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## **This Week You Need To Know**

*The following statement was issued by the Lyndon LaRouche Political Action Committee on Sunday, and is posted on the LPAC web site as well as on [larouchepub.com](http://larouchepub.com).*

## **SAVE OUR U.S. CONSTITUTION NOW!**

**by Lyndon H. LaRouche, Jr.**

May 22, 2005

If you care about our country and your family's future, you must give full support to the U.S. Senate's Democratic Party leadership now! On this Tuesday, Senate Republican leader Frist is prepared to act to tear down the Constitution of the U.S.A., in an effort to establish a right-wing White House dictatorship in the U.S.

The immediate target of this attempted illegal coup d'etat is the institution of the U.S. Senate. The purpose is to overturn the U.S. Constitution, in favor of White House dictatorship, by breaking the Constitutional powers built into the Senate's power to impose checks and balances against an out-of-control Presidency or temporary errant majority of the House of Representatives. This provision to defend our Constitution was centered in the powers of advice and consent which the Constitution assigned specifically to the U.S. Senate.

Do not be taken in by the fraudulent claims that the contested judicial nominees are "Christians." When judges of fascist leanings are up for confirmation, the issue is not religion, but economics. The issue is, which side will those judges take, when the financial sharks come to eat you in foreclosure proceedings?

Those of us old enough, or well-educated enough, to remember, know what I am saying.

Leading Democrats and others recognize that there is an ominous parallel between the incendiary activities of White House radical right-wing propaganda minister Karl Rove and Vice-President Dick "Hermann" Cheney's plot, and the incendiary actions used by Hermann Goering which led to Reichschancellor Adolf Hitler's seizure of dictatorial powers on February 28, 1933. Hitler never gave up those powers until the day he committed suicide in Berlin on April 30, 1945. Tens of millions of people died as a result of what happened in Berlin on February 27-28, 1933. With the present Bush Administration pushing for "preventive use" of existing nuclear weapons now, many more than tens of millions will die world-wide, if we let the U.S. walk down that same road now. That increasingly hysterically desperate administration now intends to use those weapons just about as quickly as you can say, "Remember what happened with Iraq."

The U.S. Senate, with its power of advice and consent, is today the chief bulwark standing between you and the consequences of that increasing push for a so-called "preventive" nuclear-warfare policy. Do not allow that original Constitutional intention of advice and consent to be thrown away by the kind of panicked parliamentary majority rule

which gave Hitler dictatorial powers on February 28, 1933. If you allow Frist to succeed on Tuesday, or in the days following, no one can predict today, when, or where that warfare might stop.

Without the savage pressures from high-level circles within the Bush Presidency, many Republicans would quickly join with Democrats in preventing the Bush White House's attempted anti-Constitutional plot from being carried out. Therefore, massive support for both Democratic leaders and concerned, but often intimidated Republican Senators must be provided immediately.

## **The Economics Issue**

U.S. citizens must not allow themselves to be fooled again. Citizens must recognize the real issues behind this evil White House grab for dictatorial one-party powers. The key issues are not judges' religious beliefs; the issues, as in the French Revolution of July 14, 1789, and the Hitler seizure of dictatorial powers on February 28, 1933, are just plain economic. These right-wing judgeship candidates are being set up to help rob your child's piggy-bank, hardly a Christian enterprise.

At this moment, the U.S. economy is on the verge of a bigger general financial and physical-economic collapse than 1929-1933, and the forces controlling the pathetic figure occupying the Oval Office, such as the would-be "Hjalmar Schacht" of the situation, former Pinochet crony George Pratt Shultz, the architect of the Bush II Presidency, and a key backer of the President's Pinochet-style intention to rob you of Social Security protection, are determined that the people will have no pension, health-care, or bankruptcy protection against the onrushing deep collapse of the world's present financial system.

There is no excuse for anyone's giving support to this attempted Bush Administration grab for dictatorial powers. We of the U.S. not only recovered from the 1929-1933 collapse caused by the policies of the successive Coolidge and Hoover Administrations, but, under Franklin Roosevelt's Presidency, we prevented what would have been otherwise, an Adolf Hitler world dictatorship. We can do that again.

We do have a clear majority of our leading politicians who are good enough to make the decisions needed to get us safely through the presently onrushing world-wide financial collapse. Admittedly, many of them have made mistakes in the past. Nearly everyone makes mistakes, and big people tend to make the biggest mistakes. But, when we as a people bring ourselves together to face up to a problem, and to solve it, we of the U.S.A. have always won out, sooner or later. Hopefully, this time, it will be sooner.

For this purpose, the founders of our present Constitutional republic created a Constitutional system which is not only the best in the world still today, but is a model for dealing with precisely those kinds of financial crises which the parliamentary systems of Europe are not competent to deal with by themselves. Our experience under President Franklin Roosevelt is something which is still fresh in our national memory, especially among those still living who were young adults or adolescents during the 1930s and 1940s. What succeeded then is a starting-point for selecting the economic recovery measures we must begin instituting immediately today.

So, give our leaders a chance, especially those in the Senate fight to defend the Constitutional principle of advice and consent consigned to the Senate. Support them in this fight. Support them as if your personal freedoms depend upon that; they probably do. By supporting them, you will be defending our Constitutional system.

Support that system as if your life and our nation's future depended upon winning that fight. They do. I am supporting those engaged in this fight, whether they are Democrats or Republicans. So should you.

## **Latest From LaRouche**

# This Is One of the Great Moments in World History

*Here is Lyndon LaRouche's presentation to a LaRouche Youth Movement cadre school in Houston, on May 20.*

Well, I can tell you, this coming week, and already this weekend, is one of the great moments in world history. Right now! And it's happening largely in the United States, and it's centered on the U.S. Senate. Because, as of now, as of Tuesday—the way it's planned—you're going to have a make-or-break situation coming up in the Senate, to decide whether we're going to have a country or not.

*This is now.*

The war is on. The battle is about to be joined. And the outcome of the battle is going to determine what happens with the war. And what happens with the war is going to determine *who lives and who dies*, around the world!

That's reality—I'm not exaggerating in the slightest.

We're going into a situation, where the fascists in the Congress, in the Senate, backed by the White House and Cheney, are determined to make a coup d'etat against the U.S. Constitution, on the pretext of the issue of some crooked judges, who are not religious nuts—they may come off as religious nuts—but they're actually fascists. These are the guys, that some Senators recognize, who in the case of a depression—say in the 1930s—would have ensured that Adolf Hitler would have ruled the world: Because they would have repressed everything that Franklin Roosevelt did that saved the United States, and by saving the United States, saved the world from a world fascist dictatorship under Adolf Hitler. So, you have to think of these judges are particular ones that are the most onerous, are judges, who if they were successful, would tend to ensure that the United States is going to go Nazi, now. Because the crisis, the depression, is coming on fast.

That's our situation here, our situation in the world.

What's going to happen, is, you're going to have under the leadership of the Democratic Party, under Harry Reid, who is the Democratic Leader of the Senate, and a lot of other Senators, are going in there for a fight. They're going to challenge this thing. And *if* Cheney and Company move, to try to overthrow the Constitution as far on the question of the Senate rules, then they're going to shut the place down. And you're going to have a power struggle, which will shatter reputations, and a lot of other things.

So, this make or break. And the issue comes on, on Tuesday. And the fate of the nation, the fate of the lives of the people of this nation, *depends upon the outcome of this thing on Tuesday.*

We're now in the world's greatest depression in modern times. The Depression of the 1930s is a mild threat, compared to what we face, worldwide, right now. We're on the verge of where something will blow—and it will probably blow soon. It may blow within 30 days or less—totally. It may blow before then! It may be slightly delayed to blow slightly after that. But, we're in that area, where as the summer is coming on, that this entire world system, monetary-financial system, is ready to go through, not a depression, but a sudden, and rather total collapse.

And with that comes the immediate threat, that in a vacuum caused by a collapse of that type, if the right wing, as typified by what Cheney represents, is still in power, then you're going to see fascism come to the United States in the form of a sudden dictatorship.

If we defeat that now, in what's coming up on Tuesday for example, we may have saved the United States—and you—from Hell.

So, that's where we stand.

Now, in this situation, my position is more significant than ever before—and I've been pretty significant a number of times in the history of the United States. I was rather significant right after Aug. 15, 1971, when I had forecast something which every leading economist had said could never happen—and it happened! And I said it was inevitable, and it came! And they really had a bad time with me at that time, to get me out of the way! We pulled off a proposed reform of the non-aligned nations group of the world financial system—they crushed that. But I was in trouble, because I had become too powerful for their tastes: This was one of the first efforts, it was to kill me, were in this period. It came from government, from elements in government—the Justice Department and so forth, in the early 1970s, as a result of this. There was a plan to kill me, coming out of people like the Mont Pelerin Society, but through the government under Brzezinski as National Security Advisor, back during the Carter Administration.

There were attempts to kill me, outright, during 1979, in the election campaign. That was quashed. Because I was alert to it, and I didn't let something happen that could have happened.

Then there was the effort to kill me again, and some other people, on Oct. 6 and 7, 1986: This was over the SDI, where it was essentially President Reagan and I, and a few other people around him, who had defined this SDI proposal. And when the President announced it, on March 23, 1983, everybody and his brother wanted to kill me, including Soviet General Secretary Andropov, and most of the Democratic and Republican Party as well! And they tried to do, on Oct. 6-7, of 1986, at the time that Reagan was going to this meeting with Gorbachov, where one of the key issues was the SDI again, at that time. And so forth and so on.

There was also, they were going to kill me, if I weren't convicted in 1988-89. The reason I was sent to prison was just that: If I beat the frame-up charge, they were going to kill. And when I got to prison, they decided they weren't going to kill me. There was still an effort to kill me while I was in prison. And that was sort of—not too well organized, and then it was called off.

So, I've been fairly important a number of times. Right now, I'm more important than ever before: Because this is the big crisis which I'm uniquely qualified to deal with. And many people in the Senate and elsewhere in the United States, as well as other parts of the planet, know it.

So, now, we're coming to a battle, like the declaration of war, is coming Tuesday. And the way we handle ourselves, the way we're able to mobilize ourselves, the way we're able to get our own people to stop trying to conduct a "business as usual" approach, may determine the fate of all humanity.

So that's where we are.

# InDepth Coverage

Links to articles from

**Executive Intelligence Review**, Vol. 32, No. 21

**\*Requires Adobe Reader®.**

## Feature:

### **U.S. Nuclear First Strike Doctrine Is Operational**

**by Jeffrey Steinberg**

The Bush Administration has quietly put into place contingency plans for the use of nuclear weapons in pre-emptive attacks on at least two countries—Iran and North Korea. Confirmation of the new 'global strike' plan appeared in the Washington Post on Sunday, May 15, in a column by William Arkin, a former Army Intelligence analyst. EIR has interviewed several senior U.S. intelligence officials, who have confirmed the essential features of Arkin's report. They link the accelerated drive to prepare for offensive nuclear strikes against Iran and North Korea to the failure of the U.S. invasion and occupation of Iraq, and the dismal results of the use of 'shock and awe' massive conventional bombings against Afghanistan and Iraq.

