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Gore Climate Change Swindle Exposed on European Tour
High Crimes, Misdemeanors Propel Double Impeachment
Can Arabs Stop Cheney's Drive for World War III?

How U.S. Mortgage Crisis Can Trigger Global Crash



EIR

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From the Managing Editor

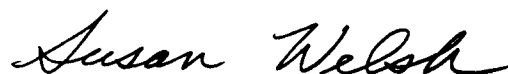
As the battle for double impeachment heats up in Washington, there are two primary intersecting missions of the LaRouche movement and its collaborators, which are reflected in this issue. First is to smash the political influence of Al Gore and his global warming propaganda drive; second is to focus the attention of a distracted Congress and Senate on the collapse of the world financial system that is hitting hard.

The two themes are interwoven in Helga Zepp-LaRouche's article, "Climate Campaign Is a Diversion; Real Danger Is Financial Meltdown."

Gore's authority took a body-blow beginning on March 8, when *The Great Global Warming Swindle*, a television documentary, appeared on Britain's Channel 4, and began to spread like wildfire via the Internet (see "YouTube" and other outlets). Interviewing top climate scientists, oceanographers, and others (including the disillusioned founder and former head of Greenpeace), the program smashed the lies behind the global warming campaign (see *Editorial*). We also report the frosty reception given to Gore during his European tour: While the European Union remains on board with the Green agenda, many political leaders and scientists are questioning the scientific basis of the alarmist scenarios. In *National*, we publish "The Gore Dossier," itemizing *EIR*'s exposés of Al's career of corruption and scientific fraud. See the version on our website for links to the actual articles.

Our *Feature* reveals the true extent of the U.S. mortgage crisis, particularly the explosive growth of subprime mortgages, whereby bottom-feeder lenders are now finding themselves in bankruptcy court. Given the way that these mortgages are bundled and marketed to hedge funds, banks, pension funds, and other investors, it is clear how this wave of bankruptcies could bring the whole system down.

Finally, note that we have several interviews and guest essays from international prominent figures, including the Ambassador of Zimbabwe to the United States; a retired general from Egypt; and a young activist studying in Belarus.



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EIRNS/Stuart Lewis.

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Correction:On p. 50 of the March 16 article "CO₂ The Greatest Scientific Scandal of Our Time," the first sentence after the subheading "The Near Future" should be corrected to read: "During the past 1 million years, there have been some 10 Ice Ages, each lasting about 100,000 years. . . ."

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

by Richard Freeman

The accelerating meltdown of the \$1.2 trillion U.S. subprime mortgage market has triggered the loss of over a half-trillion dollars on world stock markets in the first two weeks of March; obliterated New Century Financial, the second-largest subprime mortgage lender; paralyzed the market for mortgage derivatives, threatening the \$600 trillion world derivatives market; caused tens of billions of dollars of losses on hedge and mutual funds; and spread contagion to Alt-A and prime-grade mortgages, which will disintegrate the \$10.2 trillion U.S. mortgage market, itself one-quarter of all U.S. credit outstanding.

The way in which this meltdown—combined with the unwinding of the yen carry trade—is now occurring, makes it manifestly clear that this disintegration was not “pre-discounted” by any market forces nor any government action. *Lyndon LaRouche was the only economist who foresaw it.* And therefore, no market or market “players” or regulators will be able to stop this financial disintegration from accelerating into systemic breakdown.

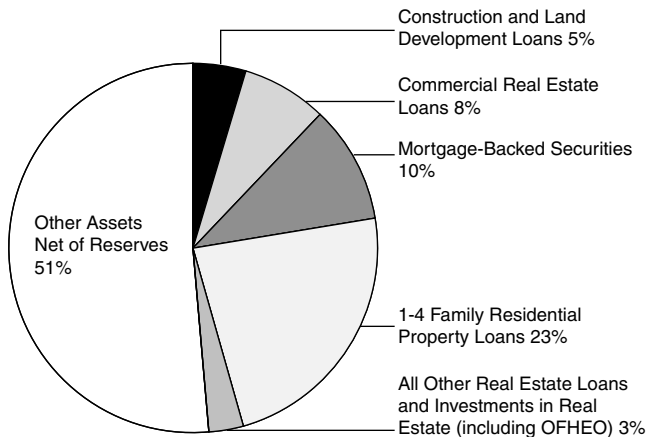
As recently as three months ago, a mortgage collapse was not a “systemic collapse risk” in anyone’s assessment except LaRouche’s—nor did any authority foresee or even admit as possible, the unwinding of the yen carry trade now underway. The “experts” thought that “plentiful international liquidity” would soak up losses in mortgage-backed securities as foreclosures mounted—but instead, securitization of mortgages has collapsed more than 60%. They were sure the banks could force the mortgage lenders to take the defaulting loans back; but instead, 38 of these lenders have folded up, and more of the biggest are at the brink of folding now (see box, p. 8). They thought the hedge funds and equity funds would come in and buy up this “distressed debt”; but instead, liquidity in these markets has disappeared.

Remember that mortgage-based debt is half the assets of the entire U.S. commercial banking system (**Figure 1**).

On March 14, LaRouche pointed to the warning he issued in February 2005, of

FIGURE 1
Real Estate Assets as a Percent of U.S. Banks' and Savings & Loans' Total Assets

(Total Assets=\$11.75 Trillion, Sept. 30, 2006)



Source: U.S. Federal Deposit Insurance Corp.

what a debt crisis was about to do to the globalized auto sector, most particularly GM and Ford. “The failure of the Congress to acknowledge or act on my warning then, and since, is being repeated again now,” he said. “You are seeing lying and ‘denial for denial’s sake’ from both Democratic and Republican leaders, and the expected lock-step lying by Treasury and Federal Reserve officials.”

“Despite all the disclaimers you hear,” LaRouche continued, “the entire financial system is coming down. What no one can determine, is the rate at which this will happen. But this much is undeniable: It can not be stopped from collapsing under present policies. I could bring this collapse under control; I know how to do it. But instead of supporting my move to do this, Administration and Congressional officials are lying and denying.”

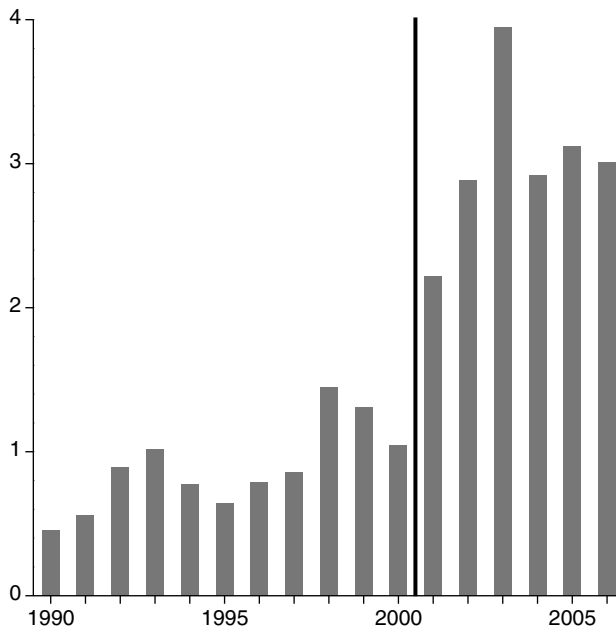
“I could bring this collapse under control,” LaRouche concluded, “because I would act to change the financial system; the existing, collapsing banking system must be put into bankruptcy reorganization, and a new financial system built on initiative from the United States. My policies are effective—but so far, I’m not getting the support urgently needed from Congress, including from the 2008 candidates for President. If that continues to be the case, the entire system is coming down. And those candidates will be discredited, hated, by the Fall.”

The Subprime Market

The subprime mortgage instrument has had the primary function of looting the lower 30% of the population by income bracket, to gouge out new wealth to perpetuate the housing

FIGURE 2
Annual U.S. Single-Family Home New Mortgage Loan Originations

(\$ Trillions)



Sources: Office of Federal Housing Enterprise Oversight (Ofheo); EIR.

bubble a little longer. Unlike the standard home mortgage or auto loan, which, under return to normal regulated conditions, would have a function, the subprime mortgage is mostly a criminal-type activity. It targets someone with poor credit, usually with a low income, to take out a mortgage, that, when all the costs are added in, costs anywhere from 25% to 100% more than a standard mortgage.

The subprime mortgage is the last phase of the Greenspan housing bubble, which is collapsing. After the Information Technology bubble collapsed with the crash of the Nasdaq stock index in March 2000, starting in January 2001, a shaken Greenspan built up the housing bubble to replace it. Single-mindedly, Greenspan cut the Federal Funds rate (at which banks trade overnight money) 13 times, so that by August 2003, the Federal Funds rate had bottomed at 1%, a 40-year historic low rate. This brought down mortgage rates, as intended.

Greenspan set about pumping tremendous sums of liquidity into U.S. housing, in coordination with Fannie Mae. Accordingly, between 2001 and 2006, \$15 trillion in new mortgage originations were generated, three times the level of mortgage originations in the previous five-year period (Figure 2). Greenspan built the biggest housing bubble in history, which allowed him to carry out two objectives. First,

TABLE 1

Percentage of Total Mortgage Loans, Which Are Subprime, by Year of Origination

2001	7%
2002	8
2003	9
2004	11
2005	14
2006	20

Sources: *B&C Lending*; Federal Reserve Bank of St. Louis; *EIR*.

he jacked up the price of homes, in “hot” housing regions, so that bankers could attach enormous mortgages of \$400,000 to \$5 million to vastly overvalued properties. Bankers charged huge up-front fees, and sucked in gigantic interest-income streams.

Second, he made it possible, by a process called “cash-out refinancing,” and related processes, for people to borrow against the inflated equity in their homes. *EIR* noted that in 2005, by this method, homeowners extracted approximately \$750 billion in cash, a good portion of which went into consumer spending, holding up the otherwise collapsing U.S. economy. (see *EIR*, Dec. 1, 2006, “Housing Bubble’s Fate, Is Banking System’s Destiny.”)

By 2004, Greenspan and the bankers had raked off huge sums from middle- and upper-income layers, and realized they had mined them pretty thoroughly. They would continue to scour through these groups, but they needed a new source of loot.

Next, they shifted into two areas: a) subprime mortgages, and b) exotic or alternative/non-traditional mortgages. The exotic mortgages would target all classes of the population, but with a new and dangerous twist.

It’s important to remember that a house should be an affordable, decent dwelling; ultimately, a place to raise a productive and creative human being, where children are nurtured and educated. To permit this, however, there must be an adequate supply of housing, reasonably priced, for families of all incomes—something the Fed policy-makers oppose. Households that are experiencing jobs loss and pay cuts, due to globalization, simply do not have the living standard to afford usurious mortgages. This is the key real-world parameter that is the undoing of the housing bubble.

The Scam of the Subprime Mortgage

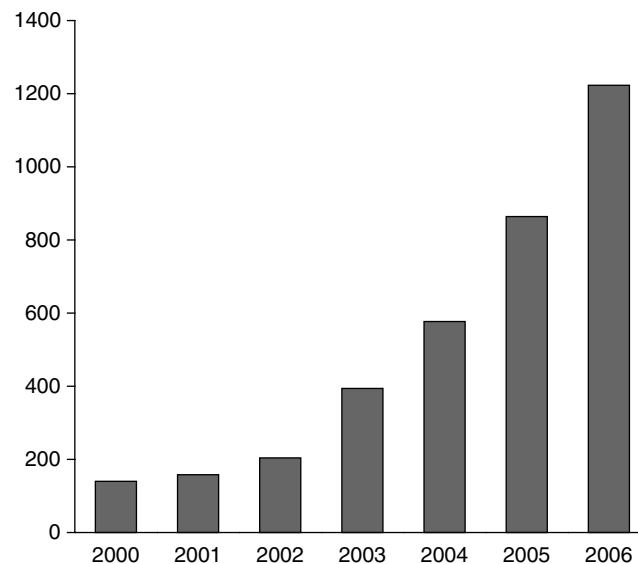
Subprime loans were made by the banks, loan-shark fashion, to low-income families, and to those with poor credit. The subprime loans were made on the same principle by which casinos are run in Las Vegas: the house always wins.

