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A Strategic Economic Assessment:
THAT DOOMED & BRUTISH EMPIRE
by Lyndon H. LaRouche, Jr.

February 19, 2008

Whatever happens otherwise, if the United Kingdom continues its present course, Britain's imperial design (1763-2008) is now soon doomed to a very early and ugly end. All that remains in doubt on this account, is, whether or not the disintegration of the British empire will carry the rest of European civilization down with it, down into a prolonged, planetary-wide dark age, down forever from the Britain of Lord Shelburne which aspired to become a permanent successor to the failed Roman Empire. Thus, Britain's only chance of surviving, not as an empire, but as a mere nation, would be to choose to accept the defeat of Shelburne's imperial dreams, as it should have accepted this fate no later than the close of World War II: a defeat of its present imperial commitment to a suppression of the 1648 Peace of Westphalia.

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Feature

A Strategic Economic Assessment:
That Doomed & Brutish Empire
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But what about the rest of us? We don't have to go down with that empire, provided we cut free from its cultural embrace. LaRouche discusses the science and epistemology of how such a break with British Liberalism is to be achieved.

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Arizona, Minnesota Revenue Collapse Accelerates

March 2 (EIRNS)—Arizona and Minnesota are the latest two states to suffer the budget deficit disease, as January revenue collections across the nation plummet. Overall, 18 states' current deficits total \$14 billion in the current budget year, and 20 more are expected to have deficits in 2009, totaling \$34 billion when combined.

Minnesota's \$1 billion deficit just got worse. Its revenue shortfall is 2 1/2 times worse than predicted only three months ago. The state income tax decline is a 2% fall-off since the November report, and is due to a collapse in wages and decreases in capital gains payments, interest, and dividends. Five of seven lumber mills in the state have closed due to the housing crash. The governor is expected to make 3% across-the-board cuts next week.

Arizona's deficit ballooned again as January revenue collections were down 16% from a year ago (January 2007), bringing the new deficit estimate up to \$1.2 billion. The biggest shortfall occurred in corporate taxes.

Wall Street May Back Up Birmingham's Sewer System

March 3 (EIRNS)—Jefferson County, Alabama's sewer system may get backed up by Wall Street. The county, whose seat is Birmingham, has had \$3.2 billion in bonds slashed to below investment grade by Standard & Poor's. The downgrade, made after the markets closed on Feb. 29, came after the county said it may be unable to pay banks holding floating-rate debt for its sewer system or make payments on related interest-rate swaps. Jefferson County, which has \$193 million reserves for its sewer system, faces the prospect of having to pay more than \$1 billion to banks to buy back debt and unwind the swaps.

The county, on the advice of JPMorgan Chase, refinanced about \$3 billion of sewer debt in 2002 and 2003 using floating-rate debt, including bonds with rates set at periodic auctions, mostly insured by FGIC Corp. and XL Capital Assurance. The county said it paid \$6 million more in interest on its sewer debt in the four months that ended in January.

The county, in a notice to investors on Feb. 28, said it could "provide no assurance" that revenue from the sewer system would be sufficient to pay its increasing debt costs. The disclosure prompted S&P to lower the county's sewer debt by six levels to B, five steps below investment grade, and keep the bonds under review for possible further downgrading.

As a Bloomberg News Report put it March 3, "The county's plight shows what can go wrong for public borrowers across the U.S. who rely on financial products engineered by Wall Street, and peddled on the promise of lowering costs and reducing risk at little expense to taxpayers."

"There are ways of providing market support," said James Spiotto, chairman of the National Association of Bond Lawyers' committee on bankruptcy. "You don't want to be the person who shut down the sewer system," he told Bloomberg.

Bernanke Pleads for Bankers to Ease Up on Mortgage Holders

March 4 (EIRNS)—The chairman of the Federal Reserve, Ben Bernanke, urged mortgage lenders and investors today to reduce the principal on loans for many people whose homes are no longer worth as much as the amount they still have to repay. Noting that delinquency and foreclosure rates have soared over the last year, and that housing prices have not stopped falling, the Fed chairman warned that efforts by the government and industry to prevent foreclosures had not gone far enough, and that "more can, and should, be done."

Speaking at a conference of community bankers in Florida, the Fed chairman's remarks were at odds with the position staked out in recent days by Treasury Secretary Henry Paulson. Paulson has pushed the mortgage-lending business to freeze interest rates for at least some subprime borrowers whose low teaser rates are about to expire, but drew a clear distinction between that and helping people who, because of falling house prices, had no equity in their homes.

With no way out for these monetarists, they can no longer even read from the same script.

Cleveland Sues Top U.S. Banks for Negligence

March 5 (EIRNS)—Twenty-one major banks, including Goldman Sachs, Citigroup, Bear Stearns HSBC, and Merrill Lynch; and large credit institutions including, Washington Mutual, Wells Fargo, and Countrywide, are being sued for "guilty negligence" on the subprime crisis by the juridical director of the Cleveland municipality.

The banks, states the complaint, "deliberately targeted" a population among the poorest, a fact that "they could not ignore." By multiplying their credit proposals to a population they knew insolvent, "they should have expected that home

foreclosures would be the inevitable consequence of their behavior, a behavior which represents a public damage as it is defined by the Ohio law."

The suit for "aggravated prejudice" was introduced in Cuyahoga County, whose major city is Cleveland. Ohio law permits judgments of "negligence," even though a law might not have been violated as such. Thus a car can roll over a victim, but not necessarily violate speed limits.

"The banks respected the law; says the municipality, but did it in a lawless fashion, pushing people to borrow in order to make tens of billions of speculative profits. And they did it consciously: the proof is that the black areas, the poorest, were the worst hit. Today all those banks have harshened the conditions to get credit. This demonstrates that they could have done it before," said M. Triozzi, the juridical director of the municipality. The municipality is apparently demanding hundreds of millions of dollars of charges to the banks.

Global Economic News

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Arab Funds Won't Save Failing Citigroup

March 5 (EIRNS)—Shares of struggling Citigroup fell yesterday to their lowest level since November 1998, after the head of a Dubai-owned investment firm said the largest U.S. bank needs to raise many billions more in new capital in order to survive its massive losses, and that Middle East wealth funds could not save it.

Sameer al-Ansari, chief executive officer of Dubai International Capital, said Citigroup would need "a lot more money" on top of some \$30 billion already raised from investors including Abu Dhabi, Kuwait, and Saudi Prince Alwaleed bin Talal. "It's going to take more than that [\$30 billion] to rescue Citi," al-Ansari told a private equity financial conference.

