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This Week You Need To Know

'OUT OF THE BUSHES, INTO THE FUTURE'

LYM's Rogers Is Campaigning for Texas Democratic Chair

by Harley Schlanger

Lakesha Rogers, a member of the LaRouche Youth Movement (LYM) from Houston, announced on March 28 that she will be a candidate for Texas Democratic Party Chair. Rogers, a Democratic Party activist who is a former member of the Harris County Democratic Party Executive Committee, said the primary focus of her campaign will be to recruit youth to the Party.

"I'm running," she said, "because we Democrats have to take the state back. To do this, we are going to have to make a serious effort to bring young people into politics, to give them a voice in the Party, give them responsibility in shaping the future."

A key to this, she added, is to engage in a vigorous debate around a platform. "The Cheney-Bush Administration has trampled on our Constitution, whether in the lies, corruption, and general incompetence involved in its pursuit and handling of the Iraq war, or its malign negligence exemplified in its handling of hurricanes Katrina and Rita, the collapse of manufacturing and infrastructure, and the rip-off of seniors with its phony prescription drug bill."

She called on Texas Democrats to join her in taking the platform debate out of the inner sanctums of the Party—where it has been controlled by the money-wielding fascist Felix Rohatyn, who rages against the tradition of Franklin Roosevelt—and into the workplaces, campuses, and neighborhoods, where Democratic voters have been neglected. "We need to do what Franklin Delano Roosevelt did," she added. "We need to bring the 'forgotten men and women' into the discussion, take the Party back from the pundits and pollsters, and the endless pursuit of money. We are not losing elections due to the lack of money, but the lack of principled ideas."

Rejuvenate the Party—With Youth!

She pledged that her campaign will bring in new voters, by involving them in a serious platform debate on how to serve the general welfare. "I will not limit my campaign to speaking to the delegates to the convention, but will demonstrate how we can bring new voters into the Party. I will emphasize the principles put forward by economist Lyndon LaRouche in his 'Prolegomena for a Party Platform: Franklin Roosevelt's Legacy.' For Texas, this means a campaign for water, power, and transportation infrastructure, so we can create decent jobs the way FDR did to get us out of the Depression. By mobilizing the energy and creativity of youth behind these principles, we can virtually guarantee a landslide victory in the mid-term elections this November."...

[...full article, PDF](#)

Latest From LaRouche

[LaRouche Addresses Monterrey Forum on Global Crisis, Solutions](#)

Lyndon LaRouche met in Monterrey, Mexico on March 31 with a group of trade unionists, political figures, educators, subscribers to EIR, and others, some of whom came from as far away as the states of Sonora and Baja California in the north, and Queretaro and Mexico City in the south. Here is the transcript of his speech. The meeting was moderated by Benjamin Castro.

I shall take up three subjects. First of all, a general review of the current world situation, as it affects this part of the world. Secondly, a crucial feature of our work which no one else in politics is doing. And thirdly, some important developments which are occurring in the organization of youth throughout South and Central America.

The 'Post-Greenspan' Era

First of all, what we're faced with immediately, you should understand, is an impending general collapse of the world monetary-financial system. It's nothing different, in a sense, than what I've been warning about as inevitable in this process. But we have reached a critical point, where, for example in Mexico, you may have a total collapse of the system before the Presidential elections. It may not happen at that time, but that potential is there, and it's developing very rapidly.

Since 1987, the international monetary-financial system has depended upon a gigantic fraud. And the fraud is, that the collapse of the U.S. stock market in 1987, October '87—what happened then—was essentially the same thing as the 1929 collapse. So what happened at that point: Alan Greenspan, who was now about to replace Paul Volcker at the Federal Reserve System, told Volcker, "Wait, I'm going to fix this." What he did is, he legalized a form of transaction, which would have been considered criminal fraud in many cases. For example, Enron is a criminal fraud. And the entire world monetary system has been operating on the basis of a gigantic criminal fraud. This is called "hedge funds." It's called "financial derivatives." The whole thing is one gigantic bubble, which would embarrass John Law.

The bubble goes in the order of magnitude of quadrillions of dollars equivalent, in a world where you're measuring total product in terms of less than \$100 trillion. And therefore, the crash of this system would be the biggest financial crash in all history, not only in magnitude, but as a percentile of total listed assets.

There's no way, in a financial crash, that the debts which are outstanding from financial derivatives can be bailed out. That does not mean that the economies have to crash, because, what you do if you have a true nation-state, the government takes over the banking and financial system in order to maintain the levels of employment, payment of pensions, and so forth. Then the government must create credit to launch legitimate growth. And that's the great issue before us....

[...full article, PDF](#)

InDepth Coverage

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Feature:

[LaRouche in Mexico: 'I Think We're at A Breakthrough Time'](#)

[by Dennis Small](#)

Henry Kissinger had said it would never happen again, but it did.

Back in the early 1980s, Kissinger had sworn that never again would Lyndon LaRouche be allowed to visit Mexico—as he had four times between 1979 and 1982, under the Presidency of Jose´ Lo´pez Portillo—and use the unique characteristic of the U.S.-Mexican relationship to turn the entire world upside down. Working closely with Lo´pez Portillo, LaRouche had placed the issue of a top-down reorganization of the international financial system at center stage of world events, and using the programmatic concepts laid out in his 1982 study Operation Jua´rez, LaRouche nearly succeeded in putting the entire IMF-based system out of its misery. Kissinger—and his synarchist banker masters—never forgave Lo´pez Portillo nor LaRouche for that effort, and vowed that the American statesman would never

- [LaRouche Addresses Monterrey Forum on Global Crisis, Solutions](#)

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- [LaRouche to Mexican LYM](#)

[Our Mission Today Is To Improve the Planet](#)

Lyndon LaRouche gave this presentation to a meeting of the LaRouche Youth Movement in Monterrey, Mexico on April 1.

- [Dialogue With LaRouche](#)

The questions asked in Spanish were transcribed from the English simultaneous translation.

The Principle of Creativity

Q: This social process involving science and Classical art, is this a higher level than the Noösphere, which the first form— that is, that of physical science, between the individual and nature, which corresponds to the Noösphere? Is the social process a higher form, is that which you refer to as the fourth level? Is that what we're talking about, that immortality which transcends time and space in the universe?

...

[LaRouche 1981 Proposal](#)

[Growth Approach Is Key To Immigration Law](#)

On April 13, 1981, as Mexico and the United States were preparing for the second summit meeting between Presidents Jose´ Lo´pez Portillo and Ronald Reagan, the National Democratic Policy Committee (NDPC), founded by Lyndon LaRouche, issued a statement on immigration, under the title: 'No Migrant Law Will Work Without a Growth Approach.'

National:

['OUT OF THE BUSHES, INTO THE FUTURE'](#)

[LYM's Rogers Campaigns For Texas Democratic Chair](#)

[by Harley Schlanger](#)

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Democratic Party Chair. Rogers, a Democratic Party activist who is a former member of the Harris County Democratic Party Executive Committee, said the primary focus of her campaign will be to recruit youth to the Party.

Will Cheney Be Booted Out in Time?

by Jeffrey Steinberg

On April 5, Special Prosecutor Patrick Fitzgerald, who is investigating the Valerie Plame leak, filed court papers in the Lewis Libby prosecution. In those papers, Fitzgerald revealed that, during his grand jury testimony, Libby, the former chief of staff and chief national security aide to Vice President Dick Cheney, reported that he had been ordered by Cheney to leak the contents of a classified National Intelligence Estimate (NIE) on Iraq's weapons of mass destruction program, to New York Times journalist Judith Miller in July 2003. Cheney told Libby that the NIE leak had been approved by President George Bush, and that this was tantamount to the President declassifying the document. The leak of the NIE was aimed at countering charges by former Ambassador Joseph Wilson, that claims that Iraq was seeking uranium in Africa were false.

- **Libby Spills the Beans**

Dems Beware

You Can't Rebuild U.S. with Piranha \$

by EIR Staff

EIR has noted the change among Democratic Federal Senators and Representatives which became obvious during the abortive battle over the Alito nomination: that after working with Lyndon LaRouche to return the party to the Franklin Roosevelt tradition during 2005, the party's Congressional leadership fell into disarray during the year-end holiday period, a disarray from which it has not yet recovered.

Contracting Torture in Rumsfeld's Pentagon

by Edward Spannaus

In the past two issues of EIR, we have exposed and documented the privatization and outsourcing of war in the United States under the direction of George Shultz and Felix Rohatyn, and how this policy has been implemented by the Pentagon under the regime of Dick Cheney and Donald Rumsfeld. In his introduction to the outsourcing package in the March 31 EIR, Lyndon LaRouche pointed out that there are worse kinds of corruption than merely stealing from the public, as in the Halliburton's financial swindles; 'the use of such privatized powers for torture, murder, and fostering of crimes against humanity' is worse, and functions as part of an intended globalized dictatorship.

Calif. LaRouche PAC Meeting: Dems Must Revive FDR Legacy

by Harley Schlanger and Ed Park

'True leadership does not follow apparent public opinion blindly; true leadership shapes public opinion, by educating the electorate in what it urgently needs to know. This often means, as now, confronting the population with the urgency of changing prevailing . . . popular opinion on crucially relevant subjects.'

