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[LaRouche to Speaker Pelosi:](#)

[\*\*BAE Scandal Demands Cheney Impeachment Now!\*\*](#)

New revelations that Vice President Dick Cheney has been behind the now-failed effort to cover up an \$80-100 billion criminal slush fund, run through the British arms cartel BAE Systems, adds new urgency to Lyndon LaRouche's longstanding demand that Vice President Dick Cheney be impeached or otherwise removed from office for high crimes and misdemeanors. LaRouche, following his June 21, 2007 international webcast, has demanded that Speaker of the House Nancy Pelosi drop her stubborn and ill-conceived rejection of the need to remove Cheney from office, and take the lead in his immediate impeachment. "I know," LaRouche said on June 24, "that some of Speaker Pelosi's friends, including Felix Rohatyn, will rant and rave that British imperial asset Dick Cheney must be kept in place, but Cheney's role in the recently bungled BAE coverup makes him a prime candidate for early removal from office; and the survival of the United States and the world depends on that action...."

[\*\*In-Depth articles from Vol. 34, No. 27\*\*](#)

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## From The Editors

[\*\*Our issue this week...\*\*](#)

...aims to stimulate you to take on two enormous tasks: To ensure the near-term elimination of Dick Cheney—now in deep kimchee with his British masters—from any role in U.S. policymaking; and secondly, with that huge obstacle removed, to begin to reverse the disastrous effects of the policies that Cheney and company have wrought, by joining the scientific revolution initiated over recent months by members of the LaRouche Youth Movement, working in 'The Basement.'

## Feature

[\*\*LaRouche to Speaker Pelosi: BAE Scandal Demands Cheney Impeachment Now!\*\*](#)

Lyndon LaRouche, in response to revelations that Vice President Cheney is behind the unsuccessful effort to cover up the \$80-100 billion criminal slush fund run through the British arms cartel BAE Systems, stated that some of Speaker of the House Nancy Pelosi's friends 'will rant and rave that British imperial asset Dick Cheney must be kept in place, but Cheney's role in the recently bungled BAE coverup makes him a prime candidate for early removal from office.'

- [\*\*The BAE Systems Affair and the Anglo-Dutch Imperial Slime Mold\*\*](#)
- [\*\*BAE, Baroness Symons, in Black Operations Against LaRouche\*\*](#)
- [\*\*John Train and BAE\*\*](#)
- [\*\*Crown Agents: The British Monarchy's Direct Links to BAE\*\*](#)

Reprinted from EIR's 1997 Special Report 'The Coming Fall of the House of Windsor.'

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# Science

## **LaRouche Challenges Youth: Make a Revolution in Science**

In an address to a LaRouche Youth Movement cadre school, in which young people on four continents participated, Lyndon LaRouche challenged them to take up the most fundamental principle in physical science: the infinitesimal, 'the most powerful force in the universe.' The unique historical role for this new generation, LaRouche said, is 'to guide the changes which must occur in society, if society itself is to survive.'

## **Welcome Adventurer!**

A small group of LaRouche Youth Movement (LYM) researchers, known as 'The Basement Team,' since they are operating from the basement of a farm in Northern Virginia, presents a preliminary report on their investigations into the most crucial breakthroughs made in scientific method.

## **How the Venetians Tried To Erase Kepler From Science: Empiricism as Anti-Creativity**

LYM member Peter Martinson describes the scientific environment at the time that German scientist Carl Friedrich Gauss made his famous determination of the orbit of the asteroid Ceres. It was a pitched battle between the adherents of Johannes Kepler, and the ideologues of the so-called Enlightenment.

# National

## **LaRouche's June 21 Webcast: A Turning Point in History and a Dark Day for Dick**

LaRouche's June 21 webcast triggered an avalanche of attacks on Vice President Cheney, which has destroyed what was left of his political career as a key thug-asset of London-centered financial circles; and a split between certain U.S.-based political factions and the Anglo-Dutch oligarchy.

- **Documentation: Leading GOP Senators Urge Iraq Disengagement**

Excerpts from a speech by **Sen. Richard Lugar** (R-Ind.) and a strategy paper by **Sen. George Voinovich** (R-Ohio).

## **Dick Cheney's War Is Driving Troops Crazy**

## **Conyers, Moore Promote Universal Health Care**

# International

## **International Attacks on BAE: The Real Target Is Cheney**

A faction fight has broken out within the British Establishment over the BAE Systems scandal, and Dick Cheney is in deep trouble with his erstwhile London friends.

## **John Breidenkamp Puts His Foot in It**

The Editors reply to a letter from John A. Breidenkamp.

## **European Union: German Chairmanship Missed Crucial Issues**

# Economics

## **Bear Stearns Funds' Failure Opens the Door to Credit Crash**

The failure on June 19 of two Bear Stearns hedge funds, linked to the subprime mortgage and Mortgage Backed Securities market, had Wall Street's Plunge Protection team working behind the scenes to relieve the pressure.

## **New Pension Crisis Seen in Credit Markets Crash**

## **No Technical Limits to Bering Strait Project**

## **Bush Nuclear Program: Technology Apartheid**

# Departments

## **Banking**

## **Blackstone Goes Public.**

# Book Reviews

## **Roosevelt-Stalin Correspondence Sheds Light on FDR Post-War Vision**

**My Dear Mr. Stalin: The Complete Correspondence of Franklin D. Roosevelt and Joseph V. Stalin,**  
edited by Susan Butler, with a Foreword by Arthur Schlesinger, Jr.

# Editorial

## **Independence Day 2007**

# U.S. Economic/Financial News

## **Mortgage Bust Fuels Foreclosures in Washington**

June 30 (EIRNS)—On June 29, U.S. Federal regulators tightened rules for lenders issuing risky subprime mortgages, but it may be a case of too little too late to stanch the hemorrhage of foreclosures flooding the economies of many communities in the Greater Washington Area.

The new guidelines are aimed at the 8,000 federally regulated lenders, and require them to underwrite loans based on the higher adjusted loan rates, not the low "teaser" rates used now. Furthermore, lenders must give borrowers 60 days to refinance without penalty, before higher loan rates go into effect, according to today's *Wall Street Journal*.

According to extensive coverage in the *Washington Post*, the collapse of subprimes has led to growing numbers of newly homeless in areas around the nation's capital. From Leesburg to Ft. Washington in Virginia, and Howard County in Maryland, foreclosures are skyrocketing, and igniting a secondary exodus of panicked homeowners scurrying to leave

before the foreclosures impact their already precarious housing values.

Realtytrac.com data by zipcode for the D.C. area pinpoints the local hotspots for the meltdown:

\* Fort Washington, in Prince George's County, Maryland, accumulated 80 pending foreclosures this year, twice the rate of a year ago.

\* Herndon in Fairfax County, Virginia registered 75 foreclosures in one zip code, eight times last year's rate.

\* Leesburg, in Loudoun County, Virginia, has seen foreclosures ten times the 2006 same-period rate.

\* Howard County, Maryland had foreclosures shoot from one in 2006 to 157 from January to May of 2007.

## **Commerce Report Shows No End to Housing Collapse**

June 26 (EIRNS)—The Commerce Department reported June 26 that new home sales fell by 1.6% last month, to an annual rate of 915,000. Rising interest rates and a glut of unsold homes on the market are feeding the worst housing crisis since 1991. "There are some pretty significant negative risks for economic growth," said Carl Riccadonna, an economist at Deutsche Bank Securities in New York, to Bloomberg. "We are not at the bottom yet in housing."

Home values in the U.S. declined 2.1% in April, from the same month a year earlier, according to a report June 26 by S&P/Case-Shiller, cited by *Bloomberg*. It was the fourth straight drop in the group's index, which started in 2001. Housing prices in 20 cities in April fell by the most in at least six years.

## **Surge in Defaults Spreading Beyond Subprime Mortgages**

June 27 (EIRNS)—A new report from Standard & Poor's finds a sharp rise in late payments and defaults on Alt-A mortgage loans—those between prime and subprime—for which borrowers do not provide full documentation of income and assets. Some 4.21% of Alt-A loans bundled into mortgage-backed securities last year were 90 or more days overdue after 14 months, up sharply from 1.59% for loans from 2005 and 0.91% for loans from 2004.

## **Wall Street Fraud Stoked Mortgage Securities Meltdown**

June 27 (EIRNS)—Lehman Brothers investment bank, the largest U.S. issuer of Mortgage-Backed Securities (MBS), issuing one-tenth of all MBSs annually, is the subject of 15 lawsuits for falsifying, doctoring, and physically altering subprime mortgages and MBS instruments. The lawsuits, and research by the *Wall Street Journal*, which published a feature June 27, titled, "How Wall Street Stoked the Mortgage Meltdown," lift a corner of the veil on the Mafia-like operations of the subprime mortgage industry.

In addition to having founded the modern MBS industry, and being the largest or second-largest issuer for 11 of the past 12 years, Lehman is also the 11th-largest direct subprime lender, through its BNC mortgage unit subsidiary. Coleen Columbo, a former mortgage underwriter for Lehman's BNC unit, stated that the mantra at BNC was to do "anything to make the deal work." She and five other BNC ex-employees are suing Lehman BNC, because when they complained about ongoing fraud, they were fired. A Lehman mortgage unit manager, Cedric Washington, stated that he saw a fellow manager alter a loan by forging a borrower's initials. The *Journal* reported that "several [Lehman mortgage] ex-employees said, brokers or in-house employees altered documents with the help of scissors, tape, and Wite-out."