Ironically, al-Ansari's warning came just three days after Federal Reserve chairman Ben Bernanke told the U.S. Senate that U.S. banks would be failing in the worsening financial crash, but "only small banks" and regional institutions. Of course, by the time Citigroup takes huge new write-offs of worthless security assets from its books this quarter, it may be a "smaller" bank. And its collapse could take a hundred small banks down with it.

Merrill Lynch & Co. put the latest dagger in: Its analysts published on March 4 that they expect Citigroup to have to write down, in the first quarter, \$15 billion more of its \$37 billion of exposure to subprime mortgages, and collateralized debt obligations, and \$3 billion of loans to commercial real estate and leveraged buyouts—a total of at least \$18 billion more. This would make for net quarterly losses as big or bigger than the \$9.8 billion Citi lost in the fourth quarter of 2008, and thus require a large new infusion of capital, or bust.

Depressed Europeans Buying Cheaper Autos

March 4 (EIRNS)—Initially built only for export to poor countries, sales of the French Renault car model "Logan" increased by 83% in February within France itself. The inexpensive Logan was constructed by cheap labor in Romania. Renault aims to sell 800,000 cars worldwide between 2006 and 2009, and the success of the Logan put the French automaker on top of sales figures for February (+16%), compared to Citroen (+11%) and Peugeot (+13%), establishing an average increase of car sales at +11% for the same period.

Rocard: Capitalism Is Immoral; Regulation Needed

PARIS, March 5 (EIRNS)—Former French Prime Minister Michel Rocard, who has been actively campaigning in recent times for a new Bretton Woods, once again used his pen to denounce, in the French daily *Le Monde*, the present decadence of "capitalism." Rocard used a huge scandal which is rocking the French business association, to analyze the current systemic crisis and to call for a broad moralization of the system.

Methodically, Rocard goes through different aspects of that crisis: How it started with the subprime crisis, in which "bankers' rapacity rid them of any scruples about the fact that their victims (those now losing their homes) were human beings"; how the "second massive immorality" led bankers to mix viable and rotten financial instruments together and spread them throughout the system; the increasing number of financial crises and of unemployed over the last 30 years, in stark contrast to the stability and growth in the period of post-war reconstruction; and, finally, the emergence of a new, money-hungry generation, who like the corporate CEOs are demanding millions in stock options and other gains.

Rocard concludes angrily, "For me things are clear: Capitalism is sinking into immorality. And we are discovering that it is possible that it can entirely succumb to it." The problem with this type of capitalism, is that "its voracity threatens the very system in which we live.... Without strong ethics, capitalism cannot survive. It will probably be necessary that public regulation provides the means to act."

Threat of Food Crisis Worries Indian Subcontinent

March 7 (EIRNS)—The worry of a rapid rise in food price, and shortage of food grains, has begun to appear in both India and Pakistan. New Delhi has imposed fresh restrictions on export of lower-price rice varieties. The government announcement said only those varieties of rice which fetch more than \$650 per ton in the international market will be allowed for export. Besides the price restrictions, export shipments of rice would be permitted only from Kandla, Kakinada, Kolkata, and JNPT Port in Mumbai.

In Pakistan, Naeem Butt, chairman of the private All Pakistan Flour Mills Association said, "the government may have to import between 1 and 2 million tonnes of wheat to meet requirements." Pakistan will miss its wheat output target of 24 million tons for the 2007/08 crop year. Late sowing, a fall in the area planted with wheat, a shortage of irrigation water, and rising fertilizer prices are reasons for the lower output. Butt pointed out that nearly 1 million tons of wheat, bought with opium-generated cash of the Afghan druglords, finds its way to neighboring food-short Afghanistan.

In addition, what worries both New Delhi and Islamabad, among others, the most is the UN Food and Agriculture Organization (FAO) report that says wheat stem rust, whose spores are carried by wind across continents, and was previously found in East Africa and Yemen, has moved to Iran where its presence has been confirmed by laboratory tests in some localities in Broujerd and Hamedan in the country's West.

Major wheat-producing nations to Iran's east, including Afghanistan, India, Pakistan, Turkmenistan, Uzbekistan, and Kazakstan, should be on high alert, FAO said.

United States News Digest

- [Iran Warmongers Move To Oust Admiral Fallon](#)
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Iran Warmongers Move To Oust Admiral Fallon

March 7 (EIRNS)—Don't be fooled: The forthcoming March 12 article in *Esquire* magazine by Thomas P.M. Barnett, former top policy advisor to warmonger Donald Rumsfeld, which pretends to praise Adm. William "Fox" Fallon, head of the Central Command, is an attempt to get Fallon—a major, clear-headed opponent to a flight-forward war against Iran—kicked out. Barnett is a radical globalizer and proponent of imperial preventive wars against targetted developing-sector nations. His ideas are a menace to every republican tradition in the United States.

Barnett targets Fallon viciously, in his piece called "The Man Between War and Peace," which accurately describes how Fallon has repeatedly called for engagement with Iran, at a point when the White House was foaming at the mouth for war. But Barnett then says, "How does Fallon get away with so brazenly challenging his commander in chief? The answer is that he might not get away with it for much longer. Bush is not accustomed to a subordinate who speaks his mind as freely ... and the president may have had enough." Barnett then predicts his ouster, a lie that has now been picked up internationally.

Lyndon LaRouche notes that the time when the Bush-Cheney warmongers could launch a war against Iran, "at will," is *over*. They could still do it but, not "at will," especially in the context of the election campaign. Also, John McCain, the presumptive Republican nominee, is also a problem for these warmongers, LaRouche said. McCain has serious advisers who are against the Iran folly. LaRouche said that "sometimes reality takes over," and that Bush will tend to be much more "practical" than his messianic vision of war has been previously.

Improved Mental Health for Iraq Soldiers—Except Suicides

March 6 (EIRNS)—This morning, the Army released the fifth survey of the mental health of soldiers in Iraq since 2003. Compared to 2006, most indicators of mental health, including combat exposures and morale, showed improvements in 2007. This is not surprising, given that the level of violence in Iraq had declined significantly when the survey was conducted, last Fall, compared to a year earlier. However, certain risk factors remain high, including the 15-month deployments, and the fact that this year's survey included a significant proportion of soldiers on their third and fourth deployments. About 25% of those soldiers reported mental-health problems, including lower morale.

The suicide rate remains an anomaly despite the improvements in all other indicators. Earlier this year, the Army reported its highest suicide rate since well before 2001. The 29 confirmed suicides (24 Army, 5 Marine and 1 Navy) in Iraq as of Nov. 14, 2007 were higher than at the same time in 2006, yielding a rate of 24/100,000 which, if it held for the entire year, would be the highest in Iraq since the war began. The middle months of the 15-month deployments appear to be riskiest time for soldiers under stress.