—Lyndon LaRouche, 'Prolegomena for a Party Platform: Franklin Roosevelt's Legacy.'

- **Advancing the Noö sphere: Transmutation of Materials**

by Cody Jones

This is a transcript of a speech given April 1, 2006 at the Los Angeles Town Meeting sponsored by LaRouche PAC. Jones is a leader of the LaRouche Youth Movement, a member of the Los Angeles County Democratic Party Executive Committee, and a founder of the Franklin Roosevelt Legacy Club.

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Economics:

Financial System Could Implode in Next 90 Days

by L. Wolfe

The big news of the beginning of April, albeit unreported by the major media, was that the hopelessly bankrupt global monetary system had

somehow managed to limp into the next quarter. While some in the City of London, Wall Street, and similar dark environs breathed a sigh of relief, most, even among these fellows, know that this game of smoke and mirrors cannot be played much longer, and that, sooner rather than later, the whole shebang is coming crashing down.

International:

A Time for Truth: For Argentina and the U.S.A.

by Cynthia R. Rush

On April 2, in the Palomar district of Buenos Aires province, Argentine President Néstor Kirchner delivered a momentous speech before an audience of military personnel and political leaders, commemorating the 24th anniversary of the April 2, 1982 effort to take back the Malvinas Islands, which Great Britain had illegally seized in 1833. What made his speech so extraordinary is that he identified, in a way not done previously, the synarchist financial forces that used the corrupt and cowardly military junta that took power in a 1976 coup, to drag the nation into a ruinous war with Great Britain and NATO, at the same time decimating the economy.

- **Documentation**

Kirchner: To Have a Future, We Must Face the Past

We publish below excerpts of the speech given by President Néstor Kirchner on April 2, 2006, at the ceremony to honor 'Veterans and Those Fallen in the Malvinas War.' The Argentine President spoke at Palomar, in the province of Buenos Aires.

Building a Viable Palestinian State

by Muriel Mirak Weissbach

Statehood is not defined by a geographical area delineated on a map. For a nation-state to flourish, it must have the means to provide economic development, to serve the common good of its current and future population. If this is true in general, it is doubly relevant to the case of the state of Palestine, in the process of coming into being.

Iraq a Lost Cause; Synarchists' New Hope Is Afghanistan

by Ramtanu Maitra

Now that the neo-cons of Washington, and the oil-hungry lobby around Vice President Dick Cheney, have become exasperated with Iraq, blaming the 'despicable' Shi'as and Sunnis of Iraq, Iran, and elsewhere, their new great hope is Afghanistan. It is therefore necessary for the American people to get a good glimpse of this pipe dream, before they are taken for a yet another murderous ride.

BüSo Campaign

Industry Must Return To Berlin and Germany

by Rainer Apel

In a March 27 discussion with members of the Civil Rights Movement Solidarity (BüSo) party in Germany, chairwoman Helga Zepp-LaRouche threw out a challenge: The upcoming election campaign in Berlin will begin a paradigm-shift nationally, focussed on the reindustrialization of the capital city. This will be featured in a mass-circulation pamphlet, using the methods of mass organizing that have proved so successful in the LaRouche Youth Movement in the United States.

Science and Technology:

Greenland Ice Sheet Growing: What Makes an Ice Age?

Have you been duped by a mass of propaganda about global warming? 21st Century Science & Technology Editor **Laurence Hecht** explains why the Earth is poised to enter a new glaciation.

Editorial:

Do Not Be Fooled: There Is No 'Iran Deadline'!

Do not believe, either, that there is a guaranteed deadline for a U.S. military assault on Iran, or, that Felix Rohatyn really knows what he is talking about when he hints at a plan for solving the U.S.A.'s infrastructure needs.

U.S. Economic/Financial News

New York Fed Warns Against Hedge Funds, Derivatives

New York Federal Reserve President Timothy Geithner, speaking April 5 before the New York Bankers Association, warned of the increasing risk of a blowout in the financial system. This is Geithner's third such public warning monitored by *EIR* this year, the other two having occurred on Jan. 11, at the New York Association of Business Economists, and on Feb. 28, at the Global Association of Risk Professionals.

"The more critical role played by hedge funds and other non-bank financial institutions in credit and other markets," he cautioned in this latest warning, "has the potential to magnify the impact of distress in those institutions on market dynamics and liquidity if counterparty risks are not managed appropriately."

He continued, "The proliferation of new forms of derivatives and structured financial products has changed the nature of leverage in the financial system. The addition of leverage imbedded in financial instruments ... may ... potentially amplify the impact of a sharp change in perceptions about macroeconomic risk or credit on asset prices and liquidity."

Greater concentration in some financial markets, he added, "has the potential to make the system more vulnerable" in the event of a bank failure.

We Told You So: Airline Dereg Advocate Admits It Failed

Tom Allison, chief counsel to the Senate Commerce Committee and strategist for the 1980 deregulation of the U.S. airline industry, stated, in a February interview with the *International Herald Tribune*, that if members of the Senate had known then what they know now, airline deregulation would never have passed.

By lifting Federal restrictions on itineraries and other regulations, Congress created disruption, gross inefficiencies, and higher costs, Allison stated. His remarks were cited in a column by William Pfaff in the April 4 *IHT*, as Europe debates airline deregulation. Allison noted that deregulation resulted in a "massive shift of airline debt to the public," via publicly funded pension guarantees. He also pointed to the cost increases or outright dropping of smaller routes. From any big American city, Allison said, "it's cheaper to fly to Paris than to Missoula, Montana."

State Bank Supervisors Chief: Regulate Mortgage Lending

Neil Milner, president of the Conference of State Bank Supervisors, called for housing market lending to be regulated, the *Washington Times* reported April 6. Milner noted that innovative loans like the interest-only mortgage can multiply a borrower's debt load within months, and, with the downturn in housing prices and sales slowing sharply, financial problems among overstretched borrowers will increase. He is calling on the states to regulate mortgage lenders so that practices, such as interest-only loans, will be brought under control. Most of the mortgage lenders are not banks, and are thus not under strict Federal regulation, and this must be corrected, Milner said.

Adjustable-Rate Mortgages Drive Borrowers Into Default

A report published by *USA Today* April 3 shows that 25% of all mortgages are adjustable rate (ARMs), and the rising interest rates are intersecting the collapsing auto and textile industries. The paper produced a chart indicating the "best case-worst case" for different types of mortgages, compared to a normal 30-year fixed-rate mortgage. The monthly payment on a fixed-rate mortgage on a \$150,000 home purchased last year would fall from \$999 to \$881 over the next six years. An "interest only" mortgage would go from \$791 to \$872 (best case), or \$1260 in the same six years (a 59.2% increase), while an "option adjustable rate mortgage," in which the payment can be even less than the interest, may increase by 162% as a worst case.

Needless to say, it was largely the working poor who were seduced into signing up for these rip-off schemes, and are now facing bankruptcy.

States Finally Take On Deregulation Fight

On April 3, the Florida Public Service Commission voted unanimously to participate in a Federal review of the proposed merger between the FPL Group and the Constellation Energy Group of Baltimore, the *Palm Beach Post* reported April 3. The merger would create the nation's third-largest utility company. Florida state law does not give the PSC regulatory authority over mergers. But as an intervenor in the Federal Energy Regulatory Commission approval proceedings, the PSC will gain access to otherwise confidential information on the effects of the merger on customers.

This merger has also been hit by the fallout caused from the political firestorm in Maryland, where Constellation Energy, the parent company of Baltimore Gas and Electric Co., has threatened to raise rates 72% this summer. The Maryland State Senate passed a law on March 31 to force Constellation to hold off on the rate hike, and at least phase it in gradually. The State House already has passed the bill. Although Gov. Robert Ehrlich (R) has indicated he would veto the bill, it was passed with enough of a margin to override a veto.

Citizens are now reaping what the Congress sowed last summer, with passage of the Energy Act, which repealed the Public Utility Holding Company Act of 1935. Unregulated mega-companies are now legal and have the free hand of the "marketplace." About half of the states have adopted deregulation legislation, but only one-third are restructuring, some having learned the lessons of California.

Beware! A Wal-Mart Is Coming Soon to Your Urban Neighborhood

Wal-Mart, despite opposition from trade unions and local retailers, announced plans to build 50 new stores in what the *Washington Post* April 5 called "blighted urban areas." Two years ago, Wal-Mart provoked the longest supermarket strike in the region when it tried to open a store in Southern California.

A study done last year by Wal-Mart itself found that there was "some evidence" that payroll per worker declined in the areas where Wal-Marts opened.

World Economic News

IMF Director Warns of Financial Crisis

In a speech April 4 at the Harvard Center of European Studies, International Monetary Fund Director Rodrigo de Rato warned of "global imbalances" which, if they unwound quickly and chaotically, could trigger financial crises and a global recession. Many news accounts left out these statements, reporting instead some pabulum he uttered about global growth,

and his proposals for IMF reform measures to bring in Asian countries. The warning was serious, despite the obsessive desire of many to ignore it.

