would transfer water currently being lost to the sea in the states of Nayarit and southern Sinaloa, moving it north through a series of dams, tunnels, and canals, to open extensive new agricultural lands in Sinaloa and its northern neighbor, Sonora. The Committee has gained tremendous support in the three states for its demand that the Mexican government immediately get the project underway, as an emergency measure to secure Mexico's food supply and provide jobs as the global financial system collapses.

Soto Priante lied that the PLHINO would cost too much, is too far off, etc., but then got nasty, threatening Nazi-like measures if the Pro-PLHINO committee did not stop letting people know that real solutions to the food and economic crisis do exist: "We know who is doing this press campaign.... It were better if you didn't go around creating false expectations," Soto Priante reportedly threatened. "But if you continue this press campaign, we are going to respond, too. We can tape, photograph, and monitor you."

Such fascist threats coming from Conagua reflect the character of its current leadership. Soto Priante's boss, Conagua director José Luis Luege Tamargo, works for the World Wide Fund for Nature (WWF), founded by Britain's human-hating Prince Philip and the late card-carrying one-time Nazi Party member Prince Bernhard of the Netherlands. In 2007, Luege Tamargo's protégé and former Conagua official under him, René Bolio, led the organizing for a new political party of the National Synarchist Union, which was founded in the 1930s by agents of Hitler's Nazi Party.

## **Caribbean Nations Balk at More Free Trade**

July 8 (EIRNS)—At the just-concluded annual conference of the nations of the Caribbean Community (CARICOM), member governments discussed delaying, until September at the earliest, the signing of the Economic Partnership Agreement (EPA) with the European Union.

There is no consensus on signing the free trade agreement that will open 90% of Caribbean markets to duty-free EU

imports over the next 25 years. The summit was supposed to issue a declaration on the proposed signing by no later than Aug. 30, but failed to do so.

Guyana's President Bharrat Jagdeo strongly opposes the EPA, and is refusing to sign until he gets an accurate assessment of how his population feels about it. "I am very worried that we are giving up economic sovereignty to the EU," he said. It may be hard to withstand the "might" of the European Union, and its "bullying tactics," Jagdeo told reporters, especially if other governments sign. But, he added, "I am not going to give up fighting, and I want my people to know exactly what we are entering into." Jagdeo has the lead responsibility for agriculture within CARICOM.

David Jessup, director of the Caribbean Council, wrote in the *Jamaica Gleaner* on July 6 that Jagdeo's stance reflects a growing "change of political mood" in many small nations about trade liberalization. Against the backdrop of a deepening global financial crisis, which finds many advanced-sector nations "teetering on the brink of recession," it's lawful that Caribbean nations would opt for delay in signing the EPA. In fact, globally, Jessup notes, "all trade relations and relationships will need careful reevaluation, to ensure that the outcome does not create long-term instability." There is grave concern among governments that they won't be able to finance national budgets, or bear the burden of high food prices, which could lead to social unrest.

## **Chilean Interior Minister Says Nuclear Energy a Must**

July 11 (EIRNS)—Chile's Interior Minister Edmundo Pérez Yoma broke ranks with President Michelle Bachelet on July 9, and declared himself an "advocate of nuclear power as a clean source of energy" which must be seriously considered. To date, no cabinet minister has countered Bachelet's position that the nuclear option requires a great deal more study before it could be considered a viable option for Chile.

Speaking before an energy conference in Santiago, Pérez Yoma warned that Chile's energy crisis is so acute, that it is a matter of national security. Nuclear power cannot be rejected on the basis of "dogmas or prejudice," he said, and warned that "developing nations cannot tolerate anyone prohibiting us the peaceful use of nuclear energy. To use it or not, is our decision."

Were Chile to reject nuclear, Pérez Yoma added, all of the country's hydroelectric and non-conventional renewable energy sources would still only provide for 50% of the electricity demand projected for 2020. He noted that while wind and solar may be environmentally acceptable, they are so expensive that they should only be used to meet a very small percentage of total demand.

## **Western European News Digest**

**[Economic Collapse Continues Apace in Europe](#)**

**[Sarkozy, Mandelson Spar in Widening Rift Over Free Trade](#)**

**[Serious Fraud Office Moves to Stop Reopening of BAE Case](#)**

**[Czech Republic Signs Missile Deal; Polish Minister Flies to U.S.](#)**

**[U.K. Report on Biofuels: Blame the EU for World Starvation](#)**

## **Renault CEO Fears Inflation, Zero Net Profits**

## **More Germans Warm Up to Nuclear Power, Again**

## **Real Estate Collapse Hits Her Majesty's Property Holdings**

### **Economic Collapse Continues Apace in Europe**

July 5 (EIRNS)—Figures released in a number of countries show that the economic collapse is accelerating. In Germany, the government reported a decline in industrial orders for the sixth month in a row. Industrial orders fell by 0.9% in May following a 1.7% drop in April. Ireland reported 10,100 new jobless claims in June, above the average of 7,100 seen in the first five months of the year and total unemployment has risen by 54,400, or 33%, in the last 12 months.

In Italy, consumption fell, in May, by 2.7% compared to one year ago, according to the national traders association Confcommercio. May was the seventh month in a row that consumption has fallen, for an overall decline on a yearly basis of 1.9% for the first five months of 2008. When services are excluded, demand for goods dropped 3.8% in May. Mobility goods and services plunged 13.5%, food 3.3%, and clothing and shoes 2.3%.

