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This Week You Need To Know

Helga Zepp-LaRouche:

Society Needs a New Paradigm, More Worthy of the Dignity of Man

Mrs. Zepp-LaRouche gave this speech to an EIR seminar in Berlin on Jan. 12. Lyndon LaRouche's keynote speech to the seminar appeared in last week's "Need To Know," and can also be found in this week's InDepth Feature.

I just want to, in a certain sense self-reflect, or initiate a process of reflection, because actually what we are trying to discuss here with this seminar, is a vision for the 21st Century. We are not talking just about geopolitics, financial crisis—all of this; but, in a very fundamental way, we are struggling with the question: How can we make mankind more human? How can we make the political order on this planet more worthy of the dignity of man? And that has gone completely awry.

Now, for me, even though I'm a full-blooded politician and I'm working on this perspective of what we are doing here in the LaRouche movement for more than 35 years, I still look at the world, and say, "How could we come to this point? What went wrong with this world, that we have come to a point, where two continents are dying—Africa and Latin America; other countries are in a terrible condition; we are faced with the danger of a global fascism, again?" And, me being German, it is not so long ago that in 1945, after the last great, Nazi tragedy had happened, people were asking themselves, "How could this happen?" And they were saying, there was a very clear determination, "Never again. Never again can this happen."

Now, Mr. LaRouche, this morning, illuminated for us what was the reason, or how this whole commitment to never again have fascism, got subverted. I mean, obviously, the most important strategic dramatic thing, was that Franklin D. Roosevelt died at the wrong moment. And therefore, the commitment to have, after the Second World War, the end of colonialism, and to establish a world of sovereign republics did not function. And instead, you had practically—in Germany there was no "zero hour," there was no "new beginning." Because, not Franklin D. Roosevelt determined who did the re-education in Germany, but it was McCloy, the Dulles brothers.

And therefore—and this is what detonates the remarks I want to make here—the thing which really, for a German is so unbelievable, is that the re-education was done in large part by the same people *who had financed Hitler to come to power*: the Eugenics Society in America, Harriman, people who actually endorsed Hitler's race policies; and when the Nazis went West first, changed their view—what Lyn was talking about this morning.

These were the same people, who, during the Second World War, started to pick up Nazis already, to incorporate them into their system, in the famous operation with Walter Schellenberg, François Genoud, the people who then transported the Nazis, after the Second World War, all over the world, including to Latin America: These were the same people who organized the de-Nazification program—but with what perspective? With the perspective, to basically destroy the

historical Classical roots of the German people in the Classical culture. The whole question of the Frankfurt School, the question of the Congress for Culture Freedom, put Germany—and not only Germany, also France, because John Train opened the *Paris Review* in France—the "Congress for Cultural Fascism" had, all over the world, influence in planting the seeds of this present world fascistic takeover....

InDepth Coverage

[.Links to articles from *Executive Intelligence Review*](#)

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Feature:

[Berlin Seminar Promotes a New Westphalia Treaty](#)

by [EIR Staff](#)

An international EIR seminar of political figures, economists, military, strategic analysts, regional experts, and intellectuals, was convened in Berlin on Jan. 12-13, to discuss the current strategic, economic-financial, and cultural world crisis and the perspectives for solving it through concerted international action for a 'New Treaty of Westphalia.'

- [LaRouche to Berlin Seminar: We Need a New Treaty of Westphalia](#)

Here is the keynote of Lyndon LaRouche to the EIR seminar in Berlin, on Jan. 12, 2005. He was introduced by Michael Liebig, executive director of EIR's European headquarters in Germany.

- [Helga Zepp-LaRouche:](#)

 - [Society Needs a New Paradigm, More Worthy of the Dignity of Man](#)

Mrs. Zepp-LaRouche gave this speech to the EIR Berlin seminar on Jan. 12.

- [Jeffrey Steinberg](#)

 - [LaRouche Embodies The American System](#)

EIR editor Jeffrey Steinberg spoke from the floor during the discussion on Jan. 12, in response to earlier comments, questioning the prospects of serious resistance to the Bush Administration from within the United States.

[In Commemoration of The Tsunami Victims](#)

This statement was proposed to the seminar by [Dr. M.K. Saini](#) from New Delhi.

Strategic Studies:

[Hersh Expose' Hits Cheney Cabal Like Political Tsunami](#)

by [Jeffrey Steinberg](#)

The Cheney-Rumsfeld-Wolfowitz cabal that runs the Bush Administration's military and national security agenda, was hit with the political equivalent of a tsunami on Jan. 17, with the publication of a story by investigative journalist Seymour Hersh in the Jan. 24-31 issue of *The New Yorker*. Hersh revealed that the Administration is working on plans to launch missile and commando attacks against as many as three dozen of Iran's suspected nuclear and chemical weapons facilities, perhaps as early as Summer 2005.

Economics:

Battle Over Social Security Could Make Bush a Retiree

by Paul Gallagher

Well before the President was inaugurated on Jan. 20, the Bush White House was geared up for a new, all-out election-style campaign with a new opponent—the Social Security system and the legacy of President Franklin D. Roosevelt. Since a Dec. 6 'roll-out' of Bush's intention to change Social Security old-age and disability insurance, into a system of private retirement accounts invested in Wall Street stock and bond funds, the President's chief priority and focus has been on this campaign. His Cabinet members and chief aides have been publicly deployed to push it. The impulsion is coming from Wall Street, faced with a dollar crash and urgently looking for a new source of cash to meet the \$2 billion/day flow now needed into the U.S. debt-and-deficit bubble.

Cato Institute: Predatory Clique Leads the Attack on Social Security

by Richard Freeman

No organization is more responsible for the forced-march drive to privatize Social Security—stealing trillions of dollars of its funds for Wall Street accounts—than the Cato Institute, a multi-million dollar Washington, D.C. think tank. During the past 20 years, Cato has had more than a quarter of a billion dollars lavished on it in contributions by the most powerful Wall Street banks, and largest right-wing think tanks—led by the ultra-right-wing Koch group of foundations. Cato has spent this money on a host of projects intended to destroy the sovereign nation-state and implement fascist economic austerity. But the lion's share has gone into the privatization of Social Security.

Don't Reform Maastricht: Dump It!

Report From Germany

by Rainer Apel

European leaders have to finally abandon the nation-killing straitjacket of the Maastricht Treaty.

On Jan. 17, the finance ministers of the Eurozone Group, which includes 12 European Union members, held their routine session the day before the meeting of all 25 EU finance ministers, in Brussels. It was expected that the sub-group around France and Germany would have the upper hand, with its call for a 'reform' of the Maastricht Treaty's budgetary straitjacket, and that this would have its impact on the all-ministers meeting on Jan. 18. What was not generally expected, was a defense of Germany's national interests by Chancellor Gerhard Schröder, published in an op-ed on Jan. 17 in the German-language edition of the Financial Times.

International:

Resistance Flares Worldwide To Bush's New Round of Wars

by Muriel Mirak-Weissbach

Days before George W. Bush's second inaugural speech, a political shot was fired against the neo-con agenda, which ricocheted around the world from the pages of the New Yorker magazine. Veteran investigative journalist Seymour Hersh, who was the first to reveal the Abu Ghraib prison torture, published a devastating expose' Jan. 17 of what the second Bush Administration plans to do—or is already doing—to continue its 'permanent-war' strategy.

Taras Vasilyevich Muranivsky and America

by Rachel Douglas

On Feb. 2, 2005, Prof. Taras V. Muranivsky would have turned 70. Our friend and colleague Professor Muranivsky died on July 17, 2000. The work he did, as leader of the LaRouche movement in Russia during the 1990s, still reverberates, in the urgent discussions of a new monetary system and Eurasian development, conducted by Lyndon LaRouche with leading intellectuals and political fighters from Russia, Europe, Asia, and the rest of the world. To honor the 70th anniversary of Taras's birth, we present here the message from Rachel Douglas of EIR and the LaRouche movement in the United States, delivered at a memorial meeting held in Moscow in the Autumn of 2000.

Pakistani Cauldron Bubbles Over

by Ramtanu Maitra

Despite accommodating all of Washington's demands to help the United States to fight its war on terrorism, Pakistan's President-cum-Chief of Army Staff, Gen. Pervez Musharraf, is not sleeping well. With two assassination attempts, and the suspected assassin, a junior Air Force officer, having 'escaped' from his Pakistani prison, President Musharraf is now virtually living in a bunker. Meanwhile, tribesmen along the Pakistan-Afghanistan borders are at war with the Pakistani Army, the gas fields are under attack by the Baloch tribes, and in the Northern Territories, where Pakistan meets Afghanistan, China, and the disputed state of Jammu and Kashmir, Wahabi and Sunni militants are baying for Shi'ite Ismaili blood.

Australia Dossier:

Australian Released from Guanta'namo

by Andrew Reed

Mamdouh Habib was tortured by the United States with complicity of the Australian government.

Australian citizen Mamdouh Habib will soon be released from the notorious Camp Delta in Guanta'namo Bay, Cuba, after languishing there without charges for over two and a half years. He was being held as an 'unlawful enemy combatant,' accused of training with al-Qaeda, and assisting with the Sept. 11 terrorist attacks.

National:

Interview: Scott Horton

Bush Team Revives Nazi Legal Ruses, Rejected at Nuremberg

by Edward Spannaus

Scott Horton is chair of the Committee on International Law of the Bar Association of the City of New York and lecturer in international humanitarian law at Columbia University. During 2002 and early 2003, when civilian lawyers in the Pentagon, working with White House lawyers such as Alberto Gonzales and David Addington, and Justice Department lawyers in the Office of Legal Counsel, were developing policy positions declaring that the Geneva Conventions did not apply to the Afghanistan conflict, and were loosening restrictions on methods of interrogation so as to violate U.S. military law, Horton was contacted by top lawyers in the military services who opposed these new policies, but whose voices were not being heeded.

Helmuth James von Moltke

Resistance Against Hitler's War Crimes

by Gabriele Liebig

The systematic disregard for international law reflected in the treatment meted out to Iraqi and Afghani prisoners of war by American personnel, both civil and military, has been compared with Hitler's 1941 'Commissar Order' and 'Barbarossa Edict' [see interview with Scott Horton, above]. But just as American military and retired military figures, as well as State Department officials, opposed the abuses and war crimes from the outset of the Iraq War, and are becoming increasingly outspoken today, so during World War II, Helmuth James, Count von Moltke, a key figure in the German resistance, did everything in his power, from his post in the Wehrmacht High Command (OKW), to prevent war crimes. Von Moltke also led the Kreisauer Circle in the resistance to Hitler.

Dems Put Hold on Nomination As Gonzales Stonewalls

by Edward Spannaus

In the face of continued, flagrant stonewalling by Attorney General-nominee Alberto Gonzales, Democrats on the Senate Judiciary Committee put a 'hold' on his nomination on Jan. 19, forcing at least a one-week delay in the committee vote. The White House had hoped to have both Gonzales and Secretary of State-nominee Condoleezza Rice confirmed by the full Senate on the afternoon of Jan. 20, immediately following the swearing-in of President Bush and Vice President Cheney. The White House was reported to be furious that its two most important Cabinet nominations were stalled.

- **From the Congress**

Dems to Ashcroft: Probe Ohio Vote Suppression

The House Judiciary Committee, of which John Conyers, Jr. (D-Mich.) is the ranking member, sent this letter on Jan. 14 to Attorney General John Ashcroft. It requests the naming of a special counsel to investigate the numerous documented cases of misconduct as the

election was carried out in Ohio. Ohio Secretary of State J. Kenneth Blackwell was responsible for administering the election, and was at the same time the co-chair of the Bush-Cheney Campaign in Ohio.

U.S. Economic/Financial News

Delta, Other Airlines Announce Huge 2004 Losses, Despite Vicious Austerity

The Jan. 19-20 announcements of 2004 earnings for four "legacy" airlines show huge losses for Delta. Draconian reductions in workforce, wages, and pensions by Delta and others in the last year, have been outpaced several times over by collapsing ticket prices, and fuel costs that are 67-75% higher than in 2003.