And while the subprime lending industry portrays sub-

FIGURE 3

Volume of Subprime Mortgages Outstanding Jumps Ninefold in Six Years

(\$ Billions)



Sources: Federal Reserve Board of Governors; Mortgage Bankers Association; *EIR*.

prime mortgages as typically having interest rates “only” two to three percentage points above prime mortgages, one study found that many subprime mortgages charge six or more percentage points above prime. In addition to high multiple fees, the subprime loan extracts a heavy penalty for late payments, and for those borrowers who *pay off their loans early*, thus keeping them locked into the loans.

When all these charges are accounted for, the subprime mortgage often is 25% to 100% more expensive than a standard prime mortgage. If a borrower defaults on a subprime mortgage, his credit rating slides, and if he is allowed to borrow again, it is on even more onerous terms.

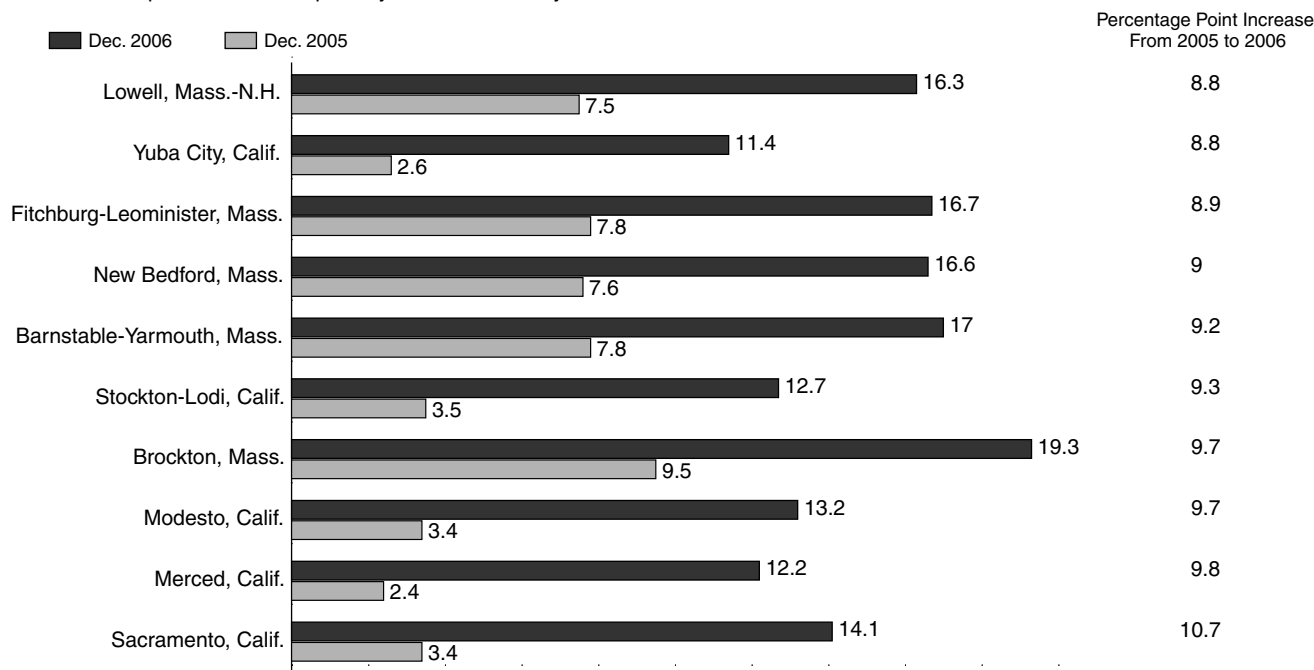
Seeing the high profits that could be sucked out of poor people, the investment and commercial banks wanted a piece of the action. For example, in 2003, the British Crown’s Dope, Inc. bank, Hong Kong and Shanghai Bank (HSBC) bought Household International for \$15.5 billion, and today is one of the top three U.S. subprime lenders; Morgan Stanley bought subprime mortgage underwriter Saxon for \$706 million in August 2006; Merrill Lynch bought First Franklin Financial for \$1.3 billion in September 2006, etc.

We’ll see the aggressiveness of the Wall Street-City of London policy decision. **Table 1** indicates that between 2001 and 2004, the share of all mortgage loans made (originated)

FIGURE 4

Metropolitan Areas: Subprime Mortgage Loan Delinquencies Climb

Percent of Subprime Loans Delinquent by more than 60 Days



Sources: *Wall Street Journal*, March 12, 2007, citing First American Loan Performance figures, which were based on a sample that covers about half of all subprime loans in the market; *EIR*.

that were subprime increased from 7% to 11%. But between 2004 and 2006, it nearly doubled from 11% to 20%.

The increase in outstanding subprime mortgage loans rose from \$140 billion in 2000 to \$1.2 trillion in 2006, with a considerable compounding of the rate of growth from 2003 onward (**Figure 3**).

However, the loans which were premised on completely absurd assumptions, started to turn bad, especially in 2006. **Figure 4** shows that, for Sacramento, California, as a leading case, the percentage of all subprime loans that were delinquent—i.e., 60 days past due—was 3.4% in December 2005, and jumped to 14.1% in December 2006, an increase of 10.7 percentage points. This happened most dramatically in the ten cities shown on this chart, but it was a phenomenon that was occurring across the country, in every state. This served strong notice that the system was about to blow.

Exotic, Non-Traditional Loans

In parallel with subprime loans, there was a tremendous gear-up of “exotic” loans. These had many features, but two of the most prevalent were interest-only, and minimal option payment mortgages. The idea was to suck someone into taking out a much larger loan—one beyond the means of

the borrower—by having him pay less initially.

- *Interest-Only Mortgage*: These are mortgages in which the home-buyer is permitted to take out the first few years of a long-term mortgage—a period of anywhere from two to five years—at a fixed, low, teaser rate of interest of 2-3%. During this initial period, the buyer pays no principal, only interest at this lower rate. When the initial period ends, the mortgage “resets,” and the home-buyer must start paying principal, plus an adjustable rate of interest, which is higher than the teaser rate. This leads to a shock, as the amount of monthly payment required often jumps by 50% or more.

- *Minimal Option Payment*: This loan is even more devastating than the interest-only loan, having the additional feature that during the mortgage loan’s initial period of two to five years, the borrower pays no principal, and only a *portion* of the interest. The amount of interest he does not pay is recapitalized, i.e., added onto the loan. Thus the loan amount due becomes *larger over time*.

The bankers pushed this loan with a frenzy. **Table 2** shows that exotic loans—these two types of loans combined—which accounted for 2% of all loans in 2001, zoomed to 39%. Also critical is the rate of interest from 2004 forward.

TABLE 2

Exotic Mortgage Loans* Surge as a Percent of Total Mortgage Loans Originated in That Year

Year	% of Total
2001	2%
2002	7-9
2003	11
2004	14-16
2005	31
2006, 1st Half	39

* Exotic mortgage loans consist of interest-only mortgages and option payment mortgages, combined.

Sources: Mortgage Bankers Association, *Mortgage News Daily*; *Business Week*; *EIR*.

TABLE 3

Projected Foreclosure Rates for Subprime Mortgage Loans Originated in 2006, for Top 15 MSAs*

Rank	MSA	Foreclosure Rate (%)
1	Merced, Calif.	25.0%
2	Bakersfield, Calif.	24.2
3	Vallejo-Fairfield, Calif.	23.8
4	Las Vegas-Paradise, Nev.	23.7
5 (tie)	Ocean City, N.J.	23.5
5 (tie)	Fresno, Calif.	23.5
7	Stockton, Calif.	23.4
8	Reno-Sparks, Nev.	23.2
9 (tie)	Santa Ana-Anaheim-Irvine, Calif.	22.8
9 (tie)	Washington D.C.-Northern Va.	22.8
11	Riverside-Ontario-San Bernardino, Calif.	22.6
12	Carson City, Nev.	22.5
13 (tie)	Atlantic City, N.J.	22.2
13 (tie)	Visalia-Porterville, Calif.	22.2
15 (tie)	Saginaw, Mich.	22.0
15 (tie)	Los Angeles-Long Beach, Calif.	22.0
15 (tie)	Nassau-Suffolk, N.Y.	22.0

Other Notable Projected High Foreclosure MSAs

18	New York City	21.7
19	Tucson, Arizona	21.6
21 (tie)	Rockford, Ill.	21.4
21 (tie)	Champagne-Urbana, Ill.	21.4
21 (tie)	San Diego-Carlsbad, Calif.	21.4
24 (tie)	Oakland-Fremont, Calif.	21.3
30	Lansing, Mich.	20.6

* A Metropolitan Statistical Area (MSA) is a Department of Commerce category, covering a city or cities, and the surrounding area.

Sources: Center for Responsible Lending; *EIR*.

Foreclosure

As these loans were extended, the volatility built into the mortgage bubble increased. The Center for Responsible Lending (CRL) issued a report in December 2006, which, working from the reality that housing prices were falling, not rising, projected the rate of foreclosure of subprime mortgages that were originated in that year (**Table 3**). The table shows that several of America's large cities are going to suffer an extraordinary 20% to 25% rate of foreclosure on subprime mortgages, including major cities such as New York, Los Angeles, San Diego, Tucson, and Washington, D.C. This will batter hundreds of thousands of households. With the subprime mortgage crisis intensifying, starting January 2007, the foreclosure rate could shoot considerably higher; this is one of the vectors that hit the subprime mortgages.

But consider the impossible situation the subprime mortgage lenders are in, and why there is no simple recovery. New Century Financial is essentially finished. However, it has debt obligations of \$2.5 billion to Morgan Stanley, \$1.4 billion to Credit Suisse, \$600 million to Bank of America, \$800 million

38 Mortgage Lenders Who Are Bankrupt/Ceased Operations

This is a partial list of the total number of subprime and/or mortgage lenders that have either gone bankrupt, or ceased most operations.

Maribella Mortgage—Couldn't handle the rising buy-backs, and went bankrupt March 15, 2007.

FMF Capital LLC—Tried to sell-off operations, but couldn't. Went bankrupt March 9, 2007.

People's Choice Financial Corp.—According to reports, "officially" went under March 14, 2007.

New Century Financial Corp.—2nd largest U.S. subprime mortgage lender, forced to halt lending operations March 8, 2007. Is now in death-rattle.

Ameritrust Mortgage Company—North Carolina-based company's subprime unit shuttered March 2007.

Master Financial—Company website reports "will cease . . . accepting new applications for mortgage loans." March 2007.

Trojan Lending—California-based, went bankrupt March 2007.

Fremont General Corporation—4th largest U.S. subprime lender, stopped making subprime loans in early March 2007; hanging by a thread.

to IXIS Real Estate, and \$100 million to Goldman Sachs, for a minimum total of \$8.3 billion, though the real number could be double that.

How would New Century pay these debts? It has listed somewhere between \$35 and \$51 billion of subprime mortgage loans. If it offers them for sale, who will buy? Moreover, the act of selling them would dump more bad subprime mortgages on the market, depressing it further.

The box on bankrupt lenders shows that New Century is just one of 38 subprime mortgage or mortgage-lending institutions that have gone under since late 2006 (the companies listed are subprime lenders, unless otherwise noted).

Spreading Vectors

There is more to the story. Many of the mortgages are bundled together, in packages of \$100 million or more, by Fannie Mae, Freddie Mac, and increasingly, the private investment banks, and sold as Mortgage Backed Securities (MBS) bonds, to investors, ranging from pension funds, hedge funds, and foreign central banks, like those of Japan,

China, and Britain. These MBS bonds, although they are based on underlying mortgages, are totally separate and independent of the mortgages, carrying their own interest rates and risk. There are currently \$6.3 trillion of these MBS outstanding. They are being destabilized by the shakeout of the subprime mortgages.

Adding the total of outstanding home mortgages—\$10.2 trillion, and the \$6.5 trillion of MBS, one arrives at a total size for U.S. housing-related paper of \$16.7 trillion, one-third the size of the total U.S. credit market.

There is, as well, the vector to the derivatives market. There are credit default swaps, which are derivatives, issued against both subprime mortgages, and subprime mortgage MBS. The credit-default-swap derivatives issued against subprime instruments, are paying a record 20% premium cost, showing that the market has broken down and is illiquid. But these subprime-based credit-default swaps are part of the \$34 trillion credit derivatives market, one of the most risky types of derivatives. They are building the potential to bring down the world's \$600 trillion-plus world derivatives market,

Franklin Financial—Alt-A mortgage lender, ceased most operations Feb. 28, 2007.

Resmae—21st largest U.S. subprime lender; filed for bankruptcy Feb. 2007. Remains were bought by Credit Suisse.

