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FREE TRADE VS. NATIONAL INTEREST:

The Economics Debate about Russia

by Lyndon H. LaRouche, Jr.

June 12, 2008

The pattern of cooperation among Russia, China, and India, is presently the pivot of any potential resistance to the present, London-led drive toward establishing the global fascism of a utopian, frankly imperial ``New Tower of Babel." This is a drive which is currently expressed as the former British Prime Minister Tony Blair's proposed, imperialist, ideological, post-, anti-Westphalian hegemony in western and central continental Europe. This still continuing, London-centered attempt to transform all of continental and central Europe into virtually a captive British colony, through such schemes as the proposed Lisbon Treaty, is complemented by the force of an implicitly treasonous hegemony of the mole-like, London-centered, financier influences behind current policy-shaping influences of leading elements of current U.S. national policy-shaping....

In-Depth articles from EIR, Vol. 35, No. 26

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The Economics Debate About Russia
by Lyndon H. LaRouche, Jr.

The pattern of cooperation among Russia, China, and India, LaRouche writes, is presently the pivot of any potential resistance to the London-led drive toward fascism. In Russia and its principal Asian partners, 'the included reactions to this are to be recognized in a currently evolving, asymmetric strategy of self-defense against current British imperialism. . . . These reactions prompt my increasing concern about the part which liberal elements still occupy in Russia's own economic policy. My concern . . . centers on currently menacing ambiguities posed by that influence of free-trade ideology inside Russia itself, which is, itself, an added threat to Russia's own national interest—and therefore, also ours—still today, a threat which persists despite the intended victims' concern to check such influence by alien interests.'

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U.S. Economic/Financial News

Hyperinflation Hits the Road: Truckers Abandon Their Rigs

Wall Street Writes Obituaries for U.S. Banks

Utility Shutoffs Zoom

Hyperinflation Hits the Road: Truckers Abandon Their Rigs

June 23 (EIRNS)—Around the time gasoline passed \$4 gallon, *EIR* received reports of truckers abandoning their rigs by the side of the road. Some left their rigs at gas stations, with the keys still in the ignition. One trucker confessed, "I feel like putting a bullet in someone every time I fuel up.... Three more weeks [of these high gas prices], and I'm finished."

Larry Daniels, the founder and president of the American Independent Truckers Association (AITA), called the abandonment of vehicles "an act of irresponsible desperation. You are walking away from everything you own.... When they walk away, there is nothing they are being relieved of." In the wake of the recent phase of speculation-driven hyperinflation, starting on Jan. 1, an average of 750 trucking companies have gone out of business every week.

The hardest hit are independent, owner/operators, who own their own rigs, contract their own business, and buy their own gas. With diesel soaring to \$4.64/gallon, and interstate drivers paying \$900-\$1,000 each time they fuel up, the system of transporting basic goods is breaking down fast. Some in the industry are hoping to quell their own desperation by sharing the fuel costs with increasingly desperate distributors and consumers, whose food has traveled an average of 1,500 miles to reach them. U.S. truckers are now paying upwards of \$.70 per mile in excess fuel costs, with cross-country truckers paying upwards of \$5,300 per week on fuel, according to reports *EIR* has received from California.

Wall Street Writes Obituaries for U.S. Banks

June 23 (EIRNS)—Things have become tough in the "post Bear Stearns" environment, the *Wall Street Journal* complained on June 23, as the pages of the Wall Street and London financial press are filled with obituaries for U.S. banks.

The *Journal* and the London *Financial Times* document 10% personnel cutbacks at both Citibank and Goldman Sachs, with similar action expected at other investment banks. And, given big losses, investors are now very skittish about putting money into those entities, refusing to participate in capital-raising transactions. "Investing in a bank right now means investing in a large portfolio of loans that are essentially a black box," one portfolio manager remarked. Given investors' reluctance to put in money, banks may have to come up with "sweeter terms," which, however, will also raise the cost of those deals.

"More Bank Bailouts Ahead?" was the headline on a *Journal* article today, which warned that if lenders can't find buyers, or raise needed capital, the FDIC "could be overwhelmed." The Fed's decision to take on \$29 billion of Bear Stearns assets "may soon look like chicken feed," the paper moaned. While the thousands of struggling mid-sized banks don't pose the same kind of threat as Bear Stearns did, the problem is that the "other usual escape routes" available to those banks "are narrowing." It's getting harder and harder to tap either new or existing shareholders for new funds to replenish bank capital.

Utility Shutoffs Zoom

June 24 (EIRNS)—In the last month, 8% of four-member households making between \$33,500 and \$55,000 have had their power turned off for non-payment, according to the National Energy Assistance Directors' Association (NEADA). "We're seeing a record number of shutoffs," says director Mark Wolfe, "It's hitting people in the suburbs with two cars and two kids." An unscientific but revealing sampling by *USA Today* verifies his statement: Pennsylvania's PPL Electric Utilities has disconnected over 7,000 customers this year, 168% more than last year; North Carolina's Duke Energy is averaging about 11,000 cutoffs a month, at which rate they will have lost 10% of their customers by year's end; disconnects are up 27% at Chicago's People's Gas, and 56% for Detroit Edison.

Service is often quickly restored, but for many families, electricity is fast becoming a luxury.

Global Economic News

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Soros Corners Market on Ag Commodities Speculation

June 25 (EIRNS)—Megaspeculator George Soros, already one of the biggest manipulators in currency markets and in oil markets, has suddenly taken a major position in control of food commodity speculation. This is the Soros who told a Budapest newspaper June 18, "Rather than expecting energy prices to go down somehow, we should accept that it must go further up first, for us to be able to solve the [long-term] problem. Prices must go up first so as to encourage people to consume less."

A private investment fund managed by Soros Fund Management LLC, acting as part of a consortium with New York hedge fund Ospraie Management and New York asset manager General Atlantic, has bought substantially all the commodities trading and merchandising business of the giant multi-national ConAgra Foods. This \$2.8 billion deal is estimated as the largest acquisition ever by a hedge fund.

The agreement includes 144 ConAgra facilities, located primarily in North America. Renamed Gaviolon, the new company provides physical distribution and merchandising of grains, feed ingredients, fertilizer, and energy products; as well as agriculture, energy, and other commodity trading activities, and "risk management services"—i.e., commodity futures derivatives speculation.

Specifically, for example, the ConAgra Trade Group maintains a nationwide logistics network of railcars and containers, and has access to barges, vessels, and storage facilities.

Part of the push for biofuels, the ConAgra operations provide "procurement and marketing services" for ethanol and bio-

diesel producers, supply chain infrastructure, as well as financial hedging.

Soros, Carlyle Group Call for Locusts To Take Over

June 26 (EIRNS)—With the banks bankrupt, and the investment banks collapsing, George Soros says not to worry—the private equity funds will save us all. In a joint interview in the British *Prospect* magazine with Britain's Martin Wolf (*Financial Times*), Anatole Kaletsky (*London Times*), and John Gieve (deputy governor, Bank of England), Soros said the financial sector is "overblown," and that it should shrink. Who will benefit? "If we do pass through this without a hitch," said the bloodsucker, "you will find that the private equity funds will replace the investment banks as the dominant force in the economy, because they are the ones who are now buying the assets."

