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This Week You Need To Know

Dems Must Follow LaRouche Lead, and Sink Alito Nomination

by Jeffrey Steinberg

On Jan. 19, Attorney General Alberto Gonzales issued a 42-page unclassified legal opinion defending the Bush Administration's indefensible illegal spying on Americans. The Gonzales document represented one of the most radical and Sophistic assertions of the Carl Schmitt doctrine of unbridled Presidential dictatorship—otherwise known as the *Führerprinzip*—claiming that the President's authority as Commander-in-Chief allows him to take actions which are "beyond Congress' ability to regulate," and "affords the President, at minimum, the discretion to employ the traditional incidents of the use of military force," including the full range of National Security Agency (NSA) capabilities to conduct domestic spying.

Informed of the Gonzales document, Lyndon LaRouche declared: "This proves the case. This document, probably dictated by Vice President Dick Cheney and his chief of staff and general counsel David Addington, simply confirms that this Administration is in the hands of a fascist cabal. Nobody who is concerned and thinking clearly can, in their right mind, support the nomination of Samuel Alito to the United States Supreme Court under these conditions." LaRouche pondered, "Is President Bush prepared to ask for the resignation of his Attorney General, over this flagrant violation of the spirit and letter of the U.S. Constitution?"

LaRouche had earlier suggested that, given time, the Cheney cabal would respond to the growing opposition to the Alito nomination with some arrogant "flight forward" act, which would highlight just how dangerous the Alito nomination was to the survival of the Republic. Not only did the Gonzales memo, released to Senate Majority Leader Bill Frist (R-Tenn.) and Minority Leader Harry Reid (D-Nev.), publicly display precisely such arrogance. The very day that the Gonzales document was being released, Vice President Cheney travelled to New York City, to deliver a speech at the Mont Pelerin Society-linked Manhattan Institute for Policy Research, in which he defiantly defended the NSA spying and lied that "the activities conducted under this authorization have helped us to detect and prevent possible terrorist attacks against the American people. As such, this program is critical to the national security of the United States.... These actions are within the President's authority and responsibility under the Constitution and laws, and these actions are vital to our security."...

...full article, PDF file

Latest From LaRouche

DEFICITS AS CAPITAL GAINS
How To Capitalize A Recovery

by Lyndon H. LaRouche, Jr.

Today, as then, the personable and the popular sway the public; today, as then, little men with little minds loom too large for the public good.

—Hanson Baldwin, 1960.

December 19, 2005

Very often in life, not only individuals, but even entire nations, are ruined, because they, like the foolish King Croesus, had been content to ask the wrong question, and then interpret the answer in a way which caused the ruin which they brought upon themselves. For example, even leading governments, such as our own, have frequently, like ancient Croesus, accepted the answer they had received when they had asked the wrong question of an inherently unreliable source. Such sources are typified by Federal Reserve Chairman Alan Greenspan, or the sundry actually, or implicitly Synarchist representatives of the ever-Delphic, Mont Pelerin Society and American Enterprise Institute.

The source of our nation's principal difficulties, in facing the presently onrushing breakdown crisis of the world's present monetary-financial system, lies with those delusory habits of mind which have been carried to an extreme during about four recent decades of our nation's decadence, as our republic descended from the world's leading producer society, to today's looted state of post-industrial "services economy" wreckage. Lately, that stubbornly foolish, habituated state of mind has been often expressed among our citizens in an outburst of the type: "You can't put the toothpaste back in the tube."

Meanwhile, any comparison of the physical conditions of life and economy in the U.S.A. during the recent four decades, with the rate of improvement of physical standard of living and productivity during the first two post-war decades, demonstrates that the post-1968 change to a "services economy," has been, consistently, a disaster for our nation's physical economy, the source of the ruin of our nation's credit, and the cause for the collapse of the conditions of life of the lower eighty-percentile of our family-household income-brackets. So, we must view the lessons to be learned from the spectacular ruin of the region which includes the physical economies of the western parts of the states of New York and Pennsylvania, together with the entire state economies of Michigan, Ohio, and Indiana. Across the nation as a whole, the situation has been usually a trend in a similar direction....

...full article, PDF file

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Feature:

DEFICITS AS CAPITAL GAINS

How To Capitalize A Recovery

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- **Appendices (maps, etc.)**

National:

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- **Documentation**

Legislators Go on Record Against Alito Nomination

Missouri State Rep. Juanita Head Walton (D-81), joined by a group of other legislators and elected officials, issued the following statement on Jan. 19, 2006:

House Dems' Hearing Exposes Danger Of Bush's Executive Power Grab

by Edward Spannaus

Denied a hearing room by the Republican leadership, Democratic members of the House Judiciary Committee held a well-attended hearing, in a basement catering room, on Jan. 20, at which witnesses and Members of Congress warned of the danger to the Constitution which is posed by the Administration's claim of unlimited executive power. The hearing was held by Judiciary Committee Democrats, after committee chairman James Sensenbrenner (Wisc.) had ignored an earlier request for a hearing on the Administration's wiretapping program, which had been submitted to him by all 17 Democrats on the committee. The hearings came the day after the Justice Department released a 42-page memorandum attempting to justify the Administration's use of warrantless electronic surveillance by the National Security Agency (NSA) (see article, p. 46), which threw down the gauntlet to the Congress, with its claim that Congress can do nothing to rein in the President's 'inherent powers' as Commander in Chief. The DOJ memo was dissected and discredited in detail by both Congress Members and hearing witnesses.

- **Retired Military Demand That Bush Ban Torture**

Twenty-three retired admirals and generals on Jan. 18 sent a letter to President Bush, demanding full and forceful implementation of the McCain Anti-Torture Amendment. Gen. Joseph Hoar, USMC (ret.), former Commander-in-Chief of the U.S. Central Command, and Adm. John Hutson, USN (ret.), former Judge Advocate General of the Navy, gave a press conference on Jan. 19 releasing the letter, which we reprint below...

International:

Apply LaRouche Doctrine To Extinguish Flames of War

by Muriel Mirak-Weissbach

Southwest Asia is up in flames: threatened coup d'état in Damascus; mounting casualties and political stalemate in Iraq; political in-fighting in Lebanon; instability in Israel; and, threatened military strikes against Iran. Only an empiricist fool would suggest that these are discrete phenomena, each generated by processes internal to each nation. Instead, they are parts of a forest fire sweeping the region, a fire lit by many matches, from many hands, but according to one intention. Thus, an approach for stabilizing the region as a whole, as laid out in the 'LaRouche Doctrine' of April 2004, is required to quench the flames before they spread further.

- **Nuclear Strife With Iran: Where Is the Solution?**

by Jürgen Hübschen, Colonel (GS), ret.

Col. Jürgen Hübschen, retired from Germany's Air Force, was German defense attaché in Baghdad during 1986-89. He worked in Latvia for several years with the Organization for Security and Cooperation in Europe (OSCE), and served in the German Defense Ministry until March 2004. EIR published an interview with him on Aug. 6, 2004, and a transcript of a briefing to EIR staff in our issue of April 8, 2005.

Pakistan in Turmoil May Complicate U.S. Plans

by Ramtanu Maitra

A deadly missile released from a U.S. aircraft in the dark of night, in the early hours of Jan. 14, killed 18 people and destroyed three houses on the outskirts of the village of Damadola Burkanday, in the Bajaur district in Pakistan's populous North-West Frontier Province (NWFP), bordering Afghanistan. A number of Pakistani civilians were killed. According to the Pentagon, the targets were al-Qaeda's number-two man, Ayman al-Zawahiri, and the top Taliban leader, Mullah Mohammad Omar, who were supposedly scheduled to attend a feast in that village.

Shadows of Kissinger and Brzezinski Loom Over Cambodia

by Mike Billington

Cambodian police executed an arrest warrant on Kem Sokha, the president of the Cambodian Center for Human Rights, on Dec. 31, for defamation of Prime Minister Hun Sen, regarding accusations that the Prime Minister had sold out national interests in a border deal with Vietnam. As he was led away to police headquarters, Kem Sokha was surrounded by a group of his supporters, including U.S. Ambassador to Cambodia Joseph M. M. M. and British Ambassador David Reader. The American diplomat was less than diplomatic in his protest over the arrest, suggesting that the regime of Hun Sen is moving 'inexorably toward a one-party state,' and that it 'becomes difficult to take these trappings of democracy as the real thing.'

Ibero-America 'Presidents' Club' On the Move

by Valerie Rush and Dennis Small

Argentine President Néstor Kirchner telephoned Chile's President-elect Michelle Bachelet after learning that Bachelet had swept the polls Jan. 15 with over 53% of the final-round vote, soundly defeating billionaire Harvard-trained fascist Sebastián Piñera. Accepting his hearty congratulations, Bachelet assured Kirchner that she considers relations with neighboring Argentina 'strategic' to her country, and that she will travel there shortly.

