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This Week You Need To Know

Climate Campaign Is a Diversion; Real Danger Is Financial Meltdown

by Helga Zepp-LaRouche

The author is the chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany. This article has been translated from German.

Welt online demands a "leader of the world."

While this panic-mongering affects the short-term memory of the citizen ("I was just in the Alps, where there was really no snow!"), on account of the fact that the very cold Winter and snow-catastrophe of last year has already been forgotten, the real drama is playing out on another stage. The disintegration of the global financial system, which has now convulsed various sections of the markets as a result of the unwinding of the yen carry trade, is unstoppable....

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In-Depth Coverage

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Vol. 34, No. 12

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Feature

U.S. Mortgage Crisis Can Trigger Collapse of the Global Casino

The accelerating meltdown of the \$1.2 trillion U.S. subprime mortgage market reflects the reality only Lyndon LaRouche has emphasized: 'The entire financial system is coming down.'

38 Mortgage Lenders Who Are Bankrupt, or Ceased Operations

How the Now-Bursting Bubble Was Created

Loudoun County Waits For Next Shoe to Drop

Economics

Gore Climate Change Swindle Exposed on European Tour

Gore's real mission, as his speeches in Copenhagen and Edinburgh showed, is to let the London locusts loose on what remains of the world economy.

Climate Campaign Is a Diversion; Real Danger Is Financial Meltdown

by Helga Zepp-LaRouche,

chairwoman of the Civil Rights Solidarity Movement (Bu"So) in Germany.

Changing World Map for Nuclear Fuel

The worldwide drive to reinvigorate the nuclear power industry is creating an enormous demand for uranium, and a scurrying by nations like Russia and China to secure supplies for the long term.

Towards a New Central Europe

Yuri Tsarik, coordinator of the World Development Network and a student at Belarus State University, tells how the European Union has betrayed the hopes of people in Eastern Europe, and offers a more optimistic view for the future.

National

High Crimes and Misdemeanors Propel Double Impeachment

Without warning, the Bush-Cheney White House is once again overwhelmed by new evidence of crimes by both the President and Vice-President that could lead to impeachment.

With Congress in Tow, AIPAC Targets Iran

What Is AIPAC?

EIR's Gore Dossier

Highlights of EIR's more than 15 years of investigative reporting on the philosophy, political connections, and activities of Albert Gore, Jr.

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Walter Reed Review Moves Quickly Ahead

Funding Slashed for Life-saving Imaging

The Deficit Reduction Act of 2006, passed by the then-Republican controlled Congress, reduces Medicare reimbursement for imaging technologies, threatening to turn the clock back on one of the most important breakthrough areas in the history of medicine.

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The crucial strategic reality that must be dealt with is that the BushCheney war party is targeting Russia, China, and India, not just Iran.

LaRouche: I Defend President Jimmy Carter

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German LYM Brings in 'New Politics'

The deployment of the LaRouche Youth Movement behind the campaign of Wiesbaden mayoral candidate Alexander Hartmann, palpably changed the political environment.

Arab World Needs 'New Politics' in U.S.

Muriel Mirak-Weissbach reports on a visit to Egypt.

U.S. 'Surge' in Iraq Is To Prepare Attack on Iran

An interview with **Gen. Mahmoud Khallaf** (ret.).

Pakistan Plans To Bury NATO in Afghanistan

Zimbabwe Ambassador: Africa Shows How Globalization Equals Imperialism

Dr. Machivenyika J. Mapuranga is the Ambassador from Zimbabwe to the United States. He was interviewed on *The LaRouche Show*.

International Intelligence

Editorial

See the Film That Pops Gore's Bubble

U.S. Economic/Financial News

Cheney & Co. Push for Elimination of FDR Regulations

Vice President Dick Cheney keynoted a March 12 semi-secret dinner session of the U.S. Treasury's "Capital Markets Competitiveness Conference," which included senior Republican and Democratic lawmakers, and was also addressed by billionaire investor Warren Buffet, the *New York Times* reported March 14.

A second session March 13 was held at Georgetown University and keynoted by Treasury Secretary Paulson. Paulson's talk was public, but the subsequent panels on implementation were closed. Participants included SEC Chairman Chris Cox, Alan Greenspan, Bob Rubin, Paul Volcker, and New York Mayor Michael Bloomberg, as well as companies JP Morgan Chase, General Electric, Charles Schwab, Arthur Levitt, and the New York Stock Exchange.

In addition, the U.S. Chamber of Commerce had scheduled an event on March 14 to feature the report of its "Commission on the Regulation of U.S. Capital Markets in the 21st Century," co-chaired by A.B. Culvahouse and Clinton's Secretary of Commerce William Daley, now vice president of JPMorgan Chase. Their report notes that the U.S. regulatory structure dates from the "1930s, a period that was closer in time to the Civil War than it is to today," an indirect but clear attack on FDR measures.

The USCC report calls for Sarbanes-Oxley enforcement to be given over to Cox's SEC, so that the latter can put an end to its enforcement. Corporations are to be given special legal privileges against criminal charges and stockholder suits. Accounting firms are to be exempt from big damage awards, and selectively made over from partnerships into public corporations. Corporations should stop issuing quarterly earnings guidances.

The Chamber also recommends Pinochet's Chilean Social Security plan for the U.S.: "Increase retirement savings plans by connecting all employers of 21 or more employees without any retirement plan, to a financial institution that will offer a retirement plan to those employees," in return for compulsory contributions deducted from their wages!

These deregulators cite the United States' diminishing so-called "competitiveness" with deregulated London in attracting hedge funds and other financial parasites, but their real motivation relates to their desire to eliminate FDR's legacy entirely, before the coming financial blowout.

Halliburton Already Has 13 Subsidiaries in the Caymans

In addition to House Oversight and Government Reform Committee chair Henry Waxman's (D-Calif.) call for hearings on Halliburton's surprise move to Dubai, both Sen. Frank Lautenberg (D-N.J.) and Sen. Hillary Clinton (D-N.Y.) have issued statements: While Lautenberg is concerned about the possibility that Halliburton may want to evade U.S. sanctions against Iran, Clinton zeroes in on the likelihood that Dick Cheney's company is trying to avoid both taxes and the possible oversight exposure. "We have a lot of evidence of misuse of government contracts and how they have cheated the American soldier and cheated the American taxpayer. They have taken the money and not provided the services, so, does this mean that we won't be able to pursue these investigations?"

Perhaps someone should remind them of the 2004 U.S. Government Accountability Office report on international taxation, which found that Halliburton owns 17 subsidiaries in tax haven countries, including 13 in the Cayman Islands, which has no corporate income tax. CitizenWorks.org reports that, under Cheney's watch, the number of Halliburton subsidiaries in tax haven locations soared from 9 to 44.

