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This Week You Need To Know

How the U.S. Political Fight Will Shape Mexico's Future

Lyndon LaRouche addressed an international videoconference/forum, titled "The Significance for Mexico of the Situation in the United States," and sponsored by the Union of Workers of the National Autonomous University of Mexico (STUNAM) on Nov. 9. The event was a dialogue between LaRouche and Agustín Rodríguez Fuentes, general secretary of the STUNAM as well as a federal Congressman. The webcast was simultaneously interpreted into Spanish and English. The interventions by Spanish speakers have been translated here by EIR.

Ronald Moncayo (Moderator): Good morning to the entire audience that is listening to this event in various countries. This is a webcast from Mexico City of a dialogue between the U.S. politician and economist Lyndon LaRouche and Agustín Rodríguez, the Secretary General of the STUNAM, the Trade Union of Workers of the National Autonomous University of Mexico.

This morning we have with us a member of the LaRouche Youth Movement in Mexico; also Rubén Cota, our [EIR's] representative in Mexico City; also, of course, Agustín Rodríguez of the STUNAM union. We have José Luis Gutiérrez, who is the Organizational Secretary of the STUNAM, and Alberto Pulido, who is Press Secretary of the STUNAM.

We'd like to welcome all of you, those of you who are participating here and those listening in over the web. First, we have some brief words of welcome from Mr. Pulido, on behalf of the STUNAM.

Alberto Pulido: Good morning. We want to cordially welcome you, on behalf of the Union of Workers of the National Autonomous University of Mexico, to this dialogue on the economic situation the United States is facing, and its significance for the countries of Latin America, and of the world.

Our union currently represents not only academic but administrative workers as well, who are based at one of the most important public universities in the world, which was recently placed among the top 100, in fact. So, it is important for us to be in this public institution and to be able to have a dialogue with world leaders and analysts, as is the case of Mr. LaRouche.

So, you are all welcome.

Moncayo: Thank you very much. We have Mr. LaRouche on the screen here, and this morning he is going to speak to us on "The Significance for Mexico of the Situation in the United States." After Mr. LaRouche's opening remarks, we are going to hear from Agustín Rodríguez, and then we will open up to a period of questions and answers, from the audience listening around the world, and from the various labor leaders who are gathered here in Mexico City. I would like to mention that we are also linked to a number of other meetings in other parts of the world, in particular with a meeting being held by the Peronist Trade Union Youth of the 62 Organizations in Argentina, as well as other locations here in

Mexico. So, without further ado, I would like to welcome Mr. LaRouche....

...full version, pdf

Latest From LaRouche

DICK CHENEY IS *DOWN*, HE'S ON THE DOWN SIDE, — AND THE COUNTRY IS HEADING IN A NEW DIRECTION

Lyndon LaRouche was interviewed on Wisconsin public radio, KUWS, Duke Skorich Show, Nov. 7, which was streamed on <http://www.kuws.fm>. Skorich previously interviewed LaRouche on Sept. 7.

DUKE SKORICH: This is where the Northland comes together to talk about the issues that matter to you. Danny Schechter is going to be our guest on this program tomorrow. You have seen him producing some of the major news broadcasts in this country....

Welcome to all of those of you listening across the country and across the globe, on KUWS.FM....

Now: Getting ready for this program tonight, I decided—you know, let me just give you some headlines. These are headlines from the two major newspapers in this country. I don't think anybody is going to dispute that the New York Times and the Washington Post—people might talk about Boston, they might talk Chicago, they might talk the L.A. Times—but the New York Times and the Washington Post are the two newspapers that matter. Here's the headlines: "New Evidence Shows Bush Administration's Misuse of Intelligence To Justify Iraq War." "White House Orders Ethics Refresher Course for Staff." "Bush Administration Permitting Clandestine Scrutiny of Ordinary Americans under Patriot Act." And then, this one today: "Italian Satellite Television To Broadcast Evidence of U.S. Use of Chemical Weapons on Civilians."

And, I said, "Well, that's a pretty harsh story." So, I went to *La Repubblica*, which is the major newspaper in Italy, and I went to the website of what is going to be the Italian satellite television RAI News 24: And they have interviewed American servicemen, American personnel; they have interviewed people in Fallujah, and they have put together this documentary which will be broadcast tomorrow. And ladies and gentlemen, if what I have seen today—and why wouldn't I believe the American service personnel that were interviewed?—I am just, I am absolutely *shocked*, that—. We have always suspected, we have always heard about what happened in Fallujah. But tomorrow, the world will see documentary evidence of the use by U.S. troops of white phosphorus, and a new formulation of napalm, on the citizens of Fallujah.

So, I think—God Almighty—that's some pretty serious stuff. And I believe joining us by phone right now, Lyndon LaRouche is on the line. And Mr. LaRouche, you and I had an hour-long conversation about six weeks ago, sir, and we talked about a great many things. And since that time, we have had some additional claims that have come forward, about this administration. I. Lewis "Scooter" Libby has been indicted. And what are your thoughts tonight, about what is going on in these United States of America?

LYNDON LAROCHE: Well, essentially, Cheney is being put through slow torture, probably to get him out soon. What has done this—the background, of course, is the Iraq War. This has become an untenable position, and Cheney, of course, is much to blame for this. He's being brutal. And lately, what he's done, he's made a fool of himself, but it's his policy, in attempting to buck the Senate, which 90 to 9, voted against the continued use of torture against people taken captive by the

United States, in special categories, such as Guantanamo, Abu Ghraib, and so forth.

Now, the Senate, in this issue, led in part by McCain, who was a prisoner of war in Indo-China for some period of time, has voted against torture. And Cheney has been trying to suppress that, and to insist that the right for unsupervised torture of captives, who may not be guilty of anything, for as long as he chooses, is U.S. policy. And on that issue, and on the unpopularity of Cheney generally, and the unpopularity of the war, Cheney is sinking himself, in a way which is merely punctuated by the indicted of Lewis Libby.

SKORICH: Now, we're going to get into this, we're going to get into some of these issues. But I am pleased that you had raised the John McCain story. John McCain said again today, that he would add his amendment to every single piece of legislation, until the Bush Administration agrees to sign a policy that this country will not engage in torture! Now, today, the President during his news conference in Central America, says, "The United States does not torture!"

LAROCHE: The President doesn't know, and he doesn't really—the President is not really a responsible person, in one sense. He is not an intellectual giant, shall we say. He says all kinds of things. He has been essentially a puppet of Cheney. And we've understood, that despite all the unpopularity which Bush has incurred, partly deserved, the biggest failure he's made is to be a puppet of Cheney.

Now, he was set into that role by a guy called George Shultz, who set up the whole Bush Administration, back before 2000. He designed it, and made Dick Cheney the Vice President. Dick Cheney has run the Bush Administration.

SKORICH: Why do we hear, and read in the New York Times and the Washington Post, then, that this White House is making—and has evidently overtures that they have released to reporters, that Dick Cheney is on the outs with the White House! How can Dick Cheney be on the outs?

LAROCHE: Well, he is on the outs, and he isn't. The point is, is that there is a restiveness in the White House itself, and, to my last information, the President himself is being pressured to dump the connection to Cheney. And that is the only thing that is keeping Cheney in office, right now! Is the President, at least until recently, unless he's changed his mind in the past couple of days, has been defending Cheney, saying, "I need Cheney!" But, Cheney is—. You know, the President is sort of a Trilby, and Cheney is the Svengali, and Bush is the Trilby.

We understand that. And we know that we have to do something to get our Federal government functioning in a time of crisis. We can't go on this way. That's why things are happening the way they are: Because many of us realize, *this can not continue*. We can't live this out for three more years! It's not tolerable. We can't survive it.

SKORICH: Is this why, Mr. LaRouche, we see a somewhat emboldened U.S. media, willing to talk now, about evidence that maybe some of this information was fabricated? I mean, you know, there was much pooh-pooh about the Downing Street Memos. There was much pooh-pooh about the reports, last week or two weeks ago out of Italy. Is the national media finally willing to take on this White House?

LAROCHE: Well, with a certain—in a certain degree. It's not the national media. There are people behind the scenes, including in the Democrats in the Congress, and Republicans—we have a bipartisan coalition, which is obvious, I think, to anyone who's watching Washington—of sane Republicans—who are not of the, shall we say, of the religious convictions of Dick Cheney; and not of Tom DeLay's convictions—with Democrats. And despite the fact of all the problems that go with bipartisanship, there essentially is a drift, and has been, since May of this past year, there's been a drift toward cooperation among many of the Republicans in the Senate and the Democrats in the Senate.

Now, that's where the push is coming from. There are people behind in the institutions, who are supporting the role of the Senate in this, as I do. But that's where it's coming from.

The news media—the Post was obviously on the wrong side for a long time, but now that they find that Cheney's on the way out, they're changing their tune. The Times was in a modified position, where, at some point they were attacking the follies of this Bush Administration, but they were also covering up for other things, as the Judith Miller case shows it.

So, we've come to a time, where the media is responding to the fact that the country is going in a *new direction*. And if the media want to keep their authority, they better join the band.

You're going to find people who have been defending this administration, defending Cheney, who suddenly are going to become his enemies, and pick on him. He's *down*. He's on the down side, so now they're going to pick on him. Before they were defending him; before they were his voice, and tools.

So, this is the way politics often go.

SKORICH: As close as you are to Washington's inner circle, who might the administration put, in Dick Cheney's place, if he's going to be replaced? But, let me ask you this larger question: Where is this CIA leak investigation going to end? Is it going to end only about the leak of information? Or, do you hear that these Senators will expand this, and look at this larger role of misinformation?

LAROCHE: What you have is, you have Cheney has had Frist in his pocket, the Republican leader of the Senate. Roberts has been under the domination of Frist. They have been blocking, since Cheney ordered it—they've been blocking any investigation. Now, it is impossible to sustain that blocking.

Where this investigation is going—now, for example, with what we did recently, which is going to become a factor in this: An associate of mine has been working on an article, on the case of a Capt. Frank Olson, who was a member of the CIA, who was killed by the intelligence services back in 1953. Allegedly, he jumped out of a window in New York—it didn't happen. He was poisoned, and killed. Because he was considered a security leak.

Now, in the 1970s, Cheney, when he was going through the transition from Assistant Chief Of Staff to Gerry Ford, to Chief of Staff of Ford, covered up this stuff. And has continued to cover this up, to the present day! That, we have had murder, systematic murder, by secret agencies of our government, working with former Nazis who are skilled at this, and we picked up their skills. And that has been going on since the end of the war, World War II.

That's what the problem is, and Cheney is now in the middle of that. That issue goes to the heart of our country! It goes to the heart of the policy of our country! We have a piece of *rot*—not just the Iraq War, that's a piece of rot—but we have a piece of rot in our system which must be *removed*, if we are going to be able as a nation, to hold our heads up around the world. Because the facts are out now: The terror which is being run, *with the open defense of the terror by Cheney*—remember, open defense of terrorism! Open defense of Nazi-like methods! Matter of fact, they *are* Nazi methods, by Cheney! We allow him to be maintained as Vice President? No!

When this thing gets to the bottom, if this nation survives, you're going to see and say that Watergate was a *very mild impulse* on the horizon, compared to what's going to come out now. The whole history of the post-war, the *rot* of the entire post-war period, is going to come out to the surface, and we're going to hear about it all.

PAT MCNULTY: Mr. LaRouche, the rot of the whole post-war period then, would cover both parties, and every President

since Eisenhower, right?

LAROUCHE: In a sense—no, not Eisenhower—since Truman. Truman is the one who started this, not Eisenhower. Eisenhower was opposed to it. Remember, Eisenhower gave this famous good-bye speech from the Presidency, on the question of the "complex," the so-called—

SKORICH: "Military-industrial complex." Yes.

