

[return to home page](#)

This Week You Need To Know

A LESSON FROM RONALD REAGAN

Of British Fools and 'Post' Reviewers

by Lyndon H. LaRouche, Jr.

On the *Washington Post*'s Robert G. Kaiser on *The World War Going Our Way: The KGB and the Battle for the Third World*, by Christopher Andrew and Vasili Mitrokhin

November 6, 2005

Kaiser? "... Phoebus! What a name to bear the weight of future's fame!" from Byron on Amos Cottle.

The collapse of the Soviet system, from the close of 1989 onward, became the opening of the silly season for a U.S.A. which had been, thus, suddenly released from the grip of the kind of deadly seriousness which had held the attention of the leading powers, and others, of the planet, since the onset of the Great Depression and the rise of the Hitler regime. For the triumphant leading powers of the U.S.A. and what had been formerly "western Europe," the collapse of the Soviet system encouraged their wishful delusion, that the fearful "outside world" was no longer there. For some, real history had ended. For them, the world had become a doll-house world in which we of George H.W. Bush's U.S.A. and Margaret Thatcher's London had Europe in her handbag, such that we, as the leading powers, could make up children's stories we wrote, and games we would invent, tunes to which the rest of the world must now dance.

Now, things have changed again. We have come into a time when playing with nations as if they were collections of children's dolls, has come to an end. Contrary to fools like Francis Fukuyama, history had never actually stopped. Since 1989-1991, time had been playing with those fools who were wishfully deluded into confidence in playing their childish doll-house games on a hapless world. Now, we are faced with the paying of a terrible price for the foolishness we practiced during the silly season, the recent decade and a half of 1990-2004, which we had spent in that fantasy-land.

Unfortunately, some, such as some of those at the *Washington Post*, are still living in a state of desperate denial of the fact that the fantasy-world of their particular choice of silly season does not exist, and never really did. They turn over, murmuring, "Let me sleep a little longer," to dream their favorite dream. Their warmed-over old dreams of the recent decade and a half, are now worse than boring, even to them. They thrash restively in their dream-world, as the dreams become sillier and sillier, even for them. The *Post*'s Robert G. Kaiser's silly-season dream, of the by-gone days of a Soviet past which never actually occurred, is a case in point....

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Latest From LaRouche

LAROUCHE WEBCAST

The Tasks Before Us in the Post-Cheney Era

This is a transcript of the full text of Lyndon LaRouche's Nov. 16 webcast in Washington, D.C. He was introduced by Debra Hanania Freeman, who moderated the event. Subheads have been added. The video is archived at www.larouchepac.com.

Freeman: It was about one month ago, that Mr. LaRouche addressed a similar audience, in what proved to be not only a historic event, but a prophetic one. And I think that there really is no question that on that day, Mr. LaRouche moved the institutions in a dramatic way. Within days of Lyndon LaRouche's Columbus Day webcast, we saw a tremendous escalation in the drive to bring the synarchist faction in this government—the faction that is led by Dick Cheney, and which is probably best known as the "coup against the constitution" faction—to its knees.

Literally one week after Mr. LaRouche's presentation here and a dramatic week of lobbying by the LaRouche Youth Movement, and legislators and labor officials from around the United States, we saw two things happen. One, we saw the first of what promises to be many indictments in what has come to be known as the Plamegate issue, but which clearly has much more to do with the fraud that brought this nation to war. Along with those indictments, we saw Sen. Hillary Clinton step forward and finally take the action that is necessary to begin the process, at least, of saving this nation's auto industry and the vital machine-tool capability that is attached to it. That happened within days of Mr. LaRouche's presentation.

If we fast forward to this current moment, the fact of the matter is that, all over the nation and all over the world, Bush is seen as an ineffective President who is trying to govern from a bunker. And the overwhelming verdict is that, if history is to judge, the largest mistake that George Bush has made in his political career was bringing Dick Cheney along with him in his second term as President. It's our intention to help the President correct that mistake.

Mr. LaRouche's remarks today are directed toward shaping the post-Cheney era in American politics, but I'd like to remind all of you that while Mr. LaRouche must have an eye toward the future, and toward shaping the nation's policies following Cheney's removal from office, we have to operate in the here and now. And we will not rest until Dick Cheney is seen either leaving of his own volition, or leaving in chains, and it's our intention to make sure that this week's activity is a giant step forward in that direction....

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InDepth Coverage

Links to articles from

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Feature:

LAROCHE WEBCAST

The Tasks That Face Us in the Post-Cheney Era

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National:

Is Vice President Dick Cheney Losing It?

by Jeffrey Steinberg

One day after a bipartisan Senate majority passed legislation holding the White House accountable for its disastrous Iraq policy, Vice President Dick Cheney appeared at an awards dinner for former Sen. Malcolm Wallop, on Nov. 16, and used the occasion to stage a psychotic outburst against anyone daring to question the Bush Administration's motives for going to war in Iraq.

- **Documentation**

Murtha: It's Time To Get Troops Out of Iraq

Excerpts from a press conference by Rep. John Murtha (D-Penn.) on Nov. 17, 2005.

International:

Political Upset in Israel: Labor Leader to Follow Rabin

by Dean Andromidas

In a stunning political upset, Amir Peretz, chairman of the Israeli Histadrut Labor Federation, won the Nov. 9 election for the chairmanship of the Israeli Labor Party. The defeat he dealt former chairman Shimon Peres, and the old guard leadership, amounts to a political upheaval in the Labor Party, with profound ramifications for Israeli politics. Peretz's election is clearly one of the aftershocks of the ongoing political earthquake in Washington against Vice President Cheney.

- **Documentation**

Amir Peretz: 'I Have a Dream'

Martin Luther King was the inspiration for the speech of Amir Peretz at the Nov. 12 mass demonstration commemorating the tenth anniversary of the assassination of Yitzhak Rabin. Peretz has remoralized the Israeli peace movement, and contributed to bringing 200,000 people to Rabin Square, the biggest peace demonstration of the last decade. Although only former U.S. President Bill Clinton and Shimon Peres were scheduled to speak, Peretz's name was added to the speakers' list at the personal request of Yitzhak Rabin's daughter, Dalia.

'End of Cheney' Blows Back Into Britain

by Mary Burdman

The scandals about the lies and deception used to launch the Iraq War—the real reason U.S. Vice President Dick Cheney is on the way out—are reverberating into Britain. Cheney's key international ally, British Prime Minister Tony Blair, lost a crucial vote in the House of Commons Nov. 9. The issue was the most extreme measure in Blair's new 'Anti-Terrorism' bill, which would have allowed authorities to detain terrorism suspects for 90 days without charges. This was Blair's first defeat in a Parliament vote since his 'New Labour' came to power in 1997, and the third big political blow Blair suffered in a week. More are coming.

Departments:

Report From Germany

Coalition Is Clueless on Economics

by Rainer Apel

Within the straitjacket of the Maastricht system, the new Berlin government has no options for economic recovery. The three parties that will form the new Grand Coalition government of Germany—the Christian Democratic Union (CDU), Christian Social Union (CSU), and Social Democratic Party (SPD)—have negotiated a coalition agreement that amounts to a smorgasbord of some 50 'investment' measures that will do nothing to shore up a sinking economy.

Strategic Studies:

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(Please refer to the bookmarks in the PDF file for the following sections...)

- **Fenimore Cooper, Allan Poe, and Lafayette (p. 49)**
- **The World System Seen As Flatland (p. 56)**
- **As the SDI Must Be Revisited (p.68)**
- **The Future Toward Which We Must Build (p. 75)**

U.S. Economic/Financial News

FEMA Plan: Mass Evictions, Forced Relocation, Lack of Health Care for Hurricane Victims

An estimated 150,000 people who fled from their homes during Hurricanes Katrina and Rita now face eviction Dec. 1 from the temporary hotel-housing arranged and paid for by the Federal Emergency Management Agency. FEMA has failed to utilize vacated military bases, as Lyndon LaRouche has proposed, for temporary housing, or to get serious housing construction projects going in the Gulf States, especially Louisiana and Mississippi; now the agency insists "there are too many people living in hotel rooms" and that "across the country there are readily available, longer-term housing solutions." That means forced relocations. Thus, FEMA will hold to its Dec. 1 cutoff for hotel reimbursements to evacuees and/or to states who may have signed leases for storm victims.