In 1995, a Lehman Brothers vice president, Eric Hibbert, described the operations of a subprime lender, First Alliance Mortgage, in the following words: It is a financial "sweat shop," specializing in "high pressure sales for people who are in a weak state," where employees leave their "ethics at the door." Lehman higher-ups were so impressed that they poured \$500 million into First Alliance Mortgage Alliance. Federal regulators and seven states investigated deceptive sales practices at First Alliance, and in 2003, a Federal grand jury delivered a \$50.1 million verdict against it, with Lehman ordered to pay \$5 million. But Lehman used such practices to drive the volume of the MBS market from \$50 billion in 2000, to \$503 billion in 2005, and \$483 billion in 2006. Lehman issued one-tenth of all MBS instruments. Today, synarchist Felix Rohatyn operates as a senior figure at Lehman Brothers.

## **BAE-Linked Carlyle Group To Take Over GM Division**

June 28 (EIRNS)—Carlyle Group, the private equity group closely linked to British BAE Systems, has announced a takeover of a division of General Motors. Both BAE Systems and the Swedish Bofors Defence Group, which BAE bought from Carlyle, are accused in the "scandal of the century" (see last week's *EIR* online, and this week's *InDepth Investigation*).

On the same day it announced the planned takeover of GM's Allison Transmissions division for \$5.6 billion, Carlyle had to cut back a scheduled IPO of a bond investment fund, because of increasing liquidity problems on the speculative junk-bond markets. Many financial analysts are now forecasting the failure of some large private-equity leveraged takeovers, bringing on a general junk-market collapse—and Carlyle's GM takeover could well be the one to fall apart.

For the U.S. auto industry, the takeover, if it goes through, will mean seven more technologically productive and well-tooled plants, and 4,000 employees—all in the Indianapolis area—falling under the control of speculative private-equity and hedge funds, following in the footsteps of Chrysler Corp., GMAC, Delphi Corp., and scores of smaller firms. Allison Transmission also has 1,500 distributors and dealers in 80 countries.

Carlyle has a junior partner in the planned takeover, the Canada-based private-equity group Onex Corp.

## **Broad-Based Drop in Durable Goods Orders in May**

June 27 (EIRNS)—New orders for U.S.-made manufactured goods, made to last at least three years fell 2.8% in May, a larger drop than expected. The fall in durable goods orders was led by a 22.7% plunge in orders for civilian aircraft, the Commerce Department reported. Non-defense capital goods orders excluding aircraft, interpreted as a sign of business investment, tumbled 3%, the biggest decline since January.

## **SEC Investigating Almost-Frozen Securities Market**

June 27 (EIRNS)—Traders in the crisis-hit mortgage-backed securities (MBS) market have begun reporting a freeze-up—a near halt in all generation of the securities known as collateralized debt obligations (CDOs)—a week after the collapse of two big Bear Stearns hedge funds trading in CDOs. With paper creation in this \$2.6 trillion market having sunk to a couple of billion dollars at the end of June, the vice chairman of Loomis Sayles in Boston warned, "If investors start dumping them, oh, boy, watch out for some massive credit widening" (market slang for a sharp increase in interest rates, a credit crunch in the market). Interest rate premiums on CDOs jumped 1.5% last week.

The specter of this threat to the financial system raised its head in a Congressional hearing June 26, as Rep. Carolyn Maloney (D-N.Y.), waving that morning's *Wall Street Journal*, asked SEC chairman Christopher Cox if he agreed that CDOs and related securities are risky, dangerous to the financial system, opaque in value, and should be regulated. With

journalists and aides suddenly taking furious notes, Cox said he lacked the authority, because these securities are not registered under the 1933 Securities and Exchange Act; but that if Congress changed that, "Absolutely," they should be regulated due to that risk. And he announced that the SEC has opened an investigation of the Bear Stearns hedge funds and 12 other cases that "relate generally to subprime."

JP Morgan analysts issued a report June 27 saying that, "We expect events surrounding warehousing liquidations [in the Bear Stearns and other cases] last week to further slow, if not halt entirely, the new issue market." The Credit Derivatives Research LLC firm reported that a large source of liquidity on global credit markets could be disappearing entirely.

Showing how widely this disintegration is spreading through markets, *Barron's* on June 25 reported that the \$670 billion insurance firm MBIA, linked to Bank of America, had its overall credit rating under threat as a result of growing losses in MBS which it insured. *Barron's* noted that the company's core capital, and thereby its whole operation, could be threatened by such a credit downgrade.

## World Economic News

### Malaysian Minister Accuses West of 'Green Imperialism'

June 27 (EIRNS)—Nor Mohamed Yakcop, currently Malaysia's second finance minister, and the primary advisor to former Prime Minister Mahathir bin Mohamad, has launched a direct hit on the imperial nature of the "global warming" promoters in regard to Malaysia's historic currency controls regime imposed in 1998.

"Companies that are polluting in China," said Nor Mohamed, speaking on June 25 at the World Economic Forum on East Asia in Singapore, "are owned by American, European, Japanese, and others. They are benefiting from the cheap labor, from the resources, and at the same time accusing China of pollution. There should be no hypocrisy. Let's take the hypocrisy out of the equation."

"This is green imperialism," he added. No one at the conference appears to have called the bluff of the "man-made global warming" hoax as a scientific fraud, however.

### Another Hedge Fund Sells Assets at 50¢ on the Dollar

June 26 (EIRNS)—Cheyne Capitol Management Ltd, a London-based hedge fund hit by the U.S. subprime mortgage crisis, sold off assets for only half their "assumed value." One of Cheyne's funds, Queen's Walk Investment Ltd., according to *Bloomberg* (June 25), had invested in the riskiest portions of bonds backed by mortgages and had lost 67.7 million euros (\$91 million) in the year ending March 31. Cheyne had also held 12% of its assets in the risky U.S. subprime housing market. So, it sold off most of its mortgage backed securities, at 50%, and cut its level of debt to just 6.6 times its assets, down from its previous leverage ratio of 28.5 times. According to the London *Financial Times* June 26, the firm's manager said: "We have de-risked the company."

### Japan Central Bank Dumps 'Weak Yen Official' Watanabe

June 26 (EIRNS)—Japanese top currency official, Vice Finance Minister for International Affairs Hiroshi Watanabe, announced his intention to resign on June 25. Watanabe, known as the "Weak Yen Official," was one of the key supporters of the yen carry trade.

On June 26, Reuters reported that Japanese Finance Minister Koji Omi had issued a statement warning that investors should realize the risk of one-way bets against the yen. He told reporters in Tokyo that "disorderly moves of foreign exchange rates are undesirable." The statement was seen as targeting the yen carry trade.

## **China Cracks Down on 'Hot Money' Banks**

June 29 (EIRNS)—China's State Administration of Foreign Exchange (SAFE) has cracked down on 29 banks, domestic and foreign, accusing them of bringing "hot money" into China. "Speculative capital has flown into the country under the guise of trade and investment. The capital inflows have, to some extent, affected the domestic capital macro-economic situation and a healthy economic development," said SAFE Deputy head Deng Xianhong, as reported by the *China Daily* June 26.

Among the foreign banks named are the HSBC, Standard Chartered, and Citigroup. Among the domestic banks, branches of the state-owned Bank of China, the Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of Communications, and China Construction Bank have been identified to be disciplined.

According to the SAFE authorities, the speculators are targeting the Chinese currency, the yuan, which has risen by 8% since China widened its fixed trading band in July 2005. One way of getting the speculative flow into China is via short-term foreign borrowings, which went up 16% from late 2005 to late 2006. By the end of 2006, some 57% of foreign debt was short-term, up from 55.8% in June 30, 2006.

Already the amount of speculative funds in China has ballooned to \$300 billion, which "will fan speculative sentiment, but once it flows out abruptly, it will deal a blow to the financial system," said Zhuang Jian, a senior economist with the Asian Development Bank.

## **Russia, France Approve \$400 Million Nuclear Deal**

June 30 (EIRNS)—Russia and France have agreed on a deal to jointly produce turbines for nuclear power plants. Russia's Atomenergomash and France's Alstom signed documents yesterday to establish a \$400-million joint venture to manufacture half-speed turbines for nuclear power plants in Russia and abroad.

According to details reported in *RIA Novosti* June 29-30, the companies reached a deal in April, which gives Russia's state controlled nuclear power corporation a 51% share in the venture, which will operate on the platform of the machine-building firm ZIO Podolsk in the Moscow Region. The future joint venture will manufacture the entire conventional array of equipment used in nuclear power plants, drawing on Alstom's "Arabelle" half-speed turbine technology. Alstom will transfer technology to the joint venture company, namely for the manufacture of its Arabelle steam turbine and generator.

The joint venture, expected to reach full capacity within three years, will benefit from the best technology available for conventional equipment for its nuclear power plants, and will have exclusive access to the fast-growing Russian nuclear power plant market. The joint venture will cover at least half of Russia's demand for nuclear power plant turbines.

## **United States News Digest**

### **U.S. Conference of Mayors Demands: Out of Iraq!**

June 27 (EIRNS)—The U.S. Conference of Mayors passed a resolution calling on the Bush Administration to begin

withdrawing troops from Iraq at its June 25 meeting in Los Angeles.

With the hard-fought 51-47 passage, the U.S. Conference of Mayors joined a growing, bipartisan movement of elected officials, most recently, Republican Sens. Richard Lugar (Ind.) and George Voinovich (Ohio), in demanding an end to the Cheney-Bush failed Iraq War policy (see InDepth *National* for more on this story).

The Iraq War resolution was introduced by Stamford, Conn. Mayor Daniel Malloy. Malloy turned back Fresno Mayor Alan Autry's attack on the resolution, as outside domestic concerns, by pointing out that the war was draining money from classrooms and municipal services.

