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**Return to the 14th Century:**  
**Rohatyn, Bloomberg Peddle 'Post-Nation-State' World**  
**by Jeffrey Steinberg**

In *A Distant Mirror: The Calamitous 14th Century* (1978), historian Barbara Tuchman catalogued the horrors that destroyed all of Europe, with the bankruptcy collapse of the Lombard banking system, the outbreak of the Hundred Years' War, and the arrival of the "Black Plague." Within a few generations, half of the population of Europe was obliterated, and it took almost a century for Europe to recover.... Yet, today, such leading figures as Synarchist banker Felix Rohatyn, George Shultz, and New York City's billionaire Mayor Michael Bloomberg, London's favorite son candidate to be installed as President of the United States in January 2009, are all working overtime—on behalf of a London that is today's "new Venice"—to return Europe and the Americas to the 14th-Century nightmare, where nation-states no longer exist, and where warring city-states dominate a greatly depopulated world, all in hock to private financier cartels....

**In-Depth articles from EIR, Vol. 35, No. 9**

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## Feature

**Return to the 14th Century:**  
**Rohatyn, Bloomberg Peddle 'Post-Nation-State' World**

The leading figures who are working overtime to install London's favorite son, New York City's billionaire Mayor Michael Bloomberg, as President of the United States in January 2009, are determined to return Europe and the Americas to the 14th-Century nightmare that they call a 'post-Westphalian' order, where nation-states no longer exist, and where warring city-states dominate a greatly depopulated world, all in hock to private financier cartels.

**Demand a Referendum on the Lisbon Treaty!**  
**Abolishing Democracy by Stealth: Constitution for Feudalism in Europe**

**Helga Zepp-LaRouche** shows that the Lisbon Treaty's deliberately impenetrable text is intended to conceal the fact that this treaty portends a fundamental revision of Germany's constitutional system: If enacted, only the Council of the European Union can decide on changes in law on virtually all matters; national parliaments will have no say.

**Italy's Amato Wants Return to Middle Ages**

**Fascist in an Armani Suit:**

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# Economics

## **Fascism and the Project For a World Company**

The process by which the carcass of the now dead fraud-based financial system decomposes is far less important than the fight over what type of system will replace it. While the financiers seek to have the taxpayers bail them out, the replacement for the defunct system that is being put forward by Bloomberg's backers is a form of Mussolini-style corporatism.

## **The Aesthetical Education of America**

Organizing the population to support the an FDR-style solution to the crisis, faces the challenge of a population whose culture has been degraded since FDR's death. In response, the LaRouche Youth Movement 'basement' team has completed an 80-minute documentary video, entitled 'Firewall: In Defense of the NationState.'

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## **Pakistan's Elections:**

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President Musharraf was weakened by the elections, because he stuck Pakistan's neck out on behalf of the foreign occupying troops in Afghanistan. It is unlikely that the new power centers in Pakistan, believe that they will have to make a similar commitment to the U.S. and NATO presence there.

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## **Arnie Demands Budget Blood:**

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California Gov. Arnold Schwarzenegger, a favorite of fascist Pinochet promoter George Shultz, has signed the first of many budget cuts, that are

part of a budget-cutting plan he is pursuing, under a declared state of fiscal emergency, that amount to cuts to kill.

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# Science & Technology

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## **Bloomberg Threatens 1000s of New York City Foreclosures**

Feb. 20 (EIRNS)—New York City Mayor Michael Bloomberg, in a model of his push for corporatist fascism in the U.S., is planning to allow a private company to foreclose on thousands of New York City residential properties that have unpaid water bills. The result would be evictions of many thousands of residents.

The city is preparing to sell liens against almost 15,000 multi-family buildings, to a subsidiary of the investment bank and securities and derivatives trader Bear Stearns, according to the *New York Sun*. The Bear Stearns subsidiary Xspand will grab for itself \$0.12-0.25 of each dollar it collects for the city.

Bloomberg had already threatened to shut off water to 8,120 single-family homes if they failed to pay their overdue bills by Feb. 21, the *Daily News* reported Feb. 20.

"Everybody should pay," Bloomberg insisted. "You pay. I pay. They should pay. There's no reason why you and I should subsidize somebody else, and the city will take any appropriate steps to collect the money owed."

Last month, Bloomberg signed a law authorizing the first-ever sales of water liens against owners of multiple dwellings, after the city council insisted that single-family homes and seniors be protected from foreclosures.

### **Credit-Default Swaps Market Set To Blow**

Feb. 17 (EIRNS)—A nervous *New York Times* today featured a page-one article on the likelihood that the unregulated credit-default swaps market may be the next to blow out. This speculation-rich market, with contracts valued at close to \$50 trillion, is ten times larger than the face value of corporate bonds underlying it—approximately \$5.7 trillion.

The rapid growth of swaps, with virtually no regulation, has created such chaos, that should there be any major economic upheaval—the *Times* dares only call this a possible "hiccup in this market"—it could set off a "chain reaction of losses at financial institutions" which would further destabilize credit markets.

The *Times* worries whether this market will be able to withstand a big jump in corporate defaults, noting that American International Group (AIG) got into trouble recently because it had "incorrectly" valued some of these instruments, and ended up losing \$3.6 billion after some of them declined in value. Commercial banks are also heavily involved, with JPMorgan Chase being the biggest player with \$7.8 trillion, followed by Citibank and Bank of America. The market is rife with speculators, particularly hedge funds.

### **Auction-Rate Securities Hit 'Loan Shark' Levels**

Feb. 19 (EIRNS)—Interest rates have reached "loan shark" levels in the \$330 billion market for auction-rate securities, another reflection of the collapse of the global financial system. Auction-rate securities are long-term bonds designed with interest rates that reset at auctions every 7, 28, or 35 days—a method that in the past provided lower interest rates than could be obtained through fixed-rate loans—but the collapse of the global securitization scheme means that such methods no longer work. In recent days, there have not been enough bidders to buy these bonds as they reset, causing sharp spikes in the interest rates the issuers must pay. Previously, big banks such as Citigroup and Goldman Sachs would step in and buy the bonds at the periodic auctions they oversee, but they have ceased to do so, as they are too busy trying to save themselves to support the auction-rate market.

The University of Pittsburgh Medical Center, as an example, saw the rate it was paying on one of its bond issues jump from 3.5% to 17%, and is now paying an extra \$500,000 a week in interest on its bond portfolio. UPMC Treasurer Tal Heppenstall told Bloomberg news service that his institution would try to buy back \$430 million of its bonds to cut its losses. "It's outrageous. We're AA-rated credit. We don't need to get financing from loan sharks," he said.

With bond auctions failing and interest rates soaring, municipal bond issuers are in a mad rush to convert their auction-rate bonds to other forms of bonds, which will undoubtedly raise their borrowing costs, if they can find takers.

### **Home-Building Permits Tumble to 16-Year Low**

Feb. 20 (EIRNS)—Housing starts overall rose 0.8% from December to January; yet single-family housing starts fell by 5.2%, the Commerce Department reported. Building permits slid 3.0% to an adjusted annual rate of 1.08 million, the lowest level since November 1991.

## Now Corporate Debt Is Hitting the Fan

Feb. 21 (EIRNS)—The *Wall Street Journal* reported today, that, with banks pulling back on lending because of the credit crunch, the noose is tightening around some companies no longer able to get easy access to credit. This is driving some of those companies into bankruptcy: Yesterday there were filings by Sharper Image (upscale and techie home furnishings) and Lillian Vernon Corp. (mail-order knickknacks). Some companies already under bankruptcy protection, including Delphi Corp. (auto parts) and Solutia Corp. (chemicals) have been unable to emerge from bankruptcy for lack of new funding arrangements.