ECC/Encore—24th largest U.S. subprime lender, substantially reduced operations Feb 2007; sold in fire sale to Bear Stearns.

Deep Green Financial Inc.—online home equity lender, went bankrupt Jan 2007.

Ownit Mortgage Solutions Inc.—17th largest U.S. subprime lender, filed Chapter 11 bankruptcy Dec. 28, 2006.

Harbourton Mortgage Investment Corporation (HMIC)—a mortgage banking operation, folded Dec. 20, 2006.

MLN—19th largest U.S. subprime lender, went bankrupt Dec. 12, 2006; shards of remains bought by Lehman Brothers.

Sebring Capital Partners—Carrollton, Texas-based; went bankrupt Dec. 4, 2006.

Ailing Lenders

Home lending institutions, though they have not shut down, are significantly downsizing and/or in manifest financial (or other) distress, and could close down.

Accredited Home Lenders—13th largest U.S. subprime lender exploring firesale-type options, which is often preparatory to closing, March 2007.

Ocwen Loan Servicing—mortgage loan servicer and

lender, that is being sued by individuals and U.S. government, March 2007.

Option One—H&R Block owns Option One; Block now lists Option One in its own reports under “discontinued operations,” March 2007.

Doral Financial Corp.—Doral must either refinance \$625 million by July or face terminal cash crunch; March 2007.

Evergreen Investment/Carnation Bank—Evergreen which is in financial trouble, also being sued by investors and investigated by state and Federal authorities; January 2007.

Aegis Mortgage Corporation—Struggling company scaled back primary wholesale subprime operations, but company denies it has shut all such operations down; January 2007.

Coast Financial Holdings, Inc.—A “diversified” lender, announced anticipating problems with loans to 482 home borrowers, totalling \$110 million; January 2007.

Residential Capital, Llc (ResCap)—ResCap is subsidiary of General Motors Acceptance Corp. (GMAC). General Motors had to infuse \$1 billion into GMAC's ResCap subsidiary to cover \$1 billion of ResCap losses due primarily to non-performing subprime loans; March 2007.

Fieldstone Mortgage Company—Closed 7 of 16 operations centers, and renegotiated covenants with lenders; January 2007.—*Richard Freeman.*

Sources: *The Mortgage Lender Implodes-o-Meter*; *EIR*; wire service reports.

which would bankrupt the financial system.

And finally: one-half of the U.S. commercial banking system's assets of \$11.73 trillion are invested in U.S. real estate, especially residential real estate.

Thus, in multiple ways, vectors from the subprime mortgage market drive into multiple points in fundamental ways into the world financial system. This goes to the heart of the world financial system. It is time that world leaders give LaRouche the backup for the steps he knows must be taken.

Timeline:

How the Now-Bursting Bubble Was Created

1982: Fracturing of Banking Regulation. The Garn-St Germain Depository Institutions Act (sponsored by Sen. Jake Garn (R-Utah), and Rep. Fernand St Germain (D-R.I.)) was signed into law on Oct. 15, 1982. The Act deregulated the banking system, and created the deregulated geometry to destroy the stable, traditional housing market. Vice President George H.W. Bush headed a task force which pushed through the legislation. Its key provisions were:

- The usury ceiling on what banks could charge on loans, set in most states at 10%, was repealed. During the early 1980s, the prime rate reached 21.5%;
- The lending limits for unsecured loans by banks to a single borrower were increased, thus increasing the amount of unsecured loans in the banking system;
- Commercial banks were de facto allowed (mostly because the Federal Reserve and other regulatory agencies turned a blind eye) to buy banks out of state, thus taking a step toward creation of super-banks, in violation of the Glass-Steagall Act of 1934;
- Commercial banks were permitted to create a category of loans and investments called "off-balance-sheet liabilities," which transformed into the \$600-trillion-plus derivatives market.

1982: Until 1982, a homeowner took out a standard 30-year *fixed-interest-rate* mortgage, accompanied by a 20% downpayment. In that year, under Wall Street guidance, Congress passed the Alternative Mortgage Transaction Parity Act, which authorized for the first time, thrift institutions (savings banks, and savings and loan associations) to issue variable or adjustable-rate mortgages (ARMs), and to make "balloon payment" mortgages. Though commercial banks had

TABLE 4

The Top Ten U.S. Subprime Mortgage Lenders, 2006

Subprime Lenders	Market Share (%)	Loans (\$ Billions)
1. Countrywide	8.0%	\$38.5
2. New Century	7.0	33.9
3. Option One (H&R Block)	6.5	31.3
4. Fremont	6.2	29.8
5. Washington Mutual	6.0	28.8
6. First Franklin	5.8	28.3
7. RFC	5.4	25.9
8. Lehman Brothers	5.1	24.4
9. WMC (GE)	4.5	21.6
10. Ameriquest	4.4	21.4
Total	58.8%	\$283.9

had the power to issue ARMs—and usually didn't—now Wall Street pushed them to do so. Thus, during the late 1980s and 1990s, mortgage lenders increasingly issued ARMs, "balloon payments" mortgages, and other "alternative mortgages." This set the basis for the explosion of the dangerous "exotic" mortgages of the present, 21st-Century bubble.

1981-83: The circles of Lazard Frères investment bank took over Fannie Mae, and put a stop to the function for which FDR had established it in 1938. Fannie Mae bought mortgages from mortgage lending institutions, gave the institutions cash for the mortgages, and the mortgage lending institutions used the cash to make new mortgages. By repeating this cycle on a larger and larger scale, several times a year, with tens of thousands of lending institutions, Fannie pumped in walls of money, and, working with Fed chairman Alan Greenspan, amplified the housing bubble starting 1995.

Mid-1980s: Fannie pioneered a basically new instrument, called a Mortgage-Backed Security, which bundled together mortgages (from different lending institutions), and sold them to investors.* The MBS, though they are based upon mortgages, are completely independent instruments, with their own interest rate and their own increasing level of risk. The volume of MBS, issued by Fannie Mae, Freddie Mac, and increasingly by Wall Street banks, has risen from a trickle in the 1980s, to a level of few trillion dollars in the 1990s, to \$6.3 trillion today.

*The MBS was created by Lewis Ranieri of Salomon Brothers in 1977, but it required an institution with Fannie Mae's muscle, to make the MBS widely accepted and traded.

1990s: With all of the above features going full bore, the subprime mortgage market was built up. On May 21, 2004, Federal Reserve Board Governor Edward M. Gramlach affirmed that “one of the key financial developments of the 1990s was the emergence and rapid growth of subprime mortgage lending. Because of regulatory changes [deregulation], the desire for increased profit, . . . and liberalization in some government mortgage support programs, lending institutions began extending credit to millions of borrowers. . . .” Subprime loans are loan-shark loans with oppressive fees, high penalties, and usurious interest rates, that target individuals and households with poor credit, usually from low-income households.

The share of subprime loans in total mortgage loans originated in a particular year, soared from 7% in 2001, to 11% in 2004, to 20% in 2006. However, the volume of subprime loans outstanding is even more stark: this jumped from \$140 billion in 2000, to approximately \$350-400 billion in 2003, to \$1.2 trillion in 2006. The latter is 12.0% of all mortgages outstanding.

2000-01: After the “Information Technology” bubble crashed in March 2000, Fed chairman Greenspan decided to push the housing bubble into high gear to replace the IT bubble. Starting in 2001, Greenspan pushed through 13 cuts in the Federal Funds rate (the rate at which banks lend funds overnight); by August 2003, the Federal Funds rate stood at 1%, its lowest level in 40 years. By design, this pulled down the interest rate on mortgages. In this context, in addition to pushing subprime loans, the bankers absolutely destroyed traditional mortgage standards:

- Up until 1982, a home purchaser was required to make a downpayment of 20% of the home’s sales price, so that the homeowner would start off with equity in the home. This downpayment was sliced to 15% by the start of the 1990s, approximately 10% by the end of the 1990s, and around 5% in the first decade of 2000. However, bankers found a way around that: “piggyback loans,” two loans in which the first one is for the so-called mortgage, and the second is to enable the home buyer to pay the downpayment.

- Since 2000, bankers shifted to risky non-traditional/exotic loans. An example of that type is the “interest-only” loan. The loan is at an adjustable interest rate: for the first two to three years, the homebuyer pays a low “teaser” rate, of say 2-3%. During this initial period, the homebuyer pays no principal, but only interest at this lower rate. Then, after the initial period is over, the mortgage “resets,” and the homebuyer must start paying principal, and also pay an adjustable rate of interest which is higher than the teaser rate. This leads to a shock, as the amount of monthly payment required often jumps by 50% or more.

Until 2001, nationally, fewer than 4% of buyers took out non-traditional or exotic loans. During the first half of 2006,

39% of all mortgage loan originations were of these risky exotic types.

- In 2000, only about 15% of subprime loans were undocumented, having no documented evidence of the income level, place of work, etc. By 2006, some 45-50% of subprime loan applications were undocumented. One study found that more than a third of the applicants’ income levels were overstated by 50%. Also, a considerable portion of recent *non-subprime* loans were undocumented.

2006-07: The outstanding volume of unstable, risky, exotic loans is estimated by sources to be \$1.5 trillion. The volume of subprime loans is estimated to be \$1.2 trillion, by the Mortgage Bankers Association. Separating out the overlap, it is estimated that \$2 trillion in mortgage loans are in very serious condition, with the potential of this spreading through other layers of the whole \$10.2 trillion mortgage sector.

As for the banks, they have multiple layers of exposure. As of the third quarter of 2006, the U.S. banking system had \$11.75 trillion in assets. Of that amount, 49%—or \$5.7 trillion—was invested in real estate, primarily residential mortgages and MBS, according to the Federal Deposit Insurance Corporation. The mounting mortgage defaults and the collapse of the subprime mortgages and derivatives based on them, has the potential to rupture the banking system.

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Loudoun County Waits For Next Shoe To Drop

by L. Wolfe

Some foolish people in Loudoun County, Virginia, the Washington suburb that became the “poster child” of the Alan Greenspan housing bubble that is now going bust, read a recent uptick in home sales to proclaim that the area had weathered the crisis. However, more sober fellows understand that, as bad as things have been in Loudoun, where assessments of superinflated home values have fallen more than 10% in the last year, much worse is yet to come.

Sources in the local real estate industry dismiss the cheery words about a small increase in home sales in January and February, and point instead to the huge and growing inventory of unsold homes, now in the several scores of thousands. Even as the numbers of new housing permits have fallen off (Figure

1), homes in developers’ pipelines keep pouring into this pool of unsold inventory. They are colliding with increasing numbers of older homes placed on the market by homeowners and speculators who fear that they bought their houses at too high a price, borrowed too much money, and might not get out “whole” if they wait to sell.

This deadly combination of inventory buildup continues to lead to a seemingly unstoppable rise in another telling statistic—the number of days a home stays on the market (Figure 2). That number is now climbing above 120 days, to almost 140 days. At the height of the white-hot “bubble market,” homes were selling almost the moment they hit the market, with often several buyers bidding up the price above what was originally listed. That was a mere two years ago, but it seems like ancient times, now.

Foreclosures on the Rise

Also rising, along with the numbers of “For Sale” signs, are the number of foreclosures, mostly in the upper end of the market, among the so-called McMansions, million-dollar-plus homes on relatively small plots of land, which were once the most desired of purchases. The numbers of such foreclosures are still only a tiny segment of the market, kept down by factors that have given the rest of the market as well a ghostly afterlife.

Loudoun is the wealthiest county in the nation. As such, the majority of its homebuyers and homeowners had, and have, access to credit. As one realtor explained, that is the only reason that the market has not yet blown out. There are few subprime mortgages here, he said, although there were some “very creative” loans written up at the height of the bubble. Homes go into foreclosure because people have their credit cut off. That hasn’t happened to a large extent here—yet, he continued. As long as most people are “right side up” on their mortgages (i.e., their property value exceeds their loans), they can continue to get credit and this takes pressure off possible bankruptcies and foreclosures, while keeping additional volumes of homes off the market, at least for the time being.