World Economic News

Credit Derivatives of Major Banks Near Junk Levels

Debt derivatives of some major investment banks are now trading at near junk levels, according to the *Financial Times* March 15. On the one hand, this is the result of the collapsing subprime mortgage market; on the other hand, it could have disastrous consequences for the banks that are deep into these derivatives. Banks now are paying 44 basis points, up from 36 bp, for insuring debt. This implies that it costs \$44,000 to insure \$10 million. The *FT* makes the point that the only

reason why banks like Goldman Sachs are showing such high profits is because they are taking "big proprietary risk—a tactic that may backfire if markets become more turbulent."

China Will Continue To Purchase Dollar Assets

According to the *Shanghai Daily* of March 16, Prime Minister Wen Jiabao said at his press conference in Beijing that China's new foreign-exchange management fund will not affect its purchase of dollar assets. "China's plan to diversify its foreign-exchange reserves is based on the country's forex security consideration," Wen said. "China does hold a majority of its forex reserves in US dollar-backed assets. China's purchase of dollar assets is mutually beneficial and the establishment of the forex investment firm won't affect the dollar assets."

Shanghai Securities News reported March 12 that the reserves management fund may issue yuan bonds worth US\$200-US\$250 billion in its first run, when it is set up within this year. The paper reported that the fund will buy 20%-25% of forex reserves from the central bank for investment. China's foreign reserves amount to US\$1.07 trillion, of which nearly 70% is reportedly held in US dollar assets such as Treasury bills.

The Prime Minister's statements echoed those of Peoples Bank of China Vice Governor Wu Xiaoling, who spoke in Basel, Switzerland March 11. Wu was at the bimonthly meeting of the central bank governors of the Group of 10 nations. Wu was asked by Bloomberg whether China would continue to buy U.S. Treasuries, and she answered: "Yes."

On March 8, Wu had said that investment of the reserve fund in "any area is possible as long as it will ensure and increase the return of our investment." The size of the fund has not been announced, and reports of something between \$200-300 billion have been circulating. Chinese foreign reserves total some \$1.7 trillion.

Wu said in Basel that no time frame has yet been set for setting up the new agency: "It's still under preparation," and China is still studying what investments will be made, under the supervision of former Vice Finance Minister Lou Jiwei, who is now deputy secretary general of the State Council.

Britain's Own Subprime Market on Verge of Collapse

The subprime mortgage market in the UK, like that of the U.S., is on the verge of a meltdown, according to Ambrose Evans Pritchard, writing in the *Daily Telegraph* March 15. In fact, 58% of all home loans issued in Britain last year were "below-prime." One lender, Southern Pacific Mortgage, a UK subsidiary of Lehman Brothers, has been forced to draw down 11.5% of its reserve fund in recent days to cover losses on a 510-million-pound home-loan security. Another company, Rooftop Mortgages, owned by Bear Stearns, drew down 10.4% of its reserve funds for the third time in less than a year. In relative terms, Britain's sub-prime market is larger than that of the U.S.

Blackstone Dumps German Housing Unit

Blackstone, the U.S. private equity group, has sold the majority of its property holdings in Germany to a consortium of institutional investors including Round Hill Capital and Morley Fund Management, for 1.6 billion euros, the *Financial Times* reported March 12. The deal was arranged by Deutsche Bank Global Principal Finance. Blackstone will retain an undisclosed minority.

Globalization Cited for Problems on Shanghai Market

Due to globalization, there is a "close interrelation" of fluctuations on stock markets, although the recent fall on the

Shanghai market did not represent any "macroeconomic" problem, Peoples Bank of China governor Zhou Xiaochuan said at a press conference March 12, during the National Peoples Congress session. "I personally believe this [the recent stock fluctuations in China] is not a problem on the macroeconomic level and should not lead to any major change of trends," Zhou said.

He would not comment when asked if the Shanghai stock market crash on Feb. 27 was responsible for the global stock turbulence, but Zhou did indicate that globalization is having a greater effect than the Chinese had thought. "China used to believe that its [stock] market is a comparatively small market, a market still under construction and in its early years, or a newly-established market gradually growing in a shifting economic system," he said. "However, due to the development of economic globalization, there has been a close interrelation of fluctuations on different stock markets. This tells us that we need to speed up the development of the Chinese market."

Zhou also said that China faces the problem of excessive liquidity in its financial system, but said this is a "global phenomenon." "The same problem is faced by the United States, which has a huge financial deficit, and those oil-producing countries with a rich capital reserve. All macro-economic regulatory bodies should pay high attention to this problem and adopt prudent and adequately stringent policies regarding the excessive liquidity."

United States News Digest

House Passes Accountability in Contracting Act

On March 15, the House passed, by a vote of 347 to 73, the Accountability on Contracting Act which would require agencies to limit the use of abuse-prone contracts, and to increase transparency and accountability in Federal contracting. The act, which was introduced by House Oversight and Government Reform Committee chairman Henry Waxman (D-Calif.), and had been reported out of his committee by unanimous consent, also limits to one year, the duration of no-bid contracts awarded in emergencies.

Senate Votes Down Resolution on Iraq Troop Withdrawals

The U.S. Senate defeated a Democratic resolution for troop withdrawals from Iraq, after a day of debate on the floor March 15. The vote was 48 in favor of the Resolution, and 50 against, generally split along party lines. Democrats Mark Pryor (Ark.) and Ben Nelson (Neb.) voted with the Republicans, while Republican Gordon Smith (Ore.) sided with the Democrats. Not surprisingly, Sen. Joseph Lieberman (I-Conn.) voted with the Republicans.

Two other resolutions, non-binding, were voted up by the Senate after the troop-withdrawal vote. A pabulum resolution by Sen. Patty Murray (D-Wash.) was passed 96-2; the bill declares that the President and Congress have shared responsibilities with respect to the armed forces, and declares that Congress will support the troops by providing equipment and training before they deploy, and veteran services and health care on their return. Another non-binding resolution, from Sen. Judd Gregg (R-N.H.), passed 82-16; the bill expresses Congress's intent that no funds should be cut off or reduced for American troops in the field.

Friedmanites Target Sarbanes-Oxley

Wild Friedmanite monetarists are behind the attempt to repeal Sarbanes-Oxley, the bill against corporate fraud that Congress passed after the Enron scandal. Two days after Dick Cheney and Treasury Secretary Henry Paulson convened a semi-secret meeting to stop moves for government control over financial speculation (see Economics Digest), Sen. Jim DeMint (R-S.C.), and Rep. Gregory Meeks (D-N.Y.) held a conference call to call for "reform" of Sarbanes-Oxley.

Cutting through the sophistry, e.g., "We cannot fiddle while American capital burns," about how regulation has made New York "Number Two" behind London as the stock exchange for initial public offerings, one of the bill's cosponsors let the cat out of the bag: London is behind this move. Rep. Tom Feeney (R-Texas) first praised Milton Friedman as the greatest American economist ever, and then quoted him as the authority who warned that Sarbanes-Oxley is a disaster which has "terrorized" U.S. corporations from taking risks in expanding, growing, etc.

Later, Feeney said that in both Hong Kong and London, financiers "are laughing at us." He said that "the joke in London is that they are erecting a statue to Sarbanes, and one to Oxley" to thank them for making London the number one in "worldwide capital." Feeney claimed that the CFO of a major firm in Hong Kong "laughed at me, and patted me on the back" when he asked them if Asian companies would list their stocks in New York.