According to the *Journal*, the total value of corporate-bond defaults in the first 50 days of 2008 is already approaching the total for all of 2007.

These problems in corporate debt, supplementing those with asset-backed securities and other exotic practices, feed back into the credit crunch: banks are writing down values of corporate loans on their books. UBS AG and Credit Suisse Group, for example, announced last week a total \$400 million decline on their leveraged loans.

## 'Carbon' Legislation Stops Power Plant Construction

Feb. 23 (EIRNS)—Kansas electric utility Sunflower Electric Power, with the help of the coal giant Peabody Energy and others, has been fighting to keep two coal power plant projects from being deep-sixed by the Climate Change agenda hanging over the U.S. economy, even before new regulations have been mandated. The projects face fierce opposition by environmentalists, the banks, and Democratic Gov. Kathleen Sebelius.

Even though the state desperately needs new power, a certain paralysis has set in, because of the expectation that in the near future, carbon taxes or carbon cap and trade will be legislated, leading to high penalties for the high carbon dioxide emissions of coal-fired plants. The governor wants the plants to include carbon-capture—a technology a decade from implementation—and many banks are already adding in a premium to finance such plants, anticipating new greenhouse gas rules in the near future. According to the Feb. 23 *Washington Post*, Citigroup, JPMorgan Chase, and Morgan Stanley are already factoring in carbon costs, claiming: "Due to evolving climate policy, investing in CO<sub>2</sub>-emitting fossil fuel generation entails uncertain financial, regulatory and environmental risks."

In the absence of coal or nuclear in its future, Kansas is facing a scenario not unlike that of South Africa, where demand is beginning to outstrip supplies, leading to belt-tightening, higher prices, and loss of industry. Like South Africa, Kansas hopes that energy efficiency mandates and quick-fix natural gas plants will fill the vacuum left by incompetent energy policies driven by Gorey global warming hysteria.

## Global Economic News

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- [Northern Rock Bank Nationalized](#)

- [Regional Maglev Train Line for Seoul Proposed](#)
- [India Announces It Will Build Thorium Reactors](#)
- [France's Rocard: Financial Crisis Will Be 'Deep and Long'](#)

## **Nuclear Issue Pushed to the Forefront in Chile**

Feb. 18 (EIRNS)—Facing a dire energy crisis, the Chilean government is going to have to look seriously at the nuclear energy option, according to Public Works Minister Sergio Bitar. "I don't see how we can escape considering nuclear energy," Bitar told Chile's *Diario Financiero*, Feb. 15.

Prior to taking office following a cabinet shakeup last November, Bitar had frequently spoken out in favor of nuclear energy. But now the situation is critical.

Much of the country is in a drought, with 50 municipalities in central Chile having been declared in an "agricultural emergency." Low rainfall, due to the La Niña phenomenon—which has left the country's major hydroelectric plants with a 40% water deficit, and forced the large Nehuenco hydroelectric plant to be taken out of operation until mid-2008—has exacerbated the situation. In addition, reduced natural gas shipments from Argentina have forced electricity generators to use diesel oil, causing a 50% increase in utility bills over the last year.

While the government has taken several steps to reduce energy consumption, the expectation is that it will be forced to announce some form of rationing, possibly by March. The memory of the severe rationing in 1998-99 is still fresh in people's minds, and with municipal elections coming up this year, and general elections the following year, the Bachelet government doesn't relish this option.

## **Northern Rock Bank Nationalized**

Feb. 18 (EIRNS)—The British government has nationalized Northern Rock bank, which was hit last year with huge losses on mortgage-related securities, and suffered runs by depositors. The move, which occurred Feb. 17, was announced by Chancellor of the Exchequer Alistair Darling, and represents the first British bank nationalization since the 1970s. The bank has over £100 billion (nearly \$200 billion) in questionable assets, including undisclosed billions in worthless subprime mortgage securities. Over the past six months, the Bank of England has extended £25 billion in emergency loans to the bank.

Northern Rock, which was Britain's fifth-largest mortgage bank, ran into trouble last August, as depositors withdrew at least £20 billion of its £24 billion of deposits, according to some reports. Now that the bank is nationalized, the government is responsible for all of its liabilities, costs which could increase the government's budget deficit from the current £44 billion to as much as £144 billion.

The bank, which once had a market value of more than £5 billion, had seen its stock plunge to the point that it had a value of just £380 million as of its closing on Feb. 15, and its shareholders—including a large contingent of hedge funds—will take a bath.

## **Regional Maglev Train Line for Seoul Proposed**

Feb. 18 (EIRNS)—A magnetic levitation train line linking a futuristic international business district in downtown Seoul with a new urban development project in the city's outskirts has been proposed, according to *Asia Pulse* on Feb. 17. Samsung Corp., the head of the consortium that is moving to rebuild part of Seoul's Yongsan district by injecting 28 trillion won (\$29.6 billion) into the area, said the proposal has been submitted to the Seoul Metropolitan government for approval. Samsung said that building the maglev trains could greatly ease traffic congestion in Seoul and open new horizons for urban transportation.

Under the plan, the maglev track will be laid from the Songpa district in the city's southeast, where a large residential area is being developed, to the Gangnam district and then Yongsan, just north of the Han River. Samsung said construction on the rail line could begin in 2010, for completion in 2013. The cost is estimated at 840 billion won, with a Samsung consortium funding 60% of the expense. The remainder, the company said, could be paid by Seoul and the central government.

In addition, Gyeonggi Province, South Korea, has begun feasibility studies on building a mammoth undersea tunnel connecting South Korea to China, a province official was quoted as saying by *Yonhap* News Agency. This would be a 375-km tunnel connecting a new port city being built near Seoul with the Shandong Peninsula in China.

### **India Announces It Will Build Thorium Reactors**

Feb. 18 (EIRNS)—India's Atomic Energy Commission Chairman Anil Kakodkar, while inaugurating a training program on Energy Security and Development today, announced that "the Advance Heavy Water (AHWR) design is complete." Pre-licensing has been done. "Now, they are working on details in terms of foundations and other things." He said the construction of these 300-MW thorium-fueled reactors would start by the end of this year, or early next year.

Lyndon LaRouche has long advocated India's development of thorium-fueled nuclear reactors as a top priority.

Power potential from thorium reactors is very large, and the availability of Accelerator Driven System (ADS) can enable early accommodation of thorium in a large scale, said Kakodkar. "There is a need to sustain the tempo of domestic research and development without any external safeguard hindrance."

Interestingly, Chinese Vice Premier Zeng Peiyan, while meeting contractors today for the start of construction on the Ningdo nuclear power station, said that endeavors should be exerted to strengthen the absorption of imported nuclear power technologies and achieve independent design, manufacturing, and operating of pressurized water reactors. Unlike India, which has little uranium, but much thorium, and uses heavy water reactors, China uses pressurized water reactors that use 5% enriched uranium.

### **France's Rocard: Financial Crisis Will Be 'Deep and Long'**

Feb. 19 (EIRNS)—The global financial system is infected with toxic paper, the banks have stopped lending to each other, and this will lead us into a new depression, former French Prime Minister Michel Rocard writes in a syndicated article to be published this month in newspapers throughout the world.

The financial crisis will be "deep and long," Rocard forecasts.

The huge volume of overvalued liquidity is not explained just by recent monetary creation, but resulted from the pressure by shareholders to channel capital away from wages and productive investment into the financial sphere, he argues. This went together with a rising immorality of the system.

This is all leading to a chain reaction towards a social and economic crisis, Rocard concludes in his article, titled "Financial Crisis, or Economic Crisis?"