"There are two obvious ways in which a disorderly adjustment of global imbalances could happen," de Rato said. "One would be an abrupt fall in the rate of consumption growth in the United States.... In this scenario, there would be a contraction of global demand, and possibly a global recession.

"Another possibility is that adjustment could be forced by financial markets. In this scenario, investors might become unwilling to hold increasing amounts of U.S. financial assets at current exchange rates and interest rates. This would lead to a depreciation of the U.S. dollar and increases in U.S. interest rates, which in turn would cause U.S. domestic demand to contract. Again, if this happened abruptly, it could cause a severe downturn, as well as global financial market disruptions."

The most visible problem, de Rato said, was the large U.S. current account deficit. Should financial markets force an adjustment, it could send the dollar sliding and push up U.S. interest rates. He specifically mentioned a bust in U.S. housing market as a trigger.

Some policy-makers, he added, believe global imbalances can either persist indefinitely or dissipate over time. "I find these views optimistic to the point of willful blindness," de Rato said. "I do not believe that the risk of a disorderly adjustment in the near future is high, but it is increasing as imbalances continue.

"A disorderly adjustment of global imbalances could be produced not only by inaction, but by unbalanced actions," he warned, also noting that to some countries there was a political cost if they acted to rectify the imbalances.

Banker Warns of South American Market Crash

Bill Rhodes, vice chairman of the Institute of International Finance, speaking about the potential for an Ibero-American market crash, is quoted in the *Financial times* April 5 cautioning: "We are in a situation similar to that which existed in the spring of 1997, when threats existed to market stability and a lot of people didn't want to see it. I am not predicting a new Asia crisis but it is interesting to see the similarities that are present."

Locust Swarms Leave Branches Bare: AT&T/Alcatel Merger

Dire warnings about the pending merger between AT&T and Alcatel appeared April 3 in the *Financial times*, *Wall Street Journal*, and wire stories. Most prominent in much of the coverage, were the job cuts that the merger would bring, thus the "efficiency" of such a large merger. In this case, the figure was 88,000, the number of workers who would be "efficientized" out of a job. The present AT&T, you may remember, is itself the product of a recent merger with Southwestern Bell Corp. (SBC), one which involved a job cut figure of similar proportions.

Also announced April 3, a group of five hedge funds are swarming around VNU, a Dutch media and entertainment company. The company is being accused of selling itself too cheaply to the group, which includes the European firm AlpInvest Partners, and U.S. firms Blackstone Group, Hellman & Friedman, Kohlberg Kravis Roberts, and Thomas H. Lee Partners. The *Financial Times* has a similar list of criminals, each of whom has put together a fund of over \$10 billion, led by Texas Pacific Group, which has raised a record \$14 billion for a fund.

United States News Digest

Gonzales Stonewalls House Judiciary Committee

Even the Republican Chairman of the House Judiciary Committee, Rep. James Sensenbrenner (Wisc), found the Administration's obstruction and denial of information too much to take, at a hearing of his committee April 6. Right at the outset, Sensenbrenner asked Attorney General Alberto Gonzales a series of questions about the "terrorist surveillance program." When Gonzales said he couldn't answer a number of the questions, because the information is classified, Sensenbrenner accused Gonzales of "stonewalling" and asked, "How can we discharge our oversight responsibilities if every time we ask a pointed question, we're told the answer is classified?"

Rep. John Conyers (Mich), the senior Democrat on the Judiciary Committee, said, "Our nation is on the verge of a full-blown constitutional crisis" because of the way the Administration is operating, "in secret and outside the purview of the courts and Congress." Conyers cited detentions and abuses of immigrants and Arab-Americans; holding U.S. citizens as enemy combatants without trial or access to lawyers; condoning torture; monitoring of mosques; the President signing laws and then saying they don't apply to him; and the NSA warrantless surveillance program in violation of U.S. laws.

Under questioning, Gonzales made two significant implicit admissions:

*That the surveillance program that President Bush has acknowledged, is only one of a number of programs that are underway; and,

*That the Administration regards the interception of purely domestic communications as being within its authority under its interpretation of the President's "inherent" powers, and the Congressional Authorization for the Use of Military Force—despite the explicitly contrary language of the FISA statute.

General Calls for Rumsfeld's Head To Roll

A new barrage of attacks against Secretary of Defense Donald Rumsfeld erupted April 6, illustrating the depth of the uniformed military's opposition to the Iraq war policy, and its particular hatred of Rummy:

*Major Gen. Paul Eaton (ret.), who had headed the training of the "Iraqi Army" from 2003-2004, called for Rumsfeld to be ousted, in a blistering interview on NPR's "On Point" program which sounded like a brief for a court martial. Eaton said that Rumsfeld was and is a "strategic and operational problem," when he "micromanaged" the deployment of U.S. troops in Iraq, sabotaged the standing plans that had been decades in the making, which had set forth adequate troops for the operations, mishandled the allocation of money, where in combat, "money is ammunition," and mishandled diplomatic relations with Turkey, "causing a major problem for the invasion." The interviewer asked numerous questions quoting Gen. Anthony Zinni (ret.), an early critic of the war, with whom Eaton expressed agreement, praising Zinni's competence and bravery in bringing out the truth. Eaton also made a point of referencing the day that Bush "declared 'mission accomplished' ... on the Abraham Lincoln."

*George Packer, author of "The Lessons of Tal Afar," in the latest *New Yorker* magazine, appeared on the same program as Eaton. Packer's article reveals that the town of Tal Afar was only taken by the U.S. Army because the commander, Col. H.R. McMaster, who holds a Ph.D. in history, was able to use counterinsurgency plans—against the will of Rumsfeld and the Pentagon. Packer said officers in Iraq were privately voicing venom against Rumsfeld and the DOD civilians.

*Former CIA agent Larry Johnson's April 6 truthout.com column summarizes the carnage of the previous five days in Iraq: 39 shootings/ambushes killed 144 people; 25 bombs left 40 people dead; five mortar attacks killed three people; four people kidnapped, including the brother of a Sunni lawmaker, a military helicopter shot down with the entire crew killed in

the crash; three major attacks on oil pipelines. The White House cannot protect anyone in Iraq, and is deluding itself. Johnson is co-author with W. Patrick Lang of an article that shows that there is *no* military option for Iraq.

*Sidney Blumenthal, the former Clinton White House advisor, now writing for *Salon*, spilled the beans on how State Department personnel's reports of the failures in Iraq are being buried. He reports that State is trying to run "Provisional Reconstruction Teams," but the Pentagon will not protect the Embassy personnel in the field, telling them to "hire mercenaries."

Senator Kerry Issues Call for an Exit from Iraq

In a *New York Times* op-ed titled, "Two Deadlines and an Exit" April 5, Sen. John Kerry (D-Mass) said the U.S. should set a deadline for a withdrawal of U.S. forces from Iraq. "So far, Iraqi leaders have responded only to deadlines—a deadline to transfer authority to a provisional government and a deadline to hold three elections. Now we must set another deadline to extricate our troops and get Iraq up on its own two feet. Iraqi politicians should be told that they have until May 15 to put together an effective unity government, or we will immediately withdraw our military.... If Iraq's leaders succeed in putting together a government, then we must agree on another deadline: a schedule for withdrawing American combat forces by year's end....

"For this transition to work, we must finally begin to engage in genuine diplomacy. We must immediately bring the leaders of the Iraqi factions together at a Dayton Accords-like summit meeting. In a neutral setting, Iraqis, working with our allies, the Arab League, and the United Nations, would be compelled to reach a political agreement that includes security guarantees, the dismantling of the militias and shared goals for reconstruction. To increase the pressure on Iraq's leaders, we must redeploy American forces to garrisoned status.... We will defeat Al Qaeda faster when we stop serving as its best recruitment tool.... An exit from Iraq will also strengthen our hand in dealing with the Iranian nuclear threat and allow us to repair the damage of repeated deployments, which flag officers believe has strained military readiness and morale."

House Bill To Probe Corruption in Iraq War Spending

Two House Republicans have agreed to join the list of co-sponsors of a bill to create a special committee to investigate corruption in Iraq war spending, the *Boston Globe* reported April 6. Gil Gutknecht of Minnesota and Walter Jones of North Carolina, have joined the bill's other 33 co-sponsors, which until now included only one Republican, Jim Leach of Iowa. The bill, first put forward in February 2005 by Leach and Rep. John F. Tierney of Massachusetts, has been blocked from consideration for over a year by GOP leaders. Republican members have expressed reluctance to support a committee which may become a forum for questioning the legitimacy of the war.

The *Boston Globe* noted that "The growing calls for a direct Congressional oversight role are being made amid growing evidence of contracting abuses in Iraq. The Defense Department's inspector general has concluded that the military has failed to properly account for \$8.8 billion in Iraqi reconstruction funds. Meanwhile, as many as 50 separate investigations have now been opened to look into charges of contractor fraud, kickbacks, bribery, and waste in war contracts."

Rep. Tierney says that a growing number of Republicans are expressing interest in the proposal, under which the new committee would be made up of 15 House members and have subpoena powers, and would be able to levy fines and disqualify contractors for serious violations of government policies.