LAROUCHE: Yeah, right. Now, this was Allen Dulles. Now, of course, I know some of this stuff personally, being an older man: Is that, I had a friend of mine—I didn't know him at the time—but he was the chief of OSS on the ground in Italy: Max Corvo. Max Corvo ended his career in Italy, approximately, in monitoring the peace agreement between the Emperor Hirohito and Franklin Roosevelt, through the Extraordinary Affairs Office of the Vatican, part of the Foreign Office of the Vatican. He was at that point, chasing Mussolini and his girlfriend, up toward the border of Switzerland, where Mussolini was trying to blackmail his old supporter, Winston Churchill, who was waiting on the other side of the Swiss border! Mussolini never got there. He was killed, and then his body and Petacci's body were hung up in a gas station, hung upside down, this famous case.

The papers disappeared, that he was carrying with him. Some of them appeared later—but not the papers implicating Churchill. Now, what had happened is, Allen Dulles moved in with his boy Angleton, into Italy, and took over a section of the Nazi apparatus, which he adopted. And so, at that point, the Dulles faction within the former OSS and the transition under Truman, took over a part of the Nazi apparatus and adopted it! That thing is still ongoing to the present day.

A lot of the terrorism, like the terrorism of the 1970s in Italy, was a direct extension of this, long after Allen Dulles was dead. The killing of a guy who was sort of friendly to me, a former head of the CIA, Colby—was killed over this issue. And it's things like that.

So, this *rot* is in our institutions with a right-wing faction, the anti-Franklin Roosevelt, right-wing faction, which turned to the right, on the death of Franklin Roosevelt: That's where the rot comes. And we've had that ever since. We had McCarthyism, we had what was called McCarthyism, it was Trumanism; we've had all kinds of evil in our country, and it comes from these guys in our military and in our intelligence services, and in some private institutions.

MCNULTY: So, this thing gets blown open. How does it get fixed?

LAROUCHE: *Exposure*: Blow it! Get the truth out! The truth has a wonderful healing quality.

MCNULTY: And you believe we have people in place, in our country to pick up the pieces and put this whole thing back together?

LAROUCHE: Yes, I do. That's how I've been able to survive. I'd be dead, if there weren't people in our country who were willing to pick up the pieces. The very fact I'm still alive, tells you that there're some good people out there.

SKORICH: I'm going to introduce you, Mr. LaRouche, to Prof. Jim Fetzer, who has written extensively on any numbers of theories about what our government has done, and he's in our studio for another topic, but he is chomping to get at a comment with you. So, let me just put him in with you, OK? Go ahead.

JIM FETZER: Mr. LaRouche, don't you think one of the crucial issues, however, is the integrity of the voting process? That the corruption by the use of electronic voting machines controlled by Republic sympathizers, has really detached the

American people from their government, so that the administration can get away with measures it would never have contemplated, if it felt it could be held responsible at the polls for those actions?

LAROCHE: That's true. But, you got two problems here: One is, you've got a sociological problem. Is that, over the past 30, 40 years, we had a change in economic policy, which was implemented under Nixon. And over the course, under Kissinger and under Brzezinski, and people like that, we changed our country from the Roosevelt institutions, such as the Bretton Woods system, the system of regulation that we used to have. We destroyed that. As a result of that, we took the lower 80% of our family-income brackets, and we estranged them from our process. The typical voter from the lower 80% of family-income brackets today, no longer believes he is part of the political system, but he believes he's an outsider who can nag and beg, in terms of trying to get something.

But, if you look at the standard of living, the physical standard of living of the lower 80% of our family-income brackets—you look at Wisconsin, for example! Look at Michigan, look at Ohio, look at Indiana: You find in the past period, since 1987, we've had a degeneration, an accelerating degeneration of the standard of living, the physical standard of living, and the welfare of these states and other states.

So, what has happened, is the typical American, is poorer and poorer and poorer. And feels that the government is not responsive to him, and that the parties are not responsive to him or her, or to his issues. So, you have this estrangement of the people from the political process, who see themselves as outside, pounding on the door.

At the same time, this estrangement has been used to destroy the old party structures, where people used to participate in parties and have some control over them. Less so, now.

And so therefore, under these conditions, you have the preconditions for a slide toward dictatorship: This manifests itself in many ways. You know, you have election frauds that would not have been tolerated in that form earlier, because the people would have revolted—as in Ohio. You're getting a slow revolt in Ohio, against the fraud of the last 2004 election.

So, gradually, we're coming back toward reality, or toward a desire to reestablish what we used to consider reality. What you're saying is true. In general, that's the direction.

SKORICH: You mentioned the economy, and I just wanted to ask you, where this debt and deficit spending is going to end up? So much of the debt controlled by the Asian countries, right now—

LAROCHE: Well, not really. Not really. We're controlling the Asian countries by our debt. For example, if the United States were to cease to import on the level that it is now importing, from China and from India, those economies would collapse. So, the myth is, that China, and India, and so forth are controlling the United States—or Japan—because of the great debt, which we have refused to pay, for months.

So, the point is, is it's us: We are still the United States; the monetary system is still dollar-denominated; the dollar is collapsing in value, nobody in Washington is doing much about that; the past administration has been more incompetent than any recently on this issue: So we're coming to the point, that it's *we*, in the United States, have to change our policy. And we will find that there are people in Europe and other parts of the world, who will cooperate with us to get back to something like the Bretton Woods system. And if we do that, we can make it.

SKORICH: Is it fair to say that with all the trade imbalances and shifts in debts and deficits that it all comes out to a wash? Or, are we in economic trouble?

LAROCHE: We are in a breakdown crisis. But, however, people overvalue the importance of money. But there are people who are very interested in money, who have a lot of it or nominally a lot of it, and they don't want a change.

But, if we put the world through a Chapter 11 type of bankruptcy reorganization, we could stop the crash without missing a step. And, we could, as we did under Franklin Roosevelt, we could rebuild, and within a generation get back to what we had before. It would be a better world for all of us. The question is: Where is the guts, to fight the Felix Rohatyns and people of that mentality? Who want to keep this predatory system.

If we go back to thinking as we did under Franklin Roosevelt, we can make it.

SKORICH: Let me take you back to one question, because I don't believe you answered when I asked you: Is, whether—if we get rid, or if the Bush Administration decides to distance itself and dump Dick Cheney, who's going to replace Dick Cheney?

LAROCHE: What I—I've been involved in discussion of just exactly this problem. I said: We have to get Cheney out of there, period. And we have to look at other things in terms of reorganization of government, beyond that. We have to get the Tom DeLays and what he represents out of the House of Representatives, so that institution begins to function again. The Senate is prepared to function. It's a parliamentary institution in one sense, and it has all the problems that legislative bodies have. But it's a good institution. Unfortunately, the House, despite good committees and good people in there, is not able to function the way even that the Senate does, now.

So, we have to restore the Executive branch. The key thing is to get the Cheney dictatorship out of the system.

Now, since the President of the United States is essentially controlled by Cheney, or controlled through Cheney, that, if we get the institution *freed* of Cheney, then I think the President might tend to come to reason on a number of issues, if he has different voices to listen to. But anyway, we've have got to take a minimal standpoint on this, and get a Vice President in, which means the *liberation* of our country from what Cheney represents as a factor of dictatorship in the system. Under those conditions, the Senate would take the leadership in reform, and we've seen that already: Free of Cheney, the Senate will take an active leading role on many questions.

For example, let's take the Hillary Clinton effort, in which she's taken on the auto industry collapse: There are many things like that going on in the legislative process. We would start to get some reforms we needed. Now, that's what we're looking for. Get a reform started. Build up optimism in the American population. Get the parties back to some degree of reinvigoration, as Roosevelt did back in 1933—and let's see where we go from there. I think that—

SKORICH: I'm sorry, you have had some difficulty in your life getting your message across, because the mainstream media, quite frankly has not offered you the opportunity, by and large. And Danny Schechter, from Media Channel—and maybe you know Danny—will be a guest on this program tomorrow, to talk about how the media has distorted much of the information that the American public receives every day. Do you have faith that the mainstream media in this country is prepared now to start talking about and exposing some of these issues that are so vital to the future of this country?

LAROCHE: Well, they have gotten to it, as you may have noticed. When you find that the Washington Post is picking on poor Cheney, you've got a sense that there's been a favorable weather change going on around Washington! [laughs]

They're not changing because I think they've improved their morals. They realize that their man Cheney is on the way down. And so, they always pick on the black chick of the moment.

The problem of the news media, is that our country has been transformed in its economic character, from a country which was based largely not on large corporations; actually, the economy, as you know it in Wisconsin, for example, the economy in the past was based on agriculture, small industry, local industries. And these were the feeders of technology and so forth into the large corporations.

What's happened is, we've destroyed the family farm, we've destroyed small industry; we've destroyed the local community economy, in terms of this mega-system. Now, what's behind that, is a purely financial swindle: We call it "Wall Street" or you called "London," but it's a pure financier-oligarchy. They control the major media. They control the major news media in general. There are factions among them, but they control it.

Now, I've gone after this thing directly, and I have made very few friends among the major news media with what I've done! Because I've been considered, as Sidney Hook said, back in 1971, in December of '71, that I constitute a "credible threat" to the power of this faction. And therefore, I'm not going to get the right time, from any of the news media! And very rarely do I.

SKORICH: Well, listen: I want to thank you for this time again, with you. I always enjoy these conversations. And I know an awful lot of people have trouble with Lyndon LaRouche, and some of the messages that you bring to the public's attention. But I want you to know, that I think we can all learn by listening carefully to some of the things that you do say. So, I thank you again, sir, for this time tonight.

LAROCHE: Thank you! Have a good day.

SKORICH: You, too. Bye, now.

InDepth Coverage

Links to articles from

Executive Intelligence Review, Vol. 32, No. 45

*Requires Adobe Reader®.

National:

Cheney Is On the Way Out!

by Jeffrey Steinberg

In a momentous development, the Democratic leadership in the United States Senate, on Nov. 8, directly targetted Vice President Dick Cheney, with what amounted to a bill of impeachment. Following the weekly meeting of the Senate Democratic caucus on Nov. 8, Minority Leader Harry Reid (Nev.), flanked by Senators Charles Schumer (N.Y.) and Richard Durbin (Ill.), announced the release of an Open Letter to President George Bush, demanding that Bush pledge, now, that he will not issue a Presidential pardon to anyone found guilty of a crime in the Fitzgerald investigation.

- *Documentation*

Senate Dems Put Cheney, White House, on Notice

Here are excerpts of the press conference by Senate Minority Leader Harry Reid (D-Nev.), Sen. Richard Durbin (D-Ill.), and Sen. Chuck Schumer (D-N.Y.), which followed a closed policy luncheon on Nov. 8, 2005.

Senator Reid: There's a dark cloud hanging over the White House. It's really a storm cloud. The Vice President, who gets his authority from the President, sadly is in the middle of that storm. The manipulation of intelligence to sell the war in Iraq: Vice President Cheney's involved in that. The White House energy policy that puts big oil ahead of the American consumer: Vice President Cheney is behind that. Leaking classified information to discredit White House critics: the Vice President is behind that. Halliburton, contracting abuse—the list goes on and it goes on. Certainly, America can do better than that.

Has California Terminated Arnie?

by Harley Schlanger

There is no way the public relations hacks working for Arnold Schwarzenegger can spin their way around the decisive beating given to him on Nov. 8 by the voters of California, in the special election that he had insisted must take place. The Governor, who came into office in 2003 as a by-product of a fluke recall campaign, suffered a massive political rejection, failing to win even one of his four core ballot initiatives, despite spending nearly \$70 million to con the state's voters into giving him dictatorial powers.