### **Sarkozy, Mandelson Spar in Widening Rift Over Free Trade**

PARIS, July 4 (EIRNS)—The *European Voice*, a Brussels-based mouthpiece of Britain's *Economist*, notes with anger the growing clash between French President Nicolas Sarkozy on the one side, and EU Trade Commissioner Peter Mandelson and World Trade Organization (WTO) Secretary General Pascal Lamy, on the other.

At the June 20 European summit, Sarkozy had blamed Mandelson for having been responsible for the Irish "No" vote on the Lisbon Treaty. Irish farmers rejected the treaty, said Sarkozy, because Mandelson wants the EU to accept a WTO deal committing the EU to a 20% reduction of its farm output and a 10% reduction in farm exports. The deal, currently on the table and totally opposed by France, would lead to at least 100,000 job losses.

Then, on June 25, a desperate WTO chief Lamy convened an extraordinary meeting of the EU's foreign ministers in Geneva for July 21, in a bid to revive the flagging talks, before the U.S. election calendar pushes the WTO Doha Round into political oblivion.

While Sarkozy again attacked Mandelson and the WTO on July 1 in a televised address, Mandelson and the EU Commission members came to Paris for talks on July 2. EU Commission president José Manuel Barroso and others were received by French Prime Minister François Fillon. Making his case even worse, Mandelson refused Sarkozy's invitation for talks at the Elysée Palace, saying he had a previously scheduled appointment in Marseille. In a rapid countermove, Sarkozy named French Trade Minister Anne-Marie Idrac to preside over a meeting of EU trade ministers, on July 18 in Brussels, to discuss Mandelson's EU mandate at the upcoming WTO Geneva meeting.

### **Serious Fraud Office Moves to Stop Reopening of BAE Case**

July 8 (EIRNS)—Speaking before the British House of Lords on behalf of the government's Serious Fraud Office (SFO), Queen's Counsel Jonathan Sumption went out of his way to defend Saudi Prince Bandar, in his effort to convince the Lords to overturn a High Court decision against the SFO, in the latter's illegal dropping of its investigation of the BAE

Systems fraud case.

Last April, the High Court ruled that the SFO acted illegally when it dropped the bribery and corruption investigation into the £43 billion Al-Yamamah arms contract with Saudi Arabia. The SFO dropped the case in December 2006 after former attorney Lord Goldsmith said the case would jeopardize national security. The High Court later upheld the claims by the Campaign Against Arms Trade (CAAT) and the Corner House that the case was dropped for commercial reasons, because the Saudis threatened to block new arms deals.

Nonetheless, according to the *Daily Telegraph*, both CAAT and Corner House will present a new witness statement by a CAAT researcher, with evidence that it was Bandar who lobbied the British government to drop the case.

*EIR* has exposed this case as one generating huge amounts of cash to be deployed as a British Intelligence slush fund, and as being at the center of what Lyndon LaRouche has identified as the "floating-exchange-rate petroleum oligopoly of BAE et al.," which the British are now using to drive down the dollar and blow out the U.S. economy.

As of this writing, the case continues to be heard in the House of Lords.

### **Czech Republic Signs Missile Deal; Polish Minister Flies to U.S.**

July 7 (EIRNS)—U.S. Secretary of State Condoleezza Rice and the Czech Foreign Minister signed an agreement July 2 for the deployment of U.S. anti-missile radar facilities in the Czech Republic. Negotiations with Poland and Lithuania on the anti-missile component are ongoing, with Poland's Foreign Minister Radoslaw Sikorski having flown to the United States for talks on the deployment of U.S. interceptor missiles on Polish soil with Presidential candidates Barack Obama and John McCain.

Warsaw has been pushing Washington to provide billions of dollars of investment for Poland's air defenses, in exchange for allowing the deployment of the missiles, citing heightened risks to the country following Russia's threats to target its missiles at U.S. facilities in Europe.

### **U.K. Report on Biofuels: Blame the EU for World Starvation**

July 7 (EIRNS)—Struggling to get out in front of the world debate on biofuels after the near revolt at the Rome Food and Agriculture Organization (FAO) summit last month, the British government has suddenly produced a report saying that conversion to biofuels should be restrained, but not stopped. The conclusions are contained in the "Gallagher Report," produced by a team of "government experts," under the direction of "U.K. scientist" Ed Gallagher.

Advance leaks in today's *Financial Times* said the report is "highly critical of the European Union's 10% target for biofuel use in transport by 2020." (The EU backed down on this requirement today, replacing it with the generic "renewable" energy.) Secretary of Transport Ruth Kelly addressed the House of Commons, saying she agreed with the report, and that her department would amend its biofuel recommendations accordingly.

On the same day, World Bank president Robert Zoellick called for a similar reform of biofuel policies in rich countries, urging them to grow more food instead.

### **Renault CEO Fears Inflation, Zero Net Profits**

PARIS, July 7 (EIRNS)—*Le Figaro* headlines the fact that Carlos Ghosn, the CEO of the French car maker Renault, is extremely worried about the current economic crisis.

As for the French economy, Ghosn says things will get tough after the summer. Two indicators are worrisome. There exists a strong correlation between the consumer confidence index of the French office of statistics and auto sales (which have been falling for three months), leading Ghosn to think car sales will drop soon. The other big worry, says Ghosn, is the "inflation of costs." In three years, the cost of steel for the company has increased by 1 billion euros, the equivalent of 50% of the net profit of the entire company.