## United States News Digest

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- [Former Prosecutor To Testify for Guantanamo Defendant](#)
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### Gates: Missile Defense Proven by Satellite Shootdown

Feb. 22 (EIRNS)—The successful interception of a dead and falling military satellite, by a modified anti-ballistic missile two days ago, could be used by the U.S.A. as a new capability to threaten other nations' space assets, U.S. analysts and foreign governments have warned. The Pentagon insisted that this was a "public safety" measure, to prevent people on the ground from being contaminated by satellite fuel. Many are skeptical. Former Defense Department assistant secretary Phil Coyle believes rather that the U.S. didn't want any satellite parts to fall into the wrong hands; they wanted to "poke the Chinese" and show them "that we can do it any place in the world, because we're doing it from the ocean," unlike China's land-based ASAT system; and "to show off our missile-defense capabilities," in a way that "is much easier [to do] than hitting an enemy warhead."

In briefings before the shot, Gen. James Cartwright, vice chairman of the Joint Chiefs of Staff, went out of his way to say this was not a test of the missile defense system, or a show of force against other nations. It is a "one-time event," he said. However, following the destruction of the satellite, Defense Secretary Robert Gates categorically stated, referring to the missile defense program, that "the question of whether this capability works has been settled. The question is against what kind of threat.... We just need to keep improving its capability." Whether the system would even work had been asked by those opposing deployment of interceptors in Poland.

Following the intercept, the Chinese urged the U.S. to release data about the test, and the orbital debris. Gates said Washington would "share whatever appropriately we can." Russian Maj. Gen. Vladimir Dvorkin, a participant in drafting strategic arms treaties, warned of that this may have set the precedent where "the United States could argue that people may have to shoot [down] space-based objects for safety reasons." [See also Russia/CIS Digest.]

### Former Prosecutor To Testify for Guantanamo Defendant

Feb. 23 (EIRNS)—Col. Morris Davis, the former chief prosecutor for the Guantanamo military commissions, will testify in support of one of the Guantanamo prisoners, Salim Hamdan, who is described as having been Osama bin Laden's driver.

Col. Davis, still an Air Force legal official, resigned last October from the office for military commissions, citing heavy political pressure being applied to prosecutors. Davis has said that the Administration pushed to get the cases against the so-called "high-value detainees" moving before the 2008 elections, so that the next President would be locked into this Administration's policy.

Davis has also described Defense Department General Counsel William Haynes as telling him that there could not be any acquittals in the tribunals. "If we've been holding these guys for so long, how can we explain letting them off? We can't have acquittals, we've got to have convictions," Haynes said, according to statements Davis made to the *Nation*, which were published in an article entitled "Gitmo Trials Rigged."

## **U.S. Lied to Britain About Secret Flights**

Feb. 22 (EIRNS)—The Bush-Cheney Administration acknowledged yesterday that the CIA had used the British island of Diego Garcia in the Indian Ocean for two "rendition" flights—secretly transferring prisoners from one secret location to another, without any legal rights being afforded to the prisoner, and without telling Britain.

British Foreign Secretary David Milliband told the House of Commons yesterday that he had received a personal apology from Secretary of State Condoleezza Rice; the U.S. State Department said that Rice had expressed regret over the "administrative error." Former Liberal Democratic leader Sir Menzies Campbell called the disclosures "a gross embarrassment for the British government."

While admitting the two CIA flights, CIA director Michael Hayden denied reports that the CIA had been using Diego Garcia as one of its secret prisons. Human rights groups have said for years that they had indications that Diego Garcia was being used by the U.S. as a secret prison, and have cited a number of reports to this effect, including one concerning the Jemaah Islamiyah leader known as "Hambali."

It may be technically correct that the CIA was not using Diego Garcia as a secret prison, because it was actually being operated by the U.S. Defense Department. In late 2001, then-Secretary of Defense Donald Rumsfeld reportedly authorized the creation of "hunter-killer squads" composed of military special forces operatives to capture or kill important terrorists. However, the Bush-Cheney Administration has only admitted to "CIA" secret prisons and renditions, whereas this is likely to divert attention from the larger military program.

## **Military Officers Have Low Confidence in National Leadership**

Feb. 21 (EIRNS)—A survey of 3,400 military officers from the rank of major to retired flag officer, in all four branches of the military, found that these officers see a military apparatus that is severely strained by the grinding demands of war, and is weaker than it was five years ago, before the invasion of Iraq. While they were split on whether the Iraq War has "broken" the military, nearly 90% believe that the demands of the war have "stretched the U.S. military dangerously thin." The survey, released earlier this week, was a joint effort by *Foreign Policy* magazine and the Center for a New American Security. Other findings include the following:

\* 80% of the officers agree that it is unreasonable to expect the military to take on another war, such as against Iran.

\* Their confidence in the national leadership is low. On a scale of 1-10, President Bush rated only a 5.5, the Defense Department 5.6, and Congress only 2.7.

\* When asked about the statement, "Torture is never acceptable," 53% agreed and 44% disagreed.

\* Most had a low opinion of the major decisions made at the outset of the Iraq War, agreeing that there were not enough troops for the invasion, and rated the decision to disband the Iraqi army at 3.1 out of 10.

\* When it comes to overcoming recruitment problems caused by the war, the solution supported by 78% was to expand options for foreigners legally in the U.S. to serve, in exchange for citizenship. Reinstating the draft received 38% support, and giving waivers for past criminal or drug convictions received only 7% support.

## **NATO Preparing To Confront Russia Over Energy Supplies**

Feb. 20 (EIRNS)—One element of the move towards fascist integration in Europe, is its regimentation to do battle with the Russian "energy monopoly." There has been a lot of work put into reviving the various alternative energy schemes, especially in the area of gas, by State Department officials, in particular, the Nabucco project.

In a speech to the Hudson Institute today, Deputy Assistant Secretary of State for European Affairs Kurt Volcker also called for NATO to "protect" European countries from any threatened cutoff by Russia. He said that NATO is not going to be involved in developing alternative energy sources or in the day-to-day running of the energy industry. But if there were a catastrophic interruption of energy supplies to a NATO member, that would be a security issue. "That is a strategic issue that NATO needs to think about. While NATO may not have all the tools in its toolbox, others do have those tools."

Volcker was quick to say that none of this should be presented as being "anti-Russian." but rather as "pro-free market." "What we want is to see is that energy supply takes place in a market context where it can be balanced by competition and balanced by alternatives. It is the centralization of control and politicization of control that can be a risk and what a diversified market can help mitigate. I think that is the way to think of it, not as an anti-Russia approach, but rather a pro-competition, pro-transparency, pro-diversity one, that creates a healthy economic environment," Volcker said.

## **Why Hillary Clinton Supports a Robust Space Program**

Feb. 20 (EIRNS)—In an interview with the *Houston Chronicle* published on Feb. 15, Democratic Presidential candidate Hillary Clinton stated that she had "an ambitious space agenda." Clinton has called for advancements in both unmanned space science programs, and the next generation of manned spacecraft, for a robust human spaceflight program, which NASA is now developing.

During a ceremony in the White House in 1999, honoring astronaut Eileen Collins, the first woman commander of a Space Shuttle mission, President Bill Clinton related that when a teenager, Hillary had written a letter to NASA, asking to be considered as an astronaut. But NASA was not accepting any women for the job at the time. Growing up during the 1960s, Hillary Rodham was enthusiastic about President Kennedy's Apollo program, as were many young people her age, many of whom went on to study science, and work in the space program.

Barack Obama, when asked about his program for space last month, stated that the development of NASA's new manned spacecraft, Orion, should be put off for five years, and that money used instead for education. Had someone on his staff studied the data, they would have found that the greatest number of scientists and engineers were created in this country during the 1960s Apollo program to land a man on the Moon.