As *EIR* has reported, New Orleans faces a "Code Blue," with its medical infrastructure gone and no aid from the Federal government to begin restoration of facilities and staffing. The city's premier trauma center is gone, and half a dozen hospitals may never reopen. Of the thousands of doctors and tens of thousands of nurses and other medical support staff who fled Katrina, only a small number has returned. The lack of housing, power, and hospitals threatens the ability to maintain a population in the city. The failed Federal policy is de facto depopulation, just as Bush's Housing Secretary Alphonso Jackson called for.

Meanwhile, FEMA has advised the 96 insurance companies that sell flood insurance to stop payments to policyholders until Congress says the agency can borrow more money.

Nation's Capital: 80% of Homes Out of Reach for Average Household

The prices of homes for sale in Washington, D.C., has increased at such a rapid rate during the last five years that more than 80% of the homes are out of reach for the average-income city household, according to a joint Fannie Mae-Urban Institute report. D.C.'s housing prices have soared at a rate of 15.9% *per year* between 1999 and 2004. By 2004, the median home price reached \$320,000, and the average home price reached \$450,000.

A teacher with a typical \$45,000 annual income buying a first home could have afforded one-third of the D.C. homes for sale in 2001. By 2004, earning \$52,000 per year, that teacher could have afforded only 17% of the D.C. homes on the market. The median D.C. household income is only \$44,926 per year.

The housing crisis in Washington represents the genocidal contours that Lazard Freres-directed Mayor Tony Williams gave to the city's future by closing down D.C. General Hospital in 2001, and similar actions. By design, the shutting of the city's only full-service public hospital increased gentrification in the city.

D.C. overall has an average unemployment rate of 20%, reaching almost 39% in regions east of the Anacostia River. Yet home prices have been shooting up at double-digit rates even in the poorest African-American and minority communities. The result: Between 2000 and 2003, the share of minority home buyers in the District fell from 43% to 37%.

This has led those seeking housing to take drastic steps. In the first half of 2005, one-half of all D.C. home buyers purchased their homes through high-risk "interest-only" loans. As for renters, the proportion of households *spending more than half their income for housing* jumped from 18% to 23% during the past four years.

Private Equity Firms Buying Up Economy

Private equity firms like Kohlberg Kravis Roberts and the Blackstone Group, which get funds from institutional investors, are buying up and destroying companies. These outfits are closely allied with hedge funds, which operate somewhat differently, but are committed to speculative investments.

Private equity firms engage in takeovers that range in size from a few hundred million dollars to more than \$10 billion; they now own Hertz, Nieman-Marcus, Metro-Goldwyn-Mayer, Toys 'R' Us, and Warner Music, to name a few. So far this year, these private equity buyout firms have spent more than \$130 billion gobbling up parts of corporate America. In Britain, they own so many companies that they now employ 18% of the private sector, according to the British Venture Capital Association. They are also invading Germany and France.

These firms are doing what Drexel Burnham Lambert did in the 1970s and 1980s, but on a far larger scale. According to Thomson Venture Economics, big institutional investors—like pension funds, insurance companies, and so on—have poured \$491 billion into these private equity funds' investment pools. The private equity funds borrow from banks between three and five times the size of their investment pool. Assuming that these private equity firms borrow only \$3 for every \$1 they have in their investment pool, then combined, they have \$2 trillion in their war chest to overrun companies and wreck them.

For instance, in 2004, the Blackstone Group bought the German chemical company Celanese Corporation. Then in 2005, after owning Celanese for less than 12 months, Blackstone sold it to the public through an IPO—initial public offering.

Blackstone quadrupled its money, and swallowed up all the predatory proceeds between itself and its investment partners, through a special dividend.

World Economic News

Bush Asia Trip to Hits Another Brick Wall on Trade Liberalization

U.S. Trade Representative Rob Portman told the Nov. 16 *Financial Times* of London that he had been unable to persuade members of the Asia Pacific Economic Cooperation (APEC) to "reach a consensus on more detailed proposals to advance trade liberalization." The APEC summit this week in Pusan, South Korea, appears to be headed toward the same failure (for the globalizers) as the Argentina Summit of the Americas. The Bush Administration is playing the Asia trip as a low-key visit, with few results expected, in order to avoid the appearance of failure. For the APEC meeting, the U.S. position is that Europe (and especially France) should be blamed for refusing to liberalize agricultural subsidies, while APEC should lower tariffs on industrial goods and the service sector. No one is biting. But Japan and Korea reject liberalizing agriculture as well, and others are in no mood for new tariff reductions, including China.

After the South American failure of FTAA, everyone acknowledges that APEC must make progress, or the Dec. 13-18 WTO meeting in Hong Kong will be a bust for the free traders. In addition, since Bush's Congressional authority to negotiate free-trade deals runs out in 2007, a deal on the so-called Doha Round of WTO talks must be completed in 2006—which will be impossible if the December meeting fails, as is likely.

South Korean Trade Minister Kim Hyun-chong said, "The Doha Development Agenda negotiations are in dire straits." WTO director Pascal Lamy warned of a spectacular public failure at Hong Kong.

The draft APEC communique notes the "current impasse" in trade talks, with "no progress" on Doha.

Korean and other demonstrators are protesting free trade outside the conference.

Clinton Blasts Bush Economic Policy at World Business Forum

In a speech transmitted Nov. 16 from Bill Clinton's residence in New York to the World Business Forum in Frankfurt, the former President addressed 1,800 business leaders, mostly from Germany.

With some sarcasm, Clinton welcomed the Bush Administration's tax cuts: "For me, the taxes have been cut four times, since 2001. [But] half of all tax cuts are to the benefit of the richest 1% of citizens in my country. At the same time, our deficit is running out of control. I consider this policy as wrong, and I think it is amoral." (Clinton's remarks as reported here are backtranslated from the German of the *Stuttgarter Zeitung*.)

The U.S. trade deficit being at \$319 billion at the end of September, and the total public debt at \$8 trillion, Clinton criticized the fact that "every morning, we literally have to borrow money somewhere, to not turn insolvent right away. I don't know how much longer that will work."

Clinton said the USA is heading for a financial catastrophe. "The American people must realize that we are borrowing money from China, Japan, Saudi Arabia, and Korea every day, to finance our wars, Katrina, and our tax presents for the super-rich." The USA is forcing China to lend money at low interest, so that America in turn can buy goods from the Chinese. "What if one day China or Japan are fed up with financing our debt? If Mexico or Brazil acted as we do, their

currency would collapse within a week." He added that the funding of the Iraq occupation, at \$5 billion every month, is "without precedent in our history. We never before financed wars with money borrowed somewhere else."

United States News Digest

GOP Loses Spending Bill Vote

The Republicans suffered a defeat on Nov. 17, when the House rejected, by a vote of 209 to 224, the fiscal 2006 appropriations bill funding the Departments of Labor, Health and Human Services, and Education. The bill, as passed by the Senate, included \$8 billion in emergency spending to prepare for a possible avian flu epidemic, but that money was stripped out in conference with the House on the insistence of conservative Republicans who opposed any such spending unless it were offset by cuts elsewhere in the budget. Congressman Ralph Regula (R-Ohio), who oversees the Labor/Health and Human Services spending bill, told the House that the avian flu provision is such a big ticket item that, "There's no way to offset \$7 billion or \$8 billion." The bill included \$63.4 billion for the Department of Health and Human Services, almost \$1 billion less than last year. According to Democrats, the bill cuts education and rural health-care programs, as well as funding for heating assistance for low-income families. Twenty-two Republicans, including many moderates who have caused the GOP leadership fits on the budget reconciliation bill, joined with all the Democrats (except one who did not vote) to defeat the bill.

The bill had been denounced earlier by Sen. Arlen Specter (R-Pa), Regula's counterpart in the Senate, who said, "Every item on our tentative conference budget is [funded] under last year['s], under this year['s]. This is not right as we approach the problems of America."

Vote on Defense Spending Bill Delayed

The vote on the Defense Appropriations bill is being delayed until December, and is expected to be the last spending bill to be voted on in 2005, according to *CQ Daily*.

Although the House and Senate versions were completed in October, House Speaker Dennis Hastert (R-Ill) has yet to appoint any members to the Conference Committee to reconcile the two versions. *CQ Daily* suggests that Hastert wants to hold back this bill, to use it as a vehicle in which to insert a provision for an additional 1% across-the-board cut in all non-defense programs.