- **Interview: Eric Bauman and Ray Cordova**
Democratic Leaders Dissect the Governor

These are excerpts from the transcript of 'The LaRouche Show,' Nov. 5, broadcast on internet radio at 3 p.m. Eastern Time. Hosted by Lyndon LaRouche's Western States spokesman Harley Schlanger, the show featured two California Democratic Party leaders discussing California Governor Schwarzenegger's ballot initiatives: Eric Bauman, chairman of the Los Angeles County Democratic Party Central Committee, and Orange County Democratic Chairman Ray Cordova. Two LaRouche Youth Movement members, Cody Jones and Summer Shields also participated. The full program is archived at <http://www.larouchepub.com>.

Elections Suggest Bush's Republican Base Eroding

Significant Democratic electoral victories across the nation on Nov. 8, suggest that the collapse of credibility of the Bush-Cheney Administration has begun to demoralize its Republican base, leading to losses at the polls because Republicans stayed home. Particularly striking were Republican losses in areas which had gone heavily for President Bush just one year ago, in the national election.

Democrats Challenge Morality of GOP Budget

by Carl Osgood

The afternoon of Nov. 10—just two days after thorough electoral defeats for White House economic austerity and war policies in Virginia and California—saw both Houses of Congress retreat from the entire White House package of \$50 billion budget cuts against programs for the poor, and \$70 billion tax cuts for the wealthy. For the fourth week in a row, Dennis Hastert, Roy Blunt, and their House Republican whips gave up after failing to round up and armtwist votes to pass the cuts; this, after 22 of their Republican colleagues had held a press conference to state that these cuts were opposed by Americans, and immoral in the current economic crisis.

The Agnew Precedent for Removal Of Vice President Dick Cheney

by William F. Wertz, Jr.

As rumors fly that Vice President Dick Cheney may resign following the indictment of his chief of staff Lewis Libby, and the continuing investigation of President Bush's political advisor Karl Rove in connection with the leaking of the identity of covert CIA operative Valerie Plame, it is useful to look back to the process which led to the resignation of Vice President Spiro Agnew on Oct. 10, 1973.

Congressional Closeup

by Carl Osgood

Feature:

LAROUCHE WEBCAST

How the U.S. Political Fight Will Shape Mexico's Future

Here is a transcript of an international videoconference/ forum, titled 'The Significance for Mexico of the Situation in the United States,' and sponsored by the Union of Workers of the National Autonomous University of Mexico (STUNAM), EIR, and the LaRouche Youth Movement, on Nov. 9. It features a dialogue between Lyndon LaRouche and Agustín Rodríguez Fuentes, general secretary of the STUNAM as well as a federal Congressman. The webcast was simultaneously interpreted into Spanish and English. The comments by Spanish speakers have been translated here by EIR.

Economics:

SUMMIT OF THE AMERICAS

Leaders Dump Free Trade, Talk Of Changing Economic System

by Gretchen Small

Plans for a hemispheric free-trade accord died at the fourth Summit of the Americas in Argentina Nov. 4-5, buried by the refusal of the Mercosur nations (Argentina, Brazil, Paraguay, and Uruguay), plus Venezuela, to bow before the free-trade policy which is killing all of the nations of the Americas—the United States included. The standoff resulting from the refusal of those nations—representing 75% of the economy of South America—to set a date for restarting failed negotiations on a Free Trade Area of the Americas (FTAA) produced what Lyndon LaRouche, the champion of anti-free-trade American System economics, called a 'fascinating impasse, an excellent indecision.' The American nations stood up and said 'no,' and no one said 'no' to their 'no,' LaRouche commented.

- **Documentation**

Argentina's Kirchner: Our Priority Is Development

This is Argentine President Néstor Kirchner's speech at the Opening Session of the IV Summit of the Americas, Nov. 4, Mar del Plata, Argentina. It was translated by EIR and subheads have been added.

Fight for National Rail Development Escalates

by Mary Jane Freeman

In a fit of flight-forward arrogance on Nov. 9, the Bush-appointed Amtrak board of directors fired David Gunn, its president, for his opposition to George W. Bush's 'kill Amtrak' plans. This desperate move came only six days after the Senate voted 93-6 on Nov. 3, to fully fund Amtrak and set a new U.S. agenda for passenger rail. That vote did exactly what Lyndon LaRouche had called for in July: Pass the Lott-Lautenberg rail plan with a 'veto-proof majority.'

Book Review

The World Is Made of Nations, Not Markets

by Nancy Spannaus

The World Is Flat: A Brief History of the Twenty-First Century

by Thomas L. Friedman

New York City: Farrar, Straus and Giroux, 2005 488 pages, hardbound, \$27.50

It is to the shame of the United States 'educated' political class, that this book has been on the best-seller list, including in Washington, D.C., for more than half a year. For what *The World Is Flat* represents, is a glorification of the process of globalization which is destroying not only the world as a whole, but the United States as an industrial power, at the very point when this process is about to create an unstoppable catastrophe. But Friedman, like a typical Baby Boomer, is so dazzled by the age of computer technology, that he apparently could care less about the expanding misery of conditions of life worldwide, which results from the failure of the physical economy.

International:

Central Bankers Declare War on European Nations

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche is chairwoman of the Civil Rights Movement Solidarity (Bu"So) party in Germany. She issued the following statement on Nov. 11, under the title 'When Children Set Cars on Fire: The Euro and Violence in France—The ECB Declares War on Member Nations.' It has been translated from German by EIR, and subheads have been added.

If French Interior Minister Nicolas Sarkozy had a plan to deliberately detonate a highly explosive situation, then he certainly was successful. His insulting the largely immigrant population of the suburbs, originally from the Maghreb and sub-Saharan Africa, as 'scum' and 'hooligans,' was an unthinkable provocation, and has contributed decisively to the escalation of violence. But the explosion of these riots—as well as the refugee crisis in Ceuta and Melilla—are only symptoms of the fact that the current political order is no longer in control....

Liberte', Egalite', And 'Trash'?

by Samuel Dixon

They are against the state because the state doesn't want them. They have been treated in their own country as if they are nothing in this world. If anyone doubted that my generation, roughly aged between 18 and 25, is the 'no-future generation,' take a long hard look at France today.

Change People's Lives

by Jacques Cheminade

The following statement was issued on Nov. 8, 2005, by Jacques Cheminade, 1995 candidate for the Presidency of France, and head of Solidarity and Progress, the political party of the LaRouche movement in France. In his 1995 Presidential campaign, he called for development of the immigrant suburbs.

In Memoriam

K.R. Narayanan: A Strong Friend

by Ramtanu Maitra

On Nov. 9, former Indian President Kocheril Raman Narayanan breathed his last in New Delhi, after ailing for weeks. His last resting place will be in New Delhi alongside two other late Presidents of India, by the River Yamuna. KRN, as K.R. Narayanan was known to many of his friends and relatives, was in many ways an extraordinary individual. Born in a very poor family in a small village in the southwestern state of Kerala, and a member of the Dalit community—the untouchables in the Hindu society—KRN was made of steel.

Germany: A Government That Will Not Govern

by Rainer Apel

The new Grand Coalition government is expected to take office in late November, shortly after the designated Chancellor, Angela Merkel, is sworn in on Nov. 22. The week before that, the three parties that form the coalition—the Christian Democrats (CDU), the Christian Social Union (CSU), and the Social Democrats (SPD)—are expected to give the go-ahead for the government at special party conventions, barring unforeseen developments. The coalition, with a more than two-thirds majority in the national parliament, will, however, be stable only on paper, because frictions are being exacerbated in all three coalition parties, while they ignore the reality of the global economic depression.

Australia Dossier

Howard Pushes Fascist 'Anti-Terror' Laws

by Allen Douglas

Prime Minister Howard's new laws would make Hitler blush, but the PM has hitched his wagon to a dead mule: Dick Cheney.

Science and Technology:

Thorium: The Preferred Nuclear Fuel of the Future

Nuclear engineer **Ramtanu Maitra** shows, from the case study of India, how the development of thorium fuel cycles will enhance the efficiency and economy of nuclear power plants.

U.S. Economic/Financial News

U.S. Trade Deficit Jumped to Record-High in September

The unprecedented trade gap of \$66.1 billion was nearly \$6 billion higher than the previous record, registered in February of this year. U.S. exports of goods and services for September relative to August, fell by \$2.3 billion; almost all of that was accounted for by a \$2.4 billion drop in civilian aircraft exports, reflecting the effects of the ongoing Boeing strike. Imports of goods and services for September, relative to August, rose by \$4 billion; \$1.5 billion—more than a third—was accounted for by the increase in imported oil, due to the shooting up of oil prices. Yet another \$2.5 billion of the increase in imports was due to the U.S. importing other goods.

For the first nine months of the year, the U.S. has run a trade deficit on goods and services of \$529.8 billion; on an annual basis, this constitutes a \$706.4 billion deficit.

However, restricting attention solely to physical goods—excluding services—for the first nine months of 2005, the U.S. has run a trade deficit on physical goods of \$571 billion; on an annual basis, this constitutes a \$761 billion deficit. Showing the uncontrolled nature of the process, were the trend to continue, the U.S. physical goods trade deficit for 2005 would exceed the level of 2003—barely two years ago—by a quarter of a trillion dollars.

Sen. Byron Dorgan Attacks Globalization and Free Trade

Sen Byron Dorgan: "When the bubble bursts, and it will, because this is something that can't continue, they will all stand and look back and say: 'How on earth could we have sat by while this happened?'" Senators Dorgan and Debbie Stabenow (D-Mich) held a press conference on the issue of the newly announced record trade deficit in September, and Bush's trip to China. While both Democrats blamed China (and Japan) for currency manipulation and piracy and so forth, as if this were the cause of the crisis, they correctly identified the insanity of globalization and free trade.

Dorgan described the \$2 billion per day (\$66 billion per month) as follows: "Now if ever 'brain dead' applied to anything, the term brain dead has to apply to this trade policy. We have a president who doesn't care. We have a Congress; they don't care. We have the cheerleaders, such as the *Washington Post* and *New York Times* that have always supported this free trade strategy. They don't care.... We are drowning in a sea of red ink. Do you know what these red lines mean? The red lines mean Huffy Bicycles fired all their workers in the United States, moved to China. Why pay \$11 an hour when you can pay 30 cents an hour and work them seven days a week, 12 hours a day? Little Red Wagon, Radio Flyer, gone to China. Pennsylvania House fine furniture, gone to China. Etch-a-Sketch, gone to China." He added that it's not just China, although they represent one-third of our deficit. "This is about a corporate agenda that says we want to produce work cheap and sell back into our country. That doesn't work, because our country is injured irrevocably because of it."

Delphi Bankruptcy 'Almost Caused a Breakdown of the Fast-Growing Credit Derivatives Market'

So noted a feature in Switzerland's *Neue Zuercher Zeitung* Nov. 10. Credit derivatives are the fastest growing segment of the global derivatives business. In the first half of 2005 alone, the volume of outstanding credit derivatives shot up by 48% to \$12.43 trillion. By credit derivatives, an owner of corporate bonds can protect himself against a default by the issuer of the bond. All of that works fine—as long as the default never happens.

Unfortunately, Delphi recently filed Chapter 11, and Delphi bonds have a significant share in the popular credit derivatives index, Dow Jones CDX. Due to the Delphi bankruptcy, owners of Delphi-related credit derivatives could turn to their

counter-party and demand cash payments from their credit derivative counter-party—only, however, by physically delivering the defaulted bond to that counter-party. Now it turns out that there had been 14 times more Delphi-related credit derivatives (\$27.5 billion) contracted than actual Delphi bonds outstanding (\$2 billion). A squeeze in the corporate bond market was the consequence. All the owners of the credit derivatives suddenly tried to catch Delphi bonds, thereby pushing up the Delphi bond price, in spite of the fact that Delphi just had defaulted.

