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

### **LAROCHE TO BERLIN SEMINAR**

#### **'We're Moving To Take the U.S. Government Back'**

*Lyndon LaRouche joined some 60 dignitaries from round the world, in a private EIR seminar in Berlin on Dec. 6, 2005. The seminar was titled "Strategic Options in the Post-Cheney Era: New Atlantic Alliance in the Tradition of Franklin Delano Roosevelt." We publish LaRouche's keynote speech below.*

There are several things, points I'll present, as compactly as feasible. First of all, as to what's happened in the United States, and it happened during the course of the past week: There's an event in U.S. politics, which is comparable to the Tennis Court Oath in France. This is Lafayette, and in a sense it's in the tradition of Lafayette, even though Lafayette did not have at that time the nerve to follow through, or the King to follow through with.

Then, I shall indicate exactly how this came about, what my approach is to it, and what the problem is, that Europe is going to face in trying to understand this. Why the United States, uniquely, must carry through on this equivalent, or parallel to a Tennis Court Oath—not what happened in July of 1789, but what *should* have happened in June. And what is involved in getting to this point, that Europe will have to understand exactly what we're doing and what the importance is for the world as a whole, of what's happening in the United States right now. Not merely as a factor in the world: Because, if the United States *does not* carry out the mission which is implicit in the agreements that were made, and publicized, during the past week inside the United States, then I'm afraid the world has no chance. Because, there's no part of the world that could take on the *specific* problem, which must be taken on *to deal with the present world crisis*. And what the problems are.

Now, what happened is this: Going back to last Summer, of 2004, up to that point over the course of the period since about the time of the Nixon Administration, the Democratic Party of the United States had been disintegrating. It had been disintegrating in the sense of departing from the Franklin Roosevelt tradition, which is the essence of European civilization, since—actually, since Egypt gave the ideas which were used by certain Greeks, such as the Pythagoreans and so forth, to establish the beginnings of European civilization, out of a bunch of mariners and so forth, running around loose in the Mediterranean at the time....

**...full version (PDF)**

# InDepth Coverage

Links to articles from

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**\*Requires Adobe Reader®.**

## Feature:

### **LAROCHE TO BERLIN SEMINAR**

#### **'We're Moving To Take the U.S. Government Back'**

Lyndon LaRouche joined some 60 dignitaries from round the world, in a private EIR seminar in Berlin on Dec. 6-7, 2005. The seminar was titled 'Strategic Options in the Post-Cheney Era: New Atlantic Alliance in the Tradition of Franklin Delano Roosevelt.' We publish LaRouche's keynote speech below. The first panel was chaired by Jonathan Tennenbaum.

- **Kennedy's Apollo Program Reshaped the U.S. Economy**

President John F. Kennedy's call on May 25, 1961, for the United States to have a goal of 'landing a man on the Moon and returning him safely to Earth' by the end of the decade, put into motion the greatest peacetime mobilization of this nation's scientific, engineering, and technological resources in history. The country's industrial base, which had stagnated for the nearly two decades since President Franklin Roosevelt's mobilization to win World War II, was thrust into becoming the leading technological driver for the real growth of the physical economy.

- **Documentation**

#### **Pelosi: 'A New Era of American Innovation'**

House Minority Leader Nancy Pelosi (D-Calif.) gave this policy speech on Dec. 2 at Harvard University, on 'A New Era of American Innovation and Competition.' The event was sponsored by the John F. Kennedy School of Government's Institute of Politics Forum.

Subheads have been added by EIR.

- **Miller: Retaining U.S. Leadership in Innovation** Rep. George Miller (D-Calif.) delivered the Democratic response to President Bush's weekly radio address on Dec. 3, 2005:

### **Helga Zepp-LaRouche**

#### **Europe Needs a New Atlantic Alliance In the Franklin Roosevelt Tradition**

Mrs. Zepp-LaRouche keynoted the afternoon session of the seminar on Dec. 6. She was introduced by moderator Frank Hahn, who pointed out that 20 years ago, she founded the Schiller Institute, 'in order to establish a new form of cooperation, not only between Germany and the United States, but between Europe and the United States, on the basis of the principles of American republicanism.' The four-hour session concluded with the LaRouche Youth Movement singing the 'Battle Cry of Freedom,' following which the LYM spontaneously broke into singing the German national anthem.

### **Jacques Cheminade**

#### **The Enemy of France Is Cartesianism**

Jacques Cheminade, president of the Solidarity and Progress party in France, and Presidential candidate in France's 2007 election, addressed the seminar on Dec. 7. The session was chaired by Jonathan Tennenbaum, and included the participation of Helga Zepp-LaRouche. We publish Cheminade's remarks, and a portion of the discussion.

**Jeffrey Steinberg**

## **Understanding the U.S. 'Cheneygate' Climate**

EIR's Jeffrey Steinberg spoke on Dec. 6, 2005. He was introduced by Frank Hahn of the Civil Rights Movement Solidarity (BüSo), who asked him to 'tell us the details from the inside, what is going on in Washington right now, and what has been the process of this revolt during the last days and weeks.'

**Dr. Clifford A. Kiracofe, Jr.**

## **The U.S., Politics, And the Iraq War**

Dr. Kiracofe is a former Senior Professional Staff member of the U.S. Senate Committee on Foreign Relations. He spoke on Dec. 6, 2005. Footnotes are available on request.

# **Economics:**

## **The Harry Hopkins Method of Job Creation**

**by EIR Staff**

In discussing the pressing urgency of conversion of some U.S. automobile production capacity to infrastructure-related projects in the urgent national interest, EIR Founder Lyndon LaRouche has referenced the job-creation methods of Franklin Roosevelt's confidant, Harry Hopkins. And that in this respect, as also in regard to the reforms of our financial system which must on the whole accompany such a reconversion, we should assimilate the spirit of FDR's leadership, in the tradition of the American System of political economy, rather than the letter of his executive orders and laws.

# **Maps: Critical Auto Capacity To Be Saved:**

- **GM Capacity Shutdowns 2005-2008**
- **Delphi's Threatened Shutdowns**
- **Ford Threatened Shutdowns**
- **Visteon Threatened Shutdowns**

## **The Locusts Plead For 'Fair Treatment'**

**by Mike Billington**

Franz Müntefering, the former chairman of the German Social Democratic Party (SPD), told a party conference in April that private equity funds and hedge funds had descended upon German industry like 'swarms of locusts,' draining corporations of their productive wealth and labor for short term gain, with great harm to the nation's interests. 'Some financial investors don't waste any thoughts on the people whose jobs they destroy,' said Müntefering. 'They remain anonymous, have no face, fall like a plague of locusts over our companies, devour everything, then fly on to the next one.'

# **National:**

## **Cheney Treading In Quicksand**

**by Michele Steinberg**

The Bush Administration is 'a dying regime,' stated U.S. political leader Lyndon LaRouche to an international audience at an EIR seminar in Berlin on Dec. 6. And the only thing that can really save the Bush Presidency, is for Vice President Dick Cheney to be ousted. 'The President is breaking up,' LaRouche said. 'He's not capable intellectually of understanding what he's doing.' In contrast, he said, 'Cheney is a criminal. He's a murderer.' At the same time, LaRouche noted that Cheney is no superman— and that he can be defeated.

## **Military Spokesmen Taking the Lead Against Bush's Iraq War Fiasco**

**by William Jones**

When President Bush on Dec. 7 gave the second of four scheduled speeches on the Administration's Iraq policy prior to the Dec. 15 elections in Iraq, touting 'success' before a rather somber crowd at the Council on Foreign Relations (CFR), and focussing on this occasion on the economic reconstruction efforts, he was immediately met by a barrage of responses from leading Democrats, including that *bête noire* of the White House, Pennsylvania Rep. John Murtha, exposing the fallacy of Bush's claims. The counterposition reflects the truth of what Murtha said in response to questions later: There are only two positions on Iraq, the President's and his.

## **Congressional E-Hearing: A National Dialogue on Auto Sector Crisis**

**by Anita Gallagher**

The Democrats on the U.S. Congress House Committee on Education and the Workforce, under the leadership of Ranking Democrat George Miller (Calif.), have stepped into the exploding crisis in the American auto industry by setting up an E-Hearing for a national discussion on the auto crisis among auto workers, retirees, Democratic Congressional representatives, local elected officials, and the American citizenry.

# **International:**

## **Sharon's Gambit Signals Weakness of the Right**

**by Dean Andromidas**

Israeli Prime Minister Ariel Sharon resigned as chairman of the Likud party on Nov. 21, taking 13 of the party's 40 Knesset members. Forming a party called Kadima (Forward), he took three non-Likud Knesset members, including Haim Ramon and Dalia Itzak of the Labor Party, and independent Knesset member David Tal, with him. Then on Nov. 30, former Labor Party Chairman Shimon Peres, defeated by Amir Peretz in the Labor Party leadership race on Nov. 9, quit the Labor Party to jump into bed with Sharon, to become his 'peace envoy.'