## **Ibero-American News Digest**

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- [Ecuador Tells Rohatyn Clone, Slim, To Take a Hike](#)

## **Nuclear Energy, Uranium Enrichment on Argentine-Brazilian Agenda**

Feb. 22 (EIRNS)—The Presidents of Brazil and Argentina met in Buenos Aires today and signed 17 bilateral agreements seen as crucial for regional integration. These include cooperation in aerospace, defense, transportation, and energy, but key among them are plans to build a binational uranium enrichment plant, and set up a binational commission for the purpose of designing a nuclear reactor able "to meet the needs of both countries' electrical systems, and eventually those of the region." These initiatives follow a period of relative silence, since the Dec. 9, 2007 founding of the Bank of the South.

Malthusian financiers in London and New York must be sweating. Scientific and technological cooperation between Argentina and Brazil, especially in nuclear energy, is their worst nightmare. But Brazilian Foreign Minister Celso Amorim was grinning, according to *O Globo*, when he told reporters in Buenos Aires on Feb. 21, "We're taking a step toward nuclear, and even industrial, strategic cooperation, with projects for the use of nuclear energy and building of reactors." He promised that when the announcements were made the following day, they would have a "huge impact inside and outside the two countries."

In his speech before an official luncheon, and later addressing the Argentine Congress, Brazilian President Lula da Silva was emphatic that the strategic alliance between the two countries was "indispensable for us to achieve our national goals, which only make sense if they are seen as part of a broad project of South American integration." Brazil and Argentina "have many responsibilities in building Latin America's growth," Lula said. In particular, they must show solidarity with poorer nations. "What good is a rich Argentina or Brazil, if all the other countries are poor? We have to grow together." In this regard, the founding of the Bank of the South was positive, because "it will allow us some foresight in the face of economic avatars, and give solidity to the region."

In her Feb. 22 luncheon toast to Lula, Argentinian President Cristina Fernández de Kirchner underscored that the policies of the free market, which in the past buried so many Ibero-American countries, have been overturned, along with geopolitical theories that said that Argentina and Brazil would be in permanent conflict. Those theories prevented Argentina and Brazil from "becoming the axis of transformation of a region," she noted. Whatever differences there are, they can be ironed out, by deepening the process of integration and "the complementarity" of our economies, she said.

## **Calderón Puts Privatization of Pemex on Fast Track**

Feb. 19 (EIRNS)—The announcement by Mexican President Felipe Calderón (PAN party) and his energy secretary, that they expect to send an energy reform proposal permitting foreign interests to "work with" Pemex, to Congress before it recesses on April 30, imperils the state oil company, which is central to Mexico's sovereign development.

Opposition leader Andrés Manuel López Obrador of the PRD party is organizing a rally against the privatization of the oil industry for Feb. 24, which PRI party nationalists such as former Sen. Manuel Bartlett will attend, too. The LaRouche Youth Movement (LYM) will be there, with a leaflet identifying the global fascist threat that drives the foreign grab for Pemex, and the urgency of Mexico developing its oil, as the transition to a nuclear economy.

Calderón et al. lyingly insist they do not intend to privatize Pemex, nor change the Constitution, which declares the oil to be the inalienable patrimony of the nation, but only to "modernize" it. The claim is made that Mexico's proven oil reserves will run dry within, probably, nine years, and that Mexico lacks the technology to exploit new reserves that lie in deep offshore waters. Calderón is threatening Congress with the argument that if it doesn't agree to bring in foreign interests, it will have to take funds needed for health, education, agriculture, or security, to finance Pemex, or otherwise just let Mexico run out of oil.

How the PRI breaks down on this fight, will prove critical. Top party Congressional leaders have been negotiating with the government on formulas to disguise de facto privatization, which they could accept, but resistance remains within the party to what has historically been considered treason.

### **Colombia LaRouche Association Warning on British Role**

Feb. 18 (EIRNS)—The statement "Anglo-Dutch Cartel Promotes Venezuelan-Colombian War," issued by the president of the Colombian Lyndon LaRouche Association, Maximiliano Londoño, is making waves across the Americas. Today, it was posted on the well-read leftist Bolivian Internet site, Bolpress, reflecting the debate within President Evo Morales's camp over what their Venezuelan ally Hugo Chávez is up to. In Colombia, previously distant institutional layers want to meet with Londoño, particularly to discuss great projects as a strategy to secure peace. Londoño's statement is circulating within the Venezuelan military, and a U.S. military officer involved in policymaking for the Americas, sent thanks for this "most interesting" document, which is "getting onto something."

The statement, published in *RIT* on Feb. 15, locates the global hyperinflationary blowout as the driver for the "proxy" war against the United States in South America, which the Anglo-Dutch Liberal imperialists seek to provoke. Identifying the long arm of 18th-Century British intelligence chief Jeremy Bentham's warfare against the American System, operating in Ibero-America still today, as the problem, Londoño quoted LaRouche asking: "Is Chávez being a dupe of the British Empire?"

### **Bolivia Fears Kosovo-Style Break-Up of the Country**

Feb. 20 (EIRNS)—Bolivian President Evo Morales warned in a speech on Feb. 19, that the May 4 "autonomy" referendum organized by the southeastern state of Santa Cruz, could lead to a Kosovo-style division of the country.

Four states will vote in the referendum to validate their demand for autonomy from the Federal government, a move Morales argues is illegal and unconstitutional. "The autonomy statutes are virtually intended to divide us ... as in Kosovo, and this is extremely grave. We must all unite," he warned.

In this very tense situation, media sources are highlighting the curriculum vitae of U.S. Ambassador Philip Goldberg, whose prior diplomatic postings were in the Balkans, at the time of the break-up of Yugoslavia. He served as a special assistant to Amb. Richard Holbrooke in the early 1990s, and later headed the U.S. Mission in Pristina, Kosovo's capital. Sources in Bolivia have told this news service that Goldberg frequently travels to Santa Cruz to meet with its civic committee, the entity leading the separatist drive.

According to the Bolpress news agency, the Croatian magazine *Globus* recently interviewed Branko Marinkovic, the head

of Santa Cruz's civic committee, and published it under the provocative headline, "A Croatian Against the Indians." The interview is reportedly circulating in the region, and feeds into the scenario put out a few years back by the American Enterprise Institute, which promoted the break-up of Bolivia into two nations: a white, European one based on the eastern provinces, and a poor, darker-skinned indigenous, one made up of the western provinces.

## **Ecuador Tells Rohatyn Clone, Slim, To Take a Hike**

Feb. 20 (EIRNS)—The Ecuadorian government has told Mexican mega-billionaire Carlos Slim, whose Porta telecommunications firm operates in the country, that unless he ceases his tax evasion and shady business practices, it won't renew the company's contract.

President Rafael Correa also informed Slim on Feb. 16 that if he's not willing to pay \$700 million to renew Porta's concession, he can just pick up and leave the country. "In the renegotiation of these contracts, we're demanding a just price for the country, which owns the [telephone] frequencies, and a substantial reduction in costs for customers." Porta's operation in Ecuador is one of Slim's most profitable, Correa said. "That's great, but let it also be for the State and for Ecuadorians."

Slim, who boasts of being the richest man in the world, is the Felix Rohatyn look-alike who's trying to ram through corporatist infrastructure schemes in Mexico, based on the public-private partnerships so beloved of California Gov. Arnold Schwarzenegger and New York City Mayor Michael Bloomberg.