Economics:

Probe Ross/Rothschild Factor In the Sago Coal Mine Disaster

by Paul Gallagher

The revelation that 'equity fund' corporate predator Wilbur L. Ross began buying the debt of Anker West Virginia Coal Co. in September 1997, and had his lieutenant in apparent operational control of the company by May 2003 (see Interview below), should be a focus—along with lax safety regulation by the Federal Mine Safety and Health Administration (MSHA)—of a full investigation by Congress of the Jan. 2 Sago Mine explosion, and the resulting deaths of 12 miners.

- **W. L. Ross and Co., and The Anker Coal Disaster**

Mark Reutter is the author of Making Steel: Sparrows Point and the Rise and Ruin of American Industrial Might (2004), which examines

the bankruptcy proceedings of Bethlehem Steel and the company's takeover by Wilbur L. Ross (see www.makingsteel.com for more), who controls the Sago coal mine. Reutter was interviewed by Paul Gallagher on Jan. 18.

GOP Medicare Drug Plan A Slow-Working Katrina

The face of the Newt Gingrich-Tom DeLay scam called 'Medicare reform' became clear on Jan. 1, 2006, when the long-awaited prescription drug benefit program passed by the DeLay-controlled Congress in 2003 went into effect. According to media reports around the country, and leading elected officials, the plan's implementation, especially for low-income seniors who are eligible for both Medicaid (meanstested indigent care) and Medicare (the senior citizen entitlement), resulted in a disastrous cutoff of, and/or price-increase in, life-saving medication for tens of thousands of seniors. Responsible officials in more than a dozen states were forced to step in with emergency aid, in order to prevent predictable deaths. The National Senior Citizens Law Center and representatives of a number of state governments called it 'a major public health crisis.'

The Enemy of European Labor Is Maastricht

by Rainer Apel

In a well-coordinated, unprecedented labor union action, more than 40,000 longshoremen and ship pilots on Jan. 11 staged a walk-out in about 50 ports of Europe, notably the big ports in Germany, Belgium and the Netherlands. The protests were against the European Commission's Port Package II plan, for further deregulation of ports, resulting in a dismantling of traditional standards of loading-unloading, and of safety and health protection.

U.S. Economic/Financial News

Auto Industry Shutdown Continues

Ahead of Ford Motor's Jan. 23 announcement of plant closings (based on press reports Jan. 17-18):

* Ford Motor plans a two-week furlough at its plant in St. Paul, Minn. (which reportedly is slated for closure), idling some 1,750 production workers during the weeks of Jan. 30 and Feb. 6.

* Citigroup Investment Research called for Ford to cut factory capacity by 25%.

* Delphi is in another dispute with one of its suppliers. Israel-based Deutsch Dagan, a maker of precision machined nuts and bolts, is threatening to halt shipments, insisting Delphi make good on payments it promised before filing for bankruptcy.

* Auto-parts maker Dana Corp. on Jan. 17 reported a third-quarter loss of nearly \$1.3 billion as a slumping automobile industry forced it to "realign its business." Its shares tumbled more than 20%. A leading supplier of axle, driveshaft, engine, frame, chassis, and transmission technologies, Dana employs 46,000 people in 28 countries. The company is based in Toledo, Ohio and reported sales of \$9.1 billion in 2004.

* For December, manufacturing output in production of autos and auto parts fell for a third straight month as automakers continued to scale back output in an effort to reduce the inventory of unsold cars. The 2.8% drop in December followed an even bigger decline of 4.9% in November.

Northwest Airlines Asks Court To Void All Contracts

The Northwest Airlines bankruptcy case is aimed to push all the airlines even further into fascist policies. The Jan. 14 *Wall Street Journal* gloats: "Northwest Airlines on Tuesday [Jan. 16] will ask a federal bankruptcy judge to go where no judge has gone before in an airline reorganization: to void the carrier's contracts with unionized pilots, flight attendants, customer

service agents and ramp workers." Northwest plans to outsource thousands of pilots, flight attendants, and ground workers, as they did mechanics during last year's strike—an action that is pushing the unions further towards a walkout, which the *Journal* says, will shut Northwest down for good. The law now says judges can nullify contracts only if the airline will fail otherwise, and that all the other airlines are watching to see if they "succeed" in getting court approval.

Medications Delayed Across the Country

Federal Center for Medicare and Medicaid Services (CMMS) chief Mark McClellan has admitted that "tens of thousands" of elderly poor people may have had trouble getting their medicine during the first two weeks of the government's prescription drug "benefit," and that about 20 states have now been forced to step in, according to the *Washington Post* Jan. 15. But the *Los Angeles Times*, in an article reporting that dangerous chaos in the program continued over the Jan. 14-15 weekend, said that the actual number is tens of thousands in California alone, and that the affected population—the number switched from Medicaid to Medicare by the new law—is 1 million elderly in that state alone. The *Detroit News* reports that the number potentially endangered nation-wide right now by delayed medications, is 6.4 million. This is the number of elderly poor abruptly switched on Jan. 1 from Medicaid to Medicare by the Cheney-Bush law.

The Detroit paper reported the "privatization" core of the problem: "The drug 'benefit' is being administered through private insurers offering dozens of different plans in each state. Each plan has different rates, covers different medications, and is available at different pharmacies."

Of these 6.4 million poor elderly, 1.8 million need psychotropic and other medications for mental as well as physical health. Kathleen Gross, executive director of the Michigan Psychiatric Society, declared, "Some plans are putting up a lot more hurdles and not covering drugs that we expected to be covered."

Senator Hillary Clinton (D-N.Y.) has released an eight-page letter to McClellan, damning the program for denying medication to the elderly in New York by the thousands. Denial of coverage of essential medications by private insurance plans, sudden demands for co-payments of \$69.95 to \$230 for a month's supply, chaos at pharmacies, paralysis at call centers and hotlines of CMMS itself, are all denying and delaying meds. Even those patients who do find their Medicare benefit cards accepted, are being socked for new "small" co-payments of \$3-5 per order; and many elderly people take 10 or even 15 medications daily or weekly.

California Gov. Arnold Schwarzenegger demanded Medicare repay the state for its millions in public health emergency expenditure; McClellan will not even agree that Medicare can do that.

World Economic News

UK Million-Member Union Calls for New Nuclear Generators

British union chiefs, led by Derek Simpson, the leader of the million-member Amicus union, was expected to make an "unprecedented call for new nuclear generators" last week, in the face of soaring energy costs, according to the *Times* Online Jan. 16. Amicus has organized all of Britain's manufacturing sector, including steel, auto, aerospace, energy, construction, shipbuilding, food, paper, and other manufacturing. Amicus officials will meet today to plan a campaign to educate the public about a growing energy crisis.

After many years of being self-sufficient in coal, oil, and natural gas, Britain has suddenly become a net importer of gas. Simpson warned as early as Sept. 13, 2004 that Britain could face blackouts and rising prices in 2005. In November, after prices rose during a cold spell, plants in two energy-intensive industries, Ineos Chlor and Terra Nitrogen, shut capacity in

response to energy price hikes.

On Jan. 11, Simpson told the Amicus Officers' meeting at Birmingham: "The main reason given for outsourcing production by manufacturing companies in the UK is no longer labor costs; it's high energy costs." After pointing to the instability in the Ukraine/Russia supply line, Simpson said, "Thanks to the Tories, we have the largest stocks of coal outside of China, but no industry to extract it, and no power stations to burn it without catastrophic consequences for the environment. Successive governments have shied away from difficult decisions and left us with aging nuclear power stations, and as yet no plans to start a new building program. Together both have contributed to our over-reliance on foreign gas and foreign electricity generation.... We urgently need government policy to promote clean coal technology and nuclear power new builds so we can meet our medium-term energy needs, save thousands of jobs, avoid blackouts, rocketing household bills and meet our targets for reducing coal emissions."

The London *Times* reports that Amicus' call for nuclear power will infuriate the environmentalists, who also expect Tony Blair's November energy review to recommend new nuclear capacity. Support for nuclear power also lines Amicus up with the employers association, the Confederation of British Industry (CBI), whose head, Sir Digby Jones recently called energy prices the "biggest immediate issue facing British business."

The million-member Amicus union is in the process of merging with the GMB and T&G unions, which will create a 2 million-member entity by 2007.