LaRouche immediately identified this as pure fascism, exactly of the sort being demanded by Michael Bloomberg and the Rockefeller Foundation.

The drive was backed up by another of the leading Private Equity funds, the Carlyle Group. The June 26 *Wall Street Journal* ran an op-ed by two of Carlyle's managing directors, Olivier Sarkozy (Nicolas Sarkozy's half-brother) and Randal Quarles, a former Bush Treasury official. It is modestly titled: "Private Equity Can Save the Banks." Noting that the financial services industry has so far taken about \$350 billion in losses, they add: "This is only the beginning," saying losses will go to \$1 trillion. But, the Carlyle boys argue, the private equity firms have "demonstrated the ability to shoulder risk and improve efficiency and profitability," so, do away with the "needless regulations, restrictions and disincentives" against the unregulated hedge funds and private equity funds. I.e., usher in Mussolini fascism.

UAE Moves Ahead with Its First Nuclear Power Plant

June 23 (EIRNS)—The United Arab Emirates has invited bidders for the construction of a nuclear power plant, which would be the first in an Arab country, *Emirates Business* reported on June 23. Nine bidders are competing for the contract, the paper said, quoting unnamed sources. The tender is now in the pre-qualification stage and the entire bidding process will be completed by the end of this year.

The UAE government in April had unveiled its formal policy towards nuclear energy following consultations with the International Atomic Energy Agency (IAEA) and the governments of France, the U.S., the U.K., Russia, China, Japan, Germany, and South Korea. France signed a deal to help the UAE develop nuclear energy for peaceful ends during a visit by French President Nicolas Sarkozy to Abu Dhabi in January. An atomic energy cooperation agreement was signed with the United States in April.

At the time, the UAE issued a white paper, "The Policy of the UAE on the Evaluation and Potential Development of Peaceful Nuclear Energy," which addressed the need to develop additional sources of electricity to meet the future demand. The report quoting analysts says the national annual peak demand for electricity is likely to rise to more than 40,000MW by 2020.

Lawmakers to Chile's President: We Need Nuclear Energy Now!

June 21 (EIRNS)—A group of Chilean legislators, from both the ruling Concertacion coalition and the opposing right-wing Alliance for Chile, presented President Michelle Bachelet with a bill proposing to enact plans for the development of nuclear energy in the country.

The legislators' mid-June action occurs against the backdrop of an acute energy crisis which threatens the functioning of

Chile's mines in the northern part of the country. A severe drought in central and southern Chile has also devastated agriculture.

Sen. Jaime Orpis told Bachelet that "the time has come to make a decision on this issue. It's not good enough to keep studying it. We're sending a very important political signal that congressmen want to legislate on this, and with this [bill], we want to contribute to making the decision." He particularly emphasized that nuclear plants would be crucial for desalinating seawater, and guaranteeing adequate water and electricity supplies for both agriculture and mining operations.

Bachelet has stated that no nuclear energy development will take place in Chile while she remains in office, but she has come under increasing pressure to consider it as a result of the country's dire energy crisis.

Munich Think-Tank: Global Economy Grinding to a Halt

June 24 (EIRNS)—The Munich-based IFO said today that its economic climate indicator shows that the global economy is coming to a halt. Its indicator fell "to its lowest level in more than six years" in the second quarter of 2008 and the decline "was particularly marked in North America and Western Europe," a statement said.

"The expansion of the world economy will decelerate perceptively in the forecast period" of 2008-09, it added.

IFO, one of the largest economic research institutes in Germany, cooperates closely with the Center for Economic Studies at Ludwig Maximilians University. CESifo is the name under which the international service products and research results of both organizations are published.

Investment would lose momentum "since the apex in the investment cycle seems to have been passed." Asian growth "will be dampened by inflationary developments, especially for food and raw materials," IFO said. Weaker conditions worldwide would take some steam out of the Chinese economic expansion, as would more restrictive monetary policies. In China, however, increased demand from private households could help offset any downturn. In India, meanwhile, "increasing interest rates will negatively affect the investment propensity of firms [and] also growth in private consumption demand."

United States News Digest

[**Obama to Labor on Bloomberg News: *Arbeit Macht Frei!***](#)

[**Gates: U.S., Israel Disagree on Iran Nuclear Program**](#)

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[**Pickering Attacks Scenario for War with Iran**](#)

Obama to Labor on Bloomberg News: *Arbeit Macht Frei!*

June 26 (EIRNS)—Democratic Presidential candidate Barack Obama today held a closed-door meeting on his economic policy in Pittsburgh, with Steve Case, the former CEO of America Online, Service Employees International Union president Andy Stern, General Motors CEO Richard Wagoner, and others. Reflecting the union-busting policies of Stern, Obama laid out in an interview for Bloomberg News how he would help get working people to cut their own throats, saying that there would be a "natural corrective" if labor is not working cooperatively with management, "because jobs will be lost."

In his speech to the meeting, Obama said the transformation of Pittsburgh from an industrial city to a service economy should be the model for America: "Many of the steel mills are gone. But this American city has found new opportunity through health care and IT; through finance and universities. Now, we must connect that local innovation and ingenuity to a national strategy."

Pushing Al Gore's cap-and-trade scheme on carbon emissions, Obama threatened China, India, and the developing nations: "The next President has to almost immediately enter into negotiations with what were once considered developing countries, but are now full blown competitors," he said. "Other carbon emitters have to be held to similar standards."

Gates: U.S., Israel Disagree on Iran Nuclear Program

June 26 (EIRNS)—Secretary of Defense Robert Gates, in response to a question during a press briefing this afternoon, reported that there is a "range of views" among analysts about how far Iran might be from being able to build a nuclear weapon. U.S. analysts, he said, tend to see a longer timeline than the Israelis do, but Israel is not the only country with a more "pessimistic view" of how soon Iran might succeed.

Gates' comments came in the context of a just-concluded visit to Israel by Chief of Naval Operations Adm. Gary Roughead, and on the eve of a visit by Chairman of the Joint Chiefs of Staff Adm. Michael Mullen.

U.S. Mayors Conference Endorses Medicare for All

June 24 (EIRNS)—The non-partisan U.S. Conference of Mayors today passed a resolution urging Congress to immediately enact U.S. Rep. John Conyers' (D-Mich.) bill H.R. 676, establishing a single-payer national health insurance system to cover all Americans. The resolution was passed unanimously by the more than 1,100 mayors present at their annual meeting in Miami, giving the lie to the claim that such a system "is not politically feasible." In their resolution, the mayors noted that most polls show that the majority of Americans support universal health care; and, as of the date of the resolution, the majority of American physicians (59%) believe that single payer is the best method of securing universal health care.

Lyndon LaRouche endorsed Conyers' legislation in April 2006, when he characterized support for the bill as a litmus test of the morality of members of Congress and other elected officials.

Congressional Testimony: Oil Prices Could Be Cut in Half

June 23 (EIRNS)—Oil prices could be halved within 30 days, according to the consensus testimony of the first witness panel, consisting of financial experts, at a hearing held by the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee this morning. Four industry experts, representing energy consultants, all agreed, under questioning, that oil prices could quickly be cut in half, with no harm to producers, just by removing the speculative aspect of the market. One, Michael Masters, even said that if the Commodities Futures Trading Commission (CFTC) would simply enforce the rules as written, a big portion of the speculative bubble could be immediately contained.