### **From Deterrence to Nuclear Warfighting**

**by Carl Osgood**

Since 2001, the Bush Administration has been promulgating a new nuclear doctrine that replaces deterrence with war fighting. The January 2002 Nuclear Posture Review broke down the wall that had previously existed between the use of nuclear forces and the use of conventional forces. It redefined nuclear weapons as just another tool in the tool kit of strategic operations by which adversaries and potential adversaries could be coerced into a position favorable to the United States.

### **The Ghost of Bertrand Russell Stalks Cheney-Rumsfeld Pentagon**

**by Jeffrey Steinberg**

*This article is reprinted from EIR, March 7, 2003.*

The United States nuclear weapons policy known as the 'negative security assurance' aimed at stopping the proliferation of nuclear weapons and encouraging all nations not currently possessing nuclear weapons to sign the Non-Proliferation Treaty (NPT) and other treaties, was publicly promulgated a quarter-century ago. On June 12, 1978, Secretary of State Cyrus Vance addressed the United Nations Security Council and delivered a pledge from the U.S. government that America would never use nuclear weapons against a nonnuclear power, except under the unique circumstances of that country joining with one of the nuclear powers in an attack on the U.S.A. or its allies.

## Economics:

### **CONGRESS FACES NEW TURN**

#### **On the Subject of Strategic Bankruptcy**

**by Lyndon H. LaRouche, Jr.**

*May 14, 2005*

A rising series of political earthquakes is now shaking the world. Now, the financial collapse of the air-passenger-transport industry, hitting the Pension Benefit Guaranty Corporation from United Airlines today, and perhaps Delta and American Airlines next, intersects the efforts of GM/GMAC to dump the auto-workers' pensions, and the threatened collapse of GM, Ford, and others, threatening to set off a global hedgefunds panic. At the same time, the planet as a whole has already been seized during past days, by a panic-ridden hedge-fund crisis which is orders of

magnitude worse than that of August-October 1998.

## **United Case Warns:**

### **All U.S. Pensions Bankrupt**

**by Anita Gallagher**

A U.S. Bankruptcy Court's May 10 decision to allow United Airlines to dump its pensions onto the Pension Benefit Guaranty Corporation (PBGC)—termed 'a political earthquake' by Democratic economist Lyndon LaRouche—shows that the 'defined benefit' pensions of 44 million American workers still fortunate enough to have one, can and will disappear, unless LaRouche's measures are enacted by the U.S. Congress.

## **'Hedge Fund' Blowout Threatens World Markets**

**by Lothar Komp**

Decades of insane economic policies, and the stubbornness of central banks papering over the symptoms of a systemic crisis by providing ever more liquidity, have produced an impossible situation as of late May, after the GM/Ford credit shocks.

## **EIR Testimony Scored Scorched-Earth Looters**

**by John Hoefle**

*This article originally appeared in EIR on Sept. 17, 1993, reporting on testimony to the House Banking Committee.*

A warning of the impending collapse of the international derivatives market, triggering the biggest financial blowout in centuries, was delivered by this writer to the House Banking Committee on Sept. 8, 1993, in testimony on the impact of the North American Free Trade Agreement (NAFTA) upon the U.S. banking system. My appearance before the banking committee was requested by committee chairman Henry B. Gonzalez (D-Tex.), one of the few men in Washington with the courage to take on the international bankers and their scorched-earth looting policies.

## **The Time Has Come for A New Bretton Woods**

The dramatic collapse of the mainstays of U.S. productive capability, General Motors and Ford, and the looming monster crash of the financial markets leave no doubt that the time is now for a New Bretton Woods architecture. One nation's lawmakers have collectively voted up a resolution calling for an international meeting of heads of state 'to create a new and more just global monetary and financial system.' Italy's resolution, crafted in collaboration with the LaRouche political movement in Italy, emphasizes the problem of the huge speculative and predatory bubble economy crushing millions of people, while the real productive economy lies in ruins.

## **Control Speculation And Start Production**

Hon. Mario Lettieri is a member of the Italian Chamber of Deputies, and sits on the Finance Committee. He was elected in the southern region of Lucania on the slate of La Margherita, the secondlargest party in the coalition opposing Silvio Berlusconi's government.

## **Interview: Alfonso Gianni**

### **NBW Is a First Step Toward Ending Folly**

Hon. Alfonso Gianni of the opposition party Communist Refoundation (Rifondazione Comunista) is a member of Italy's Chamber of Deputies, and of its Commission on Labor and Welfare affairs. The party belongs to the Union coalition led by Romano Prodi, who is going to be the center-left challenger to Prime Minister Silvio Berlusconi in the 2006 parliamentary elections.

# **International:**

## **Is the Bernard Lewis Plan On the Move in Central Asia?**

**by Ramtanu Maitra**

By now most of the major media outlets have spelled out with a great deal of inaccuracy what 'exactly' happened in the eastern Uzbek town of Andijan on May 13: How many got killed and who killed them. Led by the British Foreign Secretary Jack Straw, the world media has accused the muchmaligned Uzbekistan President Islam Karimov of yet another bloody and ruthless suppression of 'public dissent.' But, not much has been heard about who the players really are, and what their end objective is.

## **LaRouche: U.S. Must Withdraw From Iraq, Now**

**by Jeffrey Steinberg**

American statesman and political economist Lyndon LaRouche has called on the Bush Administration to withdraw all American troops from Iraq immediately. Such a departure would probably require the interim establishment of an American zone, into which the U.S. forces could regroup, pending the logistical plans for the pullout.

## **Kissinger Plan for Lebanon: Death by 'Democracy'**

**by Michele Steinberg**

If Lebanon survives the upcoming May 29 election and beyond, it will be despite the George W. Bush Administration, not because of it. Bush's claim of 'his' victory for democracy in Lebanon, is widely viewed with bitterness and suspicion inside Lebanon, and for good reason. It is recognized by the leaders of both the Lebanese opposition and the Lahoud government that was close to Syria, that the Bush Administration's major—and perhaps only—interest in Lebanon, is to use the country against Syria.

## **Calipari Death: Is Negroponte To Blame?**

**by Claudio Celani**

An Italian Senator has accused U.S. Director of National Intelligence John Negroponte of having planned the context in which Italian military intelligence official Nicola Calipari was killed in Baghdad, on March 6. Calipari was killed by a U.S. patrol while escorting a liberated hostage, Giuliana Sgrena, to the Baghdad airport.

## **Neo-Cons Light Fuse on Iran Crisis**

**by Muriel Mirak-Weissbach**

A number of operations are converging, which indicate that the Bush Administration neo-cons have set a June 2005 timetable for confrontation with Iran. Once it is understood that the timetable has been set by a bunch of lunatics in Washington, it should be clear that a confrontation, and war, can be stopped, by effective action to neutralize the neocon command center.

## **North Rhine-Westphalia Election**

### **LaRouche Intervention: No 'Politics As Usual'**

**by Rainer Apel**

The outcome of the May 22 State parliament elections in North Rhine-Westphalia will be decisive for the way politics develops in all of Germany. With its almost 18 million inhabitants, this largest state of Germany is home to more than 20% of the nation's electorate.

## **Interview: Elke Fimmen**

### **LaRouche Forces Take On The Neo-Cons in Germany**

Elke Fimmen, a long-time leader of the LaRouche movement in Germany, was one of the authors of *Deutschlands Neocons: Wer führt den neoliberalen Grossangriff auf den sozialen Bundesstaat?* (*Germany's Neo-Cons: Who is out to destroy the federal social state?*), a book released in January by the Civil Rights Movement Solidarity party (the BüSo). She replied on May 18 to written questions submitted by Katherine Notley.

# **National:**

## **LaRouche: Shut Down Senate If Cheney Goes Nuclear**

**by Edward Spannaus**

If Dick Cheney tries to ram through a Senate rule change to cut off a filibuster, the Democrats should shut down the Senate until the next election, Lyndon LaRouche said on May 20; LaRouche was speaking as the word went out that Cheney and Senate Majority Leader Bill Frist were planning to trigger the so-called 'nuclear option' on May 24. This would mean that Cheney is illegally trying to change the rules of the Senate with a simple majority vote, when the Senate rules clearly require 67 votes for such a measure.

## **Galloway Testimony**

### **British MP Blasts Senate Iraq Charges**

British Parliamentarian George Galloway (Labour) appeared before the U.S. Senate Homeland Security and Governmental Affairs Committee's Permanent Subcommittee on Investigations on May 17, to answer charges made against him in hearings on the United Nations Oil-for-Food Program. Galloway's statement followed opening presentations by Senators and investigators that outlined the charges against him and others, but made clear that at least 50% of the surcharge-kickbacks which were made to Saddam Hussein, were carried out by the American company Bayoil. We include here the bulk of Galloway's opening statement, and some of his interchange with Subcommittee Chairman Sen. Norm Coleman (R-Minn.) and Ranking Democrat Sen. Carl Levin (Mich.).

## **Labor Speaks Out**

### **'Retool Auto Industry, Stop Globalization'**

On May 14, 'The LaRouche Show' Internet radio program hosted a round-table discussion on the immediate crisis of General Motors and Ford, and the future of the entire auto/ machine-tool sector of the United States. The guests were Sue Daniels of Tyler, Tex., former vice president of the Texas AFL-CIO, and currently on the national board of the Coalition of Labor Union Women (CLUW); Eugene Morey, president of United Autoworkers Local 849, Ypsilanti, Mich. (site of a Visteon Ford parts supplier plant); Mark Sweazy, president of United Autoworkers, Aerospace and Agriculture Implement Workers Local 969 in Columbus, Ohio (site of a Delphi GM parts supplier plant); and Heather Detweiler of the LaRouche Youth Movement in Philadelphia, Pa. The program was hosted by Harley Schlanger, Western states spokesman for Lyndon LaRouche.

## **Interview: State Rep. Perry Clark**

### **Kentucky Legislator: 'A Crisis Situation'**

Rep. Perry Clark (D) has been in the Kentucky Legislature for six terms, representing Jefferson County, which is the Louisville region. On May 11, Clark filed a Resolution in the House of Representatives of the General Assembly of the Commonwealth of Kentucky, 'Urging Congress To Take Emergency Actions To Save the Economy and the Auto Industry' (see last week's EIR). Representative Clark was interviewed by Marcia Merry Baker on May 17.

- **Documentation**

- Missouri Resolution**

- This resolution was filed on May 13 by State Rep. *Juanita Head Walton (D)* with the Missouri House of Representatives. Rep. John L. Bowman (D) and Rep. Craig C. Bland (D) are co-sponsors. A Resolution Urging Congress To Take Emergency Actions To Save the Economy and the Auto Industry

- **Michigan Resolution**

- This House Concurrent Resolution 0013 (2005) was filed on May 18 by Michigan State Rep. LaMar Lemmons III (D), as a concurrent resolution with the Michigan House of Representatives and the Michigan Senate. LaMar Lemmons III was joined by 19 Democratic Representatives as cosponsors.