The Developers Could Blow Up

The Loudoun market, however, remains poised to blow

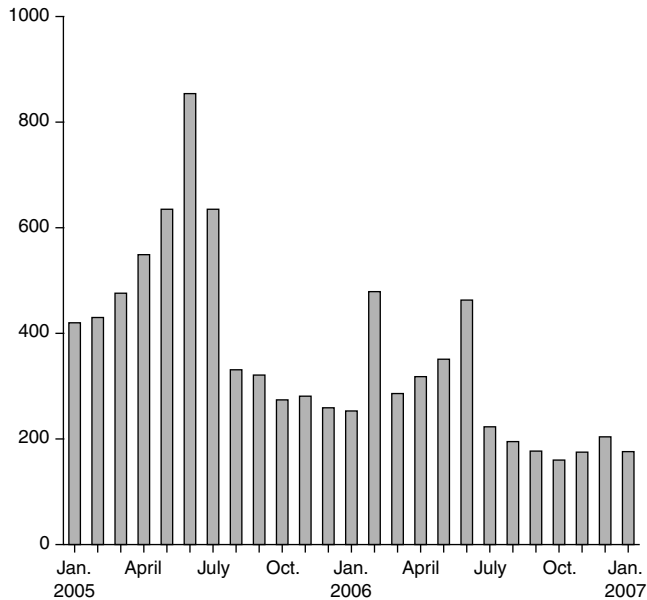


EIRNS/Stuart Lewis

A typical scene in the wealthiest county in the country.

FIGURE 1

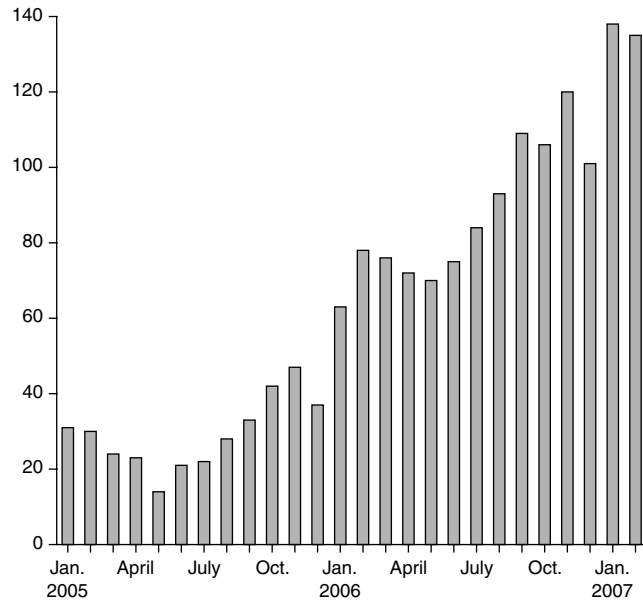
Residential Building Permits Issued Monthly, Loudoun County, Virginia



Source: Loudoun County Dept. of Economic Development.

FIGURE 2

Homes for Sale: Days on the Market, Loudoun County, Virginia



Source: Dulles Area Association of Realtors.

from another of its sectors: the developers of large residential and commercial tracts. These developers bought property at high market values, expecting huge returns in the near term, as they churned out homes, condos, and townhomes. With the market choking on inventory, these developers, such as Toll Brothers, NV Home, and Ryland are themselves choking on the debt that they must service. Loudoun was thought to be their gold-plated money-maker, which could support hard times in other locations; now, it can't even support itself.

Sooner or later, such developers will be forced either into bankruptcy or liquidation of inventory below their profit margins to make their debt payments. They have already seen their credit ratings downgraded, and in some cases, they are facing credit shutoffs.

"A homeowner might be able to wait it out for a year," said the realtor. "These developers can't wait. For the homeowner it is one property. For these guys, you're talking about hundreds or even thousands of homes. You do the math."

LaRouche Was Right on the Mark

Such a sell-off, in which properties will be bought up by wealthy people's monies being pulled out of hedge funds, will cause prices to plunge for everyone. In that way, the crisis in one portion of the local market rapidly becomes systemic

throughout the entire market, with dire consequences for the national market.

Lyndon LaRouche has labelled Loudoun "Ground Zero" of the entire U.S. real estate bubble. For example, in a June 16, 2005 webcast, LaRouche warned:

"You have real estate bubbles, where you have shacks in the Washington, D.C. area, around it, where people have moved in from all over the world, to live in the D.C. area. . . .

"And this thing is about to come down. . . .

"Well, it's obvious to me, it's going to happen. I can see it in Northern Virginia. It's clear. We have Loudoun County, which is going to be a center of this catastrophe, because, it's been one of the areas that has been the most heavily built, with the least infrastructure. . . .

"This catastrophe *is going to happen*. It's not, 'if' it's going to happen; it's just a question of 'when'—and, 'when' is soon."

People familiar with the way Loudoun's once "gold-plated" loans have been bundled with subprime and other toilet-paper mortgages, realize how right LaRouche is. It is impossible to estimate how many mortgage bundles or how much value they represent, but the number is likely in the billions of dollars. Those mortgage bundles are held by many financial institutions; a collapse of value in Loudoun County could pull them all down.

Gore Climate Change Swindle Exposed on European Tour

by Mary Burdman

“I’m proud to be an adviser to the U.K. Government,” Al Gore, former Vice President of the United States, boasted in an interview with U.TV in London March 12. During his recent tour of Europe, which took Gore to Denmark, Belgium, England, and Scotland, he has been trading on his status as a hireling of British Chancellor of the Exchequer Gordon Brown—the man who has presided over the explosion of the huge London-centered derivatives, real estate, and personal debt bubble—the biggest in British history—during his ten years in the Labour government.

Brown named Gore as “Special Adviser to the Government on Climate Change” in October 2006. A more accurate title would be: Adviser on how to generate the next speculative “locust” funds out of the “global warming” Big Lie. On March 14, Gore showed up in Edinburgh in his capacity as government Special Adviser and Chairman of the “Blood and Gore” hedge fund Generation Management, to tell Britain’s National Association of Pension Funds (NAPF) to risk the nation’s pensions in the “carbon trading” bubble which he, Gordon Brown, and the City of London are desperately trying to get off the ground before the whole financial system crashes. With the U.S. housing bubble about to tip over into the abyss, they have little chance of making it.

Gore’s real mission, as his speeches in Copenhagen and Edinburgh showed, is to let the London locusts loose on what remains of the U.S. economy. The next Presidential administration, he claims, will be “committed” to the global warming hoax. The real agenda of what can only be called climate “terrorism,” will be using this hoax to impose the kind of “state of emergency” used when the Nazis took power in Germany, as the German newspaper *Die Welt* has just warned. This crew is not only after everyone’s pension; they are using green propaganda to target a generation of children, as *Godzilla* was used to frighten young Baby

Boomers about the atomic age. *The Scotsman* reported Feb. 23 about a recent study which revealed that half of over 1,000 British children between the ages of 7 and 11 lose sleep because of exaggerated fears about global warming. It is no coincidence that the British government is sending Al Gore’s film hoax “An Inconvenient Truth,” to all schools in the country.

Gore played a particularly slimy role, by turning up March 8 in Brussels, on the eve of the 27-nation European Union summit on energy, which German Chancellor Angela Merkel led into the depths of “climate change” insanity. Gore was there to “keynote” the World Biofuels Markets Congress and Exhibition bash. He told reporters: “I’m trying to get my country to change its policies, but in the meantime, the European Union is absolutely key to helping the world make the change it must.” Merkel told the London *Financial Times*, “It won’t be easy, but that’s why the EU should make commitments now and take this pioneering position.” With British, Spanish, and Irish backing, she rammed through the program to commit EU countries to reduce greenhouse gas emissions by 20% in 2020 from 1990 levels, and by 30% if other industrialized and emerging nations join in.

This insanity includes commitment to 20% “renewable” energy production—use of windmills, solar (in rainy Europe), tidal, and other such costly frauds, and, despite some resistance from France, the Czech Republic, and Slovakia, there is no inclusion of clean nuclear energy in these drastic quotas. The results—if implemented—will devastate what remains of European industry. The next step will be to bring this agenda to the June 9 G-8 meeting, in northern Germany.

The Hoax Exposed

However, the Labour Party Fabians are not the only force in Britain. On March 8, British television’s Channel 4 pre-



EIRNS/Michelle Rasmussen

The LaRouche Movement greets Al Gore in Copenhagen March 13.

sented the highly qualified film, “The Global Warming Swindle” (see *Editorial*, this issue). This film, *EIR* founding editor Lyndon LaRouche responded, is the work of a key faction of the British intelligentsia, who know not only their science, but also their history. In the 1920s, Britain supported another “green” movement—the early “Wandervogel” bands which became the Nazi Party. Supporting fascism in Germany led to disaster, for Britain and the entire world. This group knows that Britain cannot be allowed to support fascism—this time led by the likes of Al Gore, Gordon Brown, and their ilk—again.

Gore felt so pressured by the Channel 4 film, that he attacked it directly in his speech to the NAPF, calling the documentary “pseudo-science as entertainment,” in alleged contrast to his own Hollywood fantasy-film. British Environment Secretary David Miliband, the “tweener generation” front man for the Fabians, also attacked the British film, claiming that, “the science [of global warming] is set, and there is a consensus.” Miliband, according to his website, will be sending Department of the Environment and Rural Affairs scientists out to try to counter the effects of “The Global Warming Swindle.”

There are some stirrings also in other parts of Europe. Peter Struck, chairman of Germany’s Social Democratic parliamentary faction, said in an interview in the March 11 tabloid *Bild am Sonntag*: “I completely support warnings against climate hysteria.” All of a sudden, “climate” is on everybody’s agenda, and such issues as German unemployment have become unimportant, Struck said. It is notable that three days earlier, Struck had arranged for the SPD parliamentarians to see Gore’s hoax “documentary.” The next day, the usually neo-conservative newspaper *Die Welt*, put out a very sober warning on where the propaganda can lead. Editorial board member Thomas Schmidt wrote: “In other words, the climate issue finally creates the very state of emergency that right-wingers and left-wingers as well as ecological friends of Carl Schmitt would like to have a license for.” Carl Schmitt

was the legal ideologue and Crown Jurist of the Hitler regime, whose writings justified the Emergency Measures of Hitler’s police-state rule.

Another opponent is the government of the Czech Republic, which urgently needs nuclear energy to survive. In Washington March 9, President Vaclav Klaus unleashed a blistering attack on radical environmentalists: “Behind their ‘friendly’ ideology, they are attempting to change the nature of the world,” Klaus said. “They are presenting their catastrophic scenarios in order to change our values and this is very dangerous. . . . It is not science but the embodiment of an ideology, a religion. . . . They have a confused notion of the concept of ‘resources,’ and exude a strong dose of Malthusian pessimism. . . . Their policies would take us back decades and threaten our prosperity.”

And on Al Gore: “Perhaps only Al Gore may be saying something along these lines—a sane person can’t.”

The New Empire

The “carbon-emissions-trading” scam has been in the making for some years, with the City of London leading the way, and the nations of the European Union sheepishly following the leader. A revealing article in London’s Conservative *Daily Telegraph* published March 14 reported that Al Gore’s real message is the “booming market in emissions trading.” Economics reporter Tom Stevenson wrote that Gore “can spot a trend,” and “carbon trading is the hottest ticket in town.”

On March 12, Gordon Brown told the Green Alliance that he wants to make London the center of a new “global carbon market.” Citing the sensationalist “global warming will drown us all” report by Sir Nicholas Stern, which Brown had published in October 2006, the Chancellor said that Britain can lead climate change “initiatives” “by creating new markets. As Nick Stern argued, emissions trading can enable significant flows of investment into developing countries. My ambition is to build a global carbon market, founded on the EU Emissions Trading Scheme and centred in London. Today worth just \$9 billion, emissions trading could grow to between \$50 and \$100 billion. So we will now advance this through an international conference hosted in London to discuss how we can link schemes in different countries and enhance trading with developing nations—to turn this growing system into a global force for change.” The nations of “China, Brazil, South Africa, India, Mexico, and other[s]” will be targets of this attempt at a new “environmental” Empire.

Brown cited imperialist Foreign Secretary George Canning, who claimed at the beginning of the 19th Century that, “he had called the new world into existence to redress the balance of the old,” to make his own claim for another, environmentalist “new order” based on globalized interdependence. The entire “post-1945 system of international institutions is urgently in need of reform for a world of 200 states and a global economy which must also now provide global environmental stewardship,” Brown said. “Next month the

UK is seeking to place climate change on the agenda of the Security Council,” he said. And, “at the heart of these new global institutions must be a global Europe working more closely together. And let me say that the decisions made last week are testament to the UK’s leadership in Europe.”

One day later, Environment Secretary David Miliband presented the Labour government’s draft Climate Change Bill, which would make Britain the first government to make drastic emissions-reductions—the target is 60% by 2050—legally binding.