That hasn't impressed Ecuador, however. The internal revenue service is demanding that Porta pay the government \$40 million in unpaid taxes for 2004-06, warning that ongoing investigations could reveal that the company owes even more than that. This is the second fine imposed on Porta in less than a month. On Jan. 27, government authorities fined it \$27 million for overcharging its customers, after which it was ordered to issue refunds to those customers.

## **Western European News Digest**

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## **Sarkozy Avows Pressure Against Referendum on Lisbon Treaty**

Feb. 21 (EIRNS)— After the Lisbon Treaty was ratified by the French Parliament on Feb. 4, President Nicolas Sarkozy avowed in a Feb. 10 speech that he was forced to comply with "our [EU] partners' " desire to see France enforcing a parliamentary-only vote. "Had that condition not been fulfilled, no agreement would have been possible" he said.

In 2005, French citizens had rejected in a referendum the "European Constitution," which was then reborn as the Lisbon Treaty. Prior to the Parliament's ratification, 73% of the French people favored a referendum, but Sarkozy stated, behind closed doors last November, that "a referendum would threaten Europe with danger. There will be no treaty at all if a referendum took place in France," adding the same was true for the UK and many other countries.

## **French Mount Protest to Lisbon Treaty in European Court**

Feb. 21 (EIRNS)—A citizen's group started by a French lawyer is building up a case against the "coup d'état"-style ratification process of the Lisbon Treaty. Through a website and other networks, they have gotten more than 1,100 Frenchmen to press charges to the European Court of Human Rights, to cancel the just-completed process of having only parliaments ratify the "treaty" and to force through a referendum.

The plaintiffs charge that it is undemocratic, as Intergovernmental Conference (IGC) members are not elected and there are no checks and balances; that the IGC has no legitimacy to enact legislation, especially of such great consequence; and that it should be rejected, since national parliaments have no rights to intervene into the deliberative process of making the treaty, but can only ratify or reject treaties already made.

Moreover, the plaintiffs make the case that what was voted down by the French people in 2005, was brought back through another means in order to cancel that sovereign decision, and such action violates Council of Europe advisory board's Code of Good Practice on Referendums.

## **After Kosovo: Separatists of the World Escalate**

PARIS, Feb. 20 (EIRNS)—Flanders, the Basque region, Chechnya, and Taiwan "recognized" the independence of Kosovo earlier this week. In Belgium, Flemish "foreign minister" Geert Bourgeois of the separatist N-VA party and a friend of Kosovo's late President Ibrahim Rugova, declared that Flanders will send a delegation as soon as possible to explore common means to develop Kosovo's and Flanders' institutions. In Spain, Miren Azkarate of the Basque independence movement declared, "This is a lesson for us," implying that Kosovo had the guts to do what they didn't. In Russia, the Chechens welcomed the Kosovo development as supporting their own struggle against "one of the largest military powers of the world." After Taiwan "recognized" Kosovo, mainland China told the province it had no right to do so.

## **Movement Arises To Block Blair Presidency of EU**

Feb. 20 (EIRNS)—The London *Guardian* reports on a campaign to stop former British Prime Minister Tony Blair from becoming the European Union's first president. A new "Stop Blair" website is run by the European Tribune, which is led by a "left-of-center" pro-EU treaty group. But it reports that the major opposition comes from Germany.

Blair's closeness to President Bush is a big minus among Europeans. "The feeling here about Blair is that he never stuck his neck out for Europe," an EU official noted. "All the political risk he took was transatlantic, always towards Washington, never for Europe. His chances are dim. [German Chancellor Angela] Merkel is against [him]."

While Merkel and the Benelux countries would be against Blair, the *Guardian* notes, French President Nicolas Sarkozy and Silvio Berlusconi, if the latter became Italian prime minister again, would support Blair.

### **Dr. Kelly Vindicated: Brits Did 'Sex Up' Iraq WMD Dossier**

Feb. 19 (EIRNS)—Dr. David Kelly, the British biological warfare expert who was "suicided" after exposing that the Blair government's dossier on Saddam Hussein's "weapons of mass destruction" had been "sexed up" during the 2002-03 period, in order to get public support for an Iraq war, has been vindicated, after a three-year legal fight, with the release of the dossier's first version. In this draft, there was no mention of the later claim that Saddam Hussein could launch weapons of mass destruction within 45 minutes of an order to do so. That claim first appeared in September 2002, when then-Prime Minister Tony Blair released the dossier on which he based the case for war.

As a result of the exposure of Blair's and the Queen's war, Kelly was suicided, the BBC was disgraced, and its funding gutted by the British government.

### **Reelection of Czech President Klaus Boosts Euro-Skeptics**

Feb. 18 (EIRNS)—The re-election of Czech President Vaclav Klaus on Feb. 15 for another five-year term, can be expected to strengthen the opposition against the European (Lisbon) Treaty, especially throughout eastern Europe, where Klaus is popular because of his pronounced Euro-skepticism. Moreover, as the Czech Republic will take over the presidency of the EU in the first half-year of 2009, that poses questions regarding EU plans to have the Treaty ratified and go into effect on Jan. 1, 2009.

Klaus won by 141 votes against 111 for Jan Svejnar (a pro-EU U.S. citizen). Klaus has repeatedly voiced harsh criticism of the EU's supranationalism, which he always likened to the "dictatorial system of the past Soviet Union," and he has even denounced EU policies as "a kind of Breshnev Doctrine of the West." Klaus also adopted a hard line during the talks on the Treaty of Lisbon, during the second half of 2007.

### **British SFO Claims Saudi Pressure Cancelled BAE Inquiry**

Feb. 16 (EIRNS)—The British Serious Fraud Office (SFO) has blamed Saudi pressure and threats for calling off its investigation of corruption related to massive sales of aircraft and other arms by the British firm BAE Systems. Both the British government and the SFO have been in court in a case brought by two NGOs, the Campaign Against the Arms Trade and Corner House Research, which demands that the government reopen the case.

Lawyers for SFO told the High Court last week that the decision to drop the case in December 2006 by SFO director Robert Wardle, was made because of security fears "in light of the Islamist terrorist threat" and the possibility of another 7/7-style bombing attack in Britain.

According to the Feb. 9 *Guardian*, lawyers for the two NGOs said the government had not denied that former Saudi Ambassador to Washington Prince Bandar bin Sultan, whose bank accounts in the U.S. have been frozen because of a bribery investigation by the Department of Justice, had advised Blair, in a meeting in July 2006, to stop the inquiry, or BAE would lose the multibillion-dollar contract to buy Eurofighter jets. That contract was signed in September 2007.

Although the hearing is now over, the judges have not reached a decision, and said that they would give their ruling as soon as possible.

## Youth Disturbances Continue in Denmark

COPENHAGEN, Feb. 16 (EIRNS)—A situation akin to that of the earlier riots of immigrant youth in the Paris suburbs, though on a smaller scale, has continued for nearly a week in Denmark. Burning of cars, garbage containers, and even ten classrooms in a school, continue in the greater Copenhagen area, in the city of Aarhus, and in one provincial town. Police cars and fire trucks are being pelted with stones. The disturbances began a couple of days before the arrests of three men accused of plotting to kill the cartoonist who drew the most inflammatory caricature of the Prophet Mohammed, and the reprinting of the cartoon in most of the Danish press. The cause is being attributed to tension between immigrant youth and the police, with the cartoon case adding "fuel to the fire." The police have formed a national response unit to coordinate moving resources to where they are needed. Inside Copenhagen, the situation is getting less tense, but the trouble is increasing in the suburbs.