## **U.S. Economic/Financial News**

### **Rohatyn Moots End of Private Equity Boom**

In an interview with the German financial daily *Handelsblatt* May 18, investment bank Lazard Freres' Felix Rohatyn, when asked why private equity funds play such a big role at present, replied: "The boom is based on the fact that these groups can borrow without limits at extremely low expenses. The reason for that is the monetary policy of the Federal Reserve, which is still very liberal. That's why there are so many debt-funded takeovers. That is not a sound process. I think this boom will not last."

### **Plunge in Foreign Buys of U.S. Bonds Worries Wall Street**

Foreign purchases of U.S. securities fell "sharply" in March, the *Wall Street Journal* reported May 17. While the data on



these transactions is voluntary, and therefore somewhat suspect, the figures for March nevertheless created enough of a stir to make headlines in the *Journal*.

The Treasury International Capital System, or TICS, tracks institutional purchasers, and registered a net drop in March. Apparently, the glitch in the curve was caused when Norway unexpectedly sold \$17 billion worth of bonds to an unidentified private purchaser. TICS surmised that it was a hedge fund that made the big buy, based on the location of the buyer, which was somewhere in the Caribbean Islands. All this is very suspect, and comes on the heels of statements made by Asian countries, that they would be decreasing their holdings of US Treasuries. The question in the *Journal* is: Was the Norway sale an isolated event, or a "harbinger"? The one they don't ask, is, if the purchaser *were* a hedge fund, was it buying the bonds to stabilize its own portfolio from recent losses, or taking a "position" on the U.S., expecting some upcoming shift in the economy here?

## **U.S. Household Debt Making Headlines**

The ballooning of U.S. household debt was covered in a feature article in the Wall Street Journal May 17. Although the story is largely anecdotal, the figures are clear: For the last 15 years, household income rose 11%; household spending was up 30%; and household debt soared by a whopping 80%. That means that the debt-load for the average household has nearly doubled, from about \$50,000 in 1990, to nearly \$100,000 today. The state of Utah is featured, because for years, its conservative residents shied away from debt, but no longer. Stories relate young couples buying homes, running up credit cards, paying them off with home equity until that runs out, then watching the debt continue to build. Often, people were only trying to maintain a living standard they were accustomed to as children.

The *Journal* was undecided as to whether this "relatively benign" situation can continue. Interest rates are rising, wage growth is still "sluggish," but the one "danger" they see: What if housing prices stall—or decline? Not so long ago, that might have been called the \$64,000 question. Today, it must be well over \$1 million.

## **Financial Institutions Told: Re-Evaluate Lending Criteria**

Obviously concerned about the out-of-control household-debt situation (see above), no fewer than five Federal regulatory agencies have issued a joint statement to lenders, the *Wall Street Journal* reported May 17. These included the Federal Reserve, the Federal Deposit Insurance Corporation, the national Credit Union Administration and the Offices of the Comptroller of the Currency, and Thrift Supervision in the U.S. Treasury. Obviously, somebody's worried.

The agencies recommended that banks, thrifts, and credit unions all perform "stress tests" to evaluate the risk level of their portfolios. The cumulative debt level of U.S. households last year was \$881 billion in home-equity loans, up 80% from the year 2000. Fifty-five percent of loans are held by banks, 14% by thrifts, 7% by credit unions, leaving over 20% in the hands of private finance companies.

## **U.S. Wholesale Prices Rose in April: Labor Dept.**

A U.S. Labor Department report showed the producer price index increased by 0.6% in April, reflecting more expensive energy and automobiles. The increase in wholesale prices came on top of an even larger advance in March, of 0.7%. Excluding energy and food prices, "core" wholesale prices rose 0.3% in April. That was up from a tiny 0.1% advance in March, and represented the largest increase since January.

In another report, the Federal Reserve said industrial production at the nation's factories, mines, and utilities fell 0.2% in April, after nudging up 0.1% in March. April's decline was the largest since September. Factory production was flat in

April, especially restrained by cutbacks in auto production.

## **'Highway' Bill Would Fund Mass Transit, High-Speed Rail, Maglev**

A \$295 billion funding bill for transportation was passed by the U.S. Senate on May 17 by a vote of 89 to 11. The bill, S. 732, is usually dubbed the "highways" bill, as the overwhelming majority of the funds—\$234 billion—is designated for highway programs. The Senate bill is \$11 billion higher than President Bush is willing to spend, and so he's threatened a veto. The U.S. House of Representatives bill, H.R. 3, was passed about a month ago and authorizes \$283.9 billion, exactly the number Bush has agreed to. With the Senate's passage, both bills will now go to a conference committee to work out the differences before a final bill can be sent to the President.

A quick review of the multi-hundred-page bills shows that each designates some monies, albeit minuscule by comparison, for rail, high-speed rail, and even maglev. In the House version, \$800 million is to be spent on high-speed rail-corridor development and technology over six years; \$95 million over five years for magnetic levitation propulsion trains; and \$3.9 billion over six years to design and construct 34 earmarked light commuter-rail projects, along with another \$638 million for analysis and preliminary engineering for another 196 earmarked light rail projects. The Senate version also authorizes funds for rail, high-speed rail and maglev.

## **World Economic News**

### **Swiss Daily: Derivatives Are 'Ticking Time Bombs'**

In an article headlined, "Ticking time bomb in structured credit products," Switzerland's *Neue Zuercher Zeitung* on May 19 pointed to the precarious situation in the so-called "structured credit" market. This includes the use of capital structure arbitrage (CSA) contracts, that is, combined bets on the stock price and debt titles of the same corporation. *NZZ* states that the purchase of GM stocks by speculator Kirk Kerkorian has caused a "brush fire" on the bond market, which particularly hit funds specializing in CDAs. The funds faced "painful" losses when the risk premiums on GM bonds "exploded" and the prices of related derivatives plunged, while GM stocks, due to the Kerkorian move, jumped up by 20%. Overall, the downgrading of GM, though not coming as a full surprise, "triggered a chain reaction on the bond market", centered around collateralized debt obligations (CDOs). These CDOs fueled the "sudden explosion" of the GM risk premium. Trying to escape from their CDO adventure, investors "at some point engaged in panic selling, which then derailed the credit derivatives market."

## **United States News Digest**

### **White House Connection to AIPAC-Franklin Case**

On May 19, the Jewish Telegraph Agency (JTA) reported that Steven Rosen and Keith Weissman, former directors of the powerful lobby group, the American Israel Public Affairs Committee (AIPAC), could very well be indicted next month in the Larry Franklin espionage case. (See EIR Online, Vol. 4, No. 20.) But, there appears to be new twist to the case. The JTA reports that the investigation actually goes back to just before the Sept. 11, 2001 attacks on the World Trade Center and the Pentagon.

The JTA reports that, in early September 2001, the fact that President George W. Bush was considering meeting the late Palestinian President Yasser Arafat was leaked to the *New York Times*. Condoleezza Rice, then National Security Advisor, became furious at the leak and demanded a clampdown.

It seems that Rosen could very well be involved in that earlier leaking. It is reportedly documented in the Franklin case, that on July 21, 2004, Franklin passed classified information to Weissman, that Iranian agents were planning to kidnap and torture American and Israeli agents in the Kurdish region of Iraq. Weissman informed Rosen, and "the information was relayed to the White House, sources close to the defense" told the JTA. Rosen and Weissman then called Naor Gilon, the political attache at the Israeli Embassy in Washington, and Glenn Kessler, the State Department correspondent for the *Washington Post*. It is not reported exactly to whom, nor for what purpose, the information was passed to the White House.

JTA says that at the time of the July 2004 Weissman meeting, Franklin "apparently had been cooperating with the FBI for several months and was being used in what is believed to have been a sting against AIPAC staffers, sources said." JTA says that the FBI is believed to have "co-opted" Franklin a year earlier, after observing a lunchtime meeting he had with Weissman and Rosen at an Arlington, Va. restaurant.

If indicted, Rosen and Weissman will plead innocent, claiming they did not know the information was classified, and that they were the target of an entrapment. Yet the FBI is said to have tapes of Rosen, Weissman, and Kessler joking about "not getting in trouble" over the information. Then Rosen is recorded saying that, "at least we have no Official Secrets Act," an indication that he knew the information he received was secret. But the fact that they handed over the information to Gilon could be considered a violation of the 1917 Espionage Act, which deals with receiving classified and secret information, and handing it over to a foreign power.

Rosen and Weissman were fired from their positions at AIPAC under the recommendation of AIPAC's lawyer Nathan Lewin, after he had reviewed the incriminating evidence. Nonetheless, AIPAC continues to pay their legal fees, which have reportedly reached \$1 million. Rosen is being represented by John Nassikas of the elite Arent Fox law firm.

Rosen is known to have transformed AIPAC in the 1980s from a primarily Congressional lobby to one that "excelled in access to the executive branch." Since the case broke, "AIPAC has returned to its Congressional roots...."

## **Bush's 'Coalition of the Coerced' Exposed**

Assembling President Bush's "Coalition of the Willing" involved incredible coercion, according to Anne Wright, a former Foreign Service officer, who had resigned from the State Department in protest over the launching of the Iraq War. Wright has had an illustrious career, a former Army colonel who had served in the U.S. Southern Command during the Reagan Administration, and later, as a diplomat, in hot spots in Somalia and Sierra Leone, where she received an award for valour for her actions during her tour in that country at the height of a civil war. Wright was serving at the American Embassy in Mongolia when she tendered her resignation.

Speaking at a forum May 19, sponsored by the International Relations Center, Wright explained how Mongolia had taken clear positions in support of the International Court of Justice, and against the Iraq War. Desperate to find allies in its ill-conceived crusade, the U.S. threatened to cut off aid to the impoverished nation if it didn't change its positions on these both these issues. What could Mongolia say? They changed their positions, and the aid was increased.

Wright stressed that many people in the Foreign Service and in the uniformed military are unalterably opposed to the Bush policy, although they aren't always prepared to put their careers on the line to oppose it. "I had serious doubts about the policy when President Reagan went into Grenada, but I wasn't prepared to oppose it publicly. But it finally got to a point with Bush. that I felt there was no other way," Wright said.

## **HHS Chief Forms Sham Medicaid Commission**

Secretary of Health and Human Services Mike Leavitt signed the charter for the Medicaid Commission to decide the future of Medicaid, on May 10. The Commission will include 15 voting and 18 non-voting members. Voting members, appointed by Leavitt, include Leavitt or his designee, Federal Medicaid officials, current or former state governors; current or former state Medicaid directors; three health-care policy experts from public-policy organizations; and other "individuals with expertise in health, finance, or administration." Congressional leaders will appoint four Democrats and four Republicans as non-voting members. The commission will be advised by ten people involved in Medicaid, state and local officials, consumer advocates, and care providers. Cost-cutting recommendations (elimination of \$10 billion over five years) are expected by Sept. 1. The charter states that by Dec. 12, 2006, the commission must make longer-term recommendations on the *future* of the Medicaid program.

In appointing the 15 voting members himself, Leavitt rejected the advice of a bipartisan group of Senators, led by Gordon Smith (R-Ore.) and Jeff Bingaman (D-N.M.), to charge the Institute of Medicine with the responsibility to conduct a thorough review of the Medicaid program and to make recommendations on how savings can be made without harming beneficiaries or the services they depend on.