The resolution proclaims "110% support" of the Mayors Conference for the troops, but says, "[P]eace and stability in Iraq can only be achieved through the resolution of political differences within that country."

The mayors call for "the Administration to begin planning immediately for the swift and prudent redeployment of the U.S. Armed Forces; ... for future U.S. military aid; reconstruction funding, and other support...."

Finally, the resolution calls on the Administration to "convene an international conference," as part of a comprehensive plan for stability in the region, and for full funding of medical, psychological, housing, and other services for the returning troops.

## **Military Privatization Under Attack at Walter Reed**

June 26 (EIRNS)—Last April, the Independent Review Group (IRG), a panel assembled by Secretary of Defense Robert Gates to look into the horrendous condition of outpatient care at Walter Reed Army Medical Center, identified the decision to privatize facilities maintenance at the hospital, and the BRAC decision to close it altogether, as two of the factors in the deteriorating situation. This afternoon, members of the IRG took those issues to the Military Personnel Subcommittee of the House Armed Services Committee. Retired Air Force Chief of Staff Gen. John Jumper told the subcommittee that, in his view, "we have over outsourced," and that, "the direction to over outsource was done with criteria that probably didn't always work to the best interest of the people in uniform." At Walter Reed, Jumper said, privatization took certain critical functions "out of the hands of very experienced people that were used to working with a very old infrastructure at Walter Reed, and put them into the hands of lowest bidders that cut the services, cut the number of people attending the facilities...."

Former Army Secretary Togo D. West, Jr., one of the two co-chairs of the IRG, said the privatization process "proceeds from the assumption that there is a good chance that someone other than the people we have recruited for the government in civilian positions could do the job just as effectively and cheaper.... That is not good for morale." The IRG has recommended that military medical facilities be exempt from privatization, but their arguments suggest that it has no place in any part of the government.

As for BRAC (the committee on Base Realignment and Closure), the IRG stopped short of recommending reversal of the decision to close Walter Reed, but said that the hospital should be funded and staffed to operate at full tempo until the day a new hospital to be built on the campus of the National Naval Medical Center in Bethesda, Md. is ready.

## **Generals Weigh In on BMD Deployment in Europe**

June 25 (EIRNS)—In a June 22 commentary for UPI, Lt. Gen. Robert Gard, Jr., former president of the National Defense University, and now senior military fellow at the Center for Arms Control and Non-Proliferation, attacked the Bush-

Cheney Administration's program to place elements of the U.S. ballistic missile defense system in Eastern Europe. "This decision is premature, misguided, wasteful of billions of dollars, and damaging to U.S. relationships with our European allies and Russia," he wrote.

General Gard, who is also among the retired military brass who have attacked the Administration's failed Iraq policy, reports that the U.S. Missile Defense Agency (MDA) recently concluded that without deploying elements of a ground-based system in Europe, other components will protect the entire U.S. from any hypothetical Iranian missiles by 2011, "well before that country will be able to field an intercontinental missile capability." Yet, now, he reports, MDA cites the "indivisibility of U.S. and European security interests as a justification for deploying missile defense in Europe." Yet "Europe," represented by NATO, does not want U.S. bilateral agreements, and the plan has caused "considerable consternation" within the alliance.

MDA also claims, Gard reports, that deploying ground-based defenses "will promote regional stability." The announcement of the deployment has caused "considerable instability," especially in U.S. relations with Russia. Gard supplies technical reasons why there are serious problems with the proposed deployment, which continue to be pointed out by Russian military officials. His conclusion: "The bottom line is a no-brainer. The [ground-launched anti-missile system] site in Europe should be put on ice."

## **Senate Hearing Blasts Media Violence**

June 26 (EIRNS)—Sen. Jay Rockefeller (D-W.V.) chaired a highly contentious hearing today on violence in the media. Rockefeller opened the hearing of the Senate Commerce, Science and Transportation Committee, attended by an overflow audience of mainly college-age youth, by blasting the TV networks, saying they were "debasing our culture. For years, efforts have been made to do something, and nothing has been done. The entertainment industry blames the parents—that's cowardly." Addressing the millions of dollars spent on "V-chips" to cancel out televised violence, Rockefeller said, "Parents don't want more tools, they want the violence off the air."

Rockefeller then presented what he said was a five-minute video taken from major network programs. The clip showed graphic rape and disembowelment, but after two minutes the ranking Committee member, Sen. Ted Stevens (R-Ak.), intervened, asking that it be turned off. Rockefeller complied. Stevens then tried to calm things down saying, "We have to go softer ... we have to be careful not to go too far."

However, Sen. Frank Lautenberg (D-N.J.) then spoke out: "We have to include video games as part of the violence. The biggest growth in entertainment is video games."

Of the five guest panelists, all but one covered up for the media. When Laurence Tribe of the Harvard Law School was introduced, Rockefeller said, "He's also a paid consultant to cable TV." Tribe then went on to say, "We can't turn the key over to 'Big Brother,' referring to government interference with "free speech."

Rockefeller ended the hearing by addressing Peter Liguori, CEO of Fox Broadcasting, who had addressed the committee: "What you are saying, that the problem is the parents, is repulsive. The saddest thing about this hearing, is that effects on children were not discussed, and that the people who know about this were not asked any questions." Rockefeller pledged that legislation will be forthcoming.

## **AMA Punts on Video-Game Addiction**

June 28 (EIRNS)—Last night the American Medical Association (AMA) voted against immediately including "video-game

addiction" in its "Diagnostic and Statistical Manual" (DSM) and instead will ask the American Psychiatric Association (APA), which publishes the DSM, to make the final decision. The DSM is used as the international standard of listing of mental diseases and phobias. The AMA asked the APA to make the final decision after it carefully reviews an AMA report entitled "Emotional and Behavioral Effects, Including Addictive Potential, of Video Games." The report is an in-depth review of video gaming, and an overall condemnation of the effects of video games on youth.

## **Ron Paul Hits U.S. Corporatism as 'Leaning to Fascism'**

June 25 (EIRNS)—Rep. Ron Paul (R-Texas), a candidate for the Republican Presidential nomination, shocked his NPR interviewer on June 21, by identifying the rapid slide into fascism in the U.S., and describing the "corporatist" nature of fascist economics by reference to the American health-care system.

Speaking on National Public Radio's "On Point" with Tom Ashbrook, Paul identified Rep. Dennis Kucinich (D-Ohio) as his leading ally in exposing the crimes of the Iraq War and the rush to war on Iran (only he and Kucinich had voted last week against an anti-Iran bill in the House, which Paul called a "rallying to war"), and downplayed his libertarian economic policies as secondary to ending the foreign policy of empire and correcting the disastrous conditions of the poor and elderly in the U.S.

He said, empires always end badly, as did the Soviet empire. "We don't have socialism here," Paul continued, "but a mild form of fascism, corporatism, with corporations on the dole, making money off the military-industrial complex, while the banks and financial houses are making money off the monetary system."

Ashbrook jumped in: "Did you say fascism? Did you say we are living in a fascist state?"

Paul responded: "One that is leaning toward that. Take our medical care...."

Ashbrook: "We have fascist medical care?"

Paul: "This is where the corporations run things—the HMOs, the PPOs, the drug companies, pharmaceutical companies—they're not worried about poor people, they're worried about making big bucks."

Asked about his low rating in the polls, Paul said that, on the one hand, the polls are fraudulent, and secondly, much of his support comes from youth, who use the Internet and cell phones, who are left out of the polling process.

## **Ibero-American News Digest**

### **LaRouche on Ecuador Radio: Defeat British 'Coup vs. Civilization'**

June 29 (EIRNS)—We must defeat the British imperial forces attempting to run a "coup d'etat against civilization," Lyndon LaRouche told listeners, in an interview this morning on Quito, Ecuador's Radio 530 AM's "Opinion Popular" program, hosted by Patricio Pillajo. LaRouche was referring to the supra-governmental power embodied in British defense company BAE Systems, now at the center of a mega-scandal, involving nations on several continents. "This is a conflict with powerful international financial forces, with which Ecuador is very familiar from the way Ecuador was raped in times past," LaRouche noted.

"What's the relationship of Ecuador to this business?" LaRouche asked, in discussing the imminent possibility that U.S.

Vice President Dick Cheney will be ousted. "South America in general is moving in a direction typified by the proposal for the new banking system. And for certain countries in South America, such as Ecuador, and Bolivia, and so forth, the hope of a recovery from a bad period of life, depends upon some kind of new international arrangements and agreements, agreements which would allow the so-called banking system of the South to function in the way it's intended.

"The fight is to get back to the system of sovereign nation-states, not globalization, and return power to the sovereign governments of the people. And to use that, as a basis for creating new forms of international cooperation among sovereign nations. And that fight has to be waged, but getting rid of Cheney will open the door in that direction."

LaRouche came back again to the importance of the Bank of the South in the interview, which can be read in its entirety at [www.larouchepac.com](http://www.larouchepac.com):

"If you look at the precedent set by the President of Argentina, the assertion of the sovereignty of a nation over its banking system, it is my hope, that the Bank of the South would function as a vehicle commonly used by sovereign nation-states of South America, to maintain sovereignty, number one; but as a necessary vehicle of the type I specified back in August of 1982. It is the exchange of long-term credit among nations, for projects in common interest. You need a system of fixed-exchange-rate agreements among nations, in order to do that.