## **South Asia War on Terror Spawns Fresh Terrorism**

**by Ramtanu Maitra**

Since the Bush Administration's invasion of Afghanistan in the Winter of 2001, and Iraq in the Spring of 2003, terrorism in South Asia, already present, has been given a new life. Despite statements issued by the London-Washington duo, in the real world, their war on terror is spawning more terrorists, in Arabia, the Afghanistan-Pakistan region, and elsewhere. Unfortunately, this fact has been kept secret not only in the United States, but in all of South Asia. National leaders in the South Asian region are either in a state of denial, or are finding it difficult to contradict what London and Washington are aggressively stating. The other likely reason these leaders are shirking away from stating the obvious, could be the fear of evoking the wrath of the Bush-Blair combo, who are surrounded by Islam-haters.

## **Amelia Robinson in Italy**

## **'Help Us Dump Cheney, Stop This Illegal War'**

**by Liliana Gorini**

Amelia Boynton Robinson, the 94-year-old heroine of the African-American civil rights movement, vice president of the U.S. Schiller Institute, and close collaborator of Lyndon and Helga LaRouche, was on an official visit to Rome Nov. 28 to Dec. 4. She was received by the vice president of the Italian Chamber of Deputies, Hon. Alfredo Biondi, on Nov. 29, together with a delegation of women parliamentarians from the Democrats of the Left Party (DS), and Paolo Raimondi and Liliana Gorini, president and vice president of the Italian Civil Rights Movement Solidarity, LaRouche's cothinkers in Italy.

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

## **Auto Devastation Spreads Throughout Midwest**

With Ford and GM reportedly threatening 20 plant shutdowns and 50,000 layoffs of production workers between them, the Chicago Federal Reserve Board has released a report showing that the auto and auto-supply industries have lost 90,000

jobs in the last five years alone, in the states of Michigan, Indiana, and Ohio, the *Chicago Tribune* reported Dec. 8. Two-thirds of these job losses were in the auto-supply sector. And the Center for Automotive Research in Michigan estimates nearly ten other jobs lost for every one of these, in subcontracting small businesses, service, and retail sectors, etc.

That region, says the Federal Reserve report's analyst, Thomas Klier, is home to 61% of all the auto-supply plants located in the Midwest—70% of Delphi's workforce is in those three states, for example—so, another round of mass layoffs by the Big Three and their suppliers, will be "lights out" for the region.

In another region, the mayor of Lockport, N.Y., in an interview with *EIR*, said that the two Delphi plants there, and their "100 or more" small business suppliers in the immediate area, account for 10-15% of the income-tax base, and 20-25% of the infrastructure (sewer, water, transit) tax base of the city and county. That area, too, will be hit by a "devastating economic blow" if the plants were to be closed in Delphi's bankruptcy. And the mayor of Warren, Ohio, in testimony submitted to the e-hearings of the House Education and Workforce Committee on Dec. 7, painted the same picture for towns and cities like Warren and throughout the Mahoning River Valley.

## **Commodities Prices Soar as Hedge-Fund Speculation Grows**

Some 450 hedge funds now speculate in commodities-related securities, up from 200 hedge funds doing these trades a year ago, according to the Energy Hedge Funds Center in Texas. Here is what the year's percentage increase in commodities prices looks like, as of the first week in December:

\* Gold: Up 15%. On Dec. 7, it hit \$517.80 an ounce on the New York Stock Exchange (Comex), a 24-year high.

\* Copper: Up 39%. Now at a record \$4,500 a metric ton.

\* Crude oil: Up 38% this year, on the New York Mercantile Exchange. At \$60 per barrel Dec. 8 on NYMEX (January delivery). (Reached a record \$70.85 a barrel Aug. 30, after Hurricane Katrina).

\* Natural Gas. Futures (January deliver) soared Dec. 8 by \$1.20 to \$14.90 per 1,000 cubic feet, a new intraday high for a month's delivery (next month).

## **Hedge Funds Play Key Role in Airlines Consolidation**

Speaking at a Washington conference Dec. 8, US Airways CEO Doug Parker said that the majority of the \$870 million raised to finance the merger of US Airways and America West came from hedge funds. A very small portion came from private equity investors. In an expected future wave of airline mergers, private capital will be a crucial component, he added. "The business is so leveraged, that they are willing to take on a high risk, to get a high rate of return."

## **Farm Machinery Sales Drop; John Deere Slows Assembly Lines**

U.S. tractor sales were down 4% in October from the same time 2004; sales of combines were similarly down 44%, according to the U.S. Association of Equipment Manufacturers Dec. 6. John Deere laid off its workers from August through October at its Ottumwa, Iowa assembly plant, which makes balers and other equipment. Obvious factors involved in declining farm-machinery sales are soaring farm input costs, for gas and propane, and for fertilizer; and also the low farm-commodity prices, enforced by commodity cartels, which rig a "global" price to impose upon producers.

## **Layoffs by Major Firms Near 1 Million for Fifth Year**

Planned job cuts by major U.S. companies jumped 22% in November to 99,279, according to outplacement firm Challenger, Gray & Christmas Dec. 7. So far this year, large corporations have announced 964,232 layoffs, up 3.6% from 2004. The decimated auto industry accounts for more than 10% of the job cuts in 2005.

## **Delinquencies on Subprime Mortgages Forecast To Rise**

Mortgage delinquencies among homeowners with high-rate ("subprime") mortgage loans will rise by 10% to 15% in 2006, as a result of higher interest rates, a new report from Fitch Ratings predicts. About 19% of home loans nationwide are subprime. About 10.3% of subprime loans, and 4.3% of all loans were delinquent in the second quarter of 2005. Bigger problems will come in 2007, when the built-in interest-rate increases ("resets") in the subprime loans start to come into effect in large number.

In a related development, the index of pending home sales, which measures the number of signed contracts for purchase of existing homes, fell 3.2% in the month of October, and was down by 3.3% from a year earlier. The drop is partly a sign of a pullout from the housing market by investor owners.

## **Bill Would Impose Moratorium on Free-Trade Agreements**

Congressman Dale Kildee (D-Mich) on Nov. 28 introduced a bill, H.R. 4407, which calls for a "moratorium on all free-trade agreements negotiated by the U.S." for two years as a way to "reverse domestic trade policy that has [devastated] U.S. workers, small businesses, farmers, the environment and the economy." He argues that NAFTA, CAFTA, and all the FTAs—all of which he opposed—have resulted in the loss of millions of jobs, and threaten "entire industries that were once the bedrocks of this country." Kildee referenced the bill in his e-hearing testimony submitted to the House Education and Workforce committee on the auto crisis. The bill would prohibit the U.S. from entering into any bilateral or regional trade agreement for two years.

# **World Economic News**

## **Gold Price Rises Sharply as World Economy Teeters**

Gold prices shot up on Dec. 9, reaching \$530.40 per ounce—the highest since 1981. The price of gold has gained about 20% in 2005, and has doubled in about five years.

The gold fever is being triggered by Asian countries, led by China and India. One of the reasons cited, is increasing worry in these countries about the weakening of the major currencies, including the euro, dollar, and yen. Another reason cited by some analysts, is that the hike in crude prices has begun to feed into inflation.

In November, Russia, Argentina, and South Africa bought quite a bit of gold in order to increase their holdings, when the European central banks sold more than 100 tons of gold.

# **United States News Digest**

## **GOP Attempts To Save Cheney from Defeat on McCain Amendment**

House Minority Whip Steny Hoyer (D-Md), during a Dec. 8 colloquy with Acting House Majority Leader Roy Blunt (R-Mo), effectively accused the GOP of undercutting the House rules regarding conference committees by refusing to appoint conferees on the defense appropriations bill until a deal is cut between the White House and Sen. John McCain (R-Ariz), the author of the anti-torture provision in the Senate version of the bill.

Under questioning from Hoyer, Blunt said that he anticipated that a motion to go to conference on the bill would be offered early in the week of Dec. 12. In reality, of course, negotiations involving the White House have been underway for some time, on both the appropriations bill and the authorization bill. The McCain amendment is attached to the Senate versions of both. Hoyer pointed out that if the expected motion to instruct House conferees to agree to the McCain amendment, which can't be made until after conferees are appointed, is not made until after the conference report has been essentially completed in a deal with the White House, the motion would have little value. "Whatever the House might want to do would be a meaningless act," Hoyer said.

The already wide support for McCain's amendment appears to be broadening by the minute. Congressman Chris Shays (R-Conn) reported Dec. 8 that he was told by the Chairman of the Joint Chiefs of Staff, Gen. Peter Pace, that the Pentagon can operate effectively under the guidelines in the Army field manual on interrogations, which is what the McCain amendment mandates. Sherwood Boehlert (R-NY) said that he sees his GOP House colleagues putting heavy pressure on the Administration to accept the McCain amendment. "There is a passion for this," he said, "and given a straight up or down vote on this, the House will pass it."

## **Fitzgerald Makes Presentation to New Grand Jury**

In what cannot be good news for Dick Cheney and his gang, Special Prosecutor Patrick Fitzgerald spent three hours Dec. 7 presenting evidence to a new grand jury on the Valerie Plame Wilson leak case, the *Washington Post* reported Dec. 8. Fitzgerald went into the grand jury room with four deputies, an FBI agent, and cartons of files. Characteristically, he refused any comment to reporters.

On Dec. 8, *Time* magazine reporter Viveca Novak was reported to have given a sworn deposition to Fitzgerald, at her lawyer's office. Again, Fitzgerald came and left without making any comment. *Time* has reported that Fitzgerald wanted to talk to Novak about a conversation she had had with Karl Rove's lawyer Robert Luskin.