## Russia and the CIS News Digest

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- [Russian Defense Ministry: U.S. Satellite Shoot-Down Is ASAT Test](#)
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### Russians Closely Watch Sarkozy Plan for EU Military

Feb. 18 (EIRNS)—Dozens of articles in the Russian media today took up the reported intention of French President Nicolas Sarkozy to push for the creation of elite European Union military forces. Headlines in left-wing and patriotic press were sensational, like "Sarkozy Prepares To Fight Russia." Lower-key articles, too, such as a Novosti information agency wire with an interview of an expert from the Institute of World Economy and International Relations (IMEMO), reflect very close Russian attention to potential military projects that may be launched under the EU.

Sarkozy has not made his proposal official yet, wrote Novosti, but he is expected to do so "after the Lisbon Treaty goes into effect." The EU elite defense force would supposedly comprise 10,000 men from each of six EU countries: France, the U.K., Germany, Italy, Spain, and Poland. Dr. Vladimir Yevseyev, the IMEMO analyst interviewed by Novosti, said it remained unclear whom the EU expects to be threatened by, but he indicated that IMEMO and others are carefully studying how such a joint EU force would work, given the absence of unanimity among the member countries.

### Russian Defense Ministry: U.S. Satellite Shoot-Down Is ASAT Test

Feb. 23 (EIRNS)—Days before the United States downed its own military satellite over the Pacific Ocean, the Russian government daily *Rossiyskaya Gazeta* reported on Feb. 18 that the Ministry of Defense believes U.S. preparation to shoot down the satellite, which had failed to reach orbit and was threatening to break up and shower a large area, "is not as innocent as portrayed." It is the Defense Ministry's view, the report said, that "the U.S.A. is trying to use this emergency situation with its satellite, to test the national anti-ballistic missile (ABM) systems it is deploying."

According to other Russian wires, Defense Ministry sources said on Feb. 16 that because the shoot-down would, in effect,

be a test of anti-satellite (ASAT) capabilities, "such a test essentially means creation of a new type of strategic weapon." The Foreign Ministry of China, in a statement Feb. 18, said that the Chinese government, too, "is highly concerned over the developments and has requested that the U.S.A. fulfill its international obligations in earnest and ensure that the security of outer space and relevant countries will not be undermined."

## **Lavrov Warns of International Destabilization from Kosovo Independence**

Feb. 18 (EIRNS)—Russian Foreign Minister Sergei Lavrov responded on Feb. 17 to the imminent declaration of independence by Kosovo, with a warning that such "separatism" would lead to "an escalation of tension and inter-ethnic violence," not only in the province, but throughout the Balkans, and that Western support for the Kosovo breakaway threatens "international stability and the authority of the UN Security Council's decisions that took decades to build." Lavrov, who was in Europe the previous week, stated: "Russia fully supports the reaction of the Serbian leadership to the events in Kosovo and its just demands to restore the territorial integrity of the country. We expect the UN Mission in Kosovo and NATO-led Kosovo Force will take immediate action to fulfill their mandates as authorized by the Security Council, including voiding the decisions of Pristina's self-governing institutions and adopting severe administrative measures against them. Russia calls for the immediate convocation of an emergency UN Security Council meeting [it took place Feb. 18] to examine the situation and take resolute and effective measures for a return to the political settlement process in accordance with the provisions of UNSCR 1244."

Lavrov elaborated on the danger: "It is impossible not to be aware that the decisions by the Kosovo leadership create the risk of an escalation of tension and inter-ethnic violence in the province and of new conflict in the Balkans. The international community should respond responsibly to this challenge. Those who are considering supporting separatism should understand what dangerous consequences their actions threaten to have for world order, international stability and the authority of the UN Security Council's decisions that took decades to build."

At a Feb. 14 press briefing after meeting with EU representatives, Lavrov had pointed the finger at Western encouragement of the Kosovo breakaway, while insisting that resumption of talks between the Kosovars and the Serbs would still have been possible.

In a Feb. 20 phone call to U.S. Secretary of State Condoleezza Rice, Lavrov was reported by Interfax to have stressed that "the consequences of independence for Kosovo can lead to the destruction of world order and stability." Russian President Vladimir Putin's special representative for relations with the European Union, Sergei Yastrzhembsky, warned about the repercussions of the Kosovo developments on relations between Moscow and Brussels. "It would be naive to think that the position of the main EU member countries on Kosovo, which is in contrast with international law and UN decisions, does not constitute a problem in our relationships," Yastrzhembsky said, according to Interfax Press Agency.

## **Breakaway Republics Intend To Join Russia, After Kosovo Independence**

Feb. 18 (EIRNS)—Kosovo's declaration of independence is having widespread repercussions already among the many regions in Europe and beyond, where national sovereignty is under dispute. There was an immediate reaction in the volatile Transcaucasus. Abkhazia, which broke away from Georgia, intends to ask Russia to recognize its sovereignty in the wake of Kosovo's declaration, President Sergei Bagapsh said today in Moscow, Novosti reported. South Ossetia's President Eduard Kokoity is also now in Moscow. Abkhazia and South Ossetia both declared independence from Georgia in 1991, after the breakup of the Soviet Union, and want to join Russia. The declarations led to bloody conflicts, but Georgia has not been able to reassert control over either region, although the current Georgian government is again attempting to get international support to do so.

Kokoity said that the two republics would hold talks with other unrecognized entities, on how to seek independence,

including by asking for recognition by Russia's Constitutional Court that they had joined Russia over 200 years ago, and never left.

Leaders of the unrecognized Transnistria Republic of Moldova also announced their intention to push for full independence.

## Southwest Asia News Digest

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### Israeli Minister Calls for Barghouti's Release

Feb. 24 (EIRNS)—Israeli Infrastructure Minister Benjamin Ben-Eliezer has called for the release of Palestinian leader Marwan Barghouti (Fatah), who is currently serving several life sentences in an Israeli prison.

Ben-Eliezer was quoted by the Feb. 24 *Jerusalem Post* as saying that a man who has "endured seven levels of hell" understands that the Israeli-Palestinian conflict must be solved through dialogue. "He is by no means a moderate," Ben-Eliezer told Israel Radio. "But at least if an agreement is signed with him, he will stand by it. I know him very well. And I am convinced and certain that he knows military options will not bring an answer to the conflict."

Both U.S. statesman Lyndon LaRouche and former Secretary of State James Baker III have called for Barghouti's release as key to any attempt to achieve an Israeli-Palestinian peace agreement.

Ben-Eliezer said that Barghouti may have murdered Israelis, "But you do not sign agreements with educators and professors; you sign agreements with strong leaders." He indicated that Barghouti could be released in a prisoner swap in exchange for Israeli soldier Gilad Shalit, and even if such a proposal were to come from Hamas, Israel should accept it, saying that, in the end, Israel would be forced to live with the movement.

Ben-Eliezer concluded by saying he wished to see an end to the Israeli-Palestinian conflict. "After 60 years, I very much hope Israel can finally start to live in tranquility."

## Israeli Knesset Member Beilin Holds Talks with Qatar Premier

Feb. 25 (EIRNS)—Yossi Beilin, head of the Meretz-Yahad party and member of the Israeli Knesset (parliament), held talks with Qatari Prime Minister Sheikh Hamed bin Jassem al-Thani in Doha, Qatar, on Feb. 24. The latter said he is willing to help broker a ceasefire agreement between Israel and Hamas.

"You are making a big mistake if you think you can reach an agreement with Palestinian President Mahmoud Abbas without including Hamas in the talks," the Qatari premier is quoted as saying in the Feb. 25 *Ha'aretz*. Al-Thani said that Hamas "must be taken into account," and that Abbas "will not be able to sign an agreement without Hamas's consent." He added that "the possibility of separating Hamas and Abbas is an illusion." He called for reviving the Saudi-brokered Mecca agreement, which could have served as basis for bringing Hamas and Fatah together.