The City of London took the lead in “carbon trading” already in 2002, with a £215-million plan to get companies to reduce emissions, *The Telegraph* reported. Based on this, Barclays Capital environmental markets head Louis Redshaw said, “When the European Emissions Trading Scheme (ETS) came along in 2005 they picked up business automatically.” The ETS accounts for more than 60% of the volume of carbon traded around the world and 80% of its value, *The Telegraph* wrote. The amount of “carbon” traded this year could be 2.4 billion tons, up from 1.6 billion tons last year and just 799 million tons in 2005. Emissions trade was worth some 20 billion euro last year, and carbon markets are estimated at about 20 billion euro.

There have been a lot of machinations to get the carbon bubble going, *The Telegraph* account indicated: In the first phase of the ETS, 2005-07, most EU states overestimated their emissions, so the market surplus has sent carbon prices down to less than 33% of the peak a year ago. But the next, much stricter phase is due to be launched in 2008. Allowances will be cut sharply, obviously calculated to send prices shooting up, giving speculators a killing. Some of the world’s biggest investment banks, such as Goldman Sachs and Morgan Stanley, are getting involved, *The Telegraph* reported, and a new bank, Climate Change Capital, just launched a \$1 billion fund.

Invading the U.S.

London is “the home of carbon trading,” but Gore wants to get this bubble going big-time in the United States—which would give the London locusts a whole new field to devour. At Edinburgh, Gore said that managers of the world’s hard-pressed pension funds should include the “greatest challenge to mankind”—global warming—in their thinking. This means looking at how to “systematically integrate” what amounts to speculation on “the climate crisis” when they make investment decisions. But beyond all the blather about “sustainable” investment, the core of Gore’s speech, like the one he delivered in Copenhagen March 13, was that he was going to do all he could to ensure that the next U.S. Presidential administration would go with the climate hoax. Gore went after those who he claimed are “core members of the inner circle” of the Bush Administration for being “fiercely resistant to any effort to act on carbon emissions. The next administration, either Democrat or Republican, is far more likely to

adopt a different position on the Kyoto process.

“We are now seeing a real tipping point not far off in the future that includes the new Presidential election in the U.S. It will result in a new administration that is really committed to this,” Gore asserted. Institutional investors such as pension funds are the “key players in helping to shape the overall posture of our economy and industrial or post-industrial civilization,” he said, and they have a lot more money at their disposal than governments do.

In true Alvin Toffler style, Gore babbled about “an era of history, very suddenly rushed upon us, that has a number of changes that in the past we would have associated with long-term cycles, but are actually occurring more swiftly than we would have expected a few years ago.” He added: “The climate crisis is, in my view, by far the most important of those.”

Investors have to look “at the impact of this onrushing climate crisis. There are lots and lots of businesses whose plans are blind to the carbon consequences of what they are doing. If you do truly invest on a long-term basis, then it’s easy and more profitable to fully integrate sustainable factors into your analysis. We have everything we need to make this transition with the possible exception of the will to act, but the will to act is a renewable resource.”

Rotten in Denmark

Gore had likely expected a smooth visit to Denmark, where his personal fan Danish Environmental Minister Connie Hedegaard, had invited him. But not all went so well. Even as the Danish ecological establishment greeted him for his Jan. 18 speech in Copenhagen, a singing demonstration by supporters of Lyndon LaRouche, the Danish Schiller Institute, sang canons exposing Gore’s political clownishness and hot-air hoax. Gore was too nervous to talk to the Danish newspaper *Jyllands-Posten*, while Danish television showed not only the Schiller Institute demo, but also an interview with Eigil Friis-Christensen from the Danish National Space Center about the fraud of Global Warming.

Gore returned March 6, this time to Frederikshavn. There, there were more problems. His co-speaker Michael Gorbachov cancelled, and the organizers had not only to refund 50% of the ticket price, but were also finally reduced to distributing free tickets to local college youth, in a fruitless effort to get even a half-full auditorium. Finally, on March 13, Gore was “brought in” to keynote the “Carbon Market Insights 2007” in Copenhagen. Here, again, he demanded a contract banning all journalists from his speech. This was to no avail. The conference opening was greeted by Schiller Institute members holding a five-meter banner reading: “LaRouche: Al Gore’s lies lead to genocide,” and distributing copies of *EIR*’s expose, “London is spreading Blood and Gore”—an intervention welcomed by many in the audience.

Tom Gillesberg in Copenhagen and William Jones in Washington contributed to this article.

Climate Campaign Is a Diversion; Real Danger Is Financial Meltdown

by Helga Zepp-LaRouche

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

The population is currently being conditioned with a dramatic fear-campaign, to get them to accept a massive shrinking of their living standards and civil rights—and ultimately a different world order. Governments, the media, and “objective” scientists are speaking as if in lockstep, since the Intergovernmental Panel on Climate Change (IPCC) report on Feb. 7 provided the opening shot for the coordinated campaign for a paradigm-shift: to address the man-made climate catastrophe, the poor polar bears, who are swimming all alone toward the last ice floes in a warmed-up North Sea, and the “fact” that our “planet only has 13 years left.” And Environment Minister Sigmar Gabriel tries with some success to appear as weighty as Al Gore, and, according to *Welt* online, demands a “leader of the world.”

While this panic-mongering affects the short-term memory of the citizen (“I was just in the Alps, where there was really no snow!”), on account of the fact that the very cold Winter and snow-catastrophe of last year has already been forgotten, the real drama is playing out on another stage. The disintegration of the global financial system, which has now convulsed various sections of the markets as a result of the unwinding of the yen carry trade, is unstoppable. The collapse of the American real estate market, especially in the realm of the subprime mortgages, due to the market-dominant role of the hedge funds, can lead to a crash of the system. The environmental hysteria is supposed to create a menacing situation in order to force through dictatorial measures in the resulting chaos.

In spite of all the swearing that the interest rate rises in Japan were only “a correction,” but would not result in a crash, the disintegration is proceeding full speed, not only in the emerging markets, where there has been a collapse of 50-80%. The currently most dramatic situation is the collapse of the real estate bubble in the U.S.A., where the unsound practice of the issuance of so-called subprime loans has led multiple credit institutions into bankruptcy, and is spreading to other areas of the real estate market and the banking system [see this week’s *Feature*].

Enter the Climate Hoax

Against this background, the climate catastrophe campaign is exposed as an effort by the investment banks and the hedge funds to find a new region for mega-profits, through creating a new bubble. Al Gore, who had sunk, discredited, into oblivion, due to his ineffective Presidential campaign as a stirrup-holder for George W. Bush, is now everywhere with his anti-scientific documentary and lectures in front of companies and hedge funds, in order to promote the CO₂ emissions credit trade as a source of super-profits. What many of his green supporters don’t know, is that Gore himself has been a hedge-fund manager since 2001. Gore was the proxy chairman of Metropolitan West Financial LLL (Metwest), whose chairman was junk-bond swindler Michael Milken, who was jailed for insider trading. In 2004, Gore and David Blood, previously the chairman of the board of Goldman Sachs Asset Management (aka “Blood & Gore”), founded the London Fund “Generation Investment Fund,” which is itself massively active in the CO₂ emissions credits trade.

“The real subject of what’s going on, is the booming emissions trade,” wrote the *Daily Telegraph* on March 14. “Gore recognized a trend that CO₂ emissions certificates trading would be the hottest business.” The *Telegraph* reported on the fact that the biggest investment banks in the world have plunged into this market, which is centered, by the way, primarily in London. Gore, who has been an official advisor to the British government on climate questions since 2006, promised about 2,000 companies that are involved in the emissions trade at a conference in Copenhagen, that he would turn the 2008 Presidential campaign in the U.S.A. into a campaign for climate change.

Therefore, all the more important is the documentary produced by the British Channel 4, with the title “The Great Global Warming Swindle,” which takes up many of the scientific counter-arguments against the allegedly man-made climate catastrophe, and traces the beginnings of this campaign to the Thatcher Era. This film is an absolute must for anyone who is concerned with this subject.

There is a battle raging among climate scientists, geologists, chemists, and other scientists about the cause for the climate fluctuations which, over hundreds of thousands of

years, have determined the shifts between ice ages, warming periods, interglacials, and inter-warming periods. All serious scientists agree that solar cycles, and only to a negligible degree human activity, are responsible for changes in temperature. In the face of this clear contradiction between scientific analysis and a propaganda campaign which has recently been used by the hedge funds, how is it explainable that Chancellor Angela Merkel used the German presidency of the European Union to make the subject of climate the top priority? And that, despite the fact that Merkel is herself a physicist, and therefore surely has the ability to inform herself on the facts of the matter.

The suspicion is that governments not only know that the “man-made climate catastrophe” is a swindle, but that they also know that the system associated with globalization is coming to an end. And because they don’t have the courage to admit that their incompetent economic policy is responsible for the current systemic crisis, the climate question serves as a welcome scapegoat. Because if the financial system collapses, then chaos threatens, and in this situation they have several emergency measures in mind.

Call for Eco-Dictatorship

Interestingly, the newspaper *Die Welt* ran a lead article on March 10, entitled “Our Climate Debate Is Hostile to Progress,” which, without any mention of the financial crash, states: “Meanwhile, the climate must suffer, in order to secure recognition for the necessity for a political thunderbolt. We have, that is, only a couple more years time—which we should not fritter away with the time-wasting and ineffective method of the previous policy. . . . In other words, the climate issue finally creates the very state of emergency that right-wingers and left-wingers as well as ecological friends of [Hitler’s “crown jurist”] Carl Schmitt would like to have a license for.” The emergency situation as the basis for dictatorship—that’s what this article hints at. Therefore, what motivates Merkel to make the climate question the main theme at the EU summit, and to make the arguments of the ecology movement her own?

Surprisingly clear words come from someone who in pre-

vious times has himself been one of the most ardent supporters of globalization, the Czech President Vaclav Klaus, who, after the dissolution of the Comecon subjected his country to the most brutal shock therapy. Before the Cato Institute in Washington, Klaus elaborated the point that the ecology movement today is one of the most dangerous of all dangers facing the world. Behind this “friendly” ideology is an attempt to change the character of the world. “They present their catastrophe scenarios in order to change our world, and that is very dangerous.” And further: “If one theory is laid aside, then they find another. First there was the threat of overpopulation. Then there was the ozone hole. Now they come with their thesis about global warming.” One could still add the dying forest, which obviously is as green as ever.

In an interview in Japan, Klaus remarked that the thesis of global warming was a myth, an evaluation which is confirmed by every serious scientist. The IPCC is not a scientific, but a political institution, a kind of non-governmental organization with a green taste. And on the decision of the EU Commission to reduce CO₂ emissions by 20%, he commented: “This is obviously such a blunder by so many people, from journalists to politicians. If the European Commission falls for such a trick, then we have an even further reason why nations themselves, and not the Commission should make decisions on such questions. . . .” Obviously Klaus has learned something and realized, that the new wave of globalization, and eco-dictatorship, would totally destroy his country.

U.S. Congress Must Take Up LaRouche’s Ideas

But the current climate hysteria is also leading the American Congress on a false path. Instead of concerning themselves with the threatened financial collapse and the prevention of a new war by the Bush Administration against Iran, and initiating impeachment proceedings against Bush and Cheney, the Democratic Party has activated its green wing. But the war danger will not disappear as long as first Cheney, and then Bush are not removed from office.

If the human race is to finally come out of the systemic crisis which is reaching everywhere, then the dangerous ideology of the ecology movement must be replaced by scientific clarity and, generally, by an affirmation of scientific and technological progress. Besides, Russia, China, India, Brazil, the Eastern European nations, the Gulf states, the Maghreb countries, South Africa, and many others have already made it clear that they are not ready to allow themselves to be thrown into a dark age without a fight, and are striving for a renaissance of nuclear energy.

But finally, the crisis can only be overcome, if the hopelessly bankrupt financial system is reorganized, and replaced with a new Bretton Woods. Only if the ideas of Lyndon LaRouche are put into effect in the American Congress, and not those of Al Gore, does civilization have a chance.

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Changing World Map For Nuclear Fuel

by Marsha Freeman

Dramatic changes are under way that will shape the potential for a worldwide resurgence of desperately needed civilian nuclear power. Programs are moving forward to manufacture and deploy dozens of new nuclear plants in Russia, China, India, and the United States. Fledgling nuclear nations, such as in Ibero-America, are moving, after a hiatus of decades, toward restarting nuclear plant construction. Nations in Africa, and oil-rich nations in the Persian Gulf, are seriously considering nuclear energy, as are the lesser-developed nations of Asia.