Observers note that there is no reason for Fitzgerald to be presenting evidence to another grand jury, unless he is contemplating further indictments.

## **'Stunning Defeat' for Justice Department in Terror Case**

"This ranks as one of the most significant defeats for the U.S. government, for the Justice Department, since 9/11," said Jonathan Turley of George Washington University Law School, referring to the trial in Florida of former professor Sami Al-Arian on various charges related to funding allegedly terrorist organizations. "The Justice Department spent copious amounts of money and time to make the case against Al-Arian."

In what the *Tampa Tribune* called "a stunning defeat" for the Justice Department, Al-Arian was acquitted outright on eight counts, and the jury was deadlocked on the other nine. His three codefendants were also acquitted. Al-Arian had been a target of right-wing neo-cons and elements of the Israeli lobby since the 1980s. When he was indicted two years ago, then-Attorney General Ashcroft called it "a milestone in the war on terror." Using wiretaps obtained under the expanded Foreign Intelligence Surveillance Act, and other material obtained under the Patriot Act, prosecutors set out to prove that Al-Arian and his codefendants had provided financial and other support of Palestinian Islamic Jihad.

The *St. Petersburg Times* reported that, despite the massive amount of evidence produced by the government, jurors said that there was not enough proof to support convicting the four men. "The dots didn't connect," one said.

David Cole of Georgetown University says of the prosecutors: "They say the Patriot Act allows them to connect the dots. But they failed to make the most important connection, which was to tie Mr. Al-Arian to some violent or criminal act. It should make the government rethink its reliance on these very broad theories of guilt by association," he said.

The *Los Angeles Times* Dec. 8 headlined its article: "The Patriot Act Can't Make Up for a Weak Case."

## **Lawsuit Targets Extraordinary Renditions**

The ACLU has filed a first-ever lawsuit on behalf of Khaled el-Masri, the German national falsely identified as a terrorist and abducted by the CIA in December 2003. The lawsuit alleges that the CIA "violated U.S. and universal human rights laws" during the abduction, and specifically targets the policy of "extraordinary renditions." In its release, Steven Watt, the ACLU's primary human rights advisor on the case, said, "The CIA's policy of extraordinary rendition is a clear violation of universal human rights protections." Anthony Romero, the ACLU's Executive Director, said, "Kidnapping a foreign national for the purpose of detaining and interrogating him outside the law is contrary to American values. Our government has acted as if it is above the law."

Adding insult to injury, when el-Masri flew to the U.S. to be present for the press conference, the ever-vigilant Homeland Security Bureau of Immigration and Customs Enforcement refused him entry (his name showed up in an "intelligence database"), and sent him home on the next available plane. Speaking to the press via video hook-up then, el-Masri said, "I am asking the American government to admit its mistakes and to apologize for my treatment. Throughout my time in the prison, I asked to be brought before a court, but was refused. Now I am hoping that an American court will say very clearly that what happened to me was illegal and cannot be done to others."

Authorities were probably most worried because el-Masri's planned visit to the U.S. included a trip to Capitol Hill.

## **9/11 Commission Gives Administration Anti-Terror Strategy Failing Grade**

Not only is the U.S. losing the war on terror in Iraq, the U.S. is also failing at home. So says the Final Report of the 9/11 Commission, issued Dec. 5. The 500-some pages of the Commission's findings were condensed into a form even George could understand: a report card, almost 50% of whose list of grades were "Ds" (for substandard), and "Fs" (for failing). Among the 30-plus categories, the one most directly targetted at the administration is that covering "Coalition detention standards," a diplomatic reference to inmate torture, for which they were given an "F," saying the U.S. strategy "makes it harder to build the necessary alliances" to work against global terror networks.

Showing the incompetence of the Administration (and their true attitude toward defending the American people), even some of the most basic measures, such coordinating radio frequencies for first responders, had not been acted on. Other terrorist-fighting recommendations, like "stand[ing] as an example of moral leadership in the world," or "stand[ing] for a better future," this Administration could not even approximate.

The report has its drawbacks—in its limitation of terrorism to "Islamic terrorism," and the lack of even a hint of domestic involvement in the 9/11 attacks—but it hits hard at the last leg that Cheney has to stand on. For that reason, Administration spokesmen were hard at work assuring that they had "accepted" its findings. Not good enough, said former Deputy Attorney General Jamie Gorelick, a former Commission member. "Accepting" a recommendation and "making it happen"



are two different things. "We saw that in the aftermath of Hurricane Katrina," she said.

## **DeLay Must Stand Trial for Money Laundering**

In a ruling announced late on Dec. 5, Judge Pat Priest ruled that Rep. Tom DeLay (R-Texas) and his codefendants will stand trial in 2006 on two money-laundering charges. The judge dismissed one conspiracy charge that had also been filed against him. Though DeLay's spokesman immediately said this was proof that the prosecutor was engaged in "partisan vilification," the DeLay camp is reported to be extremely unhappy, as he will be unable to reclaim his position as House Majority leader.

The money-laundering charges against DeLay stem from the channelling of funds, by DeLay and his operatives, to candidates who subsequently pushed through the redistricting.

This blow to DeLay follows the revelation a week earlier that DOJ legal experts concluded that DeLay's machinations to redistrict Texas violated the Voting Rights Act. However, the political appointees at DOJ overruled the legal staff.

## **Wilkerson To Help Convicted Abu Ghraib Soldiers**

Retired Army Colonel Lawrence Wilkerson, former chief of staff to Colin Powell when Powell was Secretary of State, is working with the lawyers for a number of low-level soldiers who were convicted of prisoner abuse at Abu Ghraib prison in Iraq, the *Newark Star Ledger* reported Nov. 28.

Paul Bergrin, the lawyer of Army MP Juval Davis, had sought last year to take testimony from Dick Cheney and Donald Rumsfeld, arguing that they had authorized actions which led to the prisoner abuse at Abu Ghraib. The military judge in the case denied the motion, saying that Bergrin hadn't shown the connection to high-level government officials. Wilkerson says he saw the paper trail that linked Cheney et al. to detainee abuse and torture, and he told Bergrin that "I will do whatever I can to help" re-open the Abu Ghraib case. Bergrin says that "now, with Wilkerson's help, we believe we will show that the orders for torturing and mistreating Iraqi detainees came from the highest levels of the national government."

An interview with Bergrin was published in the July 16, 2004 *EIR*.

## **Ibero-American News Digest**

### **Argentine Government Announced Directed Credit Program**

The Argentine government has opted to direct state credit into productive investment as a way to combat inflation—exactly the opposite of what former Finance Minister Lavagna had planned and the IMF demands. President Nestor Kirchner officially announced on Dec. 7 the government plan to issue a \$1.5-billion credit line through the state-run Banco de la Nacion, of which new Finance Minister Felisa Miceli was president until a week ago. The credit, to be issued at interest rates below the market average and repayable in ten years, is available to either Argentine or foreign companies for investment in purchase of capital goods (either domestically or abroad) for industry or agriculture, new technology, as capital for investment projects, land purchases, and to help pay tariff costs on imported machinery, among other things.

The plan, which synarchists of various stripes are already describing as proof of Kirchner's "hegemonic pretensions" and "excessive Presidentialism," places special emphasis on credit for small and medium-sized industry, to which the government is also offering tax breaks if profits are reinvested in capital goods. The government will also reportedly make

similar kinds of financing available for state investment in infrastructure.

## **Will There Be an Argentine-Brazilian Nuclear Reactor?**

The Argentina-Brazil "Joint Statement on Nuclear Policy," signed at the Nov. 30 summit between Brazilian President Lula da Silva and Argentine President Kirchner (see In-Depth #49), commits the two countries to promote concrete programs which will further the integration of their nations' work in nuclear power plants as well as nuclear research plants, and in nuclear medicine and other industrial uses of nuclear energy. The statement asserts: "In particular, taking into account the context of the growing reevaluation of nuclear energy as a source of reliable, sustainable, clean and safe electricity, [the two Presidents] call upon the respective competent bodies and companies in this sector to promote the joint development of a new model of power reactor, which would allow both nations to meet the future demands of their growing economies."

In an additional "Complementary Protocol," the two Presidents agreed that binational working groups would be established within 60 days to coordinate work on: "research, development, planning, construction, operation, and deactivation" of nuclear power reactors and research reactors; on the same for nuclear fuels, materials and components; the supply of radioisotopes and medical products; and strategies to deal with radioactive residues, of high, medium and low radioactivity.

## **Will Argentina's Policies Infect Brazil?**

The IMF's Anne Krueger was reported to have asked the same question of everyone she met when she was in Brasilia on Dec. 1: "Do you know anything about [Argentina's new Finance Minister] Felisa Miceli? Where she came from, and where she's going?" An *O Globo* political columnist on Dec. 3 pointedly described Miceli as possibly "the Dilma Rousseff of the land of Kirchner," a reference to President Lula da Silva's head of cabinet, Dilma Rouseff, whose attack against her own government's austerity economic policy on Nov. 9 ignited a firestorm in Brazil which has yet to subside.