Ickes: Dems Have an Obligation To Win the White House

March 4 (EIRNS)—"Are there issues that we don't know about Senator Obama that need to be developed and fleshed out?" Voters, and then delegates to the Democratic convention need to answer this question, because the Democratic Party has a responsibility to win the general election, senior Clinton campaign advisor Harold Ickes argued on PBS's March 3 "Charlie Rose" show. There are eight more months to go in this campaign, in which economic problems are going to be a major point of debate, so nobody should "rush to judgment," he remarked. "The treatment that our candidates on the Democratic side have given to each other is child's play compared to what is going to happen when our nominee emerges and John McCain and the Republican attack machine turn full force on them. We know it.... It is going to be a very close general election, and we cannot afford to take any risks or missteps," Ickes pointed out.

The Tony Rezko trial in Chicago has just begun. "The American public doesn't know, and most importantly, delegates to the national convention don't yet know what is underneath there. Maybe there is nothing. Maybe there's something. But I will tell you one thing, we have an obligation. We want to win the White House, Charlie. And we have an obligation to make sure that the candidate that is nominated is the single strongest candidate we can put up. The one thing we know: We know everything about Hillary Clinton. The one thing we know is, we don't know nearly enough about Barack Obama."

White House Okays Torture, Despite Military Opposition

March 2 (EIRNS)—Lead editorials in the *International Herald Tribune* and *New York Times* denounce George W. Bush for planning to veto a law that holds the CIA and all U.S. intelligence services to the U.S. Army Field Manual's banning of torture. The editorials list the practices banned by the Manual, such as waterboarding, putting hoods over the heads of prisoners, sleep deprivation, simulated assassinations, using military working dogs to threaten—i.e., all the horrors that the photos from Abu Ghraib, and testimony and various trials exposed as being practiced.

More than 43 retired U.S. generals have demanded that such practices be ended by *all* agencies of the U.S. government. The editorials also mention that Lt. General Michael Maples, head of the Defense Intelligence Agency, told Congress last week that waterboarding violates the Geneva Conventions. Bush isn't even listening to his favorite, Gen. David Petraeus, whose letter to his troops is cited in the editorials. The letter says, "Some may argue that we would be more effective if we sanctioned torture or other expedient methods to obtain information from the enemy.... They would be wrong. Beyond the basic fact that such actions are illegal, history shows that they also are frequently neither useful nor necessary."

Ibero-American News Digest

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- [Buenos Aires Mayor Is Mussolini Bloomberg's New 'Soul Mate'](#)

Rio Group Defuses War Danger, Avoids Condemning FARC

March 7 (EIRNS)—Central and South American Presidents, meeting at the Rio Group summit in the Dominican Republic today, defused—for the moment—the British-orchestrated war danger that was set to go off in the region. Discussion at the summit was heated and tense at times, revolving around Colombia's March 1 incursion into Ecuador to kill FARC kingpin Raúl Reyes. Ecuador's President Rafael Correa walked out at one point while Colombian President Alvaro Uribe was speaking, and Venezuela's Hugo Chávez made his standard provocative remarks about Uribe, charging him with launching

a version of George Bush's "pre-emptive" warfare against Ecuador.

But at the end of the day, possibly as a result of Brazil's intervention, the Presidents all decided to embrace, shake hands, and smile for the photographer.

The group cobbled together a final communique which is clearly a compromise, cooling out the immediate danger of war, but failing to address the fundamental issue that Lyndon LaRouche has identified, i.e., that the Colombian narcoterrorist FARC is a "fascist drug-pushing operation," whose criminal activities cannot be tolerated by any government. The communique states that all nations were "concerned" that Ecuador's territorial sovereignty was violated on March 1, reports that Colombia has apologized for that action, and asserts all members' commitment to peace, respect for international law, and non-interference in the internal affairs of other countries.

But the wording on the issue of narcoterrorism is very carefully crafted. It states that members agreed to "combat threats to the security of all States, stemming from the actions of irregular groups or criminal organizations, particularly those linked to drug-trafficking activities." It then adds that, "Colombia considers these criminal organizations to be terrorists."

President Uribe gave a hard-hitting and statesmanlike speech, to defend his assertion that the FARC is a narcoterrorist gang of criminals which has committed heinous crimes against the Colombian population. What he didn't touch, however, is the crucial issue of Wall Street's central promotion of the FARC, as evidenced by the "Grasso Abrazo" and the scandalous events surrounding it (see this week's InDepth).

The killing of Reyes was no "massacre," as Ecuadorian President Correa had called it, Uribe said. Reyes wasn't some kind of "archangel," but "one of the deadliest terrorists in the history of humanity!" He was operating in Ecuador—even holding press conferences there—ordering attacks on Colombia. There were 121 legal cases against him for murder, terrorism, rebellion, kidnapping, etc. This was no advocate of peace.

As for sovereignty, Uribe said, Colombia has asked Ecuador's pardon for entering its territory. But, he added, sovereignty has to be looked at more broadly. There has been much commentary on Colombia's violation of Ecuador's sovereignty, he said, but what about the violation of the Colombian people's sovereignty by the FARC? And, Uribe asked, isn't the FARC's entry into Ecuador's territory also a violation of that nation's sovereignty?

Buenos Aires Mayor Is Mussolini Bloomberg's New 'Soul Mate'

March 5 (EIRNS)—Multi-millionaire Mauricio Macri has joined California Gov. Arnold Schwarzenegger as a "soul mate" of New York's fascist mayor, Michael Bloomberg. In November of 2007, after the then mayor-elect of Buenos Aires, Macri, met with Bloomberg in New York, he gushed about how much the two agreed on everything, especially on "reducing costs." As one of his first acts in office, in December of 2007, Macri fired 2,000 city workers, and threatens to fire 20,000 more.

One political activist described Macri's policy for Buenos Aires to this news service as a form of "ethnic cleansing," designed to remove all undesirable elements, such as street vendors, protesters, the poor, and dark-skinned. The mayor says he wants Buenos Aires—Argentina's capital—to undergo "cultural change," or gentrification, where wealthy businessmen and the elites don't have to be disturbed by looking at the poor, homeless, or unemployed. This same source said this was reminiscent of the old British imperialist policy for Argentina, which tried to make Buenos Aires the center of British-dominated finance and trade, to the detriment of the rest of the country.

Macri's fascist outlook is seen in his determination to remove the "*cartoneros*" from the city—those who, at the height of

Argentina's horrific economic crisis in 2001-02, were seen digging through the city's dumpsters and garbage, in search of food or other items they could sell or recycle. According to one source, restaurants in the upscale Puerto Madero section of the city put broken glass in the garbage they dispose of, to discourage the *cartoneros* from digging through it. Macri has also halted the service of the special "white train," which brought the *cartoneros* into the city.