It may also be that the reason for holding back the bill is that the Senate version contains the anti-torture provision (which passed 90-9), which has the potential to lead to a real war between the White House and Senate Republicans, since the White House has said it will veto any defense spending bill containing the anti-torture provision, while the Senate is determined to pass it.

As a result of Hastert's apparent support for torture, defense operations will need to be funded by a continuing resolution—funding at the current level—until legislation might be passed. The Pentagon has already complained in a letter to Congress that such funding has "increasingly stressed" its operations.

White House Will Veto Pension Bill

Labor Secretary Elaine Chao emphasized, in an MSNBC-TV interview Nov. 18, that President Bush intends to veto the "pension reform" bill passed Nov. 16 by the Senate 97-2, unless the Republican leadership blocks it in the House. The bill,

S-1783, sponsored by Sens. Mike Enzi (R-Wyo) and Ted Kennedy (D-Mass) of the Health, Education, Labor, and Pensions Committee, was the least draconian of the various versions of the original White House "reform"; but all these versions would, according to CBO analyses, increase the rate at which companies are abandoning their pension plans.

This bill would give underfunded companies seven years to catch up to 100% funding of their plans—much too long, according to Chao. It would increase the premiums the companies pay the Pension Benefit Guaranty Corporation (PBGC) from \$19 to \$30/worker/year. Senators Stabenow and Levin both Democrats of Michigan voted no because of additional penalty premiums and faster "catch-up contributions" required of companies with low credit ratings. The Senate bill allows only airlines 20 years to catch up on their funding; and allows pilots, who must retire at 60, to collect full pensions at that age.

Of note, the bill contains a key bankruptcy rule change, brought over from the House Ways and Means Committee, which imposes a "fine" of \$1,250/worker/year on any company which tries to emerge from bankruptcy having dumped its pension plan. In the Delphi case, for example, this "fine," paid to the PBGC, would be \$30 million a year, or about one-third of Delphi's currently scheduled annual pension contributions (which it has suspended).

Texas DA Subpoenas DeLay PAC Records

On Nov. 16, Travis County (Texas) District Attorney Ronnie Earle subpoenaed bank records of Americans for a Republican Majority PAC (ARMPAC), the national political action committee founded by former House Majority Leader Rep. Tom DeLay (R-Texas) which gave \$75,000 to start Texans for a Republican Majority PAC (TRMPAC), the Texas PAC which is at the center of the DeLay indictment. Earle is also seeking records showing that ARMPAC gave money to the Missouri Republican Party, and the Rely on Your Own Beliefs Fund. The latter is a fund connected to Rep. Roy Blunt of Missouri, DeLay's successor as House Majority Leader, and a key operative of DeLay's "K Street Project." The DA also subpoenaed campaign finance records concerning donations by Austin businessman David Harman to 2002 Texas candidates; the Texas 2002 legislative campaign was the occasion of the events charged in the DeLay indictment.

First Indictments Handed Down in Iraq Reconstruction

An expatriate American businessman has been arrested for paying at least \$630,000 in kickbacks to U.S. occupation authorities to win reconstruction contracts in Iraq, and more charges are expected. According to an affidavit made public Nov. 16, Philip H. Bloom, a U.S. citizen who's lived in Romania for many years, conspired with Coalition Provisional Authority (CPA) and U.S. military officials to win millions of dollars in contracts in Al-Hillah and Karbala, cities 50-60 miles south of Baghdad; in some cases, Bloom's companies performed no work, according to the affidavit. The indictment was developed from audits by the Inspector General for Iraq Reconstruction, Stuart W. Bowen, Jr. Bloom was arrested recently at Newark Airport in New Jersey, made a brief appearance in Federal court, and remains in Federal custody. Prosecutors at Bloom's hearing did not detail the charges against him, but the magistrate said they involve money laundering and conspiracy to defraud the government.

Levin, Graham Work Out Compromise on Detainee Rights

Senators Lindsey Graham (R-SC) and Carl Levin (D-Mich) worked out a compromise on an amendment to define the rights of Guantanamo detainees to seek recourse in U.S. courts. The Senate passed a Graham-sponsored version on Nov. 10, which denied the detainees *habeas corpus* or any access to the courts. The compromise allows detainees convicted by a military tribunal access to a U.S. Federal Appeals Court, and then to the Supreme Court—automatically if the sentence is greater than 10 years, and at the court's discretion otherwise. The amendment was passed in the Senate on Nov. 15, as the Graham-Levin-Kyl Amendment.

More important than the exact wording is the insistence by the Senate that they have the constitutional authority to determine policy toward the Gitmo detainees—a standpoint that Vice President Dick Cheney has ferociously opposed. The new detainee amendment and the McCain anti-torture amendment together represent the Senate declaration of constitutional authority against the Cheney imperial White House doctrine. All the amendments will now be fought out at the level of the House-Senate conference.

John Edwards: I Was Wrong To Vote for Iraq War

The 2004 Democratic nominee for Vice President John Edwards wrote a commentary in the *Washington Post* Nov. 13 on mistakes in the conduct of Bush's Iraq war, in which he stated: "It was a mistake to vote for this war in 2002. I take responsibility for that mistake. It has been hard to say these words because those who didn't make a mistake—the men and women of our armed forces and their families—have performed heroically and paid a dear price."

"The argument for going to war with Iraq was based on intelligence that we now know was inaccurate," Edwards wrote. "The information the American people were hearing from the President—and that I was being given by our intelligence community—wasn't the whole story. Had I known this at the time, I never would have voted for this war. George Bush won't accept responsibility for his mistakes. Along with Dick Cheney and Donald Rumsfeld, he has made horrible mistakes at almost every step: failed diplomacy; not giving our forces the equipment they need; not having a plan for peace."

Edwards' proposals for Iraq include: "Remove the image of an imperialist America from the landscape of Iraq. American contractors who have taken unfair advantage of the turmoil in Iraq need to leave Iraq. If that means Halliburton subsidiary KBR, then KBR should go."

Senator Jay Rockefeller (D-WVa) also said last week on Fox News, "I would never have voted yes if I knew what I know today."

Ibero-American News Digest

Southern Command Chief Campaigns vs. Sovereignty; Targets Bolivia

Reliable sources recently informed *EIR* that Gen. Bantz Craddock, head of the U.S. Southern Command, managed to rile virtually every Ibero-American military representative present for his off-the-record discussion of his view of the situation in the Americas, delivered at the end of October at a Washington, D.C. defense institution.

Bolivia was targetted directly. When Craddock spoke of the danger which social conflict and "weak democracies" represent for regional security, he put up a map of Bolivia, and asserted that securing stability in Bolivia is complicated, and may take years. He labelled Bolivia a "high-risk" country, as he put up a picture of Evo Morales, the George Soros asset coca-producer who is currently seen as the likely winner of the Dec. 18 Presidential elections. He then stated that when countries face problems of this magnitude, the classical concept of sovereignty no longer holds the same validity as before. No longer are such problems strictly national problems, but rather the concept of "cooperative sovereignty" applies.

The message was taken by those present to be: The U.S. and/or other nations in the region will have to intervene to secure stability in Bolivia, because the Bolivians can't.

Craddock was also pressed twice about reports that the U.S. is setting up a military base in Paraguay. He huffed and puffed about how the U.S. deployment was not aimed against "the people," but against terrorists—but he did not deny the reports of the base, a fact duly noted by the military representatives present. Then, without naming Argentina directly, he discussed its situation in such a way as to make unmistakably clear he was accusing the Kirchner government of corruption. (Otherwise, how could poverty be increasing, despite economic gains?)

Craddock then insisted "cooperative sovereignty" become the central issue at the Nov. 15-16 Andean Region security conference hosted by Ecuador, but organized by the U.S. Southern Command. The meeting was attended by the military chiefs of the Andean countries (minus Venezuela), Craddock and his team, and Brazilian officers (as observers). Craddock single-mindedly pushed the line that terrorism, drugs, and new threats can only be confronted by "cooperative sovereignty," in which "the forces of each nation unite to improve and perfect processes and systems of multilateral focus."