Financier circles are not so worried about Dilma Rousseff per se, as they are about the steady weakening of their iron grip on Brazil's successive governments. Day after day, the so-called "expansionist" faction within the Lula government demands a change in policy.

On Dec. 1, Vice President Jose Alencar attacked the government's economic policy for the third time in a week, this time in a way calculated to draw the military into this fight, by uniting it with the defense of the Amazon. Addressing military officers and students at the Defense Ministry's "First National Defense in Debate Seminar: Amazon," Alencar blamed the lack of sufficient resources to defend and develop the Amazon, or for the military generally, on the high-interest-rate policy. Today, there is no money for anything but debt payments, he charged. But even in the colonial days, projects were built, he pointed out. As President, Getulio Vargas created the National Steel Company, the giant mineral firm, Vale do Rio Doce, state oil company Petrobras, the National Economic and Social Development Bank (BNDES), and regional development agencies; Juscelino Kubitscheck built a new city, Brasilia, as the capital while in office. The country had less resources then than it has today, yet today nothing is built.

Between Dec. 5 and 8, three other top Lula officials—Guido Mantega, head of the National Economic and Social Development Bank; Development, Industry and Trade Minister Luiz Fernando Furlan; and Jose Sergio Gabrielli, the head of Petrobras—publicly criticized the high-interest-rate/primary-budget-surplus policy of Lula's economic team as "exaggerated," overly orthodox, and damaging to the economy.

## **A Dark Age Is Developing in Brazil**

On Nov. 30, members of a drug gang ambushed a city bus in Rio de Janeiro, boarded it, poured gasoline on the passengers

and driver, and set them on fire, killing five and wounding 14. Public buses in Rio de Janeiro are routinely stopped and torched by drug gangs, but this was the first time the passengers were not permitted to get off first. Like the *maras* (drug gangs) in Central America and the U.S., these atrocities are being carried out by children and youths from the Rio de Janeiro's giant *favelas*, or shantytowns, which have been abandoned to the drug trade. On Dec. 1, four of those involved in the Nov. 30 attack—ages 16, 18, 20 and 25—were executed by a rival drug gang, which promised to kill seven others involved, including the head of the drug gang, who is all of 20 years old. A 13-year-old girl who participated is now in government custody.

According to former BNDES head Carlos Lessa, the collapse of life expectancy for the poorest strata in Brazil, who have been abandoned to organized crime and the drug trade, has become so great, that the number of males between the ages of 16 and 30 in Brazil is *falling*. Lessa revealed this shocking figure in a speech to a Senate seminar on Nov. 25, in which he excoriated Brazil's destruction under globalization.

## **Pinochetista-Advised Presidential Candidate Defeated in Honduras**

A sign of the times: Even people in gang-racked Honduras are turning against the Cheney crowd. Porfirio Lobo Sosa, candidate of the now-outgoing National Party, ran on a law-and-order/family-values platform centered on the demand that the death penalty be reinstituted to deal with the *maras*. His principal campaign strategist was Mark Klugman, an American who has lived in Chile since 1989, when he teamed up with Pinochet's infamous pension privatizer, José Piñera, to make piles of money by supporting the Pinochet crowd. On Klugman's advice, Lobo Sosa's campaign symbol was an iron fist.

Lobo Sosa started out as the acknowledged favorite, but the campaign turned into a referendum on the death penalty, and when the vote was held on Nov. 27, he was defeated, 50% to 46%. President-elect Manuel Zelaya of the Liberal Party, who campaigned for life sentences as better than the death penalty, will assume office on Jan. 27.

The vote does not favor the efforts of Cheney and Rumsfeld to use Central America as the launching pad for the creation of a supranational military force to impose free trade on a dying people, on the pretext of eliminating the *maras*.

## **Venezuela Vote: 'A Pox on All Your Houses'**

The pro-Chavez coalition of parties won all 167 seats of Venezuela's National Assembly in the Dec. 4 midterm elections, but then again, the major opposition parties and political organizations had withdrawn from the race just five days before they were to be held. And although there is generally less participation in parliamentary elections than in Presidential ones, voter abstention was the highest ever recorded: 75%. Out of 14.5 million registered voters, only 3.5 million showed up, fewer people than the number who voted for Chavez in the last Presidential elections.

Chavez's party, MVR (Fifth Republic Movement), won 114 seats, which is the absolute majority needed to pass any law; the rest of the seats were distributed among other parties from the pro-government coalition.

The abstention rate certainly shows that Chavez's support does not run very deep. But efforts by Bush's State Department to play the overwhelming abstention as a reflection of the strength of the opposition parties, are also a fraud. It was evident from some time back that the population at large was not going to turn out for anyone running, opposition or government, given the electorate's general disenchantment with both the traditional leadership of Venezuela's opposition parties and the government. Smelling this, the traditional parties—the Social Democratic AD, Christian Democratic Copei, and Proyecto Venezuela, the elders of the "center-left" and "center-right"—withdrew from the elections at the last minute, under the cover of protesting election conditions. The newer parties such as the National Endowment for Democracy-sponsored Primero Justicia then followed suit.

Parallel to this, is the exacerbation of the more radical right-wing Synarchist movement, calling for overturning the Chavez government for his supposed "Castro-Communist" leanings. Among the latter is Alejandro Peña, a renegade from the Lyndon LaRouche political movement, who called upon people to take to the streets, to defend themselves with arms, and not leave until Chavez was toppled; but nobody showed up to support that, either.

## **Sendero Luminoso on the Offensive Again in Peru**

An ambush of a police convoy in the Ayacucho area of Peru by the Sendero Luminoso ("Shining Path") narcoterrorists left five policemen dead; the drug-trafficker they were transporting escaped. The ambush reflects just how far the drug trade has advanced in reconquering the country, leading figures warned this week. Analysts estimate Sendero's forces at some 100 men, but backed by the finances of the drug trade and combined with the coca-growers mobilization with its increasingly "indigenist" color, Peru stands "at the doorstep of the formation of a liberated zone within national territory," *La Primera* editor Juan Carlos Tafur warned on Dec. 7.

## **Western European News Digest**

### **Still Too Many Unanswered Questions About Torture Camps**

Pressure on Secretary of State Condoleezza Rice and other U.S. officials to clarify U.S. policy on torture is building up, particularly in Poland, in the wake of revelations in the American media that the CIA kept many Islamic prisoners in remote camps in Poland. ABC News reported 11 of these prisoners from these camps were transferred to Morocco, shortly before Rice's arrival in Europe last week. ABC even listed the names of the prisoners.

Polish media have meanwhile investigated the issue, some of them coming to the conclusion that a camp at Stare Kiejkutin, in a remote northeastern region of Masuria near a Polish Air Force base, might have been one of at least two CIA-run interrogation camps. And while officially, the Polish and U.S. governments have so far denied any knowledge of the camps' existence, it is worth noting that Stefan Meller, Poland's Foreign Minister, who is due for talks in Washington next week, said the issue "requires clarification, now, and I will have, not one, but many questions for Ms. Rice."

### **British Law Lords Rule Against Evidence from Torture**

In a ruling issued Dec. 8, seven Law Lords—constituting Britain's highest court—voted unanimously to uphold an appeal brought by 10 men who were arrested in 2001 on grounds they were a threat to national security. While the Special Immigration Appeals Commission ruled at that time that the government had "sound material" to support the charge, the men's lawyers said that evidence used against them was obtained by torture while they were detained in U.S. camps, and should have been excluded. Home Secretary Charles Clarke insisted that the ruling would have no bearing on the government's attempts to fight terrorism, since Britain does not ever use evidence obtained by torture.

### **NRW May Restore State Control of Power Suppliers**

In the wake of the recent RWE power supply collapse, German leaders are rethinking the benefits of the free market. With hearings in the state parliament of North-Rhine Westphalia (NRW) Dec. 8-9, the state's Economics Minister Christa Thoben (CDU) is probing options for establishing state control of maintenance and other vital investments in the power sector. At present, controls run under the apparently non-functioning auspices of the former state-run, now privatized, power companies like RWE. A change of the state energy laws is required, to implement state controls.

The background to this is that experts are saying that the likely cause behind the recent German power collapse is a drastic decrease in maintenance work. Although an internal survey showed in 2001 that of 42,000 pylons, at least 28,000 needed replacement, RWE cut maintenance, and in 2003 even outsourced it to a private company. That company is no longer sending men up on the pylons to check corrosion and safety through direct inspections, but is doing the monitoring from helicopters!

Norbert Roemer, economic policy spokesman of the opposition Social Democrats in NRW, called for a halt in privatizations in the power sector, which he said is the "Achilles heel of industrial society that cannot be left in the hands of free market forces." The RWE power grid collapse in the Muensterland region, which left a quarter-million citizens without any power for four days, and 20,000 without for a full week, should teach a lesson about privatization, Roemer said.

## **German Neo-Cons Silent on Cheney, Target Steinmeier**

In the forefront of those using the *Washington Post* leaks on German Foreign Minister Frank-Walter Steinmeier—that he was informed about the United States' kidnapping of German national el-Masri more than a year ago (see U.S. DIGEST)—and calling for legal and parliamentary action against him, are the two top neo-cons of the Free Democratic Party (FDP), Guido Westerwelle and Dirk Niebel, party chairman and general party manager, respectively.