Since the beginning of the nuclear age, in the middle of the last century, the Anglo-Dutch Liberal oligarchy has dominated the production of the mineral critical as the fuel for nuclear power plants—uranium. Rio Tinto Zinc, headquartered in London and Australia, is the second-largest uranium producer in the world. Formed in 1873, with the help of the profits from Jardine Matheson's opium trade, RTZ early cornered the market on uranium reserves in prime locations in the British Empire and the Commonwealth, such as mineral-rich Australia. RTZ's Ranger mine, alone, contains 12% of the world's known recoverable reserves of uranium.

BHP Billiton, also headquartered in London and Australia, is the fourth-largest uranium producer in the world. Formed in 1860 in the Netherlands, Billiton exploited the mineral riches of Dutch overseas possessions. It moved its headquarters to London in 1970, and merged with Broken Hill Proprietary of Australia, in 2001.

With the planned return to nuclear power, uranium has become a highly sought-after commodity. The construction of new power plants will require the development of new resources for fuel. Recently, hedge funds have been moving in to "invest" in private mining enterprises—not to produce energy, but to manipulate the market, and make a killing.

Speculators have been hoarding uranium oxide, or yellowcake, and have driven up the spot price an average of 45% in each of the past five years. As the Nuclear Energy Institute states: "The entry of investment [hedge] funds into the fuel market has driven the uranium market price even higher than might be justified by the projected supply-demand imbalance."

At the end of last year, Tudor Investment Corp. the \$14+ billion hedge fund founded by Paul Tudor Jones, bought a stake in Canadian Cameco, worth \$29 million. Citadel Investment Group, a \$12 billion hedge fund, had an \$11 million

stake. According to *Nuclear Market Review*, speculators are holding about 24 million pounds of uranium oxide equivalent, which is about 22% of the global uranium produced in 2005.

About two-thirds of the total annual demand for uranium for nuclear fuel is supplied from mines. The rest, called secondary supply, comes mainly from reprocessing spent fuel, and the blending down of highly enriched uranium from Russian nuclear warheads. The Russian fuel, in the joint U.S. Megatons to Megawatts program, has been supplying half of the fuel needed by U.S. nuclear power plants. Much of this secondary supply will be exhausted by 2013, just as new plants are coming on line.

It can take ten years to start up production in a new uranium mine. Even with spent fuel reprocessing, and fast breeder reactors to produce new fuel, if nations are going to be able to fuel new nuclear plants, they must secure additional uranium resources, now. The largest nuclear nations are negotiating joint ventures, and government-to-government agreements, to maintain a secure supply of nuclear fuel, independent of the raw materials cartels that have controlled the price and political terms of the availability of nuclear fuel in the past.

Reintegrating Russia's 'Near Abroad'

Russia produces less than half of its own nuclear fuel. During the decades of the Soviet Union, and economic integration with Eastern Europe and Central Asia, Russia's nuclear industry was a partnership involving the mining of uranium in Ukraine and Kazakhstan, with uranium enrichment and fuel fabrication in Russia. Ukraine would buy back prepared fuel for its nuclear plants.

Russia plans to commission two new nuclear reactors per year starting in 2010, in order to add 40 power plants by 2030, in a program estimated to cost more than \$50 billion. Moscow is not going to leave the security of its fuel supplies for this strategic industry to the "markets," or the hedge funds.

In order to prepare for this economic revival of its entire nuclear enterprise, on Nov. 2, 2006, Russia merged TVEL, the state nuclear fuel producer and supplier, with nuclear materials and services exporter Teksnabexport, to form the new Uranium Mining Company. The purpose is to put under one government roof, a streamlined operation, to prospect for and mine uranium in Russia and abroad.

Kazakhstan has the second-largest proven reserves of uranium in the world, with 17% of global resources (**Table 1**). Mining started there in 1948, and in 2005, it was the third-largest producer in the world (**Table 2**). As interest in nuclear energy has increased, so has interest in Kazakhstan's uranium reserves.

In July 2006, Sergei Kiriienko, the head of Russia's Federal Nuclear Energy Agency, Rosatom, visited Kazakhstan and signed agreements with Prime Minister Danial Akhmetov to establish joint ventures to explore a uranium deposit with estimated reserves of 19,000 tons, near the border of neigh-

TABLE 1

Known Recoverable Resources of Uranium

	Tons of Uranium	Percentage of World
Australia	1,143,000	24%
Kazakstan	816,000	17
Canada	444,000	9
U.S.A.	342,000	7
South Africa	341,000	7
Namibia	282,000	6
Brazil	279,000	6
Niger	225,000	5
Russian Federation	172,000	4
Uzbekistan	116,000	2
Ukraine	90,000	2
Jordan	79,000	2
India	67,000	1
China	60,000	1
Other	287,000	6
World Total	4,743,000	

Source: *Uranium 2005: Resources, Production and Demand*.

These estimates of known recoverable resources of uranium include “reasonably assured” resources, plus “inferred resources.” They are conservative figures, particularly for nations that have not done comprehensive exploration for reserves.

bors Uzbekistan and Kyrgyzstan.

But Kazakstan no longer wants to simply export raw materials; also under discussion are two more joint ventures—to build a nuclear power plant in Kazakstan, which would be its first, and participation in Russia’s plans to enrich uranium and produce fuel for other nations’ nuclear power plants.

In October 2006, Kiriyenko announced that both countries would soon celebrate the production of the first ton of uranium at the Zarechnoye mine, which joint venture had been begun in 2004, with Russia’s Techsnabexport.

Kiriyenko also reported that a joint Russian-Kazak uranium enrichment center was underway, to be built at the Angarsk Electrolysis Chemical Plant in eastern Siberia, which will enrich Kazak uranium. At the same time, state-owned KazAtomProm announced it would increase the mining of its uranium fourfold by 2010, to 15,000 tons.

Feeling the competition, the European Commission sent a recommendation to European Union governments last October, urging them to support an agreement with Kazakstan for supplying uranium to European nuclear plants for ten years, at an estimated commercial value of around \$630 million.

Rosatom and Uzbekistan are discussing a joint venture, which could produce 300 tons of uranium ore per year, with Russian investment estimated at \$30 million. Russia will be building nuclear power plants throughout eastern Europe, with the infrastructure in place, to supply not only the power plants, but the fuel for them to operate.

TABLE 2

Uranium Production of Selected Countries, 2005

	Production (Tons)
Canada	11,628
Australia	9,519
Kazakstan	4,357
Russian Federation	3,431
Namibia	3,147
Niger	3,093
Uzbekistan	2,300
United States	1,039
Ukraine	800
China	750
South Africa	674
World Total	41,595

Source: World Nuclear Association.

At the end of October 2006, Russia’s nuclear export company, Atomstroiexport, won a tender to build two 1,000 MW nuclear power plants outside Sofia, Bulgaria. Russia’s Uranium Mining Company is considering carrying out an economic feasibility study with Bulgarian colleagues, to see if a joint mining project should also be launched.

New Openings in Africa

Last year, Rosatom head Kiriyenko remarked: “Today Russia is present on all continents in the sphere of atomic energy, but we had left out Africa.” Not any more.

Throughout the entire multi-hundred-year rule of European empires, Africa’s wealth of raw materials was looted—mined and exported—not used for internal development of that continent. That is finally changing.

It is estimated that Namibia has over 280,000 tons of uranium reserves, the sixth-largest in the world. Currently, it is the world’s fifth-largest producer of uranium, at 7% of the market. Namibia has eight known uranium deposits, and two uranium mines are currently in operation. At the end of 2006, there were more than 20 mining companies prospecting there.

On Feb. 23, 2007, a high-level Russian delegation visited Namibia. Following a meeting with Namibian President Hifikepunye Pohamba, Rosatom head Kiriyenko announced that an agreement had been reached to form a joint venture to prospect for and produce uranium. The month before, the Russian Renova Group and Techsnabexport had signed an agreement to set up a joint investment project to develop uranium deposits. The later agreement with Rosatom widens the cooperation to include the export of Russian nuclear power plants to the African nation.

During the visit, Namibian Minister of Mines and Energy Erkki Nghimtina said the government hopes Russia will assist it in developing a state policy for uranium resources and nu-

clear fuel, making it possible to cancel a moratorium that had been placed on uranium production, for security reasons. The moratorium resulted from the behavior of foreign investors, who, the Minister said, "receive licenses, make money, and leave." He stressed that the uranium industry is very important for Namibia, and that a national energy policy is needed.

Prime Minister Nahas Angula told journalists after the meeting with the Russian delegation, that his nation expects a reduction in energy supplies from South Africa (which is already suffering blackouts), and forecasts an energy deficit of 300 MW. "The Russian side said there are a number of available technologies, [to help solve the problem], one of them being nuclear."

Kiriyenko offered the prospect of providing a floating nuclear power plant to Namibia: "We are ready to build one," he stated. The state-owned utility Rosenergoatom is preparing the deployment of the world's first floating plant in 2010. The two 35 MW units will be placed on a barge, and can be used for both electricity generation and desalination.

Last September, Vladimir Putin made a trip to South Africa, the first by a Russian President. Speaking at a business forum, he invited South African engineers to study at Russia's Nuclear Research Institute of the Academy of Sciences. He proposed that Russia and South Africa cooperate in the peaceful use of atomic energy, and uranium enrichment.

Kiriyenko followed up President Putin's trip, and on Feb. 21, in Pretoria, said that Russia and South Africa were discussing plans to establish a multi-faceted cooperation program in the nuclear sphere. During his visit, Russia's Renova Group and South Africa's Harmony Gold Mining signed a memorandum of understanding expressing the interest of both sides in developing gold and uranium deposits in South Africa. Kiriyenko pointed out that both Russia and South Africa plan large-scale development of nuclear power over the next two decades, and that Russia could also supply South Africa with floating nuclear plants.

South Africa, suffering blackouts from shortages of electricity, plans to build a second large commercial nuclear power plant over the next few years, while it develops its next-generation high-temperature gas-cooled pebble bed nuclear reactor (see *EIR*, Feb. 10, 2006).

There are other avenues open for nuclear cooperation between South Africa and Russia. In February, South African Mining Minister Buyelwa Sonjica said, on the sidelines of a nuclear conference in Cape Town, that Russia was courting South Africa to support its proposed international nuclear fuel center, to be located in Russia. "We can look at cooperating with them on beneficiating uranium," she said, adding that she wanted uranium processing to create fuel for South Africa's growing nuclear industry to take place at home, because "we want to have some control over it."

Other African nations are also moving to join the "nuclear club." In October of last year, China's *People's Daily* reported that the Zambian government announced it has set up a team

of experts to advise it on how to exploit its uranium reserves and develop a national policy on the exploitation of the country's energy mineral endowment. Chinese nuclear officials have also been touring Africa, to secure joint agreements for the development of new uranium reserves.

U.S. Strategic Allies

Perhaps the most dramatic political realignment in international energy/nuclear policy is a series of initiatives between Russia and traditional U.S. allies Saudi Arabia and Japan.

In December 2006, at the 27th Gulf Cooperation Council Summit meeting, the GCC members reported that they were evaluating plans for nuclear energy in the region. In a previous time, one would have assumed they would be discussing such a plan with their ally and major arms supplier, the United States. Considering the fact that for ten years, the United States has been trying to stop Iran from completing its Bushehr nuclear power plant, *which is under the International Atomic Energy Agency (IAEA) inspection regime*, it is unlikely any Gulf country would turn to the U.S. to begin its nuclear program.

Two months later, Putin visited Saudi Arabia. At a press conference in Riyadh on Feb. 13, during Putin's visit, Saudi Foreign Minister Prince Saud al-Faisal said the six Gulf states are interested in nuclear energy with Russia's help, and that the matter had been discussed with the Russian President.

Putin offered to help Saudi Arabia develop nuclear energy as one potential area of cooperation. "We contacted the other countries in the Gulf Cooperation Council [Kuwait, Qatar, Bahrain, Oman, and the United Arab Emirates] during Putin's visit and put the Russian proposals to them," the Saudi Foreign Minister reported.

Soon after, Russian Foreign Minister Sergei Lavrov, during a visit to the U.A.E., reiterated Russia's positive response to the efforts by the Gulf countries to acquire nuclear energy. The U.A.E.'s Sheikh Abdullah briefed Lavrov on the upcoming visit by the Secretary of the GCC to Vienna to discuss regional cooperation with the IAEA. Establishing such relations with the IAEA would be prerequisite to any nuclear cooperation with Russia.