It is not yet clear whether the term "cooperative sovereignty" made it into the final document of the conference, as the U.S. demanded. Some support for the concept was expressed by head of Ecuador's joint chiefs of staff, Gen. Manuel Zapater, who told the press that a new security focus had come out of the meeting, "toward a common policy of regional security," which implied the strengthening of international security agreements to strengthen the multilateral maintenance of peace."

If Brazil's Palocci Goes, Will His Economic Policy Go Too?

Antonio Palocci, who along with the Central Bank chief has been the anchor of IMF policy within the Lula da Silva government, is widely reported to be quitting his post soon: "[I]t's a matter of days, or weeks. It's inevitable," *Valor* daily reported from its government sources on Nov. 14. The straw which apparently broke Palocci's back was the Nov. 9 interview of the President's Chief of Cabinet Dilma Rousseff to *O Estado de Sao Paulo* in which she went after Palocci's high-interest rate and record primary budget surplus (i.e., 6% of GNP being channelled to debt payments) as damaging to the economy, and then ridiculed Palocci's proposals for guaranteeing murderous fiscal austerity for years to come. Dilma's blast came at the same time that opposition parties turned their fire on Palocci in the ongoing corruption scandal. And yet, while President Lula reportedly told Palocci to stay at his post, he neither defended Palocci publicly, nor distanced himself from Dilma's remarks.

Not long ago, the financiers were smugly sure that were Palocci to leave, his replacement would be another hard-line monetarist. But on Nov. 12, *Folha de Sao Paulo* leaked that President Lula had told close collaborators that if the opposition thinks that he is going to name someone they want to replace Palocci, "they are going to be sorry"; they are going to get a shock.

Fresh from the post-Cheney-era Summit of the Americas, and under intense pressure to make economic policy at least "flexible" enough to increase domestic spending in time to have a chance at re-election in October 2006, Lula was then hit by the announcement from the government statistical agency that industrial production fell 2% in September from the previous month, up only 0.2% from the same month in 2004.

Duarte: Don't Discriminate in Civilian Use of Nuke Power

"It is unacceptable to extend discrimination in the civilian use of nuclear energy," said the former Brazilian ambassador Sergio Duarte last week, speaking at a panel on non-proliferation at a meeting of the American Nuclear Society. Duarte, the former Brazilian ambassador to a number of nations who headed the review of the Non-Proliferation Treaty at the UN last spring, outlined the "high level of mistrust" of the nuclear weapons states (principally the U.S.) by the non-nuclear weapons states, principally the developing nations. The Cheney-Bush Administration has proposed that any state that does not already have uranium enrichment and spent fuel reprocessing technology not be allowed to develop it. Virtually no developing country will accept this.

"Several industrialized countries" can make nuclear weapons, he stated, and "some countries even plan the improvement of weapons" (the U.S.), "while others are prevented from getting nuclear technology. When developing countries have technology, alarm bells start to ring." Some countries, he said, have "selective goals," referring to the American insistence that the most immediate nuclear threat is from Iran and North Korea. Asked during the panel discussion for his thoughts on referring issues of non-compliance with the NPT to the UN Security Council, Duarte said it has to be a "fool-proof case," and the nation has to be in "flagrant, obvious, and proven non-compliance, to the satisfaction of the Board of Governors of the IAEA." This is not true of Iran, he indicated.

In an interview with *EIR* after the panel, Duarte compared the situation with Iran's stand in refusing to shut down its uranium enrichment facility, to that which Brazil faced in the mid-1960s. At that time, he said, when oil was \$2 a barrel, Brazil imported all of its petroleum. Some people said it was wasteful and unnecessary to make the investment in drilling for oil in Brazil, when it was so cheap to import. Today, he explained, Brazil is self-sufficient in petroleum, and oil is \$60 a barrel. Adequate energy is a national energy and security question, he said.

UN Warns Guatemala Is a 'Starvation Timebomb'

The UN's World Food Program is warning that, in the aftermath of the floods and mudslides in Guatemala, triggered by Hurricane Stan in mid-October, that the country is facing the imminent starvation of as many as 285,000 people, as winter approaches under conditions of widespread loss of food crops. Last month, the WFP issued an urgent appeal for a mere \$14.1 million, which would feed that number of people for the next six months, but only \$4.5 million has been raised so far from three countries.

The WFP points out that even before the hurricane hit, Guatemala faced chronic child malnutrition of 50%, with 80% in some areas. Said a WFP spokesman, "What we want is to avoid what happened in Niger," referring to the famine in West Africa which triggered an international aid effort only after photos of starving victims began to appear on television. "The situation in Guatemala is a timebomb waiting to go off.... The fuse is lit."

Fujimori's Return Upsets Political Chessboard in Peru

Prior to former President Alberto Fujimori's move to return to Peru from Japan, and to seek reelection in Peru, there were about 25 Presidential candidates. People figured that if incumbent President Alejandro Toledo could be elected, anybody could. Now the landscape is Fujimori vs. everybody else. There are daily demonstrations in the streets, pro and con. The sense in the population is that once again "Fuji" has put himself in jeopardy, to try to do something for the country, and that he's totally unpredictable. It appears that everyone was really surprised—even his closest collaborators didn't know.

Fujimori remains in detention in neighboring Chile, while the Peruvian government scrambles to prepare a serious extradition request against him which can hold up in Chilean courts. But Peruvian Nazi-Communist provocateur Ollanta Humala is already concerned that, with Fujimori back in the picture, his operation to present himself as the only alternative to the abject failure of the political class in the country, goes down the tubes. Humala, who is polling 9-11% support these days—Fujimori is running at 18%—gave an interview saying that he, Humala, would take on Fuji in a second-round Presidential election, and win. It's me vs. Fuji, he said.

Fujimori, of course, is best known for his success as President in breaking the power of the narcoterrorist Sendero Luminoso (Shining Path) killers.

Western European News Digest

French Violence Spreads Toward Italy

Jacobin mob-like demonstrations at the Italian-French border are adding to the "strategy of tension" in the wake of the French riots. In Val di Susa, the Italian region on the border with France, where the Turin-Lyon high-speed rail project is to be built, a "general strike" brought about 80,000 people out to protest against the railway. The left-wing character of the action fitted with earlier incidents to halt the project, including violent clashes on Oct. 31, and discovery of a small package of explosives on Nov. 5.

The project is intended to reduce pollution and noise, among other improvements.

Bankers Threaten Germany

Standard and Poor's rating service views the new German government as not fully committed to drastic budget cuts. In an assessment on the new Grand Coalition government (which brings together the CDU, CSU, and SPD), S&P said Nov. 17 that what Chancellor-designate Angela Merkel plans to do is "not enough to spur the economic growth that's needed to maintain the country's top credit rating."

The Coalition accord does not adequately address issues such as "making it easier to fire employees and securing funds for the health-care system," S&P stated. "The coming years offer the last chance to mitigate the long-term fiscal implications of Germany's aging population in a manner that is not socially disruptive. The need for further reforms remains high."

Voicing the financial-market controllers' expectations that "the new government will maintain expenditure discipline, and will draw up a credible medium-term fiscal plan that will stabilize and eventually reverse the current rise in general government debt," S&P warned at the same time: "If this scenario does not unfold, the ratings would come under pressure." That is: financial warfare against Germany, if the Germans walk out on the monetarist discipline.

Italian Prosecutors Seek Extradition of CIA Operatives

Italian authorities are seeking the extradition of 22 CIA operatives, in connection with the kidnapping of a Muslim cleric off the streets of Milan in 2003. The cleric, Hassan Mustafa Osama Omar, had been granted asylum in Italy; the CIA is said to have taken him back to Egypt where, he later said, he was tortured. Justice Minister Roberto Castelli was in Washington this past week, and met with Attorney General Alberto Gonzales, but neither would say if they discussed the Omar case.

When Does a Rebellion Become a Revolution?

This question was posed by wrote *Times* of London political commentator Ben Macintyre Nov. 13. Perhaps it is the moment when a Labour Party rebel "starts quoting Shakespeare against his leader," Macintyre mused. "At that point you truly know something has shifted in British politics." During the debate which led up to British Prime Minister Tony Blair's resounding defeat on his police-state "anti-terrorism" bill on Nov. 9, Frank Dobson, whom Macintyre described as "a grumpy Labour backbencher and former minister,... a figure more Falstaff than Cymbeline," quoted from the song "Fear No More the Heat o' the Sun," from Shakespeare's *Cymbeline*:

"Fear no more the frown o' the great,

Thou art past the tyrant's stroke...."