Hagel: Solving Problems Can't Wait Till Next Election

Expected by some to announce the formation of a Presidential campaign exploratory committee, Sen. Chuck Hagel (R-Neb.), stated at a March 12 press conference in Omaha, Nebraska that he will hold off on any such announcement for now. The conservative Senator is the Republican most adamant in his opposition to the war in Iraq. "America's response to the challenges and opportunities that confront us today will define our future. Finding solutions to these challenges and capitalizing on these opportunities will not wait until the next election."

After citing his work on other issues, Hagel returned to the Iraq War crisis: "America is facing its most divisive and difficult issue since Vietnam—the war in Iraq, an issue that I have been deeply involved in. I want to keep my focus on helping find a responsible way out of this tragedy, and not divert my energy, efforts and judgment with competing political considerations.

"I am here today to announce that my family and I will make a decision on my political future later this year....

"A global political readjustment is also in play today ... and will respond to America's leadership. What is at stake for the future of America is larger than just American politics. Politics is simply the mechanism democracies use to affect responsible change. The world is not static, it is dynamic."

In staying out of the Presidential race, at least for now, Hagel joins fellow Vietnam vet Sen. John Kerry (D-Mass.) in a minority of possible contenders who have opted to focus on the crises at hand rather than entering the Fantasy Politics League.

As Lyndon LaRouche commented, the candidacies of those who have announced for President are marked by overriding hysteria. None of them has any durability.

Waxman Again Seeks Answers on Niger Uranium Claim

Noting that he had already sent Secretary of State Condoleezza Rice 16 letters, and that she had only "satisfactorily responded" to five—the ones that had been co-signed by Republicans—House Committee on Oversight and Government Reform chair Henry Waxman (D-Calif.) sent Rice yet another letter on March 12. Making reference to the fact that he was now chairman of the committee (i.e., now with subpoena powers), Waxman outlined the timeline of continued Administration assertions of the Niger yellowcake lies, in the face of evidence to the contrary. Specifically, he referenced a CIA memo, sent directly to the White House Situation Room on Oct. 6, 2002, which questioned "weakness in the evidence," and also stated that this was "one of two issues where we differed with the British intelligence." This memo

came to light in a July 22, 2003 press conference, given by Stephen Hadley, then Rice's Deputy Secretary of State, but both Rice and Bush made public statements asserting the validity of the claim afterwards.

Because of Rice's failure to respond, Waxman says, "we still [do] not know what you knew about the fabricated Niger claim and when you knew it." The committee also does not yet know "who at the White House kept resuscitating this claim after intelligence officials questioned its veracity." He also included four lesser topics on which Rice has failed to respond.

AFL-CIO Endorses Medicare for All

In an extensive statement issued March 6, the AFL-CIO's Executive Council vowed, "We will mobilize our members to build support for bold, meaningful and comprehensive reform and work to pass legislation that assures everyone affordable, comprehensive coverage. We will recruit employers to join us in achieving universal coverage. And we will evaluate the health proposals of candidates for President in 2008 based on the test we have outlined and their capacity to make meaningful change to meet this urgent goal." In the meantime, the council called on Congress to enact a Medicare for All system now.

In contrast, Andy Stern, president of the Service Employees International Union (SEIU) recently told the *Los Angeles Times*, that a single-payer health insurance system is "unlikely. I don't think Americans have a great trust of government in general. I think things like Katrina and Walter Reed don't make people feel comfortable that government's going to solve their problems. I think single-payer would be the most efficient system, but I think Americans want to have an American solution, not a Canadian solution." (Since 1970, the number of medical doctors in the United States has increased 40%, while the number of medical administrators [service employees] has increased nearly 3,000%, according to civil rights attorney Guy T. Saperstein.)

Ibero-American News Digest

LYM Gives 'Powerful Gift' to Mexican Peasant Federation

On March 12 in Mexico City, the 420 delegates attending a national conference of the Cardenista Peasant Federation (CCC) had the privilege of listening to the LaRouche Youth Movement (LYM), whose members sang to, and briefly addressed, the gathering that had been called to develop an agenda of actions against the final stage of NAFTA, which will wipe out Mexican agriculture. Delegates from all of Mexico's 32 states attended the CCC's national forum on "Food Sovereignty, Competitiveness and Rural Financing," at which *EIR*'s Ibero-America editor Dennis Small gave the keynote speech, on "The Crisis of the International Financial System and Its Effect on Mexico: Three Lies and Three Truths."

Concluding with a picture of Franklin Delano Roosevelt (FDR) and Mexican President Lazaro Cardenas together on the screen, Small told people that great infrastructure projects and development *can* be undertaken; the U.S. can return to FDR's policies, and Mexico to those of Cardenas. He pointed to Lyndon LaRouche's creation of the most important political weapon existing worldwide: his youth movement, which made it possible to tilt the recent electoral balance in the U.S. against Dick Cheney and George Bush, and their plans to eliminate sovereign nations. "A LaRouche Youth Movement also exists in Mexico, and there is right now a group of the LYM youth, who want to give you a gift," Small told the audience.

The LYM chorus then rose to sing three songs to the meeting: "On Tortillas" (as a canon sung to the music of *Funiculi Funicula*); Beethoven's *Freundschaft* (in German); and lastly, a canon, "The Biofools," written by LYM member Laura Flores on global warming and Al Gore. As corn tortillas are the basic staple in the Mexican diet, the peasants really

enjoyed the tortilla song, in particular, although the Al Gore song provoked a lot of laughter, too. Two LYM organizers then briefly addressed the conference, explaining how singing is a political weapon, and how they organize the population daily, in the streets and wherever possible.

In discussions after the session, some of the delegates said they would put their children in touch with the LYM. Others, such as one rural teacher, said that he would arrange for LYM organizers to address his students. Organizers wanted to hold a meeting on the spot with young CCC delegates. Some peasant leaders spoke with the youth about pulling them into organizing plans "they are about to launch." Contacts in various states were made, and the literature table was swamped at the end of the session.

The issue on the table at the CCC forum, and the reason *EIR* was invited, is that under NAFTA, on Jan. 1, 2008, the few shreds of protectionism still left to Mexico on products such as corn, are to end, which will finally finish off Mexican agriculture. Mexican rural producers, the majority of whom are small farmers or from the *ejidos*, a form of cooperative, will not survive, and will be driven to join the masses of emigrants to the United States.

Introduced by a CCC leader as a "former political prisoner in the U.S.," Small explained how the world had arrived at the current situation, and the importance of defeating Cheney and his puppet Bush. He presented a series of new graphs on the financial disintegration of globalization, the effect of that disintegration upon the Mexican economy, and the destruction of Mexican agriculture. He developed LaRouche's solution to the crisis by changing the United States, and the possibilities that opens for Mexico, cooperating on such great infrastructure projects as greening the Great American Desert.