Backlash Against Hedge Funds in Denmark and EU

Former Danish Prime Minister Poul Nyrup Rasmussen, currently head of the socialist group in the EU, attacked hedge-fund buyouts Jan. 18, in an interview entitled, "Nyrup: The funds strip companies." He told the *Berlingske Tidende* that in the drive for short-term profits, hedge funds often dissipate the knowledge concentrated in corporate headquarters, by stripping the companies and selling sections off. What is needed is "advanced employment, and an advanced development of knowledge and production development." Nyrup's critique comes amidst the controversy surrounding the attempted hedge-fund buyout of the Danish national telephone company, TDC.

In a related development, Danish Economy Minister Bendt Bendtsen attacked the hedge funds' pursuit of short-term profit a few days before Rasmussen's interview. He also attacked the Parliament for selling the physical cable network of the national telephone company at the time it was privatized, because it was against the national interest.

Today, the investment director for ATP, the pension fund which refused to sell their 5.5% share of TDC shares, attacked the tendency of hedge funds to sell companies to another hedge fund, for higher and higher prices, with no transparency.

Two weeks ago, the director of Denmark's third-largest bank, Anders Dam, attacked the hedge funds, saying that they have no positive function that is not already found in a normal corporate structure.

A Big Switch to Coal, Away from Natural Gas, Is On

The latest projections from Alstom, Siemens, and General Electric show that about 40% of the worldwide orders for electricity turbines in the next 10 years will be for coal-powered units, while gas-fired plants fall to between 25-30%, the *Financial Times* reported Jan. 15. This reverses the 1997-2001 trend, when gas was preferred for 60-70% of new power stations, and coal for only 20-30%.

The shift, says Marsh, is occurring because coal technology has reduced its pollution, while the price of natural gas is

rising, and its supply is seen as insecure. In addition, many countries in Asia, which is expected to provide half of all new power station orders in the next decade, lack easy access to gas reserves. The switch to coal is expected to be dramatic in Britain.

United States News Digest

Retired Flag Officers Demand Bush Enforce McCain Amendment

Twenty-three retired admirals and generals have sent a letter to President Bush, demanding full and forceful implementation of the McCain Anti-Torture Amendment. General Joseph Hoar, USMC (ret.), former Commander-in-Chief of the U.S. Central Command, and Adm. John Hutson, USN (ret.), former Judge Advocate General of the Navy, gave a press conference Jan. 19 releasing the letter, which says in part:

"Past abuses have damaged military discipline, put American military personnel at greater risk, undermined U.S. intelligence-gathering efforts, and greatly harmed America's image around the world. It is incumbent on you as President and Commander-in-Chief to ensure that all senior members of your administration speak with a consistent voice to make clear that the United States now has a single standard of conduct specified in law that governs all interrogations...."

At the press conference, Admiral Hutson stressed the uniqueness in U.S. history of a group of retired general and flag officers getting together and then speaking out the way this group is now doing, but, he said, this was triggered by the fact that this Administration is breaking with 225 years of American military tradition regarding the treatment of prisoners, beginning with Gen. George Washington's orders that British and Hessian prisoners be treated humanely, no matter what they had done to Americans. Both Hutson and Hoar attacked Bush's "signing statement" in which Bush said that he could disregard the McCain Amendment; they said once Congress passed the amendment, it became law, and no other policy is permitted.

Wilkerson Calls Cheney-Bush a 'Jacobin' Administration

Colonel Larry Wilkerson, long-time aide to former Secretary of State Colin Powell, was the subject of a long profile piece in the *Washington Post* Style section on Jan 19. Wilkerson, who has spoken out forcefully against the Bush Administration's Iraq policy, is quoted as saying: "This is not a Republican administration, not in my view. This is a radical administration."

On the treatment of detainees, including 100 reported deaths, Wilkerson said, "Murder *is* torture. It's not torture light."

Other observations of the Colonel: "As a teacher who's studied every administration since 1945, I think this is probably the worst ineptitude in governance, decision-making and leadership I've seen in 50-plus years.... That includes the Bay of Pigs, that includes—oh my God, Vietnam. That includes Iran-Contra, Watergate."

According to Wilkerson, the neo-cons' fellow-travellers were Lenin and the Bolsheviks, and the Jacobins of the French Revolution—utopians who had no qualms about using the guillotine in service of their ideals.

After the Bush Administration's intelligence failure, and impending military failure, in Iraq, "How do you suddenly transform that?" Wilkerson asked. "Well, you suddenly become a Jacobin yourself, you're suddenly for this messianic spread of freedom and democracy around the world.... You've discarded John Quincy Adams, who said we're the friends of liberty everywhere, the custodians only of our own. And you've suddenly said, 'I'm the custodian of the whole world's

liberty, and by God if you don't realize it I'm going to bring it to you—and if I have to bring it to you at the point of a gun, that's the way I'm going to bring it to you."

Ledeen Role in 'Nigergate' Again Under Scrutiny

Antiwar.com carried an article posted on Jan. 18 entitled "American who advised Pentagon says he wrote for magazine that found forged Niger documents," in which it is said that neo-con Michael Ledeen of the American Enterprise Institute is again being questioned about his role in the Nigergate story. This refers to the Bush Administration's claims that Saddam Hussein had purchased uranium yellowcake from Niger, the fabrication later exposed as a fraud by Ambassador Joseph Wilson. It is not yet clear if this investigation is part of the new FBI inquiry on the forgery of related documents, or if it is the work of some investigative journalists.

New in the article is the mention of Ledeen's collaboration with the Italian weekly magazine *Panorama*, owned by President Bush's friend, Italian Prime Minister Silvio Berlusconi. Ledeen does not deny this collaboration, saying only that this took place "a couple of years" before Carlo Rossella, the editor of the magazine, became director of Berlusconi's TV network, i.e., exactly in the period when the Niger story was concocted and shipped to the USA in time for the famous "16 words" in Bush's 2003 State of the Union message, attempting to make the case for war with Iraq.

Back in the fall of 2002, *Panorama* journalist Elisabetta Burba received the faked Niger dossier from former SISMI agent Rocco Martino and immediately asked Rossella to be sent to Niger to check out the story. Instead of this, Rossella ordered Burba to drop off the forgeries to the U.S. Embassy in Rome on Oct. 9, 2002.

Iraq Reconstruction Funds Remain Untraced

In a full-page article on Politics and Policy in the *Wall Street Journal* Jan. 17, Scott Paltrow points out that almost 18 months have passed since the Pentagon disbanded the Coalition Provisional Authority that ran Iraq, and yet neither the Justice Department nor the special inspector general has done much to recover billions of dollars suspected of disappearing through fraud and price-gouging under the pretext of Iraq reconstruction.

It is unfortunate, the author says, that still the special inspector general has no clue as to how many contracts were issued nor to whom. But among those awarded the large ones, one knows Fluor Corp., Parsons Corp., and the Washington International Group. The inspector general has not yet made up his mind whether to recover huge sums of money from Vice President Dick Cheney's former employer, Halliburton's KBR unit, which was awarded multibillion-dollar no-bid contracts to rebuild oil fields and provide logistics to the U.S. Army beginning shortly before the U.S. invaded Iraq in 2003. The 2004 audit showed that KBR has no supporting document for a \$1.48-billion contract.

Carlyle Firm Accused of Complicity in Army Death in Iraq

USIS, a Carlyle Group-owned security company contracted to train Iraqi special forces, was accused by a Carlyle insider of complicity in the murder of a U.S. Army officer, according to investigator Wayne Madsen. Colonel Ted S. Westhusing, a full professor at West Point and an expert on military ethics and history, was in Iraq overseeing the training of Iraqi special forces by USIS in June 2005. After receiving an anonymous letter accusing USIS of falsifying accounts and human rights violations, including killing Iraqis, Westhusing informed his superiors and an investigation was begun. Two weeks later, he was found dead with a single shot to the head in the USIS headquarters, discovered by a USIS official who "moved" the gun found next to the body. It was declared a suicide, despite disbelief by his family and his associates.

The *Los Angeles Times*, Col. (ret) Karen Kwiatkowski, and others have questioned the case, but this is the first reference to

Carlyle's ownership of the company, or to a whistle-blower.

Conservatives' Unity Crumbling in Race To succeed DeLay

A nervous *Washington Times*, on Jan. 16, shows concern over the fact that conservatives somehow seem to be fighting amongst each other over who will become the next House Majority Leader. Paul Weyrich of the Free Congress Foundation and Morton Blackwell of the Leadership Institute are backing Roy Blunt (Mo). But Patrick Toomey of the Club for Growth is backing Arizona's John Shadegg. Phyllis Schlafly (Eagle Forum), Bruce Chapman (Discovery Institute), and Andrew Schauder (Legislative Exchange Council) are not taking sides, but may be leaning toward Blunt, they say. Another leading contender is John Boehner of Ohio.