Before the German elections, when they were still allied with new Chancellor Angela Merkel, neither man missed an opportunity to harshly denounce critics of the Bush-Cheney policy as "anti-American"; after the election and the formation of the current Grand Coalition, which brought in both Merkel's Christian Democrats and the Social Democratic Party, but closed out the FDP, they have escalated political attacks on the Coalition. They are collaborators in the ongoing psywar and economic-financial warfare against the Coalition, which warfare is also a protection operation for Cheney and his people who have come under massive pressure. It comes as no big surprise, therefore, that neither Westerwelle nor Niebel has ever mentioned Cheney's name in the context of the CIA flights affair, but both try to create the impression that the main culprits are Steinmeier and former Interior Minister Otto Schily (whom the *Post* also mentioned).

Westerwelle, at least, suffered a rebuff Oct. 8, as the Munich Court, which he had demanded launch legal action against Schily for "not acting against a crime which he knew of" (the CIA abduction of el-Masri), turned him down, as Schily knew of it only after the crime had already occurred.

## **Mobilization Escalates Against Italian Railway**

During the night of Dec. 6-7, the Italian police made a "*Nacht und Nebel*" (Nazi-style "*Night and Fog*") raid against the protesters who were occupying the premises where work was to begin for the 54-km tunnel under the Alps, in the Susa Valley at the French-Italian border. The operation has allowed the work to start, but has triggered an escalation, whereby 30,000 demonstrators, led by local administrators and trade unionists, and including extremists but also a large chunk of the local population, reoccupied the premises on Dec. 8 after clashes with the police.

Meanwhile, the government has warned that so-called "no-global" extremists are going to expand violent protests from the Susa Valley into metropolitan areas such as Turin, Milan, and Rome. The opposition is accusing the government of pouring gasoline on the fire with its confrontationist line, aiming to provoke a Genoa-style confrontation for electoral reasons. Most of the opposition, except for the Green Party and Rifondazione Comunista, support the construction of the tunnel, but are pushing for a dialogue, in order to gain the support of the local population and isolate the extremists.

Most of the population currently demonstrating against the high-speed railway has been frightened by scare stories alleging that the tunnel work will dig out asbestos and uranium from the mountain, and that wind blowing out of the tunnel will turn

the valley into a "new Chernobyl." This, coupled with the general lack of confidence in the Berlusconi government, has sparked widespread support for the protests. Another complication is the fact that the firm drilling the tunnel on the French side belongs to Italian Infrastructure Minister Pietro Lunardi.

While the most militant protesters belong to the leftist Legambiente, it is evident that the direction of the operation is coming from the mother of all environmentalist organizations: Italia Nostra. For instance, according to a preliminary investigation, some of the leading "experts" putting out the uranium and asbestos scare stories, are old assets of Italia Nostra-connected circles.

## **Blair Sabotage of EU Budget Solution Continues**

During a visit to Hungary, British Prime Minister Tony Blair made the rather unconvincing "offer" to pay 1.4 billion euros more into the common European Union budget, on the condition that the rest of Europe agree to substantial cuts in payments received from the EU.

These cuts, which would mostly be in the Cohesion Fund for development of infrastructure in less-developed regions, would primarily affect the Eastern European members of the EU, which therefore have rejected the Blair offer. Blair, however, remained deaf to these protests, threatening the rejectionists with "no agreement in 2006 and maybe not in 2007, either," which he said would imply that Eastern Europeans would, in the end, receive only one-third of what they should get from the EU budget—because, without his proposed "reform," the EU would, he threatened, have "less to distribute."

Blair's hard line has already led to an alienation among long-time friends of Britain: Poland, for example, has now even asked Germany to help in the fight for Polish interests against Blair, at the EU.

## **Russia and the CIS News Digest**

### **Russia Angry at U.S. Base Expansion in Eastern Europe**

Russian officials have responded with anger to U.S. arrangements to set up four military bases in Romania. At a Dec. 7 press conference in Brussels, Foreign Minister Sergei Lavrov said "changes in military configurations" were supposed to "be transparent and should not violate the agreements on stability in Europe. It's important to have an idea about the purpose of such reconfigurations." He said that Russia wanted an explanation of how the expansion relates to the revised Conventional Forces in Europe (CFE) treaty, which, "regrettably, our Western colleagues have not ratified."

Also on Dec. 7, First Deputy Prime Minister and Defense Minister Sergei Ivanov said in a televised statement, that Russian may reconsider abiding by the CFE, if the U.S. military presence creeps closer to its borders. "The expansion of U.S. and NATO infrastructure to Russia's borders raises a question about the fate of the CFE," Ivanov said. Ivanov cited the U.S.-Romanian agreement, saying, "We are aware of such plans. The American government has informed us. But we still do not know how many bases may be deployed and the number of units they may house. We will probably give our response after these aspects are clarified."

Ivanov also strongly defended Russia's just-finalized sale of 29 Tor-M1 surface-to-air missile to Iran, which the U.S. State Department has denounced. "This contract is totally legitimate," said the Russian Defense Minister. "Russia hasn't violated any of its international obligations, and Iran isn't now subject to international sanctions."

### **Baltic Sea Gas Pipeline Under Construction**

The official kickoff of construction work on the underwater Baltic Sea natural gas pipeline project was attended Dec. 9 by Russian Prime Minister Mikhail Fradkov and German Economics Minister Michael Glos, at Cherepovets. Afterward, Fradkov and Glos had a separate meeting discussing other aspects of the envisaged expansion of German-Russian economic cooperation. Russian President Vladimir Putin is to meet Angela Merkel, the new German Chancellor, on Jan. 16, 2006.

The pipeline launch was characterized by Glos as a milestone in German industrial relations with Russia: 51% of the project are held by Gazprom, the other 49% at equal shares each, by the two German partner firms, Wintershall and E.ON. The 1,200-kilometer pipeline will be built for an annual capacity of 50 million cubic meters. Operation at full capacity will occur about two years after the project's completion (after five years of construction) in 2010. Former German Chancellor Gerhard Schroeder has been proposed by Putin to become a member of the project advisory board. Schroeder, who signed the project at a meeting with Putin in September, has accepted the offer.

## Southwest Asia News Digest

### Israeli Historian: Bush and His Team Should Be Tried

Israeli historian Martin Van Creveld writes that "Bush and the rest of the President's men" should be put on trial for "misleading the American people, and launching the most foolish war since Emperor Augustus in 9 B.C. sent his legions into Germany and lost them." This view is developed in Van Creveld's column, "A Costly Withdrawal from a Foolish War," in *Forward* on Nov. 25. Van Creveld is "the only non-American author on the U.S. Army's required reading list for officers," notes *Forward*.

Referencing the population's turn against the Iraq war, and the impact of the failed war on Congress, Van Creveld says that this was all inevitable. But now, if the U.S. goes with "Vietnamization"—where all the equipment was left for the new Vietnamese Army, and then seized by the North Vietnam communists—as the withdrawal plan for Iraq, then they might as well give all the military equipment directly to Al Zarqawi.

Withdrawal is inevitable, he says, whether Bush, Cheney, Rumsfeld, and Rice like it or not. So instead of "saving face," the Administration must adopt a "classical withdrawal," and soon—as U.S. casualties continue to mount. But the U.S. must stay in the region for a long time, because the war's aftermath means a weak, unstable Iraq, a vastly strengthened Iran (thanks to the U.S. war on Iraq), and "a hundred mini-Zarqawis" attacking regional states.

His "classical withdrawal" bears some similarities to Rep. John Murtha's (D-Pa) Congressional resolution of Nov. 17, insofar as both note that a nearby, quick-response capability of the U.S. has to remain in place for a long time.

### Bush Okays Khalilzad Talks with Tehran

In a desperate attempt to stabilize Iraq, U.S. Ambassador to Baghdad Zalmay Khalilzad has obtained President Bush's okay to open talks with Tehran. "I've been authorized by the President to engage the Iranians as I engaged them in Afghanistan directly. There will be meetings, and that's also a departure and adjustment," Khalilzad told *Newsweek* Nov. 27. The magazine also reports in the issue posted Nov. 27, that Khalilzad and Gen. George Casey, the U.S. Commander in Iraq, have had to "make compromises" with the Sunni "supporters of insurgency," to get basic improvements in security, such as reducing attacks on the road from the Baghdad airport to the Green Zone.

The *Newsweek* article is a puff piece that says the Bush Administration has finally found—with these compromises—a

"new way out." But *Newsweek's* "good news" is fakery, with more than 500 insurgent attacks weekly.

Khalilzad also makes a new excuse for staying in Iraq: If there were a "premature withdrawal, there could be a Shia-Sunni war here that could spread beyond Iraq, and you could have Iran backing the Shias, and Sunni Arab states backing the Sunnis." Preventing this is the context for the green light to talk to Tehran. Khalilzad also warns of a "regional war" and threats to the oil supply, if the U.S. leaves. In addition, terrorists might be able to take over chunks of Iraq and use them as staging grounds for terrorism against other Arab regimes.

## **Top Iraqi Shia Group Demands 'Freedom To Fight Terror'**

Abdul Aziz Hakim, head of the largest Iraqi Shia organization, told the Western press that the U.S. must allow it "more freedom" to "fight terror," according to the *Washington Post* Nov. 27—a proposal that sounds like a call for a civil war. The Supreme Council for the Islamic Revolution in Iraq (SCIRI), the leading Shia organization to receive U.S. funding during the Saddam Hussein era, when it was in exile in Iran, is now the main influence within the government, and is likely to win the largest vote in the December elections.