House Republicans To Vote Against Bush Budget Bill

An article in *The Hill* April 6 reports that 46 Republicans intend to vote against the House Budget bill. The Senate version,

which adds nearly \$9 billion in discretionary spending to the overall budget, has provoked opposition among both moderate and conservative House Republicans. The new House Majority Leader John Boehner (R-Ohio) has vowed to pass the House version this week, but a final vote is in question because the 46 House Republicans have threatened to vote against it. Most of them were also among the 60 House Republicans who signed the McHugh-Gerlach letter opposing the Medicare cuts in the Bush budget.

Real Estate Bubble Accounts for 75% of New Jobs

Three-fourths of all new jobs in the past five years have been in the real-estate/home construction sector, i.e., the housing bubble, which has already sprung major leaks, according to the *Washington Post* April 5. Economist Lyndon LaRouche, however, noted that the real story is far, far worse, since the majority of employment in the sector is virtual slave labor, from mostly illegal immigrants, paid off the books, and thus not making it into the "experts'" statistics.

The *Post* asks: "Is reliance on real estate cracking the foundation?" The consumer spending boom has been fuelled not by employment, but by the housing bubble-generated "flipping" of mortgages—refinancing at lower rates to extract equity as spendable cash. A full 6.2% of disposable personal income now comes from mortgage refinancing nationally, compared to only 2.3% in 1999. In the Washington, D.C. area, that figure is an astonishing 14.5%.

Funds Shift from 'Democratization' to Private Armies

Project Democracy is losing its funding to "Project Empire" in Iraq, according to the *Washington Post* April 5. NED, IRI, NDI, AID, and even Freedom House (where President Bush recently spoke on his democratization crusade) are all losing their Federal funding for operations in Iraq, as the money is diverted to the private armies. Jennifer Windsor of Freedom House is "appalled"; Les Campbell of the National Democratic Institute said that the President's daily speech about democracy, "when it's translated into action, looks very tiny." Thomas Carothers of Carnegie complained that "money keeps getting transferred away to security training." AID money to NED outfits will dry up this month, while the U.S. Institute for Peace had its budget cut by 60%.

Ibero-American News Digest

Russian-Brazilian Technological Cooperation Advances

Russia and Brazil can implement technological projects at the level of world leaders, said Russian Prime Minister Mikhail Fradkov, in a meeting with Brazilian power companies April 6. "My meetings with Brazilian colleagues at the government level and with the country's President [Lula da Silva] inspire confidence that the authorities will support companies interested in implementing energy projects," he said. He emphasized that "The level of energy development in Russia and Brazil permits us to speak of prospects for realizing joint ventures in third countries." Fradkov said the two governments planned to increase the volume of trade from the current \$3 billion to \$10 billion by 2010.

Fradkov visited Brazil from April 4-6, and Argentina from April 7-9, accompanied by a delegation of Russian businessmen and other officials. In Brazil, Fradkov and Brazilian Vice President Jose Alencar chaired a meeting of the High-Level Brazilian-Russian Cooperation Commission, and Fradkov then visited many Brazilian high-technology institutions and businesses, ranging from Petrobras, Furnas, Eletrobras, and Eletronuclear, to the aeronautics firm, Embraer, and the Aerospace Technical Center and National Space Research Institute.

Fradkov spoke of the "so-called technological alliance" between the Russia and Brazil, "the range of whose topics starts with energy, including atomic, and goes up to space explorations, covering aircraft building, and even agriculture where

there is also a place for high technologies."

In the energy sphere, he said they hoped to specify proposals: "There is a chance to supply turbines and generators for a hydropower station; the two sides also discussed a chance for participation of Russian companies in building a transcontinental gas pipeline between Venezuela, Brazil, and Argentina." Gazprom and Stroitransgaz are interested in joining this project. He also mentioned "joint geological prospecting on land and at sea."

Argentine Finance Minister Targets 'Chicago Boys'

Argentina "descended into Hell" because of the "Chicago boys" economic policies imposed by Synarchist Jose ("Joe") Martinez de Hoz under the 1976-83 military dictatorship, Finance Minister Felisa Miceli said in a March 31 speech. Fortunately, she added, Argentines "didn't heed Dante's warning in the *Commedia*, 'Abandon all hope, ye who enter here.'" Argentina is today being rebuilt, she said, and unlike that junta, the government has made the general welfare and industrialization its top priority. De Hoz's slogan, "shrink the State and ennoble the Nation," was a despicable lie, Miceli underscored.

The Finance Minister was speaking at a conference she organized to unveil a plaque paying tribute to all those Finance Ministry employees who had been killed, kidnapped, tortured, or disappeared under the dictatorship, and to also recall the package of genocidal free-market policies announced by de Hoz on April 2, 1976. The dismantling of Argentina's industrialization process resulting from that package, reflected a policy of "financial valuation that privileged speculative profits at the cost of the growth of production," she said. This could only be imposed was through sheer terror, murder, torture, and destruction of anyone who dissented, Miceli stated. She then pointedly added that de Hoz's murderous policies "gave birth to" Carlos Menem's economic program, imposed during his 1989-99 Presidency, with the same horrific results.

De Hoz's policies were "philosophically nourished by the ultra-liberal paradigm gaining influence at neo-conservative U.S. universities, whose emblematic center was the University of Chicago, home of the 'Chicago Boys,'" she explained. "This philosophy was loudly endorsed by financial capital linked to speculation, which, at that time, extended its influence by promoting the retrograde reorganization of many societies, and attained international hegemony in the 1980s and 1990s." Miceli pointed out that the 1989 "Washington Consensus" of neo-liberal policies "consecrated that preeminence, of which the Martinez de Hoz plan was a tragic foretaste, and Menem's convertibility plan [one-to-one dollar/peso parity], proof of its most notable deployment."

See "A Time for Truth: For Argentina and U.S.", in this week's InDepth, for *EIR's* evaluation of the strategic significance of the war which the Kirchner government has declared on the fascist projects of the Synarchist financiers.

Venezuela Increases State Control Over Oil

Venezuela's state oil company PDVSA, seized control of two oil fields previously under a contract granted to France's Total and Italy's ENI, on April 3. Under the privatizing wave of the '90s, Venezuela had granted the multinationals a contract to directly exploit the oil in 32 fields with wells officially qualified as "marginal." However, the fields have already seen more than ten years of continuous exploitation, for which Venezuela has received but 33% of each barrel's value.

Last year the Venezuelan government warned the multitis that they had to change the format of that contract to form a joint venture with Pdvsa, in which it would have 51% of the stake. This format will allow Venezuela to gain 80% per barrel. All multitis (Chevron, Shell, BP, Petrobras, Repsol, etc.) accepted in the end, except Exxon Mobil, which sold its stakes to Spain's Repsol. (For the European view of this deal, see this week's Europe Digest.)

Chavez Accuses U.S. of Spreading Invasion Rumors

Venezuelan President Hugo Chavez dismissed suggestions by The Netherlands Defense Minister Henk Kamp, that Venezuela has territorial designs on the Netherlands Antillies, and accused the U.S. government of spreading rumors. During a Parliamentary debate, Kamp said that Chavez was looking "with big eyes" at Dutch islands in the Caribbean. Chavez took on the issue April 3 after watching a demonstration by pilots flying new Russian military helicopters, calling Kamp "a truly ridiculous man." In his Sunday radio show Chavez had said: "He's without a doubt acting as a pawn of Washington."

Last September, Chavez had announced that a U.S. troop contingent visiting Curacao, officially as a recreational tour, was actually practicing for an invasion scenario involving carriers and planes. Now it's confirmed that for the next two months, the U.S. is planning what Ambassador William Brownfield said are regular naval exercises in the region, which will include an aircraft carrier, a destroyer, a cruiser, a frigate, and a 60-plane air wing, in what is considered the largest U.S. military deployment in the area in decades.

Western European News Digest

British Defense Secretary Attacks Geneva Accords

Speaking before the Royal United Services Institute, British Defense Secretary John Reid called for a revision of the Geneva Conventions, specifically the convention against preemptive strikes, the London *Guardian* reported April 4. He also called for revision of the laws against torture of prisoners, the most basic of human rights, whether the person being tortured is innocent or guilty.

Reid went so far as to declare, "The laws of the 20th Century placed constraints on us all which enhanced peace and protected liberty. We must ask ourselves whether, as the new century begins, they will do the same." Answering his own question, he added, "The legal constraints upon us have to be set aside against an enemy that adheres to no constraints whatsoever...."

Reid was denounced by Nick Harvey, defense spokesman for the Liberal Democratic Party, who said, "After the disaster of Iraq, the idea that the doctrine of preemptive strike should be expanded will be met with incredulity in the West and alarm in the ministries of Tehran."

Millions Again Take to the Streets in France

Close to 3 million people were once again out in the streets in cities across France April 4, demanding the withdrawal of the First Job Contract (CPE) labor "reform" law. The demonstrations and day of action launched by the high school and university students and labor unions against the CPE were a resounding success, even though the strikes mobilized somewhat fewer than the previous day of action.