Adding to the picture is a frustrated Robert Novak, who wrote in his Jan. 16 column, that "discontent" with the two front-runners has reached the point that there is even talk of drafting two-term rookie Tom Reynolds (N.Y.) for the spot.

CIA Briefed Cheney But Not Bush on Secret Prisons, Torture

Appearing on CNN's Late Edition Jan. 15, *New York Times* reporter James Risen, who broke the NSA illegal spying story, offered the intelligence from his new book that Vice President Dick Cheney was fully briefed on CIA "black prison" operations in Eastern Europe, but kept knowledge of it from Oval Office occupant George W. Bush. CNN's Wolf Blitzer asked Risen, "Jim, in your book, *State of War: The Secret History of the CIA and the Bush Administration*, you write this: 'It appears that there was a secret agreement among very senior administration officials to insulate Bush and to give him deniability, even as his vice president and senior lieutenants were meeting to discuss the harsh new interrogation methods.' "

Risen replied, "Yes, sources at the CIA have told me, that the CIA Inspector General staff has been told, that the CIA management did not brief President Bush personally or formally on the 'enhanced interrogation techniques' that were being used by the CIA in their prisons around the world with Al Qaida; and that they briefed Vice President Cheney, NSC Adviser Rice and other senior members of the administration, including, I think, Mr. Gonzales and Mr. Ashcroft at the time. But that it appears that there was a decision that they did not want to go into the Oval Office, sit in the Oval Office and discuss in great detail the very harsh—and, in graphic detail—the very harsh techniques that they've been using."

Ibero-American News Digest

Peru's Humala Endorsed by Franco-ites, Colombia's FARC

Fernan Altuve Febres, a long-term infiltrator of the broad movement around former Peruvian President Alberto Fujimori, as the representative in Peru of the new Fascist International of Spain's Blas Pinar, came unglued on Peruvian television Jan. 16, after Martha Chavez, head of the Fujimorista "Alliance for the Future" campaign, expelled Altuve from its midst.

Altuve's fascist roots were exposed last year in the widely circulated book *Return of the Beast: The International Neofascism Behind the Humalas*, published by *EIR* in Peru (see *EIR* online, July 9, 2004, #14). *EIR*'s exposé provided critical ammunition to Chavez and others, to finally purge the fascist.

Finding himself on the outs, Altuve went on Channel 4 to complain, but lost his notorious cool with a vulgar denunciation of Martha Chavez for having "seized control" of the Alliance for the Future, blocked Altuve from access to Fujimori, and for expelling him from the Alliance. In the course of his ravings, Altuve revealed his longstanding and close friendship

with Ollanta Humala, the leading figure in the Synarchist project to turn Peru over to the drug-running Nazi-Communists. Altuve endorsed Humala's candidacy for the Presidency in the April 9 elections. Altuve also warmly embraced Venezuela's Hugo Chavez.

Ollanta Humala is not only drawing support from right-wing fascists like Altuve, but also from the terrorist "left." Two days after Altuve spoke, the spokesman for the Colombian FARC narco-terrorists, Raul Reyes, called on Peruvians to elect Humala as their President. Reyes described Humala as closest to the poor among the panoply of candidates, and therefore most worthy of the Presidency. Like Altuve, the FARC's Reyes also defended Venezuela's Hugo Chavez.

EIR readers will recall Reyes as the second half of the notorious "Grasso Abrazo"—the embrace between himself and then-New York Stock Exchange President Richard Grasso in 1999.

Pinochet Stripped of Immunity for Nazi-Run Torture Center

For the fourth time, a Santiago appeals court has stripped former Chilean dictator Augusto Pinochet of his immunity as a former head of state, this time in the case of kidnapping and torture of political prisoners at the notorious Villa Grimaldi detention center. The decision, announced Jan. 20, means Pinochet can be interrogated by a judge, indicted and detained. Run by former Nazi SS officer and pedophile Paul Schaefer, Villa Grimaldi was the worst of the many torture centers that operated during the Pinochet dictatorship. President-elect Michelle Bachelet and her mother were briefly detained and tortured there in 1975, before being forced into exile.

Economic Paradigm-Shift in Ibero-America Reaches into Chile

Newly elected Chilean Senator Guido Girardi, who is close to President-elect Michelle Bachelet, has provoked an uproar with his charge that "white-collar criminals" run the privatized pension system. Girardi, whose Party for Democracy (PPD) belongs to the ruling Concertacion coalition, sent the executives of the private pension funds, the AFPs, into a tailspin with this accusation, and 50 of them immediately filed a defamation suit against him, and are demanding he be sent to jail for three years for smearing them!

In her proposed governing platform, Bachelet advocates reforming the private pension system, underscoring that it has failed to protect the "public welfare." How far she is willing to go in this reform remains to be fought out. Girardi, who is an adviser to Bachelet in this area, is charging that the whole system is abusive and unjust, and only benefits the owners of the funds and executives who manage them. PPD president Victor Barrueto warned that the legal suit against Girardi is a crass attempt to silence "those who have more honestly represented the opinion of the vast majority of Chileans in their criticism of this system." Girardi has stated that he will not stop speaking out on this issue, and will mobilize citizens to fight for decent pensions, as this is a matter of "national interest."

The new Chilean President-elect's friendship and discussions with Argentina's Nestor Kirchner will provide an additional impetus to the battle to break Chile out of the free-trade model which it has clung to since it was imposed by torture and murder under the financiers' Gen. Augusto Pinochet regime. See InDepth this issue for an overview of the potential offered by the Chilean election results, in the context of the "paradigm shift" occurring in South America and in the world in economic thinking, on the necessity of reviving the role of the state in economic decision-making.

Wall Street Assured Mexican Reserves Will Cover Debts

Mexican Finance Minister Francisco Gil Diaz announced Jan. 12 that the country's international reserves had reached an historic level of \$68.7 billion, surpassing the public foreign debt of \$68.5 billion. A few days later, a spokesman of the

Dallas Federal Reserve told a conference that Mexico's oil-generated reserves are sufficient to keep financial markets from any panic stemming from this summer's Presidential election. Said spokesman Richard Fisher, "The [Mexican] Treasury has enough reserves to cover all of its foreign obligations over the next two years, which constitutes strong insurance against capital flight and mitigates against ... the risk of a run on the currency should the rhetoric or passions of a Presidential election year evolve in a way that might otherwise undermine market confidence."

Venezuela: Infrastructure Breakdown Paralyzes Caracas

Venezuela's Chavez government declared an emergency in early January, after the bridge that joins the highway between La Guaira port and international airport to Caracas, the nation's capital, broke down and the highway was shut down. The 50-year-old bridge, built—as was most of the nation's infrastructure—under the military ruler Gen. Marcos Perez Jimenez, was already decaying ten years ago, but the process accelerated with the mudslides caused by the rainy weather; one of the pillars that was being fixed collapsed, and the road mantle cracked.

This highway is the gate to Caracas, the nation's capital, separated from the Caribbean coast by a mountain chain which the highway crosses by way of tunnels and the bridge. This means the only way to get to Caracas now is by going around the mountains, through the nearby city of Valencia, or using the old "Spanish Road" built 450 years ago from La Guaira to Caracas. In the meantime, the government is rushing to build an emergency two-kilometer road to circle the bridge, which is expected to be ready in a month, and a new highway that will be in operation next year.

Meanwhile, people who live in La Guaira region and work in Caracas and vice versa are going through hardships that the government is ameliorating with subsidies for transportation and housing.

Spain To Defy U.S. Ban on Sale of Military Aircraft to Venezuela

Responding to the Bush Administration's refusal to allow Spain to sell 12 military planes to Venezuela that contain U.S.-patented technology, on the grounds that this "would destabilize the region," the Spanish government said it "did not share" the U.S. concerns. If necessary, Spain will fulfill the contract by offering the same planes, but with more costly European technology in place of the U.S. parts.

Venezuelan Ambassador to Washington Bernardo Alvarez has formally requested an explanation from the Bush Administration, and told a Venezuelan television station that the decision was entirely political in nature, and unacceptable.

Western European News Digest

Supranational European Union Suffers Two Major Defeats

After several continent-wide targetted strike actions the previous week, on Jan. 18 the European Parliament voted against port deregulation, with a 75% majority. On the third day of its debate on the EU Commission's Port Package II proposal, the plan was voted down, with the final vote in Brussels being 532 against 120, with 25 abstentions.

EU Commissioner Jacques Barrot, in charge of the plan, has promised to work out and present a new version of the proposal, but that remains to be seen, given in a heated debate which took place. The governments of France, Germany, and Sweden have already let it be known that they do not want to see another such proposal, after versions I and II were defeated.