Louisiana Faces 'Great Depression' Rates of Default

The ominous forecast was given at a field hearing in New Orleans of the U.S. Senate Commerce, Science, and Transportation Committee on Nov. 7, by Mike Olivier, who is the head of the Louisiana Department of Economic Development. Highlighting the unspoken reality that the Cheney/Bush team has stiffed Gulf states' citizens victimized by Hurricanes Katrina and Rita, Olivier told the Senate panel, "If the lack of access to capital continues, we are facing the largest default rate for private and public entities—including local governments—since the Great Depression."

The harsh economic reality in Louisiana—a \$1 billion revenue deficit and a \$3.7 billion bill from FEMA for the state's share of costs add up to nearly a quarter of the state's whole budget—was presented to the Senate committee hearing by spokesmen from the fishing industry, small businesses, and the ports, all decimated by the storms. The *BayouBuzz* op-ed put it this way, "On top of [the FEMA bill and revenue loss] plus companies failing, ... fractured levees, ... miles of homes without insurance, ruinage beyond [what] the eyes can see, and no possible way to generate revenues; in sum, considering the enormity of the losses, there is no way to patch this budget, pay off FEMA debt, and restore a resemblance of an economy when many of our major industries—seafood, tourism, the ports, are either crippled or demolished. No way."

Louisiana is asking for \$10 billion in business grants and \$30 billion in tax-exempt 'hurricane recovery bonds' similar to the \$8 billion 'Liberty Bonds' issued to New York after Sept. 11, 2001. Mississippi is asking for \$15 billion in such bonds.

Auto Industry Shutdown in High Gear

Auto layoffs, plant closures, and bankruptcy losses are mounting while suppliers are threatening to halt shipments. Some highlights:

- * Ford is cutting about 1,500 jobs at some plants it took back last month from Visteon; Ford said it plans to offer buy-outs to about 5,000 employees at the former Visteon operations. The automaker plans to close two former Visteon plants, and is seeking to sell 13 others.

- * Visteon is targetting 20 more facilities in North America and Europe for possible downsizing or restructuring, as it posted a third-quarter loss of \$200 million. For example, the supplier announced the indefinite layoffs of 49 hourly workers at its Bedford, Ind. plant.

- * Maker of auto seat mechanisms, Romech said it is closing its plant in Red Oak, Iowa, gutting 400 jobs. Gear maker Eaton Corp. is moving to close its plant in Marshall, Mich., eliminating 117 jobs. Axle supplier American Remanufacturers filed for Chapter 11 bankruptcy protection.

- * A major maker of car and truck wheels sued GM and is threatening to stop deliveries if the automaker doesn't pay more for its parts to offset higher steel prices; a halt would potentially shut down at least some of GM's assembly plants. Topy Corp. said that it is losing money on every wheel it sells to GM. And four Delphi suppliers have also filed legal action, threatening to halt shipments of parts.

* Fitch cut GM's debt rating by two notches deeper into junk, to "B-plus," the fourth-highest junk rating.

* Delphi reported a \$788-million loss in the third quarter, far worse than its loss of \$119 million in 3Q 2004, due in part to a drop of 16% in revenue from GM.

World Economic News

Hedge Funds Are the 'Achilles' Heel' of the International Banking System

So stated Philipp Hildebrand, board member of the Swiss National Bank (SNB), at a conference in Berlin on Nov. 9. In particular, the extreme use of credit leverage by some hedge funds is very worrisome, he said. This leverage, in the form of bank credits to hedge funds, means that the fate of hedge funds and top banks is correlated. It can therefore not be ruled out, Hildebrand said, that a possible crisis emerging within the hedge fund sector could disrupt one, or several, of the large banks. As in the case of LTCM in 1998, he added, hedge funds could thereby become the trigger for a global systemic crisis. He called on financial supervisors not to burden themselves with secondary tasks and, instead, to fully concentrate on "systemic risks."

Avian Flu Pops Up in Two South China Provinces

Despite the strict control measures China has recently put in place to halt the spread of H5N1 avian flu in poultry, the country has not been able to quell the outbreaks. They have culled 6 million birds in the northeastern province of Liaoning, the site of last week's outbreak, but the virus has popped up now in Hunan province in southern China. Three human cases of pneumonia in Hunan are being scrutinized by World Health Organization (WHO) experts, and 192 others are under medical observation.

China, which has requested WHO help to stop the spread of the bird flu, has now banned the sale of live poultry in Beijing, and has closed wet markets as well.

Meanwhile, these other developments:

* The WHO announced on Nov. 7 that two new cases of human avian flu were confirmed in Indonesia, including the death of a young woman on Oct. 28. Her eight-year-old brother contracted the disease, but survived.

* Russian agriculture officials have confirmed H5N1 avian flu outbreaks in 12 locations over the course of the year, the most recent in Omsk, Siberia.

* Thailand has announced that it will proceed with manufacturing a generic form of Tamiflu, as Roche, the licensed manufacturer, has no patent in Thailand.

United States News Digest

Ensign to Hold Hearings on Halliburton

Senator John Ensign (R-Nev), chairman of the Subcommittee on Readiness and Management Support of the Senate Armed Services Committee, said on the floor of the Senate on Nov. 10, that he would hold a hearing sometime in December on

allegations of misconduct by Vice President Dick Cheney's former company Halliburton. The announcement followed the defeat by 53-44 of an amendment to the Defense bill, offered by Sen. Byron Dorgan (D-ND)—for the third time—to establish a special investigation into war profiteering by Halliburton and others.

Ali Still Floats Like a Butterfly, Stings Like a Bee

His reflexes may be slowed and his speech slurred by Parkinson's disease, but former heavyweight boxing champion Muhammad Ali still knows a damn fool when he sees one. The *Washington Post* reports that at the Nov. 9 ceremony at the White House for winners of the Presidential Medal of Freedom, President Bush whispered something in Muhammad's ear while fastening the medal to him, and then stepped back and "put up his dukes in a mock challenge." The *Post* reports that "Ali ... looked the president in the eye—and, finger to head, did the 'crazy' twirl for a couple of seconds." Ali repeated the gesture after he sat down, with the crowd of 200 tittering, and Bush, "visibly taken aback, laughing nervously."

Judith Miller's 'Family' Connections

In the course of a long "human interest" article on *New York Times* reporter Judith Miller and her recent departure from the *Times*, the *Washington Post* on Nov. 10 included an interesting bit of information on Miller's family background. Bill Miller, her Russian-Jewish father, in the 1940s, "owned and operated" a nightclub in Ft. Lee, N.J.; the acts which performed there included Frank Sinatra, Dean Martin, and Sammy Davis, Jr. Later, Bill Miller helped build the lounge acts of Las Vegas casinos. Her Irish-Catholic mother, Mary Connolly, was a dancer in a club "owned" by Lou Walters, Barbara Walters' father. (Walters reportedly was in fact a front man for the mob in New York night clubs such as "21," which goes a long way to explain how Barbara Walters became a major TV news anchor and interviewer, despite her Elmer Fudd-like speech impediment.) Lou Walters introduced Mary Connolly to Bill Miller, and they eventually married. "... Judy Miller's childhood took her from Englewood, N.J., to Miami Beach to Vegas to Hollywood, where she studied drama at Hollywood High."

Lyndon LaRouche asked whether her new assignment, after getting canned from the *Times*, might be to defend the democratic rights of the mob.

Democrats: Question Chalabi, Don't Fete Him

Democrats in Congress are demanding that Ahmed Chalabi come clean on his role in leading the U.S. into the war in Iraq. On Nov. 9, Rep. Henry Waxman (D-Calif) wrote a letter to Rep. Chris Shays (R-Conn), the chairman of the House National Security Subcommittee, asking him to cancel a private briefing with Chalabi, scheduled for the next day, and hold a public hearing, instead, where Chalabi can be questioned about his role in misleading the U.S. about Iraq's weapons of mass destruction, and whether or not he gave classified U.S. intelligence information to Iran. The private briefing went ahead, anyway, and Shays emerged afterwards saying "I wouldn't be surprised if he told Iranians facts, issues, whatever, we did not want them to know in order to develop a relationship."

The day before Waxman's letter, Rep. George Miller (D-Calif) issued a statement calling on the Senate and House Intelligence Committees to subpoena Chalabi to testify "about his role in providing false intelligence about Iraq and leaking U.S. secrets to Iran." Many other Democrats, in both the House and the Senate, issued similar calls, as well.

In a press conference after meeting with Secretary of State Condoleezza Rice, on Nov. 8, Chalabi denied that he passed on fabricated "intelligence" and refused to apologize. He also offered himself to be questioned by the U.S. Senate. Later that day, he addressed the American Enterprise Institute, and was also scheduled to meet with Vice President Dick Cheney, Secretary of Defense Donald Rumsfeld, and National Security Advisor Stephen Hadley during the course of his visit.

Lott: Source of Leaks on CIA's Secret Prisons a Republican

The popular blog "Raw Story" reported on Nov. 9, that Sen. Trent Lott (R-Miss) told CNN reporter Ed Henry that the leaks on the CIA's secret prisons came from Republicans, and that the issue was widely discussed at the closed-door Senate Republican luncheon with Vice President Dick Cheney on Tuesday, Nov. 1.

Specter Hosts Saudi-Bashing Session

Senate Judiciary Committee chairman Arlen Specter (R-Pa) held a Nov. 8 hearing on the topic of his Saudi Arabia Accountability Act, a virtual copy of the provocative bill just passed on Syria. His Saudi-bashing session didn't come off quite as planned, however, when the seasoned Reagan-era diplomat Anthony Cordesman came to testify. Cordesman made it clear from the start that holding Saudi Arabia, or any single country, accountable for terrorism, was an effort doomed to failure. He stated that, while there was a lot of Saudi money involved in terrorist networks (on which much of the previous testimony had centered), the ideologies came from Egypt (the Muslim Brotherhood was named later), and not from Saudi Arabia. Time and time again, Cordesman forcefully disagreed with the frothing, neo-con witnesses, at one point emphasizing that it was the "extremist environment," and not just the money, that created a terrorist outlook.

Although he specifically stated that legislation alone could not force a change, Specter made it clear that he was determined to stand by his failed axioms, and push the bill through.

The 'Destroy Government' Faction Dealt Blow in Colorado

The 'destroy republican government' faction was dealt another blow, when, on Nov. 1, Colorado voters set aside for five years the nation's most restrictive "Taxpayers' Bill of Rights" (TaBOR) constraints on state revenue, so the state can try to reverse the drastic destruction of state services that has resulted from a dozen years of TaBOR. Neo-cons, who have been trying to use the Colorado measure as a springboard for imposing similar destructive measures in other states, are having hissy-fits.

Guided by the likes of former U.S. House Majority Leader Dick Armey's FreedomWorks and Jack Abramoff buddy Grover Norquist's Americans for Tax Reform, neo-cons have initiated TaBOR efforts in about half of the states. The Pennsylvania House approved a version on Nov. 6. Missouri and other states will have votes on TaBOR in their state legislatures next year. In Ohio, Rove vote-rigger, Secretary of State Ken Blackwell, had planned on piggybacking his way to the Governor's office on a 2006 TaBOR referendum. The sea-change that the Colorado vote reflects will make that more difficult.

The Colorado vote for sanity was aided by GOP Gov. Bill Owens, a conservative who urged voters to set aside TaBOR. At one point, neo-cons had considered Owens a potential Presidential candidate. But his actions to salvage state government have put a bull's eye on his back. Norquist and others contend that he betrayed his party. "If you're a Republican governor or aspiring governor, what you learned from this [Owens' role in defeating TaBOR] is that opposition to a spending limit destroys a political career," Norquist raved. "This guy stood in front of a train."