The nearly eight-hour-long hearings, which featured four panels and almost a dozen witnesses, were chaired by Rep. Bart Stupak (D-Mich.), who has a bill, the Prevent Unfair Manipulation of Prices (H.R. 6330, or PUMP), which would close the "London loophole," the InterContinental Exchange desk at the Atlanta trading desk. This would eliminate the traders of "video barrels," speculators who bought and sold oil with no intention (nor capability) of ever taking possession of it. Two panels of witnesses, both traders and users, insisted that Congressional action was urgent.

It remains to be seen what will come of this series of hearings, but Congress is clearly feeling the heat from constituents. While a stronger regulatory environment is helpful, the truth is that the system is entirely bankrupt, and these hearings are not coming close to addressing that issue.

Obama's Ties to the Biofuels Lobby

June 23 (EIRNS)—In the run-up to the Jan. 3 Iowa caucus, Barack Obama made a big deal of his support for corn-based ethanol, a good deal of it from Iowa corn. With biofuels now taking a public relations beating for their role in rising food and fuel prices—especially with the massive flooding in Iowa and Indiana—attention is turning to Obama's ties to the ethanol lobby.

The *New York Times* today ran a page-one piece detailing some of the connections of the Democratic Presidential candidate to ethanol interests.

Obama's chief advisor on energy and environmental issues, Jason Grumet, came to the campaign from the National Commission on Energy Policy, associated with Obama's national co-chairman, former Senate Majority Leader Tom Daschle of the corn state of South Dakota, and former GOP Senate Majority Leader Bob Dole of the corn state of Kansas, an ethanol backer, who has had close ties to the agri-cartel Archer Daniels Midland (ADM), the largest producer of ethanol.

Not long after joining the Senate in 2004, Obama got caught flying at subsidized rates on corporate jets, including twice on jets owned by ADM, which is based in his home state of Illinois.

Daschle is an advisor to the law firm of Alston and Bird, where he provides "strategic advice" on climate change, energy, health care, trade, financial services, and telecommunications. A member of the Council of Foreign Relations, Daschle serves on the advisory board of BP America, Inc., and on the boards of CB Richard Ellis (the world's largest commercial real estate company), Mascoma Corp. (a "second-generation" biofuel company), and Prime BioSolutions, among others. He also works with the Governors' Ethanol Coalition, an organization that lobbies internationally for ethanol use.

Pickering Attacks Scenario for War with Iran

June 23 (EIRNS)—Ambassador Thomas Pickering, the Undersecretary of State for Political Affairs during the Clinton years, refuted the notion that an Israeli strike on Iran's nuclear program, or an American campaign for that matter, could actually solve the problem. During remarks at a forum of the Partnership for a Secure America this morning, Pickering specified that he would not necessarily take the use of force off the table when dealing with Iran, "but if we could get a nuclear solution we could all agree with, and the Iranians wanted to include in that no more regime change and use of force, I'd be prepared to do that."

Pickering noted that there are a number of problems with a military campaign against Iran's program, such as knowing the target set, as well as unknown factors, adding that, "it's hard to say this has a significant chance of success." If Israel did it, "it would be hard to disengage ourselves from it. The real question, he said, is: "Are we prepared to actually go to war to prevent a country from proliferating?" He invoked the fact that this was one of the reasons given for going to war against Iraq, which policy he called "less than a howling success." Pickering concluded that, "At least, we should be talking

directly to Iran," but the problem is that the preconditions, which he otherwise called laudable in the context of nonproliferation, "are standing in the way of our being able to operate any diplomatic approach."

Ibero-American News Digest

Sonoran Officials: Build PLHINO To Stop Food Crisis

WWF's Agents Under Fire on PLHINO Project

World Bank, IMF Demand Governments Stop People from Eating

Sonoran Officials: Build PLHINO To Stop Food Crisis

June 27 (EIRNS)—The recognition that the world food crisis has gone from a yellow, to a red alert. with the flooding in the United States—as the Agricultural Secretary for the Mexican state of Sonora, Alejandro Elías Calles, stated earlier this week, in addressing a farm organization—has geared up the fight for the tri-state North West Hydraulic Plan, or PLHINO, in the state of Sonora. Elias Calles supported the PLHINO as key to responding to this crisis, as did the farmers leading the meeting.

Likewise, during the Annual Assembly of the Northwest Farmers Alliance on June 21—which pulled together nearly 1,000 people, primarily producers from the regional collective farms, as well as delegations of producers from Campeche, Veracruz, Chiapas, San Luís Potosí, Morelos, Chihuahua and Oaxaca—Sonoran federal Sen. Alfonso Elías Serrano addressed the serious repercussions facing Mexico from the world food crisis. The government's measures for addressing the emergency with a special assistance package do not represent a solution, he said; the only adequate way to deal with the emergency is to take actions designed to increase the national production of basic grains. Thus, the importance of the PLHINO, he said.

The common denominator of all nations that are experiencing outbreaks of violence and instability due to food shortages, is that they all have a major food dependency on imports, and that is the situation facing Mexico as well, he warned. The concept imbedded in the North American Free Trade Accord (NAFTA)—that it is cheaper to import grains than to produce them—has been proven wrong. The international situation has changed, and the country must act accordingly. Therefore, he reiterated, the PLHINO is more urgent and important than ever before.

Elías Serrano endorsed the organizing of the Pro-PLHINO Committee of the 21st Century, which has won over the national Senate and Congress, the state congresses of Sonora, Sinaloa, and Nayarit, as well as the governor of Sonora and the productive sectors of the region, to fight for the PLHINO. All that is missing, is the response of the federal government, he said.

WWF's Agents Under Fire on PLHINO Project

June 27 (EIRNS)—Mexican National Water Commission (CONAGUA) head José Luis Luege Tamargo, a self-proclaimed agent of Prince Philip's genocidal World Wide Fund for Nature (WWF), is running into trouble in his intention to sabotage construction of the PLHINO, by diverting the monies allocated by Congress for PLHINO feasibility studies, into fraudulent ecological studies, run out of his Mexico City office. Supporters of the PLHINO project became furious, when the intended subterfuge was exposed by the Pro-PLHINO Committee.

Speaking before the Northwest Farmers Alliance on June 21, Sen. Alfonso Elías Serrano specified that the funds should be managed as established by Congress—through the Sonora office—for the purpose of documenting the technical viability of the product, rather than diverting the funds into environmental impact studies.

That same day, the Sonoran office of CONAGUA presented the official position, that the funds are to be retained in Mexico City, a maneuver intended to eliminate regional pressure (for the PLHINO), so as to sabotage appropriate use of the funds.

Statewide papers and television the next day cited both Elías Serrano and Pro-PLHINO Committee organizer Alberto Vizcarra, as opposing the saboteur behavior of the National Water Commission.

Pro-PLHINO Committee demands that President Felipe Calderón remove CONAGUA chief Luege Tamargo from his post, for Mexico to survive this crisis, is now getting local press coverage, as the PLHINO campaign heats up.

World Bank, IMF Demand Governments Stop People from Eating

June 25 (EIRNS)—The heads of the World Bank and International Monetary Fund deployed to Ibero-America on June 23-24, with the proclaimed mission of stopping governments from ensuring their people can eat.