## **More Germans Warm Up to Nuclear Power, Again**

July 9 (EIRNS)—Skyrocketing fuel prices have provoked a positive counter-reaction among Germans towards a revival of atomic power, to an extent that the exit-from-nuclear policy passed in 2000 is being put into question by leading politicians and some industrial institutions. Indicative of the changed circumstances is a prominent story in today's issue of *Bildzeitung*, the nation's leading mass-circulation daily, on the "seven truths" about nuclear power. One of the truths is that since 2005, even in Germany, public support for the technology has increased by 8%, to 46% today, which is almost as much as the 47% of Germans who still are against.

## **Real Estate Collapse Hits Her Majesty's Property Holdings**

July 9 (EIRNS)—Her Britannic Majesty's Crown Estates announced a writedown of the value of its commercial property holdings based on a 15% to 20% drop in commercial property values. They posted a slight profit, because their agricultural holdings have increased in value as a result of the food shortage. Crown Estates dates from 1066, when it administered all the property holdings of William the Conqueror.

Meanwhile, the British real estate collapse is gaining steam. Bovis and Redrow, among the four top British homebuilders, will cut close to 1,000 jobs, bringing the total job losses in the housing construction industry to over 5,500 this year. Because of a 40% drop in demand for mortgages, Barclays Bank closed down its Firstplus loan subsidiary to new business, as well as cutting three quarters of the divisions staff. It has £4.7 billion in outstanding loans.

# **Russia and the CIS News Digest**

## **BRIC Leaders Meet on G8 Sidelines**

## **Medvedev Reports Back on Key Discussions of G8 Summit**

## **Medvedev Details Food Initiative**

## **Medvedev: U.S.A. 'Half-Hearted' in Missile Defense Talks**

## **Russia Charges Georgia With Preparing Ground Fighting**

## **Britain Calls Russia Its Third-Biggest Threat**

### **BRIC Leaders Meet on G8 Sidelines**

July 10 (EIRNS)—Meeting yesterday on the sidelines of the Group of Eight summit in Japan, Russian President Dmitri Medvedev and Chinese President Hu Jintao discussed the meeting of the Shanghai Cooperation Organization (SCO) in Tajikistan in August, as well as their later one at the Asia-Pacific Economic Cooperation forum in Peru in November.

Medvedev also had a bilateral meeting with Prime Minister Manmohan Singh of India, and the leaders of Russia, India, and China ("RIC") met jointly with Brazilian President Luis Ignacio da Silva in the so-called BRIC format. A Kremlin statement said that at this first-ever summit meeting, the BRIC leaders agreed "to continue coordinating on the most pressing economic problems of our time, including joint action in the financial area, and solutions to the food problem."

### **Medvedev Reports Back on Key Discussions of G8 Summit**

July 10 (EIRNS)—At his post-Group of Eight summit press conference in Japan yesterday, Russian President Dmitri Medvedev cited the state of the world economy and skyrocketing food prices as the most important matters discussed. He expressed satisfaction that "our initiatives for holding meetings of agriculture ministers and eventually a 'grain summit' have been approved."

Medvedev also called for "massive" expansion of nuclear energy, according to the Kremlin transcript. In his words, "Existing sources of energy could be seriously augmented by multifaceted and massive use of nuclear energy. Russia and some other states, including members of the G8, have such opportunities." The Russian President noted that nuclear power is environmentally clean, and a good area for cooperation.

Medvedev reiterated his criticism of using foodstuffs or cropland for biofuels production as unacceptable.

In Moscow, Prime Minister Vladimir Putin met with Federal Financial Markets Service head V.D. Milovidov, one of their discussion topics being the build-up of international, ruble-denominated financial operations in Moscow—an objective Medvedev is also citing continuously—and how to orient them to generating financing for the real economy, as opposed to merely attracting speculators.

### **Medvedev Details Food Initiative**

July 8 (EIRNS)—Answering questions today after closed-door discussions among the Group of Eight heads of state and government at their summit in Japan, Russian President Dmitri Medvedev focussed on the world financial crisis, food, and energy security. He said that specific Russian proposals on the food crisis, for a committee of G8 agriculture ministers and a "grain summit," had "met with support."

Medvedev said that the entire food production system in the world has to be reconsidered. "In that connection we made two new proposals. One of them involves the need for the emergence of a new format within the G8—in which the agriculture ministers of the G8 nations take part. This proposal was supported. And the holding of a special session, like a summit on grain questions, a so-called grain summit, where the causes of the grain price rises would be discussed, as well as possible ways to stabilize the situation in this area."

Medvedev attacked rampant expansion of biofuels production, for cutting the food supply. He noted that other people tend

to blame consumption in China and India. (In his St. Petersburg Forum speech in June, Medvedev hit financial speculation as driving food prices up.) According to the Russian business daily *Vzglyad* of July 9, while Medvedev was speaking in Japan, Agriculture Minister Alexei Gordeyev said at a press conference back home, that Russia intends to increase grain production by 150% in the next 5-7 years.

The G8 Global Food Security statement does instruct the member countries' ministers of agriculture to hold "a meeting to contribute to developing sound proposals on global food security."

As on several recent occasions, Medvedev said that "the existing architecture of economic relations among the main participants is inadequate," and the current crisis shows that "it is necessary to think about what the international financial system ought to look like in the years ahead.... We ought to think, first and foremost, about what the architecture of international economic relations will look like, since what exists today suits practically nobody."