Defeating TaBOR in Colorado means that \$3.7 billion that would otherwise have been refunded to taxpayers, can be used to rebuild the state's collapsing services. During the years of TaBOR's reign, Colorado plummeted in numerous rankings:

* From 35th to 49th in the nation in spending on K-12 education as a percentage of personal income

- * From 30th to 50th in average teacher salary, compared to average pay in other occupations
- * From 24th to 43rd in the percentage of children receiving full vaccinations
- * To last in the percentage of low-income children covered by health insurance.

In just the past four years, Colorado has raised in-state tuition by 21% at its colleges and universities.

As Armev wrote of Colorado's TaBOR three days before the vote, "It worked."

During the campaign to pass the Colorado Taxpayers' Bill of Rights in 1992, local operatives played on the legendary name of Tabor. In the post-Civil War era, Horace Tabor grubstaked a couple of Leadville silver miners who struck it rich at the Matchless Mine. He and his concubine/wife Baby Doe became fabulously wealthy. But it's the ending of the Tabor story that neo-cons don't want remembered: The Tabors went from riches to rags. Penniless widow Baby Doe froze to death in her only remaining shelter—the mouth of the defunct Matchless Mine.

Ibero-American News Digest

Shockwaves Continue Off Summit of the Americas

Argentine President Nestor Kirchner and Brazilian President Lula da Silva have announced they will meet on Nov. 30 to celebrate the 20th anniversary of the launching of integration projects between their two countries, a sign of improved relations following their effective work together at the just concluded Summit of the Americas. Both Presidents consider the summit to have been a success, it is reported. (See InDepth this issue for *EIR's* analysis and the first published English text of President Kirchner's ground-breaking speech to the summit.)

Not so Mexican President Vicente Fox, whose public petulant fit over President Kirchner's refusal to capitulate to the Free Trade Area of the Americas has landed him in hot water at home. Fox and his Foreign Minister began ranting to reporters against Kirchner almost as soon as they got on the plane in Argentina to return to Mexico. Between them, they denounced Kirchner, by name, and the Mercosur countries and Venezuela, for "small-mindedness," thinking only of "Argentine public opinion," being "too ideological," etc. The Mexican Senate, where the opposition has a majority, immediately passed a resolution condemning President Fox's egregious confrontation with fellow Ibero-American governments on behalf of a free-trade policy which Mexicans know has nearly destroyed their country.

Kirchner was not impressed by Fox's petulance. Speaking Nov. 7 speech in Buenos Aires province, he answered: "We want integration with justice, not just in favor of the most powerful. Let President Fox worry about the Mexicans. I was elected by the Argentine people, and I will take care of them as I should." He added: "I don't go to summits to look good for the visitors. We're not fighting for the leadership spot with anyone, but for a Latin America which is greater. For some people, good diplomacy means permanently paying homage" [to the most powerful]. "If necessary," he said, "I'll stand alone to defend the interests of the Argentine people."

LaRouche Addresses Trade Unionists Across the Americas

For the full story, see the feature in this week's InDepth.

Fujimori Begins His Comeback; Returns to the Americas

Former Peruvian President Alberto Fujimori left Japan and flew into Chile on Nov. 6, with the declared purpose of preparing his campaign in the April 2006 Presidential election in Peru. He was arrested less than 24 hours later by Chilean authorities acting at the request of Peru's government, which says it will seek Fujimori's extradition so he can be tried on the corruption, human rights, and other charges heaped up against him by the government of Alejandro Toledo.

Fujimori has lived in exile in Japan since his ouster by a Project Democracy coup financed by narco-speculator George Soros in November 2000. The extradition process will not be quick, however, and Peru's political class and government were thrown into a tizzy over the sudden landing of this "hot potato." Fujimori, who led the crushing of Sendero Luminoso and other narcoterrorists in the 1990s, has a significant following in the country still, and was running at 20% or more in Presidential polls, until the political pollsters decided to drop his name from their questionnaires. A reported 1,500 people rallied in his support in Lima on Nov. 7.

New Border Conflict Triggered in South America

Just as when the battle lines in South America are being drawn between free trade and a New Bretton Woods financial system, a new border dispute between Peru and Chile has been triggered by known intelligence elements, quickly taking on a dangerous tone which is stirring up worries across the region.

On Nov. 3, the Peruvian Congress unanimously and unilaterally passed a law re-drawing Peru's maritime border with Chile, so as to give Peru access to 35,000 more square kilometers of sea that include coveted fishing waters off the Pacific Coast. Chile's government has announced that it will not recognize the new law, which it claims violates treaty agreements signed back in 1954. Peru has dismissed that "treaty" as "a mere fishing agreement."

The primary sponsor of the Peruvian bill was Fernando Olivera's "Independent Moralizing Front" (FIM), a narco-linked intelligence operation masquerading as a party, and a part of Peruvian President Toledo's governing coalition. Olivera and the FIM's last big political initiative was their support earlier this year for separatist attempts to legalize unrestricted coca cultivation.

Although Chilean President Ricardo Lagos has denied military reinforcement of the border, Chile's Defense Minister Jaime Ravinet threatened on Nov. 2 that while "Chile seeks peace, wants to build peace, it also knows how to defend its land and maritime territory." Chile has suspended trade negotiations with Peru, and has appealed to a number of other major Ibero-American countries to intervene. Peru, meanwhile, has said it would be happy to take the conflict to The Hague.

Central Bank Out To Destroy Brazil's National Development Bank, Lessa Charges

The Central Bank is laying the groundwork to shut down Brazil's powerful National Economic and Social Development Bank (BNDES), in a desperate attempt to lock in neoliberal policies, no matter what government is in power in 2006, the former head of the BNDES, Carlos Lessa, charged on Nov. 7. The bankers are worried about what might emerge from the 2006 Presidential elections, he said.

BNDES, which Lessa headed for the first three years of the administration of Brazilian President Lula da Silva, is the second-largest development bank in the world, and the leading source of funds for Brazil's domestic development and for such regional infrastructure projects as have gotten underway in South America. Created under Gertulio Vargas's postwar administration, the BNDES was—except under the government of Fernando Henrique Cardoso in the 1990s—the closest thing in Brazil to a Hamiltonian National Bank. Today, it is the only financial institution left in Brazil which issues long-

term credit, at low interest rates.

Lessa issued his red alert on the Central Bank's plans, after *Folha de Sao Paulo* leaked on Nov. 6 that the Central Bank has been auditing BNDES, and has come up with a list of supposed "irregularities" and violations of monetary regulations which the bank has committed. In particular, the Central Bank claims BNDES's malfeasance comes from not using regular market criteria to calculate risk-spreads for its loans, as if it were not a development bank with a specific mission.

Lessa laced into Central Bank head Henrique Meirelles, calling him "an anti-Brazil knight" who believes that "everything relevant to the nation is a mortal sin, and should be eliminated.... This group—[Treasury Minister Antonio] Dr. Palocci, Dr. Meirelles, the Brazilian Federation of Banks men, the capital market, the world of the so-called market—are very worried about the Presidential succession. They want to set the rules now, which would make a change in economic policy impossible."

Western European News Digest

Blair's Push for Police-State Terror Bill Fails

British Prime Minister Tony Blair lost the support of 49 members of his Labour Party in last week's vote on the controversial 90-day detention plan, which was defeated in Parliament 322 to 291, despite the 66-seat majority enjoyed by the Labour Party. Among the Labour MPs rebelling against the government were 11 former ministers—a defeat much bigger than expected.

At issue was a police-state measure whereby Blair hoped to lengthen the time a terrorist suspect may be held without charges—from the present 14 days to 90 days.

The Labour rebels are warning that Blair will face more opposition, when he tries to push through such controversial proposals as increased privatization of the health and education sectors, and plans to update the Trident nuclear deterrent. Home Secretary Charles Clarke is taking the rap for the defeat, and may get the boot, but no one is fooled as to who was really defeated. Clarke had tried to negotiate a compromise, of a shorter detention period, but Blair rejected anything less than 90 days. Blair had even gotten Chancellor Gordon Brown and Foreign Secretary Jack Straw to rush back to London, from trips to Israel and Russia, to support the government, and Labour chairman Ian McCartney, who is recovering from heart surgery, also came in to vote—but it didn't help.

'Unprecedented' Parliamentary Probe of Blair's Pre-War Conduct

As part of the blowback of the Post-Cheney Era in Britain: Labour and Tory MPs have launched a Parliamentary inquiry into Tony Blair's conduct in the run-up to the war on Iraq, says *Sunday Times* reporter Michael Smith, who earlier broke the "Downing Street memos" on the coordinated lying and deception between Blair and the Bush Administration on Iraq.

A coalition of Tory and Labour MPs will table a motion to set up a House of Commons committee to examine "the conduct of ministers" before and after the war, Smith wrote. If about 30 Labour "rebel" MPs support the motion, it could succeed. They want to create a committee of seven privy councillors who would have the power to see all sensitive documents and call any British witnesses, including intelligence chiefs. A key issue would be the failure to plan for the aftermath of the war, said Tory MP Douglas Hogg, one of those seeking support for the committee, which is already backed by the Liberal Democrats and the Scottish and Welsh Nationalists.

The inquiry is also expected to look at the secret air war against Iraq that began in May 2002, just weeks after Blair agreed that Britain would take military action with America to achieve regime change, Smith wrote.

Ex-Ambassador's Memoirs Highlight Blair's Iraq War Failures

Sir Christopher Meyer, British Ambassador to Washington (1997-2003), has just finished his memoirs, a damning criticism of Tony Blair and the aftermath of the invasion of Iraq. He writes, "There is no doubt that the presence of American and British troops to a degree motivates the insurgency.... There is plenty of evidence around at the moment that homegrown terrorism was partly fuelled by what is going on in Iraq. There is no way we can credibly get up and say it has nothing to do with it. Don't tell me that being in Iraq has got nothing to do with it. Of course, it does. The issue is part of the price we have to pay and should be paying for the removal of Saddam Hussein and at the moment the jury is out."

Meyer was a key insider in U.S.-British relations and an architect of the Blair-Bush alliance, and has worked personally and closely with everyone in the White House, including Bush, Cheney, Scooter Libby, and Karl Rove. Furthermore, he was a true believer in the war and openly admires President George Bush, whom he claims he found to be "articulate and interesting" and unlike Blair, concerned with details, says Meyer.

Italian Magazine Connection in Yellowcake Forgeries

The key connection in the faked Niger yellowcake dossier is the Italian magazine *Panorama*, an investigative source told *EIR*. The source indicated that *Panorama* editor Carlo Rossella played the key role in transmitting the dossier to the U.S. outside of normal intelligence channels. It was *Panorama* journalist Elisabetta Burba, under Rossella's orders, who delivered the forged documents to the U.S. Embassy in Rome in October 2001, whence the embassy handed them over to the State Department.

Rossella, who today runs a national TV network, is a Catholic neo-con, who annually makes the medieval pilgrimage to Santiago de Compostella in Spain. In December 2001, he travelled to the U.S. to interview leading chickenhawks in the Bush Administration—interviews subsequently published in *Panorama*. This includes the famous interview in which then-National Security Adviser Condoleezza Rice attacked Pope John Paul II.

ECB Launches Attack Against Deficit Countries in Europe

After the announcement that the ECB (European Central Bank) will no longer accept as collateral state bonds with a rating below A-: "If there were even a small downgrading, ... Greece would run an *Argentinian* risk. Soon after, it could be the turn for Italy and Portugal," wrote the Italian daily *Il Riformista* last week. The same action prompted the Parisian paper *Le Monde* to speculate whether "we are headed towards a war between the ECB and the [European Union] member states."