"Practically, the reconstruction of Ecuador from the rape by George Shultz and company requires that. The success of the Bolivian government's attempt to stabilize itself, depends upon something like that. The rebuilding of Peru, depends upon something like that: large-scale transportation projects which are necessary, water management systems, power systems in general, these have to be subjects of international cooperation on infrastructure development. And it must be done by sovereign nation-states. Those nations require a common facility of credit in order to manage this set of relationships.

"Right now, I think that would work, provided that we make the necessary change in the IMF system, in which case, the Bank of the South could serve as the South American component of a new international monetary-financial system, to replace the presently bankrupt IMF and World Bank....

"In other words, to go back to Franklin Roosevelt's view of how to run the world: no colonies, no empires, national sovereignty. Cooperation among sovereigns. And this Bank of the South is a step toward something for that region, which I think is very valuable."

## **Uruguay To Join Bank of the South**

June 28 (EIRNS)—Uruguay's President Tabaré Vázquez has decided that his government will participate in the discussions to found the Bank of the South, the new regional financing entity that will offer credit for development projects. This was announced June 27 by Foreign Minister Reinaldo Gargano, a strong proponent of regional integration who has supported the Bank's creation inside the cabinet, in opposition to the pro-IMF Finance Minister, Danilo Astori.

Up until now, Uruguay has not been involved in the debate on the bank's creation, precisely because of factional tensions inside the Vázquez cabinet. But when the Espectador radio network suggested that the decision was a "personal victory" for Gargano, due to Astori's "reticence" about the project, Gargano firmly stated that "this was a decision of the Executive branch"—not of anyone else. President Vázquez felt strongly, Gargano said, that since the governments of Ibero-America are now involved in a process of integration, "it made no sense for Uruguay not to be involved." Uruguay wants to be involved in the decision-making about how the bank will function and how it can be made to work for the benefits of all of its members, he said.

## Brazil Goes Nuclear: Angra 3 To Be Completed

June 26 (EIRNS)—On June 25, Brazil's National Energy Policy Committee (CNPE) decided in an 8-1 vote to complete the Angra 3 nuclear plant, whose construction was halted almost 21 years ago. The only opposing vote came from Environment Minister Marina Silva, a follower of global warming freak Al Gore. Knowing she had no chance of stopping the vote, Silva boycotted the meeting, and sent an underling, instead, to cast her vote.

The decision to complete Angra 3, which will generate 1,350 MW of electricity, with a target completion date of 2013, was a long time coming—the result of an intense factional brawl inside the cabinet of President Lula da Silva. Although the CNPE did not approve any broader plant construction beyond Angra 3, the vote was an admission that the nation's current energy grid, based largely on hydroelectric, cannot guarantee even modest economic growth rates. In a June 14 speech, Lula said that the only way Brazil can promise investors that there will be adequate energy supplies after 2012, is by going nuclear. Nuclear "is clean, non-polluting and doesn't emit CO<sub>2</sub>," he said, "and Brazil's [nuclear] technology is perfect."

Interim Mines and Energy Minister Nelson Hubner told the *Valor* financial daily that with Angra 3, the government intends to domestically enrich all the uranium that this, and all future plants, will require. Brazil has the sixth-largest uranium reserves in the world, he said, enough to supply its nuclear plants for 500 years.

As for the issue of nuclear waste, Hubner reported that it will be deposited in secure vessels, where it can be stored for hundreds of years. "Today," he noted, "the whole world is discussing the reprocessing of waste, for use in generating more energy, or transforming it into other elements that can be used in industry."

Two major industrial associations, the Industrial Federation of Rio de Janeiro (Firjan) and the Brazilian Infrastructure and Basic Industry Association (Abdib), welcomed the decision, noting in particular its importance for Brazil's scientific and technological future. For their part, ecstatic leaders of the Pro Angra 3 Movement, representing labor unions, professional associations, and community groups from the surrounding area of the long-stalled Angra 3 plant, summed up their view: "It's as if we'd won the Sixth World Cup!"

## Spanish Cheneyacs Intervene into Argentine Elections

June 25 (EIRNS)—The secretary general of Spain's Popular Party (PP) Jorge Moragas used the occasion of the June 24 victory of millionaire soccer club owner and neo-con Mauricio Macri as the new mayor of Buenos Aires, to publicly attack popular Argentine President Néstor Kirchner, in an attempt to shape the environment leading into the October Presidential elections in Argentina. Macri, a darling of Cheneyac circles around the American Enterprise Institute in Washington, defeated Education Minister Daniel Filmus of Kirchner's Victory Front, and now says he will work on creating a political alternative for October, aimed at providing "political balance" in the country.

The PP is the party of former Spanish Prime Minister José María Aznar, who serves as an international mouthpiece for Dick Cheney's fascist policies, and just spent the last month touring Ibero-America, peddling them as "an agenda for freedom." Moragas, who was invited to the victory celebration by Macri, described the latter's win as a "message of hope for those who think it is difficult to win democratically against populist formulas."

Macri and the fascist, neo-liberal interests behind him do not have a chance of winning the Presidential race. They targeted Buenos Aires, which has never historically been a stronghold of Kirchner's Peronist Party, however, in hopes of recouping some political ground from which to undermine the Kirchner-led effort to rebuild Argentina.

For Macri and Moragas, like Francoite Aznar, "populism" refers to anyone who opposes the International Monetary Fund's

policies of unbridled free trade and deregulation. These circles label Kirchner as "authoritarian" and "undemocratic" because he thinks human beings are more important than the free market and the banks. Moragas likened Macri's victory to that of Nicolas Sarkozy in France, particularly emphasizing Macri's commitment to building "solid" institutions and fighting "corruption."

In the weeks preceding the election, Kirchner had said it would be a contest between "two models"—the neo-liberal one which destroyed Argentina in the 1990s, and the current one which prioritizes defending the general welfare, building an internal market, and reindustrialization. One look at the gaggle of fascists who are now offering their congratulations to Macri, including Chile's Presidential aspirant Sebastian Pinera and the head of the Mexican PAN Manuel Espino, makes clear how correct Kirchner was.

## Western European News Digest

### EU Members Reach Agreement on Supranational Government

June 23 (EIRNS)—The synarchist faction in the financial oligarchy moved one step further towards world dictatorship with the agreement, reached June 22, on a reform of the EU treaty that abolishes the veto power of member-states, thus eliminating a basic protection of national sovereignty which has been an integral part of the European Community since its inception. The new draft treaty reproduces "the substance" of the former EU constitutional treaty which voters in France and the Netherlands have already soundly rejected. The decision to reintroduce the same treaty and have it approved by governments or parliaments alone, is therefore in itself an act of dictatorial power.

According to Italian and British media reports, German Chancellor Angela Merkel had to overcome opposition from Poland to include the elimination of the veto rights of EU members, in favor of a "double majority" system: EU laws and regulations will be approved if they get a 55% majority of member-states and a 65% majority of EU populations. This reform, which will be implemented in 2017, makes it impossible for single states to oppose legislation that goes against their national interests, if two or three large EU countries support that legislation.

In order to polish the image of the French and British governments, which face domestic unpopularity after the decision, the new draft treaty has included some cosmetic compensations, such as the modification of a free-trade provision, and the exclusion of justice issues from the majority vote.

But another dictatorial feature has been introduced, with the extension of a second mandate for the EU chairman, the non-elected official who, with the new voting system, will function as a prime minister of the EU council of ministers. This has been called the "permanent chairmanship."

And, a campaign to criminalize opponents of the European superstate is being prepared. Italian President Giorgio Napolitano declared, in a speech in Sienna, in the presence of German President Horst Koehler, that it is "psychological terrorism to suggest the specter of a European superstate," according to the *Daily Express* June 17. Koehler added that it is "populistic, demagogic campaigning."

### Scandinavian Countries Reorient to Russia

June 25 (EIRNS)—In the face of a growing economic and energy crisis on the one side, and the tremendous opportunities of economic and energy cooperation with Russia and Eurasia on the other, Scandinavian countries are making moves to distance themselves from the British-U.S. (Cheney-Bush Administration) policy of confrontation with Russia. The background is a determined drive by the Socialist government of Norway to create the New Energy of Province of Europe

in the Barents Sea, in cooperation with Russia. Official statements by the Norwegian government stress that this huge "generational" project, to exploit the enormous gas fields in the ice-cold and stormy waters of the High North, is conditioned on good relations with Russia. Since April 2006, the project has been at the center of the Norwegian government's diplomacy to win cooperation of its neighbors, especially Sweden, in the huge project.

Although these overtures were dismissed by the previous Social Democratic government of Sweden, in February 2007, the new Swedish government began cooperating with Norway, resulting in a flurry of meetings in the Scandinavian countries. In the second week of June, Scandinavian foreign ministers met several times, while Norwegian King Harald visited Finland.

At the same time, these countries are seeking new openings with Russia. Norwegian Prime Minister Jens Stoltenberg and the CEO of Statoil each met individually with President Vladimir Putin. Swedish King Charles XVI Gustav led a study group of the Swedish Royal Engineering Academy of Science to Russia, which included discussion of cooperation with Russia in the nuclear and space sciences. Even though this was not an official state visit, it paved the way for a meeting between the King and President Putin.

## **Brown Steps In to 10 Downing Street**

June 27 (EIRNS)—The new British Prime Minister, Gordon Brown, stepped into the Prime Minister's residence at 10 Downing Street, after a brief speech promising "change." The acid test will begin tomorrow with the announcement of his "new, new" cabinet.

It is likely that Brown will keep his distance from Europe more than Blair had, and from the Cheney-Bush Administration, sticking closer to the Democrats.

Meanwhile, Blair has visited his constituency of Sedgefield, which is facing by-elections, so that Blair can take his new job as envoy of the Middle East Quartet.