During a visit to Japan in November 2004, Academician Yevgeny Velikhov, attending the first World Scientific Forum in Kyoto, told Itar-Tass that Russia was determined to develop cooperation with Japan in nuclear energy. He noted that cooperation could include joint projects for the use of fast neutron reactors, as well as the possibility of a Russian center for the storage and processing of spent nuclear fuel.

The following year, at a round table on Russian-Japanese cooperation, Viktor Pavlyatenko, from the Far East Institute of the Russian Academy of Sciences, reported that, "Russia and Japan will cooperate to ensure the energy security in Northeast Asia, as a whole," which will include nuclear energy.

In the meantime, Japan, which produces nearly 30% of its electricity using nuclear energy, was initiating relations with uranium-rich Central Asian nations, looking toward securing its long-term nuclear fuel supplies.

In November 2005, Japan and Kazakhstan agreed to cooperate in developing uranium mines to supply Japan's nuclear plants. In August 2006, Japan's electric utilities urged then-Prime Minister Junichiro Koizumi to negotiate the deals during his upcoming trip to Kazakhstan, the first by a Japanese Prime Minister. "China and South Korea are aggressively courting Kazakhstan for its uranium," commented Takeshi Sakata, an official at Japan Oil, Gas, & Metals National. He described the situation as "tough competition" for Japan.

On Aug. 28, 2006, in a joint press conference, Koizumi and Kazakhstan President Nursultan Nazarbayev described cooperation to explore new uranium deposits as "promising." A memorandum was signed noting the two countries' intention to promote cooperation in peaceful nuclear technology, as representing "a new turn" in bilateral relations.

Koizumi continued his Central Asia trip, visiting Uzbekistan, resulting in a joint statement with President Islam Karimov, noting the "good prospects for supplying raw uranium for nuclear power plants in Japan."

In the Fall of 2006, Russian nuclear fuel producer Tekhsnabexport and Japan's Mitsui & Company announced a joint project to develop part of the Yuzhnaya zone of the Elkon uranium ore field in Russia's Arctic Far East. It is the first time that a foreign country will be directly involved in preparing a feasibility study on a uranium development project inside Russia.

In January 2007, Japanese press reported that the Russian state-run nuclear power company had approached Japan's Toshiba Corp. (which last year purchased Westinghouse Electric Company), and Ishikawajima-Harima Heavy Industries Company (IHI), concerning cooperation in the manufacture of nuclear plants. Steam turbines and generators from Japan could be supplied to Russia.

In addition, capital investment in Atomprom—a new company to be formed by consolidating all aspects of Russia's nuclear manufacturing, fuel production, and export enterprises—and the sharing of advanced technologies, could be included in the negotiations, *Yomiuri Shimbun* indicated. The newspaper observed that if cooperation by Japanese companies is combined with changes in Russia's nuclear power programs, "the global nuclear power business will be greatly re-configured."

One month later, a Russian delegation arrived in Japan, including Energy Minister Viktor Khristenko, Prime Minister Mikhail Fradkov, and Rosatom head Kiriyenko. Japanese Trade Minister Akira Amari told a press conference in Tokyo that Japan will begin talks with Russia to allow Russian companies to enrich spent nuclear fuel from Japan's nuclear power plants, for Japanese electric utilities. "Russia can be an important option for Japan for spent fuel enrichment, given that

there's a limited number of providers," he said.

Japanese utilities have accumulated 6,400 tons of uranium recovered from spent fuel rods that are stored in the U.K. and France. Tokyo Electric Power Company and Japan Atomic Power are seeking Russian help to enrich the recovered uranium, to produce nuclear fuel. Kiriyenko said that Russia has enough capacity to easily reprocess the Japanese spent fuel. He said that because there is not now an intergovernmental agreement between Russia and Japan, Russia provides 10-12% of Japan's need for low enriched uranium, but "does that through intermediaries and side schemes." Talks will begin, he noted, on an intergovernmental agreement on nuclear cooperation.

On Feb. 22, the *Daily Yomiuri* reported that the Japanese side also plans to consign to Russia enrichment of natural uranium produced in mines to which Japan has obtained rights in Russia and Kazakhstan. A summit meeting between the two governments is set to take place by this Summer, to move the nuclear cooperation forward. A bilateral nonproliferation accord is also on the agenda, to make the cooperation possible.

Will the U.S. be left in the dark? Electric utilities that operate nuclear power plants have already begun pressuring the government in Washington to negotiate long-term enriched uranium deals with Russia, for an assured supply of fuel for the new nuclear plants.

The nuclear energy industry of the future will look very different than the world of the past. Nations that understand that energy security depends upon the aggressive deployment of an array of nuclear technologies, independent from the global financial control over resources and raw materials that characterized the last two centuries, are re-creating the global energy map.

For Further Reading

From EIR's coverage of the push for nuclear power:

Jonathan Tennenbaum, "South Africa's PBMR: World's Most Versatile Nuclear System," Feb. 10, 2006.

Marsha Freeman, "A Renaissance in Nuclear Power Is Under Way Around the World," Feb. 24, 2006.

Marsha Freeman, "Russia Embarks on Its Global Nuclear Power Plans," March 31, 2006.

Rachel Douglas, "Russian Official: Our Future Belongs To Nuclear Energy" (on a briefing by Rosatom head Sergei Kiriyenko), June 9, 2006.

Muriel Mirak-Weissbach, "Egypt's Mubarak Says: Let's Go Nuclear!" Oct. 13, 2006.

Towards a New Central Europe

Yuri Tsarik tells how the European Union has betrayed the hopes of people in Eastern Europe, and offers a more optimistic view for the future.

The latest expansion of the European Union, on Jan. 1, 2007, was somewhat eclipsed by the conflict between Belarus and Russia over gas and oil prices, which was taking place at the same time. But it would be a mistake, in view of developments during 2006, to ignore the accession of the latest members from East Central Europe: Bulgaria and Romania. After all, the expansion of the EU into the former Soviet Union and Comecon area was preceded by a period of enormous Euro-optimism, and the reasons behind the widespread unhappiness with such EU enlargement are weighty ones, which may play a role in aggravating various tensions, including between Belarus and Russia.

The Nov. 8, 2006 press conference of European Commissioner for Enlargement Olli Rehn, in which he expressed doubts about Turkey's ability to join the EU, coming on top of events in Hungary not long before, raised certain issues that had presumably already been settled. What kind of future is there for relations between the nations of Central and Eastern Europe, and the European Union? What objectives should the domestic and foreign policies of those countries pursue? What is the "European perspective" for nations in this region?

The Hungarian unrest, the prolonged government crises in the Czech Republic and Poland, the severe economic troubles in the Baltic countries, and the refusal of Ireland, Great Britain, and Spain to admit workers from Bulgaria and Romania, have forced experts, politicians, and the man in the street to take a new look at the prospects for a "Single Europe."

The scandalous tape-recorded conversations of Hungarian Prime Minister Ferenc Gyurcsany, which precipitated street demonstrations in Budapest, contain the following passage: "We really blew it. Not just a little bit—big time! No other European country was as dumb as we were. It nearly killed me, to have to fake it for a year and a half, pretending we were governing the country. In reality, we were lying all day and all night."

The Economic Failure of the Euro-Strategy

The Hungarian politician's words are the most precise possible description of what happened in Central Europe, just before and soon after these countries joined the EU. In effect, starting in the mid-1990s and continuing until 2004, the majority of governments in East Central Europe were following the same strategy: integration into the economic space of



The nations of East Central Europe.

Greater Europe. Their socio-economic and political reforms were determined by a single factor, namely, the demands placed upon them by the Eurobureaucracy, as candidates for EU membership.

As a result of shock deindustrialization, most of the countries in the region have said good-bye to the heavy industry that had been built up under the Soviet economic bloc, the Comecon. Instead, they were to have the service sector and small business. But the transition from an industrial economy to a service economy did not turn out to be the step forward, advertised by the Euro-optimists. The take-down of large plants left thousands of skilled workers unemployed. Now the available work was in unskilled, service-sector jobs. But there were not enough of those: To this day, all of the countries in the region are experiencing high unemployment.

Two factors prompted the destruction of national industrial sectors, and related structural reforms, in the East Central European countries. One was the pull towards the EU, and the other was the absence of alternative projects in the region. The basic industrial production relationships among these

TABLE 1
GDP in East Central Europe

Country	Year-on-Year GDP Growth in 2000 (%)	Index of GDP in 2000 (1989=100)
Belarus	2.0%	82.0
Bulgaria	5.0	82.7
Croatia	2.7	79.9
Czech Republic	2.3	95.7
Estonia	5.0	80.6
Hungary	5.4	104.6
Latvia	4.5	62.1
Lithuania	2.2	63.6
Moldova	-3.0	30.3
Poland	4.1	127.0
Romania	2.2	77.6
Slovakia	2.6	103.0
Slovenia	4.3	113.7
Ukraine	3.0	37.6

Source: Grzegorz Kolodko, *Globalization and the Prospects for Development of the Post-socialist Countries*, Minsk: 2002 (a Russian translation from Polish).

countries had already begun to weaken under the Comecon, as East Central Europe began to orient more and more toward relations with Western Europe, beginning in the 1970s. After their final destruction, and the elimination of what had been large markets in the Soviet area, countries in the region had little choice but to go towards the EU. For a short while, at the start of the 1990s, the idea of a Baltic-to-Black Sea community, bringing in Ukraine, Belarus, and the Baltic countries, was in the air, but it failed to materialize. So, most of the countries in the region got in line to join the EU. Belarus oriented towards Russia, and Ukraine was unable to decide upon its strategic orientation, a failure for which it is paying the price today.

There were three reasons that EU membership was attractive to East Central European leaders as an objective for their development. First of all, the ideological element was quite strong at the outset of the 1990s: Independence from Russia, and a return to Europe, was seen by many people as a thing in itself, a goal with intrinsic value. Secondly, the countries of the region hoped for a major influx of financing for their economies from Brussels, both during the reform process before joining the EU, and later, as EU members. It was expected that this would include subsidies for agriculture, and so forth. Thirdly, there were great hopes for an influx of technology and investment from Western European corporations, which would integrate Western Europe and East Central Europe not only as a single market, but also as a single zone of technology and capital.

Were these expectations justified? In the late 1990s and the first few years of the 21st Century, it seemed that the

TABLE 2
GDP and Foreign Debt

Country	GDP in 2004-05 (\$ Billions)	Foreign Debt in 2004-05 (\$ Billions)	Ratio of Foreign Debt to GDP (%)
Belarus	\$26.69	\$4.662	17.7%
Bulgaria	25.79	15.320	59.4
Croatia	34.94	30.620	87.6
Czech Republic	109.40	49.140	44.9
Estonia	12.3	8.373	68.1
Hungary	106.40	66.220	62.2
Latvia	15.50	7.368	47.5
Lithuania	24.10	10.010	41.5
Moldova	2.416	1.986	82.2
Poland	246.20	101.500	41.2
Romania	72.70	35.680	49.0
Slovakia	43.07	26.940	62.5
Slovenia	35.21	18.970	53.9
Ukraine	71.40	16.370	22.9

Source: CIA Factbook, www.cia.gov/cia/publications/factbook/index.html; author's calculations.

optimistic forecasts were coming to pass. After getting through the period of economic depression, the countries of East Central Europe were beginning to experience GDP growth. GDP in the region as of 2000 is shown in **Table 1**.

The table shows that the countries oriented towards Greater Europe (not counting the Baltic and Southern European countries) reported the best results. As a result, all eight of the region's candidates for EU membership had met the requirements by May 1, 2004.

Such measurements of economic growth, however, though they were the basis for negotiations on the "European perspective" for the nations of East Central Europe, do not reflect the *quality* of that growth, or what was really happening with the region's socio-economic development. For example, one consistent effect of the structural reforms was an increase in the foreign debt of these countries.

Poland, the Czech Republic, and Hungary repeatedly had to borrow abroad, to cover their growing budget deficits. The Czech Republic borrowed at the rate of \$4 billion per year. Hungary's budget deficit was 10%. The Polish government coalition collapsed over arguments concerning the planned deficit for 2007: The Law and Justice (PiS) party proposed 3%, while Andrzej Lepper's populist Samoobrona insisted on 10%.