The delegates paid close attention throughout (including whistling and booing every time Bush was named). The solutions to Bush's three lies also provoked a lot of discussion, with 18 questions posed, the majority of which were about NAFTA, with a number on global warming. People were clearly thinking seriously about the current crisis. Questions included such remarks as, "I believe your presentation is true to the reality of the problems we face"; how can this situation be changed, if "those who govern keep kissing and hugging the U.S. President?"; and "I want you to provide us with the material you presented here."

The Issue for Ibero-America Was Never 'Bush vs. Chavez'!

The media hype surrounding George Bush's March 8-14 trip to Brazil and four other Ibero-American nations played it as a mega-showdown between the U.S. and Venezuelan President Hugo Chavez. After Brazil and the U.S. signed a memorandum of understanding (MOU) March 9 to "Advance Cooperation on Biofuels," Bush himself mouthed the same nonsense, arguing that dependence on oil is a "national security issue," because "dependency upon energy from *somewhere else* [i.e., Venezuela] means that you're dependent upon the decisions from *somewhere else*" (emphasis added). Venezuela currently provides oil assistance to 17 Caribbean, Central, and South American nations.

The *real* issue is that the world economy is blowing apart, and the propaganda that biofuels and ethanol development will create Ibero-American jobs, income, and better living standards—as both Brazilian President Lula and Bush emphasized—is intended to pull giant Brazil away from regional integration efforts, and into the hoax that will kill millions in Central and South America and the Caribbean.

The MOA the two Presidents signed states that they "intend to begin work in Central America and the Caribbean to encourage local production and consumption of biofuels, with a view to continue joint work in key regions across the globe." As the Brazil correspondent of Argentina's daily *Clarín* bitterly noted March 9, Bush will carry his plan to the other nations on his tour. For Guatemala, the proposal "is to turn these small countries to paradises of monoculture, whether it be corn or sugar cane, to provide [the U.S.] with raw materials."

Lula, displaying the deadliest form of Brazilian pragmatism, sounded dangerously like Al Gore during his March 9 press conference, claiming that "We ... who have polluted the world so much in the 20th Century, need to make our contribution to de-polluting it in the 21st Century." Bush did not back down on reducing the 54 cents-per-gallon tariff on imported Brazilian ethanol, but Lula smilingly told reporters that it will take a "lot of conversation and convincing" to get Bush to change his mind. "It's a process," he said.

Bush, meanwhile, tried to show that he was "one with the people," by joining Secretary of State Condoleezza Rice and wife Laura in a *favela* (slum) in Sao Paulo, where he danced the samba with poor children.

Gore Accepts Invite from Chilean Fascist To Pump Global Warming Hoax

Chilean multi-millionaire Sebastian Pinera, failed right-wing 2005 Presidential candidate, and brother of Pinochet-era social security privatizer and CATO Institute fascist Jose Pinera, has extended an invitation to Al "Gordo" (in Spanish, *gordo* means fat) to come to Chile to speak on global warming. Sebastian, who ran for election as a self-described "Christian humanist," was, in fact, the candidate favored by the University of Chicago, Shultz-Rohatyn crowd that put Hitlerian dictator Augusto Pinochet in power in 1973. The Chilean population wanted none of this, and elected Socialist Michelle Bachelet instead.

Now, at the very moment that the issue of nuclear energy is being hotly debated in Chile, Sebastian Pinera has used the ill-gotten fortune he obtained under Pinochet's 1973-1990 dictatorship, to offer fellow failed U.S. 2000 Presidential candidate Al Gordo \$400,000 to speak on May 11 at the "Global Warming and Climate Change: Time to Act" conference in Santiago.

In early 2006, the LaRouche movement used the example of what Pinochet's Labor Minister Jose Pinera did to social security in Chile in 1981, to defeat George Bush's plan to do the same in the U.S., giving the Democratic Party much needed ammunition. Now, "Democrat" 'Al Gordo' is going to Chile, whose President Bachelet is a close friend of Democratic Presidential candidate Hillary Clinton. He'll be sidling up to Pinera, who has branded Bachelet as "incompetent."

Invitations to Fat Al are also coming in from other unsavory quarters. In Brazil, former disgraced President Fernando Collor de Mello, who was thrown out of office on corruption charges in 1992, has wangled an invitation for Gore to appear on an as-yet-unspecified date before the Senate Foreign Affairs and National Defense Committee to discuss global warming. Now a senator, Collor de Mello is head of the newly created subcommittee on Global Warming of the same committee, and is using the fraudulent IPCC report as the basis for his subcommittee's work.

Then in May 10 and 11, Gore will be the keynote speaker at the First Biofuels Congress of the Americas, to be held in Buenos Aires. However, Eduardo Ferreyra, president of the Argentine Foundation for Scientific Ecology, charges that Gore is a hypocrite "of Galactic proportions," whose gigantic consumption of electricity and natural gas at his Tennessee mansion in 2006 was 20 times the national average and valued at \$30,000. At this rate, Ferreyra notes, "Gore has become the 'Louis XV of the 20th Century, yet this Louis XV advises us to 'save energy, or the world will come to an end.' "

Ferreyra's foundation describes itself as a group of individuals knowledgeable in many fields of science, who, like the scientists who signed the Heidelberg Appeal, are "worried about the emergence of an irrational ideology which opposes scientific and industrial progress, and prevents economic and social progress." One of the links it provides is to *21st Century Science and Technology* magazine, founded by Lyndon LaRouche, which it describes as containing many "excellent" and "politically incorrect" articles.

Western European News Digest

Denmark Leading Fight vs. 'Evil' Capital Funds

Danish Tax Minister Kristian Jensen addressed a forum of *Berlingske Tidende* readers on March 14, telling them, "The whole discussion about the role of capital funds is not only a Danish thing. In these months, it is spreading all over Europe, and later today, German Chancellor Angela Merkel will be presented with a proposed law to be applied against the funds, which is coherent with what we are considering here. It is about widening the tax base and lowering the corporate tax. Denmark is moving first, and all the EU countries will join the discussion," he predicted, adding that Denmark will lose 15 billion krone (EU2 billion) in corporate taxes if the government doesn't intervene.

Jensen underlined that capital funds are not just one thing, but that there are many variations. "But it would be nice if the 'evil' capital funds paid taxes in Denmark. It is the politicians that choose how the tax system should be—it cannot be a grab bag," he said.

The Tax Ministry and the government are presently working through the recommendations of the proposed law and will soon present a re-worked legal complex to hit the capital funds' tax avoidance.

French Presidential Candidates Toe Bankers' Line

A recent article in *Nouvel Observateur* by Thierry Philippon notes the strong similarities in the economic programs of France's three leading Presidential candidates, and summarizes them as follows: 1) France is "too indebted," and the deficit must be reduced; 2) austerity must be imposed on the state; 3) state aid to large companies for employment programs must be redirected to small and medium-sized companies considered as the main job creators; 4) funding for R&D and universities must increase, to ensure competition; 5) finally, support for the "flexi-security" Danish model, in which the unemployed get almost a full wage but are offered immediate training for a new job.