The ECB is trying to find a way to force the countries to respect the austerity criteria of the EU's Maastricht Treaty; the Bank is unhappy that the Stability Pact measures have not worked so far, and that the financial markets are not an element of control either, since the financing rates for the debt of all euro-zone countries are extremely close. To try to force the EU members into line, according to the Nov. 9 *Financial Times* of London, the ECB has been working on a plan for three years. *Le Monde* reports that the ECB is planning to differentiate debts which it considers risky from those which are less so, and will be using a criterion for selection based on Standard & Poor notations, to indicate the health of the public finances of a country and its capacity to reimburse its debts. The bad debts will be those rated less than A-.

In its coverage of the topic, the German financial daily *Handelsblatt* featured a front-page picture of the Frankfurt headquarters of the ECB superimposed on a historical drawing of the French Commune in 1871, with angry mobs.

Budget Cuts To Halt Italian Infrastructure Projects

By January, budget cuts will bring to halt a number of public works in Italy and force the layoff of 300,000 workers, said a confidential report for the Italian government. The state holding company ANAS, which owns and maintains most of Italy's roads, will be forced to close 60% of its construction sites, resulting in the layoff of 300,000 directly from construction and from supply firms.

ANAS needs at least 1.5 billion euros to keep financing those sites, which include major works in southern Italy: the modernization of the Salerno-Reggio Calabria, the Catania-Siracusa and the Ionica highways, as well as the Rome Beltway (GRA), the Asti-Cuneo and the Grosseto-Fano highways, among others. An additional difficulty is that, beyond the cuts, the current budget plan forbids ANAS from accessing bank credit; instead, it intends to cut ANAS into pieces and privatize it.

Russia and the CIS News Digest

Russian Prosecutors Investigate Report That Nalchik Raids Presaged Bigger Attack

A story that the Oct. 13 raids against law enforcement offices in Nalchik, Kabardino-Balkaria, in the Russian North Caucasus, may have been designed to be parlayed into larger-scale attacks, was published by the Texas-based Stratfor think tank on Oct. 19. Statements by Russian Deputy Prosecutor General Nikolai Shepel confirm that the Stratfor report is being taken seriously.

In an article headlined "Nalchik: the 9/11 that wasn't," and bylined "Fred Burton," Stratfor cited "Russian military contacts and other sources" as saying that "the events in Nalchik apparently were supposed to be only the first phase of a plan that ultimately was to include flying explosives-laden aircraft into high-profile targets elsewhere in Russia. Though the exact targets have not been confirmed, sources say possible targets included the Kremlin, a military district headquarters and railway hub in Rostov-on-Don, a nuclear plant in the vicinity of Saratov, and a hydroelectric plant or dam on the Volga." While urging caution towards the source reports, Stratfor commented that the insurgents' targetting of the Nalchik airport at the beginning of their operation, while relatively ineffective (perhaps merely diversionary) raids were launched against other points in the city, tends to support them. The Burton article suggested that Russian counterintelligence was more effective than previously known, and had managed to preempt the bigger operation.

Shepel told Interfax Oct. 28, "Our information indicates that the terrorists planned to strike against 40 targets in Nalchik, including seizure of the local airport. We also intend to investigate reports on plans by [Chechen separatist field commander Shamil] Basayev to use civilian aircraft as weapons of terror." Interfax also cited the Stratfor analysis. In another update, widely aired by Russian media on Nov. 11, Shepel said that Ruslan Nakhusev, the director of the Islamic Studies Institute in Nalchik, who has recently disappeared, is a suspect in the Nalchik attacks.

Russia Studies French Unrest

There is intense discussion of the recent riots in France, within Russian political circles and media. The Russian context is defined by the growing number of ethnically non-Russian migrant laborers in the country, as a labor shortage develops in Russia, due to the horrendous demographics—the collapse of the Russian population—brought about by the foreign-monetarist-guided "reforms" since 1992. A Russian state television broadcast, monitored by the BBC on Nov. 7, talked in terms of a need to attract 2 million foreign workers each year, starting now. It said that 500,000 Chinese workers are already in Russia, and that this number will soon have to rise into the millions. "Yes, it is a problem," the program

commented, "but the extremely acute manpower shortage is an even greater problem—fatal for the nation."

According to State Duma Deputy Otari Arshba (United Russia), the "2 million per year" figure comes from the UN, while Russian researchers put the need for *gastarbeiter* at 700,000 annually.

Vice Speaker of the Duma Lyubov Sliska said Nov. 7 that "there are people who are kindling similar passions" in Russia, creating a danger of violence like in France. Rodina Party leader Dmitri Rogozin said Nov. 6, according to Interfax, that he had asked Minister of Internal Affairs Rashid Nurgaliyev to undertake "preventive work with communities of immigrants from the Caucasus and Central Asia, to prevent violent rioting in Moscow and other Russian cities." (At the same time, Rogozin himself came under fire for appearing in a "clean up Moscow" mayoral campaign ad, which included visual images of Caucasus-region migrants as "garbage.") There has recently been an increase in violent attacks on foreigners in Moscow, St. Petersburg, and other cities, including the murder of a Peruvian student in Voronezh.

Media attention to the issue has included sensationalist articles, like *Komsomolskaya Pravda's* "nightmare scenario" of Nov. 8: "Ethnic groupings from the North Caucasus and Central Asia, fighting the Chinese for spheres of influence in Central Siberia. In fact, this is not science fiction; this is the bitter reality of recent years." The article went on to detail demographic shifts in Stavropol and Krasnodar Territories, just north of the North Caucasus, and in Siberia.

NED Targets 'Democracy'-Building in Russia

The Foreign Operations Appropriations bill, passed by the U.S. House of Representatives Nov. 4, allocates \$95 million through the National Endowment for Democracy for "promoting democracy, good governance, human rights, independent media, and the role of law throughout the world." The assignment of \$4 million to programs for developing political parties in Russia drew attention in that country, where not only is foreign funding for political parties illegal, but President Putin has come out strongly against foreign funding of non-governmental organizations, engaged in politics. On July 20, as *Izvestia* of Nov. 8 reminded, Putin said, "I object categorically to funding from abroad for political activity in the Russian Federation.... No self-respecting state permits this. And we will not permit it."

A law currently before the State Duma would require re-registration of all NGOs in Russia, preceded by a review of their activity.

Coverage in *Vremya Novostei* noted that the American bill earmarks \$2.8 billion for combatting HIV/AIDS around the world, but that up to \$80 million in HIV/AIDS and related assistance for Russia is tied, in the legislation, to good-behavior reports from the Bush Administration to Congress, concerning issues that range from technical assistance for Iran's nuclear program, to freedom of action for NGOs in Chechnya.

Aliyev Moves To Control Post-Election Turmoil in Azerbaijan

Both anti-government protests and rallies in support of President Ilham Aliyev took place in Baku, Azerbaijan after Nov. 6 Parliamentary elections, in which Aliyev's New Azerbaijan Party (known as YAP) claimed 63 out of 125 seats. About 15 seats went to opposition candidates, while independents got 44. The International Election Observation Mission, comprised of OSCE, NATO Parliamentary Assembly, and Council of Europe observers, declared the elections to have been sub-standard. U.S. State Department spokesman Adam Ereli announced American disappointment on Nov. 7, citing "major irregularities and fraud." Elements of the election scene were farcical, including a last-minute attempt to use indelible purple "I have voted" ink, imported from Michael Saakashvili's Georgia, which didn't work.

November 9 saw an authorized opposition demonstration in Baku to protest the announced outcome, followed by another

protest the next day, but also a much larger (20,000+) rally in support of YAP and Aliyev. On Nov. 10 President Aliyev fired two regional governors for corrupt election practices, while the Central Elections Commission overturned the results in a number of districts and is examining others.

In Russia, where the Foreign Ministry officially stated that any irregularities in the Azerbaijan vote were minor, the opposition is seen as U.S.-controlled. That is because its leading figure, Rasul Guliyev, spent nine years in exile in the USA (and London), after fleeing prosecution for embezzlement in the mid-1990s. Russian television reports portrayed the opposition Azatlyg (Freedom) bloc's leaders as "racing from one Western embassy to another," to get instructions.

Moscow Reiterates: Iran Is Entitled to Nuclear Energy

Speaking at the Carnegie International Non-Proliferation Conference in Washington, D.C. Nov. 8, academician Alexander Rumyantsev, the director of the Russian Federal Atomic Energy Agency, reaffirmed Iran's right to civilian nuclear energy. It was pointed out in a question by *EIR* that, regarding Iran and North Korea, Russia had followed a policy of engagement, and willingness to provide civilian nuclear energy. Meanwhile the U.S. policy of unilateral sanctions has failed, as seen in the amendment to the Iran Non-Proliferation Act last week by the U.S. Congress, required to ensure that American astronauts can stay on the International Space Station. "Iran has signed the Non-Proliferation Treaty and the Additional Protocol," Rumyantsev responded, "and under the Treaty each signator is entitled to build a civilian nuclear power industry."

Before leaving for Washington, Rumyantsev had told the media that Russia would be willing to build a nuclear power plant in North Korea, and that perhaps all the parties to the Six Power talks on Korea would pitch in.

As of Nov. 11, the Russian Security Council head and former Foreign Minister Igor Ivanov was in Tehran for talks with Foreign Minister Manouchehr Mottaki, including about nuclear power. Ivanov was expected to present an offer to allow Iran to enrich uranium in Russia, in a joint program. Iranian National Security Council head Ali Larijani stated, "What is important for Iran is to enrich (uranium) on its soil," however, he added that if an offer were made, "we will discuss it."

Russian Foreign Minister Sergei Lavrov said he expected "to have results in the near future." He added that Russia was "cooperating closely with the EU troika, the United States, and the IAEA, to resolve politically all the questions linked to the Iranian nuclear program." The Russian offer has been discussed since June, according to a Rosatom spokesman. In parallel, according to an EU diplomat, the EU has drafted a proposal to the same effect, entitled, "Elements of a Long-Term Solution." It names Russia, and copies have been sent to Moscow and Washington.

Southwest Asia News Digest

Jordan Attacks: No Peace Possible Till Cheney Is Out

Irregular war attacks are in full swing in Iraq, Israel, the Palestinian National Authority, and, as of Nov. 9, the usually relatively calm Jordanian capital of Amman, where three Western-based hotels—the Radisson SAS, the Grand Hyatt, and Days Inn—exploded in nearly simultaneous attacks, apparently by suicide bombers. The biggest blast hit the Radisson, at a wedding party, with 250 guests. By Nov. 10, some 67 had been reported dead and 110 injured.

But one anomaly in the Jordan attacks must be noted: Four Palestinians were killed, including Maj. Gen. Bashir Nafeh, head of Palestinian military intelligence, along with Col. Abed Allun, an official of the Palestinian Security Forces; Jihad Fattouh, the brother of the Palestinian Parliament speaker; and Mosab Khoma. The four were on their way back from Cairo, Egypt, reported Palestinian negotiator and government advisor Saeb Erekat. Both the Palestinian Authority and the

militant opposition, Hamas, condemned the Jordanian attacks.

Meanwhile, a dubious Internet claim was made by al-Qaeda in Iraq, led by Jordanian Abu Musab al-Zarqawi, that they are responsible for the attack, uncharacteristically claiming that they were targetting the collaborators with Israel.

But there is also a question raised as to whether these attacks are tied to Israeli security services, which have resumed the policy of "targetted assassinations," i.e., extra-judicial murders, and which have a history of carrying on wetworks in Jordan, killing Palestinian leaders.

No conclusions can or should be reached, until a total forensic investigation is carried out. But the targetting of Jordan, one of the two Arab countries which has signed a peace treaty with Israel, is both ominous and lawful, since Jordan has been repeatedly called upon, by the United States and the European Union, to aid Road Map "diplomacy," and has tried, at great risk, to oblige.

It is a simple fact that the "preventive war" policy of Vice President Dick Cheney, who is still in control of U.S. war policy, has put Arab countries in an untenable position. And George Bush's recent war declaration against an imaginary march of radical Islam to create a "new Caliphate from Barcelona to Indonesia" is both laughable and tragic. With Bush's identification of radical Islam as the enemy in the "war on terror," it is Cheney's "perpetual war" doctrine that is on the march.