Spokesmen for the transport workers federations in the EU countries welcomed the vote, warning that should the Commission think of a Port Package III version, protests and strikes would continue.

On the same day, the Euro Parliament also overwhelmingly voted down the draft Euro Commission budget for 2007-2012. The budget compromise formula of the EU summit early December had met strong opposition in all EU member countries, which were faced with budget cuts at their expense, whereas most of the special "British Rebate" (established in 1984) which grants Britain substantial reimbursements from Brussels, was left in place. The compromise in the last minute which "saved" the summit and ensured Tony Blair's "yes" to the draft budget, was praised by German Chancellor Angela Merkel and French President Jacques Chirac, but met strong criticism in their respective national parliaments, as well as in the Euro Parliament, which wanted the British Rebate out, and called for more funds for infrastructure and social integration projects, especially in Eastern Europe.

The whole procedure of working out and debating a draft budget proposal, will have to start all over again now, but this time, there are options for putting new aspects on the agenda, like those addressed by the LaRouche Movement: Dump Maastricht, tax speculators, stop deregulation and privatization, invest into productive projects.

German Economist Says Dump Euro To Revive Sovereignty

German Green Party economics professor Wilhelm Hankel, one of the four academics filing a constitutional lawsuit against the euro, asserted as much Jan. 17, in a full-page article published in the leading German economics daily *Handelsblatt*. The piece, headlined, "The Tasks of the Nation-State," is a reply to an earlier feature in the same paper by a neo-liberal writer denouncing the state investment policy of the 1966-69 Grand Coalition under Economics Minister Karl Schiller. Hankel defends the achievements of Schiller, who generated about 1 million new jobs in a very short time period. Neo-liberals today want to exclude the state from economy. However, Hankel says, "economic policy without the state and macroeconomics" is like performing "*Hamlet* without a Danish prince."

If it's true that globalization and supranational entities like the EU and the European Central Bank (ECB) are incompatible with a "national growth and job creation program à la Erhard and Schiller," this means that it's "the duty of politics" to correct this problem and "cut down the supranational influences." Schiller had been a proponent of a joint European currency policy. However, he was strictly against introducing a single currency, knowing that this would have devastating consequences. Today, he says, we see that, due to the euro and other supranational structures, Europe is destroying its main growth engines, that is, in particular, the German economy. Inside the EU and the European Monetary Union (EMU), conflicts are escalating by the day. At the same time, people see their social protection being stripped away on the demand of "incalculable markets."

His conclusion: A state investment policy for creation of new jobs is possible today, as it was in the time of Karl Schiller. But it requires the elimination of the single-currency "stupidity."

Gazprom Squeeze Forces Italian Contingency Plans

Allegedly due to the extraordinarily severe winter conditions in Russia, Gazprom has reduced gas supplies to a list of foreign customers, including Austria, Hungary, Serbia, Finland, and Italy. The shortfall in supplies to Italy has steadily increased from 4 million cubic meters on Jan. 17, to 5 million on Jan. 18, to 8 million on Jan. 18. The latter amounts to 2.3% of Italian consumption. Gas produces 50% of Italian electricity, and three out of four households are dependent on gas. This has created an energy crisis in Italy, with the government announcing contingency plans for selective cuts to industries, starting as early as Jan. 23.

Industry Minister Claudio Scajola has called for an emergency government meeting on Jan. 24. The head of the Energy Authority, Alessandro Ortis, has stated that "Reserves are insufficient and inadequate if climatic and geopolitical emergencies continue."

An inside source told *EIR*: "There are other reasons than climatic ones for Gazprom's cuts. Last year was just as cold as this year, and Gazprom has a powerful production [capacity]." He also indicated that not all European countries have been hit by Russian supply cuts, and pointed to the fact that Italy is just negotiating a contract for increased supplies, which includes a direct presence of Gazprom on the Italian market, in exchange for ENI's drilling of Russian fields. (ENI is the Italian state oil company.) The contract has been suspended by Italy's antitrust authorities because of irregularities in favor of companies connected to Prime Minister Silvio Berlusconi, and "the Russians are angry about that," the source said. On the other side, Gazprom is trying to enter the Italian market on their own terms, he added.

Sarkozy Accused of Aspiring to Absolute Monarchy

The fight against the "unitary executive" is also on in France, after Interior Minister Nicolas Sarkozy announced his intention to expand the powers of the French President, were he to occupy that office. During his weekly press conference Jan. 17, Jean Louis Debré, the President of the National Assembly, close associate of President Chirac, and leader of the anti-Sarkozy clan in the UMP, raised his political shotgun against Sarkozy and declared: "There are those who are obsessed by the need for a 'break,' who want to find a system which Cardinal Richelieu called the 'Principate': an absolute monarch and a main minister, a simple secretary executing the will of an all-powerful prince." Sarkozy has been campaigning on the need for a "break" with the French social model, a theme popular with the neo-con right-wing revolutionists in the U.S., and in the tradition of French extreme right-wingers such as Boulanger, Maurras, Barres, and others.

Prime Minister Dominique de Villepin also targetted this theme in his New Year's speech, going after the "declinologists," the people who are bemoaning the "decline" of France, only to propose more IMF and Synarchist-type reforms be implemented. Unfortunately, given the economic and strategic policies of de Villepin and Chirac, they are contributing to hand power over to fascist Sarkozy.

De Villepin Moves for More Flexibility of French Labor Code

French Prime Minister Dominique de Villepin just announced the launching of a new "assisted job creation" program to "solve" youth unemployment. The "first job contract," created specifically to absorb some of the whopping youth unemployment (24% among high-school graduates; 40% among those without diplomas), is a government assistance program whereby companies can hire youth, up to 26 years old, under a contractual two-year trial period, during which the employer can fire the youth almost with impunity. This is the same contract which Villepin had created previously for older generations of unemployed, with some more "protections," however, for the youth. If the youth gets fired before the end of the trial period, he can receive two months' unemployment pay for a grand total of 468 euros per month. The contract also calls for the employer to offer special training programs to the youth.

Russia and the CIS News Digest

Cold Wave Tests Russian Infrastructure

The Russian government had its first post-holiday full cabinet session Jan. 19 with only one thing on the agenda: coping with the coldest weather Moscow has experienced in nearly 30, or perhaps 65 years. Nighttime temperatures in and around the Russian capital hit -35 to -37° C. (-31 to -35° F.), matching the winter of 1978-79, and threatened to dip to -40° C. (-

40° F.), last reached in 1940. The extreme cold is nationwide, with nighttime temperatures below -50° C. (-58° F.) in several cities of north central and Siberian Russia, and is expected to last a week or more.

There have been evacuations and emergency relief actions in the Moscow Region, Komi Republic, Omsk, Tomsk, Chita, and on Sakhalin Island, where heat to residential areas was knocked out, in most cases by failing water pipes. In several cities, gas explosions caused casualties. Prime Minister Mikhail Fradkov took reports from Industry and Energy Minister Victor Khristenko and Emergency Situations Minister Sergei Shoigu. He ordered a mobilization to respond to situations where heating for schools or hospitals were to fail.

The stability of the electricity supply in Moscow itself is a major concern, as high consumption levels are reached due to the use of auxiliary space heaters. In May of last year, the capital experienced a huge blackout after a substation fire. Two months ago, Anatoli Chubais, head of United Energy Systems, the national electric power utility, warned that temperatures below -25° C. for three days or more would necessitate brownouts affecting industrial electricity users. Latest weather forecasts are for extreme cold to persist for the next 10-12 days. Chubais said in November, that a significant part of UES equipment is too worn out to be in service, while Moscow's power consumption had risen at quadruple the expected rate in 2000-2005. (Chubais continues to advocate a "Western deregulation"-based, outside-investor-friendly model for the reform of UES.)

Gazprom Cuts Flow to Europe

On Jan. 18, Hungarian and Italian energy executives reported that Gazprom, the Russian natural gas monopoly, had cut supplies to those two countries by 20% and 5.4%, respectively. Gazprom spokesman Sergei Kupriyanov said only that all contracts were being honored. According to a source in Italy's energy sector, "there are reasons other than the weather, for Gazprom's cuts." See European Digest for the details.

Gazprom's Capitalization Skyrockets

The official capitalization of the Russian natural gas monopoly, Gazprom, jumped by \$40 billion to over \$200 billion in the first few trading days after Russia's Jan. 1-10 holiday period. What's new is the lifting of a prohibition on the purchase of Gazprom shares by foreigners on the major Russian exchanges. Gazprom CEO Alexei Miller called the event "an historic frontier" for Gazprom and for Russia, boasting that company is about to surpass BP and Royal Dutch Shell, to become the second-biggest energy company in the world, behind only Exxon/Mobil. Gazprom's listing on the Russian Trading System (RTS) began on Jan. 13, with the Moscow Interbank Currency Exchange (MICEX) set to follow by the end of January. The company is controlled by the Russian state, its single biggest shareholder.