The tyrant to whom Dobson was using this to refer is, of course, Tony Blair.

Widespread Support for Investigation of Blair's Prewar Role

Some 200 cross-party members of Parliament could support a demand for an investigation of Tony Blair's conduct before the Iraq war, *The Sunday Herald* of Nov. 13 reported. MPs who were organizing a campaign to impeach Blair, think they could get this scale of support to force a Commons investigation. The effort to impeach Blair last year got only 23 MPs signing the motion. Things are now different. Former government ministers are also expected to support the measure. The situation inside the House of Commons has changed because of the size of the Labour revolt, and its political alliance with opposition MPs.

Scottish National Party leader Alex Salmond, a key leader of the impeachment campaign, said he thinks that the cross-party effort to bring Blair's government to account over Iraq "would become more urgent than predicted problems associated with social legislation in England and Wales," on which Labour rebellions are also expected.

The Sunday Herald quoted one MP as saying, "This would be a golden opportunity. It would be pay-back time for Blair over the way he manipulated Parliament before the Iraq war in 2003. Last week's defeat changed the atmosphere in the Commons. The hunt is on, as they say." Also, an impeachment campaign organizer told the *Sunday Herald*, "We have been promised 200 signatures and are now hopeful this process will go ahead as it should have last year. There will be a vote and an investigation will be set up. Does this have the potential to finish Tony Blair? Yes, it does."

German Paper Highlights Problems with Euro

The *Frankfurter Allgemeine Zeitung* covered the crisis of the euro system Nov. 15, with a special focus on Italy. In an article headlined, "The Euro as Scapegoat," the daily complained that, whereas any critic of the euro in Italy would formerly have been shouted down, today, the situation has completely reversed.

The industrialists can no longer knock at the door of the central bank to ask for a devaluation of the lira, because the national currency has been replaced by the euro. The attacks on the euro also serve the aim of declaring the Maastricht criteria irrelevant, as strictures that must not be allowed to interfere with Italian fiscal policies. And, the euro serves as a campaign item in the upcoming election for national Parliament against Romano Prodi, the leader of the opposition alliance, because he was EU President at the time the euro was introduced.

Moreover, Deputy Italian Prime Minister Giulio Tremonti has succeeded in rallying support among the population of northern Italy, in particular, for his polemics against the euro and Maastricht, the article noted.

Will British Military Continue To Fight in Afghanistan?

The British military is trying to build a coalition to carry out the counterinsurgency fight in Afghanistan, after the U.S. pulls out 4,000 troops early next year, according to the *Guardian* of Nov. 14. Since France and Germany have refused to allow their troops to participate in counterinsurgency combat operations, Britain will hold talks with Australia, Canada, New Zealand, and other countries on the issue before the Dec. 7 NATO meeting in Brussels.

Britain will send 2,000 troops to drug- and warlord-ridden Helmand next spring, on top of another 2,000 British troops to go to Afghanistan next year, when Britain takes command of NATO's International Security Assistance Force there.

Britain will then have some 4,800 troops in Afghanistan, along with 8,500 troops in southeastern Iraq. The deployment in Helmand will be by far the most dangerous. *The Guardian* cited one military officer as saying that fighting the warlords, drug traffickers, Taliban, and "al-Qaeda wannabes ... could take longer to crack than Iraq. It could take 10 years."

Canada and New Zealand already have special forces in Afghanistan, and Australia is discussing the issue. In Europe, only the Netherlands, Denmark, and Estonia have agreed to support the operation, while France, Germany, Spain, and Italy are refusing to change from peacekeeping to a "war on terror" combat operation.

Spain's Real Estate Bubble Shows Excessive Growth

A report in the Nov. 15 issue of the Swiss bankers' paper *Neue Zuercher Zeitung* calls attention to the development of a real estate bubble in Spain, where construction is showing a rate of expansion disproportionate to the rest of Europe. In 2004, about 700,000 new flats were built in Spain—more than what Germany, France, and Italy together built in the same period.

This housing boom naturally went along with a huge boom in mortgage loans. The Spanish central bank warned in a recent report of the indebtedness of the average household, which is at already 106% of average income. And, at 3.7%, the inflation rate in Spain is visibly above the EU average.

Russia and the CIS News Digest

Russian Government Reorganized

Changes at top levels of the Russian government were announced by President Vladimir Putin Nov. 15. Government staff director Sergei Naryshkin said that more changes may be expected.

The elevation of Dmitri Medvedev to the post of First Deputy Prime Minister, and Sergei Ivanov to Deputy Prime Minister, was widely discussed from the standpoint of scenarios for the Presidential succession in 2008, when Putin's term ends. But the decision to move now, with the (evidently long-prepared) appointment of these two close associates of Putin to high government posts, has to do with the current situation in key areas of national security and the economy. An analyst quoted in *Izvestia* linked Ivanov's promotion with "the fact that after Beslan and Nalchik, it has become clear that there needs to be one person in charge of all the force agencies and responsible for anti-terror policy as a whole."

Mikhail Fradkov remains Prime Minister and economist Alexander Zhukov apparently remains a Deputy Prime Minister. Here are the other appointments:

* Dmitri Medvedev, a lawyer who has been head of the Presidential Administration, was named First Deputy Prime Minister, expressly to oversee the work he was already assigned to in Putin's new Council for the Implementation of Priority National Projects—in health, education, housing, and agriculture. (Opposition leaders, including economist Sergei Glazyev, have roundly denounced these projects as ineffective band-aids, at best, for the devastated Russian standard of living.) Medvedev is also Chairman of the Board of Directors of Gazprom, the largest company in Russia.

* Sergei Ivanov will remain Defense Minister, while becoming Deputy Prime Minister. Putin said he was to provide better "coordination" for the defense sector, whose enormous problems were the subject of a Defense Ministry meeting the previous week.

* Sergei Sobyenin, governor of the oil-producing Tyumen Region in western Siberia, will come to Moscow as head of the Presidential Administration.

* Konstantin Pulikovskiy and Sergei Kiriyenko were removed as Presidential Envoys for the Far East and Volga Federal Districts, respectively. Their replacements are officials from Bashkiria and Tatarstan.

* On Nov. 17 Kiriyenko was named to replace Alexander Rumyantsev at the head of the Russian Agency for Atomic Energy. This move came as a surprise. Rosatom is a key institution in numerous areas, including Russia's nuclear cooperation programs with Iran and other nations.

Aftermath of Nalchik Continues

More Russian sources are reporting that the Oct. 13 raids in Nalchik, Kabardino-Balkaria, were intended to be a much bigger operation. They warn that the threat is still live. The Russian online publication Utro.ru carried a report on Nov. 15, citing unnamed officials in the Ministry of Internal Affairs (MVD), under the headline, "Guerrillas Will Avenge Nalchik With a Strike on Moscow." According to the article by Alexander Starkov, Russian security agencies are on heightened alert, with MVD special forces patrolling the highways around the capital, in expectation of "an attack on the Russian capital in the near future." Also mentioned as potential targets are Astrakhan, the Caspian Sea port at the mouth of the Volga, and cities in the North Caucasus. The report does not repeat the scenario, published by Stratfor, about the use of civilian airliners as weapons, but the sources do talk about acts of terror comparable in scale to the Nord Ost theater takeover or the Moscow apartment building bombings.

In the same article, Utro.ru cited Kabardino-Balkaria MVD official Albert Sizhazhev, who said that the bands that attacked Nalchik were trying to set up bases of operations there, like the bases that functioned in Chechnya in the 1990s. Other sources told Utro.ru that those attackers apparently intended to hold Nalchik for two months, using it as a staging ground for guerrilla warfare in the region.

Putin Stresses Eurasian Transport

As Russian President Vladimir Putin flew toward South Korea on Nov. 17 for the Asia-Pacific Economic Cooperation summit, his website released his article, written for publication in area press on this occasion. Putin's emphasis is on economic cooperation in the region, regional integration, and Eurasian development. Despite lip service to "globalization," the outline of Russian interests in cooperation with Asian nations was most striking for its emphasis on transportation corridors and other infrastructure.