## **DHS Can't Account for Hurricane Recovery Money**

A Department of Homeland Security Inspector General's report shows that \$31 million was spent in Miami-Dade County, Fla., for hurricane disaster relief, but it can only account for \$936,000! On May 18, the Senate Homeland Security and Governmental Affairs Committee held a hearing to release the report, which outlines staggering fraud and abuse by FEMA in the Miami area, in the wake of Hurricane Frances, which made landfall about 100 miles north of Miami, in September 2004.

The damage was reported to have been typical of a thunderstorm, with some downed trees and power lines. Sen. Susan Collins (R-Maine), who chairs the Government Affairs Committee, stated that the Miami-Dade County Office of Emergency Management said the damage from the hurricane was minimal and there were no reports of flooding. Collins further commented that last October, FEMA had awarded \$18,452.37 to Miami-Dade residents for rental assistance, as well as for the replacement of clothing and household appliances. Yet, a subsequent inspection found that the homes had suffered no storm damage whatsoever. There were also reports of FEMA paying for funerals that were not hurricane related. There were no reported hurricane-related deaths due to Frances, but in 1992, with Hurricane Andrew, 15 deaths were reported.

## **Sharansky Leads Off 'Democracy' Hearings in Congress**

A hearing before the Subcommittee on National Security, Emerging Threats, and International Relations on Democracy in the Middle East on May 16 was an "Alice-in-Wonderland" farce, when former Soviet political prisoner and now ultra-right Israeli politician Nathan Sharansky defended U.S. invasions of countries run by dictatorships as the only means to stop terrorism and attain democracy. Sharansky was followed by Mithal Al-Alusi, the Iraqi who had headed the U.S. occupation's De-Ba'athification Commission, who said the only way to stop terrorism in Iraq is for Iraq to immediately make peace with Israel, and then form an "anti-terrorism" alliance of "the U.S., Israel, Iraq, Turkey, and, maybe, Kuwait and the U.A.E."

Sharansky has a lot of political capital in Washington, having been a Soviet political prisoner, and because his book, *The Case for Democracy*, was played up as having educated George W. Bush on "democracy," but his sole message was that preemptive war, sanctions, and the Iraq invasion strategy are the only things that work against dictators. He buttered up the Congressmen, telling them that he spent "only" nine years in Soviet prisons, because the Congress made his freedom a big issue. But, then he railed against the U.S. for having "appeased" the U.S.S.R. from the very beginning, through the 1950s and 1960s (though he did admit that Roosevelt was correct to prioritize defeating Hitler before taking on Stalin). He also

criticized the U.S. for not taking advantage of Cuba's weakness, and overthrowing Fidel Castro long ago.

## **Karpinski: Miller Responsible for Abu Ghraib Abusers**

Janis Karpinski, the former Army Reserve Brigadier General who was nominally in charge of military police at Abu Ghraib prison in Iraq, blamed Gen. Geoffrey Miller for the prisoner abuse that took place after Miller had come from Guantanamo to Abu Ghraib. In a May 13 interview with ABC's "Nightline," Karpinski said that Miller was responsible for introducing the use of human pyramids and dog leashes in the treatment of detainees.

"I believe that General Miller gave them the ideas, gave them the instruction on what techniques to use," Karpinski said. Asked if she was referring to the positioning of prisoners in human pyramids and putting dog leashes on detainees, Karpinski said, "I can tell you with certainty that the MPs [military police] certainly did not design those techniques, they certainly did not come to Abu Ghraib, or to Iraq, with dog collars and dog leashes."

## **Ibero-American News Digest**

### **Will Bolivia Avoid Civil War?**

Bolivia today, like Ecuador, stands as a stark demonstration of Lyndon LaRouche's warning, that nation-states cannot survive under globalization.

Bolivia is shattering, under conflicting pressures over how it should exploit its principal natural resources, oil and natural gas, in the midst of the global financial meltdown. On May 10, President Carlos Mesa announced that he would not sign a new Hydrocarbons Law passed by Congress, because, he said, it would force Bolivia into a confrontation with foreign interests. Instead, he issued a dramatic appeal for a national dialogue on a consensus on "the unity of Bolivia," as a last-ditch effort to prevent "the fragmentation of the country."

The law is opposed as confiscatory by the multinationals and their local representatives, because it dared charge an additional 32% tax on oil and gas production, on top of the minuscule 18% royalty in existing contracts. The law is also opposed by the mass "social movements" in the country, who demand nothing less than full nationalization.

Mesa was forced to cancel his national dialogue, when key sectors refused to attend, and on May 17, he told the nation he would neither sign nor veto the bill, but that Congress would promulgate the law, as stipulated for such cases in the Constitution. He then announced various economic initiatives centered on aiding the poor.

Whether sufficient forces rally to Mesa's government to subdue the mass protests of the Jacobin-led "social movements" and the matching separatist drive of the right-wing interests tied to the multinationals, is still being contested. Should anarchy continue to spread, people fear the country will head toward civil war.

### **Ecuador's President: If We Pay That Debt, We Die**

In an interview with investigative reporter Greg Palast, aired by Democracy Now! on May 17, Ecuador's President Alfredo Palacio was asked about the secret commitments made by the previous government to use "windfall" profits from the high price of oil to pay off bonds early, and at 100% of face value, to speculators who had bought up Ecuadoran bonds at 10 cents on the dollar. This was exactly the kind of scam by financial vultures which Argentine President Nestor Kirchner recently denounced. Palacio answered:

"If we pay that amount of debt, we're dead. And we have to survive. And the most convenient thing for them is that we survive. If we die, who is going to pay them?... They condemn us to not to have health, not to have education. Mr. Palast, people, sick people are not going to produce anything. Ignorant people are not going to produce anything. So we have to invest in that, in order to increase our production, which is the only way to improve, to make economic improvements, and then we'll be ready to pay our debts.... [W]e have to be able to pay what we owe, but they have to listen to us, you know, in order to keep our people living, alive."

Palacio assumed the Presidency on April 20, when his predecessor, Lucio Gutierrez, was ousted in the midst of mass upheaval. He immediately announced that his government would not use oil revenues to pay debts before they came due, but rather for investments in the nation.

The Gutierrez government did not cook up the policy of providing gigantic windfall profits to financial vultures. Palast announced to Democracy Now! that he has obtained 5,000 pages of World Bank and IMF documents, marked "For Official Use Only," which show this policy was dictated by those institutions. Palast described the documents as "a bunch of secret agreements made with finance ministers, that say you're going to turn over all your money, and usually, privatize your electric companies, privatize your water companies, sell off everything to pay off old debts."

### **Criminal Investigation Opened Into Brazilian Central Bank Chief**

On May 12, Brazil's Supreme Court authorized Federal prosecutors to open a criminal investigation into charges that Central Bank chief Henrique Meirelles had engaged in tax and electoral fraud, and money-laundering, between 1996 and 2001, when he lived in the U.S., and served as international president of BankBoston. The court lifted bank secrecy protection for his personal accounts, and at least ten companies which the public prosecutors assert he controlled at the time. Prosecutors want to trace the origin of some \$500 million that was transferred abroad, suspected of belonging to Meirelles, which was never reported.

The Meirelles case went before the Supreme Court, because the Lula government had issued a decree when the charges first surfaced in 2004, dropping any pretense of Central Bank autonomy, by making the Central Bank chief a member of the cabinet in 2004. Cabinet members in Brazil are immune from prosecution, except that brought by the Supreme Court.

The much-hated central banker testily told the media how happy he is to be able to clear his name (certainly not his view the week prior, when his lawyers filed a petition for the case to be dropped). He is reported to have promised the government that he will not respond "emotionally," and quit his post, despite voices coming from Congress and the labor unions, calling for him to step aside, until the investigation is completed.

### **Brazilian Central Bank Raises Benchmark Interest Rate—Again**

For the ninth month in a row, Brazil's Central Bank raised interest rates by a quarter percent, to the phenomenal rate of 19.75%, a full 11% over the rate of inflation. The pretext given was the continuing need to "fight inflation," but the decision is really driven by growing desperation over Brazil's debt bubble, given the international global crisis. The increase will worsen Brazil's situation immediately, in two principal ways:

1. It automatically increases the debt, since 58.5% of Brazil's public domestic bonds carry floating interest rates tied to the benchmark rate. An increase of a quarter-point may not sound like much, but on somewhere around \$175 billion worth of bonds, it adds up.
2. Speculative activity increasingly becomes the only profitable economic activity in the economy. Many Brazilian

companies are beginning to sell inventory to raise cash, which they can invest in government bonds, holding off expanding investments in their production until interest rates drop.

## **Argentina Prepares To Fight World Bank**

Argentina's fight against a World Bank ruling that it pay financial predators, "has only just begun," Justice Minister Horacio Rosatti stated, following a May 12 ruling by the World Bank's ICSID (International Center for Settlement of Investment Disputes) on behalf of CMS Energy Corp. ICSID ordered the Kirchner government to pay CMS \$133 million for its alleged "losses" as a result of the forced conversion of its dollar debts to pesos, and peso devaluation that followed the December 2001 default.

At least 30 foreign-owned privatized utility companies, which savagely looted the country during the privatization binge of the 1990s, have taken their claims to the ICSID, hoping for favorable rulings that can force Kirchner to pay up, to the tune of \$20 billion. These same companies, with IMF/World Bank backing, are also demanding that Kirchner grant them rate increases of as much as 60%.

Rosatti announced that the government will request that ICSID declare the May 12 ruling null and void, on grounds that CMS is a minority shareholder of the Argentine energy company TGN. Otherwise, anyone who owns even one share could go to ICSID, and if there are 20 shareholders, there could be 20 different claims, Rosatti said. But more important, he added, is Argentina's sovereign right "to defend its interests." When companies were privatized in the 1990s, he said, legal jurisdiction was also handed over to foreign courts. But the disputes between the privatized companies and the state "should be resolved in local courts." Despite ICSID's ruling, "we can never give up the possibility of determining the ruling constitutionally.... [T]his fight has just begun."

When vulture funds were attempting to seize Argentine diplomatic holdings in Washington and Maryland in 2004, it was Rosatti, then the Treasury General Prosecutor, who reminded the U.S. of its own Drago Doctrine, which forbids the forcible collection of the foreign debt of nations.

The current Treasury General Prosecutor, Osvaldo Guglielmino, has mooted that Argentina might break with the ICSID altogether, after the ICSID confirmed as one of its "unbiased" judges a Spanish lawyer who simultaneously represents private Spanish utility companies that have claims against Argentina! Guglielmino warned on April 25: "No one can conceive of any state submitting to a judge who acts like the old Roman Emperors, making decisions with a thumbs up or thumbs down." The ICSID refused to provide any explanation for its decision, merely repeating "the decision is final and there is no appeal." ICSID's behavior is "perverse," Guglielmino charged, and "we shall use all the resources of a sovereign state to prevent it from trampling on our rights."