Beilin reportedly told al-Thani that it was difficult for Israel to support Hamas's return to the Palestinian government, since it refuses to come to a peace agreement.

Al-Thani responded that Israel's conditions for a ceasefire were unrealistic, and "the fact that they are now speaking about a ceasefire and a temporary state in the borders of 1967 is a significant development that must not be overlooked."

## Arabs Could Withdraw Peace Initiative

Feb. 23 (EIRNS)—Saudi Foreign Minister Prince Saud al-Faisal warned that unless Israel begins serious peace negotiations, the Arab League will withdraw its peace initiative of 2002, which had been reiterated during last year's peace summit in Annapolis, Md.

"It is unbelievable that we keep blaming the weak party in the equation, which is the Palestinian people, with all the suffering they live under, while ignoring what Israel does by expanding settlements, tightening the siege, humiliating the Palestinians and carrying out mass punishment against them," al-Faisal said on Feb. 21 in Cairo, according to *Ha'aretz*.

Backing al-Faisal's statement, Arab League Secretary General Amr Moussa said, "The key to solving the Arab-Israeli issue is to hold serious negotiations, not fictitious ones." The Arab League will take up the issue at its next summit, in Damascus next month.

## Israeli Commentator Calls for Talks with Syria

Feb. 22 (EIRNS)—Writing in today's *Ha'aretz*, Israeli commentator Ari Shavit calls for Israel to open peace talks with Syria. He writes: "For the past eight years, Israel has not taken a genuine diplomatic step regarding Syria. Emissaries have come and gone, trial balloons have been floated, but a firm decision to extend a hand to Damascus has not been made. Why? Because an unwise U.S. administration encouraged irresponsible Israeli governments to turn their back on the Syrians. Because the local peace lobby preferred virtual negotiations with a virtual Palestinian Authority instead of a concrete attempt to find out whether we can reach a true settlement with our northern neighbor.

"Peace with Syria is not an enthusiastic prospect. It will neither vanquish settlers nor heal guilt feelings. It will bring the Syrians close to Lake Kinneret and cost us bed-and-breakfasts, fine wineries, and cherished holiday sites. But peace with Syria will divorce Nasrallah [head of Hezbollah—ed.] from Iranian President Mahmoud Ahmadinejad, isolate Iran, and surround Israel with a ring of cold but stable peace arrangements. In a gradually darkening Middle East, peace with Syria might light a torch of hope and create a meaningful strategic turning point.... It is not certain that an attempt to arrive at peace with Assad will be successful. But the diplomatic paralysis is dangerous, and locking the gates is a serious mistake.

Those who choose to live in the Middle East must always balance power with generosity. The time for generosity has arrived."

## **Barak Warns Assad To Stay Out of Israel's Conflict with Hezbollah and Hamas**

Feb. 21 (EIRNS)—The London-based *al-Hayat* newspaper has reported that Israeli Defense Minister Ehud Barak conveyed a message to Syrian President Bashar Assad, through Turkish President Abdullah Gul, warning Damascus not to intervene in support of Hezbollah or Palestinian groups if Israel attacks them, according to the Israeli publication YNet today. A similar article in the *Jerusalem Post* stated that this demand is "a prerequisite for peace talks."

Barak conveyed the message days before Hezbollah General-Secretary Hassan Nasrallah threatened Israel with an "open war" worldwide, in response to the assassination of Imad Mugniyah, a Hezbollah leader, in a car explosion in Damascus.

"I tell them, you killed Imad outside the war's natural territory. Our war with you was on Lebanese soil. You fought us here, and we faced you. But you crossed the line. I won't say more than this," Nasrallah threatened.

In another anomaly, YNet wrote that U.S. Director of National Intelligence Mike McConnell said this week that it is possible that factions within Syria or Hezbollah could have been behind the hit.

YNet's report said that during his meetings in Ankara, Barak tried to learn how Turkey would respond if Israel launched a broad offensive in the Gaza Strip. He also sought support for an international force to be stationed in Gaza, which would include troops from Turkey, Qatar, Malaysia, and Jordan, in order to guarantee the cessation of rocket attacks on Israel from that area, and in order to supervise the border. The Turkish President told Barak that any Israeli military operation in Gaza would be unacceptable to Turkey.

## **Lebanese Prime Minister Visits London**

Feb. 20 (EIRNS)—After a meeting with British Prime Minister Gordon Brown in London, Lebanese Prime Minister Fouad Siniora called for the election of Lebanon's President before the Arab Summit to be held in Damascus March 27-29. The election has been stalled by a combination of Western, largely U.S. pressures, and a series of destabilizing assassinations.

Brown responded: "His government has our strong support as it works to restore and strengthen the integrity of Lebanon's institutions, and to protect Lebanon's future as a tolerant and diverse democracy. The UK will continue to back the efforts of the Arab League to resolve Lebanon's political impasse. To work closely with European and other international partners and to continue our strong bilateral support."

## **U.S. Imposes Sanctions on Syrian President's Cousin**

Feb. 22 (EIRNS)—The United States has frozen the U.S. assets of leading Syrian businessman Rami Makhluf, who is a cousin of President Bashar Assad. The reason given for the sanctions has nothing to do with links to terrorism, illegal trading in weapons of mass destruction, or even interfering in the affairs of Lebanon. The sanctions are based on alleged cronyism in his gaining control of the Syrian mobile telephone provider Syrian Tel.

The grounds given are: "Rami Makhluf has used intimidation and his close ties to the Assad regime to obtain improper business advantages at the expense of ordinary Syrians." On these grounds, the U.S. should impose sanctions on Vice President Dick Cheney.

According to Ynet, President Bush signed an executive order authorizing the sanctions on Feb. 13, one day after Hezbollah operative Imad Mugniyah was assassinated in Damascus. While the U.S. Congress did pass into law the Iran/Syria Non-Proliferation Act last year, there is no provision in it for sanctions on the basis of "corruption."

## Asia News Digest

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### Pakistan: Will Interference Never Stop?

Feb. 22 (EIRNS)—Despite the fact that Washington's ruthless use of Islamabad in its phony "war on terror" has brought Pakistan to the verge of civil war, and a possible breakup, reports indicate that Pakistan People's Party (PPP) leader Asif Ali Zardari was brought under full court pressure by the "experts" at Foggy Bottom not to form a coalition with the PML (N), the second-largest winner in the Feb. 18 elections, and, instead, to align with President Pervez Musharraf's party, the PML (Q) and the coalition of six Islamist parties, the MMA. The PML(Q) and MMA, the ruling coalition, were crushed in the last election, losing at least 120 of the 160-odd seats they previously held.

The PPP won the largest number of seats, and the latest reports indicate that it has withstood U.S. pressure and is forming a coalition government with the PML (N) as its main partner.

The reason behind the U.S. pressure on the PPP is obvious: PML (N) chief Nawaz Sharif, who was ousted in a coup by General Musharraf in 1999, is the most vocal opponent of the U.S. armed presence in Pakistan's Federally Administered Tribal Areas (FATA), bordering Afghanistan. The FATA is where a large number of anti-U.S. militants are based, and the Pakistani Army is most unwilling to fight its own people.

In addition, Sharif had questioned the U.S. usage of Pakistan's Karachi port for bringing in weapons, among other requirements, for its own troops and the NATO, who are fighting and killing Afghans. (See InDepth for more.)

### Thailand: Lesson on How To Destroy Food Production

Feb. 20 (EIRNS)—Thailand has hitherto been characterized by its abundant food supply. People in the rural area did not have much, but they could eat. Now, it seems the attempt to resolve the energy shortfall in the country, will hurt the agricultural community deeply.