Putin wrote that Russia "is prepared to play a key role in shaping the new transport and energy architecture in the Asia-Pacific Region." Upon joining APEC seven years ago, he said, "Russia was well aware of its unique potential as a transit territory.... This involves freight flows between two powerful centers of the world economy: the Pacific, and Europe." He cited the trans-Korea rail line as an example, which some people might find "unexpected," but which he considers important. "This project for shipping freight through South and North Korea is slowly moving ahead, although the rate of advance cannot be called rapid, due to the slow rate of progress on the Korean nuclear question. But the existence of such a project, which significantly lowers costs for the shipment of cargoes between Europe and Asia, is one element of the patient efforts that Russia and the other participants in the six-party negotiations on Korea are making, to turn the Korean peninsula into a zone of peaceful cooperation and development."

The route Putin wrote about runs from Pusan, South Korea (venue of the APEC summit) to the Transiberian Railway (the first Eurasian land-bridge, built by Count Sergei Witte at the turn of the 20th Century). Lest anyone think he were

promoting this at the expense of infrastructure, radiating out of China, Putin added, "I call upon everybody to think about the enormous potentials, opened up by the transportation projects under consideration within the Shanghai Cooperation Organization: transportation and other [energy] main lines, crossing the expanses of Central Asia."

Putin's article also touched on combatting terrorism (including its finances), inter-civilizational dialogue, and bird flu.

'Blue Stream' Gas Pipeline Inaugurated

At Samsun, Turkey, on Nov. 17, Russian President Vladimir Putin and Prime Ministers Recep Tayyip Erdogan of Turkey and Silvio Berlusconi of Italy, inaugurated the Black Sea-floor "Blue Stream" natural gas pipeline, which delivers gas directly from Russia to Turkey. Besides Gazprom and the Turkish national pipeline company, Botas, Italy's ENI was involved in engineering and building the project. In his speech, Putin talked about extending Blue Stream's delivery area to Italy. Russian press reports indicate that a several-years-long discussion of supplying Israel through the project has also been revived.

Interviewed during Russian TV coverage of the event, Minister of Industry and Energy Victor Khristenko stressed that the success of the project, which currently can deliver 4 billion cubic meters of gas annually (that will rise to a capacity of 16 billion), sets a good precedent for the pipeline Russia and Germany are building on the Baltic Sea floor.

Russia and Uzbekistan Agree on Strategic Partnership

Meeting in Moscow Nov. 15, Russian and Uzbek Presidents Vladimir Putin and Islam Karimov signed an expanded version of a strategic agreement between the two countries, including a provision on mutual assistance in case of aggression from third parties. An implication of this provision is that in case the democracy-obsessed globalist community decides that Karimov should undergo the Saddam treatment, his country will be protected by Russian military force.

In exchange, Moscow acquires the right to have a "defense infrastructure" in Uzbekistan. In particular, Russia will be allowed to use the Khanabad aircraft base, currently occupied by the U.S. and its allies. At a joint press conference, Karimov said the increase of Russia's influence in Central Asia and other regions of the world provides "reliable guarantees of peace and stability."

While Karimov was in Moscow, Uzbekistan's Supreme Court announced the sentences for the major participants in the paramilitary riot in Andijan earlier this year. The sentences for 15 (out of almost 200) paramilitary fighters range between 14 and 20 years' imprisonment.

European Union Lists Uzbekistan as Rogue Nation

The minute Islam Karimov's Uzbekistan asked Washington to remove its "anti-terrorist" bases from Uzbek territory this past summer, the European Union's bureaucracy decided that the regime was "rogue," and should be criticized. The pretext was the events in Andijan. Earlier—at a time when the same Karimov regime was already using harsh methods not only against terrorists, but also against political oppositionists, but was expressing willingness to cooperate with NATO and participate in the geopolitical scheme called GUUAM (an alliance with Georgia, Ukraine, Moldova, and Azerbaijan)—the same Eurobureaucracy conveniently ignored the notorious human rights problems of Uzbekistan, never mind scenarios for regime change.

But now, it is considered especially important to ostracize Tashkent, just at the time that Karimov was in Moscow. The list of persons now prohibited from entering EU territory includes Uzbekistan's Interior Minister Zakir Almatov, Defense

Minister Kadyr Gulomov, and Security Minister Rustam Inoyatov. In addition, the EU has introduced an embargo on delivery to Uzbekistan of weapons and "other equipment which could be used for oppression."

Southwest Asia News Digest

New Elections in Israel in Early 2006

Israeli national elections will be held between the end of February and the end of March 2006, according to a Nov. 18 announcement by the Labor Party's new chairman. Amir Peretz, following a meeting with Prime Minister Ariel Sharon. Early elections were made inevitable when Peretz, the former head of the Histadrut, was elected to lead the Labor Party earlier this month. He announced that Labor would immediately pull out of the national unity government with Sharon's Likud Party.

Following his meeting with Peretz, Sharon met with Shinui chairman and opposition leader Yosef Lapid, and told him that he will convene the Likud in the coming days and announce whether he will form his own party or remain with Likud. All the Labor ministers in the present national-unity government gave Peretz letters resigning from the government, and Peretz had those letters in hand when he met with Sharon. Sharon is scheduled to meet on Nov. 20 with the heads of the National Religious Party, Shas, Degel Hatorah, and Agudat Yisrael, and could decide the following day what election date to put in a bill to dissolve the Knesset (the Israeli Parliament). Sharon rival Benjamin Netanyahu had urged him to put off the elections till May, to give people time "to get tired of Peretz," but Sharon rejected this suggestion.

The *Jerusalem Post* reported that the main reasons Sharon might form a new party, are to avoid a nasty internal Likud fight, and to allow him to immediately start a campaign against Peretz. The Likud primaries promise to be brutal, against Netanyahu and Uzi Landau.

Meanwhile, one Sharon family member won't be running in the elections. Omri Sharon, the son of Ariel Sharon, has pleaded guilty after being indicted for illegally raising funds for his father's 1999 primary campaign for the leadership of the Likud Party. He has not been sentenced yet, but has announced his retirement from politics. He will also resign his Knesset seat.

James Baker Honors Slain Rabin

With former U.S. President Bill Clinton and Sen. Hillary Clinton (D-NY) in attendance, the Bush Administration sent former Secretary of State James Baker III to head the official U.S. delegation to Israel's commemoration of the 10th anniversary of the assassination of the late Prime Minister Yitzhak Rabin.

As this week's InDepth article reports, the Rabin memorial was the occasion of the largest pro-peace rally in Israel since 1982.

In his speech at the commemoration, Baker pointed to three important principles Rabin had championed: military strength had to be used to obtain peace, not to merely exercise control; the relationship between Israel and the U.S. was key to the peace process, but only Arabs and Israelis could actually make peace; and that "peace opens the door to a better economy and society."

In 1991, as Bush 41's Secretary of State, Baker froze billions of dollars worth of loan guarantees to Israel in order to force Likud Prime Minister Yitzhak Shamir to the Middle East Peace Conference; hence, Baker is not very well-liked by the

Israeli right-wing.

Will Bush Buck Cheney and Work with Russia on Iran Issue?

In what could represent a dramatic policy shift, President Bush announced on Nov. 18 that he would back a Russian government proposal to solve the Iranian nuclear impasse. Russia had sent a new proposal to Tehran under which Iran could reprocess nuclear material, provided the final stage of the process were completed in Russia. If the Bush endorsement of the Russian plan, which came during a Bush-Putin summit in Seoul, South Korea and was reported in the Nov. 19 *Washington Post*, is confirmed, it would be the first time that the Bush Administration has acknowledged Iran's right to pursue a peaceful nuclear energy program. The Bush-Putin meeting occurred five days before a meeting of the International Atomic Energy Agency (IAEA) in Vienna, Austria is scheduled to take up the Iran nuclear issue again.

Chalabi Blasted as Crook, Liar, and 'Convicted Felon'

Whatever the Cheney cabal thought they were accomplishing with the visit to Washington last week by convicted embezzler Ahmed Chalabi, for meetings with Dick Cheney, and Defense Secretary Donald Rumsfeld, the meetings have triggered more calls for investigations by the Congress into the Bush Administration's use of fabricated intelligence to secure support for the Iraq war.

Well-placed current and former government officials have told *EIR* that Chalabi is in the U.S. to coordinate "cover stories" with the Cheney cabal about the pre-war Iraq intelligence, including the Niger forgeries, because the investigation is going to zero in on these subjects.