The Buenos Aires mayor is also apparently preparing his own version of Bloomberg's "congestion tax." Under the guise of reorganizing the city's public transportation system, he said he wants to "encourage drivers not to enter Buenos Aires' densest zones, so as to create a cleaner environment." *EIR* hasn't yet learned whether he intends to charge drivers for entering the city. We do know that he wants to prohibit anyone outside of the city proper, from using city hospitals!

Bloomberg has invited Macri to participate in two meetings to take place this year in New York City with other big-city mayors, where they will address their common problems.

Western European News Digest

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Anti-Lisbon Treaty Ferment Continues

March 9 (EIRNS)—Leaders of the British "I Want a Referendum Campaign" (IWAR), published data March 5, from a poll it conducted last month in ten Labour Party and Liberal Democratic Party marginal districts, showing that 89% of Britain support a referendum on the treaty.

The Austrian initiative Volksabstimmung ("Referendum"), called on politicians, especially those who are also members of labor unions, to reject the Treaty on the same grounds that labor rejected the old EU Constitution text in 2004 (which laid the groundwork then for the rejections in France and the Netherlands): The Treaty is anti-social, and it revokes—important for Austria—military neutrality in favor of a European-wide rearmament drive.

After the majority of the Polish National Parliament on March 7 voted a clause that allows ratification of the Treaty without a referendum, Poland's Prime Minister Donald Tusk stepped forward with a proposal which he said can win skeptics over to the Treaty: namely, nominating Irish Prime Minister Bertie Ahern for the job of new EU President. (See InDepth.)

Two Social Democratic MPs in Sweden blasted the Treaty proposal in an op-ed in *Dagens Nyheter* March 3, citing the

brawl in Sweden, prompted by a court ruling upholding EU regulations effectively dismantling Swedish trade unions' right to conduct strike actions against low wages paid to foreigners working in Sweden.

Sinn Fein leader Gerry Adams criticized Irish Prime Minister Ahern's pro-Treaty stance, saying that Ireland's influence in the EU would be diluted, and the country's neutrality would be threatened by a "Yes" vote in the referendum.

British Intend Lisbon as 'European Pillar of NATO'

March 4 (EIRNS)—On Feb. 14, *The European Voice*, a Brussels-based weekly newspaper owned by the London *Economist*, outlined in great detail how the Lisbon Treaty was planned by the British to structure a "European pillar of NATO" called the G-6. Typical for Perfidious Albion, they are letting the French take the lead.

The lead article, "Sarkozy Plots Defense Force with Big EU States," asserts that "Sarkozy plans to create an elite defense group of the EU's six biggest member states once the Lisbon Treaty comes into force next year." The alliance of France, the U.K., Germany, Spain, Italy, and Poland would pledge a minimum level of defense spending and promise to improve their military capabilities, as well as work together on military cooperation projects including common defense equipment procurement and forming a 60,000-strong intervention force.

The plan is to launch the group next year, once the Treaty has been ratified, using a provision for "permanent structured co-operation" in defense, which was originally agreed upon in 2004 as part of the EU constitution. Although the constitution was later rejected by referenda in the Netherlands and France, the clause that made this form of co-operation possible was kept in the Lisbon Treaty.

The U.K. will not support the plan publicly until the new treaty comes into force, but an EU official confirmed that the U.K. had pushed for the provision when the constitution was being drafted. The possibility of forming a pioneer defense group had been included in the constitution because "the U.K. and France wanted it in," an EU official said, adding that the U.K. saw the initiative as "a way of leveraging extra [military] capabilities" from some member states.

German Newspaper: Hyperinflation Leads to Fascism

March 5 (EIRNS)—The *Wiesbadener Kurier* ran a pair of articles yesterday, which together echoed the polemic of the recent LaRouche PAC 80-minute video—that economic collapse leads to fascism. The first, a full-page "theme of the day," "Inflation—The Ghost Is Felt," features a big picture of Albrecht Dürer's "Four Horsemen of the Apocalypse," with current inflation figures placed on each of the horsemen.

A second article, with the headline "The Dark Decade," recalls the inflation of the 1920s and its sources in the conditions of the Versailles Treaty, which led to the printing of ever more money and the destruction of the middle class; all paving the way for the Nazis to grab power. The political consequences were fatal, since the small and middle class became poor, feeling betrayed by the Republic. "Thus, the monetary policies of the German Reich and the Weimar Republic paved the way for the National Socialists to take power."

Britain Pushing EU To Impose Enron Model on Europe

Feb. 29 (EIRNS)— On Feb. 27, an intense fight occurred at a meeting of EU energy ministers in Brussels, among a group of eight countries, including France and Germany, which joined efforts to block the EU attempts to impose sweeping deregulation of the energy markets. The EU is demanding the separation of production and distribution of energy, which means that member-states would have to accept the dismantling of their national energy giants—tantamount to suicide. As

this power struggle was taking place, Germany's main electricity and gas producer, EON, announced that it had struck a deal with the EU for the sale of its energy grid, angering even neocon Chancellor Angela Merkel, as well as the other German energy companies which are all part of the opposition to the EU.

The tactics employed against EON by the EU to get it to compromise, gives a foretaste of the dictatorship the EU will impose if it succeeds in getting the Lisbon treaty ratified.

In spite of that blackmail, and even if their position is relative defensive, the group of eight succeeded in blocking the EU commissioners' offensive, infuriating the City of London mouthpiece, the *Financial Times*, which accused the EU of "bungling" the energy dereg, and called for "the Commission to stand firm."

Ex-Diplomat: Kosovo May Become Center for the Mafia

March 3 (EIRNS)—A retired U.S. ambassador with experience in the Balkans told *EIR* yesterday that Kosovo will most likely become a major center for the mafia. "Kosovo is an extremely poor area. There are hardly any industries, any infrastructure. The people have been pushed more and more into becoming brigands, dealing in whatever criminal activity may be available to them," he said. "The U.S. did not have to invest as much capital in this issue as they have done. There was nothing so important to our national interests that we had to give our support to an independent Kosovo. The Kosovars could have had their full autonomy, which would have meant effectively that Serbia no longer held sovereignty over Kosovo, in anything but name. But this was unacceptable to them, and we didn't really push them on the issue," he said. "I know there are a lot of people over at [the] State [Department] that agree with me on this issue, but they don't have any say on the matter."

BAE Systems Once More in the Docket

March 1 (EIRNS)—On March 3, Britain's Information Tribunal will hear an appeal brought by the Campaign Against Arms Trade (CAAT), which is appealing for the release to the public of memos between the British government and the Saudis, which could reveal bribery concerning BAE Systems' "Al-Yamamah" contract. This will be the second time in two weeks that BAE will face a court action in London. In February, CAAT's lawyer argued at the High Court that BAE had lobbied the government to quash a case before the Serious Fraud Office, because the Saudis were threatening to cancel a £40 billion contract for the Eurofighter jet. That case is awaiting decision.