The Amman attacks occur against a backdrop of continuous threats and destabilizations from Washington:

* Syria is targetted by a U.S. war and regime-change plan, which was to have been justified by a UN Security Council resolution—until opposition from UNSC members, especially Russia, prevented an immediate trigger. But a report from veteran military analyst William Arkin, on Nov. 8, says that the Pentagon already has a plan of attack drawn up, albeit scaled down from a full Iraq-style assault.

* Israel has received a green light from the Bush Administration to resume killings of Palestinians, and invasions of the West Bank and Gaza. Predictably, these assassinations, including the killing of Palestinian children, presaged revenge terrorist attacks against Israelis.

More than anything else, the continuing occupation of Iraq, the targetting of Sunni populations by the U.S., including civilians, and new revelations that the U.S. used napalm and phosphorous in assaults on Iraqi cities, inflame the region.

There is no peace possible with Cheney, "Vice President of Torture and War," still in command.

***EIR* Spokeswoman Mirak-Weissbach on Lebanon TV**

Muriel Mirak-Weissbach recently appeared on the popular "Bilalakib" show on Lebanon's NTV, a program directed by Maria Mahlouf, who has interviewed Lyndon LaRouche, Jeffrey Steinberg, and other LaRouche associates. An earlier interview she conducted with Mirak-Weissbach just after the murder of former Lebanese leader Rafiq Hariri, which exposed the "Clean Break" scenario behind the assassination, caused waves in the region. That interview focussed on the neo-cons' plot for war against Iran. NTV regularly carries material from *EIR*.

This more recent interview concerned Iraq. The response was reportedly very positive, as people were shocked at the comparison made to the Allied bombings of Dresden, and other German cultural centers, at the end of World War II, aimed at destroying the cultural identity of the population. Dr. Ashraf Bayoumi, Abdel Majid Rafai, and Mahmoud Osman

also participated in the program.

Did Cheney Okay Chemical Weapons in Fallujah Assault?

A former U.S. soldier who was interviewed in a Nov. 8 documentary on Italy's RAI-TV, said he had heard, in connection with the U.S. attack on Fallujah, warnings being issued for the use of "Willy Pete," military slang for white phosphorous, which can burn a body to the bone. Also alleged is U.S. use of napalm, a jellied gasoline; both chemical weapons are prohibited by UN conventions.

Former kidnap victim and Italian journalist Giuliana Sgrena was also interviewed. Sgrena said she had gathered testimonials on the use of phosphorous and napalm in Iraq from several refugees from Fallujah, and wanted to tell the world about it, "but my [Iraqi] kidnappers would not allow me to."

Not mentioned is whether it was this the story that U.S. forces were attempting to cover up when they assaulted the convoy rescuing Sgrena and killed her rescuer, Italian SISMI agent Nicolo Calipari, on March 4, 2005.

U.S. Owes Iraq Millions for Halliburton's Bad Work

A UN auditing board concluded that the U.S. should repay as much as \$208 million to Iraq, for overcharges and shoddy work done by Dick Cheney's Halliburton. The International Advisory and Monitoring Board was set up to oversee U.S. administration of the Development Fund for Iraq, the program that replaced the oil-for-food program, into which Iraqi oil revenues and cash seized from the former Saddam regime was deposited. The board said that much of the work Halliburton was contracted to carry out was either done at inflated prices or done poorly. The board recommended that "amounts disbursed to contractors that cannot be supported as fair be reimbursed expeditiously."

A spokeswoman for Halliburton, of course, denied that that there were overcharges, because the charges were incurred at the client's, that is, the U.S. government's, direction. "The Bush Administration repeatedly gave Halliburton special treatment and allowed the company to gouge both U.S. taxpayers and the Iraqi people," said Rep. Henry Waxman (D-Calif) in a statement on the new report. "The international auditors have every right to expect a full refund of Halliburton's egregious overcharges."

Rumsfeld Ordered War Plans Against Syria in 2004

Defense specialist Bill Arkin in his *Washington Post*-based Nov. 8 blog reported that, "According to internal intelligence documents and discussions with military officers involved in the planning, U.S. Central Command (CENTCOM) in Tampa was directed by Secretary of Defense Donald Rumsfeld to prepare a 'strategic concept' for Syria, the first step in creation of a full-fledged war plan." The plans include: sealing the Syria-Iraq border, and targetting of alleged "safe havens" for the Iraqi insurgents, infrastructure for Syria's alleged chemical and biological weapons depots, and the regime of Bashar al-Assad itself.

Arkin underscores the hoax of the present U.S.-led campaign against Syria over the assassination of Lebanese leader Rafik Hariri, which occurred months after these war plans were already in the making. Also, since the administration has *zero* credibility on the question of accusing Syria of having WMD, the reason for war has conveniently morphed into accusing Syria of supporting the Iraqi insurgency, and threatening Lebanon.

Also on Nov. 8, the *Boston Globe* reported that the U.S. "has cut off nearly all contact with the Syrian government." It has "halted high-level diplomatic meetings, limited military coordination on Syria's border with Iraq, and ended dialogue with

Syria's Finance Ministry on amending its banking laws to block terrorist financing."

A Syrian diplomat reported these steps to *EIR* as well.

Brits Still Cover Up for Special-Ops Soldiers

On Nov. 4, in a Pentagon video press conference, British Maj. Gen. J.B. Dutton, the commander of the British-led multinational force in southeastern Iraq, emphasized unsubstantiated charges that technology and equipment for making the deadliest type of armor-piercing roadside bombs that have been appearing in recent months, is coming across the border from Iran.

EIR and other reporters, however, were after a different story and peppered Dutton with questions about the British Special Operations Soldiers September scandal.

That incident occurred last September when two British soldiers were arrested by Basra police and subsequently broken out of prison by British troops. The Basra authorities cut off all contact with the British military command for a time, until both sides agreed that such a cutoff wasn't serving any useful purpose. Dutton still refused to clarify what the two British soldiers were doing at the time of their arrest, saying only that "they were operating perfectly within the rules of engagement at the time." He also reported that the British force did not change its mode of operations afterwards, as part of the process of re-establishing communication with the Basra authorities. Both sides issued a "statement of regret," but the Brits added, "We didn't issue an apology because no apology was required, because we have nothing to apologize for."

Asia News Digest

Another Snow Job! U.S. Treasury Secretary in India

With nothing much under his control in Washington, U.S. Secretary of Treasury John Snow last week visited India on behalf of the retailers of United States. Speaking at the Confederate of Indian Industries in New Delhi on Nov. 9, Snow said India should allow more foreign investment in infrastructure and open up its retail sector for further investment "to keep pace with the global economy."

Gifted with eyes (one cannot be so sure of his other faculties), Snow did notice India's poor physical infrastructure. Suggesting as potential areas of investment roads, ports, airports, and the power sector, he said: "Infrastructure in India needs more finance ... opening up the sector further will help to develop long-term project financing and corporate bond market."

India Pushes Ahead with Indian Ocean Security

As part of India's ongoing effort to gain greater security control over the Indian Ocean by achieving greater security control over Indian Ocean littoral countries, new agreements were reached last week between India and Mauritius.

Visiting India, Mauritius Prime Minister Navinchandra Ramgoolam requested military supplies. Responding to his request, Indian Prime Minister Manmohan Singh agreed to supply advanced light helicopters, an offshore patrol vessel, and a coastal surveillance radar system to strengthen Mauritius' security forces. To expedite the process, India will be supplying the equipment on credit.

Indonesian Inflation May Hit 17% by Year's End

Indonesia is now facing a hyperinflationary burst as a result of the huge cut in fuel subsidies in October, which raised fuel costs by 125%. According to the Jakarta-based *Asia Pulse*, Coordinating Minister for Economic Affairs Aburizal Bakkrie says Indonesia's rate of inflation "is already 15.65%, but by the end of the year it will rise beyond projections to perhaps 17%." Already the year-on-year (October 2004 to October 2005) figure has reached 17.89%. The fuel-oil price hikes directly contributed 3.47% to October inflation, while increased transportation rates, just one of the derivative prices hit by the fuel rise, were responsible for 2%. Food prices have risen 7.2% on average.

Six-Power Talks Snag After U.S. Demands Pyongyang Blink First

The six-power talks on the Korea crisis (involved are the U.S., North Korea, South Korea, Russia, China, Japan), recently reconvened, hit a snag after the U.S. demanded that North Korea blink first.

North Korea on Nov. 9 repeated its proposal that the U.S. provide the Clinton-promised civilian nuclear reactor as a first move to establish trust. This was rejected by U.S. negotiator Christopher Hill, who demanded that the North move first to close its plutonium reactor. "Yongbyon has continued to produce material that can be turned into weapons-grade plutonium," Hill said Nov. 9. "That means that we have a bigger problem than we had on Sept. 19," when the talks recessed. "The time to stop that reactor is now." Hill also demanded that Pyongyang "make a declaration of what else it has for nuclear programs,"—that is, voluntarily surrender the uranium weapons which North Korea says don't exist.

North Korean envoy Kim Kye-gwan replied Nov. 10 with an angry attack on recent U.S. unilateral actions based on "false charges," which he said so undermine trust that North Korea cannot act first. The U.S. Treasury, in early October, blacklisted eight North Korean companies and froze their U.S. assets, charging them with "aiding proliferation of weapons of mass destruction" by narcotics trafficking, money laundering, and dollar counterfeiting. "This is not the correct attitude for negotiations," Kim said; thereupon negotiations had to be halted for the day.

"The U.S. sees North Korea's closure of the plutonium reactor as the first step for building trust," South Korean negotiator Song Min-soon told the press. He cited the offer Nov. 1 by U.S. Ambassador to South Korea Alexander Vershbow, that Washington, in exchange, might open a representative office in Pyongyang. "That would be the way forward, a lot of things are possible," Hill said of Vershbow's comment.

Chinese Foreign Ministry spokesman Liu Jianchao said the talks would continue through Nov. 11 as scheduled, although negotiations were getting tough. "They have yet to reach a compromise on the framework of how to implement the Sept. 19 agreement," he remarked Nov. 10. Hill said it was unlikely that they could create working groups this week. "We only have a three-day session, so we're just gathering ideas," he said. The talks are to recess for the Asia-Pacific Economic Cooperation (APEC) summit Nov. 14-16 in South Korea, then supposedly resume later in November.

Bush Demands North Korea Act First To Disarm

Speaking Nov. 9 in Washington, while the six-power talks were underway in Beijing, President George W. Bush demanded that North Korea act first to disarm, before any U.S. response. "We want to see tangible results in the dismantling of nuclear weapons programs; then at the appropriate time, we'll discuss the light water reactor," he told reporters from Japan, China, and South Korea in an interview about his upcoming trip to Asia. Bush said he was concerned over hunger and forced-labor camps in North Korea. "Whether starvation and hunger, or other such things, the North Korean leader's responsibility is to address that," he said.

Meanwhile, also Nov. 9, former President George H.W. Bush met South Korean President Roh Moo-Hyun in Seoul at the Blue House, trying to patch up the gaping holes in the U.S.-South Korean alliance made by Dick Cheney and his neo-con thugs. South Korean diplomats say the alliance is in danger of snapping.

Roh praised the former President for his "contribution to global peace and democracy around the world." Bush Sr. was in Seoul to attend the annual forum of Donald Gregg's Korean-American Association.

Africa News Digest

Sudan's Kiir, in Washington, Reveals IMF/World Bank Role

Salva Kiir Mayardit, First Vice President of Sudan and President of the Government of Southern Sudan, speaking in Washington Nov. 4, revealed the role of the IMF and World Bank in the January peace agreement between the Sudanese government in Khartoum in the North, and the John Garang-led movement in South. After the peace agreement, Garang became Sudan's First Vice President, but died three weeks later—July 30—in a helicopter crash.