Hakim told the *Post* in an interview that "one of the biggest problems is the mistaken or wrong policies practiced by the Americans," meaning the restraint on the SCIRI militia and the Iraqi Army in dealing with "terrorists." He accused the U.S. of preventing the "forces of the Interior and Defense Ministries from carrying out tasks they are capable of doing, and also in the way they are dealing with the terrorists." He called for the arrest of Sunni leaders with "ties to the insurgents." He rejected accusations that government forces or SCIRI militia torture Sunni prisoners.

## **U.S. General: Iraqi Police Are the Militias in Uniform**

Lt. Gen. Martin Dempsey, head of training for the Iraqi forces, said the Iraqi police forces are essentially the various militias in uniform, the *New York Times* reported Dec. 3. Speaking to a Pentagon press conference from Iraq, Dempsey said the police forces, recruited locally rather than nationally like the army, "tend to be of a single ethnic group." Regional Iraqi leaders want to retain both their own "home guards" and "regional guards," that are just their old militias. "It undermines the Iraqi security forces that we're training and equipping as the sole provider, the legitimate source of authority and force in Iraq," Dempsey said.

Dempsey also raised the possibility that the Baghdad government may not have sufficient funds for the army of ten divisions envisioned by the Bush Administration.

## **Private Security Contractors in Iraq Are Outside the Law**

Some 60 private security firms with more than 20,000 employees, were paid over \$750 million in government contracts over the past two years, and no one is watching. Such is the state of the private security contractors operating in Iraq. On top of that, they are armed, can shoot at will, and have immunity from prosecution throughout the country, the *Los Angeles Times* reported Dec. 5.

The *Times* obtained copies of 200 "serious incident" forms under an FOIA filing; this represents only "a small portion" of the total incidents on file.

While half of the (completely voluntary) reports are of roadside bombs and other attacks, 11% are incidents of contractors firing on vehicles carrying innocent civilians thought to be suicide bombers.



More than 400 security guards have been killed since the collapse of the Iraqi Army, but no one even knows the number of civilians killed in such incidents. "This is not a particularly effective way to win the hearts and minds of the Iraqis," says Joshua Schwartz, the codirector of George Washington University's government procurement program. "The contractors are making the mission of the U.S. military in Iraq more difficult."

## **Israel's Intentions, Capabilities Toward Iran Assessed**

A sober assessment of Israel's intentions and capabilities with respect to Iran's nuclear program, by Gen. Shlomo Brom, former head of Israeli military intelligence, appears in a new volume of studies published by the U.S. Army War College. The volume, titled *Getting Ready for a Nuclear-Ready Iran*, was edited by Patrick Clawson and Henry Sokolski. Brom's contribution was summarized in the *Jerusalem Post* Dec. 7.

Brom states that there are two relevant factions in Israel—one represented by Military Intelligence and several Knesset members, and the other with supporters in the Mossad, Ministry of Defense, and Foreign Ministry.

"While the first school assumes that no political pressure can force Iran to stop its military nuclear program, the other school believes that political pressure can be effective in at least delaying the nuclear program significantly," Brom writes. "The second school believes that a nuclear Iran with a different regime will not pose a high risk to Israel, and can be easily deterred."

If Israel were to attack Iran's nuclear sites, he writes, it would "necessitate sustainable strikes on a relatively large number of targets that are well defended.... It is very difficult to find in the Iranian nuclear program one vulnerable point that, once it is attacked and destroyed, the Iranian program is stopped or stalled for a long time."

Brom then details Israel's capability to attack these sites with its long-range F-15I and F-16I fighter bombers. Given the long distances, necessitating complex refueling, Israel could not conduct a sustained campaign. "The conclusion is that Israel could attack only a few Iranian targets, and not as a part of a sustainable operation over time, but as a one-time surprise operation. Even if Israel had attack capabilities needed for destruction of all the elements of the Iranian nuclear program, it is doubtful whether Israel has the kind of intelligence needed to be certain that all the necessary elements of the program were traced and destroyed fully."

Nonetheless, he writes, "It can be safely assumed that any Israeli action against the Iranian nuclear program would enjoy vast support by Israeli public opinion." He also claims that Iran's reaction would have very limited effect. He writes that if Lebanon's Hezbollah were unleashed on Israel, Israel would launch a direct attack on Syria. But he warns that Iran could attack Israeli and Jewish targets outside of Israel.

## **Asia News Digest**

### **Islamabad Claims Senior Al-Qaeda Leader Killed**

Islamabad has claimed that a senior al-Qaeda leader, Hamza Rabia, was killed in the Pakistani tribal province of North Waziristan bordering Afghanistan, a claim which the U.S. has declined to confirm, Pakistani media reported Dec. 5. Pakistani authorities claimed Rabia was killed when a pile of explosives went off in the house where he was staying. The locals claim a U.S. UAV (Unmanned Aerial Vehicle) hit the house with a missile, and they have been showing what they say is shrapnel from the missile to prove it.

Meanwhile, in Washington, National Security Advisor Stephen Hadley declined to confirm Rabia's death, and said on a

Fox News program Dec. 4 that the U.S. is looking into it.

The issue got murkier when "gunmen" kidnapped Pakistani reporter Hayatullah Khan on Dec. 5, in North Waziristan. Khan turns out to be the nephew of the owner of the house where Rabia was reportedly killed. The homeowner has made it public that there was no al-Qaeda operative living there and the ones killed were Pakistani civilians. It is evident that Hayatullah Khan knows quite a bit about what happened, who did and who did not die.

Hadley has reasons to worry. If innocent civilians died in a missile attack by the United States within Pakistan, the citizens of America's natural ally in the war on terror may get badly upset.

### **India a Full Partner in ITER Project**

On Dec. 11, at a meeting in Jeju, South Korea, a decision was taken to include India as a full partner in the multinational International Thermonuclear Experimental Reactor (ITER) now being built in France.

The decision by the United States, the European Union, Japan, China, Russia, and South Korea to accept India "as a full partner is an acknowledgment of India as a responsible nuclear state with advanced nuclear technology in the field of fusion research," the statement said.

India has a modest tokamak program and a laser-fusion (implosion) program based in the Center for Advanced Technology (CAT) in Indore, Madhya Pradesh. The tokamak program started in 1986, and the laser-fusion program began in the early 1990s. A large number of plasma physicists involved in the tokamak (and some z-pinch work) program had cut their teeth in the United States. But, the laser program was mostly linked to Russia.

### **India and Russia To Share Tajik Air Base**

One of the most interesting developments during the Dec. 4-6 meeting in Moscow between Russian President Vladimir Putin and Indian Prime Minister Manmohan Singh, is an agreement reached whereby India and Russia will conduct joint operations at the Aini airbase in Tajikistan. Aini is an Indian airbase, and is being modernized by the Indian Air Force, as of now.

"Russia is interested in stationing its helicopter gunships and Air Force squadrons at Aini airbase. Talks are underway with the Tajikistan government," said Russian Defense Minister Sergei Ivanov, following his meeting with the Indian National Security Advisor, M.K. Narayanan.

This development indicates there is some realization that Afghanistan, under U.S.-Pakistan control, poses a serious security threat to Russia. The Indian interest is to cordon off Afghanistan, and keep it separated from Central Asia, where India, among others, is planning to invest heavily to meet some of its long-term oil and gas requirements.

### **Rev. Moon Given Red-Carpet Treatment in Manila**

The Rev. Sun Myung Moon was in the Philippines in early December to establish a "Universal Peace Foundation" (UPF) in Manila, where he was treated like a king by the Arroyo government, the *Manila Bulletin* reported Dec. 1. The perverted sex-cultist, and cohort of the neo-conservatives and related fascist networks, was greeted at the airport by the Speaker of the House Jose de Venecia, who took Moon and his entourage (including Dong Moon Joo, president of the Moonies' *Washington Times*) to visit President Gloria Macapagal Arroyo at the palace. De Venecia is the chairman emeritus worldwide of Moon's UPF. Arroyo praised Moon for his "global peace efforts and God-centered, family-centered

economic and social initiatives" around the world and in several Philippine cities.

De Venecia is leading the effort to scrap the Presidential system in the Philippines, in order to do away with any opposition to Executive branch policies from the Congress, and to eliminate the constitutional restrictions on foreign ownership of natural wealth and industries in the country.

Moon is on a 100-day tour of 100 cities in 67 nations. God help them all....

## **ADB Advises Philippines To Steal Overseas Remittances**

The Asian Development Bank wants the Philippines to steal the remittances from their overseas workers, to pay the debt. "The Philippine government can raise more capital to pay its debts by selling assets backed by the potential remittances of overseas Filipino workers (OFWs), the Asian Development Bank said, according to the *Manila Times* Dec. 12. Augustine J. Belton, ADB consultant for private-sector operations division, said the Philippine government can raise at least a billion dollars to finance its obligations by securitizing OFW remittances. Remittance securitization refers to the sale of certificates backed by future worker remittance inflows, which would also ensure investors a return on their investments."