Shades of Boccaccio's *Decameron*! Here were the finance ministers of the Americas (most, not all came), meeting in the luxury of a Cancun resort, hosted by Mexico's humongously obese Treasury Secretary Agustín Carstens, listening to lectures from the IMF's Dominique Strauss-Kahn and the World Bank's Robert Zoellick, on the dangers of giving in to the "temptation" of subsidizing food and fuel and restoring protectionism, because such policies—in the midst of a global hyperinflationary breakdown crisis!—might fuel "expectations of inflation."

The World Bank report issued for the meeting on the impact of rising food prices on the Americas asserted that: Food prices are "relatively low," by historical standards; yet "high food prices are here to stay"; and that the cause of the high price of food is rising consumption in developing countries. Recommended measures include slave labor "food-for-work" programs, and cash handouts for extremely poor families who meet specified conditions (the favorite of the fascist Rockefeller Foundation).

Any generalized national subsidy program, however, is dangerous, because "it could spur inefficient consumption of these foods by non-poor households"!

Strauss-Kahn endorsed the World Bank report, and added a warning that governments must stop policies which are encouraging "domestic demand growth.... Social protection should not be used to justify a retreat into protectionism, or a delay in measures to cool domestic demand."

Genocide, anyone?

Western European News Digest

[Who Wants To Create a Hot, Violent Summer in Europe?](#)

[Czech Opposition Demands Referendum on U.S. Missile Radar](#)

[Soros and the British EU 'Liberal Empire' Project](#)

[Al Gore's Genocide: EU Ministers Ban Farm Chemicals](#)

[France Farm Sector Killed the WTO Doha Round](#)

[Synarchist Martino Attacks Tremonti; Defends Speculation](#)

[Italian Parliament To Question Kissinger on Moro Death](#)

[Italian Opera Commissioned on Gore's 'Inconvenient Truth'](#)

Who Wants To Create a Hot, Violent Summer in Europe?

June 23 (EIRNS)—In the midst of the biggest economic-financial breakdown in history, a push for potentially violent "peace activities" is apparently being set into motion now in Europe. A February report by the U.S. Air Force about security failures at nuclear weapons sites in Europe is making headlines in Germany, after the 118-page report was posted on the website of the Federation of American Scientists, and the German neocon magazine *Focus*, had reported it. According to the report, the security of U.S. nuclear weapons depots has become lax, purportedly because older soldiers who were more skilled in handling nuclear material are going into retirement.

There are seven sites, with 200-350 nuclear bombs all over Europe. One of them is in Büchel, where the German Army has an Air Force depot. Peace activists are said to be preparing a mass demonstration in Büchel for Aug. 30. Politicians from the Free Democratic Party, Greens, and Left Party have demanded a complete withdrawal of these weapons from European and from German soil.

This kind of development feeds very well into the reported activation in the Czech Republic and Poland against installation of the U.S. missile shield/radar systems. The Czech government could actually fall on this issue (see below). The political parties which are against the U.S. deployment there are the same ones defending the Lisbon Treaty. One of the arguments among leftists in Europe has been, that European defense should supersede American military presence in Europe, and that therefore the Lisbon Treaty is a good thing.

Why is the report being published now? It could serve very well to divert attention from the mobilization against the Lisbon Treaty, creating a potential for violent clashes in Europe, paralyzing governments in the midst of the need to find a real solution for the economic breakdown avalanche.

Czech Opposition Demands Referendum on U.S. Missile Radar

June 20 (EIRNS)—The Czech opposition has gathered over 100,000 signatures in support of a proposal to hold a national referendum on the stationing of a U.S. early-warning radar in the Czech Republic, an opposition spokesperson said yesterday. Spokeswoman Ivona Novomestská also said the opposition is preparing a protest rally in the center of Prague upon U.S. Secretary of State Condoleezza Rice's arrival on July 9-10. Roughly two-thirds of the Czech population are against the radar plans, according to an April opinion poll.

There is also considerable opposition to the deployment plan in the parliament, with the leading opposition force, the Social Democratic Party, demanding a public discussion on the issue.

Soros and the British EU 'Liberal Empire' Project

June 26 (EIRNS)—The European think-tank ECFR (European Council on Foreign Relations) yesterday issued a statement on its website, signed by its founders, including George Soros, which calls for a continuation of the imperial British-led EU-project, despite the setback of the Irish vote against the Lisbon Treaty. The call was also published on the Letters page of the London *Guardian*, *ABC* of Spain, and Serbia's *Dnevnik*, under the title "The EU cannot afford to become a symbol of weakness or decline."

The ECFR, founded in October 2007 by Soros and former German Foreign Minister Joschka Fischer, is a "Who's Who" of the British "liberal" empire ("limp") faction, and its collaborators worldwide, which aims to create a worldwide revival of the British Empire, using the EU as a battering ram, with Soros as the henchman for both U.S. and European operations.

Al Gore's Genocide: EU Ministers Ban Farm Chemicals

June 25 (EIRNS)—On June 23, as 10-20% of U.S. corn and soybean crops had been lost in floods, the European Union agreed on another insane policy run by Anglo-Dutch "free trade" globalizers: Try to ban the use of pesticides in agriculture.

The new EU bill would prohibit the marketing and use of substances, based on the ideological concept of "hazard" instead of "risk." (For example, wine is hazardous if ingested in large quantities, but presents no risk in moderate quantities.) Four countries—Ireland, Hungary, Romania, and Britain—abstained, arguing that such a decision, leading to reduced crop yields in a time of food crisis, is wrong.

The European Crop Protection Association issued a statement blasting the EU decision, calling for an independent impact assessment of the key measures before a final decision is taken. The ECPA said the measures will lead to more expensive food and to an increase of imports.

France Farm Sector Killed the WTO Doha Round

PARIS, June 22 (EIRNS)—A Reuters wire dated June 20 confirmed what two top sources in the French farm sector have told us: French opposition killed the World Trade Organization's Doha Round in order to save the Common Agricultural Policy (CAP). Six weeks ago, when French Agriculture Minister Michel Barnier said that the CAP could serve as a model to achieve food security for Africa and Latin America, the London *Financial Times* told its readers that if the Doha Round failed, the blame should fall on France. Helga Zepp-LaRouche's call for doubling world food production, and the international mobilization for her policy, provided the required extra leverage to get the French to pull their act together.

Synarchist Martino Attacks Tremonti; Defends Speculation

June 24 (EIRNS)—Antonio Martino, the former defense minister in Italy's previous Berlusconi government, partner of Michael Ledeen, and member of the Mont Pelerin Society, attacked Italian Finance Minister Giulio Tremonti's war against commodity speculation, with an article in the daily *Liberio* entitled "Dear Tremonti, I say: long life to speculators." Martino writes that speculation "is not at all negative." "The only way in which you can earn in this world is to buy cheap and sell dear...." Speculators on the future market merely anticipate future prices, forcing us to move early in the search for remedies. "Once again, we are dealing with a socially beneficial activity: speculators, by becoming rich, act in our interest as well."

Martino is the son of Gaetano Martino, a liberal politician who was key in starting the European super-state in 1955. As

Italy's foreign minister, he organized the "Messina Declaration" in 1955: a meeting of six foreign ministers who decided to found a European Community organization based on a "European Common Market free of internal duties," to be reached in stages.