Thailand imports oil and gas. Since Feb. 1, it has imposed a law whereby diesel vehicles are required to run on a blend that includes 2% biodiesel, which comes from palm oil—an agricultural product—and is considering raising that to 5% within

five years. This has sent prices for palm oil soaring, leading to shortages of the commodity, which is widely used for cooking by the poor, and in the food industry. When producers and consumers demanded a ban on export of Thai palm oil, the Commerce Ministry allowed a one-time import of 30,000 tons to boost supplies until March, when production enters its peak season. It also allowed a four baht increase in cooking oil prices, to 47.60 baht (\$1.44) per liter. A liter of cooking oil cost 36.32 baht in December 2007, up from 28.05 one year earlier.

But, the "experts" have an answer to that, too. Apichart Jongskul, head of the government's office of agricultural economics, said Thailand is planning a 16% increase this year in land use to cultivate palm oil, expanding plantations to cover 1.4 million acres (566,000 hectares). By 2012, that will grow to 2.2 million acres (890,000 hectares). Apichart also pointed out that 2.2 million acres of palm oil cultivation would only meet Thailand's domestic cooking oil demand, and warned that the country would have to grow even more palm oil to have all diesel vehicles meet the 5% requirement.

## **Muslim Rebel Cleric Calls for Referendum in Thailand**

Feb. 23 (EIRNS)—A Muslim rebel cleric, Lukman B. Lima, who heads the Pattani United Liberation Organization (PULO) and lives in exile in Sweden, has urged the newly elected Thai premier, Samak Sundaravej, to allow a referendum on the autonomy of a southern Muslim state. This could very well be fallout from Kosovo's declaration of independence. "If, in a referendum sanctioned by Bangkok, Pattani chooses independence, there will be one less border in the world marked by endemic conflict," Lima said.

Past governments have failed to quell the insurgency, despite the presence of 40,000 troops and police officers in the region. Lukman's organization is one of several groups involved in a violent struggle for independence in the south. More than 2,900 people have died since violence flared in 2004. Drive-by shootings and small-scale bombings occur almost daily.

Meanwhile, Indonesia's largest Muslim organization, the 40-million-strong Nahdlatul Ulama (NU), has said it will invite religious leaders from Kosovo to the third International Conference of Islamic Scholars, to be held in Jakarta in July. NU Chairman Hasyim Muzadi stated that the NU welcomed the creation of the new republic, which, he said, is the only one in Western Europe with a predominantly Muslim population.

## **Pakistan's Gul: NATO Will Be Defeated in Afghanistan**

Feb. 20 (EIRNS)—Close to the CIA and MI6 when Washington and London were involved in handing out a military defeat to the Red Army in Afghanistan in the 1980s, former Pakistani Inter-Services Intelligence (ISI) chief Lt. Gen. Hamid Gul has now switched to the other side, but his ear is still close to the ground and his eyes as sharp as ever. He told Canadian CBC-TV, in a Feb. 13 interview, that the Iraq and Afghanistan crises cannot be solved by the use of force, and that policymakers from the West should start considering political solutions.

"Musharraf is absolutely right when he says, 'Look, we have been defeated, we can't do anything more.' Just like the Russians who used 120,000 troops for over a decade in Afghanistan, Pakistan now has deployed 80,000 troops while the Western countries have contributed 31,000 (including Canada's 2,500). There is nothing more that NATO or the International Security Assistance Force (ISAF) or the Americans can do in Afghanistan. NATO will be defeated," he said.

Gul termed the bombing of a madrassa (Islamic religious school) by U.S. forces, "a watershed, because this was done by the Americans, there were no terrorists there. Nobody here is surprised that the U.S. was behind it."

## **U.S. Envoy Hill, North Korea Counter Cheney Sabotage**

Feb. 20 (EIRNS)—Christopher Hill, the head U.S. negotiator to the Six Party Talks on Korea, met with North Korean negotiator Kim Kye-Gwan in Beijing yesterday, announcing afterwards that the North is trying to show that the Pakistani equipment it had purchased was not for uranium enrichment, and "wanted to make clear that they are not at present having any nuclear cooperation with any other country, and they will not in the future." The most recent effort by the Cheneyacs in the U.S. Administration to undermine a peaceful settlement in Korea, has been the demand that the North "come clean" on their uranium enrichment program, which the Bush Administration claims they know exists, because it has evidence of sales from Pakistan's A.Q. Khan, who has admitted to other illegal international nuclear sales.

Hill told the press, "We know the activities have existed," but as the North "takes steps to show us that they are not using the equipment for uranium enrichment, those will be considered positive steps."

Sources told *EIR* that Hill read the transcripts of the 2002 talks between his predecessor, James Kelly, and the North Koreans, in which, supposedly, the North admitted to having an enrichment program (in addition to the plutonium program they had at the Yongbyon nuclear facility); he concluded that the North had not, in fact, admitted to such a program.

## Africa News Digest

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### Kenya Returns to Violence, as a Result of Rice's Visit

Feb. 20 (EIRNS)—All the progress that had been made to stabilize Kenya after the prolonged violence which followed the Dec. 27 election, was upended by Secretary of State Condoleezza Rice on her Feb. 18 visit there. She made it clear that the United States has withdrawn any support for the shaky government of Mwai Kibaki, and told Kibaki that Washington would support his government only if the President reaches a power-sharing deal with opposition leader Raila Odinga and his party.

Rice did exactly what Lyndon LaRouche had warned. The day before she went to Kenya, LaRouche recommended that Rice "keep her nose out of it; it's a bad enough situation, she will only make it worse by taking sides. The side she's taking," LaRouche added, "is the British side. This is their chaos policy, and has been throughout this crisis."

Kibaki had kept several cabinet positions open, as part of a power-sharing deal being negotiated by former UN Secretary General Kofi Annan. By 4:30 PM the day of her visit, after meeting with Odinga at the U.S. ambassador's residence, Odinga's position had changed from agreeing to share power, to demanding that Kenya be changed from a presidential system, to the British parliamentary model instead, in which the government is run by a prime minister. Odinga is now demanding that the Constitution be changed so that the prime minister position can be created, a position Odinga wants. If this change is not implemented, the opposition is warning that it will relaunch mass protests in a week.

Earlier in the day, according to Kenyan TV, Rice said the U.S. can be a friend of Kenya only if it is stable and has a legitimate government that meets the requirements of the "international community." Rice used the post-election violence as proof "that that election did not produce an outcome that led to the governance of Kenya."

A section of the pro-Kibaki Party of National Unity rejected what Rice is demanding as "interference in the internal affairs" of another country. So, after Rice destroyed the mediation that had taken place since the election, the situation is now

primed for a rerun of the chaos that London set up with the election.

## **China to West: You Are Harboring Darfur Terrorists**

Feb. 20 (EIRNS)—China's special envoy to Darfur, Liu Guijin, who is beginning a tour of Sudan and England this week, ripped some of the mask off the "genocide" charge which is being thrown against Sudan, and against China as well, in remarks to *China Daily* today.

It is the West that must do more to promote a peaceful settlement to the conflict in the African region, Liu said. "Major rebel groups still refuse negotiations and are offering no conditions. That's the major reason why the political progress lags behind the African Union-UN peacekeeping mission. Western powers can exert more positive influence on those rebel leaders because many of them live in Western capitals." As an example, he told *China Daily* that Abdel-Wahid al-Nur, the leader of the Sudan Liberation Movement (one of the two main groups which led a 2003 uprising that initiated the violence), lives in exile in Paris.

Liu is scheduled to deliver a keynote speech on "Darfur and Sino-African Relations" on Feb. 22 at the London-based Royal Institute of Foreign Affairs.

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