Delta reported a 2004 net loss of \$5.2 billion, versus a \$773-million loss in 2003. Even without extraordinary items, like the write-off of goodwill of its regional carrier, Comair (which cancelled 1,100 flights on Christmas Day), Delta's loss for the year would have been \$2.3 billion, or three times its 2003 loss.

During 2004, *Delta*: cut executive pay by 10% across the board; eliminated health benefits to employees who retire after Jan. 1, 2006; announced the elimination of 6,000-7,000 jobs by December 2005; announced plans to eliminate the Dallas-Ft. Worth hub; reduced pilots' base pay by 34.5% as of December; and stopped accruals to its defined-benefit pension plans in December, establishing a less valuable defined-contribution plan as of Jan. 1, 2005, among other cutbacks—and still lost \$5.2 billion in 2004!

American, the world's largest airline, lost \$761 million in 2004, compared to \$1.2 billion in 2003, but American's fourth-quarter loss is more than three times its fourth-quarter loss in 2003; the airline said higher fuel prices cost it \$1.1 billion in 2004. The carrier plans to eliminate 3,200 jobs in 2005.

Continental's net loss for 2004 was \$363 million, against net income of \$38 million in 2003. Continental cut \$900 million in costs in 2004.

Northwest reported an \$878-million loss for 2004, versus a net income of \$236 million for 2003, despite its announcement of progress in 2004 in cutting salaried workers' and pilots' benefit and wage costs.

United Airlines and *U.S. Airways* are already in bankruptcy, and have not yet reported.

U.S. Wages Continue To Fall, Despite Longer Hours Worked

Average hourly wages fell from 2003 to 2004, as did weekly wages, although workers put in more hours. These are the trends, when the figures are adjusted for inflation, announced Jan. 19 in the Bureau of Labor Statistics' Real Earnings report. From December 2003 to December 2004, U.S. average weekly earnings (approx. \$537 unadjusted), after deflation for the Consumer Price Index, decreased by 0.2%. Average hourly earnings over the same period declined 0.4% after inflation-adjustment. "That decline in real (inflation-adjusted) wages is the first in more than a decade, and the largest decline since 1992. A modest increase in the length of the work week was not enough to keep real average weekly earnings from falling as well," said Sen. Jack Reed (D-R.I.), in a press release. Reed serves Joint Economic Committee, which was established by the Employment Act of 1946, to review economic conditions and policy. The release adds, "Since job losses peaked in August 2003, average hourly earnings have *declined* by 0.6%, once inflation is taken into account [emphasis in original]. Corporate profits, by contrast, have grown by 41% under President Bush."

Michigan Continues To Shed Manufacturing Jobs

Michigan lost another 15,000 jobs in December alone, pushing the former industrial state's official unemployment rate to 7.3%—the highest level in a year. Losses were concentrated in retail, education, and health services, according to figures released by the state's Department of Labor & Economic Growth. But the grim picture is even worse, as the statistics include a "gain" of 4,000 manufacturing jobs due to workers recalled from short-term layoffs. Over the past five years, the manufacturing industry in Michigan has been decimated under free trade and outsourcing, losing a staggering 210,000 jobs—23% of the manufacturing workforce.

An economist, cited by the Detroit News Jan. 2, warned, "We have a serious systemic problem in the state of Michigan. We can't just blame the manufacturing industry, or the automakers."

California Educators Declare War on the Terminator

A coalition of the state's largest education groups, facing the loss of another \$2 billion from the amount to which they are entitled under a voter-approved funding guarantee, are meeting to map out a strategy for attacking Gov. Arnold Schwarzenegger over his proposed budget cuts, the *Napa News* reported Jan. 18. Beast-man Arnie not only wants to steal more money from schools next year, but has also proposed a cap on future state spending.

"We're ready for an all-out battle, absolutely," pledged Bob Wells, executive director of the Association of California School Administrators, adding, "We can't afford to be intimidated."

Last year, educators caved in to the Governor's demand to accept \$2 billion less than they were supposed to get, with Schwarzenegger promising to restore the lost funds and not make any more cuts.

The education coalition is launching a three-pronged attack: mounting a media campaign aimed at voters; mobilizing legislators; and directly confronting Schwarzenegger's administration.

World Economic News

Hot Money Surges Into Emerging-Market Nations

The flow of private money into 29 "emerging market" nations hit the level of at least \$279 billion in 2004, which is more than double the level in 2002, and heading upward. The peak year was 1996, at \$322 billion, before the 1997 "Asian flu" crack in the world monetary system. The flow represents so-called "private capital," less outflows and repayments. These figures were released Jan. 19, in a new report by the Institute of International Finance, Inc., which represents more than 300 banks and many additional financial houses.

The 2004 "direct investment" flows include a heavy component of speculation, as in the hot money going to China; and also a significant grab of assets of all kinds, including natural mineral resources, as well as farmland, water rights, etc., especially in Brazil and Argentina (a new world food-export center), and Turkey.

The breakdown given in the new report estimates that nearly half of the \$279 billion is going into plants, equipment, and businesses, rather than into stocks and bonds, according to Yusuke Horiguchi, the Institute's chief economist. The other half includes lots of hot money flows into China, especially during the fourth quarter of 2004, with bets of various kinds on whether the fixed exchange rate will be dropped. Also identified is Russia, where banks have been borrowing money

abroad, to speculate on a rise in the ruble.

"There could be a dimension of a bubble," said Institute managing director Charles H. Dallara at a press conference.

The geographic breakdown of the money flows: \$146 billion to Asia-Pacific; \$97 billion to Europe's "emerging nations"; \$26 billion to Latin America; \$9.2 billion to Africa and the Middle East.

Bank of England Fears Another Derivatives Disaster

"The Bank of England is stepping up its attempts to prevent another Barings-style financial catastrophe by strengthening its team that monitors emerging threats to the system," the *London Guardian* reported Jan. 18, adding, "The Bank has expressed concerns over the past year that the rapid rise in the number of hedge funds and the ever-increasing size of the derivatives markets could represent a potential threat to the stability of global financial markets. A team will be redeployed from the Bank's trading division and built up into a market intelligence team led by Paul Tucker, a member of the monetary policy committee." The *Guardian* also reports that in order to "minimize the impact of any financial crisis, the Bank has been running through possible disaster scenarios with the FSA [Financial Services Authority]."

A City of London insider noted to *EIR*, that these moves by the BoE follow intense rumors on London's financial markets during December, that a worldwide operating company had been hit by a large derivatives disaster. The source then pointed to another potential time bomb in the present financial system—corporate bonds. In order to get higher yields than those offered by U.S. Treasuries, hedge funds and other speculative investors have massively bought up corporate bonds recently, thereby increasing the prices and lowering the yields of such corporate bonds. A situation has emerged in which corporate bond yields no longer reflect the much higher risk which they incorporate. However, any single problem in the corporate bond market could trigger a panic flight.

London's *Financial Times* observed Jan. 17 that "investors are braced for turmoil in the corporate bond market after hints of a possible downgrade for General Motors, one of the world's largest borrowers. The troubled U.S. carmaker, which has \$291 billion of debt outstanding, including tens of billions of dollars in bonds, is teetering on the edge of junk status. A downgrade would have serious repercussions, because many funds are only allowed to hold investment grade debt."

Mahathir: It's Time To Review Ringgit Peg

Malaysia's former Prime Minister Dr. Mahathir bin Mohamad was the architect of Malaysia's successful currency peg in 1999, which has effectively protected the nation's economy for more than six years. But Dr. Mahathir is now calling for a review of the peg, due to the weak U.S. dollar, which has caused the ringgit to depreciate against major currencies, according to the *Malaysia Star* Jan. 20.

Mahathir met Jan. 20 in the capital, Putrajaya, with journalists, following a meeting with economist Joseph Stiglitz from Columbia University. Mahathir said that, while dollar depreciation had little impact on Malaysia's imports from the U.S., it was now costlier to buy products imported from Japan, Europe, and elsewhere.

The *Star* reported, "From the onset, Mahathir, who had served as the country's former Finance Minister, said: 'we have said that although we have a fixed exchange rate, we can fix it at any level we want. That is the most important thing ... the freedom to fix the exchange rate.' "

WHO: Bird Flu May Mimic Spread of 1918 Flu Pandemic

The evolution of the avian flu virus may favor the pattern of the deadly human influenza pandemic of 1918, the World Health Organization warned Jan. 20, in a new six-page report issued by the Secretariat. The current situation "may resemble that leading to the 1918 pandemic," in which more than 40 million people died, the UN health agency cautioned in its latest report, "Influenza Pandemic Preparedness and Response." The death toll from the H5N1 avian virus endemic in Asia stood at 32 as of Jan. 5, out of 45 confirmed human cases, which were contracted by persons in close contact with infected fowl, or who ate infected chicken. Several instances of possible human-to-human transmission are being investigated in Vietnam. Whatever these specific cases, WHO stresses that recent epidemiological and laboratory studies reveal unusual features that "suggest that the virus may be evolving in ways that increasingly favor the start of a pandemic."

New Alert Issued for Avian Flu in Two Thai Provinces

Thai officials announced a high alert Jan. 20 for new avian flu outbreaks in two provinces, where a 21-day surveillance regime has been imposed, under which no poultry can be taken in or out. The outbreaks involve 50 chickens in the central province of Phitsanulok; and 20 fighting cocks in the eastern province of Rayong. All told, some 100 million chickens have been culled to date throughout Thailand and Vietnam combined, because of the lethal avian flu of the H5N1 strain, identified in the region a year ago. In Vietnam, at least six people have died over the last month; another patient remains ill; and 10 more cases are suspected.

United States News Digest

Democrats Hold Up Gonzales Nomination

Democrats on the Senate Judiciary Committee put a "hold" on the nomination of White House Counsel Alberto Gonzales to become U.S. Attorney General, forcing a one-week delay on the Committee vote. News reports do not indicate who put the "hold" on, but *EIR* was told on Jan. 18 that Sen. Edward Kennedy (D-Mass) was intending to do so.

Kennedy said that Gonzales had failed to answer critical questions, and that he had failed to search his files. "These are very important questions and issues on torture. I do not think our Committee would be satisfied with the answers given," Kennedy said. "These are very arrogant answers." Committee chairman Arlen Specter (R-Pa) reportedly said that he would consider asking Gonzales to supplement his answers.

According to *Bloomberg*, Specter said that he hopes to avoid a party-line vote—an astounding statement in that, up until now, it has been assumed that almost all Senate Democrats would reluctantly vote for Gonzales's confirmation.

Judge: Gitmo Prisoners Can't Challenge Their Detention

Almost seven months after the U.S. Supreme Court ruled that detainees at Guantanamo must have access to the Federal courts to challenge their detentions, a Federal judge in Washington, D.C. refused to grant seven prisoners' applications for writs of *habeas corpus* that would allow them to do just that.

Judge Richard Leon, appointed to the bench by President Bush in 2002, retained one case involving seven detainees—six Algerians and one Frenchman—although all other cases from around the country were consolidated under one other judge in Washington after last June's Supreme Court decision. Leon's action in keeping control of this case, was viewed by observers as a way of ensuring that there would be at least one pro-Administration ruling. Judge Joyce Hens Green, who has the other cases involving 54 prisoners, is viewed as more skeptical of the government's "don't-give-an-inch" stonewalling.

Eugene Fidell, president of the National Institute of Military Justice, noted the paradox of Judge Leon's ruling: that "the Supreme Court said you can come in the courthouse door, but you don't have any rights once you're inside.... It's clear these detainees have some substantive rights, besides entering the courthouse and dropping some papers on the clerk's desk."

Bizarre Alliance Meddling in Choice of New DNC Chair

According to the Jan. 20 edition of the *L.A. Weekly*, the candidacy of former Indiana Congressman Tim Roemer for Democratic National Committee chair has been torpedoed by a bizarre alliance: women's groups, who oppose him because of his soft stance on abortion rights; and the American Israel Public Affairs Committee, which has circulated a list of what it claims are 22 "anti-Israel" Congressional votes by Roemer. Not even AIPAC's embroilment in accusations that it is at the center of a spy ring within the Pentagon has kept the organization from running a slash-and-burn lobby against Roemer, with the threat that Jewish donations to the Democratic Party will be shut down if he is elected chair.