Another huge Russian government financial maneuver in the speculation-driven international financial markets is awaited later this year, when the state-owned oil company Rosneft plans an IPO on the London Stock Exchange. According to recent reports of Rosneft's prospectus, the company intends to raise \$20 billion by selling around 30% of its shares.

German Chancellor Merkel Visits Russia

German Chancellor Angela Merkel and Russian President Vladimir Putin, speaking to the press before and after three-hour talks in Moscow Jan. 16, said that German-Russian cooperation would intensify in foreign policy, science and technology, culture, history, and "civil society" (democracy, rule of law, etc.). In addition to bilateral economic relations—which underwent a "breathtaking increase" (as Merkel put it) during 2005, with 30% more trade than in 2004, and an almost 20% rise in German direct investment—Merkel and Putin discussed G-8 matters and Russian-EU relations, including long-term energy security. On Jan. 21, Gazprom deputy director Alexander Medvedev arrived in Berlin for talks on specific pipeline and other projects.

Deputy Foreign Minister Gernot Erler commented that under Merkel, Germany will put more emphasis on human rights and democracy issues in relations with Russia, but will avoid using a "megaphone" approach, favoring talks between the governments and institutions, rather than exchanges via the media. Erler welcomed Putin's role in settling the recent Russian-Ukrainian gas conflict.

Merkel and Putin agreed to meet again, for the bilateral industrial summit in Tomsk, in April; they will also both attend Dresden's 800th-anniversary celebrations this autumn.

USA and Russia Renew Science & Technology Agreement

After a lapse of more than two years—because the White House had allowed the agreement to expire—on Jan. 13 a ten-year science and technology agreement was signed at the Russian embassy in Washington. The agreement outlines areas for continued and potential future cooperation that include vaccine and drug research, the "ecology" of infectious diseases, fusion research, and a combination of very general areas, such as science education, and some very specific ones, such as Arctic research. According to a senior counselor at the embassy, no one from Russia attended the ceremony, and the agreement was signed by the ambassador. There is still no agreement for cooperation on advanced nuclear power technology, he reported, even though two years ago, the White House finally dropped the accusation that Russia was helping Iran's weapons program.

Russia Wants To Build 40 New Atomic Power Plants by 2030

Sergei Kiriyenko, the new head of the Russian Atomic Energy Agency (Rosatom), announced after meeting President Vladimir Putin on Jan. 20, that Russia intends to build 40 nuclear power plants over the next 25 years. The program would increase the share of nuclear power in Russia's electricity supply from the present level of 9%, up to 25%. Three new plants are under construction now. Kiriyenko added that Russia expects to get contracts to build another 40, or maybe even 60 plants in other countries; five such facilities are now under construction, including in Iran.

The next day, Kiriyenko arrived in Kiev for talks on bilateral nuclear power cooperation, as mandated by Presidents Putin and Yushchenko at their recent meeting in Kazakstan. Ukraine's four nuclear power plants supply over half of its electric power. Still dependent on Soviet-era fuel reprocessing facilities located in Russia, Ukraine wants to develop one of its own, so as to have sovereignty over the full fuel cycle, President Viktor Yushchenko said, after a mid-January meeting of the national energy security council.

Russia-Ukraine Tensions Flare in Crimea

A series of incidents in the Crimean Peninsula, described by Russian military officers as attempts to "seize Russian Black Sea Fleet lighthouses," has increased tensions between Moscow and Kiev. Crimea is Ukrainian territory, but is also historically the base of the Black Sea Fleet, for which Russia rents various facilities. The incidents followed threats by Ukraine to raise the rent, during the year-end natural gas dispute between the two countries.

An incident on Jan. 13 involved a sudden visit to the Yalta lighthouse by the Ukrainian Hydrographical Service, while other incidents appeared to be based on picketing, and possibly, paramilitary activities. On Jan. 21, Russian Navy Commander-in-Chief Admiral Vladimir Masorin warned that the "attempts to seize" the lighthouses could trash all Russian-Ukrainian agreements concerning the Black Sea.

As the Russian Black Sea Fleet moved to bolster security around the lighthouses, a Ukrainian Foreign Ministry spokesman

warned Jan. 19 against "unauthorized relocations of [Russian] troops and military equipment in Crimea." Also indicative of the tension was a Jan. 18 Interfax-Ukraine report about leaflets being distributed in the port city of Henichesk near the Sea of Azov Sea, predicting that Russia would invade "to establish control over gas pipelines considered vital to Russia."

Southwest Asia News Digest

Syrian Strategic Institute Publishes *EIR* Report

A leading Syrian institute, the Data and Strategic Studies Center (DASC), published an Arabic translation of "Cheney and Netanyahu Pushing for War Against Syria," by *EIR*'s Jeffrey Steinberg, as a leading item on its website Jan. 16. DASC is headed by Dr. Imad Fawzi Shueibi, one of the most influential strategic thinkers in Syria, who works closely with the Syrian leadership. In 2004, Shueibi issued a statement supporting the "LaRouche Doctrine" for peace in Southwest Asia.

The *EIR* article's DASC translation was picked by the European Palestinian Refugees Association (Al-Rabeta.com) which published it prominently on its website. Al-Rabeta, based in Damascus, is an influential Palestinian association with strong ties to Palestinian refugees in Europe and South West Asia.

Neo-Con Asset, Spy for Israel, Given Harsh Sentence

The Pentagon neo-conservative cabal's operative Larry Franklin was sentenced Jan. 20 to 12 years and seven months in Federal prison for passing classified information to the Israeli government. Franklin, who pleaded guilty to reduced charges in October 2005, faced a maximum of 25 years. Two co-conspirators, both top officials of the American Israel Public Affairs Committee (AIPAC), Steven Rosen and Keith Wiessman, are going on trial in April, and Franklin may receive a reduction in his sentence if he cooperates and helps to convict these and other parties involved in the espionage operations run by AIPAC.

Franklin was not a low-level flunky. He was part of the neo-con inner circle run by kingpins Paul Wolfowitz, Richard Perle, and Douglas Feith. Franklin was the Iran desk officer under William Luti, Assistant Secretary of Defense for Near East and Southwest Asia (NESA), a former staffer for Dick Cheney, who was the "stovepipe" directly to Cheney's Chief of Staff, Lewis "Scooter" Libby. Luti oversaw Feith's rogue intelligence unit, the Office of Special Plans (OSP), which has now been renamed. Feith and Wolfowitz have left the Pentagon, while Libby is facing trial for perjury and obstruction of justice in the investigation of another case of illegal dissemination of classified information—the Valerie Plame case.

There are three things to note about the Franklin case: There are three or four Israeli officials who reportedly received Franklin's stolen documents, but these individuals have not been charged; Franklin was a fanatic proponent of a war on Iran, and was passing information to Israel about a possible U.S. attack on Iran; Franklin accompanied top neo-con fascist Michael Ledeen to Italy in December 2001, one of a series of trips which are under investigation in connection with the forgery of the "Niger yellowcake" documents which were used by the White House to justify the war against Iraq.

Meanwhile, Rosen, the top spook at AIPAC, and its research director for 27 years, and his deputy Weissman, have both been fired by AIPAC, which is paying their legal bills, but there have been reports of a falling out because AIPAC reportedly is not paying quickly enough.

Israeli Labor Party Presents Vibrant Candidates List

The Israeli Labor Party completed the primaries for its list of candidates, with many of chairman Amir Peretz's key allies

finishing among the crucial top ten of the 120-member list. Many of the deadheads associated with former Prime Ministers Shimon Peres and Ehud Barak, who had been undermining Peretz, ended up further down on the list, so far down for some, that they are now totally out of the picture, which is good for the campaign.

Among those in the top ten are: Avishai Braverman, the president of Ben Gurion University; Ami Ayalon, former commander of the Israeli Navy and former chief of the Shin Beth, who has been leading his own Palestinian-Israeli peace initiative; Eitan Cabal, the secretary general of the Labor Party; and retired Gen. Benjamin Ben Eliezer.

Peretz called the list a "perfect team," declaring, "Standing here are the best people in all fields, in all issues. There is no issue for which we do not have an unequivocal answer. There are people here who know how to deal with security better than anyone else."

Peretz, who had headed the trade union federation Histadrut, has vowed to continue the peace legacy of slain Prime Minister Yitzak Rabin, and to restore the Israeli economy which has seen a drastic rise in poverty.