How to explain the agreement? According to Philippon, the consensus was established at the Economic Analysis Council, a type of national security council on economics, created by Lionel Jospin in 1997, comprised of 100 economists from mainstream political parties. Beyond these influences, a single "business executive, Michel Pebereau, president of [bank] BNP Paribas, who has become the image of the punishing father" in the election, carries more weight than the entire business association (MEDEF). Since Pebereau put out his report on public debt a year ago, "no serious candidate dares to propose an increase in debt and deficits." The article mentions that Pebereau also created a website which has been playing the role of the "watchdog," keeping account of the candidates' spending.

Brits Have Their Own Walter Reed Scandal

The neglect of, and appalling conditions suffered by, British soldiers wounded in Iraq and Afghanistan was reported in the *Sunday Observer* March 11, in two major articles. The complaints, contained in family letters obtained by the *Observer*, are even worse than what has been reported about wounded U.S. soldiers recovering at the outpatient facilities at Walter Reed Army Medical Center in Washington, D.C. Overflowing colostomy bags, poor hygiene practices, underqualified and uncaring staff are only a few of the complaints coming from families of wounded soldiers.

The underlying cause seems to be something even more extreme than the U.S. government privatizing some services at military hospitals. In Britain, they're eliminating military hospitals altogether. A little over ten years ago, Britain had eight military hospitals, but the last one is scheduled to close at the end of this month. "We will be the only country in the civilized world without a dedicated military hospital," said Hampshire councillor Peter Edgar, who is campaigning to keep

the last military hospital open. Wounded soldiers are, instead, treated in Britain's National Health Service, with most of them treated at Selly Oak Hospital in South Birmingham, which mixes wounded soldiers with civilian patients.

New Book Equates Anti-Americanism with Anti-Semitism

The core thesis of a new book by Antifa/AntiDeutschen Fuehrer Andrei Markovits, reviewed in the *Washington Post* March 12, is that the driver behind anti-Americanism in Europe is the same as anti-Semitism. Markovits, says reviewer Jonathan Yardley, "finds an 'increasingly strong overlap between anti-Americanism and anti-Semitism.' In the late 19th Century, he writes, 'it was the fear and critique of capitalist modernity that brought these two resentments together. America and the Jews were seen as paragons of modernity: money-driven, profit-hungry, urban, universalist, individualistic, mobile, rootless, and hostile to established traditions and values.'"

As Yardley points out, Markovits acknowledges that only 30% of Europeans—and only West Europeans at that—are actually anti-American, and that he posits is some kind of European "elite," whose hatred goes back to the American Revolution, despite the fact that "Bush and his administration's policies have made America into the most hated country of all time. "According to Markovits' website, the book is an expansion of his German book *Amerika, Dich hasst sichs besser. Antiamerikanismus und Antisemitismus in Europa (Twin Brothers: European Anti-Semitism and Anti-Americanism)*, now in its third edition from Konkret-Literatur Verlag in Hamburg.

Afghanistan Policy Shift Is Aim of Kidnapping Threats

In the context of the March 9 Bundestag decision on German Tornado fighter planes deployment in all of Afghanistan, Germany has been feeling tremendous pressure, the *Frankfurter Allgemeine Zeitung* reported March 12.

In two video messages by self-described "militant Islamists," Germany and Austria were pressured to disengage from Afghanistan. In the first video, the militants threatened to kill the two kidnapped Germans in Iraq. The two have been held for over one month. In a second video, a group called "Voice of Khalifat," which supposedly belongs to al-Qaeda, demanded the withdrawal of all German and Austrian soldiers from Afghanistan, otherwise their soldiers would be attacked. He also announced a spring offensive in Afghanistan, which would terrorize the world. The threat goes to the governments of Germany and Austria, and also points to Spain. Germany also is warned not to endanger its economic interests by their support for the U.S. Pictures of German cabinet members in front of a German flag were shown. The German government is taking these threats very seriously.

Moreover, there is the situation of the kidnapped Italian journalist in Afghanistan, who is being held by the Taliban, who are demanding the end of Italian engagement in Afghanistan, and freedom for three Taliban spokesmen. Daniele Mastrogiacomo is being accused by the Taliban as a British spy; as of this writing, it appears that threats to kill him have been replaced by negotiations.

Youth Riots, Left-Right Conflicts Spread Throughout Europe

Parallel to the recent outburst of violence in Copenhagen, youth protests escalated in Greece, beginning with student action against changes in the university regulations (less time to study, high tuition, restrictions on enrollment of foreigners). This rapidly escalated into anti-army/police anarchists seeking confrontation with police, culminating March 8 with many wounded on both sides, on Syntagma Square in Athens. Leftist riots also broke out in Exarchia, one of Athens' districts, March 9-10. Firecrackers were once again thrown at police in Athens March 12.

In Germany, an arson attack was carried out against a Berlin office of the right-wing NPD, and windows of seven left-

wing PDS party offices in Saxony were smashed. No clear authorship of these provocations has yet been reported. Furthermore, a new scandal has been orchestrated by leftists and Antifa circles, to formally revoke an honorary citizenship for Adolf Hitler in Bad Doberan, the administrative center of the district that also hosts Heiligendamm, the site of the June G-8 summit. A "shadow reigns over the summit," the scandal-mongers claim.

Russia and the CIS News Digest

Putin Visits Italy, Vatican

Russian President Vladimir Putin visited Italy March 13-14, to meet with President Giorgio Napolitano, Prime Minister Romano Prodi, and Pope Benedict XVI. After two meetings with Prodi, documents were signed on state-to-state, as well as business cooperation. Among them was a letter of intent between Italy's ENEL (power and gas generation) and the Russian nuclear agency Rosatom, on collaboration in modernizing nuclear plants in Russia and other former Soviet countries. New plants are also planned. An agreement between ENI (Italy's oil and natural gas exploration) and Gazprom was formalized, for the Russian natural gas giant to continue its current level of supplies until 2035; in exchange, the Russians can directly sell gas on the Italian market starting April 1.

On the eve of the summit, which took place in Bari, Italian Foreign Minister Massimo D'Alema told *La Stampa* that "dialogue without reservations and prejudice," with Russia, is "a strategic choice" for Italy.

A communique issued after Putin's meeting with the Pope underlined that the meeting "demonstrated the cordial relations that exist between the Holy See and Russia, as well as the mutual will to continue on this path." The communique said that some bilateral topics were examined "pertaining to the relations between Catholics and the Orthodox Churches." Current issues were analyzed, particularly the situation in the Mideast. Putin and the Pope also addressed "problems of extremism and intolerance which continue to be a serious menace to civil coexistence among nations." Putin transmitted a greeting to Pope Benedict from Patriarch Alexi II.