### **Medvedev: U.S.A. 'Half-Hearted' in Missile Defense Talks**

July 10 (EIRNS)—"We find this situation extremely saddening," Russian President Medvedev said at his post-G8 press conference yesterday, the day after the signing of a U.S.-Czech deal for emplacement of anti-missile radars in the Czech Republic. The Russian Foreign Ministry officially denounced the move on July 8, charging that Russia's alternative, of building collective defenses—proposed a year ago by then-President Putin in talks with President George Bush at Kennebunkport—had been "essentially ignored." Said Medvedev, "The negotiations they have been conducting with us are half-hearted and they have brought no results. Instead, they go ahead with signing agreements on the issue.... Of course, we are not going to become hysterical over the issue, but we will think about our response."

Deputy Foreign Minister Sergei Kislyak, who heads the Russian ABM negotiating team, said today that U.S. officials have failed to demonstrate that the anti-missile systems are not directed at compromising Russia's nuclear deterrent. The words of Russian Ambassador to NATO Dmitri Rogozin were harsher, according to a Novosti report, as he said that "the hoary old arguments that the ABM system is aimed not against us, but against the bad guys in Iran, are unconvincing and annoy the Russian negotiators." Rogozin added, "These are stupid weapons. Their technical efficacy could only be tested under nuclear war conditions, which I hope won't ever happen."

Analyst Sergei Markov, a member of the public chamber and close to the Foreign Ministry, yesterday expressed concern that Europeans were discounting Russia's warnings that it will take countermeasures.

Gen. Leonid Ivashov, former top Defense Ministry official and now head of the Academy of Geopolitical Sciences, said yesterday, "We must have a plan, adopted by the Russian Security Council, setting out measures on the economic, political, and military cooperation levels." He told RIA Novosti, "On the political level, we must suspend our cooperation with NATO, because it brings us nothing but harm." As an alternative, he suggested that Russia start negotiations with China, India, and other countries to form a global alliance against the U.S. missile shield in Europe. "A relevant decision must be made, at least in the framework of the Collective Security Treaty Organization," Ivashov said. The CSTO comprises Armenia, Belarus, Kazakstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

### **Russia Charges Georgia With Preparing Ground Fighting**

July 10 (EIRNS)—The Russian Foreign Ministry tonight announced that a Russian Air Force plane had flown over South Ossetia, an autonomous province in Georgia, July 8, for the purpose of "cooling hot heads" in Tbilisi. Georgian armed forces, the Russians charged, had been about to invade South Ossetia on the pretext of freeing four servicemen, detained by South Ossetian police.



In response, Georgia today recalled its ambassador from Moscow.

Tension is rising around both South Ossetia and Georgia's other northern border autonomous region, Abkhazia. Georgia has accused Moscow of masterminding a series of explosions inside Abkhazia. The European Union, as well as Michael Saakashvili's Georgian government, are pushing to oust Russian peacekeepers from Abkhazia.

Yesterday, while U.S. Secretary of State Condoleezza Rice met with Saakashvili in Tbilisi, the Russian Foreign Ministry issued a statement, charging that Saakashvili's regime was deliberately fanning tension in the two regions, and that the U.S. State Department was "covering for the provocateurs and blaming Moscow for everything," which it said merely served "to reinforce the Georgian leadership's conviction that it can do whatever it wants."

## **Britain Calls Russia Its Third-Biggest Threat**

July 8 (EIRNS)—British intelligence agencies have concluded that Russia is the third-biggest threat facing the U.K. after al-Qaeda and Iran. The security services, according to the July 4 London *Times*, fear that Russia's three main intelligence agencies have flooded Britain with agents, and that there is deep irritation within the services that vital resources have to be diverted to deal with industrial and military espionage by the Russians.

The *Times* report was followed today by a BBC story, claiming that Britain has evidence of Russian government responsibility for the killing of Alexander Litvinenko in London, at the end of 2006.

## **Vitrenko Charges Government Violence Against Ukraine Demonstrations**

July 8 (EIRNS)—Natalia Vitrenko, leader of the Progressive Socialist Party of Ukraine, charged yesterday that Ukrainian Internal Affairs Ministry personnel had "brutally beaten participants in the anti-NATO encampment" in Odessa. Reports and photos distributed by the PSPU show police, as well as leather-jacketed skinheads, dismantling the demonstrators' tent city and beating them with clubs. Dozens of people, including members of the Odessa City Council, were taken to the hospital, according to the PSPU.

The Odessa demonstration was coordinated with ongoing actions by the PSPU, the Ukrainian Communist Party, and other organizations, against NATO's Sea Breeze naval maneuvers, staged from the Crimean Peninsula. It is the third year of such protests, which, in 2006, caused the NATO maneuvers to be scaled back. On July 5, there were violent clashes between PSPU demonstrators and Ukrainian military personnel in Sevastopol, Crimea. A pro-NATO Ukrainian group called Svoboda is calling on President Victor Yushchenko to declare a state of emergency in Crimea and jail Vitrenko and others as provocateurs. Tensions are running high in Crimea, where the Russian Black Sea Fleet shares basing facilities at Sevastopol—at least till 2017, when Yushchenko says the lease will not be renewed.

## **Southwest Asia News Digest**

**Turkey, Iraq Sign Strategic Cooperation Agreement**

**PKK Drug Operations Expanded Tremendously Since 2001**

**Israeli Factional Brawl over Iran War Parallels U.S. Fight**

## U.A.E. To Invest in Agriculture in Egypt

## Lebanon Forms Government of National Unity

### **Turkey, Iraq Sign Strategic Cooperation Agreement**

July 12 (EIRNS)—Turkish Prime Minister Recep Tayyip Erdogan and his Iraqi counterpart, Nouri al-Maliki, have signed an agreement for a strategic "Turkish-Iraqi axis," comparable to the Franco-German peace treaty of 1962 signed by Charles de Gaulle and Konrad Adenauer. Such an agreement could potentially overturn a very important part of the British strategic chessboard.