Would-Be Syrian Putschist Khaddam Seeking Asylum

Former Syrian Vice President Abdel Halim Khaddam, who says he's organizing a coup against Syrian President Bashar Assad, may be seeking asylum outside of France. Aljazeera reported Jan. 14 that a French delegation went to Saudi Arabia to probe this for Khaddam, but was rejected, and then headed for the United Arab Emirates.

Khaddam has been in Paris, living it up at the swank Georges V hotel, under heavy police guard. But it may be that it's becoming embarrassing for French President Jacques Chirac to have him announcing his coup plans from the French capital. Indeed, any government that grants him asylum, would be implicated in the coup against Syria he has threatened.

Meanwhile, Khaddam is receiving coverage in the biggest European media outlets to build the climate for regime change in Syria. He told Britain's *Sky News* that Bashar al-Assad "ordered" the murder of former Lebanese Prime Minister Rafik Hariri.

In a Jan. 16 interview with the German magazine *Der Spiegel*, Khaddam said he wants to establish a government in exile. Khaddam had been a top aide to former President Hafez al-Assad, but when asked what his role had been in Syria for 30 years (up until July 2005), he claimed that, "since the death of Hafez al-Assad in 2000," he had "distanced [himself] from the regime."

In these two interviews, Khaddam embellished his previous statements, which had been carried in the Arabic and French press, and now claims that Bashar Assad had given the order for the murder of Hariri. Khaddam also attacked the idea of Presidential immunity from questioning by the UN investigators, saying, "Why should a President who is a murderer, be able to plead immunity?"

He confirmed that he is building a government in exile, and did not exclude the participation of any party, including the Muslim Brotherhood, in his scheme. The ruling Ba'ath Party is also welcome. Khaddam says he doubts the "regime will last out this year," because of the international pressure around the Hariri investigation.

Bolton: Tehran 'Biggest Sponsor of Terrorism'

In an interview in the German newspaper *Die Welt* on Jan. 13, temporary U.S. Ambassador to the UN John Bolton gloated that it is "big progress" that the Iran nuclear research issue "is now up at the United Nations," which, formally speaking, is

not the case yet.

Neo-con warmonger Bolton, who was not able to win U.S. Senate confirmation, predicted that permanent UN Security Council members Russia and China will be more anti-Iran at the UNSC than at the International Atomic Energy Agency (IAEA) talks, because at the UN, they "bear global responsibility. Being nuclear powers, they know quite well what it would imply if Iran possessed nuclear weapons."

But, revealing that the real issue is regime change, Bolton called Iran the "biggest global sponsor of terrorism. Tehran is financing the Hezbollah and other terrorist groups. Then, see the threats by the Iranian President to extinguish Israel. It is hard to imagine what would happen if Iran had its finger on the trigger of a nuclear weapon."

Shimon Peres Accused of Illegal Fundraising

The Israeli State Comptroller and State Prosecutor have been investigating the possibility that former Labor Party chairman Shimon Peres raised \$220,000 illegally for his primary campaign for the chairmanship of the Labor Party, reported *Ha'aretz* Jan. 17. Despite having raised close to \$400,000, he lost that election to Amir Peretz.

Israel's Channel 10 revealed that \$100,000 of this money was donated by Bruce Rappaport, the Geneva-based independent shipping operator who has been involved in many dubious affairs, including the Iran-Contra scandal. The remaining funds were contributed by Haim Saban, a wealthy U.S. movie mogul. Peres's lawyer has disputed the illegality of the payments.

Settlers Riot in Hebron While Rabbis Threaten Olmert

Beginning Jan. 13, extremist Israeli settlers rioted in the old marketplace in Hebron, attacking soldiers and police. The rioting started after it was announced that the army would remove eight settler families who are living illegally in the old market.

All settlers had been removed from that site in 1994, after the Jewish suicide terrorist, the Brooklyn-born Baruch Goldstein, a settler in the West Bank, went on a rampage, killing Muslim worshippers at the Cave of the Patriarch mosque. But, after Ariel Sharon came to power in 2001, the extremists moved back into the old marketplace, seizing Palestinian property and establishing a settlement.

The Israeli High Court of Justice ruled in early January that the settlers had to be removed and, in complying, the army said their removal would be completed by the end of February.

Ha'aretz Jan. 16 quotes an Israeli military officer denouncing the rioting: "We are facing Jews who are conducting pogroms against Arab property."

Meanwhile a group of radical rabbis sent a letter threatening Acting Prime Minister Ehud Olmert, demanding he stop the evacuation. The rabbis, in language eerily similar to recent remarks by U.S. televangelist Pat Robertson, wrote that the letter was a "warning" to Olmert, that he might end up like Menachem Begin, Yitzhak Rabin, and Ariel Sharon, and claimed that "Prime Ministers who harmed the Land of Israel never succeeded in completing their term in office...."

Asia News Digest

Thousands Demonstrate vs. U.S.-Thai Free-Trade Deal

Ten thousand people demonstrated in Chiang Mai, Thailand, against the planning meeting for a U.S.-Thai free-trade agreement. The U.S. is demanding that Thailand go far beyond the requirements of the World Trade Organization (WTO) in regard to patents and industrial property rights. The Thaksin Shinawatra government is contesting these issues, but has thus far refused to discuss the Free Trade Agreement talks with protesters, or with the Parliament, which is raising passions in the country.

The demonstrators are primarily from three groups: farmers, who will watch U.S.-subsidized grains flood their market; labor unionists; and AIDS victims and their supporters, who are protesting the U.S. effort to stop generic-drug research and production in Thailand. A spokesman for soybean and maize farmers pointed to the NAFTA agreement, which forced Mexican farmers to stop growing maize so they could not compete with U.S. imports, noting that after they stopped domestic production, the price of maize rose 300%.

Protests Against Thai Prime Minister Turn Violent

Weekly Friday demonstrations, led by media mogul Sondhi Limthongkul, against Thai PM Thaksin turned violent on Jan. 13, when a few hundred protesters entered the grounds of Government House, Thaksin's residence, leading to a police confrontation, *The Nation* reported Jan. 15. The nature of the demonstrations was characterized by the sign posted on the grounds: "Return Power to the King." This appeal to a monarchical restoration, while not supported by the King, is an extremely volatile issue in Thailand. The demonstrations are not threatening the regime at this point, but Thaksin's overwhelming majority in the Parliament is beginning to fall apart. The demonstrations are separate from, but taking advantage of, the widespread anger against Thaksin's plans to sign a free-trade pact with the U.S. (see separate slug), to privatize the state electrical power sector, and his inability to stem the continuing separatist terrorism in the Islamic regions in the south of the country.

U.S. Objects to China-Pakistan Nuclear Energy Deal

Pakistan's leading news daily *Dawn*, quoting "informed sources," reported Jan. 6 that China is considering Pakistan's request to help it build more nuclear power plants. Based on media reports, the deal could cost \$7-10 billion and would involve adding 3,600-4,800 MW of capacity using a number of 600 MW reactors. The plants are expected to be completed by 2025, with construction starting by 2015.

Two days prior to the *Dawn* report, an unnamed senior U.S. official told journalists that ministers in Pakistan have given assurances that they are not seeking to purchase nuclear reactors from China. The official was apparently responding to earlier intelligence reports that Pakistan was in negotiations to purchase between six and eight 600 MW nuclear power reactors from China.

The U.S. official said that the Chinese government was aware of U.S. concerns relating to China's pledge in 1996 that it would not provide nuclear equipment to "any un-safeguarded nuclear facility in any country." Pakistan is not a signatory of the nuclear Non-Proliferation Treaty (NPT) and therefore, its nuclear reactors are not under the IAEA safeguards. What it implies is that Pakistan can freely convert some of the fissile material, such as plutonium, produced in these reactors, during the process of power generation, for weapons development. In fact, Pakistan has exhibited its capability to develop nuclear weapons and is estimated to have quite a few.

It became evident that the U.S. concerns were centered around an intelligence report which said the Chinese premier, Wen Jiabao, told Pakistani President Gen. Parvez Musharraf last month that China could upgrade Pakistan's military nuclear program if Pakistan formally requested. But China had denied press reports of plans to construct more civilian nuclear

reactors in Pakistan.

On Jan. 7, media reported the CIA has received intelligence that a Chinese technical team was in Pakistan in the first week of December to assess the damage to Pakistani nuclear storage facilities in the earthquake disaster. The CIA report said the Agency is now in the process of making a fresh assessment of the nuclear and missile cooperation between Pakistan and China. The Chinese team reportedly put repair costs of Pakistan's nuclear facilities at several hundred million dollars.