Among the witnesses for the government will be a Ministry of Defence representative and William Patey, the British ambassador to Saudi Arabia.

Liberal Democrat deputy leader Vince Cable will testify on behalf of CAAT, and is expected to argue that the memos should be released.

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Medvedev Elected President of Russian Federation

March 2 (EIRNS)—Dmitri Medvedev was elected to succeed Vladimir Putin as President of the Russian Federation, receiving over 70% of the vote in the March 2 election. Gennadi Zyuganov and Vladimir Zhirinovskiy, the Communist Party and nationalist Liberal Democratic Party of Russia candidates, got over 17% and over 11%, respectively. Voter turnout matched the 64% level of the 2004 election, contradicting media chatter about voter apathy.

During his last press conference, Putin made a point of characterizing the opposition candidates Zhirinovskiy and Zyuganov as "patriotic" figures, who share with him a united approach to Russia's foreign policy interests.

The transfer of power from Putin to Medvedev will take place May 7. Putin has said he would accept an appointment as prime minister.

Putin will do a last major diplomatic mission as President, travelling to Bucharest as a guest at the April 2-4 NATO summit there. It is the first time since the creation of the NATO-Russia Council in 2002 that Putin has decided to accept NATO's yearly invitation for him to attend. There are unconfirmed reports that he has invited President George Bush to bilateral talks in Sochi, Russia, after the NATO meeting.

Russian Diplomat: NATO Must Limit Role in Afghanistan

March 5 (EIRNS)—Russian Ambassador to Afghanistan Zamir Kabulov, in an interview with the BBC monitored by RFE/RL Newsline, warned March 3 that Russia will "definitely react," if U.S. and NATO forces exceed a terrorism-fighting mission in Afghanistan. "We accept the military presence of U.S. and NATO armed forces in Afghanistan only in the framework of our common campaign against terrorism," said Kabulov, "But if the military presence is for other political or economic gains in Afghanistan and the region, this certainly and definitely will cause special concerns." Kabulov added, "It may be that our partners have other agendas they are pursuing, under the pretext of the war against terrorism."

Gazprom Clash with Ukraine Resolved for Now

March 5 (EIRNS)—Sergei Kuprianov, spokesman for Russia's natural gas monopoly, Gazprom, announced today the end of a 50% reduction of gas deliveries to Ukraine. According to RIA Novosti, he said the CEOs of Gazprom and Ukraine's Naftohaz company, Alexei Miller and Oleg Dubin, had agreed on terms for Naftohaz to pay its debts for January and February of this year.

Earlier in the day, Ukrainian Prime Minister Yulia Tymoshenko threatened an immediate reduction of gas transshipments to Western Europe, saying at a press conference that not one cubic meter of gas from Central Asia would be forwarded to Europe on behalf of Gazprom, until Ukraine's needs had been met, despite the reduced supplies from Russia.

The gas wars could resume at any moment, especially as Tymoshenko—who boasts of her close ties to U.S. Vice President Dick Cheney—has declared her intention to play hardball with Russia on gas policy, as part of the "Containing Russia" policy she presented in the New York Council on Foreign Relations magazine *Foreign Affairs* last year. On Feb. 27, Ukraine's President Victor Yushchenko had ordered Tymoshenko and her cabinet to stop foot-dragging on implementation of the gas accord reached in talks between himself and Russian President Vladimir Putin.

Making its second 25% gas delivery reduction in the period of a week, Gazprom on March 4 cited the refusal of Naftohaz to return to the negotiating table and finalize work-out of its debt to Gazprom. The flare-up in the "gas wars" had ostensibly been resolved by Putin and Yushchenko in February, including through Russia's agreeing to eliminate the role of the shadowy intermediary company, RosUkrEnergo, as demanded by Tymoshenko. But, Naftohaz and Gazprom had not yet signed the executive documents for implementation of the Presidential accord.

Amid the threats by Tymoshenko and the Naftohaz leadership, to cover Ukraine's needs by diverting Central Asian gas headed for Western Europe through Ukrainian pipelines, European Union (EU) officials called for urgent measures to deal with the dispute. Confronting Russia as a threat to Europe's "energy security"—because of its being a major oil and gas source—has been high on the agenda of EU officials who advocate a consolidated, and increasingly militarized EU through the Lisbon Treaty.

Belarus Recalls Ambassador from Washington

March 7 (EIRNS)—Belarus has called back its ambassador in Washington, Mikhail Khvostov, for consultations, the Belarusian Foreign Ministry said in a statement on March 7. The government has also strongly recommended that the U.S. ambassador in Minsk, Karen B. Stewart, leave Belarus for consultations, said Andrei Popov, the chief of the ministry's press service. The Foreign Ministry gave a high profile to the moves, announcing them at a press conference. Reports indicate that the Belarusian Foreign Ministry's demand that the U.S. ambassador leave was prompted by U.S. sanctions imposed last Fall against Belarus's state-controlled oil-processing and chemicals company, Belneftekhim.

Washington has also slapped travel restrictions on Belarus President Alexander Lukashenka and members of his inner circle, as well as financial sanctions against Belarusian authorities over their "crackdown" on opposition and free media. The Bush Administration has called Belarus "the last dictatorship in Europe."

"As soon as substantial sanctions against our economy are imposed, we will retaliate in the toughest possible way on all fronts," the Belarussian state media quoted Lukashenka as saying. "The U.S. ambassador will be thrown out first."

Armenian President Declares State of Emergency Amid Growing Transcaucasian Turmoil

March 1 (EIRNS)—President Robert Kocharian of Armenia imposed a 20-day state of emergency today, banning public gatherings and putting restrictions on the media. Earlier in the day, police broke up a 15,000-strong demonstration, firing tear-gas canisters into the crowd and some bullets. Several demonstrators were killed. The protests had been going on for over a week, since Prime Minister Serge Sarkisian was credited with a 52% victory in the Presidential election of Kocharian's successor. Supporters of opposition candidate and former President Levon Ter-Petrossian charge there was vote fraud and are demanding a new election. The protests turned into a serious political challenge, as numbers of officials and diplomats moved to support Ter-Petrossian.

In neighboring Georgia, opposition parties likewise continue to protest against President Mikhail Saakashvili's claim to have won a first-round re-election victory in January.

The Transcaucasus region, where Armenia and Georgia are located, is experiencing heightened tension also due to the declaration of independence from Serbia by Kosovo. The autonomous regions of Abkhazia and South Ossetia want to do likewise, invoking the Kosovo precedent. RIA Novosti reports that today Abkhazian President Sergei Gabapsh mobilized military units, claiming there was an imminent danger of an attack on the autonomous region by Georgian forces.