## **U.S. Ambassador Demands Energy 'Reform' from Mexico**

"Energy reform is critical to Mexico's future," U.S. Ambassador Tony Garza told a NAFTA gathering entitled Hemispheria 2005, held May 13 in Nuevo Leon. Mexico's energy sector needs "big-ticket reform," he said. "I know this issue is a terribly sensitive one in Mexico, particularly when it's the U.S. Ambassador who is talking about it. But you don't have to hear it from me.... Mexico must find ways to more fully exploit its own energy resources because its competitiveness and the prosperity of its own people depend on it." His imperial tone—he told the gathering that "reliance on remittances from the U.S. and windfall revenues from high oil prices is simply not an economic policy"—was so egregious, even the subservient Fox regime felt obliged to protest.

Garza has a wee bit of conflict of interest, when he demands Mexico hand over its energy resources to private sector

interests: he just married one of Mexico's top investors, Maria Asuncion Aramburuzabala, the wealthiest woman in Ibero-America. Worth an estimated \$1.8 billion, the heiress of the Modelo beer empire sits on the boards of Mexico's leading television channel, Televisa, and the Mexican Stock Exchange, and on the advisory board of the country's second largest bank, Citigroup-owned Banamex.

## Western European News Digest

### German Leaders Sign Call for New Bretton Woods

Professor Dr. Hans-Herbert Haase, former leader of the Free Democratic Party (FDP) caucus of the State Parliament of Saxony, signed the call for a New Bretton Woods Conference circulated by Helga Zepp-LaRouche, during the recent German electoral campaign. Formerly, Haase was a member of the parliament of Saxon-Anhalt, and the leader of the FDP (liberal) faction there. Also, Col. (ret.) Juergen Huebschen, who recently granted an interview to *EIR*, sent in his signature on May 17. Other new signers include:

Prof. (em.) Dr. Josef Gruber, Honorary President of the German Association for Space Energy (GASE), Hagen, Germany;

Dr. Ing. Hans Juergen Gottwald, Clausthal-Zellerfeld, Germany.

### Italian Senator, Russian Economist Sign NBW Call

Italian Senator Luigi Malabarba, the group-leader of the opposition party "Rifondazione Comunista," and a member of the Senate Intelligence Committee; and Russian economist Prof. Dr. Stanislav Menshikov, who taught economics at various universities, most recently at the Erasmus University of Rotterdam, The Netherlands, have signed the call for a New Bretton Woods. circulated by Helga Zepp-LaRouche.

Over the years, Professor Menshikov had many intensive discussions with Lyndon LaRouche, spoke at various international conferences of the Schiller Institute and at *EIR* seminars, including the Berlin seminar in January 2005.

### Nationwide Public-Sector Strike in France

The May 16 strike, hitting predominantly administration and transport jobs, was called by the labor unions in protest against a government decree that henceforth, Pentecost Monday will no longer be a paid holiday, and instead will be a normal workday. The government's intention was to collect a larger part of the 9 billion euros which it wants to spend for its "Plan Borloo," a French version of the German Agenda 2010 budget cuts, but with a bit more of a "social face."

The considerable turnout for the strike, not only signals more labor union protests to come during the next few weeks, but it may also influence the outcome of the French referendum on the EU Constitution, on May 29, turning it into a vote of broad discontent with Paris.

### German Residents' Assn. Attacks Private Equity Funds

Anke Fuchs, the president of the German Residents' Association (DMB), on May 16, criticized moves by private equity funds, like Cerberus and Fortress, the main actors in a takeover offensive, which in the past five years has grabbed 600,000 apartments, turning them from public-sector property into private property. This comes at the expense of the residents of those apartments, because the funds want to make a profit of 7-8% for their investors, which cannot be done, for legal



reasons, through increases in the rents, but only through aggressive sales of apartments to new owners.

The managing director of the DMB, Franz-Georg Rips, told *EIR* May 16 that there is enormous pressure on the public-housing sector in Germany, created by about 20 billion euros in such funds that seek profitable investments. He said that during the past five years, 1.2 million Germans have been victimized by this aggressive takeover drive, and ironically, Social Democratic Party-led administrations, at the Federal, state, and municipal levels, have played a prominent, negative role by selling apartments to such funds.

### **Small Shareholders Has List of Worst 'Bank Robbers'**

The association of small shareholders in Germany, SDK, has compiled a "Black Book on the worst bank robbers of 2004," which are firms that are infamous for their greed in the takeover scene. The book lists Deutsche Bank, and numerous non-German names, for example, Blackstone, Carlyle, Citigroup, JP Morgan Chase, Morgan Stanley, Royal Dutch Shell, and Yukos.

### **Majority of Dutch Citizens Oppose EU Charter**

Even in the (rather unlikely) case that a small majority should emerge in France in favor of the EU Constitution, in the referendum on May 29, a "no" in the Netherlands can still block the charter. The charter goes into effect only if all 25 member states of the EU ratify it.

Latest opinion polls see more than 50% of the Dutch opposed, with only 28% in favor of the Constitution.

### **German Neo-Con Attacks SPD, Social Market Model**

German neo-con Peter Glotz claims that the Social Democratic Party's support of the social market economy is a thing of the past.

In a commentary in the May 20 *Rheinischer Merkur* weekly, Glotz wrote that SPD chairman Franz Muentefering's attacks on capital funds miss the real target. The "real" problem, according to Glotz, is that "Anglo-American financial capitalism, or rather the digital capitalism based on modern data and information technology, is on the brink of breakthrough in Germany."

"Rhenish Capitalism," Glotz added, "is disintegrating," and the same is true for the social market economy model which the SPD keeps fighting for. "Sufficient economic growth" to achieve full employment, is not possible, either, anymore, Glotz wrote, adding that this development implies "trouble," massive social conflicts, for which scenario Muentefering seems to prepare himself.

### **Royal Mail Demands Bailout of Pension Fund**

The Royal Mail, Britain's postal service, is making huge dividend payments, while demanding that the government bail out its pension fund, media reported May 18. The Royal Mail is still state-owned, but the drive is on for privatization, which will be one of the contentious issues for Prime Minister Tony Blair's new government. Its financial director, Marisa Cassoni, reported May 17, that despite its report of record profits, the Royal Mail is "technically insolvent." Its pension deficit is 2.5 billion pounds, under old accounting standards, but under the new international financial reporting standards (IFRS), the pension deficit is 4.6 billion pounds.

"This produces a negative balance sheet," Cassoni said. "Technically the business is insolvent, which means that we can't pay out dividends." The Mail wants the government to be responsible for 220,000 current pensioners of its pension fund, begun in 1969. By dumping at least half of its pension obligations on the government, the Royal Mail would be able to raise up to 5 billion pounds from what chairman Allan Leighton, who wants to partly privatize the Mail, called "some nice banks."

The Royal Mail posted profits of 537 million pounds for 2004, and therefore paid out big bonuses, up to 2.2 million pounds for executive directors, and regular workers got about 1,000 pounds each.

## Russia and the CIS News Digest

### Bush Promises 'Spetsnaz for Democracy'

On May 18, George W. Bush was the featured guest at a dinner held by the International Republican Institute (IRI), the Republican wing of "Project Democracy," the National Endowment for Democracy. The IRI is the outfit zeroed in on by Russian security chief Nikolai Patrushev in his report to the Duma on foreign subversion against Russia and its neighbors. *EIR* has exposed the IRI as a vehicle for imposing insane free trade and related neo-conservative dogmas worldwide, and particularly in the post-Soviet area, beginning with our 1980s Special Report on Project Democracy, and later, in articles by Bill Jones and Roman Bessonov, published in 1996 as the series "The IRI's Friends in Russia."

Bush read a script in which he hailed these "exciting times for everybody," when "we have witnessed revolutions of Rose, Orange, Purple, Tulip, and Cedar—and these are just the beginnings." "Rose" means Georgia, where latest reports indicate Bush narrowly missed death or serious injury from a grenade attack earlier this month; "Orange" is Ukraine, which is now being denounced by free-trade ideologues like Anders Aslund for insufficient economic liberalization, and where the capital is the scene of permanent demonstrations against the falling standard of living; "Purple" is Iraq; "Cedar" is Lebanon; and "Tulip" is Kyrgyzstan, where the victorious forces are warring amongst themselves.

Bush boasted that his administration has provided \$4.6 billion to promote "democracy" around the world. He played up the new Active Response Corps of "foreign and civil service officers who can deploy quickly to crisis situations as civilian 'first responders'," promising \$24 million for this Corps in 2006 and \$100 million for a Conflict Response Fund.

Taking up U.S. Secretary of State Condi Rice's campaign against Alexander Lukashenka of Belarus (launched earlier by Sen. John McCain [R-Ariz.], who was Bush's host and introducer at the IRI), Bush said baldly: "With the help of IRI, Poland, Lithuania, and Latvia are working with civil society leaders in Belarus to bring freedom to Europe's last dictatorship." The Russian news agency Strana.ru reported the speech under the headline, "America Will Finance 'Spetsnaz for Democracy'" ("spetsnaz" is Russian for special forces). The article quoted a statement from the Belarus Foreign Ministry, calling upon the international community "to block attempts by the USA to interfere in the internal affairs of other countries." A Belarus Member of Parliament, Nikolai Cherginets, said that Belarus, during its 2006 Presidential elections, would surely be a target of the new American rapid response corps, arriving "in the guise of every conceivable sort of philanthropic fund and educational organization."

### Uzbekistan Forces Take Border Town

Uzbekistan military forces took over the town of Kara Suu in the eastern part of the country on the border with Kyrgyzstan May 19. There were explosions and some shooting heard, but apparently, new major bloodshed was avoided, as the government forces arrested Islamist radical leader Bakhtiyor Rakhimov. Since the previous week's clashes in Andijon, a larger eastern Uzbekistani city, Rakhimov has been calling for establishment of an Islamic Republic in Uzbekistan.

President Islam Karimov, as well as Moscow, have attributed the Andijon events to the work of Hizb ut-Tahrir, an Islamist group based in London. (See InDepth for Ramtanu Maitra's report on the latest Central Asia destabilization.) The groups involved in those events, as well as Hizb ut-Tahrir spokesmen, deny this, claiming that the imprisoned "businessmen" around whom the agitation developed were merely members of a cultural movement called Akromiya (named after its founder Akrom Yuldashev, a former Hizb ut-Tahrir member; the group has been compared with Falun-gong in China). Certain British diplomats have been very active in promoting this analysis worldwide.

At the same time, several human rights groups came out May 19 with much higher estimates of the civilian casualties in Andijon, saying that a thousand people died when Uzbekistan forces fired into the crowd of protesters the week of May 9. The EU demanded an investigation, as did British Foreign Minister Jack Straw.

## **Akayev: Not a Revolution, But a Coup in Kyrgyzstan**

On May 12, Moscow *Izvestia* published an interview with ousted Kyrgyzstan President Askar Akayev. The physicist Akayev, who as President, succumbed to outside agitation for Kyrgyzstan to join and submit to WTO membership requirements, which helped to wreck the country's productive economy, has relocated to Russia. But he could not remain silent, at the prospect of organized crime taking over his country.