## **European Resistance Stops Release of Violent Video Game**

June 25 (EIRNS)—A little-known British government agency has derailed an offensive to market a super-violent video game internationally, according to the *Money Times* of June 22. The game, "Manhunt 2," was designed as the follow-on to "Grand Theft Auto," which portrays an African-American stealing a car, and then killing, shooting, and raping as he terrorizes an entire city. The British Board of Film Classification and Entertainment gave "Manhunt 2" an "Adults Only" rating last week. The next day it was banned in Ireland. Then Italy's Communication Minister, Paolo Gentiloni, said he, too, would seek to bar it, calling it "cruel and sadistic," with "a squalid environment and a continuous, insistent encouragement to violence and murder."

The coup de grâce came when the U.S. Entertainment Software Rating Board (ESRB) followed the British suit, and gave the game an "Adults Only" (AO) rating. Most large retailers, such as Best Buy, Target, and Wal-Mart, do not sell AO games. The ESRB, established by legislation sponsored by Sens. Joe Lieberman (I-Conn.) and Hillary Clinton (D-N.Y.), has allowed video-game sales to grow into the billions of dollars by giving "M" or "Mature" ratings to such super-violent games as "Grand Theft Auto." M-rated games are not supposed to be sold to children under 17, but this is rarely enforced. When the ESRB followed the British rating of AO, the producers of "Manhunt 2," Rockstar Games, announced on June 22 they were suspending its release, planned for July 10.

## **Head of Banks' Mini-State Gives Orders to Italy**

June 28 (EIRNS)—Prime Minister Jean-Claude Juncker of Luxembourg, the tax-haven mini-state, which has more banks than inhabitants, yesterday issued an ultimatum to Italy not to use a budget surplus to finance social programs. Juncker, who is chairman of the Eurogroup, the committee representing EU member-states which have already adopted the euro, used tones which observers had not heard since the reform of the EU Stability Pact that introduced more budget flexibility.

"Italy must remember that it is responsible for the whole Eurozone and is not free to distribute the fruits of its growth at will," said Juncker according to the Italian national television station Raitre.

"If Italy does not succeed in substantially reducing its own debt and does not balance its accounts at latest in 2010, there will be serious problems for the entire Eurozone as well." Juncker added that he sees "social risks" that could develop, but Italy "must do everything possible to remedy and correct this situation."

Juncker's statements come in the middle of a delicate negotiation between the Italian government and trade unions on a change in the pension reform, which introduces a gradual increase of retirement age.

## **Italian Democratic Party Chooses Its Leader**

June 28 (EIRNS)—Rome Mayor Walter Veltroni will become the secretary general of the Italian Democratic Party (PD) at the October party congress, as agreed upon by the various factions in the party. Veltroni was nominated by Foreign Minister D'Alema in order to defeat the technocrat (Romano Prodi) and neo-con (Francesco Rutelli) factions in the PD. In this effort, he had the support of the Catholic faction, the second largest in the PD.

Significantly, when Veltroni was giving his swearing-in speech yesterday in Turin, in front of a large PD meeting, his rival Rutelli was in Washington meeting with Sen. Hillary Clinton.

Commenting on Veltroni's inauguration, opposition figure Giulio Tremonti said in an interview with *Corriere della Sera*, that "the post-Prodi era has begun." Veltroni is okay as long as he represents an anti-technocratic faction, Tremonti said, but he predicted early elections at latest in 2009.

Left-wing Sen. Lidia Menapace commented in her newsletter, that Veltroni and his allies will try to keep the Prodi government alive at least through the 2008 U.S. elections, betting on a regime change in the United States. She also said that "some Americans in the Democratic Party are pushing for impeachment."

The Italian LaRouche movement has published a statement on its website, by Movisol Florence representative Claudio Giudici, challenging Veltroni to put his money where his mouth is, and if he really loves Africa and the JFK legacy, as he claims to do, to support LaRouche's New Bretton Woods proposal, as voted by the Italian Parliament in 2005.

## **Russia and the CIS News Digest**

### **Russia Plans Northern Ural Industrial Development**

June 28 (EIRNS)—The Presidium of the Russian Academy of Sciences held a session June 26 on implementation of the program Industrial Ural-Polar Ural, a design for the industrial development of the northern Ural Mountains region, which extends above the Arctic Circle. Like the conference on a Bering Strait tunnel crossing, held April 24, the meeting brought together top government officials with leading academicians. The Academy's joint commission with the Ministry of Economics, the Council for the Study of Productive Forces (SOPS), is active on both projects.

Pyotr Latyshev, Presidential representative in the Ural Federal District, addressed the meeting, as did Academy of Sciences President Yuri Osipov, the nuclear physicist Yevgeni Velikhov, and Alexander Granberg, the head of SOPS.

The Ural Federal District extends from the southern end of the Ural Mountains, northward to Russia's Arctic Ocean coastline. It includes two cities of over a million people—Yekaterinburg and Chelyabinsk—as well as much of the West Siberian oilfields, centered around Tyumen. Those industrial and population concentrations are in the southern part of the district. According to NewsProm.Ru, The Ural Federal District produces 92% of Russia's natural gas, 67% of the oil, has 45% of the steel industry, 42% of non-ferrous metals production, and 34% of Russian machine-building. The fact that only 10-12% of the northern reaches of the district have been subjected to thorough geological study, Latyshev said, indicates that substantial new resources can be found and developed.

Latyshev's presentation was paraphrased by Uralpolit.ru and other regional media. He said that the Industrial Ural-Polar Ural plan was first outlined 18 months ago, and has now taken shape as a project "to create a unique industry and infrastructure complex, based on developing the natural resources of the polar and near-polar Ural region, together with key elements of new basic transport and energy infrastructure." The Academy of Sciences, Latyshev reported, has done a huge amount of work, especially to relaunch geological studies of the area, and plan the infrastructure side of the project.

"The core of the transport infrastructure under this project will be a rail line along the east slope of the Urals from Polunochnoye to Obskaya," Nakanune.ru quoted Latyshev as saying. "Together with the Obskaya-Bovanenkovo and Obskaya-Salekhard-Nadym lines, which are under construction, this will create a fundamentally new transport scheme for the North of the Russian Federation. Forming a transportation ring, it will provide the shortest route linking the Ural industries with the resource deposits of the polar and near-polar Ural, as well as with prospective new oil and gas fields on the Yamal Peninsula, as well as providing an outlet to the Northern Sea Route." These rail lines have already been incorporated into the federal programs for rail modernization. In the plan, drawn up chiefly by the SOPS under Academician Granberg, 2.55 gigawatts of new power generation capacity will be built, along with setting up 60 new mining and ore-processing companies.

## **Bering Strait Concept Popularized in Russia**

June 28 (EIRNS)—A quasi-satirical futurological scenario for the political fate of Russia over the next decades, published June 26 by the APN agency of Stanislav Belkovsky's National Strategy Institute, incorporates the Bering Strait crossing—with innovative technologies like "string transport"—as one of the things that is bound to happen. In author Vadim Shtepa's vision, global warming allows Russia to leap to prosperity, as one of the "developed northern countries."

"This occurred," writes Shtepa, "not as the kind of ideological declaration that was so fashionable in the previous period, but as something quite obvious, once the transcontinental string rail line was built across the expanses of Russia and over the Bering Strait. This is where the Stabilization Fund was invested, which the previous regime had kept in American banks. The Russian regions that got involved in that project became, in the most natural and objective way, part of the civilization of the Global North. And along that railroad there arose a great number of new, modern, small cities, with all the global links they need. And the inhabitants of the expensive megalopolises began to flock there. Thus began the new discovery of Rus."

APN includes a link to [www.unitsky.ru](http://www.unitsky.ru), Academician Anatoli Yunitsky's site on his "string transport" innovation, which *EIR* wrote about last year.

## **Russian Scientific Team Maps Arctic Floor**

June 28 (EIRNS)—The nuclear-powered icebreaker *Rossiia* made a six-week Arctic Ocean expedition this Spring, to map the sea floor and substantiate an upwards revision of the size of Russia's Arctic continental shelf by 1.2 million square kilometers. On the basis of this shelf expansion, Russia will cite provisions of the Law of the Sea Treaty to recalculate its 200-mile "economic zone" and lay claim to offshore deposits of hydrocarbons and minerals, including along the Lomonosov Ridge and the Mendeleev Ridge, which stretch across the Arctic in the direction of Greenland. As an article in *Izvestia* of June 27 reports, Denmark, Norway, Canada, and the U.S.A. may have competing claims. Not having ratified the Law of the Sea, however, the U.S.A. would not take part in United Nations arbitration of the dispute; according to a June 10 article in the *Chicago Tribune*, Sen. Richard Lugar (R-Ind.) recently urged ratification for expressly this reason.

*Izvestia* notes that there is evidence not only of large oil and gas deposits under the Arctic, but also tin, manganese, gold, nickel, lead, and platinum. Dr. Valeri Kaminsky, director of Okeangeologiya (the All-Russian Scientific Research Institute for Maritime Geology and Natural Resources), is heading up the new study. He told *Izvestia* that it will take a year to evaluate the findings of the 70-man *Rossiia* team. Okeangeologiya is a joint institution of the Russian Academy of Sciences and the Natural Resources Ministry.