DEA Rolls Up Viktor Bout's Guns and Drugs Operation

March 7 (EIRNS)—Viktor Bout, the Russian "mafiya" arms dealer who has been accused of selling arms to the Taliban, al-Qaeda, Chechen terrorists, and others, was arrested in Thailand, the U.S. Drug Enforcement Administration (DEA) announced March 6. Bout and a co-defendant, Andrew Smulian, were charged with "conspiring to sell millions of dollars worth of weapons to the Fuerzas Armadas Revolucionarias de Colombia, the FARC." The arrest was made by Thai law enforcement authorities in Bangkok, after months of cooperation between the U.S. and various countries, including Romania and Thailand. A DEA document says Bout planned to provide the FARC with "millions of dollars worth of surface-to-air missile systems (SAMS) and armor-piercing rocket launchers." The DEA recorded numerous meetings where Bout and Smulian discussed the FARC deal with two confidential sources working with the DEA.

The arrest was announced in the midst of the ongoing crisis over Colombia's killing of top FARC leaders.

Who is Bout? This is a brief description of his operation from a January 2003 *EIR* article, "Sharon and His Mafiya Allies Plot Israel Election Theft," which discusses the role of U.S. fugitive financier Marc Rich: "Rich, for decades, had the exclusive foreign contract to market Russian minerals and precious metals; his Soviet and Russian ties also involved massive international arms sales—some recent deals, reportedly, in partnership with Viktor Bout, the most notorious of the Russian black market gun-runners, who shares a base of operations with Rich in the tiny Arab Emirate of Sharjah, a well-known smugglers' haven, adjacent to the money-laundering capital of the Persian Gulf, Dubai. Bout has been linked to major arms sales to the Afghan Taliban, and to Liberia's Charles Taylor, and the murderous Revolutionary United Front (RUF) rebels in neighboring Sierra Leone. Rich, long ago, established Liberia and Sierra Leone as two of his major African bases, dealing in 'blood diamonds.' Further, Bout's arms sales to the Taliban were carried out with Vadim Rabinovich, Loutchansky's Ukrainian Nordex partner!"

Among Bout's companies were air transport firms based in the Persian Gulf emirates, which included a large fleet of Russian aircraft, which he used to supply combatants in Africa as well as Afghanistan, Southwest Asia, and Chechnya. After the invasion of Iraq in 2003, media reports said that Bout was used by the U.S. for bringing in supplies to Iraq, despite the fact that he was evading criminal charges from a number of countries.

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Cheney's Program To Assassinate Palestinian Leaders Exposed

March 3 (EIRNS)—Nearly one year ago, in its March 23, 2007 issue, *EIR* exposed what is only coming out in "establishment" media now. The *EIR* article by Jeffrey Steinberg, said, about the near civil war between Hamas and Fatah: "Reportedly, in the course of the combat, Hamas fighters got their hands on documents, showing that some Fatah military commanders, including Mohammed Dahlan, had drawn up hit-lists of Hamas parliamentarians. Other documents reportedly pointed to the involvement of U.S. National Security Council official Elliott Abrams, in the efforts to provoke Fatah-Hamas bloody conflict. When the confiscated documents were presented to P.A. President Abbas, he was reportedly furious."

Now, in a *Vanity Fair* feature released today, "The Gaza Bombshell," reporter David Rose reveals that atrocities committed by Fatah Palestinian security officials against Hamas supporters in Gaza, were part of a secret Bush-Cheney Administration plan to foment a civil war in order to overturn the democratic elections that brought a Hamas government into power.

Rose writes: "*Vanity Fair* has obtained confidential documents, since corroborated by sources in the U.S. and Palestine, which lay bare a covert initiative, approved by Bush and implemented by Secretary of State Condoleezza Rice and Deputy National Security Advisor Elliott Abrams, to provoke a Palestinian civil war. The plan was for forces led by Dahlan, and armed with new weapons supplied at America's behest, to give Fatah the muscle it needed to remove the democratically elected Hamas-led government from power. (The State Department declined to comment.)

"But the secret plan backfired, resulting in a further setback for American foreign policy under Bush. Instead of driving its enemies out of power, the U.S.-backed Fatah fighters inadvertently provoked Hamas to seize total control of Gaza."

The one major flaw in Rose's article, is that Dick Cheney, who insisted on annihilating Hamas, is erased from the picture. The only mention of Cheney is that his Middle East advisor, David Wurmser, a right-winger has mooted removing all Palestinians from the occupied territories, protested the arming of Fatah, which he hates.

Yeshiva Attack Could Ignite Messianic Struggle

March 7 (EIRNS)—The attack on the Mercaz Harav yeshiva (seminary) in Jerusalem, which left eight students dead, is expected to lead to a major escalation that could spread from Gaza and the West Bank to Lebanon and Syria. The attack took place at the same time that Egypt was trying to mediate a ceasefire; representatives of Hamas and Islamic Jihad were meeting in Egypt at the time.

Mercaz Harav is not just any yeshiva: it is the number one so-called Zionist-nationalist yeshiva, founded in 1924 by Rabbi Abraham Isaac Kook, and his son, Ravvi Zvi Yehuda Kook. Many of the most extreme messianic religious Zionist rabbis came from this yeshiva, and the radical settlement movement Gush Emunim has its roots there.

EIR published a profile of the Merkas Harav yeshiva in its Special Report of December 2000, *Who Is Sparking a Religious War in the Middle East?* documenting that the "Kook" operation was run from the start by British oligarchical networks.

The March 7 *Jerusalem Post* points out that this attack was not aimed "at the wider Israeli public, but a strategic attack against a very vocal public who will be demanding action of the government." The *Post* writes, "Being messianic religious people, the religious Zionists are going to see this attack through the prism of messianic prophecy." Settler radio stations are already talking about the attack in prophetic terms.

The head of the yeshiva, Rabbi Ya'akov Shapira, speaking at the funeral attended by thousands, declared the attack, "a continuation of the 1929 massacres" and added that the "murderers are the Amalek of our day, coming to remind us that

Amalek has not disappeared, just changed its appearance." Amalek was the ancient enemy tribe of the Israelites. Shapira went on to say, "The time has come for all of us to understand that an external struggle is raging, and an internal struggle, and everyone believes that hour has come ... for us to have a stronger leadership, a more believing leadership...."

People at the funerals could be hear chanting "death to the Arabs."

Olmert: Syrian Talks Worth Considering

March 6 (EIRNS)—The option of a peace settlement with Syria is still being kept alive in Israel, despite the widespread perception that the Mideast peace effort launched last year at Annapolis, Md. has all but collapsed. At a briefing session of the Knesset Foreign Affairs and Defense Committee, Israeli Prime Minister Ehud Olmert said negotiations with Syria should be seriously considered, "if this would bring an end to its involvement in terrorism and extricate it from the axis of evil."