The *L.A. Weekly* repeats the report now being heavily pushed in the media, that former Vermont Governor Howard Dean will emerge as the front-runner for DNC chair if Roemer's candidacy is sunk. Former Texas Congressman Martin Frost is considered the choice that the party's leadership is rallying around to stop Dean. The DNC will meet in Washington Feb. 10-12 to choose the new chair.

Torture Still Taking Place at Guantanamo

Two attorneys who have just returned from Guantanamo, where they were finally able to visit their clients—12 Kuwaiti citizens—after having represented them for almost three years, on Jan. 19 described the horrendous conditions under which prisoners are held at the U.S. base in Cuba. Speaking at a press conference sponsored by the Kuwaiti Family Committee and the National Press Club, attorney Thomas Wilner said that all of his clients have been physically abused. No matter how you define torture, "the treatment of these men has crossed the line," Wilner said. "These men have been tortured, make no mistake about it."

Wilner said that there are two types of abuse: (1) physical abuse, "which we call torture," and (2) psychological abuse. Wilner said, "I believe there is still some physical abuse occurring. I think it is probably more intermittent and less systemic than before. I have no doubt that initially, it was systemic and a matter of policy. I think there is still some going on." Describing the conditions under which detainees live, Wilner said that he had visited convicted murderers in U.S. prisons, "and they live in palaces compared to this." And of course, the Guantanamo detainees have not been convicted of anything.

Kristin Huskey, another attorney from Wilner's firm (the D.C. office of the Wall Street law firm of Shearman & Sterling), said that all the detainees are "startlingly thin," and have complained of poor medical care, but their biggest complaint is the "disgracing of Islam" by interrogators and military personnel, including the throwing of a Koran into a toilet. They all said that torture is occurring, Huskey said.

Wilner was a lead attorney in the case decided by the Supreme Court in June, which held that Guantanamo detainees must have access to the courts. Yet it took them six months to be able to see their clients, and even now, their notes of their discussions with their clients are classified. And the government strategy is still to stall and delay, to prevent the detainees from getting their day in court.

Bush's Proposed Immigration Reforms DOA

In a number of recent interviews, President Bush promised he would get his "guest worker" reform through Congress as a priority this year, but no one—especially Republicans—believes any such thing will happen. "No issue, not one, threatens to do more damage to the Republican coalition than immigration," in the view of former White House speech writer David Frum. Republican Senators Larry Craig of Idaho and Chuck Hagel of Nebraska told the Jan. 18 *Los Angeles Times* that the Congressional plate is "just too full" already, and, as Hagel said, immigration reform "is a very bloody issue within the Republican Party."

Outgoing Homeland Security Director Tom Ridge told Mexican Interior Minister Santiago Creel, when they met Jan. 18, that the Bush plan faces strong opposition. He pressed Creel on the idea of joint Mexican-U.S. enforcement along their border against illegals, to which Creel reportedly responded, in effect, that Mexico might consider such a move—if a temporary migrant worker plan is adopted.

Will U.S. Have Enough Flu Vaccine Next Year?

Doubts are rising as to whether the U.S. will have enough flu vaccine next year, after Chiron CEO Howard Pien told the press that British health regulators extended the license suspension of Chiron's Liverpool, England plant until April 2005. Chiron was the vaccine manufacturer which, because of bacterial contamination, lost nearly half of the total U.S. influenza vaccine expected for the 2004-05 flu season. The Emeryville, Calif.-based company said vaccine production must begin in March for fall delivery, but Pien said an April start-up might be early enough for the 2005-06 season.

Pien, who was interviewed at a hotel where he had addressed investors at the JP Morgan Health Care Conference last week, said there was no way to forecast how much vaccine Chiron could produce, and he didn't rule out the possibility of future problems in the plant. Pien said 70 experts were implementing a "remedial plan" at the plant, involving new construction, employee training, overhaul of manufacturing systems and changes in safety testing. He noted that companies in similar situations "have taken years" to bring factories up to snuff. Hopefully, the U.S. Centers for Disease Control and Prevention and the U.S. Health and Human Service agencies, which knew and ignored Chiron's problems—despite warnings of an impending influenza pandemic—will act faster this time to locate other vaccine suppliers.

Rumsfeld, Army in Brawl Over Special Ops Reorg

As part of his effort to turn the military's Special Forces into hunter-killer teams, Defense Secretary Donald Rumsfeld is in a "bureaucratic brawl" with the Army, over Rumsfeld's plan to shift thousands of Civil Affairs specialists out of the Special Operations Command, into the regular Army. Civil Affairs has been a key component of Special Warfare since the late 1950s, and represents the "soft" side of counterinsurgency—what is now often called "nation-building."

The Jan. 16 *Washington Post* account of this, notes that this reflects Rumsfeld's overall push for Special Forces troops to concentrate on aggressive actions against terrorists. Some Special Operations officers think that short-term "direct action" missions to capture or kill terrorist suspects, are being overemphasized, to the detriment of more important long-term missions such as training foreign militaries, and winning hearts and minds with aid projects.

The Army strongly opposes Rumsfeld's plan to move Civil Affairs, saying: "Any reassignment of forces will undermine the systems and relationships carefully developed between the Army and the United States Special Operations Command since the mid-1980s. This would not be wise, given our involvement in current operations and the global war on terrorism."

Higher-Ups May Stand Trial for Abu Ghraib Atrocities

During the trial of Specialist Charles A. Graner, Jr. several witnesses testified that Col. Thomas M. Pappas, commander of the 205th Military Intelligence Brigade and the highest-ranking military intelligence officer at Abu Graib, and Lt. Col. Steven Jordon, senior Military Intelligence Officer and the head of the Joint Interrogation and Debriefing Center at the prison, had either known about or specifically encouraged torture. Graner himself named these two, as well as Capt. Donald J. Reese, Capt. Christopher Brinson, and 1st Lt. Lewis Raeder, as having given orders to mistreat prisoners, especially those described as "intelligence holds."

Paul Bergrin, a Newark, N.J. lawyer representing Sgt. Javal Davis, whose trial begins on Feb. 2, said that when he asked a military judge to allow testimony by Colonels Pappas, Jordon, and others at Davis's court-martial, he was told they could not testify, because the prosecutors planned to charge them. It was reported in the *Army Times* Jan. 17 that Bergrin's witness list did include Brig. Gen. Janis Karpinski, who was then in charge of Abu Ghraib.

Pentagon Awards New Contracts to CACI, Titan

The Department of Defense has awarded juicy new contracts to CACI International and Titan, companies implicated in the Abu Ghraib torture scandal. One CACI employee and two Titan employees are being sued over allegations of abuse at the Iraqi prison, including such crimes as using dogs to scare prisoners, placing detainees in unauthorized "stress positions," and encouraging soldiers to abuse prisoners. Army Private Charles Graner has just been sentenced to ten years in prison for similar crimes. But the Pentagon has awarded CACI a \$16-million renewal of its contract, while Titan has been awarded a new contract for \$164 million.

CACI employee Steven Stefanowicz was charged with giving orders that "equated to physical abuse." Titan employees John Israel and Adel Nakhla were charged with lying under oath and raping an Iraqi boy.

Ibero-American News Digest

Colombia-Venezuela Crisis Feeds Cheney-Rumsfeld Regional War Drive

The eruption of political, economic, and social chaos in South America's Andean region this past month, demonstrates how quickly the Synarchist financier interests and their left/right thugs are moving to drive the Western Hemisphere into "ungovernability" and war, the policy exposed in an article in last week's *EIR Online* entitled "Rumsfeld Prepares 'One, Two, Many Pinochets' in the Americas" (see *Indepth*).

It is only from the standpoint of that policy intention that the break in trade relations and potential for outright conflict between the neighboring nations of Venezuela and Colombia can be correctly evaluated.

With the apparent blessings of the Bush Administration, the Uribe government in Colombia in mid-December paid reward money for the capture in Caracas of fugitive Rodrigo Granda, who called himself the "Foreign Minister" of the narcoterrorist FARC. Despite his criminal status, Granda had been granted Venezuelan citizenship, and was attending a "Bolivarian" continental meeting in the Venezuelan capital sponsored by the Chavez government. Granda was reportedly seized on the street, and transported across the border into Colombia, where Colombian authorities took him into custody.

Charging that Granda was "kidnapped" by bounty hunters, who were "bribed" by the Colombian government, and that Venezuela's national sovereignty was violated by Colombia, President Hugo Chavez recalled his ambassador to Bogota, and froze all economic and trade relations, and, on Jan. 14, dramatically demanded an admission of culpability, and a personal apology from Colombian President Alvaro Uribe, before relations could be reestablished. Uribe countered that

Venezuela's longstanding practice of harboring terrorists like Granda has violated *Colombian* sovereignty, and is demanding a multinational face-off on the issue. He says he will make public the names of seven other FARC leaders now in Venezuela, and the presence of FARC camps there.

Chavez's Attorney General announced he is considering pressing formal charges of kidnaping against Colombia's Defense Minister—and then requesting his extradition to Venezuela. Venezuelan troops are mobilized along the Colombian border, and Chavez's political party is revving up its Jacobin ranks for demonstrations against Colombia in coming weeks. Meanwhile, the Colombian population is closing ranks around Uribe, while on Jan. 15, U.S. Ambassador to Colombia William Wood endorsed Uribe's action, prompting Chavez to accuse the U.S. of "a conspiracy to undermine South American unity."

Despite offers from Brazil and others, to facilitate "a dialogue" between Colombia and Venezuela, the crisis threatens to spill across other Andean borders. For example, it is known that the FARC's Granda had illegally acquired citizenship papers in Ecuador, and had been living there with his wife for some time. Ecuador is also where another leading FARC terrorist, "Simon Trinidad," was discovered and detained. Ecuador's border with Colombia has proven as geographically and politically porous as Venezuela's.

The day after George Bush's Jan. 20 Inaugural address promising the United States will fight "tyranny" anywhere and everywhere, the Americas editor of the *Wall Street Journal*, Mary Anastasia O'Grady, published a call for the Bush Administration to use the Granda case to turn its sights on Venezuela, and declare the Chavez regime a state sponsor of terrorism—with all the military adventures such a designation could bring with it. There have been unconfirmed reports in the U.S. for some time, that anti-Chavez Venezuelans are training "urban warfare" paramilitary forces for a Bay of Pigs-style invasion scenario against the Chavez regime. Such reports cohere with U.S. Defense Secretary Donald Rumsfeld's demand, at last November's Defense Ministerial of the Americas in Ecuador, that the existence of growing areas of "ungovernability" in Ibero-America be used to legitimize the concept of limited sovereignty, and demand multinational interventions across national borders.

Will Bolivian President Mesa Be Overthrown?

EIR's warning, in its July 9, 2004 issue, that the Cheney-allied neo-conservatives at the American Enterprise Institute were deliberately fomenting the disintegration of the nation of Bolivia, in order to blow up all of South America, is now seen playing itself out in the country. The pincer movement of *cocaleros* vs. the Santa Cruz oligarchy described there, is precisely what is being thrown against Bolivia today.

At the end of two weeks of mass protests, triggered by fuel-price increases decreed by the government (see last week's *Ibero-American Digest*), the government of President Carlos Mesa offered to reduce the increase in the price of diesel fuel from 23% to 15%, but the Santa Cruz Civic Committee, which represents the financial, oil, and business interests of that region, still refused to call off their strike. Demonstrators took over a dozen public buildings in the city of Santa Cruz on Jan. 20, and some 200 hunger strikers from the city's upper class, then set up operations in the buildings. The military this morning took over the local oil refinery and Santa Cruz airport.