## **Russian Duma Members Hit Stormy Hearings in U.S. House**

WASHINGTON, DC, June 22 (EIRNS)—The June 21 joint forum of the U.S. House of Representatives and State Duma of the Russian Federation International Relations Committees, the first one ever to be partly open to the public, featured sharp polemics, along with a pair of promising proposals for cooperation. The tone for the pointed discussions was set earlier in the week, when House International Relations chairman Tom Lantos (D-Calif.) compared Russian President Vladimir Putin to Popeye the Sailor. Speaking to Reuters, Lantos said that Putin and Russia were flexing their muscles after feasting on oil money, just like Popeye with spinach.

At the Capitol Hill event, Lantos was joined by House Speaker Nancy Pelosi (D-Calif.), and committee members Elliot Engel (D-N.J.), Joe Wilson (D-S.C.), and Dana Rohrabacher (R-Calif.), with other Members of Congress also present, including Dennis Kucinich (D-Ohio). In the Russian delegation were International Affairs Committee chairman Konstantin Kosachov (United Russia), first deputy chairman Leonid Slutsky (Liberal Democratic Party of Russia), and deputy chairmen Alexander Kozlovsky (United Russia) and Natalya Narochnitskaya (For a Just Russia-Rodina).

Lantos effusively praised the late President Boris Yeltsin as truly exemplary of democratization, saying that after Yeltsin's departure from office—i.e., since Putin took power—"we have had a number of very severe problems in our relations with Russia." Lantos went on to cite Kremlin control of Russian TV and the assassination of Anna Politkovskaya and other journalists, as typifying these problems, while he located common U.S.-Russian interests "in halting Iran's headlong rush towards acquiring nuclear weapons." Lantos said that the U.S. Administration may have "mishandled" the proposed placement of anti-missile defenses in the Czech Republic and Poland, but that not a single Member of Congress believes they are aimed against Russia.

Kosachov rebutted Lantos point by point, saying that Russia would not accept "criticism based on unilateral, one-sided sources." Kosachov also cited Putin's 70-80% popularity, which he linked to the increase of real incomes in Russia during the last few years.

Rohrabacher focussed on potential joint ventures in high-technology areas, which would not proliferate nuclear weapons: high temperature gas-cooled reactors for nuclear power, and airborne laser anti-missile defense systems, which he suggested Russia and the U.S.A. could work on together. He cited President Reagan's original SDI proposal. Slutsky thanked Rohrabacher for this "extremely constructive statement," which he remarked had raised the discussion to the level of real cooperation.

Engel delivered a position on independence for Kosovo, similar to the recent articles of former State Department official Richard Holbrooke: Either Russia accept the Ahtisaari plan for de jure independence of Kosovo from Serbia, or Russia will be left alone with its opinion. A ferocious debate ensued, as Kozlovsky attacked this position, and Lantos interrupted him when the Russian parliamentarian drew the comparison with South Ossetia and Abkhazia within Georgia; Lantos aggressively maintained that only in Kosovo had there been ethnic cleansing. This brought a pointed rejoinder from Narohnitskaya, who is a historian, both on the history of the Balkans and on the protocol question of interrupting a visiting parliamentarian's speech.

On her website, Narohnitskaya notes that she presented Pelosi with a five-part report, issued by her Historical Perspective Foundation, titled "Human Rights in the U.S.A." She says that the two delegations signed a Russian-drafted pledge not to promote legislation detrimental to the security interests of the other, but that the spirit of that agreement was already violated during these talks, including a visit by the two delegations with Undersecretary of State Daniel Fried, who presented a similar position on Kosovo as Engel had done.

The visiting Russian delegation and many other attendees received from LaRouche Political Action Committee organizers the LPAC pamphlet "LaRouche's Visit to Moscow: A Strategy for War Avoidance," along with recent speeches by LaRouche and *EIR* articles, translated into Russian.

## Southwest Asia News Digest

### Netanyahu Pushing To Get into Israeli Government

July 2 (EIRNS)—In an op-ed in today's Ynet, Likud Party chairman and Israeli opposition leader Benjamin Netanyahu called for new elections: "A government draws its authority from the people," Netanyahu wrote. "The roots of this government have dried up, We must return to the people...."

Netanyahu believes, and recent polls have shown, that he would win such elections. He has promised to form a national unity government after victory. "In such a case I will approach all the heads of the Zionist parties in order to establish a national unity government that would take the Likud's path and rise to the great challenges still ahead of us."

As far as a unity government is concerned, speculation that it might come to pass was buttressed by the news that Netanyahu held a secret meeting on June 24, with Israeli Prime Minister Ehud Olmert. The meeting, which Netanyahu kept secret from his own party, was held to "update each other on the details of their recent visits to the United States," according to *Ha'aretz* June 25. Among those "details" was the content of Netanyahu's discussion with Vice President Dick Cheney, whom he met in Washington the week of June 18. Olmert was in Washington the same week, during which he met Bush and presumably, Cheney.

It is elsewhere reported in Ynet that Netanyahu will propose that the Likud hold early primaries, within the next three months, in preparation for early elections. Another sign that early elections are on the horizon was the July 2 *Ha'aretz* report that Labor Party chairman Ehud Barak has convinced his party that he should automatically become the party's candidate for Prime Minister, without have to go through another vote by the party.

An Israeli government including Netanyahu would be committed to new wars in the region, with the possible targets being Iran, Syria, and/or Lebanon.

### Italian Parliamentarian: Israel Should Give Back Golan Heights

June 28 (EIRNS)—After Lamberto Dini, chairman of the Foreign Affairs Committee of the Italian Parliament and a former Prime Minister, met Syrian President Bashar Assad and other officials in Damascus, he called for Israel to initiate talks with Syria. In a June 28 interview with *Corriere della Sera*, Dini said that increasing numbers of Syrian youth are joining Islamic fundamentalist groups because they see no peace perspective for their country. This could change if "Israel decides to start political negotiations to give back the Golan Heights. After 40 years of occupation, Israel has undertaken no peace initiative. It is not clear what is the use of that occupation today. It surely does not provide defense. Syria is absolutely not in a condition to attack Israel. It does not have weapons able to threaten a nuclear power such as Israel."

Dini added: "My impression is that the same story is being repeated in Lebanon ... the consequences of which could damage everyone." Asked whether he sees Syrian responsibility for the Lebanese crisis, Dini said: "There was the suspicion that weapons would come from Syria to Lebanon. To avoid that, Damascus has closed the border crossings, leaving only one open. This creates serious economic damage, a reduction of trade, but Syria, a country already supporting 1.5 million Iraqi refugees, caused by the American invasion, has accepted even this sacrifice. If we then refer to the Hariri murder, what advantages could Syria have from that? The murder could have been planned by some who wanted chaos, dumping the responsibility on Syria."

## **Turkey Threatens PKK with Air Strikes Inside Iraq**

June 29 (EIRNS)—Sending a clear message to those who are arming the Kurdish PKK terrorists, ensconced inside Iraq along the borders and carrying out terrorist acts inside Turkey, Foreign Minister Abdullah Gul, in a live interview today with CNN-Turk, warned that the Turkish air strikes against Kurdish militant camps in northern Iraq may not necessarily need Parliament's approval. "It depends on the scope," Gul said, the *New Anatolian* reported on June 29.

Turkey has been pressuring Iraq and the United States to crack down on the terrorists of the Kurdistan Workers' Party, or PKK, based in northern Iraq. The United States is opposed to a large-scale incursion, for fear of seeing the relatively stable part of Iraq slide into chaos. "If Iraq or the United States cannot stop the PKK threat, then we make the decision and go in," Gul was quoted as saying in an interview published on June 29 in the *Radikal Daily*.

On June 27, Turkish Chief of Staff Gen. Yasar Buyukanit asked the government in a televised speech to set guidelines for an incursion into northern Iraq. Buyukant had earlier accused "our allies," implying the United States, of arming the PKK. U.S. State Department spokesman Sean McCormack told reporters, in response to this allegation: "We have no information about any such thing. When we do have such information, I would be glad to share it with you, but we do not know anything about this at this point."

When asked whether the government would ask the Parliament to authorize the military to carry out an incursion before Turkey's general election scheduled to be held on July 22, Gul said: "Every kind of scenario is ready and on the table."

## **Out of Tune: Blair and the Quartet**

June 28 (EIRNS)—On June 27, the United Nations News Center announced that "Mr. Blair, who also stepped down today [as British Prime Minister] has been named Representative, a position in which he will bring continuity and intensity of focus to the work of the Quartet in support of the Palestinians, within the broader framework of the Quartet's efforts to promote an end to the conflict in conformity with the Roadmap."

Blair's appointment, announced just hours after he moved out of 10 Downing Street, was reported as a unanimous Quartet decision, but, in fact, there has been much skepticism about his appointment. The announcement came only after Russia agreed to drop its reservations.

Many voices in the Middle East, including Hamas spokesmen, expressed dismay at Blair's appointment, and word has begun to leak out of profound disagreement among Quartet members themselves.

While German Chancellor Angela Merkel described Blair as a man of great political experience, her Foreign Minister, Frank-Walter Steinmeier, complained of a lack of consultation with members of the Quartet before the appointment was made. Press reports said that Washington had formally recommended Blair without prior consultation with other Quartet members. Steinmeier said that Blair would receive a closely defined mandate focussing on "institution building in and political strengthening of the Palestinian authority." Steinmeier stressed that the limitation on Blair's role was due to the fact "that the Quartet itself wants to keep the political task of shaping the Middle East peace process in its own hands." Steinmeier also stressed the difference between Blair's position and that of EU foreign policy chief Javier Solana. "Solana is a member of the Quartet, while Blair will be working for the Quartet," Steinmeier said. "The difference is clear."