Erdogan made his first official visit to Iraq on July 10, and was said to have been given a red-carpet treatment.

"This is a first for Turkey. We have signed no such agreement with any other country to date," Erdogan is quoted in the Turkish daily *Zaman*. The agreement calls for the creation of a high-level council for "strategic cooperation." Ministers for security, energy, trade, investment, and water resources will sit on the council, and meet at least once a year to review progress. "A similar deal has been signed between France and Germany," Erdogan told reporters. Erdogan's elaborate official welcome at the Baghdad Airport is the first by a foreign head of state.

Barham Saleh, the Iraqi deputy prime minister, said the agreement is "significant enough to change the entire Middle East" and would create a "Turkish-Iraqi axis."

One of the key projects is a proposed gas pipeline to be built alongside the existing oil pipeline from Kirkuk, in northern Iraq, to the Turkish Mediterranean port of Yumurtalik. The gas could then be pumped into the proposed Nabucco pipeline and transported to Europe. Commenting on the project, Erdogan said, "We are not talking about economic relations here. We are actually going into economic integration with Iraq."

An agreement was also signed to allow the Turkish Petroleum Corporation (TPAO) to explore for oil and gas in Iraq. Erdogan suggested that the TPAO could cooperate with Japanese companies in this field. Turkish construction companies are expected to expand operations in Iraq, which are already considerable.

The agreement calls for security cooperation, by which the Turks could aid in training Iraqi police and military personnel.

As for the situation in the Kurdish region, increased cooperation is developing between Turkish and Iraqi security forces in suppressing the terrorist Kurdish Workers Party (PKK), which uses Kurdish Northern Iraq as a refuge, for its operations against Turkey. Erdogan also met with Iraqi President Jalal Talabani, who is an ethnic Kurd.

### **PKK Drug Operations Expanded Tremendously Since 2001**

July 11 (EIRNS)—The narcoterrorist Kurdish Labor Party (PKK) has been able to expand its drug-trafficking operations greatly since 2001, according to a senior Turkish security source. The fact that the International Drug Enforcement Conference was held in Turkey this month underlined the importance of the fight Turkey is waging against traffickers who use Turkey as a transshipment route for heroin from Afghanistan. The source would not link this to the July 9 terror attack against the U.S. consulate in Istanbul, but suggested it was an independent group "inspired" by, but not part of, al-Qaeda, given the lack of professionalism in the attack.

The PKK, he said, is ideally suited for drug trafficking, since it draws its membership from various Kurdish tribes whose membership overlaps the territory of eastern Turkey, northern Syria, Iraq, and Iran. The PKK has networks already in place to ship heroin from Afghanistan, through Iraq or Iran, into Turkey, and on through to Europe. The PKK trafficking activities are interlinked with other Turkish organized crime networks, and therefore can take advantage of the freight traffic into Europe. Furthermore, with 8 million Turks living in Europe, half of whom visit Turkey each year, there are abundant opportunities to take out drugs and bring in the cash returns.

## **Israeli Factional Brawl over Iran War Parallels U.S. Fight**

July 8 (EIRNS)—A U.S.-based Israeli source reports that a ferocious factional battle is taking place, behind the scenes, in Tel Aviv, over the prospect of war against Syria and/or Iran. According to the source, at a recent Cabinet meeting, Israeli Army Chief of Staff Gen. Gabi Ashkenazi presented a detailed assessment of the possible results of a war, and warned that Israel would face devastating consequences, if it were to attack either Syria or Iran. The Israeli government has been under tremendous pressure from the London-steered "war parties" in the United States and Israel to attack Iran's nuclear site at Natanz, before Iran "gets a nuclear bomb."

The source, who has strong ties to Likud and Kadima leaders, reported that Ashkenazi gave a 45-minute assessment of the asymmetric attacks that would be launched against Israel, and against Jewish and Israeli targets worldwide, were there to be an attack on the Iranian enrichment facility. He concluded by explicitly stating his opposition to any new war, and warned that, if an order were given to prepare for war, he would insist on a massive reserve call-up. According to the source, he told Cabinet ministers, "If we go to war, I will call you all up—and I will call up your mother, too." The source added that Mossad chief Meir Dagan and the head of Israeli Army Intelligence both seconded Ashkenazi's assessment, and also argued against war.

This report conforms to other indications that the military and intelligence establishments in both Israel and the United States are opposed to any attack on Iran at this time, preferring to give diplomacy a chance to work. However, the source emphasized that there is a "unanimous consensus" in the Israeli leadership that Iran must be prevented from obtaining a nuclear bomb. The source added that the Israeli political situation is complicated by the looming Kadima primary election, the ambitions of Labor Party leader and Minister of Defense Ehud Barak to return as Prime Minister, and the ambitions of Likud Party leader Benjamin Netanyahu, who is in regular contact with U.S. Vice President Dick Cheney, a leading figure in the Washington "war party."

## **U.A.E. To Invest in Agriculture in Egypt**

July 9 (EIRNS)—The United Arab Emirates will invest in agriculture projects in Egypt in order to secure its strategic food reserves, according to the Abu Dhabi newspaper *The National*. Egyptian Minister for Foreign Trade and Industry Rashid Mohammed Rashid confirmed that talks have begun and will continue in the Emirates, when he travels there on a state visit. Discussions involved U.A.E. investment in the agricultural sector, including the development of infrastructure for agribusiness and food processing.