Heating up the situation are:

1. The charge by the radical COB labor federation that former President Sanchez de Lozada—ousted in October 2003, after he ordered the military to shoot protesters in the middle of a similar mass strike—had flown back to Bolivia, to run the Santa Cruz operation (his party's base), and organize for a military coup. Spokesmen for both the (anti-Sanchez) government and Sanchez's MNR party deny the report.

2. The announcement by *cocalero* leader Evo Morales that he intends to meet Hugo Chavez when the Venezuelan Synarchist President visits Bolivia in March, at the invitation of the government, and he has invited Chavez to address a mass meeting of *cocaleros*, because they want Chavez's advice on how to control the planned Constituent Assembly in Bolivia, given Chavez's success in rewriting the Venezuela's Constitution. [Nota bene: Chavez's Constitution is based upon the theories of Hitler's Crown Jurist, Carl Schmitt.]

The hierarchy of the Catholic Church has offered to mediate between the parties to end the crisis, but the President's problem is that his always-small political base is disappearing. Congress, a majority of whose members oppose the President, censured four of Mesa's cabinet ministers on Jan. 20; now he has to decide whether to dump them, or defy Congress.

A Bolivian diplomat in Washington, D.C. confirmed on July 21 that Mesa's Presidency is on the line. He called the President's situation "very complicated." We are under great pressure, and it's not clear exactly where it is all coming from, he said, pointing to the "strange" alliance of Evo Morales's *cocaleros* and the Santa Cruz oligarchy. "Our hands are tied."

Maras Crisis Building Up in Central America

In the wake of the Christmas massacre of passengers on public bus in Honduras, by a group of members of *maras* (gangs under the control of organized crime and the drug trade), public bus drivers who service a large, poor neighborhood of over 200,000 in Guatemala City, Guatemala, went on strike Jan. 18, demanding the government guarantee their safety from the *maras*. The strike was provoked by death threats delivered to bus drivers and inspectors who refuse to pay an increase in the "war tax" the *maras* "charge" on every run in and out of the neighborhood of El Milagro. The *maras* are demanding that the bus inspectors collect the "tax" from the drivers for them! Guatemala's National Police—a force only 21,000 strong in a country of nearly 12 million—are now providing bus service for El Milagro, but even with reinforcements of 5,000 soldiers in major cities, they can't possibly guarantee protection in any part of the country.

A team of FBI agents, with California law enforcement officials included, will be visiting Central America this month, to compare notes. El Salvador's Bush-loving, free-trade President Tony Saca on Jan. 17 called for a regional response modelled on his "Super Hard-Line" policy, suggesting that a U.S., Mexican, and Central American summit on the *maras* be held.

Italy Threatens Sanctions vs. Argentina Over Debt Restructuring

Italian Deputy Foreign Minister Giampaolo Bettamio, from Premier Silvio Berlusconi's Forza Italia, told Argentine Ambassador Victor Taccetti that if the majority of bondholders "reject Buenos Aires' unilateral proposal, this will cause an unprecedented international conflict which will force the Group of Seven, the IMF, the Club of Paris, and the European Union's Council of Ministers to intervene to make Argentina respect international rules." Bettamio didn't rule out that the EU might impose sanctions on Argentina, "as was done with Libya and Cuba."

Simultaneously, after hearing a presentation from vulture fund representative Nicola Stock, the Italian Banking Association (ABI) voted to reject the Argentine restructuring offer. Speaking on behalf of the bondholders' Task Force Argentina, Stock said the Argentine offer was no good because it didn't "respect the criteria of equality among creditors."

As Taccetti pointed out, the ABI and Stock want the restructuring proposal to fail, because they fear that passage of a bill now before the Italian Parliament, which holds the banks co-responsible in the Argentine default, will force them to fork over money to the pensioners and other small bondholders whom they cheated. Congressman Guido Rossi has sponsored a bill which would make the banks pay Italian bondholders at least 50% of the capital they invested in Argentine debt paper.

The bill has already been voted up in committee, but it's unclear whether it will pass the full Parliament, as it is opposed by Berlusconi.

Noteworthy is the fact that an Italian court recently ordered the Venice branch of Deutsche Bank to repay a couple the entirety of the amount they had invested in Argentine bonds in 1998. The court ruled that Deutsche Bank was responsible, as it had not informed its clients of the risky nature of the bonds. The Jan. 19 edition of *La Nuova Venezia* reported that the court rejected the bank's argument that the couple were seasoned investors and should have known about the risk.

Brazil Raises Interest Rates, as Debt Soars

Brazil's Central Bank raised the benchmark interest rate 0.5% on Jan. 20, to 18.25%, a rate which is said to be the highest real interest rate (interest minus inflation) of any nation in the world. This was the fifth increase in as many months, a 2.25% increase since September. Although Economics Minister Antonio Palocci defended the decision, reports are that he and President Lula da Silva are getting worried. The political costs of the Central Bank policy are rising, as leaders from every major industrial, commercial, and trade-union federation in the country issued statements protesting the increase, as a measure which favors only speculative interests, not those who produce.

Every hike in the interest rate also jacks up the government's total debt. The Federal government's total public domestic debt rose by 11% in 2004—just under \$30 billion—in large part because of Brazil's usurious interest-rate levels. The impact is exacerbated by the fact that over half—52.5%—of all Federal domestic bonds offer floating interest rates. The debt increase over the year would, in fact, have been greater, except that some 10% of the debt is dollar-indexed, and the real has revalued relative to the dollar by 18.5% since May 2004.

City of Sao Paulo Is Bankrupt

The world's third-largest city, Sao Paulo, Brazil, is bankrupt, *Folha de Sao Paulo* reported Jan. 20. Officials of the new administration, which took office on Jan. 1, insist the city won't default, but they called in its largest suppliers on Jan. 19, and asked them for "tolerance," because they won't be paid back debts for at least two to three months. Mayor Jose Serra told TV Globo that he has 1 billion reals to cover 6 billion reals in expenditures. The city's financial secretary called the financial numbers "frightening." All payments have been frozen, except those for health and education programs, which are required by the Constitution.

Western European News Digest

Iraqi Prisoner-Abuse Scandal Breaks in Britain

The Jan. 19 British press is full of shocking photos of at least three soldiers of the Royal Regiment of Fusiliers brutally abusing Iraqi prisoners. The photos were presented as evidence in the court martial of the three, being held in Osnabruck, Germany. The abuse took place in Basra, southern Iraq, in the British-occupied zone. The British forces were "rounding up" alleged thieves of humanitarian aid. The soldiers were charged by their superior officer, Maj. Daniel Taylor, with "working them [the alleged Iraqi thieves] hard." The photos show prisoners, tied up in nets, huddled on the ground, and in simulated sexual acts.

It is also reported that almost 800 British soldiers have been wounded in Iraq.

French Labor Unions Oppose Privatization

A week of action began in France Jan. 17, with one-day strikes and protests of hospital personnel, and of electricity and gas workers. Postal workers joined Jan. 18; railway workers were to stage their day of action on Jan. 19; surgeons and other medical personnel at general hospitals were also to join in.

On Jan. 20, public-sector employees, including teachers and university personnel were to stage protests and strikes, and all labor federations have announced, already, a national day of action for Feb. 5.

The government official most to blame for these privatization projects, is former Finance Minister Nicolas Sarkozy (now party chairman of the governing UMP), who is one of the most rabid neo-cons in French politics.

Airbus Group Unveils Prototype of World's Largest Airliner

The A380, a European airliner designed for long-distance flights, will be able to transport 555 passengers in its two-class version, 33% larger than Boeing's 747 "jumbo" jet. An all-economy-class A380 could transport 800 passengers. The price of one Airbus 380 is \$280 million, and the company already has 149 orders from airlines. Airbus intends to sell 750 of the new airliner over the next few years.

The unveiling ceremony, which took place in Toulouse on Jan. 18, also provided a platform for an informal European summit, as the leaders of France, Germany, Spain, and Britain attended.

Schiller Institute Fields Candidates for Danish Parliament

Danish Prime Minister Anders Fogh Rasmussen on Jan. 18 announced a the three-week election campaign, which he had planned to call in early January, but postponed because of the Asian tsunami tragedy.

Two Schiller Institute activists will run as independent candidates: LaRouche Youth member Feride Istogu Gillesberg is running in an election district comprising one-third of Copenhagen, and is expected to file 200 nominating signatures shortly.

Schiller Institute activist Janus Cramer Moeller is collecting signatures in Aarhus, Denmark's second-largest city, located on the Jutland peninsula.

The campaign will focus on the international financial and economic crisis, and the need to end poverty in the poorer countries of the world. The thrust of the campaign will be to recruit youth to the LaRouche Youth Movement.

Denmark's two dominant political parties are the Liberal Party, headed by Prime Minister Anders Fogh Rasmussen, and the Social Democrats, headed by Mogens Lykketofp. Prime Minister Rasmussen is expected to be re-elected, if the voters buy his line that things are going well with the economy, and if they continue to support his restrictive immigration policy.

The opposition Social Democrats' election program, entitled, "Made in Denmark," is a grab bag, for investment in infrastructure, research and development, and education to create jobs for a globalized future, and on the other hand, creating service jobs for low-wage earners, with added friction over immigration policy.

Straw Distances Himself from Bush Threats to Iran

In an interview with the *Financial Times* Jan. 19, British Foreign Secretary Jack Straw defended the approach of France, Germany, and Britain toward Iran. "Those who said we would be split apart by the Iranians are wrong. Those who said we would not be able to negotiate any substantial text [with the Iranians] are wrong. Those who said we could not build up a degree of trust with the Iranians—at the same time building up a strong consensus with the U.S. and the non-aligned countries—are wrong. It has taken a phenomenal amount of work, but so far so good. And it's a better strategy than the alternative." Straw may meet Condoleezza Rice at the end of January.

All-Party Consensus in Germany vs. Bush Threat to Iran

German Chancellor Gerhard Schroeder (Social Democrats) was asked during a press conference in Toulouse Jan. 18, whether he sees any reason whatsoever to detour from the EU-Iran formula, in which Iran stops the militarily relevant part of its nuclear program, in return for receiving EU economic aid (also for peaceful nuclear technology). A military strike against Iran would be in no one's interest, Schroeder responded.

Volker Ruehe, Christian Democrat and former Defense Minister, said bluntly that "if the USA really wants the Iranian problem solved, they should stop issuing threats and start cooperating with the Europeans for a diplomatic solution." Ruehe said he saw certain problems on the Iranian side, but these were not of the character that would justify military action.

The other political parties also denounced the new U.S. threats against Iran. The German neo-cons have remained silent, so far.

German Neo-Con Endorses Iran Regime Change à la Ukraine

In a delphic way which claims George Bush's threats to Iran are "just aimed at increasing pressure on Tehran, nothing else," Wolfgang Schaeuble, an avowed supporter of the Iraq war, said in Berlin Jan. 19 that a non-military solution is to be preferred. He added, though, that without U.S. muscle-flexing, the Europeans would not be able to make any progress with Iran.

Regime change in Tehran, given the strong opposition there, may well follow the Ukrainian way, Schaeuble said, implying that the West should support this scenario of "peaceful change."

Australian Daily Exposes British Royal Family's Nazi Links

Following the international scandal surrounding Prince Harry's appearance at a party dressed in Nazi regalia, Sydney's *Daily Telegraph* reported the "Nazi links the royals would rather forget."

After referencing the well-known connections of the Duke and Duchess of Windsor to the Nazis, it reported that the Duke of Windsor's brother, the Duke of Kent, was married to a Princess Marina, who was related by marriage to Philip of Hesse-Cassel, "a fanatical Nazi who joined Hitler's party three years before the dictator was made Chancellor of Germany and who subsequently served as a Nazi regional governor.

"The Duke, who died in a wartime air crash, made frequent trips back to Germany, where he established strong contacts with the Nazis, including Prince Philip of Hesse-Cassel.

"Philip's younger brother, Christopher of Hesse-Cassel, an SS colonel, married Sophie, sister of the current Duke of Edinburgh. Christopher even named his son Karl Adolf in honour of Hitler (i.e., Prince Harry's second cousin is named

after Hitler).