Italian Parliament To Question Kissinger on Moro Death

June 26 (EIRNS)—Just one week after Lyndon LaRouche intervened in Rome on the subject of Henry Kissinger's role in the assassination of Italian statesman Aldo Moro (1978), the Parliament Intelligence Oversight Committee (Copasir) announced that it will question Kissinger personally on the Moro case. Francesco Rutelli, head of the committee, said that Kissinger has accepted a request to speak before the committee, and a hearing will be held on June 30. "We will submit written requests to the former State Secretary and we will see what his answers will be."

According to witnesses, Kissinger had threatened Moro, at a meeting in Washington in 1976, with a "bad end" unless Moro stopped his dialogue with the Italian Communist Party. On March 16, 1978, the day a government based on Moro's policy was to be approved by parliament, Moro was kidnapped by the terrorist Red Brigades. He was killed 55 days later, on May 9.

Italian Opera Commissioned on Gore's 'Inconvenient Truth'

June 25 (EIRNS)—At his May 28 Milan press conference to announce the 2008-09 opera season, La Scala's director Stephane Lissner announced that the world's most famous opera house has commissioned a work based on Al Gore's global warming propaganda movie "An Inconvenient Truth." The work is to be set to music by Italian composer Giorgio Battistelli, reported *Le Monde* on June 3. According to Lissner, former Italian Culture Minister Francesco Rutelli had asked him to reflect on something exceptional for the celebrations of the 150th anniversary of Italian unity.

Even the *Wall Street Journal* couldn't resist headlining its coverage, "The Fat Man Sings."

Russia and the CIS News Digest

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Medvedev Pushes Ruble's Role in Addressing Global Crisis

June 26 (EIRNS)—Russian President Dmitri Medvedev spoke on two occasions yesterday about his intention to push aggressively for introducing the Russian ruble as a regional reserve currency. In his view, such a role for the ruble will help to promote a shift to an international financial system based on multiple reserve currencies, rather than on the U.S. dollar alone.

Medvedev's latest remarks on the international financial situation, and what Russia intends to do about it, came during his

June 25 interview with three Reuters reporters, which was aired on RTR state television. In this interview, Medvedev called the crisis of the dollar a problem not only for the U.S.A., but for countries that use the dollar. He said that other countries should strive to create a multi-currency international financial system, in an attempt to limit the impact on them of the dollar's collapse. Pointing to the circulation in the Arab world and elsewhere of the idea of regional reserve currencies, Medvedev said, "We, too, are thinking about this."

As a regional reserve currency, Medvedev said, the ruble could service deals among countries within a ruble zone, which would use the ruble as a means of payment. Medvedev said that the world financial system and the international food crisis are the two issues he wants to focus on at the July 7-9 Group of Eight summit in Japan. As announced at the St. Petersburg International Economic Forum in early June, Russia is preparing proposals on the international financial system for that occasion. On June 26, the Russian agrarian newspaper *Krestyanskiye vedomosti* reported that Medvedev has indicated his intention to make a major proposal on the world food crisis at that same meeting. He has said that he intends to work for international conventions to ensure a normal food balance on the planet, because the crisis situation in food is something for which the major nations must develop an adequate response.

Also on June 25, Medvedev met with Andrei Kostin, the chairman of VTB (the former Soviet foreign trade bank, Vneshtorgbank). VTB has become an important institution for various initiatives in Russia, including capitalization of the country's Development Bank. As in Kostin's meeting with Prime Minister Putin last month, the topic of his talks with Medvedev was plans to create an international financial center in Moscow. Medvedev expressed enthusiasm for this project, calling it "one of our strategic tasks," and linking it to the objective of making the ruble a regional reserve currency. Kostin suggested that the "financial center" project would require modernization of the legal framework and tax structure. Meanwhile, he reported, VTB has taken the first steps toward creating a ruble zone, by beginning regular banking operations in five Commonwealth of Independent States countries besides Russia, and planning to do so in three more. He said this activity was creating the infrastructure for carrying out ruble-denominated transactions throughout the post-Soviet area.

Citing FDR, Lavrov Promotes U.S.-Russian Relations

June 23 (EIRNS)—Russian Foreign Minister Sergei Lavrov addressed a conference called "A Look into the Future: Russia in the 21st Century," held in Moscow and attended by leading figures from the four great powers whose actions will be decisive for the near future of mankind: the U.S.A., Russia, India, and China. Germany's Deutschebank and the Russian Foreign and Defense Policy Council (SVOP) sponsored the June 20 event. Among those in attendance, according to the online *Yezhednevny zhurnal* of June 23, were Igor Yurgens, head of President Dmitri Medvedev's new think tank, the Institute for Contemporary Development; Strobe Talbott of the Brookings Institution, who was Deputy Secretary of State in President Bill Clinton's administration; and Maj. Gen. Gong Xiangfu from China's International Institute for Strategic Studies (CIISS).

The Russian foreign ministry drew attention to Lavrov's speech, posting the pre-delivery text on its website.

Lavrov talked of the need for a new architecture of international relations, in the political realm as well as the financial system. Twice he invoked U.S. President Franklin Delano Roosevelt as exemplifying the quality of statecraft needed today. Lavrov urged his audience to remember then-President Vladimir Putin's February 2007 speech to the Munich Security Conference, which also began with a citation of Roosevelt—FDR's warnings about world war (see "Putin Delivers Reality Shock at Munich Conference," *EIR*, Feb. 23, 2007). "It is evident," Lavrov said, "that without clarifying for ourselves the 'big questions' of international development, and arriving at a common understanding of them within the international community, it will not be possible to solve any particular problems in world politics."

Lavrov strongly rejected notions that the phase of history after the Cold War, which some call "post-American," should be

"a 'world after the U.S.A.'" Still less should it be "without the U.S.A.," he said. People talk in terms of a multipolar world, but Lavrov cited former State Department official Richard Haass, now head of the Council on Foreign Relations (CFR), who said the world now has no poles at all. He agreed with Haass, that "to ensure the manageability of world developments in these new circumstances, will require some kind of nucleus of leading nations."

"A new international architecture is taking shape," Lavrov said, "both political, and financial and economic, and it corresponds to the world's new realities." Among those realities, he added, is Russia's return to world politics. That is based not only on its energy wealth, but also "grain, and our leadership in nuclear energy and space exploration, as well as our potential in the area of land, air, and sea transport, and the role of the ruble as one of the world's most reliable currencies."

Citing the failure of neo-liberal economic models, Lavrov said that a different type of initiative is needed. He described what impulse Russia would welcome, and would want Europeans to look for, from the United States: "What comes to mind is F.D. Roosevelt's New Deal...." Lavrov went on to talk about the importance of Russia-American relations, and their influence upon Europe, as he called for "equality within the triangle of Russia, the EU, and the U.S.A."

The historical episodes that demonstrate the need for such an approach, he said, include not only FDR's New Deal, and the subsequent anti-Hitler coalition, but also the actions of President John F. Kennedy. "Kennedy made a bold attempt to escape from the logic of a militarization of foreign policy thinking, the danger of which his predecessor had warned about"—meaning President Dwight Eisenhower's famous speech on the "military-industrial complex." Which way the U.S. foreign policy pendulum swings today, said Lavrov, "will determine what kind of America the world has to deal with."