Akayev said, "I continue to insist that what was advertised as a 'tulip revolution' in my country, was an anti-constitutional coup d'etat. Political scientists are now telling me about a 'shift in the elites,' which is allegedly happening in all of the post-Soviet countries, and that this is allegedly natural. These arguments are ridiculous. The main figures in this coup d'etat originate from the same old Soviet *nomenklatura*. But I am concerned not about how they are trying to redivide power and property, but more about the chaos in the republic, the real danger of a north-south split of the country, and the obvious attempts of the drug mafia bosses to seize power."

## **Russia, Kazakstan Presidents Meet**

Russian President Vladimir Putin met May 17 with President Nursultan Nazarbayev of Kazakstan, in the southern Ural city of Chelyabinsk. Among other agenda items, the two agreed to step up efforts to establish a joint development bank. "We agreed to boost this process to have this financial institution established as soon as possible," said Putin. I believe it will be effective." He said the agreement included the bank's leadership and headquarters, but gave no further specifics. "In terms of state finances [Russia and Kazakstan] are in a position to create such a mechanism," Putin said. He described the bank as an entity that could encourage the development of regions on both sides of the border." Much has been said about the need for infrastructure development, notably economic and transport infrastructure, he said.

President Putin also called on the law enforcement authorities of Russia and Kazakstan to cooperate more closely. This would also imply a closer cooperation in the fight against organized crime, drug trafficking and illegal migration. According to Kazakstan wires, the two also stressed the importance of monitoring their joint border.

Nazarbayev pointed to the Russia-Kazakstan alliance in cultural, historical, and economic terms, while Putin expressed hope that trade between the two countries would reach \$1 billion annually.

## **Khodorkovsky Convicted of Fraud**

Former Yukos oil boss Mikhail Khodorkovsky was found guilty of all seven fraud and tax-evasion charges against him. Three judges began their summing-up on May 16, but reading of the over 1,000-page verdict dragged on throughout the

week. The initial findings were related to the acquisition of a 44% stake in an agricultural institute by Khodorkovsky and Menatap partner Platon Lebedev. On May 13, before the verdict announcement began, Russian authorities announced that Khodorkovsky and Lebedev would be charged with additional crimes in connection with a separate money-laundering probe.

## Southwest Asia News Digest

### Hersh: Salvadoran-Style Death Squads in Iraq

Iraq is in a civil war, meaning a Central-America-style civil war, with death squads, says investigative journalist Seymour Hersh. Hersh spoke at the University of Illinois on May 10, and then Democracy Now!'s Amy Goodman played his talk on the air and interviewed him. Hersh, a frequent contributor to the *New Yorker*, had many interesting things to say, but the most interesting was as follows.

Hersh said that Bush tries to create the appearance that he is uninvolved with the details of the Iraq war, but precisely the opposite is the case. Bush knows how important success in war is to the reputation of a President, and is extremely closely involved. Hersh says that there is a U.S. general (unnamed) who has 24-hour access to Bush so that he can always be on top of every detail.

U.S. strategy is to defeat the "insurgency" via a Central-America death-squad policy, using Saddam's recreated Mukhabarat intelligence service, tightly integrated with the U.S. Army, Marine Corps, and special forces.

A big deal was made of the destruction of Fallujah, yet now the U.S. military-Mukhabarat combination is continually engaged in a "Fallujah," in one Sunni city after another. The difference is that it is not being reported, because embedded reporters have been removed from the U.S. units involved.

This Salvador model explains the appointment of John Negroponte as Iraq Ambassador, after his earlier well-known role in coordinating Central American death squads. Negroponte's promotion to Director of National Intelligence was intended to give a still higher profile to this death-squad policy in Iraq, says Hersh. (See InDepth, "Calipari Death: Is Negroponte To Blame?" for related article.)

### Likud Calls for Massive Assault on Gaza

As Palestinian National Authority President Mahmoud Abbas (Abu Mazen) was visiting China, Japan, and India, to seek support and financial assistance for a Palestinian state, the security situation in the Gaza Strip exploded between May 17 and May 20, with volleys of artillery fire from the Israeli Defense Forces, answered by mortar fire from Palestinian militants. By May 18, Israeli Prime Minister Ariel Sharon launched the first air attack on Palestinians in the Gaza Strip, since the tenuous ceasefire agreement was made at a Cairo meeting following the Palestinian elections, Jan. 9, 2005.

Extremist Likud Party member of the Knesset, Yuval Steinitz, then took the occasion to call for blood revenge against the Palestinians. "Israel should now embark on a Defensive Shield 2 operation in Gaza, in order to derail the Hamas's rise to power and the rehabilitation of terror infrastructures," Steinitz said. The Likud opposes both a Palestinian state, and Sharon's "Gaza disengagement."

The air assault on locations near the Israeli-Egyptian border, then led to mortar shells being fired at the Jewish settlements in Gaza, and in return, Israel killed one of those involved in the shelling. A total of 65 motor shells were fired, as well as

Qassam rockets. No Israelis were hurt.

Israel claims that the shelling of Israelis by Hamas is a retaliation against the Fatah faction of the Palestinian Liberation Organization, after a Palestinian judge annulled the elections in Rafah in the Gaza Strip, where Hamas did very well. But this is a much too simple explanation.

Sharon and his far-right wing are trying to sabotage the government of President Abbas, and have him slandered as a terrorist sympathizer, so that Israel can tell the U.S. that there is "no partner" with whom to discuss a peace agreement. This worked for Sharon while Yasser Arafat was alive, and Sharon hopes to make this a major theme when he attends the annual conference of the American Israel Public Affairs Committee (AIPAC). AIPAC is under investigation for obtaining classified documents from the United States. (See USA Digest for more on this story.)

### **Barak: Sharon's Policy Will Lead to 'Third *Intifada*'**

In an interview in Israel's *Ha'aretz* daily of May 20, former Israeli Prime Minister Ehud Barak slams Israeli Prime Minister Ariel Sharon's unilateral disengagement plan saying Sharon's policy will lead to a new *intifada*.

The interview details how Sharon refuses to face the reality that he has to withdraw from most of the territories and ensure the establishment of a Palestinian State. He said that Sharon is orchestrating a campaign to "mislead the nation." Barak said that Sharon's claim that he has an agreement with Washington for Israel to keep the settlement blocks, is simply not true: "Sharon is not telling the people the truth. He is treating us all as though we are infantile and incapable of debating our future." Barak went on to say that the key problem is that "there is no viable opposition and because the media are remaining mute.... There is no true reporting, and there is no true debate."

After the disengagement from Gaza, Sharon will not dismantle other settlements. "On the contrary. He'll go to the right, and say that the Gaza game is finished.... Let's close ranks. We'll protect Judea and Samaria against the lapdogs of the left." After this, Barak said, "There will be another round [of violence]. We will bury hundreds of people in a third *intifada*." In this future that Sharon is leading Israel into, more and more soldiers will die to protect the settlements.

Barak added: "The mothers will ask what we are doing there. The mothers will ask why their sons are being killed.... But then, after hundreds have been killed and billions of shekels lost, and after an internal rift, we will no longer succeed in preserving all the large settlement blocs inside Israel. At the end of the great shortcut, we'll find ourselves withdrawing to a line that is worse than the line to which we could withdraw now. We will find ourselves on a line that is very close to the Green Line." The Green Line is the 1948 border between Israel and Palestine.

### **Historic Visit of Iranian Foreign Minister to Iraq**

The visit of Iranian Foreign Minister Kamal Kharrazi to Iraq, the highest level such visit, has furthered the process of reconciliation of the two countries, whose devastating war from 1980-1988, left over a million dead. The war was encouraged by U.S. "Clash of Civilizations" engineers, such as Henry Kissinger, Zbigniew Brzezinski, and Dr. Bernard Lewis, the British intelligence transplant to the U.S., who steered the U.S. into arming both sides.

On May 18, Kharrazi met with his counterpart Hoshyar Zebari, as well as with Prime Minister Jaafari, President Talabani, and Parliament Speaker Hassani.

During the U.S.-appointed interim government of Iyad Allawi, Baghdad had repeatedly accused the Iranians of infiltrating "terrorists" into Iraq, etc. The current government, although also handpicked by the U.S. to a large extent, has realized that

it needs good relations with its Persian neighbor. Many of the Shi'ite members of government, who represent a majority, spent years in exile in Iran.

In a joint press conference with Kharrazi, Zebari said he had "no doubt this visit will open up significant new horizons for cooperation between the two countries. We must break with the past and open a new page," he went on, "build better relations in all fields based on mutual respect and noninterference."

For his part, Kharrazi went quite far in guaranteeing that Iran would patrol its borders, and "arrest infiltrators, because securing Iraq is securing the Islamic Republic." He also said, "We do not want Iraq to be a place for us to settle our differences with the United States. Whatever our relations with the United States may be, we think it is our duty to assist the Iraqi people."

## **Will Bush Administration Destabilize Egypt?**

Egyptian Prime Minister Ahmad Nazif met with George W. Bush on May 18, during a U.S. visit, where the Egyptian government hoped to placate U.S. neo-cons, who are demanding "democratization now." With Bush boasting that the U.S. was spending more than \$4 billion a year in supporting opposition groups in various countries, more and more countries see that Bush's policy is "democracy without sovereignty," but they are afraid to say it, fearing that they may get the Iraq treatment.

In an interview *USA Today* published May 16, Nazif said, "Nobody would disagree with President George Bush's call for deepening democracy," but "the pace is up to us." He added that Egyptians were "kind people," who, even though they think many Americans are not as nice as they should be, still want good relations.

Nazif challenged the opposition groups, who are clamoring for more democracy, to address the real issues: unemployment, the budget deficit, pension reform, etc. When asked about the Muslim Brotherhood, he said, "We will not allow political parties based on religion."

## **Nazif also met Secretary of State Condoleezza Rice.**

At the same time, Egypt's three main opposition parties, as well as the Muslim Brotherhood, which advocates religious law, announced that they would boycott a May referendum of the new electoral laws introduced by the government. The laws still make it very difficult—if not impossible—for a genuinely independent opposition candidate to run for office. The Wafd party, which is central-liberal; the Tagamu, a Marxist party; and the Nasserites said they would boycott the elections, and call on the population to follow suit. The Brotherhood issued a separate statement calling for a boycott "in agreement with the position of parties and national political forces which refuse to participate" in the referendum. Although the Brotherhood is officially banned, it is tolerated; it has 17 MPs elected as "independents." Observers reckon it could get up to 30% in free elections.

State Department spokesman Richard Boucher said the administration was aware of the opposition's complaints, and wanted to see what the Egyptian government planned to do. Bush had called for international observers to attend the September elections, but Egypt's judges unanimously rejected this monitoring as interference.

# **Asia News Digest**

## **EU Wants China To Improve Its Human Rights Record**

The European Union wants China to improve its human rights record as a quid pro quo for lifting arms its embargo to China, according to *India Daily* May 11. The EU delegation was in Beijing and a senior European member of the delegation told Chinese officials that Beijing must issue an amnesty for citizens imprisoned as a result of the 1989 Tienanmen Square protests if it wants the EU to lift the arms embargo in place since the crackdown.

While China does not like the EU butting in to its internal matters, for the time being the matter is being kept quiet. China needs European advanced weapons systems to modernize its military.