On Nov. 15, after the weekly Democratic Senators' policy meeting, Minority Leader Harry Reid (Nev) blasted Cheney, saying: "Now there was a secret meeting that took place in the White House last night I understand. By all the reports I know about, the man he met with is a fugitive from justice, Ahmed Chalabi, who's a convicted felon in Jordan, our ally, who, there seems to be no question that he fed this administration all kinds of information, ... most of it was faulty about intelligence in pre-war Iraq."

Reid asked, "Isn't it about time" that Cheney come clean on what happened at all the secret meetings he's held, from the energy task force, to the Halliburton deals, to his meetings with Chalabi? Was Chalabi giving Cheney "information about how to conduct the war ... what to do with the oil in Iraq? That's in the past what he's done," asked Reid.

Wilkerson Thinks Pre-War Memo Was Kept from Bush

Colonel Larry Wilkerson, former Chief of Staff to Secretary of State Colin Powell, says that a White House memo outlining the need for up to 500,000 troops for Iraq, was kept from President Bush. A Nov. 11 article in the *Forward* quoted Wilkerson saying that he thinks that then-National Security Advisor Condoleezza Rice, or her deputy Stephen Hadley (now National Security Advisor), may have blocked the memo from getting to Bush.

"This was not a 'troop estimate,' " Wilkerson said of the NSC memo. "It was a comprehensive analysis—succinct to be sure—of the potential post-war situation, which incidentally, as one would expect, included estimates of security, engineering, police, and other forces DOD might have to provide, as well as those of other agencies or departments....

"The reason I suspect it got stopped is simply that they knew Cheney and Rumsfeld dissented strongly and did not want to reopen that box of worms."

'16 Words' Author Uses Stolen Laptop for Secret Briefings

Neo-con former NSC staffer Dr. Robert Joseph—who was the author of the now-infamous "16 words" in President Bush's January 2003 State of the Union address, claiming Iraq was seeking "yellowcake" uranium from Africa, and who has replaced John Bolton as Undersecretary of State for Arms Control—is once again at the center of controversy over the circulating of suspected disinformation, this time targetting Iran. Dr. Joseph, a protege of Richard Perle, began giving secret briefings to the IAEA and some European nations in July of this year, as Vice President Dick Cheney was gearing up for a planned military confrontation with Iran. Joseph's supposedly "secret information" on the Iranian nuclear program came from a Persian-language program on a stolen Iranian laptop.

Dr. Mohammed ElBaradei, head of the IAEA, who conducted an interview with David Sanger of the *New York Times* on this issue, said the IAEA needs to "follow due process, which means I need to establish the veracity, consistency, and authenticity of any intelligence, and share it with the countries of concern. That has not happened." Ali A. Larijani, Iran's nuclear negotiator, said, "We are sure that there are no such documents in Iran."

Cheney Torture Policy Encouraged the Insurgency in Iraq

On Nov. 11, the Veterans for Common Sense held a press conference in Washington calling for an independent commission to investigate the torture policy. Two of the speakers, Iraq war intelligence specialists Dave Debatto and Frank Ford, testified that the situation changed dramatically in June of 2003, during the period "U.S. Viceroy" Paul Bremer issued his orders for de-Baathification and dissolution of the Iraqi Army. Debatto said that from March until June of 2003 his unit got "a lot of intelligence" because "we treated them [the Iraqis] with respect." However, in the middle of June, the situation "literally went to hell in a hand-basket ... when we started kicking in doors and started doing all kinds of heinous acts to the Iraqis." After mid-June, Iraqis were no longer volunteering intelligence information.

Frank Ford, a 32-year career intelligence officer, told a similar story, reporting that high-level Iraqi sources told him: "You had your chance. We asked you for electricity and water. That's all we needed from your people. Knock off the torture business. If you don't knock it off, we'll knock it off." Ford also reported that when he began questioning rumors and reports from Abu Ghraib, before the CBS "60 Minutes" expose, he was told that he was the problem. When he requested a formal investigation, he was forcibly taken to a psychiatrist for evaluation, and then evacuated from Iraq, strapped to a stretcher.

Bush-Cheney Accused of Imitating Red Army Interrogation Methods

A Nov. 14 *New York Times* op-ed by Gregg Bloche of Georgetown University, and Jonathan Marks of Georgetown and Johns Hopkins, outlined the Pentagon's use of its SERE (Survival, Evasion, Resistance, Escape) program which is designed to teach resistance to stress and torture, and—as *EIR* reported in the "Spoonbenders" report—how this has been flipped on its head to use those techniques against U.S.-held prisoners at Guantanamo and elsewhere. The authors note that this means that the United States is now using interrogation tactics that mimic Soviet Red Army methods; however, the Communists' objective was not to extract accurate information, but to coerce false confessions.

When some in the Pentagon warned that these tactics constituted torture, a top advisor to Defense Secretary Donald Rumsfeld justified them by pointing to SERE training. The use of SERE techniques, the authors conclude, is further evidence that torture was *policy*, not an aberration.

Asia News Digest

Afghanistan's New Scourge: Suicide Bombers

Almost four years since the beginning of the American occupation of Afghanistan, and its setting up of a puppet regime in Kabul, suicide bombers made their appearance with a vengeance on Nov. 14. On that day, they rammed cars filled with explosives into NATO peacekeepers in two attacks in Kabul—the only place in Afghanistan that is officially considered to be safe. The attacks killed a German soldier and at least eight Afghans, and wounded dozens. On Nov. 15, a bomb went off when U.S. troops, along with Afghan soldiers, were in an armored vehicle as the troops were patrolling in Paktika province. Reports of deaths of Afghan policemen and soldiers are coming in at a steady stream. No doubt, the anti-U.S. and anti-Karzai forces have gained ground significantly.

Meanwhile, the local Afghan newspaper, *Cheragh* (the Lamp) reported that Osama bin Laden's network is now back in operation in Afghanistan. The leadership at the ground level in southwestern and southeastern Afghanistan is in the hands of two Arab nationals. This network has distributed videotapes widely throughout this area.

At the same time, the Taliban's chief spokesman, Abdul Hai Mutmaen, told Reuters that the Taliban has rejected overtures from Afghan President Hamid Karzai urging them to abandon their anti-U.S. and anti-Karzai insurgency.

Car Bomb Kills Three in Karachi

A car bomb exploded outside the Kentucky Fried Chicken (KFC) fast food restaurant in Karachi, Pakistan on the morning of Nov. 15, killing at least three and injuring dozens. It is likely the death toll will end up being much higher, officials said. The bomb disposal squad said the bomb was locally made and was detonated by a timing device.

Following the explosion, the governor of Sindh Province, where Karachi is located, put the entire security apparatus on high alert. Two days earlier, a number of bombs had gone off in Christian churches scattered throughout Pakistan.

Pakistani President Pervez Musharraf has condemned the bombing in Karachi as an act of terrorism, and has urged the local officials to act quickly and effectively.

India and Russia Sign New Defense Agreements

Indian Defense Ministry officials have announced that Russia has agreed to help India develop indigenous nuclear-powered submarines and aircraft carriers.

Speaking at a joint press conference in Moscow with the Russian Defense Minister, visiting Indian Defense Minister Pranab Mukherjee said India will take part in the development and financing of a fifth-generation super fighter aircraft project with Russia. He also said that the Russian Defense Ministry has agreed to provide access to Russia's GLONASS (global navigational satellite system) for military application to India. GLONASS is an alternative to the Pentagon-based Global Positioning System (GPS).

Indonesian Govt May Take Over ExxonMobil Oilfield

Indonesian Economics Minister Aburizal Bakrie on Nov. 15 told reporters that the Indonesian government will take over ExxonMobil's Cepu oilfield in Java, if the company does not resolve a dispute with the country's state oil company, Pertamina, over who will operate the field. ExxonMobil used its clout with the bankrupt Indonesian government earlier this year to steal the oil rights to the rich oilfield for 20 years beyond its original lease, under threat that they would refuse

to develop the field at all, standing by until their lease ran out in 2010. Indonesia is going broke paying for imported oil, due to the lack of investment in new fields since the 1998 speculative destruction of their economy.