## **Italian General Warns Against Plan To Replace Hezbollah**

June 26 (EIRNS)—Lt. General Fabio Mini, a former commander of KFOR NATO forces in Kosovo, warned in a published interview with the Rome daily *La Stampa* today, that the current UNO mission in Lebanon could end in a catastrophe. "Hezbollah has unilaterally left the territory in Southern Lebanon," Mini is quoted as saying. This was "a political choice" in order not to interfere with the UNO mission that, at the moment, is welcome. "But they made a mistake: They saw a lot of soldiers being deployed and they thought that they would take care of occupying the territory. This was a mistake. UNO soldiers cannot do anything," Mini said.

"And now, the bad awakening: There is somebody, I do not know who, let us call it a third unwanted party, which evidently is against Hezbollah and wants to undermine its role, and has decided to fill that vacuum." Mini refers to Fatah al-Islami but, contrary to the mainstream media, refuses to call it "al-Qaeda." This third party wants "first of all to damage the myth of Hezbollah, demonstrate that it does not control southern Lebanon any longer. More generally, since [Hezbollah] is both a radical force and also a party interested in politics and government, there is somebody who has decided to play more radical." For the UNO mission, under Italian command, the situation is very delicate. The mission risks ending up in a cul-de-sac.

## **UN Peace Keepers Killed in South Lebanon**

June 25 (EIRNS)—Six UN peacekeepers were killed and four others were wounded in Lebanon, in an apparent suicide car bomb attack today. All were members of the Spanish Army. Speaking from Madrid, Spanish Defense Minister José Antonio Alonso said, "We are working on the theory of a terrorist attack. In the last few weeks there have been many incidents which have destabilized Lebanon. We were on high alert and we have stepped up security."

The car bomb which killed the UN forces, was detonated by remote control in the Marjayoun-Khiam valley, about 10 kilometers from the Israeli border. A Spanish colonel told AFP, "This attack was very well prepared in advance. The bodies of two of the victims were blown several meters by the force of the blast."

No one claimed responsibility, but Sunni groups similar to the Fatah al-Islami are suspected. *EIR* has reported that Fatah al-Islami has been identified as a covertly supported operation of the Cheney forces and the Prince Bandar bin Sultan network in Saudi Arabia and Lebanon. Hezbollah has condemned the attack as an attempt to destabilize the country, and announced on June 26 that it has launched its own investigation.

## **Asia News Digest**

## **U.S. Congressman: Afghanistan Operations Are 'Futile'**

June 27 (EIRNS)—Breaking what seems like a monolith of views in the U.S. Congress toward the U.S. military presence in Afghanistan, the chairman of the House Armed Services Committee's Air and Land Forces subcommittee, Rep. Neil Abercrombie (D-Hi.), said in an interview with *The Hill* published today, that he wants the United States out of Afghanistan immediately, calling operations there "futile," in trying to effect political change in a country with a tangled history.

"We are finished there, militarily speaking. There is no useful purpose for our troops there," Abercrombie stated. The military should withdraw now, he said, though he stressed that the U.S. could keep "isolated pockets" of special operators there.

Apparently, Abercrombie's views have been molded by increasing evidence in recent days that, like the Tet offensive by the North Vietnamese in 1968, which made clear to the Johnson Administration what the reality was then on the ground, the gathering strength of the Taliban over the last two years, in particular, the rapid "Talibanization" of bordering Pakistan's Tribal Agencies (districts), and the zooming Afghan opium production, indicate that the U.S. and NATO troops have not only failed in their immediate mission, which was to eliminate the Taliban and al-Qaeda, and capture Osama bin Laden, but have also failed to make any headway in their long-term objective to stabilize Afghanistan. In fact, the occupying forces, not unlike those in Iraq, are losing ground, by further destabilizing not only Afghanistan, but also the region around it.

## **Maoist Violence Emphasizes Indian Disparities**

June 27 (EIRNS)—Using the anti-poor, discriminatory economic policy of the Manmohan Singh-led government in New Delhi as the *raison d'être*, India's Maoists once again resorted to violence, by blowing up a railway station and disrupting public transport system across several Indian states, on the second day of their two-day nationwide strike.

India's economic policy, which has become GDP-growth-centered and increasingly disassociated from the realities on the ground, has ignored the fact that some parts of the country are reeling under Maoist-terrorist threats and becoming altogether ungovernable.

The Indian Maoists, known in the 1960s as "Naxalites," have proliferated. They have taken control of a huge swath of land running from the state of Bihar in the North all the way to the state of Tamil Nadu in the South, encompassing highly underdeveloped areas of Jharkhand, Madhya Pradesh, Chhattisgarh, Orissa, and Andhra Pradesh. The common thread that runs through this massive stretch of land is: underdevelopment and poverty

In the state of Andhra Pradesh, rebels called out employees of a coffee-extracting plant from work near the port city of Vishakhapatnam, and blew it up.

Authorities in many mineral-rich regions of south, east, and central India suspended public transport. Shops were shut in rural areas and mining operations in the states of Jharkhand and Chhattisgarh were suspended. On June 26, a train engine was blown up and another set ablaze in Jharkhand. Rebels also set fire to five trucks transporting minerals in the state.

## **Another Feather in Bush's 'War on Terror' Cap**

June 27 (EIRNS)—Which one is a better option for Afghanistan? Getting swamped by heroin, or returning to Taliban-style Islam? No doubt, the Bush-Cheney Administration says, the first option is better. When the U.S. Special Forces invaded Afghanistan in 2001, opium production was down to less than 1,000 tons, and opium was processed inside Pakistan's Tribal

Agencies bordering Afghanistan. Five years later, Afghanistan's opium production is up almost seven-fold, breaking annual production records, and the processing of opium into heroin is now being done almost entirely within Afghanistan. Who can deny the U.S. "success" in shifting Afghanistan from a trading to a processing nation, with 50,000 foreign troops keeping the Taliban under control?

On June 25, representative of the UN Office for Drugs and Crime (UNODC), Christina Orguz, told AFP in Kabul, that Afghanistan, the world's biggest producer of opium, "had until two years ago exported the illicit drug almost exclusively in its raw form." But now "the amount of the opium being processed [in Afghanistan], I think, is around 90%—at least the lion's share."

Orguz added that, "now more and more of the opium is being processed into morphine and into heroin. And this indicates sophistication that we didn't have in this country before." No one knows, or even seems to want to know, how this sophistication was implanted in Afghanistan. No one knows, because all are battling the Taliban.

## **China Continues To Support Role of U.S. Dollar**

June 26 (EIRNS)—Yi Gang, assistant governor of the People's Bank of China, said that the dollar is one of the safest investment options, Bloomberg reported from a closed session addressed by Yi at the Singapore World Economic Forum today. China has some \$1.2 trillion in foreign exchange reserves. Yi said that China will continue to keep the "bulk" of its forex reserves in dollars, because of the "important" role of the dollar as the primary currency for trade and foreign direct investment. Yi said that Asian central banks will continue to hold most of their reserves in dollars. "Safety, return, and liquidity are the three most important elements that people should consider when they talk about reserves," Yi said. "As far as we're concerned, the serious reduction of the dollar reserve is a small probability." Adjustments in its dollar holdings will be "incremental," he said.

## **South Korean Unions Strike Against Free Trade Pact**

June 29 (EIRNS)—The Hyundai and Kia auto unions have joined a nationwide strike by the Korean Metal Workers Union (KMWU), in protest against the U.S-South Korean Free Trade Agreement (FTA), signed by both governments, and pending approval in both legislatures. The strike has been attacked the employers of the metal workers, and by the government. Hyundai Motors filed a lawsuit against the head of the KMWU and 22 other members.

Some 40-100,000 workers joined the strike. The Police announced that they would be rounding up 17 union leaders, as they have warrants for their arrest for an "illegal" strike, since it is supposedly not over labor issues. One union official said that the FTA "will threaten the employment of workers, and will pit American workers against Korean workers in a race to the bottom."

The walkout took on a whole new dimension, when all of the 16,000 Kia KMWU members and 25% of the KMWU workers for Hyundai joined in. On June 28, the walkout lasted four hours, with plans to stay out for six hours on June 29.

## **U.S. Offers Military Operations Across the Philippines**

June 29 (EIRNS)—Adm. Timothy Keating, head of the U.S. Pacific Command, has offered military help to the Philippines, in fighting the New People's Army throughout the nation. Visiting in Manila, Keating was asked by the *Philippines Inquirer* on June 28 if the United States is considering going beyond its current aid in fighting the terrorist group Abu Sayyaf in Mindanao, to fight the NPA. Keating responded: "We're just right now focused on the Abu Sayyaf group, but if the government of the Philippines tells us that they need help on the New People's Army, we would consider and respond."

So, yes."

U.S. military operations in Mindanao against Abu Sayyaf are already pushing the envelope regarding Philippine Constitutional restrictions on foreign soldiers fighting on Philippine soil. To join in against the nationwide, 38-year-old insurgency of the communist NPA, would be considered my many to be over the top. The NPA was engaged in peace talks with Manila until President Bush placed the group on the U.S. "terrorist list" in 2002, despite strong objections from the Philippines government. The Arroyo government is now pushing a "final solution" to the NPA, which is serving as a cover for political death squads targetting leftist politicians and journalists.

## **Indian Observers Concerned Over Nimitz's Docking**

June 29 (EIRNS)—The Indian government's decision to allow the American nuclear aircraft carrier *USS Nimitz* to dock at the Chennai harbor in southern India July 1-5, as a part of closer India-U.S.A. alliance in strategic matters, has raised concerns among Indian observers who believe that anti-U.S. Islamic militants could be provoked to commit a violent act in India, if not against the *Nimitz* itself.