"There are some projects we are negotiating with the U.A.E. related to food security for the U.A.E. and possibly third countries," Rashid said. "At the same time, the U.A.E. is willing to help from an investment point of view, because it became a viable investment proposition to put more money into food, especially agriculture and agribusiness and there are a number of projects we are currently negotiating."

Rashid said Egypt was increasing investment into agriculture from the current 4 billion Egyptian pounds (\$750 million) to 25 billion pounds (\$4.7 billion) per year for the next ten years.

Although Egypt had been the world's fourth-largest exporter of rice, it has banned exports because of high food prices and shortages. It is expected to produce 4.6 million metric tons this year. It consumes on the average 3.2 mmt. Its staple food is bread, and Egypt is a net importer of wheat. Food prices there have increased an average of 27%.

The U.A.E. imports 85% of its food. It is finalizing a scheme to buy 29,000 hectares of farmland in Sudan, along the Egyptian border, where it will produce alfalfa.

The *Gulf News*, reporting that the U.A.E. is seeking projects not only in Egypt and Sudan, but also Vietnam, Cambodia, South America, and Pakistan, quotes the U.A.E.'s Economics Minister, Sultan bin Saeed al-Mansouri, as saying, "We discussed this thoroughly under the government's plan for the U.A.E. with Sudan, Egypt, and some Arab countries which have agricultural lands. This is part of our strategic investment in general."

Meanwhile, Syria reports a poor wheat harvest, forcing the government to import wheat. Syria was previously a net exporter.

## **Lebanon Forms Government of National Unity**

July 11 (EIRNS)—The formation of the long-awaited government of national unity was announced today. Prime Minister Foud Siniora stated that the new government is for all Lebanese.

Disagreement among the leaders of the factions within the majority and opposition party blocs had prevented agreement on the formation of a cabinet for almost six weeks after the election of Gen. Michel Sleiman as President, after negotiations in Doha, Qatar ended the 18-month political crisis which had paralyzed Lebanon.

The compromise in Doha outlined a Cabinet of 30 members with 11 members for the Hezbollah-allied opposition, who would therefore effectively have veto power. A final agreement in the last few days gave Gen. Michel Aoun's (ret.) party four ministries: social affairs, communications, energy, and agriculture, as well as a deputy prime minister, Issam Abu Jamra, who was part of Aoun's government in 1988-89. Aoun is a Christian, who is allied with the Shi'ite Hezbollah.

President Sleiman flew to France and spoke for his whole government, at the meeting of the Mediterranean Union, co-chaired by France's President Nicolas Sarkozy and Egypt's President Hosni Mubarak.

A Lebanese source told this news service, "It is long overdue to include political representatives that were previously excluded. Although there is some importance as to who gets what portfolio, there is more relevance in who accomplishes what with their portfolio." Noting the appearance of many old faces in the new Cabinet, he said, "For Lebanon to heal itself and move forward, it needs a higher dose of visionaries."

Syria's President Bashar al-Assad had said that relations with Lebanon would be normalized once the new government was agreed upon. Assad and Sleiman will meet on the sidelines of the conference in Paris.

## **Asia News Digest**

**Vietnamese Farmers Show the Way**

**India Opens Up New Land To Generate Rice Surplus**

## **Indonesia, Philippines To Expand Rice Cultivation**

## **Pakistan Won't Allow Foreign Troops Inside Says Foreign Minister**

## **China Takes Security Measures in Xinjiang**

## **Economic Crisis Brings Power Blackouts in Southeast Asia**

### **Vietnamese Farmers Show the Way**

July 7 (EIRNS)—Led by Prof. Vo Tong Xuan, Vietnamese farming experts, who went to Sierra Leone one year ago to try out 50 high-productivity Mekong Delta rice breeds in a town called Mange Bureh, in order to determine which breeds will grow best on a 100-hectare project sponsored by the Sierra Leone government, have met with huge success. The experts have successfully grown two paddy crops a year, with a yield of four tons per hectare for each crop, he said. Farmers in Sierra Leone usually only grow one crop each year, with a productivity of one ton per hectare.

The biggest achievement gained in the project is to help farmers overcome the shortage of machinery and a poor irrigation system, as well as to reserve three tons of rice seeds for large-scale farming in the upcoming crop. It is a dream that has never come true for international experts, despite their huge investments. With three tons of seed rice, harvested from the most recent crops, and in store for the next crop, Dr. Vo Tong Xuan expects a significant improvement in productivity of the next crop.

In a recent interview with Vietnam's *Lao Dong* newspaper, Professor Vo said that during his visit to Japan in 2006, he met with the Sierra Leone agriculture minister, who asked him to cooperate with his country's agriculture sector. "I saw that Sierra Leone's climactic conditions were the same as Vietnam's, and accepted the proposal because I believed that the cultivation techniques of Vietnamese farmers in the Cuu Long Delta region could be applied in Sierra Leone."

When asked why he undertook this challenge, the professor, trained at the International Rice Research Institute (IRRI) in the Philippines, said: "First of all, I want to improve the hard lives of farmers." He also pointed out that in the past, European countries and the U.S. sent experts to Africa to help eradicate hunger and poverty. "Many projects costing billions of U.S. dollars failed. The reasons were many. But I think the major reason was that the transfer of technology was mismanaged."

Vo told the interviewer that Vietnam will send more farmers to Sierra Leone and other parts of Africa where the conditions are similar to that of Vietnam, to raise rice productivity.