From the government, President Jacques Chirac has been indicating more and more clearly that his intervention on March 31 was a disavowal of Prime Minister Dominique de Villepin's stubborn refusal to negotiate a compromise on this contract, which would permit employers to fire young workers within their first year of work, without cause. Chirac named the heads of the UMP party caucuses in the National Assembly and the Senate, and the two Ministers of Social Affairs, to negotiate a compromise with the students and labor unions, thereby clearly withdrawing responsibility for this dossier from de Villepin. But by giving responsibility to the parliamentary party group heads, Chirac has brought Nicolas Sarkozy, UMP president, to the negotiation table. Sarkozy had been pleading for a compromise.

However, up to the April 4 day of action, Chirac has not indicated willingness to withdraw the contract, and is sticking to his compromise proposal: a reduction in the trial period from two years to one, and obliging companies to justify firing any employee—but no withdrawal of the contract. The group designated to start the negotiations, invited the unions to meet on April 5. The unions accepted, on condition that there be no preconditions, and have announced they would plead for the withdrawal of the contract.

Italian Candidates Promise To Increase the Deficit

Figures published April 5 show that the Italian budget deficit in 2005 is at 4.1%-4.2% of GDP. This, in itself, is in line with the two-year plan agreed upon between Rome and the EU Commission, in order to bring the deficit down below 3%. However, if the two opposing coalitions want to implement their electoral promises, the balancing plan must be modified.

Former Prime Minister Romano Prodi, who is challenging Premier Silvio Berlusconi in parliamentary elections April 9-10, has promised to immediately cut by 5% taxes paid by corporations for employee benefits, which will cost at least 10 billion euro. Berlusconi has promised a mix of the same measures, plus pension increases, plus repealing home property taxes, for a total of at least 12-14 billion euro. If either of the two keep their promises, the deficit will grow instead of decreasing as agreed upon with the EU Commission.

"The European Commission can, realistically, only take notice of that," said the business daily, *Il Sole 24 Ore*.

Paris Event: 'Heading Towards the End for the Euro?'

This was the provocative theme of a public meeting organized in Paris April 3 by two magazines critical of globalization: *Alternatives Economiques* and *Esprit*. Guest speakers were economist Christian de Boissieu, president of the Economic Analysis Council of the Prime Minister, and Claire Vezant, Director General at the Treasury Department of the Economics and Finance Ministry, Undersecretary of European Economic Affairs. This is the first time that institutional economists such as de Boissieu and high-level civil servants such as Claire Vezans, have publicly expressed disappointment and criticism of the euro. Unfortunately, neither is proposing an end to the euro, but, rather, reforms.

In a short introduction, Christian Chavagneux from *Alternatives Economiques* noted that some time ago such a subject would have been impossible to discuss, and that while there is still adherence by the citizens in France to the euro, the problems are becoming deeper and deeper.

In his presentation, Christian de Boissieu, who said he was speaking in his own name, stated that, in the beginning he was favorable to the euro, thinking it would allow Europe to relaunch growth and deal with mass unemployment. Nothing confirms this today, he stated, underlining that we have massive unemployment in Europe. De Boissieu, however, still favors a reformed euro, and criticized the European governments for not having implemented the decisions of the Lisbon European summit of 2000 calling for massive investments in research, innovation, and university training. De Boissieu proposed a more flexible interpretation of the treaties, and improved coordination by the nation-states of their budgetary policies and increased powers for the euro group, which has none at this point.

Local German Paper Runs 'Joke' About Trans-European Maglev

The April Fool's story run in the *Wiesbadener Kurier* April 1, alerts readers to a fictitious event at a site opposite to the central train station. The event is a public display of the project for a Wiesbaden-Moscow maglev line, attended by prominents such as Chancellor Angela Merkel, Transport Minister Wolfgang Tiefensee, Vice President of the EU

Commission Guenter Verheugen, Hesse Gov. Roland Koch, and Saxony Gov. Georg Milbradt, as well as numerous mayors and the like. And, "all Wiesbaden citizens are invited" to a free glass of champagne, served by the Wiesbaden-based firm Henkell & Soehnlein. The half-page article includes a map depicting a maglev rail line running from Luxembourg to Moscow and Kiev, via Wiesbaden, Frankfurt, Dresden, and Wroclaw, with a branch from there to Minsk.

The story as such is not so fictitious as it seems: As a matter of fact, until three or four years ago, there still was a heated discussion in the institutions about a maglev in the Rhine-Main region. The mayors of Frankfurt, Wiesbaden, Mainz, and Bingen made a joint appeal for a maglev from Frankfurt Airport to the airport at Hahn, running through their cities. The state governments of Hesse and Rhineland-Palatinate were for the 110-kilometer route; there was talk about an extension from Hahn to Trier and Luxembourg and Brussels, and an extension to Erfurt, Leipzig, Dresden, and on to Europe's East. The project would, as the *Kurier* story says, include 3,000 kilometers of track, investments of EU350 billion, and would reduce travel time from Paris to Moscow to seven hours.

Of course, Wiesbaden is the location of the offices of *EIR* in Europe, where Lyndon LaRouche's associates have campaigned for precisely such a "Eurasian Land-Bridge" for many years.

Memory of ENI Founder Enrico Mattei Smeared by Company

ENI, the Italian oil company, has been expelled from the oilfields in Venezuela in the context of changes in the oil policy implemented by Hugo Chavez's government. Chavez wants to renegotiate exploitation rights with foreign companies, and strangely enough, has found no hostility from Chevron, BP, and Royal Dutch Shell. Instead, ENI and the French Total company chose a hard line. ENI has threatened international legal action.

"The current ENI leadership has turned upside-down the old policy of its founder, Enrico Mattei," a former collaborator of Mattei's told *EIR*. Mattei offered an advantageous 30/70 royalties deal to producing countries, instead of the usual 50/50 imposed by the oil cartel. Additionally, ENI would finance all research, and only in cases where oil was found, would ask governments to share 50% of costs.

ENI, after privatization, is a public company with the state as a majority shareholder. It no longer follows long-term investment policies but is wedded to creating "shareholder value."

Russia and the CIS News Digest

Russian Newspaper Spells Out Doomsday Scenario

Many Russian commentators, as well as Chief of the General Staff Gen. Yuri Baluyevsky and also (indirectly) President Putin himself, have spoken out against the Keir Lieber/Daryl Press article in the March/April Council on Foreign Relations *Foreign Affairs* magazine, with its claim that the U.S. has "nuclear primacy"—that the Russian nuclear deterrent is defunct. At the same time, leading analysts like Sergei Karagonov of the Defense and Foreign Policy Council and Academician Sergei Rogov, in their writings, have been taking stock of the marked deterioration of Russian-American relations.

A particularly chilling rebuttal of Lieber/Press appeared in *Izvestia* of March 30 from the pen of military commentator Dmitri Litovkin. Under the headline "Illusions of Supremacy," he acknowledged many of the Lieber/Press article's points about the expired service life of many Russian ICBMs, the amount of time Russian nuclear-armed submarines sit in port, and so forth. But then he described the precise capabilities of two new Russian nuclear systems. One is the mobile version of the Topol-M, MIRVed with retargetable-in-flight warheads, which is able "right out of the box" to "head off into the endless spaces of Russia, and missiles can be launched from any point on its journey. Experts know that finding the Topol-

M in the endless forests and swamps would be hopeless."

Secondly, there is the Bulava SLBM with similar warhead characteristics, which may be launched from the new #955 "Borey"-class submarines, of which the first (of three under construction) will be commissioned next year. Like the former Soviet #941 "Typhoon"-class subs, it "will be able to fire from under the thickness of the Arctic ice, breaking through with its hull with a special charge,... without revealing its location until the very last moment.... Washington would sleep through this launch."

Litovkin concluded the article with the doomsday scenario of an attempted U.S. first strike on Russia: "In the event of the start of large-scale aggression, Russia retains the right to use nuclear weapons against the attacking side. There are 542 intercontinental ballistic missiles ready for immediate use. Moreover, that would happen even if the United States nonetheless managed to deliver a disabling first strike and knocked out all the control points for Russian nuclear deterrence forces. The fact that the 'link' with the center is lost would in fact bring the last element of the Russian triad into action—special missiles that would fly from the East to the West and from the West to the East, automatically launching from the silos every missile that survived. And then it no longer would make any difference that the Americans can destroy us ten times, while we can destroy them only twice."

Lavrov: Russia Should Promote Tolerance

Russia's unique mission is to promote tolerance in international affairs, Russian Foreign Minister Sergei Lavrov told the 10th World Russian People's Assembly in Moscow on April 4. "Russia must again play a decisive role in building the architecture of international relations. This includes a spiritual role in building a balance of forces and interests and asserting the idea of tolerance in the international arena.... Now that the ideological fetters have fallen, we have again acquired real freedom to fulfill our mission in the modern world," he said. Russia has evolved into an important factor in international politics which "fully reflects its national and religious uniqueness," he added, noting that Russia's current task is to "protect its uniqueness from the onslaught of globalization." Attempts to set Russia and the Islamic civilization against one another are "a threat to internal stability in our multi-ethnic state.... It is important "to bring diplomatic policies into line with Russia's national interests."

The meeting was addressed by Russian Orthodox Patriarch Alexi II, who emphasized that Russia's mission in the 21st Century is to use its experience in building "a unified civilized space" out of diverse cultures and religions, to help build a world "where various models of civilization will interact peacefully and in harmony."