At that time, Lyndon LaRouche recommended that Indonesia assert its sovereignty and take over the field, cancelling the original lease, on grounds of ExxonMobil's failure to develop the field as contracted. The Indonesian government however, capitulated to the oil giant, and even agreed to fire the chief of Pertamina, Widya Purnama, who has led the fight with ExxonMobil. However, Purnama has yet to be removed, and the government now appears to be asserting its sovereignty. The current impasse comes over ExxonMobil's demand that they operate the field for the duration of the field's productive life, while Pertamina wants to rotate operatorship every five years, with Pertamina going first.

Bush, Rice Attacks on Myanmar Have Little Impact in Asia

U.S. President George Bush and Secretary of State Condoleezza Rice, during the Bush trip to Asia last week, issued broadsides against the Asian nations for failing to join the U.S. destabilization of Myanmar. Rice said, "I don't think that we get the kind of international condemnation of what's going on in Burma that we really need," calling Myanmar "really one of the worst regimes in the world." Bush, in Japan, having lectured China to follow the Taiwan example, accused the Myanmar regime of "rape, torture, and execution." Meanwhile, Asians are reading daily about U.S. Marines raping a Filipina girl, and about Cheney's embrace of torture and execution.

This Week in History

November 22-28, 1758

General Forbes and Colonel Washington Capture Fort Duquesne from the French

On November 25, 1758, the American goal of recapturing France's Fort Duquesne at the Forks of the Ohio River became a reality. The terrible defeat of Gen. Edward Braddock's expedition in 1755, as it marched to attack the fort, had postponed any immediate return to the future site of Pittsburgh. As the French and Indian War raged in America, the Seven Years War in Europe saw Britain's East India Company fighting France for control of a worldwide empire. But in the beginning years of that war, Britain suffered defeat after defeat, and the French hurled their Indian allies against the American frontier with impunity.

George Washington, who had assumed command of the Virginia Militia on the frontier, established a chain of forts up and down the Shenandoah Valley, but Indian raids directed by the French had pushed the majority of American settlers back across the Blue Ridge in the aftermath of Braddock's defeat. Those who stayed clustered around Washington's forts for protection, and members of the militia camped and drilled at Greenway Court, the residence of Lord Thomas Fairfax, who had also refused to seek the safety of the Tidewater.

The command of all the British troops in North America was held by John Campbell, the Earl of Loudoun. Not known for bravery or competence, the Earl was described by Benjamin Franklin as a man "entirely made up of indecision. Like St. George on the signs, he was always on horseback, but never rode on." In 1757, George Washington travelled to Philadelphia to meet with Lord Loudoun about the desperate condition of the defenses on the Virginia frontier. Washington proposed that the British and Americans take the offensive by attacking Fort Duquesne while the French were busy fending off a multi-pronged British attack on Canada. Loudoun turned him down, insisting that the middle and southern colonies were to maintain only a defensive position.

That same year, however, William Pitt took over the British government and determined to add France's American possessions to the British Empire, just as France's outposts in India were also being captured by Britain. As a result, Gen. John Forbes was dispatched to command a second expedition to capture Fort Duquesne. Many Americans, especially Washington and Franklin, saw in this an opportunity not only to end the Indian raids on the frontier, but at last to break beyond the Appalachian Mountains and settle the future Midwest. Britain, too, was well aware that her possible victory over France could lead to an attempt for independence by her colonies, and there were factions inside and outside Parliament which warned of this result.

But the investors in Britain's East India Company were eager for the looting opportunities which an empire provided, and they backed the conflict to the hilt. Forbes was a brave and efficient soldier, and he had studied Braddock's letters back to England as well as the tactics of the fatal battle on the Monongahela. Braddock's description of the difficulties posed by his thickly wooded and mountainous route convinced Forbes that he should build a new road straight west through Pennsylvania. Forbes also decided to build a series of fortified supply posts along the way, so that he would be able to retreat to them in case of a defeat, yet still be able to mount an attack at another time.

Washington opposed building another road when one already existed, especially since the time taken to build it could delay the attack until the next year. As commander of the First Virginia Militia, he and his troops were deployed to repair Braddock's Road, but this was only a feint to confuse the French. Meanwhile, the troops under Forbes built a new road to Raystown, Pa. (the present Bedford), where they built a rear base consisting of a fort, storehouses, and a hospital. When Washington's troops reached Fort Cumberland on Braddock's Road, they were commanded to move north and join Forbes at Raystown.

Meanwhile, at Fort Duquesne, the new French commander, Marchand de Ligneris, suffered from lack of supplies and dwindling troops. The projected new British attacks on Canada made Montreal nervous about reinforcing the western posts, while the activities of the British Navy off the entrance to the St. Lawrence River made resupply of Canada difficult. Fort Duquesne now relied on the French posts to the west, such as Detroit, Michilimackinac, and especially the Illinois settlements for the delivery of food supplies and troop reinforcements.

But de Ligneris had served for 20 years on the frontier, and he was not about to give up without a fight, even though he had orders to abandon the fort if the British and Americans reached it. He sent out parties to scout both Washington's and Forbes's progress, and when he heard the Cherokees were fighting for the English, he raided their villages in North Carolina, trying to draw them back south and out of the impending battle. The progress on the Pennsylvania road was so agonizingly slow—it almost ground to a halt at Laurel Hill—that Forbes's second-in-command, Col. Henry Bouquet, sent forward a contingent of 1,000 men through the dense forest to Loyahanna, only 40 miles from Fort Duquesne. Now de Ligneris knew from which direction the threat was coming, and he hurled hit-and-run attacks against the soldiers, trying to delay them until the snow fell and forced them into winter quarters.

The repeated Indian attacks drove the British soldiers into a panic, and Bouquet saw that something had to be done immediately. He authorized Maj. James Grant to take a force of 800 men on a night raid of Fort Duquesne. The result almost brought the British to a repeat of Braddock's defeat. Only a small contingent of Virginians from Washington's regiment kept the rout from becoming another full-scale massacre. And this time, the survivors had a base at Loyahanna that they could retreat to.

During the planning stage of the expedition, Washington had written to Forbes requesting that his Virginia Militia be deployed as a body of light troops in the advance guard. One of the lessons he had learned from the circumstances of Braddock's defeat was that such an expedition into the wilderness needed a large advance and flanking party which could give early warning of Indian attacks.

Washington had written that, "If any argument is needed to obtain this favor, I hope, without vanity, I may be allowed to say, that from long intimacy with these woods, and frequent scouting in them, my men are at least as well acquainted with all the passes and difficulties as any troops that will be employed." Now, after the attacks at Loyalhanna and the disastrous night raid, Washington was given the command of a division, partly composed of his Virginia militia, to act as the advance of the main body of troops, to clear the road, send out scouting parties, and repel any Indian attacks.

When all the troops were assembled at Loyalhanna, a council of war determined that it was impracticable to advance further due to the lateness of the season. The delaying tactics of de Ligneris were about to bear fruit, when prisoners who were brought in described the weakened state of the garrison at Fort Duquesne. The council reversed itself and decided to press on, without baggage, and with only light artillery.

With Washington's division in the lead, the army proceeded cautiously, passing first the whitened bones of Braddock's soldiers and then the bodies of Grant's troops. When Washington's advance guard reached Fort Duquesne on Nov. 25, they found it abandoned by the French. When he knew the British Army was within one day's march, de Ligneris had embarked his troops on boats, blew up his powder magazine, set fire to the fort, and retreated down the Ohio River by the light of the flames.

British military successes in Canada led finally to its surrender by the French. But the end of the French and Indian War did not lead to the hoped-for settlement of the Ohio Valley by the Americans. No sooner was the Treaty of Paris signed, than an Indian named Pontiac united the Ohio Valley and Great Lakes tribes to attack all the British frontier posts, and all but two fell. To protect his "beloved" American subjects from this convenient conflict, King George decreed that no American was allowed to cross and settle beyond the mountains.

The French, knowing that Britain's victory had been a fatal triumph, began to send intelligence agents to North America to determine the mood and plans of the Americans. The Comte de Vergennes, who was to play a pivotal role in supplying the Continental Army with munitions through Beaumarchais, and in negotiating the peace settlement which would grant America her independence, was at this time the French Ambassador to Constantinople. He wrote then that the British conquest of Canada would remove the threat of French-sponsored Indian attacks which had kept the Americans east of the mountains. "They will no longer need her protection; she will call on them to contribute toward supporting the burdens they have helped to bring on her, and they will answer by striking off all dependence."

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[top of page](#)

[home page](#)