### **Indian Source: Saudis Back U.S. Against Iran**

According to an Indian source report, the Saudis have conveyed to Pakistan not to impede any U.S. plan against Iran. When U.S. Assistant Secretary of State Christina Rocca was in the subcontinent earlier this month, she used harsh words against Iran in her interactions with the Indian side, and also in Islamabad.

A diplomatic source pointed out that the Saudis are likely a little shaken up with the steady undermining of the Sunnis in Iraq, and also consolidation of the Shias in Lebanon. But, at the same time, the Saudis want to be discreet, and not openly align with the U.S. vis-a-vis Middle East affairs at this juncture.

### **Russia May Supply Nuclear Reactors to India**

During his recent visit to Russia, Indian Prime Minister Manmohan Singh was reportedly told by Russian President Vladimir Putin not to count Russia out as a future potential supplier of nuclear reactors. The Indian Premier had conveyed to Putin that India is planning to respond positively to the recent offer of nuclear reactors by Washington, conveyed through Secretary of State Condoleezza Rice. Putin pointed out that the Russian reactors were among the top three in the world in performance and safety features.

The source pointed out that Putin praised India's non-proliferation record, and said that it ought to be held up as an example before the world. Putin also clarified that while Russia has no intention of violating the non-proliferation treaty while giving nuclear technology to India, it was also committed to partner with it in the area of critical application of technologies.

### **EIR Rep Issues Bretton Woods Call in Manila**

*EIR* Asia specialist Michael Billington and Philippine LaRouche Society founder Butch Valdes convened a press conference in Manila, the capital of the Philippines, May 16, to present Lyndon LaRouche's call for a New Bretton Woods monetary accord.

Some 30 journalists attended the press conference, one of whom signed his name to the call immediately after listening to the presentations by Billington and Valdes. The full press conference was carried on the ABS-CBN network, which is the largest news-media network in the Philippines. Five TV stations covered the press conference. A government official attended and several long-time acquaintances of EIR turned out for the occasion. The conference continued a half an hour longer than scheduled.

### **Anti-China Forces Hail Taiwan Vote—Despite Abysmal Turnout**

The National Assembly election in Taiwan May 14 was lauded by the international press as a victory for the Democratic

Progressive Party of President Chen Shui-bian, despite the fact that the election had the lowest voter turnout ever in a Taiwan election—only 23%. The coverage in the *Taipei Times*, the Voice of America, and others played up impression that the election results mean that the pressure for Chen to improve cross-straits relations with mainland China has subsided, and that the stance of refusing reunification with China has now received credible backing.

The results of the elections were as follows: Chen's Democratic Progressive Party attained 42.5% of the vote, giving it 127 seats for the National Assembly. The Kuomintang Party attained 38.9% of the vote, giving it 117 seats. The Taiwan Solidarity Union attained 7% giving it 21 seats; and the People First Party attained 6.1%, thereby giving it 18 seats. These were the largest vote-getters.

### **Neo-Cons Furious Over KMT/Soong Meetings on Mainland**

Response to the Taiwan elections, reflected in the *Taipei Times*, was twofold. One piece exclaimed, "Finally an election to cheer about"; this one noted that 83% of the vote went to two parties in favor of constitutional reform. Those parties are the Democratic Progressive Party of President Chen Shui-bian, and the Kuomintang. The changes in the Five-Power Constitution that are being discussed, will effect how many legislators there are, how they are decided (which does away with seats allocated by a proportion of the vote), and what branch of government has the power to impeach the President. The one change that stands out, is allowing for the Constitution to be amended by public referendum.

The second *Taipei Times* piece that showed its true feeling about the vote, saying that this was "power to the people." Both the DDP and the pro-independence Taiwan Solidarity Union (Lee Teng-hui) hailed the outcome of the May 14 election as proof that the people of Taiwan believe the country's fate is in their hands. They also reported that the outcome of the elections conveys that "China fever" James Soong's and Lien Chan's recent visit to mainland China marked nothing significant in the mind of the population.

However that's too polite. In one of the editorial pieces of the *Taipei Times*, James Soong and Lien Chan are referred to as political puppets. "In order to save themselves from political marginalization, Lien and Soong have dashed to Hu for help, shouting 'One China' and 'One Chinese people' along the way. How is such behavior different from selling out?"

The *Epoch Times*, known for its opposition to the Chinese Communist Party, features the views of the famous political critic Ling Feng, saying, "I think Kuomintang may become a traitor in history." He was referring to Taiwan history. The *Asian Wall Street Journal* also had a piece dated April 27, titled "Lien's trip takes Taiwan down the wrong path." This article is also featured on the Dick Cheney/neocon Project for a New American Century website!

### **Media Spins Taiwan Elections**

Now that Taiwan's National Assembly elections are over, some international and Taiwan news agencies are trying to claim that the Democratic Progressive Party's victory means that Taiwan has sent a message to Beijing, that China was the loser, and that the "China fever," and the visit to Beijing of James Soong of the People First Party, and Kuomintang Chairman Lien Chan, had minor effects on the voting; and that the pressure is off Taiwan President Chen Shui-bian to improve relations across the Taiwan Straits.

The Taiwan News Online and the *Taipei Times*, which called Lien and Soong's behavior treasonous in regards to their visit to Mainland China, note that the Kuomintang (KMT) wants President Chen to clarify a few important things. But on the other hand, a rare editorial in the *Taipei Times*, by Weiming Julian Wang, states, "One can debate the politics of the unfortunate animosity between Taiwan and China all they want, but the fact remains that Taiwan can not live forever indebted to the U.S. and would never be a real winner once war breaks out." The writer also advises Chen, "The best way to show his love for Taiwan is to bring peace and prosperity to the region."



The first initial contact, took place when KMT Vice Chairman Chang Pin Kun met with Jia Qinglin, one of the nine-man Politburo standing committee. This was the first time that a KMT delegation had been on the Mainland since 1949. Lien and Soong's Mainland visit to improve cross-Strait relations, can be used to foil the neo-cons' endeavor to create chaos on the two sides of the Taiwan Strait. It is the kind of diplomacy that could improve relations, so that perhaps down the road, the parties can be looking at plans to link coastal cities to islands like Hainan, Macao, and Taiwan by undersea tunnels; this plan was shown at a Sino-Russian engineering technology seminar that was held recently in Beijing.

## **LaRouche Covered in Chinese Media**

Professor Su Jingxiang has published three articles, in recent weeks, about Lyndon LaRouche's views on the international financial system, and the need for a New Westphalia Treaty for achieving peace in China. The articles appeared in the Shanghai *Morning Oriental News*, the Beijing magazine *World Affairs*, and the internal Chinese edition of the *Economic Daily*.

Dr. Su was one of the participants in the Jan. 12-13 EIR seminar in Berlin on "Earth's Next 50 Years."

## **Africa News Digest**

### **Ghana News Agency Reports Zepp-LaRouche Call for New Bretton Woods**

"New World Economic Order Must Serve Man" is the headline of a story released by Ghana News Agency on its website, GhanaWeb, May 20, covering the call by Helga Zepp-LaRouche for a New Bretton Woods financial system.

The text begins: "Globalisation is a predatory form of capitalism that has shown itself beyond all doubts to be bankrupt on every front, whether economic, financial or moral, Schiller Institute's Chairwoman, Helga Zepp-LaRouche has said.

"An appeal being circulated around the world, a copy of which was made available to Ghana News Agency, said: 'The paradigm shift of the last four decades, a period in which the world economy increasingly abandoned manufacturing and gave itself over untrammelled speculation, now draws to an end.

""The world financial system is about to implode. Hanging over a gross production worldwide of mere 40 trillion dollars and accumulated physical capital, is a gigantic bubble umpteen times that size—2,000 trillion dollars worth of financial turnover....' [actually, 2,000 trillion speculative derivatives contracts per year—ed.]

"To prevent the world's people from suffering the untold harm that the breakdown of the system would unleash, a number of people have appended their signature to demand an emergency conference to be convened to agree upon a new financial architecture along the lines of the Bretton Woods System launched at Franklin D. Roosevelt's initiative in 1944."

The article goes on to report that signatories "'Stress that Lyndon LaRouche is the Economist, who has best grasped the causes of the systemic crisis, and who has moreover, put forward a package of measures that would adequately deal with it—a new Bretton Woods Agreement.' They further stressed that the Italian Chamber of Deputies has taken up LaRouche's proposal, and on 6 April 2005, voted up a resolution calling for 'an international conference at Heads of State level, in order to lay the basis for a new and just world monetary and financial system.'"

Ghana News Agency adds that the proposed "measures include: The immediate re-establishment of fixed exchange rates;

enactment of a treaty between governments, forbidding speculation in derivative products; debts should either be cancelled or reorganized; fresh credit lines should be opened by States to create full employment by investing in critical infrastructure and technological innovations."

It concludes by again quoting Zepp-LaRouche's call: "It is Man, who must stand at the centre of the economy, and accordingly, the economy must serve the common weal. The purpose of a new economic order is to guarantee the inalienable rights of Man."

### **Marburg in Angola: 'Situation Explosive, Terrifying.'**

"The situation is explosive, it's absolutely terrifying," according to Swiss doctor Gian Meyer, referring to the Marburg Fever outbreak in Angola, as reported in *The Star* (Johannesburg) May 18. Meyer had just ended a six-week stint there.

Aphaluck Bhatiasavi, World Health Organization (WHO) spokeswoman in Uige, in a telephone interview with the UN's IRIN service May 16, said, "We've seen new cases in new municipalities that don't have obvious links to earlier cases."

Adriano Duse, head of microbiology and infectious diseases for the South African National Health Laboratory Services, told *The Star*, "At least five dogs and two pigs were found dead with hemorrhagic manifestations because of the poor waste disposal." Duse had just returned from three weeks in Uige province.

*The Star* writes that "Duse witnessed ... the lack of isolation facilities in the impoverished province, the glaring lack of proper infection controls, the mistrust of the people, and a lack of political will from the country's health department."

According to the Angolan Ministry of Health May 18, the total number of cases is now 345 and the number of deaths is 319. Only those with positive lab tests are included in the counts. (The actual numbers are probably small multiples of these.)

### **Nigeria Suffers a 'Tsunami' of Child Deaths Monthly**

Nigerian Senate Whip Udoma Udo Udoma, chief of the Nigerian legislative delegation which went abroad seeking debt relief, told the press of the progress of the mission in Abuja May 9, "We made it clear [in the UK, U.S., Germany, and Italy] that we are not asking for a favor, but for what is our right, because a lot of these monies were obtained through conspiracies between Western bankers, Western industrialists, companies, and some Nigerian collaborators. Most of the money is still in the West; we have asked for the money to be returned, but they still have not, and insist that we pay interest on the money that never left their country. We ... made our point very strongly." This is an approximate representation of the "economic hit man" operations exposed by John Perkins' book, *Confessions of an Economic Hit Man*. Udoma seems to have omitted mention of the collusion of governments—a key part of those operations; his mission is to appeal to governments.