Lavrov repeated Medvedev's call for an all-European summit in the near future, to "formulate the positive agenda that is currently lacking." Russia advocates a "pause" in international relations, to regroup and reconsider, but Lavrov cautioned that that doesn't mean that all projects should just drift again—especially citing Kosovo's independence, the emplacement of anti-missile defenses in eastern Europe, and the expansion of NATO to the East. He called for an end to "spheres of influence" thinking and to attempts to arrogate political "veto rights" to institutions other than the United Nations.

"The time has come to address the global problems which we didn't take up during the Cold War," concluded Lavrov. "Back then, there were ideological priorities. If not now, then when are we going to take up the fight against poverty, hunger, and disease? A breakthrough into a common future requires new, innovative approaches."

Gazprom Looks to Asia

June 26 (EIRNS)—On June 24, in advance of its upcoming Annual General Meeting, the Russian natural gas monopoly Gazprom presented its perspective for the coming business year. The briefing was dedicated to Gazprom's accelerated entry into Asian markets, according to a Rosbalt news agency report. Rosbalt cited Moscow oil and gas market experts on the remarkable intensification of Gazprom's business with Asia. In the past month, Gazprom has finalized deals for new projects in Vietnam, arranged joint projects with the South Korean company Kogaz for the sale of Russian natural gas to that country, and received a large Japanese bank investment for the development of the Sakhalin 2 project on the Pacific shelf. "This indicates that Japan will be counting on Russian gas in the years ahead," the report said.

Gordeyev and Primakov Meet on Food-Production Initiatives

June 26 (EIRNS)—Russian Agriculture Minister Alexei Gordeyev this week attended a joint conference with the Russian Chamber of Commerce and Industry, held in the southern agricultural region of Krasnodar. Its topic was cooperation between the Ministry of Agriculture and the businesses represented in the Chamber, on achieving the much needed increase of Russian agricultural output. In his speech to the meeting, Chamber of Commerce and Industry head, former Prime Minister Yevgeni Primakov, expressed grave concern over the food security of Russia. He noted that food imports are

growing ten times faster than Russia's own agricultural production.

Primakov said he considered it urgent to adopt a Federal law on agricultural land maintenance, because of the huge amount of arable land that has gone out of cultivation in Russia. Primakov went so far as to say that if the proper laws were passed to provide appropriate guarantees of responsible management of agricultural land, Russia could invite foreign entities to take out long-term leases to work land that is not currently being cultivated. Russia does not have enough people and companies that are capable of starting to farm at this point; hence Primakov's radical proposal.

Southwest Asia News Digest

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Iran Military Chief Threatens To Use 'Oil Weapon' If Attacked

Moscow Middle East Peace Conference Will Be Held

June 27 (EIRNS)—The Quartet of Middle East mediators has agreed to hold a Middle East peace conference in Moscow in November, on the level of foreign ministers. It will include not only the Palestinians and Israel, but other countries, including Syria. The Quartet, which includes the U.S. Russia, the UN, and EU, made the decision at a Palestinian donors conference in Berlin this week. The conference is a Russian initiative, first voiced last November at the Annapolis Peace Conference, and was to deal with the Syrian-Israel track.

Meanwhile, commenting on Syrian-Israeli talks, Syrian Vice President Farouk al-Sharaa told al-Jazeera news agency, "The negotiations currently taking place between Syria and Israel are exploratory negotiations, meant to prepare the sides for the possibility of moving on to direct talks."

Yossi Beilin Calls for Quick Action on Mideast Peace

June 23 (EIRNS)—Israeli peace activist and former Israeli justice minister Yossi Beilin told an audience in Washington on June 23, that the time is short for reaching a peace agreement between Israel and Palestine. "All the elements are on the table," Beilin said; "it just requires the political will to bring it about. The gaps between the parties are very small." And although all the main players are weak now, including lame duck President Bush, who would have a role to play here, this could be an advantage, since none of them have anything to lose in crafting a deal, but everything to gain.

"We are now somewhere between Camp David and Taba," Beilin said, referring to the peace signed between Israel and Egypt in 1978, in which the Palestinian issue was somewhat placed on ice, and the extensive Taba agreement that was negotiated in 2000, but which had no force of law because of the change of regime in Israel. Beilin also mentioned that Bush had told one of the Arab leaders that he was prepared to get engaged at the end of the year, if a deal seemed to be at hand. Beilin urged him to do so. The deal would be worked out between the parties, and all that Bush would have to do would be to give it his blessing. Beilin also indicated that an agreement could also be worked out with Syria, in spite of U.S. opposition, although he claimed that for Israel to give up the Golan Heights would create more domestic resistance than dividing Jerusalem!

He warned, however, that if something is not worked out by the end of the year, the situation will become more explosive. The truce with Hamas will run out; Israeli Prime Minister Ehud Olmert will, with luck, make it to November; Palestinian President Mahmoud Abbas has limited his term himself, and will probably be out by next year. Frustration on the streets will create an explosion, he warned, and there will be no more partners to make peace. He also expressed his fear that a new U.S. President will be told advised not to put the Middle East high on the agenda at the beginning. That would be a mistake, Beilin said. He pointed to the idiotic advice that Barack Obama had received, to make his inflammatory statement on Jerusalem as the Israeli capital, as an example of the advice that a new President will be given.

Olmert: The Likud Doesn't Want Peace

June 25 (EIRNS)—The attempt by opposition figure Benjamin Netanyahu's Likud Party to overturn the government of Israeli Prime Minister Ehud Olmert has been stopped, following an agreement reached between Olmert and Labor Party leader Ehud Barak. The latter agreed not to support a bill to dissolve the Knesset submitted by the Likud, without which the bill could never pass. Barak has been calling for Olmert to resign because he is under criminal investigation, and has also been threatening to withdraw from the government coalition. In order to appease Barak, Olmert agreed that a leadership primary will be held by Olmert's Kadima Party by Sept. 25.

Speaking in the Knesset today, Olmert attacked the Likud Party for trying to bring down his government "because they do not want peace." He defended his peace talks with the Palestinians and Syria, and said, "For eight or nine years there were no negotiations with them," adding sarcastically, "Of course, we can drag it out for another ten years." He accused the opposition of not presenting a positive alternative. Referring to the fact that the Likud only has 12 seats in the Knesset, he said, "The government of Israel is far from done with the issues facing it, and a little party of 12 Knesset members will not dictate the national agenda."

Netanyahu, who is Dick Cheney's top ally in Israel, had hoped to profit from early elections, because the polls show that Likud could make big gains.

Arab League Head Calls for End to Boycott of Hamas

June 24 (EIRNS)—At an international donors conference for the Palestinians, Arab League Secretary-General Amr Moussa called for an end to the international siege against Hamas, now that a truce with Israel is in effect. He said that reconciliation between the Hamas-run Gaza Strip and the government of Palestinian President Mahmoud Abbas on the West Bank is critical for peace, and therefore the international "veto" on contacts with Hamas must be lifted. "This is a responsibility of all of us," he said. "...The Palestinians have to have one front."

U.S. Secretary of State Condoleezza Rice denounced the proposal, saying, "You cannot have peace if there is not a partner who respects the right of the other partner to exist."