"All four of Prince Philip's sisters married German aristocrats, and his family ties to the Nazis were so strong that when he married the then Princess Elizabeth in 1947, he was allowed to invite just two guests to avoid the scandal of pews full of Nazi sympathizers on the bridegroom's side of Westminster Abbey."

'Atlantic Storm' Simulates Smallpox Attack on NATO by Islamic Terrorists

The Jan. 17 edition of Germany's *Frankfurter Allgemeine Zeitung* focussed readers' attention on a mock "close to reality" international summit held on Jan. 15 in Washington, which served as the stage for another mock event—a bio-warfare attack using smallpox on major cities of NATO members and associate members. In the simulated exercise, as the heads of state are meeting, news reports begin to pour in of an ominous pattern of smallpox cases in Frankfurt, Istanbul, Rotterdam, and Stockholm. Shortly thereafter, a splinter group from al-Qaeda claims credit for the spreading epidemic.

The summit begins discussing measures of protection, in a situation that finds the Western states unprepared for such an attack; for example, there is a shortage of vaccines. Frictions inside NATO create obstacles to a coordinated response: the U.S. President, whose role was played by Madeleine Albright, declares the American population would never support giving out vaccines in Europe, because the Europeans boycotted the Iraq war. Turkey wants a declaration of emergency, according to Article 5 of the NATO treaty, which NATO rejects; Europe wants a UN Security Council mandate for action, which the U.S. vetoes.

The heads of state and government role-playing in this event, were mostly former top diplomats, members of parliament, and government ministers. The event as such was organized by Departments at the University of Pittsburgh and Johns Hopkins University, and co-funded by the Alfred Sloan Foundation and the German Marshall Fund.

Russia and the CIS News Digest

Russian President, Gov't Scramble To Calm Pensioners' Anger

On Jan. 17, after protests by pensioners throughout Russia, President Vladimir Putin publicly addressed the turmoil, touched off by the Jan. 1 replacement of in-kind entitlements with cash payouts. He criticized how the new policy had been implemented and offered stop-gap palliatives, but did not, so far, back off from the policy as such. The new law, passed last summer, eliminates many state subsidies for social services, demanded of Russia by international financial institutions for over a decade.

As some economists had warned, compensation for in-kind benefits—which included free medical care and public transport for pensioners, and 50% subsidies of housing, utilities and phone bills for retirees and the disabled—with cash payments equivalent to \$25 or \$40 per month, came as a shock to the 40 million people who have depended on them. The shock hit on Jan. 10, after the holidays, when fare-collectors began to demand money from pensioners, military personnel, police, and other former entitlement recipients, when they boarded public transportation. Thousands of older citizens took to the streets in protest. By Jan. 16, cumulatively 10,000 people had blocked highways or protested on the streets in the Moscow Region, surrounding the capital. On Jan. 15, 10,000-15,000 people jammed central St. Petersburg. Five to seven thousand demonstrated in Tomsk, western Siberia. The Patriarch of the Russian Orthodox Church appealed to prevent the reforms from hurting the people. Two leading Generals—the commander of the Air Force and an adviser to Prime Minister Fradkov—warned that military men are also very unhappy with the vanished benefits.

When Putin spoke to the Cabinet on the 17th, he blamed the government and the heads of regions, for failing to prepare for

implementation of the measures. He called for speedy action on "the most sensitive problem, that of transport": regions should immediately sell a monthly transit pass, costing no more than the amount of cash compensation people are getting. In addition, he said that a general old-age pension increase of 100 rubles/month, scheduled for April 1 under the planned indexation schedule, should be moved up to March 1, and doubled. Minister of Health and Social Welfare Mikhail Zurabov then announced that that pension hike will be 240 rubles—about \$8.

On Jan. 19, the Kremlin aired footage on national television, of a meeting between Putin and Gov. Nikolai Merkuskin of Mordovia, one of only nine of Russia's 89 regions, which have not experienced protests. Putin expressed confidence that things will get better. "I agree with you," he told Merkuskin, "that the overwhelming majority of people in regions like Mordovia have gained from these reforms." Merkuskin stated that only 10% of the population, people living in cities, have experienced any hardship. Meanwhile, Russian state TV carried stories on rural pensioners, who made remarks like, "I haven't taken a bus in 30 years," and expressed happiness with their few-hundred-ruble cash payments.

Leaders of several regions also acted to cool the protests. Governor Boris Gromov of the Moscow Region negotiated with Moscow City an agreement to restore free commuter train travel for previous entitlement-recipients. This affects people like elderly women who lug their home-grown potatoes and cabbages into the city to sell them. Tatarstan President Mintimer Shaimiyev promised on Jan. 13, to double the promised cash compensation. In Kemerovo Region, central Siberia, Gov. Aman Tuleyev reinstated free public transportation for pensioners.

The background to the entitlements conversion and related social-sector reforms in Russia was reported in *EIR* of May 14, 2004 ("Mont Pelerinite *Walpurgisnacht* in Moscow") and July 30, 2004 ("Russian Economy: A Leap in the Wrong Direction").

Worse Cuts in Russian Entitlements To Come

There will be a second wave of protest in February, predicted *Nezavisimaya Gazeta* on Jan. 17, because pensioners and others will start to receive utilities and rent bills that reflect the elimination of subsidies. *NG* projected that these rates will increase 35-40% in most regions. Owned by the exiled tycoon Boris Berezovsky, *Nezavisimaya* consistently depicts worst-case scenarios for President Putin, including big play-up earlier this month, of a Morgan Stanley-published prediction of Putin's ouster this year. But in the case of a coming second wave of public protests, the government daily *Rossiyskaya Gazeta* concurred with *NG*. On Jan. 16, *Rossiyskaya Gazeta* estimated the housing and utilities rate increase at between 15 and 35%, and wrote that protests would surely happen.

Also warning that harder blows are yet to fall, was Duma member and economist Sergei Glazyev. In a Jan. 19 address to the Moscow Region branch of his "For a Decent Life!" movement, Glazyev said that "the results citizens have experienced during the first two weeks of this year are only the first buds of spring." Glazyev continued, "Greater unpleasantness lies ahead. The reform of health care will lead to a sharp increase in the cost of medical care. Millions of chronically ill people will be unable to obtain life-sustaining medication. The implementation of housing code reforms lies ahead; it will legalize evictions of people from their apartments. A real estate tax lies ahead, which, coming on top of the utilities rate increases, will strike an even bigger blow against our citizens' pocketbooks. The commercialization of education and health care lie ahead."

Glazyev is calling for a national referendum on these policies. He told the meeting that "free competition" is inappropriate for the social sector, "because the goods and services, provided by the social sector, are not for the sake of current profit, but for the development of the nation, the development of society, and the people's welfare." He warned that some people want to exploit the current crisis, "to bring to power a new Russian Pinochet, instead of the current Russian President."

Putin Under Pressure as Neoliberal Ministers Lash Out

Some Russian commentators have accused President Putin of preparing to scapegoat Prime Minister Fradkov and/or Minister of Health and Social Welfare Zurabov for this month's protests, while retaining neoliberal cabinet members like Finance Minister Alexei Kudrin and Economics Minister German Gref (though the latter recently went out on a limb to denounce the Kremlin-orchestrated renationalization of Yukos Oil's main unit). Kudrin, however, is also on the hot seat, as he is supposed to come up with financial help for the regions, to cool out the protests. Kudrin is on record as holding that Russia's multi-billion-dollar so-called Stabilization Fund, comprised of revenues from taxation of oil exports, should be spent to pay the foreign debt, and for no other purpose. On Jan. 19, Kudrin lashed out against the protests, charging that "it's not pensioners who are organizing all this," but rather the Communist Party and nationalist extremists, who have posted on the Internet, maps of what highways to blockade—as if most Russian 70-year-olds log onto their computers to get on-line marching orders!

Not All Smiles During Russian Defense Minister's U.S. Visit

Despite the show of cordiality between U.S. Secretary of Defense Donald Rumsfeld and his Russian counterpart, Defense Minister Sergei Ivanov, during the latter's recent visit to Washington, Ivanov pointed to tensions between the two, when he spoke Jan. 15 at the New York Council on Foreign Relations.

"We cannot but have some concerns about reports of possible plans to deploy U.S. silo-based anti-missile launchers in eastern Europe," Ivanov said. "If a decision to deploy such systems is eventually taken, then it could substantially, I'm afraid, undermine the work on theater missile defense programs underway within the framework of NATO-Russia Council, as well as have an adverse impact on the entire system of Euro-Atlantic security."

Ivanov pointed to another contentious issue, Rumsfeld's intention to deploy NATO naval forces in the Black Sea: "Russia's joining the NATO-led Mediterranean actors in their operations is yet another important route for our cooperation.... At the same time, Russia is opposed to extending the mandate of this operation to the Black Sea area, in the firm belief that security needs as well as new threats and challenges in this region can be successfully addressed by the Black Sea naval forces."

Regarding NATO military involvement in other parts of Eurasia, Ivanov indicated that some moves would be unacceptable for Russia: "Georgian service personnel are being trained so that further on, they would take part in the peacekeeping operations outside of Georgia, say in Iraq.... But it's of fundamental importance to us that those U.S.-trained Georgian service personnel would not start off some kind of domestic conflict about involving Abkhazia or South Ossetia, including the ethnic conflicts which are there."

Russia Backs European Initiative for Iran Dialogue

Russia will not accept a U.S. offensive against Iran, Foreign Minister Sergei Lavrov made clear at a Jan. 21 press conference. He backed the European Union initiative to persuade Iran to give up any nuclear technology that could be used for military purposes, through dialogue and negotiations, and joined France in urging the United States to join the effort. The issue was at the center of discussions in Moscow, between a French delegation and Russian government representatives, the week of Jan. 17. After two days of talks, the *International Herald Tribune* reported, Foreign Minister Sergei Lavrov and his French counterpart, Michel Barnier, "stressed in unison that the only way to reach a reliable agreement with Iran was through the political dialogue that France, Britain, and Germany launched 16 months ago." They said the initiative would also need U.S. support, to succeed.

"We are working in parallel to the Europeans, we are backing their efforts," Lavrov said. Barnier welcomed the Russian position, telling the *IHT*, "The Russians' backing is very important for us.... Three large European countries have enough

credibility to launch this dialogue, but for it to succeed we need both Russia and the United States to be behind us." Referring to the spate of threats from Dick Cheney and others in Washington, Barnier and Lavrov played down the possibility of action: "I don't think attacking is an option, either for us or for the Americans," Barnier said.

Russia and Kazakstan Agree on Borders, Natural Gas Development

The Presidents of Russia and Kazakstan, Vladimir Putin and Nursultan Nazarbayev, signed an agreement delimiting their common border and allowing joint development of the Central Asian republic's second-largest natural gas field, during Putin's mid-January visit to the Central Asian nation. "We have established the principles of a strategic partnership with Russia, particularly in the economic field," Nazarbayev said. Putin said the two sides "paid very serious attention to the process of integration within the Commonwealth of Independent States. Kazakstan is one of the countries that defends the integration process the most."

The high point of the meeting was the signature of an agreement delimiting the 7,500-kilometer (4,600-mile) Russia-Kazakstan border, and defining terms for the two countries to develop natural-gas fields near the border. The document stipulates that the two countries have an equal claim on the once-disputed Imashevsk gas and condensate field near the Caspian Sea. The field holds some of the largest proven natural-gas reserves in the region and its development is key to ensuring growth of Kazakstan's natural-gas exports. Analysts expect the Imashevsk field to be jointly developed by Gazprom and Kazakstan's state oil company KazMunaiGaz.