In his impassioned remarks, Udoma faulted the IMF's assessment that Nigeria's debt is sustainable, saying that one can't just look at export proceeds from crude oil, but must consider how great the social needs are. He said, "Unless you want every Nigerian to die of poverty so that we can pay the debt, ... the position is simply impossible." And, he added, "We pointed out to them that 79,500 children are dying every month before the age of five, which is about 1 million Nigerian children dying every year. These are not our figures; they are figures given by the UN International Children's Emergency Fund (UNICEF). This means that we have a tsunami in Nigeria every month; we pointed this out to them."

Yet, Udoma was optimistic: "Everywhere we went, they were very receptive, were happy that we went to talk to them."

They listened carefully and were willing to lend support and we are hopeful that something will come out of it." The mission is going next to France and Japan.

The Nigerian legislature wants unilateral action if necessary.

### **Bush Offer to Nigeria: Debt Cancellation for Taylor**

In his meeting with Nigerian President Olusegun Obasanjo May 6, U.S. President George W. Bush offered to cancel all of Nigeria's debts to the U.S. government, if Obasanjo will surrender former Liberian President Charles Taylor to the UN-backed war crimes tribunal in Sierra Leone. This was reported by Radio France Internationale according to the Monrovia, Liberia, daily *The Inquirer* May 9.

Taylor was given a promise of asylum, and escorted to Nigeria in 2003, by Presidents Obasanjo, Mbeki (South Africa), and Kufuor (Ghana), with U.S. State Department encouragement, as a way to end the civil war in Liberia.

### **Powell Defends Obasanjo on Taylor**

Former Secretary of State Colin Powell, speaking at a dinner in his honor hosted by the Leon H. Sullivan Foundation in Washington May 7, said that Nigerian President Obasanjo should not have been asked "to be unfaithful to the commitment he made" to provide asylum to Charles Taylor, in a successful effort to end the Liberian civil war, according to allAfrica.com May 10. "The United States was a full partner in that agreement," he told an audience of nearly 600, including Obasanjo, members of Congress, the African diplomatic corps, and senior administration officials. Powell said he consulted personally with Obasanjo to find a solution to the civil war.

"Ultimately, Charles Taylor will face justice," but for the moment, the agreement that was made must be respected, Powell said, according to the allAfrica account. "Obasanjo has pledged that he would send Taylor back to Liberia if requested to do so by an elected government there after elections that are scheduled for October," allAfrica added.

Powell said he was proud that the U.S. had substantially increased assistance to the developing world during George W. Bush's first term. But, he said, "it is not enough. Africa deserves much more, and we must do more for Africa." Obasanjo built upon Powell's remarks, saying, "There is still a lot you can do, a lot that humanity expects you to do, and particularly a lot that Africa expects you to do."

### **Pope: Europe Brought Corruption and Violence to Africa**

"We have to confess that Europe has exported not only faith in Christ, but also all sorts of vices, the sense of corruption, and violence that devastates" the continent, Pope Benedict XVI said May 13, in answer to a question at his first meeting with the clergy of Rome in the Basilica of St. John in Laterano. The question was asked by an African priest posted to Rome. The Pope also specified "abuse of the treasures of this Earth" and arms trafficking, as among the vices exported from Europe. He continued, "We Christians have to do everything possible so that along with faith, there also arrives [in Africa] the strength to resist these vices." He said that faith could help rebuild "an Africa that is happy, a great continent of new humanism."

### **Congo's Proposed Constitution Could Be Step Forward**

The National Assembly of DR Congo has adopted a constitution, according to BBC News May 14. It has already been passed by the Senate, and must now be approved in a referendum within the next six months. If ratified, the current

transitional government has until June 2006 to hold presidential and parliamentary elections.

The proposed constitution, according to BBC, limits the powers of the President, who will serve a maximum of two five-year terms, and allows a greater degree of federalism. *EIR* has not yet analyzed the text.

The proposal recognizes as citizens, members of "all ethnic groups" (BBC's language) present in the country at independence in 1960. With *EIR*'s caveat that we have not yet studied the actual language, this appears to be a major step forward. It apparently means that families of Rwandan origin who had taken up residence in DR Congo by 1960 for economic or political reasons, are citizens. This eliminates the necessity for this significant population in the Kivu provinces to look to Rwanda for support. They have been in citizenship limbo for years: It was granted, then taken away again. Whole books have been written about how to equitably solve this problem. This measure deals a blow to those among President Joseph Kabila's backers who have been promoting hatred of all Rwandophones. (Kabila himself so markedly differs with these of his backers on this point that he is rumored to have a Rwandan mother.)

## This Week in History

### May 23 - 29, 1861

#### James Eads, Lincoln's Riverboat Captain, Takes on the Mighty Mississippi

In the spring of 1861, President Abraham Lincoln called James Buchanan Eads to Washington, to consult with him on the Union's best offensive and defensive strategy for America's western rivers. Eads, born on May 23, 1820, was a cousin of the traitorous James Buchanan, but unlike his relative, he held strong pro-Union sentiments. More than any man alive at the time, Eads knew the potentialities and dangers of the western rivers, especially the Mississippi, and it was this knowledge that President Lincoln wanted to tap.

Eads had gone to work at an early age, but had the good fortune to work for a dry-goods store owner who let him use his library in his spare time. In 1838, Eads could resist the call of the Mississippi no longer, and became a purser on a steamboat which made the St. Louis-New Orleans run. In between his duties, Eads worked on inventing a diving bell, which he patented and which became very useful in the salvage business which he founded in 1842. In addition, Eads designed a twin-hulled boat, equipped with derricks and pumps, and convinced a St. Louis boatbuilding firm to produce it in return for a partnership in the salvage business.

The snags and sandbars in the western rivers brought many a steamboat to the bottom, and Eads became expert at rescuing their cargoes and, later, even raising the ships from the riverbed. In his salvage business, Eads learned valuable lessons about the strength of the Mississippi's currents, and about the characteristics of the other rivers he navigated, including the Missouri, Ohio, Tennessee, and the Cumberland.

Writing about one dive he made beneath the Mississippi, Eads wrote: The sand was drifting like a dense snowstorm at the bottom. "At sixty-five feet below the surface I found the bed of the river, for at least three feet in depth, a moving mass and so unstable that, in endeavoring to find a footing on it beneath my bell, my feet penetrated through it until I could feel, although standing erect, the sand rushing past my hands, driven by a current apparently as rapid as that on the surface, I could discover the sand in motion at least two feet below the surface of the bottom, and moving with a velocity diminishing in proportion to its depth." This finding was to serve him well in one of his later projects.

Eads became convinced that the destructive action of the Mississippi, and indeed all rivers, could be successfully

combatted. In 1856, when the Federal government abandoned its snag-clearing program, he submitted a proposal to Congress which stated that he would remove all the snags and wrecks from the Mississippi, Missouri, Arkansas, and Ohio Rivers, and keep the channels open for a set number of years. The new snag-clearing bill passed the House, but it was defeated in the Senate through the opposition of Jefferson Davis, who said that it would be a mistake to take up the proposal of a person "whose previous pursuits gave no assurance of ability to solve a problem in civil engineering."

Abraham Lincoln had no such problem in utilizing Eads' talents. When the President met with him in 1861, Eads stated that control of the Mississippi and its lower tributaries was the key to the war in the West. He proposed building a fleet of armor-clad gunboats, and when the War Department called for bids, he contracted to construct seven iron-plated steamships of 600 tons each, ready for their guns in 65 days.

Within two weeks, Eads had 4,000 men, in locations all over the Union, working on various aspects of the construction, and he launched the first gunboat, the "St. Louis," in 45 days, 20 days earlier than the contract stipulated. The other six followed quickly, and they were in service on the western waters months before the famous fight between the "Monitor" and the "Merrimac" in the eastern theater of war.

The little armored fleet, which could navigate in six feet of water, was put into service on the Tennessee River, where it helped capture Forts Henry and Donelson. The fleet then steamed to the Mississippi, where it captured the Confederate fortress of Island No. 10, defeated enemy ironclads in two stiff battles, and joined forces with Admiral Farragut's ocean-going warships at Vicksburg to cut the Confederacy in two. Farragut cabled the War Department, "Only give me the ironclads built by Mr. Eads, and I will find out how far Providence is with us."

As the Civil War was ending, plans were underway for expanding America's railroads. A railroad bridge, made famous by Abraham Lincoln's legal battle to establish its right to exist, already spanned the Mississippi at Rock Island, Ill., but there was no bridge on the wider part of the river near St. Louis. The Illinois Railroad had reached East St. Louis many years before, but freight had to be ferried across the bridgeless river. In 1865, Congress authorized the construction of a bridge at St. Louis, calling for a 500-foot center span and 50 feet of clearance. Twenty-seven of the country's leading civil engineers said the project was impracticable, but one of the construction companies hired James Eads as its engineer.

Eads proposed that the St. Louis Bridge be built with tubular steel arches, even though no structure of any kind had yet been made of steel. The center arch would rest on two piers sunk to bedrock, with another pier at each shore. The arches would carry a double-decked roadway, with carriages above and railroad trains underneath. To make the project even more daunting, the bed of the Mississippi fell off sharply from west to east, so that the easternmost pier might have to go down 100 feet or more to bedrock.

In 1869, Eads travelled to France to talk with a French engineering firm that might bid on the superstructure of the bridge, and while there, he inspected the construction of a deep-foundation bridge where the pneumatic caisson was in use. When he returned to St. Louis, Eads had William Nelson, who had built his old twin-hulled salvage vessel, construct the necessary caissons. But the French engineers had neglected to tell him about the serious medical problem known as "the bends."

As work on the eastern pier required the men to go deeper and deeper, several started to have painful cramps. Eads shortened shifts, required long rest periods, and enforced strict rules on nutritious diets and long overnight sleeping time, but in vain. When one of the workers died, Eads was horrified and called in his personal physician, Dr. Jaminet and added a floating hospital. The doctor himself, during an inspection of the caissons, was struck with the bends and, after his recovery, analyzed the problem. He hit on the solution of requiring slow decompression, and it saved the men's lives.

Captain Eads had promised that he would not block the Mississippi while he was building the bridge, but this presented a

difficult problem. Arched bridges were built by supporting the arch during construction by "centering;" that is, building timber supports for it in the river. Eads solved the problem by cantilevering the arches out from the piers, holding them suspended by cables and timber supports built on top of the piers.

This seemed to work well until one winter day he was notified that the arch ribs had begun to break and two tubes in the first span had ruptured. Eads sat down and thought the problem through, and concluded that the steel cantilever cables, which had not yet been removed, were probably contracting in the cold weather and in the process were pulling the steel ribs up and back. He told his assistant inspector to loosen the cables, and the rupturing stopped.

When the day came for the supporting cables to be removed, the riverbanks were lined with people wondering whether the bridge would collapse. But the huge arches settled safely into place, and on May 24, 1874, the highway deck was opened to pedestrians. In early June, the first locomotive crossed on the lower deck, carrying Gen. William Tecumseh Sherman, who drove the last spike on the Illinois side of the river. On July 2, Captain Eads demonstrated the strength of the bridge by running 14 locomotives and tenders back and forth across it. On July 4, a massive parade wound its way to the bridge portal, which bore the inscription: "The Mississippi discovered by Marquette, 1673; spanned by Captain Eads, 1874." In the shadow of the St. Louis Arch, the bridge still stands today.

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