Pakistan has refused to divulge the cooperation with China to the United States. But CIA director Porter Goss recently briefed the Senate Select Committee on Intelligence about fresh cooperation between China and Pakistan, saying that China had so far expressed its intent to assist Pakistan, but if it went ahead, then the U.S. would reconsider its existing relations with both states.

Earlier, during his recent visit to China, the U.S. Defense Secretary Donald Rumsfeld warned China that the U.S. would be concerned about any cooperation between China and other countries in the area of WMDs. What measures U.S. proposes to implement against either Pakistan or China, in case they defy the U.S. warning, has not been revealed.

While the nuclear proliferation issue cannot be sidelined, there is no doubt that Pakistan needs a long-term power generation source in order to survive. Speaking at the site of the Chashma-2 nuclear power plant Dec. 29, provided earlier by Beijing, Pakistani Prime Minister Shaukat Aziz said: "We are looking for power generation from all possible sources."

One likely reason that Washington is worried about Pakistan-China nuclear nexus is that both these parties were involved in the nuclear material and missile developments in both Iran and North Korea, intelligence agencies claim. It is also widely known that Pakistan's nuclear program, which helped develop that country's nuclear weapons, was fathered with Chinese help. What irks the Americans most is that Washington has been kept out of nuclear facilities by Islamabad.

At the same time, Pakistan is seeking nuclear power cooperation with the United States. Talking to senior Pakistani journalists on Dec. 13 in Islamabad, U.S. Ambassador to Pakistan Ryan Crocker praised President Musharraf as a man of "compelling vision." About the possibility of Pakistan-U.S. nuclear cooperation for civilian use, Crocker said his country recognized the critical need for energy resources in Pakistan for development.

Philippines Congress To Scrap Visiting Forces Agreement

The Philippines Congress is moving to scrap the Visiting Forces Agreement (VFA) with the U.S. over Washington's refusal to turn over rape suspects, the *Inquirer* reported Jan. 19. A resolution, calling for the termination of the VFA and its renegotiation into a Status of Forces Agreement (SOFA) that would allow Philippine custody of U.S. nationals charged with crimes in local courts, is sailing through both houses of the Congress. Four U.S. soldiers are charged with raping a young Filipina woman, and the U.S. says they will appear in court. However, under the current VFA, the U.S. is retaining custody of the accused. Anger over this refusal to meet Philippine court demands was made worse when, in a murder case in Japan, the U.S. turned the accused over to Japanese authorities, as required under the agreement with Japan. The Philippine Congress then moved to change the agreement to assure at least the same rights as the Japanese (and the Koreans). It is not clear how the U.S. will respond.

This Week in History

January 24 — 30, 1945.

In the Midst of a Raging World War, FDR Calls for an All-Out Attack on Polio

On the occasion of President Franklin Roosevelt's birthday on January 30, it became traditional for him to address the "Birthday Balls" which were held to raise money for the fight against infantile paralysis. On his birthday in 1945, however, Roosevelt had already left the country on his way to the Yalta Conference. But because the fight against polio was a crucial one, Roosevelt's wife Eleanor read his speech over the hookup to the balls.

There had been a major polio epidemic in America in 1944, with the dreaded disease hitting over 18,000 children and adults. Unlike the situation in earlier epidemics, especially the major one of 1916, this time the medical infrastructure was in place to ensure a high survival rate as well as follow-up therapy for those who suffered crippling side effects. But there was still no cure, and no vaccine against the highly communicable disease.

Roosevelt's efforts, first through the Warm Springs Foundation, and then through the National Foundation for Infantile Paralysis, had been able to ensure adequate care for victims of polio. He had also succeeded in making Americans aware that with a major effort, they could contribute to finding a vaccine or a cure. Defeating polio had become a national project, and in 1945, the Foundation grossed over \$18 million.

The success of the fundraising stemmed in part from an idea of comedian Eddie Cantor. Roosevelt had asked him to think about how the Foundation could get a million men to contribute a dollar a year. Instead, Cantor suggested that people be asked to mail dimes to the White House, calling it the "March of Dimes" against polio. Answering the call that was sent out every year in the weeks before the birthday balls, Americans sent millions of dimes to the White House; so many, in fact, that the President's assistants, his children, and many other staffers had to assist the mailroom in opening the letters.

When Roosevelt's 1945 Birthday Ball address was broadcast, there were significant medical developments on the horizon. In 1948, microbiologist John Franklin Enders and his colleagues Frederick Robbins and Thomas Weller were able to grow a virus in a medium of living cells. This was a major breakthrough in virology, because up to that time, it had only been possible to grow viruses in living chicken embryos, a process which could produce only a very small number of viruses for research purposes. Growing viruses in cell tissue had been tried before, but after a few days, the material had always been ruined by the growth of bacteria.

Enders was Chief of Research in the Division of Infectious Diseases at Children's Hospital Medical Center in Boston, and his research group was attempting to find a cure for mumps. He realized that adding the new antibiotic penicillin to the nutrient mixture would suppress the growth of bacteria, and when the experiment succeeded, his research group turned its attention to the polio virus. The virus was successfully grown in tissue scraps, proving that sufficient quantity of the virus could be produced for research on producing a vaccine.

In 1949, Dr. Jonas Salk was chosen by the Infantile Paralysis Foundation to lead their research, and he used the culture method discovered by Enders. In 1952, the nation suffered the worst polio epidemic in its history, with almost 58,000 recorded cases. The research on developing a vaccine was pressed forward by the Foundation, which took out a large loan to supplement its income. By 1954, nationwide field trials of the Salk vaccine were in full swing, involving almost 2 million children in 44 states, who were called the "Polio Pioneers." Exactly ten years after Roosevelt's death, on April 12, 1955, the Foundation announced that the Salk vaccine was effective and safe, and mass inoculations began.

In 1945, this wonderful outcome was still ten years in the future, but Roosevelt was very aware that the fight against polio and the fight against the Nazis, with their evil view of the crippled and retarded as "lives not worthy to be lived," were just different aspects of the overall battle for human dignity. He made it clear that night in his address to the Birthday Balls: "I am sorry that wartime circumstances make it impossible for me to talk with you personally tonight on my birthday. I have asked Mrs. Roosevelt to read this brief message on my behalf to the many millions of Americans who contribute to the

fight against infantile paralysis.

"This year, if I had a birthday cake, there would be 63 candles on it. But the years they represent seem very few to me tonight because your great generosity has made this day a testament to youth—a promise to our children that the bright tomorrow for which we fight throughout the world will not be dimmed by the shadow of infantile paralysis at home.

"The success of the 1945 March of Dimes in the campaign against infantile paralysis does not come as a surprise to me. We are a nation of free people, and free people know how to go over the top—whether it's a Nazi wall, a Japanese island fortress, a production goal, a bond drive, or a stream of silver dimes. The reason for these achievements is no military secret. It is the determination of the many to work as one for the common good. It is such unity which is the essence of our democracy.

"Our national concern for the handicapped and the infirm is one of our national characteristics. Indeed, it caused our enemies to laugh at us as soft. 'Decadent' was the word they used. But not any more. They are learning—and learning the hard way—that there are many things we are mighty tough about.

"We will never tolerate a force that destroys the life, the happiness, the free future of our children, any more than we will tolerate the continuance on Earth of the brutalities and barbarities of the Nazis or of the Japanese warlords.

"We combat this evil enemy of disease at home just as unremittingly as we fight our evil enemies abroad.

"Our work over the past decade in fighting infantile paralysis was put to its most rigorous test during this past year. The 1944 epidemic was the worst our country has experienced since 1916. But this time we were prepared with a nationwide network of defense that your dimes and dollars enabled us to build. Wherever and whenever an outbreak occurred, the National Foundation for Infantile Paralysis and its community chapters sprang into activity. Almost overnight, afflicted areas were provided with trained personnel, supplies, and equipment.

"Tonight we are able to report that because of your cooperation, the very best in medical care and treatment has been assured for everyone—for the boys and girls, for the men and women—stricken by this disease. All of them have greater hope and confidence today—because they know you are with them and giving them powerful support in their fight.

"Yes, we can well be proud of the work of the National Foundation and its chapters. But as any fighting man will tell you, we cannot rest on defense alone. No matter how efficient and immediate the treatment is, it does not take the place of prevention and cure. We must continue to devote our attention ever more to attack. We must give our scientists and research workers the necessary equipment to find this invidious enemy, to corner and destroy him. The task is not an easy one. The mystery shrouding the infantile paralysis virus is not readily penetrated. But we will persist—and we will triumph.

"There is no yardstick long enough to measure the happiness our children give us. Whatever we can contribute to promote our children's health is an investment in our country's future. It is an assertion of our American birthright to life, liberty, and the pursuit of happiness."

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