### **India Opens Up New Land To Generate Rice Surplus**

July 9 (EIRNS)—Aided by a favorable weather forecast, which indicated that the country will receive normal rains this year, and the growing demand for rice worldwide, New Delhi has set about to increase the area for rice cultivation. Reports indicate that land under rice cultivation for the primary rice season was 56.0 million hectares as of July 7, up 18.9% from 47.1 million hectares a year ago. Much of the additional land was carved out from sugarcane- and cotton-growing areas.

In India, the sowing of rice takes place in June and July, and the harvest is in October.

In the crop year that ended in June, India has produced an all-time high of 95.68 million metric tons (mmt) of rice. According to reports received from various parts of the country, India will produce over 3 mmt more rice in the next crop season, due to the increase in cultivated acreage.

The consumption of rice in India rose to 88.25 mmt in 2006-07 from 87.01 mmt in 2005-06, while overall rice production in the country declined to 92.76 mmt in 2006-07 from 93.34 mmt in 2001-02. If the 2007-08 production meets the expectations, India will have a surplus of about 9 mmt before the beginning of the next crop season.

In light of the country's estimated rice requirements to rise to 105 mmt by 2020, plans are afoot to reach that amount well before that year and, thus, develop a steady surplus each year. India's 11th Five Year Plan (2007-11) calls for the addition of 4 mmt of rice each year to reach 114.86 mmt in 2011-12. In that year, according to estimates, India will consume as much as 94 mmt.

## **Indonesia, Philippines To Expand Rice Cultivation**

July 7 (EIRNS)—Indonesia has announced plans to develop 1.6 million hectares of undeveloped land in the far southern tip of Papua for rice cultivation, aimed at making Indonesia self-sufficient and a net exporter of rice. The program includes building roads and irrigation systems, and three ports in the area of the city of Merauke. Agriculture Minister Anton Apriyantono said that Indonesia is "set to place itself in the ranks of major rice suppliers of the world."

A consortium of Saudi investors is going to invest about \$65 million in the Papua project. Each investor will open about 5-10,000 hectares. The plan was worked out on the sidelines of the UN Food and Agriculture Organization conference in June.

The Philippines has recently announced the development of 1 million hectares of government land for rice and corn, to be implemented by San Miguel of the Philippines and the Kuok Group of Malaysia.

## **Pakistan Won't Allow Foreign Troops Inside Says Foreign Minister**

July 11 (EIRNS)—Addressing the UN Security Council on July 10, Pakistani Foreign Minister Shah Mahmood Qureshi said that his country will not permit its territory to be used for operations against other countries, nor will it allow foreign troops to operate inside its territory, rejecting a standing U.S. offer of military assistance also intended to help Afghanistan. "We can assure greater success in containing terrorism and insurgency on both sides of the border through more effective cooperation and matching military measures," he said. This is a joint responsibility, he said, as the 15-member Council debated the situation in Afghanistan.

The *New York Times* reported on the same day that U.S. intelligence and military sources in Baghdad had told the newspaper that dozens or more Uzbeks, North Africans, and Arabs from Persian Gulf states had moved into Pakistan in recent months, strengthening the al-Qaeda forces which are allegedly backing the Taliban insurgency in Afghanistan.

The flow may reflect a change that is making Pakistan, not Iraq, the preferred destination for some extremists from the Middle East, North Africa, and Central Asia, who are seeking to take up arms against the West, the *Times* wrote, citing its sources.

Meanwhile, Agence France-Presse pointed out that a private U.S. intelligence firm, Stratfor, predicted in a report this week that it was only a matter of time before Washington escalated its unilateral military operations deeper into Pakistani

territory, a move experts warned could worsen collateral damage and fuel anti-Americanism.

## **China Takes Security Measures in Xinjiang**

July 11 (EIRNS)—Chinese authorities have replaced high-level police and security officials in Xinjiang region, as well as closing down 41 illegal "places of worship" which were allegedly being used for training Muslim separatists for a "holy war" at the time of the Olympics, Chinese media report. Over the past six months, the authorities have arrested 82 people for involvement in separatist operations. The announcements were made by Chen Zhuangwei, police chief of Urumqi, Xinhua reported July 9. Those arrested belong to five groups that "allegedly plotted sabotage against the Beijing Olympics," Chen said.

Xinjiang Uygur autonomous region borders on eastern Pakistan, Afghanistan, and Kazakhstan, and has been the target of a long-term Muslim separatist movement, one of British imperialist operations against Eurasia. There was a surge in Uygur separatist operations this Spring, at the height of the Tibetan separatist riots and demonstrations against China.

Yesterday, the *Times of India* reported from Beijing that the central government has announced the replacement of three deputy corps commanders, political commissars, and the head of the Communist Party organization department in the Army, in Xinjiang. "From now, all police officers must act urgently, get involved once more in Olympic security, to make sure large and small incidents alike do not happen," Chen told the press. The new Army organization department head is Liu Xiang Song, and one of the three new corps commanders is Hanabati Sabukhaya, an ethnic Kazak Chinese.

On July 8, police shot five persons in a raid in Urumqi, Xinhua reported. The raid, provoked by a stabbing incident, uncovered a group which, one member later told police, had been in training for a "holy war" for an independent Uygur state.

## **Economic Crisis Brings Power Blackouts in Southeast Asia**

July 10 (EIRNS)—In the Philippines, foreign direct investments dropped 43.5% in the first four months of the year, according to the central bank. In Singapore, economic growth slowed to a tepid 1.9% in the second quarter, from the hot 6.9% rate recorded in the first quarter. This is even slower than the 2.3% forecast by financial newswire "experts."