The Israeli daily *Ha'aretz* quoted a "senior political source" saying Olmert's statement was "another step forward." *Ha'aretz* points out that last year, just prior to the Annapolis conference, Olmert had said that "the participation of Syria in the conference could, under certain conditions, bring about a resumption of the negotiations, and this is valuable from Israel's point of view."

Prior to Annapolis, Lyndon LaRouche underscored the importance of Syrian participation, as a first step in opening up peace talks between Israel and Syria, in order to change the regional dynamic in Southwest Asia from one of endless war to peace and regional economic development.

Ha'aretz last week reported that Syrian President Bashar al-Assad recently said he would be willing to meet Olmert in Moscow in order to restart peace talks.

Study: Gaza Humanitarian Situation Worst Since 1967

March 6 (EIRNS)—A new report reveals that the humanitarian situation in the Gaza Strip is at its worst point since Israel captured the territory in 1967. More than 1.1 million people, about 80% of the population of Gaza, are now dependent on food aid, as compared to 63% in 2006; unemployment is close to 40%, and almost 70% of the 110,000 workers who were employed in the private sector have lost their jobs.

The 16-page report was sponsored by eight organizations including Amnesty International, CARE U.K., CAFOD, Christian Aid, Médecins du Monde U.K., Oxfam, Save the Children U.K., and Trocaire.

It further reports that hospitals are suffering from power cuts of up to 12 hours a day, and the water and sewage systems are close to collapse, with 40-50 million liters of sewage pouring into the sea daily.

The report called on the British government to pressure Israel. There is no mention of former British Prime Minister Tony Blair, who as special UN envoy on aid to the Palestinians, has done absolutely nothing to pressure Israel. In fact, in the midst of the worst Israeli-Gaza crisis in years, Blair is currently on a personal money-making speaking tour of the United States.

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U.S. Commandos To Enter Pakistan's Tribal Areas

March 5 (EIRNS)—Pakistan's former Inter-Services Intelligence (ISI) chief and one of the mentors of the Afghan Taliban movement, Lt. Gen. Hamid Gul, told the Italian news agency AKI in Karachi: "Seven hundred and fifty American commandoes will participate in upcoming military operations in the Pakistani tribal areas.... I confirm this to you on the basis of my information that those American commandoes will be sent through private contracting firms like Blackwater, and they will supervise the whole operation." Gul was referring to the private security firm that has been at the center of a controversy over private contractors in Iraq. Gul revealed this on the same day a suicide attack on a government office guarded by Afghan and NATO troops in eastern Afghanistan left two alliance soldiers dead and four more wounded, a U.S. military spokesman said.

Although the arrival of the U.S. commandos in Pakistan was reported earlier, it was not clear that the decision had been reached to move into the tribal areas, despite strong opposition of the locals and the Nawaz Sharif-led political party, PML(N), the second-largest vote getter in the Feb. 18 elections. The PML(N) calls it disregard of Pakistan's sovereign nation-state status.

It is evident that the decision to send the U.S. commandos was made earlier, and the U.S. Centcom chief, Adm. Mike Mullen, who is in Islamabad, holding talks with both President Pervez Musharraf and Army Chief Gen. Ashfaq Kayani, is there to inform the Pakistanis. Mullen "is here to continue developing the relationship military-to-military and to discuss a range of bilateral issues of mutual concern, including regional security," U.S. Embassy spokeswoman Elizabeth Colton told AFP.

Uzbekistan To Allow U.S. Use of Termez Military Base

March 5 (EIRNS)—Robert Simmons, NATO's special envoy for the Caucasus and Central Asia, was quoted in Moscow that Uzbekistan was now willing to let the United States use Termez, an Uzbek airbase operated by Germany. Simmons told journalists that NATO is seeking Russian help, which could include regular use of Russian transport to get supplies to NATO forces in Afghanistan, and possible Russian contributions to the re-equipment of the Afghan army. He said NATO and Russia had common ground on Afghanistan, and that he would hold discussions with Russian officials on possible help from Moscow.

Once an ally in the U.S.-declared war on terror, Uzbekistan evicted U.S. troops from the Karshi-Khanabad airbase in 2005, when the Uzbek authorities accused the West of instigating anti-government protesters, which led to the firing on protesters in the town of Andizhan in the Ferghana Valley.

However, a noticeable shift in the attitude of Tashkent occurred following U.S. Adm. William Fallon's visit there in January, the first high-level attempt to mend ties since 2005.

On the use of the Termez base, an unnamed Western diplomat in Tashkent said the deal involved allowing U.S. military personnel to use the base as a refueling point on their way to Afghanistan and back. "I understand ... U.S. soldiers will be able to fly via Termez, but only aboard German aircraft," the diplomat said. "I don't know if there are any similar agreements with other nations."

India Charts Its Own Course with Myanmar

March 5 (EIRNS)—India has invited Gen. Maung Aye, the second-highest-ranking member of the Myanmar junta, to visit New Delhi in April, despite stated opposition from U.S. Secretary of Defense Robert Gates during his recent visit to New Delhi. Indian Foreign Secretary Shiv Shankar Menon was in Nay Pyi Taw, the new Myanmar capital, last week to prepare for the visit. The U.S. and EU, in particular, seek the total isolation of Myanmar.

It is said in New Delhi that Menon played a role in persuading the junta to offer plans for a May referendum on the new Constitution, to be followed by general elections in 2010. It was the first time the junta has set specific dates for steps in an earlier-announced "roadmap to democracy." However, sources claim that the main objective of Menon's visit, other than doing the preparatory ground work for Gen. Maung Aye's visit to India, was to get India and Myanmar engaged in new diplomatic initiatives. Recently, Myanmar awarded India the right to build, operate, and use the port of Sittwe, strategically located on the Bay of Bengal. It is a \$120 million project.

In January, Myanmar Foreign Minister Nyan Win met with Indian leaders in Delhi. Days later, India's Commerce Ministry announced that it had won the right to develop the Sittwe port. By the end of January, the UN Secretary General's special envoy, Ibrahim Gambari, travelled to Delhi, but the Indian government made clear to him that India would invoke its democratic credentials to tell Myanmar independently, that political reconciliation between the military and detained political leader Aung San Suu Kyi's party was the only alternative to pressure-cooker outbursts within a divided population. Above all, India must maintain a fine balance on Myanmar, Gambari was told.