Earlier, in an interview with the Vatican-linked daily *Avvenire*, Ambassador to Russia Archbishop Antonio Mennini talked about the significance of the event, especially the "dialogue between the Russian Orthodox and Catholic churches." Nuncio Mennini confirmed that the Vatican and the Moscow Patriarchate are working towards a meeting in a third country. Bishop Illarion of Vienna and Austria, Russian Orthodox Church/Moscow Patriarchate representative in Europe, told Interfax that the meeting was of high importance for inter-church relations. He also developed the idea that the world is "traumatized" by secularization and liberalization of morals, and that this has resulted in Russia's demographic crisis. Thus Russia and the Vatican "have many things to do jointly to defend traditional moral values." He said he thought "some positive changes in relations between the Roman Catholic Church and the Russian Orthodox Church are about to happen during the current pontificate."

Ivanov Addresses Transport Conference

Russian First Deputy Prime Minister Sergei Ivanov led a meeting on development of Russia's transport system, held in Moscow on March 13. Ivanov said that over 1.5 trillion rubles (\$57 billion) will have to be invested in development and maintenance of Russia's road system by 2015, and up to 8.5 trillion rubles by 2025. Ivanov called this an "overwhelming burden for the budget," and said he is proposing attracting private financing for road and airport infrastructure development.

"Integrated development of major transport corridors is of primary importance," said Ivanov, "It involves the implementation of a single coordinated technology for the operations of ports, maritime, rail, and road transport." Much of

Russia is suffering from "transport inequality," hampering economic growth in some regions. Almost 10% of the population does not even have year-round overland connections to the major population centers. Ivanov also stressed the importance of President Putin's call for a state-controlled shipbuilding company, a project Ivanov will head.

Russian Weekly Cites *EIR* on Ledeen Influence

Zavtra, the influential Russian weekly newspaper with ties to the intelligence community, in the March 7 issue, carried an article by Vladimir Ovchinsky headlined "Manipulators: Who is pushing the USA into aggression against Iran, and how?" The highlight of the article was a precis of the Nov. 4, 2005 *Executive Intelligence Review* package titled "The Very Ugly Truth About Michael Ledeen: The 'Universal Fascism' Behind the Cheney Cabal."

Ovchinsky listed a range of international press reports on U.S. military preparations for a strike against Iran. Like several other Russian sources, including Foreign Minister Lavrov on three occasions in recent weeks, the author especially highlighted Dick Cheney's "all options are on the table" remark. Then the *Zavtra* article narrowed in on a November 2006 *Los Angeles Times* article by Joshua Muravchik of the American Enterprise Institute (AEI), calling for the bombing of Iran. And, added Ovchinsky, it was the AEI that designed the Bush Administration's "surge" policy, as against the Baker-Hamilton recommendations. What is the AEI? asked Ovchinsky. After identifying out AEI's links to the neo-cons, *Zavtra* said that if you really want to understand the AEI, you have to look at Michael Ledeen.

And for that, there is "Lyndon LaRouche, the well-known American scholar, economist, and public figure, who has been hunting Ledeen since the 1970s." Then followed a lengthy summary of the expose of Ledeen from the Nov. 4, 2005 *EIR*, including Ledeen's apprenticeship with Count Vittorio Cini, former intimate of Count Volpi di Misurata in the Mussolini government. Quotations from Ledeen's *Universal Fascism* were provided. Ovchinsky cited *EIR* on Ledeen's role in the Bush Administration campaign to wreak revenge on Joseph Wilson and Valerie Plame Wilson, noting that that case still has the potential to become a "new Watergate."

Southwest Asia News Digest

Call for Nuclear Deterrence Between Israel and Iran

A new report, "Israel and Iran: From War of Words to Words of War," issued by the Royal Institute of International Affairs (Chatham House), says that the "military option [for Iran] is the least desirable, and might push an already volatile Middle East into further hostilities, uniting anti-Western groups worldwide against the United States, Israel and their allies while isolating moderate Muslim forces," according to a report in the March 12 *Jerusalem Post*. Furthermore, an Israeli military strike would not destroy Iran's entire program, and while the U.S. could, it would be at a high cost.

The report, written by Yossi Mekelberg, warns that "an Israeli military operation against Iran would hurt Israel's long-term interests. It would be detrimental to Israel's overall security and the political and economic consequences would be dire and far-reaching." The report warns that the weakness of Prime Minister Ehud Olmert's government is a danger itself, because, "Weak governments can be more adventurous than stable ones, and herein lies the danger—as a successful operation in Iran might be a useful way to bury other bad news."

The report suggests that if Iran were to go nuclear, a regime of deterrence could be created if Israel changes its "nuclear doctrine from one of ambiguity to openness, while accepting that other countries, including Iran, may acquire a nuclear capability.... In this case, Israel should clarify and define its response in the event of a nuclear attack, supported by international guarantees." Such a policy "might also start a move towards negotiating arms control in the Middle East and the eventual removal of all weapons of mass destruction."

Olmert's Speech at AIPAC Raises Eyebrows

Israeli Prime Minister Ehud Olmert's comments at the American Israel Public Affairs Committee meeting March 11, stating that a "premature" withdrawal of the U.S. from Iraq would threaten the safety of Israel, "raised eyebrows," according to the March 14 *Jerusalem Post* (see InDepth for "With Congress in Tow AIPAC Targets Iran, by William Jones). It was seen as a direct intervention into U.S. political debate, especially when so many Democrats, such as House Majority Leader Nancy Pelosi, who are known to be critics of the war, attended. Even right-wing Likudnik Benjamin Netanyahu said, prior to Olmert's remarks, that it was not "desirable or appropriate" to enter the debate over Iraq.

Israeli Defense Minister Amir Peretz, who is also in the U.S., said there was discomfort over Olmert "injecting" himself into the Iraq question, according to a source close to Peretz. (Peretz held a meeting with U.S. Defense Secretary Gates during this visit.)

Olmert's comments were not heard by all the attendees because many had already left the conference to begin lobbying on Capitol Hill, for harder sanctions against Iran.

Japan Hosts Israel-Palestine Talks

Japan hosted a conference between Israel and the Palestinians, with the Israeli delegation headed by former Prime Minister Shimon Peres, and the chief Palestinian negotiator Saab Erekat, it was reported by *Ha'aretz* on March 14. Tatsuo Arima, Japan's special Mideast envoy, presided over the talks.

"Dialogue between Israel and Palestine is now more important than ever. We are hosting these talks in the hope that it will help them deepen mutual trust and foster dialogue," Arima said.

The proposal of former Japanese Prime Minister Junichiro Koizumi for a series of economic projects on the West Bank will be discussed, including the financing of an agro-industrial park along the Jordan River, for which Japan has pledged to give \$100 million. A separate, cabinet-level meeting was to be hosted by Foreign Minister Taro Aso, to formally launch the Koizumi proposal. Meanwhile, Prime Minister Shinzo Abe may visit the region in April or May.

Peres is pushing his "Valley of Peace" proposal at the conference, which calls for developing the Arava and Jordan Valleys up to the Yarmuch River, a 500-kilometer stretch that passes through Jordan, Israel, and the Palestinian West Bank. Peres has identified the above-mentioned industrial park as one of the projects. Other proposed but yet-to-be-approved projects include a Red Sea-Dead Sea canal, a new airport at Eilat, on the Gulf of Aqaba, and desalination and agricultural projects.