But in Indonesia, the economic crisis has cut to the bone, affecting vital city services in the huge capital city of Jakarta. The city barely gets by on its energy infrastructure, which is so inadequate that "routine maintenance" of a natural gas central flow station located in offshore West Java will cause two of the city's electric power stations to go offline for two weeks, starting July 11, thus causing blackouts.

The blackouts scheduled for Jakarta and the surrounding area July 11-25 may put traffic lights out of order, the state electricity firm PT PLN has warned. But, said PLN Jakarta general distribution manager Purnomo Willy, "we'll maintain the power supply to public service facilities, such as trains, hospitals, schools and government offices, as well as [the] Airport."

PLN "will try" not to cut the power supply to busway facilities, he said, "but there will be no guarantee, as the electricity management for those facilities is complicated." Gas stations also will have to cope with the blackouts, he said.

## **Africa News Digest**



## Equatorial Guinea: Another BAE 'Al-Yamamah' Scandal?

## British Deploy To Open the Gates of Hell in Sudan

### **Equatorial Guinea: Another BAE 'Al-Yamamah' Scandal?**

July 13 (EIRNS)—A U.S. intelligence source has reported to EIRNS that funds from the "Al-Yamamah" \$100 billion slush fund set up by the British defense contractor BAE Systems, may have been used in an aborted coup attempt against the African state of Equatorial Guinea in 2004, that implicated the son of former British Prime Minister Margaret Thatcher, Sir Mark Thatcher. The aborted 2004 coup plot against President Teodoro Obiang Nguema has drawn recent headlines, because of the ongoing trial of former British SAS mercenary Simon Mann, the operational commander of the coup plot, which aimed to install opposition political figure Severo Moto.

Mann has named Mark Thatcher and reclusive millionaire Ely Calil as the actual architects of the coup plot, which failed, when Mann and a planeload of mercenaries were detained in Zimbabwe, while attempting to secure weapons en route to Equatorial Guinea. Mann spent four years in jail in Zimbabwe, and was deported to Equatorial Guinea earlier this year, to stand trial. Thatcher was prosecuted in South Africa, for his role in the scheme, but was given a fine and never served time in jail. Calil, whom Mann identified as the mastermind of the scheme, was never indicted, and gave a recent interview to Britain's *Daily Telegraph*, in which he claimed that his role in the effort to install Moto was "purely humanitarian."

According to a U.S. intelligence source intimately familiar with the coup scheme, the money for the operation came from the BAE Al-Yamamah slush fund, and was carried out on behalf of a faction of the City of London financial oligarchy that was out to grab control over the African country's rich oil reserves. Calil was indicted by South Africa for his role in the plot, based, according to the source, on information provided by Mann, during interrogations.

Calil, a millionaire with estates in London, Switzerland, and Nigeria, made his fortune in the oil business in Africa, and has cultivated close ties to powerful political figures in both the Tory and Labour camps in Britain. In addition to his longstanding relationship to Sir Mark Thatcher, Calil has been a financial patron of Peter Mandelson, a former Cabinet minister of Tony Blair; Mandelson once lived in a luxury flat owned by Calil. Calil is, according to the U.S. source, also close to Lord Levy, the central figure in the Blair-era "cash for peerage" scandal.

According to a March 14, 2008 profile of Calil in the British *Daily Mail*, the Nigerian-born Lebanese businessman's ties to BAE and the Al-Yamamah slush fund, run through an "equally reclusive," London-based Syrian billionaire named Wafic Said. Said was the contact point to then-Prime Minister Margaret Thatcher in 1986, for the original Al-Yamamah deal with Saudi Prince Bandar bin-Sultan, which established an arms-for-oil barter deal and an off-the-books covert operations slush fund. Said was a close associate of Bandar's father, the Saudi Minister of Defense, Prince Sultan.

### **British Deploy To Open the Gates of Hell in Sudan**

July 13 (EIRNS)—It is expected that the International Criminal Court (ICC) will issue an arrest warrant tomorrow for Sudanese President Gen. Omar al-Bashir, for "crimes against humanity" stemming from his alleged role in the complex war in Darfur, which U.S. government officials have falsely called genocide. This deployment by the ICC to arrest a sitting President—the first of its kind—while his government is involved in a delicate peace process centered on the Comprehensive Peace Agreement (CPA) with southern Sudan, in order to prevent a return to war between the North and South, is itself an act of war against humanity. Over recent months there has been movement by some institutional forces in the United States to give more support to the CPA, to counter the diversion of resources and attention exclusively to the deteriorating conditions in the Darfur region. Those knowledgeable about the dangerous potential for war to be reignited



between North and South Sudan, and the danger that it would spread to other regions of Africa should the CPA fail, are criticizing the ICC's decision. The ICC is a supranational court, which ignores, and works to undermine, the sovereignty of the nation-state.

Other actions by the ICC to undermine peace processes in Africa include issuing an arrest warrant for Joseph Kony, the leader of the Lord's Resistance Army, hours before he was to emerge from the bush as part of an agreement to bring to an end his ugly war against the people of Uganda. Similar threats by the ICC against President Robert Mugabe of Zimbabwe, have made it more difficult to achieve a peaceful transition there as well.

Any honest observer would question the timing of the ICC's actions, as well as ask, "Who benefits from backing Bashir into a corner at precisely the moment when many are attempting to negotiate with Khartoum?" The London *Economist*, a mouthpiece for the City of London-based Anglo-Dutch financial oligarchy, has predicted that Sudan will disintegrate. The financial oligarchy is using destabilization of nation-states in its desperate, but futile effort to maintain "the imperial system," as the world economy disintegrates.

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