Thus, the international financial institutions intend to force those working overseas—one-tenth of the Philippine work force—to send their remittances through approved channels, while their families will only get "shares" in the securitized entity. In the Philippines, this totals \$11.6 billion per year, and is the last hold on survival for millions of Filipinos. A World Bank report listed the Philippines as the fifth-leading nation in receiving remittances. The first four are: India, \$21.7 billion; China, \$21.2 billion; Mexico, \$18.1 billion; and France, \$12.7 billion. Remittances in Ibero America as a whole are projected to reach \$55 billion this year—and the vultures want every penny.

## **Mahathir Ridicules U.S. Denunciations of Myanmar**

With the U.S. Ambassador to the UN John Bolton and others demanding that ASEAN impose sanctions on Myanmar for human rights violations, former Malaysian Prime Minister Mahathir bin Mohamad responded, according to *Bernama* Dec. 17: "There is a belief that if you become democratic, therefore you become good people. One has to remember that it is a democratic country that dropped atomic bombs on Nagasaki and Hiroshima. It is a democratic country that attacked Iraq. It is a democratic country that is trying to force others to do things before they are ready."

## **N. Korea Cancels Six-Power Talks Till U.S. Halts Sanctions**

"Resumption of six-party talks is absolutely impossible while the U.S. is avoiding talks on lifting financial sanctions," North Korea's official *Rodong Sinmun* newspaper said Dec. 6. "Six-party talks cannot open under the sanctions." This follows a Foreign Ministry spokesman's official remarks Dec. 2 that lifting the sanctions "is prerequisite to progress of the talks."

Donald Rumsfeld revised the basic war plan for Korea, Operations Plan 5030, in 2003, adding plans to topple the Pyongyang regime using irregular warfare, including sanctions to strangle access to foreign exchange, food, energy, etc. The U.S. Treasury on Oct. 21 froze U.S.-based assets of eight North Korean companies it said aid proliferation of weapons of mass destruction via drug-running, counterfeiting, and money-laundering. Banco Delta Asia in Macao, North Korea's financial agent for 20 years, suffered a run and was forced to close. But the U.S. chief representative to the talks, Christopher Hill, said he would not discuss the sanctions.

## **S. Korean Minister Urges U.S.-N. Korea Talks on Sanctions**

South Korean Unification Minister Chung Dong-Young urged the U.S. chief representative to the six-party talks, Chris Hill, to discuss sanctions with North Korea, and to attend the New York bilateral talks, *Yonhap News* reported Dec. 5. He told a Seoul forum that the deepening row between Washington and North Korea over U.S. sanctions could undermine six-nation talks on the North's nuclear programs. Non-nuclear complaints by the United States against North Korea "should be solved by bilateral talks between the two parties," Chung said. "As the six-party talks focus on resolving the nuclear issue, other matters should be separated from the six-party issue." Chung listed the North's missiles, biochemical and conventional weapons, and human rights abuses, as well as the sanction issues, as non-nuclear issues.

## **Annual 'Plus Three' Summit Cancelled**

The annual "Plus Three" Heads of State Summit of China, Japan, and South Korea will not take place Dec. 14 at the East Asian Summit in Malaysia, the Chinese Foreign Ministry said Dec. 4, due to "the current atmosphere and conditions." This summit has been held every year since 1999, and its postponement or cancellation shows the level of anger in Beijing at Japanese Prime Minister Junichiro Koizumi's repeated visits to Yasukuni Shrine, where Japanese World War II dead, including some war criminals, are buried. China earlier said it would not hold any bilateral talks between Koizumi and Chinese Premier Wen Jiabao in Kuala Lumpur, either. China also refused direct talks last month during the APEC summit in Korea.

"Yasukuni isn't something that can be used as a diplomatic card. Even if China and South Korea try to use it as a diplomatic card, that won't work," Koizumi retorted in a Tokyo press conference Dec. 5. "Those who criticize it are wrong. I wouldn't mind holding the summit any time. But if they want to postpone it, that's fine."

## **Africa News Digest**

### **Algeria To Generate Electricity for Export to Italy, Spain**

An Algerian-Italian-Spanish union will be established to launch a common seabed power grid for the export of Algerian electricity, the Algerian Minister of Energy, Shekib Khalil, told journalists in Algiers, according to the Kuwait News Agency. The occasion was a Nov. 13 seminar on integrated power ventures. Algeria already has an agreement with Italy for a 2,000-megawatt (MW) power cable between the two countries, and with Spain for a 1,000-MW cable. Feasibility studies have been finalized. Algeria's oil and gas will be used to generate the electricity.

Algeria is also interested in launching joint energy projects with Arab Maghreb states, according to Nour Eddine Bou Terfah, general director of Sonatrach, the Algerian power and gas company.

### **India's Cash for West Africa's Oil**

A senior Indian Oil Ministry official, Talmiz Ahmad, said recently that India would invest in everything from railways to ports, and even in developing computer networks in West Africa, in exchange for oil exploration rights there, according to a well-informed source in India Nov. 29. India imports 70% of its oil and sees West Africa as a key long-term supplier.

A recent \$6-billion infrastructure deal agreed in Nigeria by the Indian state-owned Oil and Natural Gas Corporation (ONGC) and Mittal Energy, a private-sector company, is seen as one of the first examples of India's new approach in West Africa.

In addition to Nigeria, other Western African countries under India's consideration include Burkina Faso, Côte d'Ivoire,

Equatorial Guinea, Ghana, Guinea-Bissau, and Senegal. "The ONGC deal is just the beginning of India's entry into West African oil exploration," Ahamad reportedly said. He also pointed out that ONGC has already carried out similar infrastructure deals in Sudan, where it built a \$259-million pipeline in exchange for securing exploration rights in the Greater Nile oil region.

## **Doctors Without Borders: Health Conditions in DR Congo Catastrophic**

In a new report, "Access to Healthcare; Mortality and Violence in DRC," released Nov. 15, Doctors Without Borders reports that the current situation in DR Congo is "even darker than what was observed four years ago." It states that the "catastrophic" health-care situation is not better in areas not directly affected by warfare. Most Congolese live on less than 30 cents a day, but "Cost is not the only hurdle," the report says, because "the health sector as a whole has been left to fend for itself and cannot hope to cover the healthcare needs of the Congolese people."

## **New Liberian President on Private Visit to USA**

Newly elected Liberian President Ellen Johnson-Sirleaf flew to the U.S. on Dec. 8 for a week of meetings with U.S., IMF, and UN officials, at the invitation of Secretary of State Condoleezza Rice, according to Deutsche Presse Agentur Dec. 8. It is being called a private visit. She is herself a former World Bank economist and former Africa Bureau director of the UN Development Program. She will return Dec. 16.

Johnson-Sirleaf will ask for U.S. investment in Liberia and a restructuring of Liberia's security forces (now being partly staffed by U.S. contractors). DPA reports she will come under strong pressure to obtain custody from Nigeria of former Liberian President Charles Taylor, to hand him over to the UN war crimes tribunal in Sierra Leone.

After her inauguration, Johnson-Sirleaf is expected to return to the U.S. on an official visit.

Liberia's capital, Monrovia, still does not have electricity or piped water, two years after the end of 14 years of civil war.

## **This Week in History**

### **December 13 — 19, 1777**

#### **The Conway Cabal Attempts To Slander and then Replace General George Washington**

Whether it was launched as one of the many British intelligence operations during the American Revolution, or was simply the result of blind partisanship that ignored the general welfare, or perhaps a combination of both, the Conway Cabal caused much short-term damage to America's prospects of becoming an independent nation. Fortunately, the cabal's adherents helped to bring about their own defeat, just at the point that they had reached the height of their power and thought that victory was within their grasp.

That point was Dec. 14, 1777, when the cabal members in Congress succeeded in appointing Thomas Conway as a Major General, against the advice of Gen. George Washington. The main focus of the Continental Army officers and members of Congress who comprised the grouping was to replace Washington with English-born Gen. Horatio Gates.

In the fall and winter of 1777, Gates was the hero of America, for the troops under his command had defeated and captured

British Gen. John Burgoyne and his entire army at Saratoga, N.Y. on Oct. 17. However, the plans for the American campaign to stop Burgoyne's march from Canada had been laid many months before by General Washington, working closely with Gen. Philip Schuyler, who commanded at Albany.

Schuyler, however, was unacceptable to many of the New England militia commanders, who were desperately needed to help stop Burgoyne. So the competent Schuyler was shunted aside, although he continued to provide logistical support, and the less gifted Gates was put in his place.

Flushed with his own importance, General Gates neglected to inform Washington, his Commander-in-Chief, of the victory over Burgoyne. Instead, he sent his aide-de-camp, James Wilkinson, with a flowery message to Congress, leaving Washington to depend on rumors. Wilkinson took an incredibly long time to reach Congress, and then spent three days "arranging his papers" before he gave them the news. Congress, although noting his dilatoriness, proposed voting him a sword for bringing such glad tidings, but a Scottish-American delegate named Dr. Witherspoon quipped, "I think ye'll better gie the lad a pair of spurs."