Moussa's proposal would further efforts by Abbas to negotiate a reconciliation between the two Palestinian factions. Abbas

has been on tour of Arab countries in this effort, and talks are under way for a meeting between Abbas and Hamas leader Khaled Mashaal, most likely in Damascus. These efforts would be more successful if Western countries were involved as mediators, but the European Union and the United States refuse, demanding that Hamas explicitly recognize the right of Israel to exist. Hamas has done so implicitly.

The Berlin conference is aimed at raising money for the Palestinian police forces.

Former Mossad Chief: Attack Iran Within a Year

June 29 (EIRNS)—In an interview with Britain's *Sunday Telegraph*, former Israeli Mossad chief Shabtai Shavit argued that Israel must be prepared to attack Iran within the next 12 months, or Israel itself could be the target of an Iranian nuclear attack.

Adding to the drumbeat for a Western attack on Iran, Shavit, who serves as an advisor to the Knesset's Defense and Foreign Affairs Committee, said he was certain that Iran would use nuclear weapons against Israel as soon as it had attained that capability.

Time is running out, he said. "We should be prepared. We should do whatever necessary on the defensive side, on the offensive side, on the public opinion side for the West, in case sanctions don't work. What's left is a military action."

Shavit indicated that were Barack Obama elected President in the United States, Israel would probably have to move up its timetable for striking Iran. John McCain could be counted on to more readily attack Iran, but American agreement is not a precondition for Israel to launch an attack, he underscored.

The June 28 arrival in Israel of Adm. Michael Mullen, Chairman of the U.S. Joint Chiefs of Staff, to meet with his Israeli counterpart, provoked considerable speculation that Israel might be seeking U.S. approval for such an attack, or that the two nations were jointly planning to strike Iran.

Mubarak: Striking Iran Would Be a Mistake

June 25 (EIRNS)—Egyptian President Hosni Mubarak told Israeli television that "use of force against Iran would be a mistake. Whether this force is used by the U.S. or Israel, it will lead to tragedy." He also said that Egypt was opposed to the existence of any nuclear-armed power in the region, "whether it is Iran or Israel." He said that Egypt "strongly backed" the "preparation talks" between Israel and Syria, and advised both Hamas and Israel to adhere to the cease-fire that went into effect last week.

Iran Military Chief Threatens To Use 'Oil Weapon' If Attacked

June 28 (EIRNS)—Mohammad Ali Jafari, the commander-in-chief of Iran's Revolutionary Guards, said Iran would "impose control" on shipping along the Persian Gulf oil transit route if Iran came under attack, an Iranian newspaper reported today.

"Naturally every country under attack by an enemy uses all its capacity and opportunities to confront the enemy. Regarding the main route for exiting energy, Iran will definitely act to impose control on the Persian Gulf and Strait of Hormuz," he told *Jam-e Jam* newspaper. "If there is a confrontation between us and the enemy from outside the region, definitely the scope [of the confrontation] will reach the oil issue. After this action [of Iran imposing controls on the Gulf], the oil price will rise very considerably and this is among the factors deterring the enemies," he said. "If enemies from outside the region

use the soil of regional countries against the Islamic Republic of Iran ... the governments of those countries will be responsible and it is our obvious right to act in the same way against their military capabilities and abilities of enemies anywhere," Jafari said.

Asia News Digest

Delhi Foresees Collective Security System for Mideast

India and Myanmar To Sign Investment Agreement

Indian Minister Asks OPEC To Curb Oil Speculators

Vietnam Crisis: Failure To Sell Bonds

Delhi Foresees Collective Security System for Mideast

June 23 (EIRNS)—India's decision to invite Syria's President Bashar al-Assad on a June 17-21 trip to India is part of a new-think in New Delhi, that foresees the necessity of a collective security system for the Middle East, wrote a former Indian ambassador to Turkey in the *Asia Times* online daily.

India came to realize that the U.S. policy of isolating Syria has not only failed, but with Iraq lying in shambles, Syria's weight in the Arab world is rising. At the same time, New Delhi was looking for a way to get its Middle East policy on an even keel, having loosened its relations with the regional Islamic nations in order to build up security cooperation with Israel in recent years.

This came about following a reevaluation of India's bilateral relations with Iran, prompted by the Indian External Affairs Ministry under the leadership of Minister Pranab Mukherjee. Mukherjee made a major foreign policy speech at the Emirates Center for Strategic Studies and Research in Abu Dhabi in May, in which he described Iran as a "significant role-player in regional and world affairs." Mukherjee explained, "I believe that engagement with Iran is important. Such engagement can play an effective role in promoting peace and stability in West Asia, particularly in Iraq and Palestine as also in Syria and Lebanon, while supporting the regional and global effort in combating extremism and terrorism. In this regard, I must mention that Iran plays an important role in Afghanistan. The international effort under way there would also benefit from greater engagement with Iran."

He pointed out that Delhi needs to position itself as a player in West Asia, which it regards as a "part of India's extended neighborhood," and where "we need to look collectively at the common regional challenges we face—political, economic, and social—and discuss these issues and find solutions together."

The speech followed Iranian President Mahmoud Ahmadinejad's brief stopover in Delhi in April. Mukherjee is scheduled to visit Iran for the second time in six months, in July.

India and Myanmar To Sign Investment Agreement

June 23 (EIRNS)—New Delhi has sent its junior Minister of Commerce Jairam Ramesh on a June 22-25 visit to Myanmar, to sign an investment protection agreement and decide on converting border commerce into normal trade. Ramesh will

offer credit totaling \$84 million to Myanmar. "He will also offer \$2 million for 16 power transformers that were damaged in the cyclone, as well as \$200,000 for the repairs of the Buddhist monastery Shwedagon Pagoda, also hit by the storm last month," a ministry official said. India was one of the first countries to rush aid to Myanmar after Cyclone Nargis hit on May 2-3, leaving 134,000 people dead or missing by latest count.

One of the agreements would be for a \$20 million credit line for an aluminum conductor steel-reinforced wire-manufacturing facility. The United Bank of India and the Myanmar Economic Bank would agree to an arrangement to implement the border trade agreement at Moreh in Manipur.

But the crux of discussions during Ramesh's trip will center around accelerating the path-breaking Kaladan multi-modal transit project that will provide a shorter route to India's northeastern states, and later to Southeast Asian countries, through Myanmar. India will seek to ensure that the project is completed by May 2012, a year ahead of schedule. At present, all traffic is routed through the narrow and congested "chicken neck" corridor via the Indian states of Assam and West Bengal.

Ramesh is expected to visit the Sittwe port on the Bay of Bengal. The facilities at the port will be expanded to accommodate goods traffic, under an agreement signed by the two governments in April this year. From Sittwe, the Kaladan River will be made navigable for 225 km, up to Kaletwa. From there, a 62-km highway will take the traffic to the India-Myanmar border in the Indian state of Mizoram. A road from the border will link the project to India's National Highway 54. The sea distance between Kolkata and Sittwe is about 540 km. India is financing the entire project.

Indian Minister Asks OPEC To Curb Oil Speculators

June 27 (EIRNS)—Addressing energy ministers of the OPEC countries in Jeddah, Saudi Arabia on June 23, Indian Finance Minister P. Chidambaram blamed financial speculators for driving up the price of oil, causing misery to billions, and urged the OPEC countries to move against them.