Common Economic Space Set To Go

Russian President Vladimir Putin announced April 4 that the Common Economic Space (CES)—a form of common market—between Russia, Belarus, Kazakhstan and Ukraine will proceed in the near future. These largest nations of the Commonwealth of Independent States had agreed in February 2003 to establish a CES, in which there is to be free movement of goods, services, capital, and people. At the press conference following his meeting with Kazak President Nursultan Nazarbayev, who was visiting Moscow, Putin announced that the first 38 documents creating the CES will be signed soon between Kazakstan, Russia, and Belarus, and he expects "our Ukrainian friends" to be present and sign some, but not all, of the documents.

Nazarbayev and Putin discussed bilateral trade, and economic and political relations. Putin praised their relations, and agreed with his guest that they should discuss "cooperation within the framework of the integration structures in the post-Soviet space," as Itar-Tass put it. Nazarbayev, who said there were no "unresolved, thorny issues," but "a lot of solved ones," said he had to visit Moscow again, the second time this year, because of all the accumulated documents that had to be signed. He said they would also discuss the Russian use of weapons ranges in Kazakstan, as well as the Baikonur rocket

launch pad.

Ukraine: A Eurasian Bridge?

At a March 28 meeting of the German Council on Foreign Relations in Berlin on March 28, Alexander Chaly, former Deputy Foreign Minister of Ukraine, commented on the likely policies of a future Ukrainian government, and on the recent turn toward a much more skeptical attitude toward the European Union, as well as NATO, on the part of not just Ukraine, but also Poland, the Czech Republic and other East European countries. Chaly is now Vice President of a Donetsk-area steel holding company, which has acquired a large plant in Poland, but lost out to the transnational Mittal concern in last year's bidding for Ukraine's own Kryvorizhstal.

Chaly declared that whatever coalition comes to power now, there is a consensus in the Ukrainian elite to pursue an independent policy in the national interest, fostering close relations both with Russia and the West, especially Germany. He said that Ukraine should act as a kind of bridge in a Euro-Asian context, maintaining a status of neutrality and independence. He criticized the European Union for demanding economic measures which "would be very bad for Ukraine," and suggested a "multidirectional" economic policy, including integrating key sectors of its high-technology industry, especially aircraft and rocket and space industries, with Russia. He also recommended the creation of a "Russian-Ukrainian-German gas consortium"—an idea supported by former German Chancellor Gerhard Schroeder.

Chaly noted growing public sentiment against NATO, with only 15% of the population favoring membership and with the Parliament having passed legislation excluding any Ukrainian participation in NATO maneuvers and banning the presence of all foreign military forces from its territory. "The romantic ideas about NATO and the EU, which used to be strong in Ukraine, have disappeared."

Commenting on Chaly's remarks, the head of the Eastern Commission of German Industry (Ostausschuss), Daimler-Chrysler executive Klaus Mangold, endorsed the idea of Ukraine as a bridge between Europe and Russia. Germany is Ukraine's number-two trade partner after Russia, and German industry has a big market for modernizing machinery and industrial plants in Ukraine. Also, "we should stop shouting so loudly about democracy in Ukraine, Russia, and other Eastern countries," Mangold said. "Developing democratic institutions takes time, as we well know in Germany."

Likely To Fail: 'Orange' Coalition Replay in Ukraine

Nearly two weeks after inconclusive parliamentary elections, Ukrainian President Victor Yushchenko's Our Ukraine movement announced April 6 that it had signed a "protocol" on forming a new government coalition with the Bloc of (former Prime Minister) Yulia Tymoshenko, and Alexander Moroz's Socialist Party. As one Russian commentator leered, it was not clear if the other two parties to the prospective agreement have signed on. Tymoshenko has said loud and clear that she'll settle for nothing less than the Premier's chair. Yushchenko, sounding hesitant, called the document "the beginning" of negotiations to form a coalition.

Taras Chornovil, speaking for the top vote-getting Party of Regions, said again April 5 that he expected the government negotiations to drag on until May, when the new Supreme Rada convenes. He still believes that a coalition between Our Ukraine and the Party of Regions is a strong possibility.

Frozen Conflicts Heat Up

On March 31, leaders of the Transdniester region of Moldova announced they will hold a referendum on the status of the district and its future relations with the Moldovan government in Chisinau. The Russian-populated area bordering Ukraine

does not recognize Chisinau's authority, and OSCE officials had announced the suspension of Moldova-Transnistria talks the day before. Valeri Litskay, speaking for the Transnistrians, said that they consider the current final-status negotiations on Kosovo as a model. "The independence of Transnistria is being decided in Kosovo and this will happen very quickly," he said.

Two weeks earlier, the leader of South Ossetia, Eduard Kokoiti, said he intends to move formally to apply for membership in the Russian Federation, seceding from Georgia.

Coincidence or not, the Russian Federal Service for the Protection of Consumer Rights and Human Welfare, at the beginning of April, asked the Federal Customs Service to block imports of wine from both Georgia and Moldova, alleging that the wine was adulterated. Wine industry officials on both sides of the Russian border are in an uproar over the shutdown of business, based on what they say are unsubstantiated claims.

Southwest Asia News Digest

Iran UN Ambassador Counters Lies About IAEA Findings

An op-ed in the *New York Times* April 6 titled, "We Do Not Have a Nuclear Weapons Program," by Iran's UN Ambassador Javad Zarif, is a cogent, powerful, and convincing commentary that begins with the very point that Lyndon LaRouche has repeatedly made. Zarif writes, "There need not be a crisis. A solution ... is possible and eminently within reach."

Zarif says that Iran has a strong interest in enhancing the integrity and universal application of the Nuclear Non-Proliferation Treaty. Iran considers "regional stability to be indispensable for its development." Iran has "gone beyond its international obligations and allowed the [IAEA] to repeatedly visit military sites." He also says that it was the EU-3—Britain, France, and Germany—that ended the talks with Iran, and Iran has tried to get the talks back on track. Zarif releases an eight-point proposal that Iran gave to the EU-3 in December to try to restart the talks.

Zarif praises the Russian Federation for offering a "thoughtful possibility for a deal," and says Iran wants to find a negotiated solution. He says these kinds of productive ideas for negotiations work, not "pressure and threats."

Meanwhile, U.S. Ambassador to the UN John Bolton threatened that if Iran didn't comply with U.S. demands in 30 days, the U.S. will impose harsh import sanctions against Persian rugs and pistachios.

Did U.K. Defense Ministry Meeting Discuss Attack on Iran?

The London *Telegraph* reported April 2 that a meeting would take place April 3 at the U.K. Ministry of Defense to discuss military options against Iran, but BBC put out a wire saying no such meeting would take place. According to the *Telegraph*, the meeting was supposed to include Gen. Sir Michael Walker, Chief of Defense Staff, Lt. Gen. Andrew Ridgeway, Chief of Defense Intelligence, Maj. Gen. Bill Rollo, Assistant Chief of General Staff, and officials from the Foreign Office and Prime Minister's office. The meeting was to address the consequences of an attack on Iran, including economic consequences. This news came on the heels of the visit to Britain by U.S. Secretary of State Condoleezza Rice, during which she discussed Iran with Foreign Secretary Jack Straw, among others.

Iran Tests Missiles During Maneuvers, Renounces Oil Weapon

Brig. Gen. Hossein Salam, commander of the Revolutionary Guards Air Force, announced April 1 that Iran had

successfully tested a "new-generation missile capable of hitting different targets at the same time," and capable of evading anti-missile defense systems.

The announcement came in the context of maneuvers, from March 31 to April 6, in the Persian Gulf and Sea of Oman. The Revolutionary Guards Corps' Navy and Air Force, the regular Army and Navy, the volunteer Basiji militias, and the Iranian police, participated in the maneuvers, which had the Straits of Hormuz as one focal point. About 17,000 combatants are participating along with 1,500 gunboats, and all types of fighter planes, bombers, and helicopters.

Iran also tested an underwater missile during the maneuvers. Rear Adm. Ali Fadavi announced, "Today we have successfully tested a high-speed underwater missile with a speed of 100 meters per second, which is able to overcome the enemy's sonar and radar." He said the missile was the second-fastest in the world of this type, and could destroy large warships and submarines.

At the same time, Foreign Minister Manouchehr Mottaki, in speeches March 30 and 31, stressed that although Iran would stick to its enrichment plans, it would not use oil as a weapon, would not leave the NPT, and would renew its proposal for an international nuclear fuel consortium, in Iran, under IAEA strict supervision.

Iraqi PM Jaafari Rejects Anglo-American Order To Quit

Iraqi Prime Minister Ibrahim Al-Jaafari is refusing to step down, after being ordered to do so by U.S. Secretary of State Condoleezza Rice and U.K. Foreign Secretary Jack Straw. In an interview with the *Guardian* April 5, after the visit by the Anglo-American team, Jaafari said, "I heard their points of view, though I disagree with them." He argued that he should stay in his position, as candidate for Prime Minister, because he was democratically elected to do so. "There is a decision that was reached by a democratic mechanism and I stand with it," he said. "We have to protect democracy in Iraq and it is democracy which should decide who leads Iraq."