Meanwhile, Washington had been dealing with a very difficult situation, trying to determine what American target General Howe would attack next, and endeavoring to obtain the troops and supplies to stop him, wherever he might strike. Finally, it became clear that Howe was going to attack Philadelphia, and Washington had a heavy barrier, called a cheveaux-de-frise, built across the Delaware River below the city, guarded by a fort on either side.

After the victory at Saratoga, Washington looked forward to the return of Daniel Morgan's rifle corps, which he had forwarded from his own command to help General Gates. He also wrote to Gates asking for the transfer of some of the northern troops to help him keep the British from setting up a permanent base in Philadelphia. Washington's small and ill-equipped army had not succeeded in keeping Howe out of Philadelphia, but the barrier across the Delaware and its guardian forts were keeping the British warships south of the city. If the ships could not anchor at Philadelphia itself and provide artillery cover for the Redcoats, the British occupation of Philadelphia would become untenable and the army would have to withdraw.

General Gates sent no troops, so Washington dispatched Col. Alexander Hamilton to hurry the reinforcements on their way. The letter which Hamilton carried from Washington to Gates congratulated him on his victory, but added, "At the same time, I cannot but regret that a matter of such magnitude, and so interesting to our general operations, should have reached me by report only; or through the channel of letters not bearing that authenticity which the importance of it required, and which it would have received by a line under your signature stating the simple fact."

Hamilton enlisted the aid of Governor Clinton of New York to help him shake loose some troops from the Northern Department, but obstacles faced him everywhere. Washington wrote that "Colonel Hamilton, one of my aides, is up the North [Hudson] River doing all he can to push them forward, but he writes me word that he finds many unaccountable delays thrown in his way. The want of these troops has embarrassed all my measures exceedingly." Hamilton finally succeeded in mobilizing some troops southward, but he wrote to Washington that, "I doubt whether you would have had a man from the Northern army, if the whole could have been kept at Albany with any decency."

Meanwhile, the British were hard at work to solidify their position in Philadelphia. General Howe was constructing redoubts and batteries on Province Island in the Delaware River, and on Nov. 10, his troops attacked Fort Mifflin. The American defenders held on for days under heavy fire from ships, gondolas, and floating batteries, but they finally had to abandon the fort and retreat to Red Bank, New Jersey. Washington had been unable to deploy all his troops, because he also had to guard the military storehouses at Easton, Bethlehem, and Allentown, as well as the troop hospitals and the post at Red Bank, through which Fort Mifflin was supplied and reinforced.

"I am anxiously awaiting the arrival of the troops from the northward," wrote Washington, but still no reinforcements arrived. Washington hoped to keep Red Bank in American hands, and thus prevent the British from pulling up the chevaux-de-frise in the river before the first frost forced the British warships to leave the Delaware. But Howe's forces now captured Fort Mercer, the other river guardian. It was too late in the season to pull up the barrier, but they opened a small channel in the river to enable their transports and supply barges to reach Philadelphia.

After the British had thus completely established their control of Philadelphia, the northern troops arrived. "Had they arrived but ten days sooner," wrote Washington to his brother, "it would, I think have put it in my power to save Fort Mifflin, which defended the chevaux-de-frise, and consequently have rendered Philadelphia a very ineligible situation for the enemy this winter." With permission from Congress, Washington withdrew his army to Valley Forge, positioned to protect the iron foundries so necessary to the army, and the "workshop of the Revolution" for military supplies in Lancaster.

While Washington was fighting the British, he was also trying to deal with a slander campaign launched by the Conway Cabal and its allies. This campaign neatly dovetailed with British moves, so that Washington was blamed for every disaster which stemmed in actuality from actions by the cabal or its supporters.

As Washington wrote to his friend Patrick Henry, in the absence of reinforcements from the north he was forced to pretend that his army was larger than it really was, in order to slow Howe's advance on Philadelphia. But his critics used this pretense to criticize him for not attacking the British in force. Many of the Philadelphia merchants were reluctant to supply the army, yet tried to goad Washington into making a suicide attack on Philadelphia with his ill-equipped small force. The Council of Pennsylvania even wrote Congress to demand that Washington take his ragged and starving army back into the field in the middle of winter, and criticized him for not attacking after the British maneuvered for three days at White Marsh, trying to lure him out of his superior position. If he had taken the bait, his weakened army would have been overwhelmed by the much larger and well-equipped British force.

Although it was obvious to Washington that he had powerful enemies, it was not until the fall of 1777 that he was able to counterattack. James Wilkinson, on the way to report the Saratoga victory to Congress, had let it slip to an aide to American General Stirling that Thomas Conway had written a letter to General Gates in which he said that heaven must have determined to save America, since a weak general and bad counselors would have ruined it. Washington sent a short note to Conway, telling him that he had been informed of the letter's existence. Conway tendered his resignation, giving a fraudulent reason, but it was not accepted by Congress, and Washington did not publicize the letter.

There was a strong faction in Congress that supported Gage and Conway, and among them was James Lovell, who blamed Washington for the capture of Fort Mifflin, and wrote to Gage saying, "In short, this army will be totally lost, unless you come down and collect the virtuous band who wish to fight under your banner, and with their aid save the Southern Hemisphere. Prepare yourself for a jaunt to this place—Congress must send for you." Lovell, as head of the Committee on Foreign Relations, also attacked the American Commissioners to France, and slandered Benjamin Franklin with an eye to replacing him.

Lovell's ally in the Continental Army was Thomas Mifflin, who had served as the Quartermaster General, but had resigned when questions of monetary irregularities had been raised. Mifflin, hearing of Washington's letter to Conway, warned General Gates. Gates went into a panic, and wrote Washington to demand that the person who stole one of his letters be apprehended, and then sent a copy of the letter to Congress. Washington replied, saying that he was amazed that Gates would send a copy to Congress, and adding that he had taken what Wilkinson said about Conway's letter as a warning from Gates himself, but now he saw that was not the case, so he was also sending a copy of his letter to Congress.

On Nov. 27, Congress increased the Board of War from three to five members, which included Mifflin and Gates, and

Gates was appointed President of the Board. The new board recommended, and Congress agreed, that there be two Inspector-Generals of the Army to promote discipline and reform abuses, and one of these was to be Conway, who was appointed a Major-General on Dec. 14.

The pace of attacks quickened on Jan. 12, 1778, when an anonymous letter was sent to Patrick Henry stating that the Southern army would become an "irresistible body of men" within a few weeks of being put under the command of a Gates, a Charles Lee, or a Conway, all of whom had been born in England or Ireland. Another letter, sent to Henry Laurens, the President of Congress, on Jan. 17, accused the American people of idolatry, by making Washington their God. Laurens refused to lay it before Congress, and instead sent it to Washington.

Washington answered that, "My enemies take an ungenerous advantage of me. They know the delicacy of my situation, and that motives of policy deprive me of the defense I might otherwise make against their insidious attacks. They know I cannot combat their insinuations, however injurious, without disclosing secrets which it is of the utmost moment to conceal."

Gates, puffed up even more by his appointment as head of the Board of War, now decided to invade Canada, and again neglected to inform Washington of his decision. It was decided to try to detach the Marquis de Lafayette from his close association with Washington, and for that purpose the cabal had him appointed head of the Canadian campaign. Lafayette travelled to meet Gates at York, Pa., and offered a toast to George Washington, which was received without enthusiasm by the assembled plotters. Although Lafayette journeyed to Albany, the requisite men and supplies were not forthcoming, and Congress recalled the expedition.

The winter of 1778 saw another slander of Washington, this time coming directly from the British. A series of letters was published in London which had supposedly been written by Washington to his family and to his agent, Lund Washington. The forgeries showed Washington as a cold-hearted man who was faithless to the cause of liberty. The first letter appeared on Feb. 14, in *Rivington's Royal Gazette* in New York City, and extracts were printed in a Philadelphia paper. Washington wrote that, "They were written to show that I was an enemy to independence, and with a view to create distrust and jealousy."

But distrust and jealousy were now breaking out among the members of the Conway Cabal. After Washington's letter, Gates had denounced James Wilkinson, and when Wilkinson journeyed to York, to become secretary to the Board of War, he challenged Gates to a duel. For good measure, he challenged General Stirling too. Setting out for Valley Forge, Wilkinson met Washington's friend Dr. Craik on the way, who informed him that his promotion by Congress to Brigadier General had been opposed by 47 Colonels in the army. At headquarters, Washington showed Wilkinson his correspondence with Gates, and Wilkinson stated he could no longer serve with Gates as secretary of the Board of War and tendered his resignation.

The tide was beginning to turn in Washington's favor, as the Continental Army troops and most of the officers supported him. The American public also felt that Gates and his allies in Congress had gone too far. By March, Congress ordered Gates to resume command of the Northern Department, and told him not to mount any expedition against New York City without consulting General Washington. Congress then asked Washington to assemble a council of Major Generals to determine a plan of operations for the year's campaign, and both Gates and Mifflin were ordered to attend, thus sustaining Washington's overall authority.

Conway, who had been stationed at Albany and then at Fishkill, wrote an angry letter to the President of Congress, complaining that he was "boxed about in a most indecent manner." He intimated that he would resign, and to his amazement, his resignation was accepted. He wrote back to say his meaning had been misunderstood, but try as he might, he could not get reappointed. His place was filled by Baron von Steuben, who had helped to mold the neglected army at



Valley Forge into a force to be reckoned with.

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