Southwest Asia News Digest

Bush, Sharon Turn Palestinian Hopes To Dust

It did not take long for Israeli Prime Minister Ariel Sharon to give new Palestinian Authority President Abu Mazen (also known as Mahmoud Abbas) the "Arafat treatment." On Jan. 14, just five days after the Palestinian election, Sharon issued a diktat to all Israelis, especially members of the Labor Party, which just joined his weak coalition government, that all contacts by the Israelis with the Palestine Authority (PA) are banned. Sharon's order came out as Israeli helicopters were pounding a medical center in the Gaza Strip with missiles. Israeli officials said that the medical center, near the Deir el Balah refugee camp, was linked to Hamas, through a charity called Al Salah. Sharon's action was backed by George W. Bush and his Administration, which expressed immediate "understanding" for Sharon's need to "defend" his country from terrorism.

But Bush's credibility, worldwide, is on the line. Washington intelligence sources report that Bush's legions received hefty support from "moderate" Arabs in the Persian Gulf, especially from certain Saudi royals, in return for a promise that Bush really would force through an end to the Israeli occupation of Palestine, and stop destabilization of the region.

But, for any world leader to believe—for the second time—that Bush is going to push Israel to move towards peace and a Palestinian state, is a farce. With a team comprised of Bush, Dick Cheney, Condoleezza Rice, Donald Rumsfeld, Paul Wolfowitz, and CIA Director Porter Goss, in terms of a peace initiative, the world, including the Palestinians and Arab leaders, should expect *nothing but more war*.

Look at the record. Bush's word is *no good*. Bluntly put, if he were not certifiably a mental case, he would be called a liar.

Look at the record: In the run-up to the Iraq war, Secretary of State Colin Powell was exposed as Bush's lapdog, when he promised Arab leaders that now that Iraq, a major threat to Israel, had been neutralized, Bush would work toward peace between Israel and Palestine. But, in 2003, when Abu Mazen was made Prime Minister, and succeeded in organizing a

"hudna" (ceasefire) with militant groups— Hamas and Islami Jihad—the Israelis continued assassinating the Palestinians on their long list, until the inevitable suicide bombing retaliation occurred. For more than 30 days, Sharon undermined the Abu Mazen regime; ultimately, Abu Mazen resigned. The Bush Administration blamed it all on Palestinian President Yassir Arafat, and so Colin Powell, Condi Rice, and the hardline neo-con ideologues around Dick Cheney, demonized Arafat. And from June 2003, the "unveiling" of the Road Map, until now, the Bush Administration allowed collective punishment to be meted out against the Palestinian people. - Poised for Attack on Gaza -

There's no question that Sharon is under pressure—especially financial pressure from Europe, Israel's main trading partner—but with the Bush Administration willing to fund Israel to an unlimited degree, that pressure won't do anything.

Israeli planes, helicopters, tanks, and special forces stand poised outside the Gaza Strip to launch a "Fallujah" assault. They have been on "ready" since Jan. 14, when Israeli Defense Minister Shaul Mofaz and IDF chief of staff Moshe Ya'alon imposed lockdown of all crossings in the Gaza Strip that give access to Egypt and Israel, "until the Palestinians take steps to fight terrorism."

That same day, Sharon spokesman Assaf Sharif announced a ban on all contacts between Israelis and the Palestinians. "Israel informed international leaders today that there will be no meetings with Abbas [Abu Mazen] until he makes a real effort to stop terror," he said.

The reason for these measures was a joint attack carried out by Hamas, the Popular Resistance Committees, and the Al-Aqsa Martyrs Brigades on Jan. 13, at the Karni checkpoint crossing between the Gaza Strip and Israel. An explosion at this facility, a large depot for transporting food, merchandise, and other supplies, including medicine, killed seven Israelis, including a security guard, and injured four others seriously.

Israeli sources report that a large explosion blew up a door that separated the Israeli and Palestinian sides at the crossing, and then Palestinian gunmen opened fire. Three Palestinians were killed by Israeli security guards who returned fire.

Palestinian officials said it is ridiculous to hold Abu Mazen responsible, because he had not even yet taken office, and the world knows that Hamas, the Islami Jihad, and other militant Palestinians boycotted the Jan. 9 elections. The ban is even more ridiculous, since Bush had phoned Abu Mazen, and Sharon, and invited them to appear together at a big "peace" meeting at the White House in late February or early March. This dog-and-pony show was supposed to convince the world that Bush is serious about using his political capital for peace.

Things are moving fast, and are extremely volatile: A barrage of calls to Sharon from the Europeans and Washington, and messages from Egypt, warn him that he has to "give Abu Mazen a chance" to allow the PA to do its job; Labor Party elected officials, along with the pro-peace Yahad Party, are ignoring the government ban, and are going to Ramallah to meet Abu Mazen and the PA; the Palestinian Liberation Organization executive committee met and issued a declaration/order for Palestinians to stop all attacks on Israelis; sources in Israel say that Sharon gave the order to his military mad dogs to stand down, and not invade Gaza, but Sharon denies it.

A very senior Arab intellectual recently told me there is only one time since the 1948 Jewish-Palestinian war that the U.S. was effective in making Israel stand down: when President Eisenhower *stopped* the British-French-Israeli attack on the Suez Canal. Short of that type of action, Bush is full of empty words.

This article, by Michele Steinberg, originally appeared in the New Federalist, Jan. 24, 2005.

Ritter: Bremer Used Death Squads for De-Ba'athification

With the U.S. military now a broken force, and on the defensive in Iraq, the Pentagon is said to be considering the training and equipping of death squads, teams of Iraqi assassins who would be used to infiltrate and eliminate leaders of the Iraqi resistance, Al-Jazeera reported Jan. 20. The "Salvador option" would not be the first embrace of assassination as a tool of occupation undertaken by the U.S. in Iraq, writes former arms inspector Scott Ritter.

In the months following Paul Bremer's takeover of the Coalition Provisional Authority in June 2003, the streets of Baghdad were crawling with assassination squads, Ritter reveals. Among these, were units drawn from the Badr Brigades, the armed militia of SCIRI. In what Ritter calls the "black side" of de-Ba'athification, using information provided by American CIA and Special Forces operatives, the Badr squads killed dozens of Ba'athists in and around Baghdad. Eventually, Bremer rescinded his de-Ba'athification program, and ordered the Badr assassination squads to stand down.

But by this time, the "Sunni-based resistance, having been targetted by the Badr assassins, struck back with vengeance.... Having started the game of politically-motivated assassination, the U.S. has once again found itself trumped by forces inside Iraq it does not understand, and as such, will never be able to defeat."

Two Old Fascists Demand U.S. Stay in Iraq

"It is not time to leave Baghdad," say Henry Kissinger and George Shultz, in a commentary published in the Italian daily *La Stampa* on Jan. 21. The article says that the debate on Iraq has taken a new turn, in that, with the elections planned for Jan. 30, "an exit strategy is being called for," meaning "an explicit limit to the duration of the U.S. intervention." The two declare, "We reject this demand," and go on to say that the "prerequisite for an acceptable exit strategy is a sustainable result, not an arbitrary date, because the next ten years of U.S. foreign policy will depend on what becomes of Iraq." A debacle would lead to convulsions in the region, by radicals and fundamentalists. A "precipitous withdrawal would almost certainly unleash civil war," and the neighboring countries would transform their current involvement into a real intervention.

As for the elections, "We owe ourselves clarity on what result is compatible with our values and our global security. And we owe the Iraqis a result which enhances their capacity to give shape to their future." The basic idea is to set up a government in Iraq that is "considered legitimate by the people so as to be able to recruit an army capable of defending the institutions."

What would a successful government look like? Some people expect a panoply of democratic institutions, but Iraqi society has a tradition of ethnic conflicts, so the challenge is to define political objectives which go in the right direction.

If there are 60% Shi'ites and 15-20% Kurds, and if a Sunni domination is refused, a "democratic majority exists almost automatically." The Shi'ites have learned the lesson of the failure of the Iranian model, so "a pluralistic society under Shi'ite leadership would actually be a happy result." But much depends on what the Shi'ite leadership wants. It was they, especially Ayatollah al-Sistani, who demanded elections.

The National Assembly which is elected will be "in some measure sovereign," but "American assistance cannot cease."

Now, legitimacy of a government will depend on international acceptance, so an "international contact group" should be set up to help reconstruction. "As for our European allies, it's about time that they stopped sitting at the window—a disgrace for them and for our traditional alliance: however they see things, the ongoing political process will influence their future even more than ours. Countries like India and Russia, with their large Muslim populations, should not be treated as spectators of results on which their internal stability also depends."

Israelis Understand 'Cheney-Speak'

In case you are wondering just how all of Dick Cheney's veiled suggestions concerning Iran are being received in Israel, consider the following, quoted directly from the Jan. 20 *Washington Post*, on the heels of Vice President Dick Cheney's Inauguration Day comments to radio host Don Imus.

"In June 1991, during a visit to Israel after the Persian Gulf War, then-Defense Secretary Cheney gave Maj. Gen. David Ivri, the commander of the Israeli Air Force, a satellite photograph of the Iraq nuclear reactor, Osirak, which the Israelis had taken out in an airstrike ten years earlier. 'For General David Ivri,' Cheney wrote on the photo, 'with thanks and appreciation for the outstanding job he did on the Iraqi Nuclear Program in 1981, which made our job much easier in Desert Storm.' "

The article's author Al Kamen, who was writing in his *Post* column "Inside the Loop," asks, was this "diplo-speak to the Israelis to 'do the right thing?' "

Sharon Son To Be Indicted

Israel's Channel Two television, as covered in the *Jerusalem Post* Jan. 21, is reporting that Israeli Attorney General Manahem Mazuz will indict Ariel Sharon's son Omri for violating the Israeli election financing law. The case involves a series of shell companies created by Omri and Sharon's attorney Dov Weisglass, which were used to funnel funds from U.S. supporters into Sharon's 1999 primary campaign for the leadership of the Likud party. The same report indicates that neither Sharon nor Weisglass will be indicted. The latter is Sharon's key contact man with the Bush White House, particularly with Vice President Dick Cheney.

Omri Sharon could be indicted either for violating the political party law—which is not a criminal violation—or for criminal violation of corporate law. Nonetheless, it seems that Mazuz's strategy is to do everything possible not to indict Sharon. By indicting him for non-criminal charges on the assumption that he acted without his father's knowledge, he could close the case. This is despite the fact that there is clear evidence that Ariel Sharon knew exactly what was going on.

Asia News Digest

U.S. Begins Handing Afghanistan Back to Taliban

The process of handing Afghanistan back to the Taliban has begun, as U.S. forces freed 81 suspected Taliban fighters from military jails in Afghanistan. Afghan Supreme Court Chief Justice Fazl Hadi Shinwari told reporters that "there are another 400 Taliban in [the U.S. airbase at] Bagram and they [the U.S. military] have promised to release all Taliban from Bagram and Guantanamo Bay."

The release took place amid reports that U.S.-backed Afghan President Hamid Karzai's government is holding peace talks with mid-level Taliban commanders (often referred to as "neo-Taliban" by the U.S. media) to persuade them and their foot soldiers to give up their fight and join his government.

Most of the Taliban were protected by the Pakistani Army and Pakistan's Inter-Services Intelligence. The London weekly *The Economist* on Jan. 13 pointed out that following the U.S. invasion of Afghanistan in the winter of 2001, thousands of Taliban fled to Pakistan to survive the bombing raids by the Americans.

Preparation To Hit Iran Is Afoot

According to an Indian intelligence contact who spoke with *EIR* Jan. 18, there is no question the United States has kept its option to hit Iran very much on the front burner. In fact, President Bush has said so recently.

There are quite a few indicators: In Afghanistan's Herat Province, near the Iranian border, U.S. Special Forces are building an air strip, which is large enough to accommodate cargo planes like the C130.

The U.S. is also releasing the Afghan Taliban prisoners and bringing them in to join the Kabul government. Once this is accomplished, Pakistan and the Taliban, which are like two arms joined to the same body, would be able to work together. For any operation against Iran, the U.S. requires logistical support from a friendly nation of substance, and Pakistan fills the bill very well. But, conditions must be made adequate for Pakistan to function inside Afghanistan. A Taliban-backed government would do the job.