A statement issued by the *Nimitz* command on June 5, said: "*USS Nimitz* (CVN 68) and embarked Carrier Air Wing (CVW) 11 began conducting missions in support of Operation Iraqi Freedom (OIF) June 3 following the ship's first port visit in the Middle East." The *Nimitz* Carrier Strike Group (CSG) entered the Arabian Gulf May 23 along with the *USS John C. Stennis* CSG and the *USS Bonhomme Richard* Expeditionary Strike Group. Upon arrival in the Gulf, the *Nimitz* CSG participated in Expeditionary Strike Force (ESF), training with the other carrier and expeditionary strike groups, before making its first Middle East port visit May 28-June 2.

The *Nimitz* visit has two security implications which need to be guarded against: the possibility of terrorist strikes on either the U.S. personnel coming ashore, or on Indian personalities visiting the ship; and the possibility of aggravated terrorism against Indian targets after the visit is over, one Indian intelligence analyst pointed out. The visit comes a few days before the first anniversary of the terrorist strikes in suburban trains of Mumbai last year, when 184 civilians were killed.

## **Africa News Digest**

### **Key Figure in Darfur Peace Accord Dies in Car Accident**

June 27 (EIRNS)—Sudan's Presidential adviser Majzoub al-Khalifa, the key person in the signing of last year's Darfur peace accord, died in a car crash in the early hours of June 27, the state news agency SUNA reported. President Omar Hassan al-Bashir flew to al-Khalifa's home town where he is now laid to rest.

Al-Khalifa's death has been reported as a car accident, but it has also been acknowledged by the Sudanese news agency that he was one of the main interlocutors in the Darfur peace process, and headed the government negotiating team in talks which led to the signing of a 2006 peace deal for Sudan's Darfur region between the government and one rebel faction.

Although the United States officially supports the peace agreement, the Bush Administration has been at odds with Khartoum on a number of issues. To begin with, the Africa Union (AU) has deployed nearly 7,000 troops to patrol an area the size of France. The United States and other Western powers supported the transfer of peacekeeping duties in Darfur from the understaffed and poorly funded AU to a larger UN force, but the Sudanese government opposed it, unless it were a hybrid peacekeeping force, controlled by the Africa Union. The hybrid force was formally agreed to by Sudan, the UN, and the AU, at AU headquarters in Addis Abeba, Ethiopia, on June 12.

Washington is also getting increasingly uneasy over Chinese investments in Sudan's oil sector, which have exceeded \$6 billion, according to Sudanese Minister of State for Finance and National Economy Prof. Ahmed Magzoub. Direct non-petroleum investments in the industrial and agricultural fields and in economic services amounted to another \$300 million, he said, adding that there are 50 projects with Chinese investment.

## **Sarkozy, Rice Plan Sudan's Future—Without Sudanese**

June 30 (EIRNS)—On June 25, French President Nicolas Sarkozy convened a meeting in Paris on the future of Sudan, which included participation from U.S. Secretary of State Condoleezza Rice, UN Secretary General Ban Ki-moon, representatives from China, Egypt, Japan, Russia, and a dozen other countries—but no representation from Sudan, either from the government or the Darfur rebels. India's daily *The Hindu* reports that when French Foreign Minister Bernard Kouchner was asked about the absence of Sudanese representation, he replied that Sudan had not been invited.

Sudanese Foreign Minister Lam Akol had turned down a French effort on June 11, during a visit to Khartoum by Kouchner, who was there trying to drum up support for the conference. Lam Akol told him the timing was not right, and that his country preferred to await the outcome of African Union and United Nations efforts to get peace talks back on track and put together a peacekeeping force for Darfur. After the meeting with Kouchner, Lam Akol told the press, "At this particular time, when we are ... waiting for the road map ... to be announced, we don't want any distraction."

According to AFP, both Sarkozy and Rice were threatening foreign intervention into Sudan if it refuses to cooperate on the crisis in Darfur. "Sudan must know that if it cooperates, we will help it greatly," Sarkozy said, "and that if it refuses, we will be firm." Rice added, "I do not think that the international community has really lived up to its responsibilities here." The only reported dissent came from Chinese envoy Liu Guijin, who told AFP that threats and pressure on Khartoum would be "counterproductive," and argued that the world must instead focus on reconstruction aid to alleviate poverty.

## **Was Lockerbie Investigation Manipulated To Nail Libya?**

June 28 (EIRNS)—Graham Forbes, chairman of the Scottish Criminal Cases Review Commission, an independent judicial review, ruled today that "a miscarriage of justice may have occurred" in the conviction of former Libyan intelligence official Abdel Basset Ali al-Megrahi, for the bombing of Pan Am 103, and granted him the right to appeal the verdict against him, according to the London *Guardian*.

A bomb hidden in a suitcase aboard Pan Am Flight 103 detonated at high altitude on Dec. 21, 1988, killing all 259 people in the Boeing 747, and 11 others on the ground when parts of the aircraft landed in Lockerbie, Scotland. At the time, Libya was considered an enemy nation by the United States, and there was a clamor in Washington to blame it for the terrorist act. Now, however, Libya-U.S. relations have greatly improved, and Libya is no longer considered to be a terrorist nation by the United States.

It is likely that the negative political attitude that the United States had towards Libya at the time of the crash, and the trial of Abdel Basset Ali al-Megrahi, the former intelligence officer, contributed to his 2001 conviction for the bombing, after a trial under Scottish law at a special court in the Netherlands. He was the only person convicted in connection with bloodiest terrorist attack in a British jurisdiction. Al-Megrahi lost an appeal in 2002 and is serving a 27-year sentence in a Scottish prison.

According to the independent commission, al-Megrahi was convicted on the statement of an owner of a haberdashery in Malta. The owner had identified al-Megrahi from a police line-up as the person who bought a piece of clothing from his shop, in which the bomb was wrapped before it was placed in a piece of luggage that was taken onboard Pan Am 103. The commission now admits that, following its four-year investigation, it was found that the purchase was made earlier, at a

time when al-Megrahi was not in Malta. The witness has changed his story several times.

Al-Megrahi has always maintained his innocence. After the announcement today, he said in a statement: "I reiterate today what I have been saying since I was first indicted in 1991: I was not involved in the Lockerbie bombing in any way whatsoever."

Although never admitting guilt, the Libyan government agreed to pay up to \$2.7 billion in compensation, to settle claims with the families of victims, as well as to re-establish relations with the United States. If al-Megrahi were cleared at appeal, it is an open question whether Libya may seek to recoup the compensation payments.

## **Foreign Affairs: Nigerians May Opt for a Coup**

June 24 (EIRNS)—In "Nigeria's Rigged Democracy" (*Foreign Affairs*, July/August 2007), Jean Herskovits reviews the desperate condition of Nigerian society and the reported "foul play" in the April elections, and concludes, "[I]n the event of a coup carried out by leaders committed to returning the country to democracy within months, Western governments should pause before imposing sanctions. The notion ... may seem counterintuitive, but if nothing is done to redress the 2007 electoral travesty, many Nigerians would welcome a short-lived military regime whose goal was to arrange legitimate elections."

Herskovits' analysis goes well beyond "fair elections." She writes, "[M]ore has been wrong than right with Nigeria's economy under [outgoing President Olusegun] Obasanjo's stewardship.... According to the Nigerian economist Sam Aluko, [the] budget crisis is the result of the government's 'policy of privatization, downsizing, and retrenchment of civil and public servants, non-payments of pensions, gratuities, and domestic debts which continue to accumulate.'" Herskovits, a West Africa hand, is professor of history at the State University of New York at Purchase.

## **South African Nuclear Energy Association Formed**

June 21 (EIRNS)—Citing the ongoing "nuclear renaissance," the Nuclear Industry Association of South Africa (NIASA), has been founded in South Africa, on the initiative of Dr. Rob Adam, CEO of the South African Nuclear Energy Corporation (NECSA), and Jaco Kriek, CEO of the Pebble Bed Modular Reactor (PBMR). Kriek made the announcement in Pretoria today, according to the South African *Mail and Guardian*.

"Due to the Nuclear Renaissance in South Africa and the world, it has become important to create an umbrella body to interact with Government and other key stakeholders on behalf of the Nuclear Industry," said Adam, as reported by NECSA. "Nuclear is a technology that extends from mining to medicine and we need to acquire a voice that supports the global upward trend."

The founding of NIASA comes as a result of momentum created by plans for a new nuclear plant built by Eskom, the South African state electricity company, and the development of the Generation IV nuclear technology by PBMR, and studies on the nuclear fuel cycle by NECSA.

An interim organizing committee will be formed in the hope that an announcement can be made at the first South African Nuclear Technology Conference scheduled for Sept. 24-26, 2008.

## **Italy Plans To Build Power Station in Tunisia**

June 30 (EIRNS)—Italian Development Minister Pierluigi Bersani signed an agreement with his Tunisian counterpart Afif

Chelbi, yesterday, to build a 170 km-long undersea cable to transport electricity from Tunisia to Italy, the Rome daily *La Stampa* reported. At the Tunisian terminal, a 1,200 MW power station will be built. Although the joint releases speak generically about "interconnection," it is clear that Italy's interest in the deal is to increase its own domestic electricity supply, bypassing environmentalist obstructionism, which is preventing the construction of new nuclear, coal, or even gas-fired power stations on its national territory. Italy abandoned nuclear energy after an anti-nuclear power referendum in 1986, and is currently importing electricity from its European neighbors. However, a sudden heat wave last week sent energy consumption close to capacity limits, threatening a collapse of the grid, which was avoided only by implementing partial blackouts in Sicily.

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