Pentagon Engaged in Tense New Round of Planning for Iraq

In a page-one article, the March 12 *Los Angeles Times* reported that the Pentagon is undertaking another round of planning for Iraq, which "is taking place in an atmosphere of extraordinary tension within the Pentagon, which is grappling with a war about to enter its fifth year and going poorly on the ground while straining U.S. forces worldwide.

"At the same time, the war has created divisions within the Pentagon. Some support the new commander in Iraq, Gen. David H. Petraeus, who advocates using more American forces to protect Baghdad neighborhoods, whereas others back the position of Gen. John P. Abizaid, the retiring commander for the Mideast, who favored handing responsibility more quickly to Iraqis.

"A shift away from the buildup and toward a more advisor-based strategy would bring the administration more in line with the Iraq Study Group, a bipartisan panel created by Congress to make recommendations on the war. The group called for a gradual reduction in U.S. combat forces. Kalev I. Sepp, a key advisor to the panel and an El Salvador veteran, was instrumental in getting the commission to back an expanded advisory effort.

"That's exactly what I proposed to the Iraq Study Group, and that's exactly what ended up in the report," said Sepp, an instructor at the Naval Postgraduate School in Monterey."

The extensive article is under the heading "Fallback Strategy for Iraq: Train Locals, Draw Down Forces—If the current 'surge' fails, planners suggest relying on advisors as the U.S. did in El Salvador in the 1980s."

Security Council To Consider New Sanctions Against Iran

On March 16, United Nations sources in New York reported that Iranian President Mahmoud Ahmadinejad had requested permission to address the UN Security Council on the question of Iran's nuclear energy program. *Ha'aretz* reported that there has been no opposition voiced to South Africa, which holds the rotating presidency of the Security Council as of March 16, and also that Iran had asked for visas for 38 people to accompany Ahmadinejad, including Foreign Minister Manouchehr Mottaki and Iran's top nuclear negotiator Ali Larijani.

There is no date yet set for the debate on a new sanctions resolution that has been introduced by Permanent UNSC member United Kingdom. It is understood that the U.S. played the major role in drafting the resolution.

The draft sanctions resolution came during a week that Iran was complaining that Russia—with which it has friendly relations—was not fulfilling its nuclear fuel delivery agreement. On March 13, the Russian publication *Ria Novosti* reported that some Russian specialists who were in Iran to build the Bushehr nuclear plant began to leave the Islamic republic, according to the Russian nuclear power agency. It is reported that, due to financing difficulties from the Iranian side, the Bushehr plant will not open as planned in September.

Iranian National Security official Ali Larijani said on March 12 that this delay proves there are no guarantees for fuel supplies. The Iranian Atomic Energy Organization put out a release criticizing the delay and disputing the Russian allegation that Iran still owes money.

Washington intelligence sources view the Russian delay as a sign of Moscow's frustration with Iran over its not seeing the global direction the crisis is going—especially that the Bush-Cheney regime is driving for global war with Russia—not Iran—as its long term target. This week's *EIR InDepth* uncovers what Cheney is really up to (see "Can Arabs Stop Cheney's Drive for World War III?" by Jeffrey Steinberg).

Iran Expresses Support for a Stable and Strong Iraq

Iraqi Vice President Tareq al-Hashimi was in Tehran the second week in March, heading a "high-ranking political delegation," meeting with Iranian First Vice President Parviz Davoudi, IRNA reported on March 12. Davoudi expressed Iran's support for a "stable and strong Iraq," saying, "Iranian policy favors strengthening of relations with neighboring Iraq, finding solutions to its problems and restoring tranquility and stability to the country soonest." He accused "arrogant powers" of interfering in regional affairs in order to continue to dominate the region, and urged regional states to remain "vigilant" and "foil the conspiracies of enemies" aimed at fomenting discord among Muslim sects, particularly Shi'ites and Sunnis. Iranian Minister of Information Gholam-Hossein Mohseni Ejei said that Iraqi officials had requested help from Iran to establish stability and security in their country, and was positively responding to such request. "The Islamic

Republic of Iran is especially concerned with the peace and security situation in Iraq," he said.

Pointing to the establishment of the headquarters to promote economic cooperation between the two countries, Davoudi said, "The Islamic Republic of Iran has allocated considerable, long-term credit for implementation of infrastructure, industrial, and trade projects in Iraq." He was optimistic more accords will be signed by the two sides in the near future, after Iraq's problems are solved.

Asia News Digest

Pakistani President Under Great Stress

Islamabad was virtually shut down on March 16, as the "opposition" to Pakistani President Pervez Musharraf planned a rally in support of the recently sacked Chief Justice Iftikar Muhammad Chaudhary. Musharraf dismissed the Chief Justice on March 10 following the Chaudhary's findings that the privatization of Pakistan Steel was laced with corruption and bribery. When Musharraf's "opposition" reacted to the sacking, a Supreme Judicial Council (SJC) was set up, with five Justices to hear the Chief Justice's views and complaints.

Prior to the hearing, Musharraf ordered Pakistani police to arrest the Jamaat-e-Islami chief and head of the six-party alliance of Islamic parties, MMA, Qazi Hussain Ahmed. The Pakistani government claimed Qazi was planning to hold the Friday prayer meeting in front of the Supreme Court where the hearing was scheduled. Police also broke into the GEO-TV, a private television station with links to the United States, and ransacked the place. GEO-TV was planning to air the hearing.

In addition, Islamabad police set up roadblocks to prevent entry of outsiders in large numbers into Islamabad. According to available reports March 16, telecommunication connections to the capital were inoperative at the time.

While these developments are not likely a part of a coup, there exist other elements which make the situation more dangerous. Thousands of armed orthodox Islamists are inside Islamabad in defiance of President Musharraf. The *Dawn* reported that riot police clashed with protestors, firing rubber bullets at supporters of Qazi Hussain Ahmed, who surrounded him as police tried to arrest him. (For more on the Pakistani situation, see Indepth: "Pakistan Plans To Bury NATO in Afghanistan," by Ramtanu Maitra.)

Is U.S Behind Unrest in Islamabad?

The order of events in recent weeks indicates the Bush Administration has little or no interest in coming to the aid of the besieged Pakistani President. Washington has made it clear that it is not siding with Musharraf on the issue of his sacking of Supreme Court Chief Justice Iftikar Muhammad Chaudhary. U.S. Assistant Secretary of State for South and Central Asia Richard Boucher, while in Islamabad on March 15, described the current judicial crisis in Pakistan as "sensitive," and said "it needed to be handled carefully." On the same day in Washington, State Department spokesman Sean McCormack told news reporters: "It is a matter of deep concern, and we believe that the resolution of the matter should take place in a way that is completely transparent and strictly in accordance with Pakistan's laws."