Rumsfeld Proposal for Joint Naval Base Meets Cool Reception in Delhi

During his visit to India late last year, U.S. Secretary of Defense Donald Rumsfeld apparently proposed a joint naval communication center in Kochi, Kerala, on the southwestern coast of India. Ostensibly, the objective is to monitor terrorist activities from the Persian Gulf, all the way to the South China Sea, including the Indian Ocean and the busy sea lanes of the Malacca Strait.

The Rumsfeld visit followed the preparation of a 150-page report by the Pentagon on plans for joint India-U.S. military activities. Bits and pieces of this report have trickled out, but the report has not changed hands, and remains within the U.S. Defense Department, the Indians claim.

New Delhi has not responded to Rumsfeld's proposals. But the issue will not end there. New Delhi believes that when Secretary of State Condoleezza Rice visits India in June, the subject will be on the table again. From the Indian side, the navy is showing keen interest, because it would be able to share the vast communications advances of the American maritime forces.

New Delhi, however, has not shown any interest. Earlier, it had turned down a British request to set up a joint special force training center at Kochi.

UN: Indonesia Lost Half a Million Jobs in Tsunami

The United Nations has issued an estimate that some 500,000 jobs were lost in Indonesia as a result of the Christmas tsunami, most of them in Aceh Province, in North Sumatra, near the epicenter of the earthquake. In particular, the damage wiped out the fishing industry, which is vital for employment, and for providing the principal source of protein in the local diet.

The Asian Development Bank has warned that the tsunami could impoverish 2 million people across the South Asian nations it battered, 1 million of whom are in Indonesia.

With UN funding, Indonesia has hired 300 tsunami homeless to clear debris from hospitals and schools. It plans to expand the program to 3,000 people within months, but that is less than 1% of the more than 600,000 who lost their homes and jobs.

Philippines Downgraded by S&P, as Debt Skyrockets

Standard & Poors has downgraded the collapsing Philippines currency/debt ratings, making the upcoming massive borrowings even more expensive, the *International Herald Tribune* reported Jan. 17. Despite every effort to ram through a mass of new taxes, the Philippines Congress has rejected all but a sin tax. The government also announced that tax collections fell short of projections for the sixth time in seven years.

The government announced that they must proceed with a \$1-billion foreign bond issue nonetheless, at the higher rates that will result from the S&P colonial dictate.

Philippine government debt skyrocketed in September over the previous year by 17%, to about \$66 billion. Interest payments alone will eat up 40% of the government budget.

Wolfowitz Challenged in Indonesia as 'Man of War'

U.S. Deputy Secretary of Defense Paul Wolfowitz was interviewed on Jan. 16, during his visit to Indonesia to view the tsunami damage, by *Tempo*, a magazine heralded in the West for having challenged President Suharto in his day. The interviewer first allowed Wolfowitz, who has paraded as a great friend of Indonesia since his stint as ambassador there in the 1980s, to discuss the Israel/Palestine situation ("You know," said Wolfowitz, "Sharon isn't the most likely candidate to be promoting any kind of peace, yet, if he does, it gets done, like Nixon going to China.")

He was asked by *Tempo* to respond to the charges from some in Indonesia: "...[S]ome Muslims in Indonesia have the thinking that, in the second term in the Bush Cabinet, there is another war after Iraq.... And, I'm sorry, they accuse you as a man of war. Of course, I don't believe this statement, but they said so because you were behind these wars."

Wolfowitz replied, "I don't think any of us feel that the war in Afghanistan or the war in Iraq was a mistake"—although nearly all Indonesians think exactly that. He then demurred, "none of us—none of us—want wars. I certainly hope that there isn't another war in the second Bush Administration. But there are certain terrible people in the world who may sometimes only behave for that reason.... I would never want to reassure people like that that they're completely safe."

Taiwan, China To Allow Direct Flights for New Year's Celebrations

Despite growing political tensions, the business community succeeded in organizing a deal on Jan. 10, negotiated by the opposition KMT and China's Taiwan Affairs Council to permit New Year flights between the mainland and Taiwan. When Taiwan's Mainland Affairs Council objected, President Chen Shui-bian overrode the objection, and allowed a deal to be struck in Macao on Jan. 14, with Taipei Airlines officials, not government officials, leading the delegation.

The deal allows 48 round-trip charter flights, from Jan. 29 to Feb. 20, between Taiwan and Beijing, Shanghai, and Guangzhou, although they will still fly through Hong Kong airspace, without landing—a sign of the incredible level of concern on both sides about political implications behind all aspects of relations. The flights are primarily for Taiwanese businessmen (Taiwan has 70,000 factories on the mainland) to return home for the holiday).

Despite arcane restrictions, the deal is viewed on both sides as a breakthrough and a move against those promoting confrontation.

China and India To Begin Strategic Dialogue

China's Vice Foreign Minister Wu Dawei will be arriving in New Delhi on Jan. 23 to begin the first strategic dialogue between the two countries with Indian Foreign Secretary Shyam Saran. The two-day talks would start on Jan. 24.

Reporting on the upcoming talks, which are aimed at upgrading the bilateral relations significantly, the New Delhi-based news daily, the *Indian Express*, pointed out that the objective of the dialogue is seemingly to develop greater understanding between the two in the areas of terrorism, energy security, disarmament, and United Nations reforms. It is also expected that discussions on exploiting energy reserves in Central Asia may figure in the meetings.

There is no question that after years of slow movement in the upgrading of relations, both sides have begun to speed up the process significantly. India's outgoing army chief Nirmal Chandra Vij was in Beijing on a week-long tour in December. The trip resulted in a number of developments, including an agreement to hold joint military exercises.

There could be a number of reasons why the two are speeding up the process of developing a strategic relationship. But one important item could be the crisis emerging around Iran's nuclear-fuel enrichment issue. Both India and China have strong relations with Iran.

Africa News Digest

International Rescue Committee Accused of Arming Darfur Rebels

The Chief Prosecutor for Sudan's Southern Darfur State, Babikr Abd al-Latif, said Jan. 14 that numerous organizations operating in Darfur under humanitarian pretenses were in fact doing no humanitarian work, and named the International Rescue Committee (IRC), headquartered in New York City, as having just paid \$200,000 for the smuggling of weapons into Darfur from Jordan. He was addressing the Arab Journalists' Union assembled in Nyala, Sudan.

Last week's Africa Digest (No. 3) reported that three Israelis with a connection to Israeli intelligence, who were interrogated by Jordanian authorities, had confessed to supplying weapons to the two main rebel movements in Darfur, according to Sudan's State Interior Minister Mohammed Haroun, as quoted in the Sudanese press Jan. 8.

The IRC has a substantial presence in Darfur, ostensibly for providing health and "reproductive health" services and aiding the victims of sexual violence.

The late Leo Cherne of Freedom House fame was chairman of the IRC board for 40 years—a simple fact that makes the prosecutor's charge plausible. Cherne's "humanitarian" work usually included a hidden political agenda. (The 2002 biography of Cherne by Andrew F. Smith fittingly has a foreword by Henry Kissinger.)

Darfur Insurrectionists Quit Ceasefire Talks in Nigeria

A spokesman for Sudan's Ministry of Foreign Affairs, in a statement to the press Jan. 12, denounced the decision of the Darfur insurrectionary movements to suspend their participation in the meetings of the joint committee for a ceasefire, in Abuja, Nigeria.

In a related development, Sudanese President Omar al-Bashir has just put Vice President Ali Osman Taha in charge of peace talks with the Darfur movements. Taha was in charge of the negotiations that led to the agreement with John Garang and the SPLM/A. The State Department's Charles Snyder—identified in a Sudan Media Center release as the U.S. official

responsible for Darfur issues—told reporters in Washington Jan. 14 that the appointment of Taha was a positive step.

Khartoum Reaches Agreement with Exiled Movements

The government of Sudan Jan. 16 initialled an agreement with the National Democratic Alliance (NDA) that adopts the conception of "democratic pluralism"—better known to Anglo-American insiders as *undemocratic* pluralism. The NDA is the umbrella body of exiled northern political organizations. The agreement, initialled in Cairo, calls for a "democratic and pluralist" form of government that respects "democratic freedoms and human rights," in the words of the text. The initialling was witnessed by Egyptian officials—who had hosted the talks over more than a year—including the head of intelligence, Omar Suleiman. Formal signing will take place Feb. 12 in Cairo.

The NDA was formed in 1989 of political bodies opposed to President Omar al-Bashir's coup in that year—bodies that went into exile in Egypt, Eritrea, and Saudi Arabia. Of the 13 NDA member organizations, the leading member is the Democratic Unionist Party (DUP) of Mohamed Osman al-Mirghani and his family's Katmiyyah sect. These organizations suffer from Anglo-American influences. The Mirghani family's loyalty to the British goes back to the 19th Century.

The agreement calls for abolishing the emergency laws and statutes restricting freedoms, according to AP Jan. 16. It also seeks "equitable participation" of the opposition in government and forms a joint committee to discuss how many NDA members will participate in Federal and local governments, AP reported.

AFP reported Jan. 17 that Sudanese "President Omar al-Bashir wants the regular opposition reintegrated into political life, but to keep the Islamists excluded."

The negotiations with the NDA began in December 2003. In their final phase, beginning in June 2004, Vice President Taha led the government team.

World Bank To Reopen Office in Sudan

The World Bank is reopening an office in Sudan after an absence of ten years, according to Reuters, which interviewed Ishac Diwan, the World Bank country director for Sudan in Washington, Jan. 17. Diwan said the Bank was preparing an assessment of Sudan's rebuilding needs for an April meeting of donor countries in Norway. The assessment would precede a World Bank plan to manage foreign donations for Sudan from two trust funds—one for the North and one for the South.

Sudan's foreign debt is \$20 billion including interest. The World Bank left Sudan in 1993, when Sudan defaulted on its debt. It gave technical advice on wealth-sharing in the recent North-South peace process. Diwan said that the Sudan government has already demonstrated "economic discipline."

When oil revenues started pouring in, in 1996, rapid growth in the transportation, communications, manufacturing, and electricity generating sectors ensued.

Sudan Opposition Party Demands 'Democratic Pluralism'

The Umma Party, the major legal opposition party in Sudan, is demanding immediate implementation of "democratic pluralism" in the transitional government, a step that would end Khartoum's resistance to globalization. The party, by its own choice, is still left out of the new Sudan equation. It is historically the largest, based on the Ansar Islamic sect. The party is led by Sadeq al-Mahdi. In 1989, Prime Minister Al-Mahdi was ousted by Bashir in his bloodless coup. Al-Mahdi is the grandson of *the* Mahdi (that is, "the divinely guided one") who (temporarily) drove the British out of Sudan and

killed British Imperial hero Gen. Charles "Chinese" Gordon in Khartoum in 1885, in the process. Ironically, Al-Mahdi's party is the most British-influenced today.

Interviewed in Khartoum by Reuters Jan. 16, al-Mahdi indicated that he was demanding the actual implementation of the "democratic pluralism" that the government agreed to—in name—with the exiled parties of the National Democratic Alliance (NDA) that same day in Cairo (see item above).

The background: The NDA accepted the accord between the government and the SPLM/A, which provides that—until elections, to be held before the end of the third year of transition—cabinet posts and other portfolios shall be apportioned as follows: 52% to the ruling National Congress Party; 28% to the SPLM; 6% to other southern parties; and 16% to northern opposition parties. The accord also provides that membership in the National Assembly shall be apportioned in the same way.

Al-Mahdi told Reuters, "If you talk about 52%, it should be for the North, not for a party in the North, and 28% should be for the South, not a party in the South. That way you make the agreement nationally acceptable for others." He said that this (and other elements) had to be ratified through a national constitutional or all-party conference, or else his party would not take part in the interim government.