Lt. Gen. Kiir, who replaced Garang, spoke publicly after meeting with senior officials in the Bush Administration, and officials from IMF and World Bank. Kiir told the audience the key features of the peace deal that revolve around control of Sudan's oil revenues, departing from his written statement. The salient features of the peace deal are as follows.

Sudan's oil production is at 350,000 barrels per day (bpd) and is expected to increase to 500,000 bpd. For oil produced in the South, which is three-quarters of total oil production for Sudan, a benchmark price was established in consultation with the IMF; originally it was \$30 per barrel and then revised to \$45 per barrel as a result of inflated oil prices.

Oil revenues above the benchmark price are put into an Oil Stabilization account supervised by the IMF and World Bank. Two percent of the revenues below the benchmark price go to the oil-producing states in the South, and the remaining 98% is divided equally, with the National Unity Government of the North getting 49% for its 15 states, and 49% going to the Government of Southern Sudan for its 10 states. The World Bank is to provide transparency for oil revenues. The World Bank will also control the South's money in managing its reconstruction.

Obviously, the prime motivation for recent pressure by the West, led by the Bush Administration, to force a settlement ending almost a quarter-century of war in Sudan, was for the banks to find a way to get their hands on Sudan's growing oil wealth at inflated oil prices. Sudan's foreign debt is \$26 billion, and with "peace" in Sudan, the oil revenues can be used to pay this debt, and at the same time the IMF/WB can "supervise" the banking of the oil revenues themselves.

Recall that the recent debt deal in Nigeria worked to help provide liquidity for the banks, at a time when the oligarchs are trying to hold onto their bankrupt system. The bottom line was that the banks got a cool \$12 billion from Nigeria's oil revenues to retire \$36 billion in fraudulent debt that was not going to be paid.

In response to a question concerning the Darfur crisis, which is veering out of control, Kiir did not endorse the usual line of genocide, and emphatically responded that it is not a racial war, but one of injustice. One irony that was not lost on the First Vice President was that either before, during, or immediately after his meeting with Vice President Cheney, he was informed that sanctions against Sudan would continue. You can't please everybody.

Rice To Visit Sudan This Month on Zoellick's Heels

U.S. Secretary of State Condoleezza Rice will visit Khartoum this month to promote the implementation of the North-South peace agreement and deal with sensitive issues, according to *Sudan Tribune* Oct. 29, citing a report in the Khartoum daily *al-Ayam*.

Deputy Secretary of State Robert Zoellick prepared the way for Rice by leading a high-ranking delegation to Khartoum Nov. 8 for a four-day visit (his fourth this year). Zoellick's delegation will be followed by a Congressional one.

According to *al-Ayam*, Washington is concerned over the slow implementation of the peace agreement and the inclusion in the national unity government of individuals hostile to the Comprehensive Peace Agreement signed in January.

Candidate from Harvard and Citibank Wins Liberian Presidency

A Harvard-trained economist with Citibank and World Bank experience has won the Liberian Presidential election. Ellen Johnson-Sirleaf, known in Liberia as the "Iron Lady," has won the Liberian Presidential run-off election. As of Nov. 11, with 97% of polling stations reporting, she had 59% of the votes. Her opponent, soccer star millionaire George Weah, received 41%. Johnson-Sirleaf is prepared to offer Weah a post in her government, Reuters reported Nov. 10.

Weah's supporters, who claim fraud, have been chanting, "No George, No peace"; some of them are civil war veterans. Weah is the hero of the poor, from which he came. Hundreds of his supporters tried to break through a UN barrier near the U.S. Embassy in Monrovia Nov. 11. UN peacekeepers fired tear gas and swung batons to disperse them, according to AP.

U.S. and other international observers claim the election was largely clean. U.S. State Department spokesman Adam Ereli told reporters Nov. 10, "On the whole ... it was an orderly and efficient process."

Johnson-Sirleaf, now 67, opposed the destructive government of Samuel Doe (1980-89), who came to power with U.S. support in a bloody coup. She was briefly imprisoned by Doe and later accepted exile in the U.S., where her campaigning against the Doe government was ignored in favor of Kissingerian genocide.

She has a Master's degree in Public Administration from Harvard and was Liberian Finance Minister in the last eight months before the 1980 coup. She has also been Africa director of the UN Development Program.

U.S. Ambassador to Zimbabwe Threatened with Expulsion

U.S. Ambassador Chris Dell angered the Zimbabwe government when he gave a speech Nov. 2 at Africa University in Mutare in which he blamed Zimbabwe's economic woes on corruption in government and bad economic policies, rather than economic sanctions.

The Minister of Foreign Affairs, Simbarashe Mumbengegwi, accused Dell of "inciting the people of Zimbabwe against the Government, thereby portraying the Government as a villain, in flagrant violation of the Vienna Convention." Dell apparently had taken over the ambassadorship with an eye to encouraging regime change, and the authorities are tired of his destabilizing antics.

Officials Say Marburg Epidemic in Angola Has Ended

The Angolan Health Ministry and the World Health Organization (WHO) claim the Marburg epidemic in Angola is at an end. WHO's Fatumata Diallo told the press Nov. 8, "After more than 45 days of no new cases, we can say we recommend

that the epidemic be declared over." The criterion is a period twice the maximum incubation time (21 days) without a new case.

Health Minister Sebastiao Veloso said that 227 people died from the disease. However, the Angolan press agency, Angop, had reported Sept. 28 that more than 400 had died.

This Week in History

November 15-21, 1944

President Franklin Roosevelt Outlines Plans for Postwar Scientific Research and Development

After the tide of World War II had turned in favor of the Allies, President Roosevelt greatly expanded the planning process for shaping the postwar world. The United Nations, the Bretton Woods Monetary System, and the veterans' benefits guaranteed by the G.I. Bill of Rights were all moved into semi-finished form in 1944, although much initial planning had been done in earlier years. Then, on November 20, 1944, the President sent a letter to Dr. Vannevar Bush, the Director of the Office of Scientific Research and Development, the agency responsible for overseeing the Manhattan Project as well as developing many other military technologies such as radar-guided rockets and the Microwave Early Warning System.

President Roosevelt asked Dr. Bush and his group to answer four questions, and in that process produce suggestions about what role the U.S. government could play in postwar scientific research. Roosevelt began the letter by stating that "The Office of Scientific Research and Development, of which you are the Director, represents a unique experiment of teamwork and cooperation in coordinating scientific research and in applying existing scientific knowledge to the solution of the technical problems paramount in war. Its work has been conducted in the utmost secrecy and carried on without public recognition of any kind; but its tangible results can be found in the communiques coming in from the battle fronts all over the world. Some day the full story of its achievements can be told.

"There is, however, no reason why the lessons to be found in this experiment cannot be profitably employed in times of peace. The information, the techniques, and the research experience developed by the Office of Scientific Research and Development and by the thousands of scientists in the universities and in private industry, should be used in the days of peace ahead for the improvement of the national health, the creation of new enterprises bringing new jobs, and the betterment of the national standard of living.

"It is with that objective in mind that I would like to have your recommendations on the following four major points:

"First: What can be done, consistent with military security, and with the prior approval of the military authorities, to make known to the world as soon as possible the contributions which have been made during our war effort to scientific knowledge?

"The diffusion of such knowledge should help us stimulate new enterprises, provide jobs for our returning servicemen and other workers, and make possible great strides for the improvement of the national well-being.

"Second: With particular reference to the war of science against disease, what can be done now to organize a program for continuing in the future the work which has been done in medicine and related sciences?

"The fact that the annual deaths in this country from one or two diseases alone are far in excess of the total number of lives

lost by us in battle during this war should make us conscious of the duty we owe future generations.

"Third: What can the Government do now and in the future to aid research activities by public and private organizations? The proper roles of public and of private research, and their interrelation, should be carefully considered.

"Fourth: Can an effective program be proposed for discovering and developing scientific talent in American youth so that the continuing future of scientific research in this country may be assured on a level comparable to what has been done during the war?

"New frontiers of the mind are before us, and if they are pioneered with the same vision, boldness, and drive with which we have waged this war we can create a fuller and more fruitful employment and a fuller and more fruitful life.

"I hope that, after such consultation as you may deem advisable with your associates and others, you can let me have your considered judgment on these matters as soon as convenient—reporting on each when you are ready, rather than waiting for completion of your studies on all."

In response to the President's letter, Vannevar Bush established four committees, each to prepare data and answer one of the four questions. The committee members, in turn, also consulted leading scientists in the fields which were being studied. Much work was accomplished in the early months of 1945, but the final report, entitled "Science—The Endless Frontier," was only completed on July 5, almost two months after Roosevelt's death.

The recommendations of the report were submitted to President Truman, who acted on some of them. In response to the problem of disseminating scientific knowledge gained during the war, the report recommended that a declassification board be established to control the release of scientific information for publication. By Executive Order 9568, President Truman did establish a Publication Board in the summer of 1945 to release such information as would not jeopardize national security, and a few months later, the scope of the order was extended to include the release of enemy scientific and industrial information.

Dr. Bush's final report also recommended a greater degree of international exchange of scientific information. It called for the U.S. government to arrange international science congresses, to officially receive foreign scientists, and to provide international fellowships in the sciences.

In answering President Roosevelt's question about medical research, the report recommended an expanded research effort in fields where knowledge was still limited. For example, it was stated that chronic disease of the kidneys, arteriosclerosis, and cerebral hemorrhage accounted for 45% of the deaths in the United States. Infectious diseases and cancer ranked second and third as causes of death. Mental diseases were increasing at the rate of 125,000 annually, yet for all of the above afflictions, modern medicine still had much to learn.

The report stated that basic research in medicine was primarily the responsibility of the medical schools and universities, yet their endowment income, foundation grants, and private donations had been diminishing. Therefore, to maintain the nation's progress in medicine, it was necessary for the government to offer grants for research and for medical school and university fellowships.

In answer to Roosevelt's third question about aiding research by both public and private organizations, the report recommended expanding government support of science. Specifically, it called for the establishment of a Scientific Advisory Board to consult with U.S. government agencies, and to advise the President and Congress. On October 17, 1946, President Truman implemented this recommendation by establishing the President's Scientific Research Board,

which was composed of the heads of 12 Federal departments and agencies, and chaired by the Director of War Mobilization and Reconversion.

There were further recommendations on encouraging industrial research. First, the Internal Revenue Code was to liberalize deductions for research and development expenditures. Second, the patent system would be strengthened by removing uncertainties which had hampered small industries in turning new ideas into actual products. Dealing with future national security, the report also advocated more military research in peacetime, controlled by a civilian organization with close liaison to the Army and Navy.

On Roosevelt's fourth question, dealing with fostering young scientists, the report estimated that World War II had created a deficit of 150,000 science and technology students who would have received college degrees if there had been no war. It also stated that by 1955, there would be a deficit of 17,000 students who might have obtained their advanced degrees by that time. Therefore, the report urged that in order not to depend on the circumstances of family fortune to obtain trained scientists, the Federal government should provide undergraduate and graduate financial support.

Finally, Dr. Bush's group took a broad overview of the objectives laid out in the report, and proposed that a National Research Foundation be established for assisting scientific research conducted outside the government. The Foundation would be composed of the divisions of medical research, natural sciences, national defense, scientific personnel and education, and publications and scientific collaboration. The Foundation would be steered by a nine-member board of Presidential appointees with four-year overlapping terms. Grants and contracts would be made to organizations outside the Federal government.

Although these recommendations were implemented piecemeal and with modifications by various Presidents, they did eventually coalesce over time into the larger policies which Franklin Roosevelt and Vannevar Bush's working groups had envisioned.

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