"Questions have been raised about the fundamentals of the oil industry," Chidambaram said, "and there is need for the oil industry to reassert its leadership in price formation and not remain a passive spectator of speculation and paper trading in oil." On the doubling of international oil prices in the last ten months, from \$70 a barrel in August 2007 to over \$140 today, Chidambaram said, "There is ample evidence that large financial institutions, pension funds, hedge funds, etc., have channelized billions of dollars, nay, trillion of dollars, into commodity investments and commodity derivatives." He claimed these financial transactions were unregulated and highly opaque and the demand for oil generated by these funds was, therefore, purely speculative.

Chidambaram offered OPEC a price band mechanism, which, he thinks, would cool prices in the global market. Under the mechanism, consuming countries would guarantee that oil prices will not fall below an agreed level, while producing countries would ensure that oil prices do not rise above a guaranteed level. According to the finance minister, this was the only way to shelter the world from volatility and unpredictability in oil prices. Cautioning the oil producers that they would also suffer if the global economy slowed or slipped into recession due to high oil prices, he said the current level of prices was in the interest of neither the producers nor the consuming countries.

Vietnam Crisis: Failure To Sell Bonds

June 25 (EIRNS)—Vietnam, faced with British-orchestrated capital flight, the threat of a full-scale collapse of its currency, and runaway inflation, plans to try selling about \$18 million in local currency (dong) bonds on June 27, but is facing another failure. The government failed last week, for the seventh time in a row, to raise funds on the bond market, with no buyers for its offers of two- and three-year bonds, and demands for 14% interest rates on 15-year bonds. The last successful sale was Feb. 28, selling two-year bonds for 7.68%.

The bonds are intended to fund infrastructure projects, including roads, bridges, and ports.

Although Vietnam was not involved in the 1990s hot-money bubble in Asia, which exploded when George Soros and his hedge fund cohorts pulled the plug in 1997, the country subsequently joined the World Trade Organization and opened up to the speculators, becoming the "hottest" growth spot in Asia. Now, it faces the consequences.

Prime Minister Nguyen Tan Dung is in Washington, meeting with President Bush and cabinet members. Several U.S. firms signed deals for investments in Vietnam, including Alcoa, which will cooperate with a state firm to develop the nation's aluminum industry; and Motorola, which signed a telecom deal.

Africa News Digest

African Union Summit To Discuss Post-Election Zimbabwe

British Assassination Threat Against Mugabe

Indian Opposition to Britain's Destabilization of Zimbabwe

African Union Summit To Discuss Post-Election Zimbabwe

June 30 (EIRNS)—Robert Mugabe was the victor in the June 27 elections; his opponent, Morgan Tsvangirai, the candidate of the largest faction of the opposition Movement for Democratic Change (MDC), withdrew from the Presidential run-off in the week preceding the election, but his name was still on the ballot. Many in the MDC were opposed to his withdrawal, which is widely seen as a move to create a bleak picture of Zimbabwe, and lend credence to the British-led press campaign against Mugabe. British efforts, based on claims that the election was not legitimate, as a way of putting pressure on African countries to remove Mugabe. Today, at the summit of the African Union, in Sharm el-Sheikh, Egypt, heads of state of member nations will be taking up the London-centered case against Zimbabwe. African Union (AU) chairperson Jean Ping has firmly requested: "Please give us time to solve it [the Zimbabwe issue] with our heads of state." Mugabe will be present at that summit.

The British and their African lackeys certainly have no intention of letting the Zimbabwe case be settled peacefully. Britain's Africa Minister Mark Malloch Brown told Reuters, "I hope the African neighbors will do whatever it takes to secure [Mugabe's] departure, and a democratic government." Conditions exist to enact "global measures" against Mugabe, he said. Kenyan Prime Minister Raila Odinga is calling on the AU to deploy troops to Zimbabwe to seize control of the government.

There is clearly no agreement within the AU, and several other heads of state and government officials warn that imposing sanctions on Zimbabwe, as German Chancellor Angela Merkel and U.S. President George Bush demand, will simply not work. "I think we need to engage Zimbabwe. The route of sanctions may not be helpful," Kenya's foreign minister said.

In an interview published in the June 29 *Financial Times*, Tsvangirai said he is proposing that the African Union and the Southern Africa Development Community (SADC) act as brokers, to lead negotiations with Mugabe and Zanu-PF party "toward a transitional" period.

British Assassination Threat Against Mugabe

June 26 (EIRNS)—Zimbabwe's President Robert Mugabe is being stripped of his honorary British knighthood, according to the BBC yesterday. He is the first foreigner to be stripped of the award since Romanian leader Nicolae Ceausescu in 1989, the news agency reported, adding ominously that in the case of Ceausescu this happened "the day before his execution."

EIR has received two reports of assassination plans against Mugabe, so the BBC report should not be dismissed as harmless British musings about what they would like to see happen to Mugabe, in retaliation for his refusal to give in the globalization and free trade schemes of the Anglo-Dutch financial cartel. Before the British-led eight-year economic warfare against the country, Zimbabwe had the second-strongest economy in southern Africa, after South Africa.

Zimbabwe sources report that there is still serious discussion of a unity government after the election.

The media has made much of Tsvangirai having allegedly sought refuge in the Dutch Embassy. However, he has been seen leaving the embassy for activities elsewhere. This has led observers inside and outside Zimbabwe to suspect that he is using the secure communications system of the embassy to communicate with those who are directing his activities.

Indian Opposition to Britain's Destabilization of Zimbabwe

June 26 (EIRNS)—Indian Ambassador to Zimbabwe Venkatesan Vashok's interview with *The Herald*, the government-run news daily in Harare, on June 24, indicates that the British are running into significant international opposition to their plan for chaos and genocide in Zimbabwe, and across Africa.

Ambassador Vashok said: "India has been supportive of Zimbabwe economically and has helped in the refurbishment of the country's railway network after Independence, as well as building a cotton ginnery and assisting in the energy sector, among other areas. Trade relations between India and Zimbabwe remain cordial, with a government-to-government joint trade commission in place."

Urging Zimbabwe to have closer economic relations with India, Vashok said: "India was also keen to increase trade and investment in Zimbabwe. Indian companies, which are globally present, will also come to Zimbabwe. We already have a few investments by Indian firms...."

On June 25, Swaminathan S. Anklesaria Aiyar, the consulting editor of *The Economic Times*, India's largest financial daily, and brother of India's junior cabinet minister, Mani Shankar Aiyer, wrote that President Robert Mugabe's ineptness has caused hyperinflation and economic disaster. "Yet history is full of economic disasters, and these have never sparked international action to oust the rulers."

Aiyar continued: "The white bias is well understood in Africa—and Asia—and explains why other African rulers have been slow to join Western condemnation of him [Mugabe]. Some have finally condemned him now, but none of them wants military action to topple Mugabe. They know that in the long list of bloodthirsty African dictators, Mugabe does not rank very high. Unlike others, Mugabe has in the past held some perfectly fair elections. Even this time, despite using deplorably violent tactics, he actually allowed himself to be beaten in the first round, something no autocrat in Central Asia or the Middle East would have permitted."

Aiyar added, "There is much to be said for the Westphalian principle of not interfering with the internal affairs of countries, no matter how odious their rulers or practices may be."

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