Sudan To Release Turabi, All Other Political Prisoners

The government of Sudan is working toward releasing Hassan al-Turabi and all other political prisoners. Sudanese Foreign Minister Mustafa Osman Isma'il told journalists in Khartoum Jan. 16 that the government and the ruling National Congress Party "have initiated procedures of holding talks on lifting of the state of emergency and release of all political prisoners, including the chairman of the opposition Popular National Congress (PNC), Hassan al-Turabi," in the paraphrase of Khartoum's *Al-Ayyam*. Isma'il said the government wants a comprehensive accord that does not sideline anyone, "be he a member of the PNC or any other opposition, inside or outside Sudan," and that "We hope no one will remain in Sudanese prisons except criminals and the unjust."

As of Jan. 22, the government has released 35 members of the outlawed PNC, including its foreign relations secretary, Lt. Gen. (ret.) Mohammed Amin al-Khalifa, formerly a high government official before the split between Bashir and Turabi. Turabi and his son Saddiq have not yet been released.

Iranian President Tours Africa; Makes Economic Agreements

Iranian President Mohammad Khatami began a tour of seven African nations Jan. 13 in Nigeria, with a focus on economic agreements with each country. The seven are Nigeria, Mali, Senegal, Sierra Leone, Uganda, Benin, and Zimbabwe.

Accompanying Khatami are the Iranian ministers of foreign affairs, industry and trade, energy, transport, health, finance, and agriculture; governor of the central bank; head of the Air Industries Corp.; managing director of Iran National Railways; and managing director of the Iran Agricultural Bank.

In Nigeria, Iran agreed to make a \$1.5-million grant to conduct a feasibility study for the establishment of a transformer manufacturing plant. There was also an agreement between Nigeria's Power and Steel Minister and the Chairman of Iran's Export Development Bank; a memorandum of cooperation between the respective ministers of industry; and a memorandum of understanding (MOU) between Nigeria's National Electric Power Authority and Sunir, the Iranian power company, signed by their respective CEOs. Nigeria's ambassador to Iran hinted that Iranian investors in the power sector would soon arrive in Nigeria to hold talks.

In Senegal, a contract was signed for a 24-million-euro power transmission line of 170 kilometers. An MOU concerning the construction of a Samand auto production line in Dakar was also signed. Senegalese President Abdoulaye Wade praised Tehran's stands at the International Atomic Energy Agency. Khatami said that the crises facing African countries were created by "some certain big powers who were to waste the power and potentials of the continent's developing states."

Iran To Build Tractor Assembly Plants in Zimbabwe, Uganda

Iranian President Mohammad Khatami, continuing his tour of seven African countries at the head of a high-powered delegation, spent Jan. 17-19 in Zimbabwe, according to reports in the *Star* (Johannesburg) Jan. 20 and the *Herald* (Harare) Jan. 19. Ten agreements were signed during his visit, including these:

- * Iran is to set up a tractor assembly plant in Zimbabwe to produce at least 5,000 tractors annually for local and regional markets.
- * Iran will help Zimbabwe build a commuter railway system linking Harare with Chitungwiza.
- * Iran will assist in completing the Kariba South Bank power generation project.
- * Iran will help establish a Harare-Entebbe-Dubai air link.
- * Iran will help Zimbabwe in the local manufacture of HIV/AIDS drugs.

Zimbabwe has also asked Iran for help in handling and packaging foodstuffs to lower spoilage on the way to market.

Khatami said that Africa must exploit its "huge resources" to emerge as a power, and that Zimbabwe could be a torchbearer of that process.

Zimbabwe opened an embassy in Tehran in 2002. In 2003, Iran extended a line of credit to Zimbabwe of US\$15 million for the importation of tractors and other agricultural implements. In December 2004, Iran provided a loan facility of 20 million euros to Zimbabwe's agricultural and communications sectors. The loans are long term and at low interest.

From Zimbabwe, Khatami and his 80-member delegation went to Uganda, where Khatami and Ugandan President Yoweri Museveni signed an MOU, "giving the Islamic republic a big chunk of land for agricultural mechanization, the establishment of a tractor factory in Uganda, and cooperation in the broadcasting industry," according to the *Monitor* (Kampala) Jan. 21. Museveni expressed support for Iran's pursuit of nuclear power production.

This Week in History

January 24-30, 1934

Dancing for the President's Birthday: — How FDR Conquered Polio—Twice!

On the night of Jan. 30, 1934, there were 6,000 balls held across the nation to celebrate President Franklin Delano Roosevelt's birthday. The motivation for these "Birthday Balls," as they were called, was to raise money for the conquest of polio. President Roosevelt addressed the participants on a nationwide radio hookup, saying that he was speaking not so much as the President, but "more as the representative on this occasion of the hundreds of thousands of crippled children in our country."

Most of the more than \$1 million raised by the balls went to create an endowment for the Warm Springs rehabilitation facility which Roosevelt had created in Georgia. In the following year, the proceeds from the Birthday Balls were spent differently—70% of the proceeds went to provide care and treatment for crippled Americans in the communities where the money had been raised. The other 30% was used for medical research to develop prevention and immunization against polio.

The story of how FDR created the conditions for the conquest of polio begins in 1921, when he was stricken with infantile paralysis. After the critical phase had passed, Roosevelt began an extensive correspondence with polio victims across America, and with the doctors treating them, a practice he continued throughout the rest of his life. At first, he was seeking advice and exchanging ideas, but gradually through his work at Warm Springs he became an innovator in rehabilitative medicine, and was providing advice to others.

Roosevelt first learned of Warm Springs in a letter from his friend George Foster Peabody, who was the co-owner of a run-down hotel there, a resort which had seen its heyday before the Civil War. Peabody told FDR about a young man, Lewis Joseph, who had been confined to a wheelchair by a serious childhood case of polio. But after Lewis swam in the mineral-rich, 88-degree waters of Warm Springs, he was able to abandon the wheelchair and walk with the aid of two canes.

Roosevelt, who had tried every possible available remedy for polio, to no avail, travelled to Georgia, and met with Lewis. FDR found that the buoyant water would hold him up so that he could actually walk in the pool and exercise for up to two hours. He set up residence in a cottage at Warm Springs, and when the *Atlanta Journal* learned of the former Vice Presidential candidate's presence at Warm Springs, it sent a reporter there to do a story. The article he wrote for the paper's Sunday magazine of Oct. 26, 1924, was entitled "Franklin D. Roosevelt Will Swim to Health," and was syndicated nationwide. Soon letters from polio sufferers poured into Warm Springs, and ten patients arrived at the train station unannounced.

The aging inn and cottages at Warm Springs were designed as a resort, not a medical facility, but Roosevelt threw himself, crippled as he was, into the task of organizing a transformation. Patients were boarded with the townspeople until repairs were made to the cottages and inn. FDR planned exercise sessions in the pool, and led them himself. By the summer of 1925, there were more than 25 patients at Warm Springs.

Roosevelt had ramps built into the old inn, supervised the repair of cottages, and designed a treatment table 12 inches below the surface of the pool, which became the model for the standard equipment of all water therapy. He also worked closely with the patients to create exercises and treatment procedures. In that process, he drew up a muscle chart which he used to test the patients' muscle strength on a regular basis, in order to record any gain or loss of strength from a particular therapy. The patients jokingly called him "Doctor Roosevelt." The appellation stuck, and reporters during the 1930s called FDR "Doctor New Deal," while during World War II, he was described as "Doctor Win-the-War."

In the spring of 1926, Roosevelt paid \$200,000, more than two-thirds of his personal fortune, for the purchase of the Warm Springs Resort. He had planned to finance the rehabilitation side of Warm Springs by attracting wealthy vacationers to its resort. But the inn's healthy patrons complained constantly about having to share the pool or dine with the polio victims. So, in February of 1927, FDR, and his friend and law partner Basil O'Connor, established the Georgia Warm Springs

Foundation as a nonprofit permanent institution which could accept charitable contributions. The Foundation bought Warm Springs from Franklin Roosevelt for a one-dollar demand note, and the vacationers at the inn were sent packing.

Roosevelt then brought in an orthopedic specialist from the New York Department of Health to be the resident physician, along with a trained physical therapist. When the doctor's report showed that all 23 polio cases had shown marked improvement, the American Orthopedic Association, which at first had rebuffed Roosevelt, endorsed "the establishment of a permanent hydrotherapeutic center at Warm Springs."

Money now had to be raised for the center, especially to support patients who could not afford the treatment, even though it was given at cost. Roosevelt stated that he "wouldn't want anyone to be sent away for lack of money." A fundraising brochure was produced, which contained a description of what made Warm Springs so different: "To the special methods of treatment must be added the psychological effect of the group treatment, the stimulus caused by a number of people pursuing the same end, and each spurring the other on to more and better effort."

Because of the prejudice against polio sufferers and crippled people in general during the 1920s, most victims had been isolated, shut up in back bedrooms, or left languishing in grim "hospitals for the crippled." When they came to Warm Springs, fun, laughter, and companionship often worked magic on them, and increased their ability to function. The classes on using muscles for everyday practical activities were usually the occasion for much laughter, since severe paralysis can cause absurd predicaments and everyone could recognize themselves in their fellow-patients' difficulties.

As the Foundation's reputation grew, physical therapists from across the nation applied for admission to its training programs. The brace shop also acquired a national reputation for excellence and innovation in prosthetic devices. Many of the staff members published articles in professional medical journals. The physical plant grew as FDR called in architect Henry Toombs, and together they drew up a master plan for the next 20 years.

When Roosevelt was elected Governor of New York in 1928, he was able to spend much less time at Warm Springs, but he consulted frequently with O'Connor and maintained his fight to gain competent treatment for the paralyzed. His 1929 message to the New York Legislature contained a startling proposal: "I conceive it to be the duty of the State to give the same care to removing the physical handicaps of its citizens as it now gives to their mental development. Universal education of the mind is, after all, a modern conception. We have reached the time now when we must recognize the same obligation of the State to restore to useful activity those children and adults who have the misfortune to be crippled."

The Great Depression ended any possibility that New York would act on the proposal, and it also made fundraising for Warm Springs difficult. But when Roosevelt became President in 1933, the idea of a Birthday Ball was proposed in order to keep Warm Springs going, and the results were a success. Soon, however, Roosevelt's enemies charged that the balls were "a racket," and that the money actually went to FDR. To protect the fight against polio, Roosevelt announced, in 1937, the creation of the nonpartisan National Foundation for Infantile Paralysis. "The general purpose of the new foundation," he said, "will be to lead, direct, and unify the fight on every phase of this sickness."

Roosevelt's friend Basil O'Connor became president of the foundation, and local committees were set up in each of the nation's more than 3,000 counties. O'Connor established panels of outstanding doctors and scientists to review all policies and all grant proposals. But full control stayed in the hands of laymen, for the foundation was an organization of volunteer citizens. The foundation also established fellowship programs for doctors and scientists. An early beneficiary was a young doctor named Jonas Salk, who had helped to develop an influenza vaccine at the University of Michigan.

When World War II broke out, Roosevelt and O'Connor debated whether they should suspend the Birthday Balls for the duration, but they decided to go ahead. FDR had said that he wanted to make "the country as conscious about polio as it is about T.B." He succeeded—Americans not only became more conscious of polio, but also were determined to eradicate it.

The National Foundation was able to raise \$5 million in 1943, which grew to \$18 million in 1945.

After Roosevelt's death and the end of the war in 1945, the National Foundation undertook a massive research effort to develop a polio vaccine. By 1950, testing of Dr. Salk's vaccine had begun, and O'Connor authorized the Foundation to go into debt in order to produce the vaccine, and to finance the final trials. On April 12, 1955, the tenth anniversary of Roosevelt's death, the Foundation announced that the field trials had proved that polio could be prevented.

Years before, Roosevelt had written a tribute to the Mayo brothers, the founders of Mayo Clinic, that could just as well be applied to his battle to conquer polio for humanity: "Those of us who are concerned with the problems of government and of economics are under special obligation to modern medicine in two very important respects. In the first place, it has taught us that with patience and application and skill and courage it is possible for human beings to control and improve conditions under which they live. It has taught us how science may be made the servant of a richer, more complete common life. And it has taught us more than that, because from it we have learned lessons in the ethics of human relationships—how devotion to the public good, unselfish service, never-ending consideration of human needs are in themselves conquering forces."

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