He said Iraq had to be part of the planned Iran-U.S. talks on Iraq and defended his having brought Moqtadar al-Sadr into the political process.

One reason Jaafari is opposed by the U.S. and U.K., according to Arab sources, is that he is unpredictable, and could move against the occupiers. After the bombing of the Shi'ite mosque, he had called for an investigation, in fact.

Following the Rice-Straw visit, there was an uproar in Iraq, among many different political forces, who saw the visit as an interference, an insult, and a move that has further complicated an already difficult situation.

U.S.-Iran Talks on Iraq Apparently on Hold

Addressing the proposed talks between the U.S. and Iran on Iraq, State Department spokesman Sean McCormick said, "We don't have a timetable for such a meeting. As for whether there will be a meeting, we will see," according to wire stories April 8. This comes days after the Iranian wire services, citing an NSC source, reported that the talks would be held beginning the week of April 10, with Iraqi participation, in Baghdad.

European Union Will Keep Aid Flowing to Hamas Government

Marc Otte, European Union envoy based in Brussels, told the *Jerusalem Post* April 7, that the EU will approve contact with Hamas-led ministries of the Palestinian National Authority (PNA) to ensure the flow of humanitarian and other aid to the PNA. This is to allow the transfer of funds that pay for electricity and other services and infrastructure operated by the

PNA. Otte said this was "technical" contact as opposed to "political" contact, which has yet to be approved. He said this contact was necessary. "If the electricity breaks down, you have to repair a power station, you can't just send an e-mail," he said. Meanwhile U.S. Secretary of State Condoleezza Rice said the U.S. will bypass the PNA by transferring its \$300 million in aid to the UN Refugee Relief and Works Agency.

French, Indian Envoys Have Reportedly Met With Hamas

The front against Hamas organized by Israel and the Bush Administration may be cracking. Russia has already had meetings with Hamas. Reportedly, representatives of France and India have now had meetings with Hamas as well. According to *Ha'aretz* April 3, Hamas spokesman Abu Zuhri said that "Meetings were held in Gaza two months ago with French officials. There is an understanding by France of the necessity for the European Union to reconsider its position regarding Hamas, and they have promised to make an effort with other European countries in this regard." As might be expected, French Ambassador to Israel Gerard Araud denied that there were any contacts. It is also reported that a representative from India held meetings with Hamas in the West Bank city of Ramallah.

Hamas FM States Conditions for Recognizing Israel

In an interview with the *Times* of London April 7, Palestinian Foreign Minister Mahmoud Zahar stated the conditions for the Hamas government to recognize Israel. He said it takes two states to recognize one another. The Palestinians have not yet been offered the terms for what their state will consist of. "The PLO recognized Israel on the borders occupied from 1948 to 1967, meaning 78% of Palestine. The other side recognized the PLO as the representative of the Palestinian society without any square meter. Is this a bilateral recognition? Is it fair? We are not here speaking about '48 or '67, we are speaking about what they are going to offer. This is the first point. The second is, if Israel is ready to respect the rights of the Palestinian people? There are several questions concerning the right of return. We have more than 5 million Palestinians living in exile. What is the fate of such people: to live forever in intolerable conditions in refugee camps in Lebanon, Syria, Jordan, and everywhere?"

If an offer is made, he said, not only is it necessary for the Hamas government to accept it, but also for the Palestinian people and its institutions, including the legislative council to agree.

"If Israel has the right of return, to bring people who have no relation to Palestine after 3,000 years," he said, "I think we [have] by the same implementation, the principle of right of return to come back to our land. We left only in 1948."

U.S. Ambassador: Lebanon Must Go with IMF—or Else

U.S. Ambassador Jeffrey Feltman told the American-Lebanese Chamber of Commerce that Lebanon had to go with the IMF, or else. Feltman said Lebanon had to go with "reforms." "In designing a comprehensive reform plan," he said, "the U.S. government is urging the government of Lebanon to work closely with the IMF." He referred to Lebanon's near bankruptcy in not-so-veiled terms, and said the country "is living on borrowed funds and borrowed time."

Asia News Digest

China Ready for Joint Energy Projects with U.S.

According to a report quoted by *Alexander's Gas & Oil Connections* March 17, Chinese Foreign Ministry spokesman Qin Gang said in Beijing that China "stands ready to cooperate with the United States and other countries on the basis of equality and mutual benefit" in terms of energy.

Qin Gang's statement was issued days after U.S. Sen. Richard Lugar (R-Ind) had said it was critical for the U.S. to increase energy cooperation with China and India, calling Washington's energy dependence "the albatross" of U.S. national security. "There is a great potential for the two countries and an extensive range of areas for cooperation," Qin added. Han Xiaoping, CEO of Falcon Power, an energy consultancy in Beijing, said the U.S. and China should work together on natural gas exploration, perhaps with American companies becoming more active in China.

Meanwhile, ministers from the Group of 8 (U.S., Britain, Canada, Japan, Italy, Germany, France, Russia) are working to secure global energy supplies, with Moscow and Washington pressing for a nuclear fuel network and Europe seeking reliable natural gas deliveries from Russia. Europeans are nervous about decreasing gas production in Russia and they also worry that if Russia's gas consumption increases, or its gas exports to other countries, such as China, increase, Europe may not get the required amount in the future.

India To Participate in FutureGen Project

India and the U.S. signed a protocol on April 4 for New Delhi's participation in the \$950 million FutureGen project, the *Press Trust of India*. The signing was a follow-up to President Bush's visit to India in early March when the U.S. President had urged New Delhi to join the project.

FutureGen is an initiative to build the world's first integrated sequestration and hydrogen-production research power plant. The project is intended to create the world's first zero-emissions fossil-fuel plant and is an initiative of the Bush White House.

FutureGen has, however, drawn stiff criticism from the TVA, which has indicated no plan to put its money in the project. Jack Bailey, TVA's vice president of power resource planning, said the Administration's \$950 million FutureGen program remains a "research and development project at this stage." Bailey indicated that the TVA "has other needs for the money right now than to spend it on FutureGen."

Meanwhile, the FutureGen project is moving forward. The Department of Energy, which will provide \$700 million, will jointly develop the project, including siting, technology selection, construction and operation, with FutureGen Industrial Alliance, Inc. Alliance members are: American Electric Power, BHP Billiton, CONSOL Energy Inc., Foundation Coal, China Huaneng Group, Kennecott Energy, Peabody Energy, and Southern Company.

Taliban on the Rise Along Afghan Border

The influence of the Taliban is reportedly on the rise in the tribal areas of Pakistan's northwestern borders along Afghanistan, a center of opium production, according to the *Seattle Post Intelligencer* April 4 and Afghan media. Although more than 80,000 Pakistani troops have been deployed in the region now for three years, the *Telegraph* of London says many politicians from the area, media commentators, and retired army officers in Pakistan, together feel "the exercise has yielded little positive result." Kabul and the foreign troops based in Afghanistan are anticipating a major Taliban push this spring.

Recently, senior American military officer in Afghanistan, Lt. Gen. Karl Elkenberry told the media that he expects the violence to get worse over the spring and summer. The visiting U.S. Assistant Secretary of State for South and Central Asia, Richard Boucher, has also come to the conclusion that the expansion of NATO troops will enhance violence. "One of the unfortunate—maybe inevitable—side effects is that we will probably see a rise in violence this year as NATO spreads into these areas [where opium is grown] in a more dense fashion, as the insurgents try to test the new force, as the

government takes on the narcotics traffickers."

But the *Post-Intelligencer* points to Afghanistan's shattered economy as the backdrop of this gathering crisis. The country's 24 million people are totally dependent on foreign aid, opium-poppy cultivation, and remittances sent home by the 5 million Afghans living abroad. Afghanistan ranks fifth from the bottom on the UN Development Program's Human Development Index, despite Washington's claimed successes.

Kiriyenko To Visit India

The chief of Russia's Federal Atomic Energy Agency (ROSATOM), Sergei Kiriyenko, visited New Delhi April 6-8. As Indian media in New Delhi reported April 4, "During Kiriyenko's three-day visit, the heads of the atomic energy agencies of Russia and India will discuss prospects for the development of cooperation between the two countries in the field of high nuclear technologies and nuclear power engineering," said Rosatom spokesman Sergey Novikov. Kiriyenko will also visit Kudankulam in the southern Indian state of Tamil Nadu to familiarize himself with construction of two Russia-supplied VVER-1000 reactors for two 1,000 MW nuclear power plants.

Russia considers India a major partner in the area of nuclear power and has expressed eagerness to build four more reactors for the Kudankulam site, when the member-nations of the Nuclear Suppliers Group (NSG) lift curbs against New Delhi, a step flowing out of the yet-to-be-approved (by the U.S. Congress) India-U.S. nuclear deal signed by President Bush and Indian Prime Minister Manmohan Singh.

Russia recently supplied 60 tons of uranium pellets to India to fuel the two US-built boiling water units of Tarapur Atomic Power Station (TAPS).