But the U.S. pressure on Musharraf has been building for months. On Feb. 28, when Vice President Dick Cheney visited Islamabad, it became apparent that the Bush Administration was giving Musharraf an ultimatum. On that occasion, Washington reportedly demanded military access to Pakistan's tribal areas bordering Afghanistan in order to annihilate the al-Qaeda and Taliban militia allegedly assembled there. Musharraf, for obvious reasons, did not allow the U.S. military to be unleashed against his countrymen. On March 14, the U.S. called off its strategic discussions with Pakistan, saying the

U.S. representative, Assistant Secretary of State for Political Affairs Nicholas Burns, will not be able to travel to Islamabad because of his other assignments.

On March 11, the *New York Times*, quoting former associate director of operations Robert Richer, named a couple of Pakistani generals who would be perfectly acceptable to Washington in case "something happened to Musharraf tomorrow...."

Native American Trackers Deployed Along Afghan-Pak Border

The Shadow Wolves, an Native American law enforcement tracking unit in Arizona, which tracks down illegal immigrants and drug traffickers for the Department of Homeland Security, has a new assignment: to track down Osama bin Laden and his gang along the Pakistan-Afghanistan border, *The Australian* reported March 12. U.S. Defense Secretary Robert Gates said last month: "If I were Osama bin Laden, I'd keep looking over my shoulder."

The Shadow Wolves were recruited from several tribes, including the Navajo, Sioux, Lakota, and Apache. The unit is being sent to Tajikistan and Uzbekistan to pass on ancestral sign-reading skills to local border units.

However, some in the Pentagon wanted the unit to track down bin Laden and his lieutenant Ayaman al-Zawahiri. According to U.S. intelligence, their trail has not gone cold. Vice Adm. Mike McConnell, the new U.S. Director of National Intelligence, told a Senate Committee that the duo were setting up new training camps in northwestern Pakistan.

Construction of Beijing-Shanghai Railway To Begin

Construction of the Beijing-Shanghai high-speed railway will start some time this year, National Peoples Congress member Lang Guoping said in Beijing March 12. The railway, once completed, is designed to serve for 100 years. Trains will be able to reach 350 km/hour. Over 80% of the trains will be manufactured in China, but China has set up joint ventures with Siemens of Germany, Alsthom of France, Bombardier of Canada, and Kawasaki Machinery Industrial Co. of Japan to produce the trains.

Rising Food Prices Fuel Inflation in China

In February, China's consumer price index was up by 2.7% on food prices, according to the National Bureau of Statistics. Rising food prices have been pushing up inflation since November, and official statistics indicate that food prices were up by 6% over a year ago. China does have a massive grain stockpile, but prices of meat and eggs have been rising much faster than grain prices, up by 15.4% and 30%.

China is also being flooded with even more liquidity and inflation, because its trade surplus nearly hit a monthly record in February of US\$23.76 billion, just under the October 2006 record. In addition, bank deposits are at an all-time high, as workers deposit their New Years' earnings. The central bank may have to raise the reserve requirements ratio again, which would be the sixth time in nine months.

Bus Fare Hike Provokes Mass Unrest in Yongzhou

China's official media reported March 14 on the mass unrest in Yongzhou, Hunan Province, provoked by a bus fare increase for the long-distance buses used by rural migrant workers to reach the coastal cities. Hunan is in the impoverished southwest of China.

Villagers in a town near Yongzhou "intercepted" a bus, demanding cuts in the new higher fare, and, although fares were lowered again on government orders, the unrest continued, with peasants setting buses on fire, and stoning the local police station. The Hunan provincial government has sent officials to the scene of the unrest, and shut down Anda Corporation, the bus company which raised prices.

Africa News Digest

Pressure Against Sudan Government Surges

Sudan has been hit by a barrage of propaganda attacks from UN-related institutions, U.S.-based groups who blame the Sudan government as solely responsible for the violence in Darfur, and U.S. and British institutions. The propaganda attacks make it more difficult to negotiate a settlement between the Sudan government and the anti-government rebels in Darfur.

On March 12, a team of investigators for the Geneva-based UN Human Rights Council issued a report which accused Sudan "of orchestrating and participating" in crimes in Darfur that include rape, murder, and kidnapping. This team was headed by Nobel peace laureate Jody Williams. The investigative team was created at the special emergency UNSC session on Darfur last December, a session that Western countries pushed for.

The team's report says the crisis is so grave that the international community should send international peacekeeping forces to Darfur whether the Sudanese government approved or not, and makes the case for council members and the wider UN to push for international intervention, sanctions, and war crimes prosecutions.

On March 13, the Save Darfur Coalition issued a statement by Lawrence Rossin saying that the humanitarian situation in Darfur is worsening, and Rossin, Save Darfur's international coordinator (formerly a U.S. ambassador and a State Department official with crisis-management experience) said that violence is worsening because of internal communal fighting which threatens to result in "death on a massive scale."

Neither the UN team nor Rossin raised the issue of how the rebel groups, and the local groups fighting each other, got their weapons. The UN and Rossin called for bringing in aircraft to enforce a no-fly zone in Sudan, bringing in UN troops, and stringent economic sanctions. The UN group also called for full support for the International Criminal Court (ICC) proceedings against Sudanese officials, and also stated that UN member-states should use their national courts to prosecute individuals suspected of committing war crimes and crimes against humanity in Darfur.

U.S. 'Impatient' With Sudan 'Delaying Tactics'

U.S. State Department spokesman Tom Casey said on March 13 that the Administration was increasingly impatient over what he called Sudan's "delaying tactics." "The U.S. and other members of the international community are going to have to think seriously about implementing additional measures to deal with the humanitarian crisis in Darfur," Casey warned. Britain said it wanted the Security Council to extend UN sanctions against Sudan: "I would put down a resolution on sanctions next week ... that I would expect to get ... adopted," UK's Ambassador to the UN, Emyr Jones Parry, told reporters March 14.

That same day, there was an example of a nation using its courts against Sudan, as had been called for by the UN team. In a trial dealing with charges brought by relatives of American victims of the Oct. 12, 2000 attack on the *USS Cole* in Yemen, who are seeking damages from Sudan for that attack, U.S. District Judge Robert G. Doumar, in Norfolk, Virginia,

ruled that Sudan was responsible for the bombing of the *Cole*. One of the "experts" on terrorism who testified was former CIA director and prominent neo-con James Woolsey. The experts charged that Sudan gave safe haven to Osama bin Laden's al-Qaeda terrorist network since 1991, long before Yemeni operatives attacked the *Cole*.

The former Speaker of the Sudan Parliament, Hassan al-Turabi, reportedly protected bin Laden's operations in Sudan in the 1990s. Turabi was thrown out of the government in December 1999. He was again put into prison in March 2004, and was released in June 2005. He has been connected to one of the anti-government rebel groups in Darfur, the Justice and Equality Movement. He called for the overthrow of the Sudan government in February of this year. Judge Doumar may not be aware of this irony.

The accusations of war crimes brought against two Sudanese officials by the ICC was welcomed by U.S.-based groups who are calling for armed intervention into Sudan by UN troops. While this may have some propaganda value for those who blame the Sudan government for everything that is happening in Darfur, this puts the Bush Administration in a quandary.

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