'People's Livelihood' Lead Economic Issue in China

March 6 (EIRNS)—The Chinese government's commitment to ensuring "the people's livelihood" was the leading issue of the joint press conference today in Beijing given by National Development and Reform Commission Minister Ma Kai, People's Bank of China Governor Zhou Xiaochuan, and Finance Minister Xie Xuren during the ongoing annual session of the National People's Congress. These three leading policy-makers for China's economy described the measures being taken to improve the general welfare of China's 1.4 billion people during the conference, which was broadcast by China's official national CCTV. The "people's livelihood," a concept which goes back to China's great republican Sun Yat-sen and his commitment to the American system, was introduced as a fundamental policy for China by President Hu Jintao and Prime Minister Wen Jiabao during the Communist Party Congress in October 2007.

Xie Xuren elaborated on the specific policies which have been undertaken since the Communist Party Congress, for investment in the rural population and economy, as well as raising living standards for the urban poor. While the measures indicate just how poor a nation China is—the per-capita increase in social security spending is only about 200 yuan a year—many of the income support and pension payments will double or almost double this year. "By these means, we hope to ensure the livelihood of the people," Xie said.

China: Financial Crisis Something 'We Never Experienced Before'

March 6 (EIRNS)—China is faced with economic and financial challenges the nation "never expected and experienced before," People's Bank of China governor Zhou Xiaochuan emphasized several times during today's economic press conference in Beijing. One key issue will be the effects of Washington's inflationary reaction to the crisis, and the effect this will have on the world, and China itself, which is already urgently trying to curb excessive liquidity. China must watch this closely, Zhou said, since the "impact will go far beyond our experience and existing knowledge."

During the press conference, broadcast on China's official CCTV, Zhou spoke about the "U.S. subprime crisis," in answer to journalists' questions, but said that the problem is much broader. "There will be further indirect impact from the U.S. subprime mortgage crisis on China's economy in the future. It cannot be underestimated, since what lies ahead is far beyond [our] previous experience," Zhou said.

Even on the subprime collapse itself, "We are not aware of the whole picture," Zhou said. While the direct effect of subprime investment losses on China's own banks is containable, there are much bigger ramifications. What happens in the U.S. will affect world trade, and this will have an impact on China, including via trade with Europe. U.S. measures "against the downturn," such as its "expansionary" (i.e., inflationary) monetary policy and interest rate cuts, are going to affect China and its own policies. If the excessive liquidity in the global financial system "gets worse," this will affect China, he said. China is already urgently trying to curb excessive liquidity, a lot of which comes from its huge trade surplus with the United States. "We have to monitor the situation. We need to understand it. Many impacts will go far beyond our experiences and existing knowledge."

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London-Directed Chaos Operation Targets Sudan

March 5 (EIRNS)—While the Darfur conflict is kept in the news, with the media holding only the Sudan government responsible, a new press campaign has begun, saying that the conflict between the Sudan government and South Sudan, will flare up again, and will be a worse than the rebellion in Darfur. The long-running conflict between the Sudan government and the South was settled by a Comprehensive Peace Agreement (CPA), signed on Jan. 9, 2005, which set up a procedure for working out the differences between the government and the South.

Now Reuters AlertNet, the *Christian Science Monitor*, the *International Herald Tribune*, and the *New York Times*, have carried stories in the last few days asking if southern Sudan could be the next Darfur.

The story is being put out that a conflict is brewing over the implementation of the CPA, and that the resultant war will engulf more people, over a wider area than Darfur. One issue that is being manipulated, is will control the oil-rich border area. The immediate potential flashpoint is the small, ethnically diverse enclave of Abyei, which is on the border line between Sudan and South Sudan. The reports indicate that the Arabic-speaking part of the population (Messeriya Arabs) wants to stay with Sudan, and the non-Arabic-speaking farmers (Dinka) want to stay with the South. Nicholas Kristof, in a piece in the *New York Times*, claimed that "it looks increasingly likely that Darfur will become simply the prologue to a far bloodier conflict that engulfs all Sudan."

Reconciliation in Kenya Under Attack

March 5 (EIRNS)—Even though Kenyan opposition leader Rail Odinga, leader of the Orange Democratic Movement (ODM), has not yet had his position as prime minister approved by parliament, he had his first meeting with President Mwai Kibaki yesterday, as prime minister designate. The British media is trying to break up the agreement between the two. The BBC today said that it has heard allegations of state-sanctioned violence. Supposedly, meetings were held in the official residence of the President between the banned Mungiki militia and senior government figures, in which the Mungiki were given the task of attacking anti-Kikuyu (Kibaki is of the Kikuyu ethnic group) areas in the Rift Valley. The government has denied the meeting. But the BBC says that, "there is growing suspicion that some of the violence ... was orchestrated by both sides of the political divide."

Negotiators for the ODM and the PNU (Kibaki's party) have agreed to set up: 1) a truth, justice, and reconciliation commission; 2) a panel of inquiry into the post-election violence; 3) an independent review of the election; and 4) a roadmap for constitutional reform. Odinga says his party will discuss how to divide up the cabinet with the PNU.

Greenpeace Founder Promotes Nuclear Energy in Africa

March 4 (EIRNS)—Greenpeace founder Patrick Moore is promoting nuclear power on a lecture tour of South African universities, sponsored by the Nuclear Industry Association of South Africa.

In one statement at a lecture at Sandton University, reported in the South African press, Moore said, "Climate change has made me a strong supporter of nuclear power.... I find it logically inconsistent for people in the environmental movement who say that climate change threatens the very existence of our civilization and could drive millions of species into extinction, to then oppose one of the most important technologies that could bring about the resolution of this crisis." He went on to say that modern environmental activism is spreading dangerous myths leading young people into pessimism, instead of encouraging them to develop new technologies. He pointed out that most of the arguments against nuclear power are based on emotion and not facts.

On nuclear waste, he pointed out, "That is a problem solved by France 30 years ago. Nuclear plants produce very little waste, which is the first reason environmentalists should be in favor of them. Nearly all of their waste can be recycled to be run through nuclear power stations again. This has not been possible in the U.S. because of laws introduced by the Carter administration. But France has demonstrated that nuclear waste is a manageable problem."

Moore dismissed wind and solar power as alternatives, pointing out that Germany has spent billions on wind farms, without replacing a single coal-fired power station. He praised Finland for starting a "renaissance" for the nuclear industry, which now has now been joined by China, India, and Russia.

Moore, who was president of Greenpeace Canada when he left the organization in 1986, is making his tour of South Africa at a time when the country is taking a leading role in the drive for nuclear energy throughout Africa. South Africa, which already has a tender out for a new nuclear power station, is the only country in southern Africa with a functioning nuclear power station, and is planning to build at least six more. Of even greater significance is the fact that it is the only country in the region with expertise in the nuclear field: It is developing a new high temperature reactor called the Pebble Bed Modular Reactor, designed to shut itself down automatically in the event of any mishap.

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