French Aircraft Carrier To Deploy Off Pakistan Coast

France will deploy the nuclear-powered Charles de Gaulle aircraft carrier off the Pakistani coast between May 5 and May 25, so that its war planes can support military operations in Afghanistan, said Gen. Henri Bentegeat. He said Paris decided to deploy the extra force at this time because of an expected increase in attacks by insurgents in Afghanistan as warmer spring weather melts snow in high mountain passes the militants use. About 20 reconnaissance and combat aircraft will operate from the French carrier and will fly back and forth through Pakistani airspace into Afghanistan. The de Gaulle has twice before deployed to the region to take part in activities in Afghanistan, once in 2002, and again in 2003.

A four-member French Senate Commission for Foreign Affairs, Defense and Armed Forces, headed by Jean-Francois Poncet, a former French Foreign Minister, will be visiting Pakistan beginning April 7. Prior to the arrival of the French delegation, Islamabad has urged Paris to sign a civilian nuclear cooperation agreement with Pakistan. France just concluded a civilian nuclear cooperation agreement with India during President Chirac's recent visit to New Delhi.

U.S.-India Nuke Deal Sputters Despite Rice's Efforts

On April 5, U.S. Secretary of State Condoleezza Rice appeared before the Senate Foreign Relations Committee, and also later the same day, at the House International Relations Committee to push for the passage of the U.S.-India nuclear deal. The deal, in a nutshell, calls for lifting of all technology sanctions against India set since 1974, supply of reactor fuel to India by the Nuclear Suppliers' Group, and separation of India's nuclear facilities into civilian and military categories, putting civilian facilities under IAEA's supervision and monitoring. The bill was signed by both heads of states, but needs approval of the U.S. Congress.

The bill has created controversy in Congress, more so on the House side than in the Senate. Although there does not exist any anti-India lobby, the general argument put forward by lawmakers is that India, after having violated nuclear nonproliferation treaty (NPT) and developed its own nuclear arsenal, is being rewarded. This is a precedent which is tough to accept, and it also destroys the very structure of the three decades-old NPT, U.S. lawmakers claim. The Bush Administration, in response, denies that India is being rewarded, and, instead points out India's non-proliferation records and its energy requirements in the coming decades.

According to New Delhi, sensing the difficulties to passage of the bill, President Bush has apparently sent a memo to all his top departments urging them to strategize on how to get the bill through. Ostensibly, there have only been a few times in U.S. history, that a President has taken such action. It is evident that this is President Bush's last card to play on this bill.

Thaksin Steps Down as Thai Prime Minister

Thai Prime Minister Thaksin Shinawatra stepped down April 5, turning power over to his closest deputy Chidchai Vanasathidya. After announcing April 4 that he would step down after the new Parliament was seated (within a month of the April 2 election), Thaksin went further and stepped down the following day. He is clearly not out of politics, and could well be back relatively soon. The new Parliament will be nearly 100% Thai Rak Thai (Thaksin's party) because of the opposition boycott of the election, which will likely force another election soon.

Chidchai is a former police general who is considered free of corruption, and has been a leading force for infrastructure development in the country, including the Kra Canal and projects to build transportation and oil pipelines to China.

Informal Six-Party Talks To Resume in Japan

Political and academic representatives of all parties to the six-party talks on Korea will meet informally in Japan the week of April 9-15, the *Washington Post* reported April 5. Sponsored by the University of California Institute of Global Conflict, the meeting, Northeast Asia Cooperation Dialogue, will include U.S. Assistant Secretary of State Chris Hill, the official negotiator at the formal talks, and Jong Thae Yang of the North Korean Foreign Ministry. They are not saying whether or not they will meet bilaterally. The formal talks have been on hold since November over U.S. sanctions on banks doing business with North Korea.

This Week in American History

April 11—17, 1945

FDR Writes His Last Speech, To Celebrate Thomas Jefferson's Birthday

On March 30, 1945, President Franklin Roosevelt arrived at Warm Springs, Georgia to recoup his failing health and to work, for a few weeks, at a slower pace than was possible at the White House. The Allies were succeeding on both the Atlantic and Pacific fronts, and Roosevelt knew that the war in Europe would last no longer than late spring or early summer.

One of the President's tasks was to work on a speech for Thomas Jefferson's birthday, which he intended to deliver over the radio on April 13. Robert Sherwood, one of his speech writers, had sent him the draft of a possible speech about Jefferson. Roosevelt, according to his usual custom, then dictated a speech to his secretary on the afternoon of April 11, using Sherwood's draft as a takeoff point. While he was working on the speech, Roosevelt also did some research, trying,

unsuccessfully, to find a link between Thomas Jefferson and Isaac Roosevelt, FDR's ancestor who had worked with Alexander Hamilton during and after the American Revolution.

Roosevelt had always been interested in Thomas Jefferson, and during his Presidency had made the construction of the Jefferson Memorial one of his projects. He had pushed it through despite the threats, not carried out, of a group of women who said they would chain themselves to the cherry trees which had to be moved in order to make room for the monument on the Tidal Basin.

President Roosevelt had dedicated the Jefferson Memorial on April 13, 1943 on the 200th anniversary of Jefferson's birth. It became only the third memorial to an American President in the nation's capital. In his dedication speech, Roosevelt said that, "The words which we have chosen for this Memorial speak Jefferson's noblest and most urgent meaning; and we are proud indeed to understand it and share it: 'I have sworn upon the altar of God, eternal hostility against every form of tyranny over the mind of man.'"

Now, almost two years later, Roosevelt was working on the draft he had dictated for Jefferson's birthday, writing in further corrections and additions on the typed copy. At this point in the war, it was not just Jefferson which claimed his attention, but the shape of the postwar world and the possibility of preventing another such conflict. The speech began: "Americans are gathered together this evening in communities all over the country to pay tribute to the living memory of Thomas Jefferson—one of the greatest of all democrats; and I want to make it clear that I am spelling that word 'democrats' with a small 'd.'"

"I wish I had the power, just for this evening, to be present at all of these gatherings.

"In this historic year, more than ever before, we do well to consider the character of Thomas Jefferson as an American citizen of the world.

"As Minister to France, then as our first Secretary of State and as our third President, Jefferson was instrumental in the establishment of the United States as a vital factor in international affairs.

"It was he who first sent our Navy into far-distant waters to defend our rights. And the promulgation of the Monroe Doctrine was the logical development of Jefferson's far-seeing foreign policy.

"Today this Nation which Jefferson helped so greatly to build is playing a tremendous part in the battle for the rights of man all over the world.

"Today we are part of the vast Allied force—a force composed of flesh and blood and steel and spirit—which is today destroying the makers of war, the breeders of hatred, in Europe and in Asia.

"In Jefferson's time our Navy consisted of only a handful of frigates headed by the gallant 'U.S.S. Constitution—Old Ironsides'—but that tiny Navy taught Nations across the Atlantic that piracy in the Mediterranean—acts of aggression against peaceful commerce and the enslavement of their crews—was one of those things which, among neighbors, simply was not done.

"Today we have learned in the agony of war that great power involves great responsibility. Today we can no more escape the consequences of German and Japanese aggression than could we avoid the consequences of attacks by the Barbary Corsairs a century and a half before.

"We, as Americans, do not choose to deny our responsibility.

"Nor do we intend to abandon our determination that, within the lives of our children and our children's children, there will not be a third world war.

"We seek peace—enduring peace. More than an end to war, we want an end to the beginnings of all wars—yes, an end of this brutal, inhuman, and thoroughly impractical method of settling the differences between governments.

"The once powerful, malignant Nazi state is crumbling. The Japanese war lords are receiving, in their own homeland, the retribution for which they asked when they attacked Pearl Harbor.

"But the mere conquest of our enemies is not enough.

"We must go on to do all in our power to conquer the doubts and the fears, the ignorance and the greed, which made this horror possible.

"Thomas Jefferson, himself a distinguished scientist, once spoke of 'the brotherly spirit of Science, which unites into one family all its votaries of whatever grade, and however widely dispersed throughout the different quarters of the globe.'

"Today, science has brought all the different quarters of the globe so close together that it is impossible to isolate them one from another.

"Today we are faced with the preeminent fact that, if civilization is to survive, we must cultivate the science of human relationships—the ability of all peoples, of all kinds, to live together and work together, in the same world, at peace.

"Let me assure you that my hand is the steadier for the work that is to be done, that I move more firmly into the task, knowing that you—millions and millions of you—are joined with me in the resolve to make this work endure.

"The work, my friends, is peace. More than an end of this war—an end to the beginnings of all wars. Yes, an end, forever, to this impractical, unrealistic settlement of the differences between governments by the mass killing of peoples.

"Today, as we move against the terrible scourge of war—as we go forward toward the greatest contribution that any generation of human beings can make in this world—the contribution of lasting peace, I ask you to keep up your faith. I measure the sound, solid achievement that can be made at this time by the straight edge of your own confidence and your resolve. And to you, and to all Americans who dedicate themselves with us to the making of an abiding peace, I say:

"The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

President Franklin Delano Roosevelt died at 4:35 P.M. on April 12, 1945 at Warm Springs. He had amended the concluding paragraph of the Jefferson Day speech, and the final sentence had been written into the typed draft in his own hand. Therefore, that paragraph has been carved into the final wall of the FDR Memorial, which is located on the Tidal Basin across from the Jefferson Memorial.

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