Table 2 shows that Belarus was the only country in the region, whose foreign debt was less than 20% of GDP. In all the others, excepting Ukraine, it reached between one-third and three-fourths of GDP.

Analyst Olga Vlasova, writing in *Expert* magazine, Nov. 6, 2006, summarized the impact on these countries, of interac-

TABLE 3

Unemployment, 2004-2005

Country	Unemployment (% of Work Force)
Belarus	1.60%
Bulgaria	13.50
Croatia	18.90
Czech Republic	10.50
Estonia	7.90
Hungary	6.10
Latvia	7.50
Lithuania	10.70
Moldova	8.00
Poland	18.00
Romania	5.90
Slovakia	15.00
Slovenia	11.20
Ukraine	3.10

Source: *CIA Factbook*, www.cia.gov/cia/publications/factbook/index.html; author's calculations.

tion with Western capital: “Hopes for rising foreign investment and an influx of Western capital were also disappointed. Capital did come in, of course, and it bought up everything it wanted, but didn’t get into building anything new, or large-scale. Investment primarily took the form of acquisitions of privatized enterprises. The governments used the revenue from such sales chiefly to patch holes in their budgets. Expectations that manufacturing operations would be moved from Western Europe to Eastern Europe turned out to be greatly exaggerated. Many Western companies wanted to do this, but they didn’t follow through. In Germany, the trade unions mobilized against such runaway shops. German workers agreed to work longer hours for less pay, in order to keep their plants from fleeing to Eastern Europe. The companies that did move their operations tended to go to China, rather than Eastern Europe. China was cheaper, since wages and prices in Eastern Europe did rise with admission to the EU, and the Chinese market is bigger and is growing faster.”

The dimensions of unemployment in the region are shown in **Table 3**.

The flip-side of this situation is the emigration of the economically most active part of the population, as Yaroslav Shimov wrote in the Ukrainian publication *Zagranitsa* in mid-1996: “The deregulation of the European labor market has led to an outflow of workers from East to West. In the space of less than three years, a million Poles, tens of thousands of Latvians and Lithuanians, and so forth, left to take jobs in other EU countries, especially Great Britain and Ireland. There has also been noticeable labor migration within Eastern Europe, where standards of living and income vary from

country to country. Slovaks, for example, go in large numbers to take jobs in neighboring Czechia and Slovenia, the most prosperous of the new EU members. Despite this emigration, unemployment is 15-17% in some areas of Slovakia, and as high as 20% in Poland.”

The overall situation was summed up by Ukrainian analyst Yuri Romanenko, writing for *Prognosis.ru* on Oct. 4, 2006, as follows: “First of all, it is becoming apparent that the economic benefits, enjoyed by the countries of East Central Europe because of their semi-peripheral status in the European Union, have reached a practical limit. In 15 years, Central Europe has turned into a large assembly zone for transnational corporations, without managing to crystallize its own big capital. This has resulted in unstable economic development, since the transnational corporations are beginning to move their operations farther eastward, the minute labor becomes too expensive where they are, cutting into profit.

“Secondly, just after the integration of the East Central European countries into the Single Europe, the core of the EU—France, Germany, Italy, and the Netherlands—experienced an acute socio-economic crisis, which requires a fundamental break with the European “social welfare” model of the past 50 years. This is compelling the core to tighten fiscal discipline, reduce social spending, combat illegal migration, etc. As a result, Western Europe has become less willing to pay for the modernization of the countries of East Central Europe, a development that has strengthened the position of Euroskeptics in those countries. A comparison of farm subsidies in France and Poland is a good example: The Polish peasants received subsidies that are smaller by a factor of eight, than their counterparts in the West. Central Europe is essentially being held hostage to the situation in the European core, just as 20 years ago it depended on what the weather was in Moscow.”

A Second Factor: EU Reform

The collapse of the European orientation in socio-economic and other policies is only one component of the situation in the region. Equally important is the crisis of the EU itself. The planned reforms, drafted in accordance with the Treaty of Amsterdam, and approved by the European Commission in 2002, involve three important changes.

First, there is the adoption of the Constitution of the European Union. This document is supposed to provide for a single market, a single currency, a single foreign and security policy, a single policy in the area of justice and law enforcement, thus becoming the legal foundation for the existence of the enlarged EU as a whole. This document has been criticized for its excessively detailed regulation of various aspects of economic life, like fisheries. Nonetheless, despite the setbacks in France and Denmark, Brussels continues to promote the same draft of the Constitution.

Second, will be a change in the decision-making procedure within the EU, whereby a simple or qualified majority

replaces the previous consensus procedure. When former French President Valéry Giscard d'Estaing, as chairman of the European Convention in 2002-2003, unveiled this idea, the EU's own online publication called it "a small revolution: a de facto abandonment of members' right to veto, which has been an element of building the organization for four decades."

Third, would be the institution of a single EU representative for foreign policy questions, elevating the individual currently known as the EU High Representative for the Common Foreign and Security Policy. He would have an internationally recognized title, such as Secretary of State or Foreign Minister of the EU, and would sit on the European Council, which currently includes only the heads of state or government of the member countries. Thus, relinquishment of the right to veto in this area of policy (as Brussels demands) will be the next step towards their countries' loss of yet another portion of their sovereignty.

Thus, the reform of the EU, to be unleashed full-force after ratification of the European Constitution by all members, will substantially limit the sovereignty of European nations, on top of the limitations already imposed by the legal force of European Commission and European Central Bank decisions.

This factor is an additional, essential element of what is currently happening in Central Europe. On the one hand, there are fewer and fewer real, tangible advantages to be had from joining the EU. The EU not only offers no perspective for solving the acute problems of its new members, but it denies them even such dubious privileges, as the opportunity to make use of a European-wide free labor market to solve their unemployment problems, thus condemning the Central European countries to a futile struggle to obtain financial aid from the Eurobureaucracy, and to the loss of the best, most highly skilled part of their populations in the form of labor migration into Western Europe. On the other hand, Brussels is making increasingly tough demands on candidates for EU membership, while planning in the near future to deprive member nations of important attributes of national sovereignty. Offering nothing, the EU demands more and more in exchange.

The End of the Post-Soviet Epoch

This blind alley is where what was known in Central Europe as the "transitional," or "post-Soviet" period has ended. The rhetoric, the points of reference, the objectives, incentives, and motives of the different actors on the scene became irrelevant, as of around 2004 (when ten countries from this region joined the EU). What happens next will have to involve a new paradigm in politics and government, free of the ideological baggage of the past, and oriented toward the practical solution of a whole array of acute problems, both in the world at large, and in the region.

One of the most evident symptoms of the crisis of the "post-Soviet" way of thinking, is the need for a radical change in how socio-economic results are evaluated. Olga Vlasova,

in her Nov. 6, 2006 *Expert* article, headlined "Enough Lying!", described the inadequacy of traditional macroeconomic indicators: "Despite their seemingly tolerable macroeconomic performance, the East Europeans gained no real dividends from joining the EU. Poland remains, as it was before, the country with the highest unemployment and least efficient agriculture in Europe (the 16% of the Polish work force, employed in agriculture, produces 3% of the country's GDP; in France, the 3% of GDP from the agricultural sector is produced by 4% of the work force). Hungary is on the brink of bankruptcy, to avoid which the government raises taxes and cuts spending on social needs. The Hungarians are waking up to a cold reality: the country is already a member of the EU, but its standard of living remains below that of Italy, or even Spain."

Thus, the traditional summary indicators, like GDP, express almost nothing of the real state of affairs in these countries. Continuing to use them as the sole guidelines for economic and political decision-making will only widen the gap between the declared state of society and its real condition. A true assessment has to be based on structural indicators, on the overall level of development of the society's productive forces (as expressed, for example, by potential relative population density, in the science of physical economy), and other indicators of the development of material living standards and culture. Furthermore, the economy as the material basis for the existence of society has to be strictly linked with the quality of that existence; in other words, one set of indicators of social development needs to link the economy with demographics: quality of life, satisfaction with conditions of life, confidence in the future, and so forth.

The need for such changes is apparent in every area of social activity. In sum: the intellectual instrumentarium for social management, in the broadest sense, has to be adequate to the task of solving the new, actually existing problems in social development, which were absent from the political and governance concepts and models of the "post-Soviet" paradigm. This is the methodological nature of the challenge, set by the new social, economic, and political conditions in East Central Europe, and the whole world, after 2004.

Bulgaria and Romania did join the EU on Jan. 1, and other countries in the region continue to seek membership as soon as possible. These tendencies, however, are no longer the only determinants of East Central Europe's future. Coming more and more into play are acute problems of development, such as a demographic crisis, migration, unemployment, degradation of the composition of employment, and the shortage of electric power. EU membership gives the region's nations practically no advantages in addressing these problems. If they are not to abandon their identity as nations and turn into mere passive observers of the destruction of their own societies, they will have to look for a way out of the situation themselves—and some new horizons would open up for analysis and planning on the scale of the region as a whole.

It would only be possible to achieve high rates of development in East Central Europe, as a way of addressing the key problems facing the countries there, if those nations assert their identity as nations. East Central European national leaders who see themselves primarily as EU members, or candidates for membership, are incapable of conceptualizing strategic development goals and organizing the achievement of those goals, because they have abandoned the position from which they might have the overview and independent vision, which are prerequisite for shaping a real picture of how things are, and for setting real, substantial objectives. Only sovereign nations, uniting their efforts on the basis of a principle of equal sovereignty, can set strategic goals and organize their own development. Non-independent development is impossible by definition. Yet, the juridical limitations on sovereignty, imposed by European integration, do not represent an insurmountable obstacle to real sovereign action, since the latter means the ability of a country's leadership to set an overriding goal, and mobilize society to achieve it. There are many ways, under existing national and international laws, to circumvent or overcome the restrictions on cooperation among countries in East Central Europe, which follow from the different status of these various countries in their relations with the EU (ranging from full membership, such as Poland and the Czech Republic have, to being the target of economic and political sanctions, as Belarus is).

Towards a New Central Europe

In order to develop at a faster rate than other areas, the nations of East Central Europe need a common economic program that addresses key regional problems. The list of such problems should be drawn up and agreed upon in international analytical and planning groups, so that the problems be formulated with proper care, taking into account specific regional, national, and local circumstances. Nonetheless, it is already clear what some of the key ones are:

1. Demographics: achieving population growth throughout East Central Europe, raising life expectancy, reducing infant mortality, and so forth.
2. Migration: stemming the outflow of the labor force from East Central European countries.
3. Labor: qualitative and quantitative changes in the structure of employment in the nations of East Central Europe, through the absolute and, and also the relative, increase in the number of skilled jobs.
4. Energy: saturation of the region with generating capacity, creating a surplus of cheap electric power, as the basis for the intensive development of industry and agriculture.
5. Social and cultural: preservation and authentic development of all the peoples of the region, as the basis for preventing inter-ethnic strife (above all, through developing and implementing unique educational approaches).
6. Political and juridical: formation of institutions and practices that provide real sovereignty for the states of East

Central Europe, so each nation may be an independent political agent, regardless of membership in international organizations.

7. Ecological, and other problems.

To solve these problems will take a profound type of interaction among the countries of the region and the formation of the basis of a Central European identity, to which Brussels has been an impediment since the beginning of the 1990s. Such an identity, centered on the ideas of rapid development and a decent life for every person, would represent a healthy alternative to the identity of the region as merely "anti-Russian," promoted out of the U.S.A. in the recent period.

The development of programs and projects for solving the region's key problems, listed above, requires the creation of an international network of interdisciplinary analysis and planning groups—call it the New Central Europe network—and very serious work on the content of a New Central Europe integration project. This project cannot be reduced to a recreation of the production and technical ties of the Comecon period, since most of the countries of the region have managed to destroy, in whole or in part, not only the key plants, but the entire material culture of that industrial system. Therefore, the creation of the New Central Europe can be based only on the principle of co-development: the creation of new areas of activity, with attention to the immediate, long-term, and historical requirements and interests of the countries of the region. It is obvious that such a project should include the formation of unified regional transportation infrastructure, the concentrated development of nuclear power, the development of ecologically clean manufacturing (waste reprocessing, scrubbing technologies, etc.), as well as other sectors. In addition, it is clear that the New Central Europe will be oriented to productive cooperation with the leading political powers in the region, such as Germany, Russia, and Turkey, but cooperation will not be limited to them.

Thus, the New Central Europe project can open the pathway to solving a whole array of regional problems (EU-Turkey, EU-Russia, the Balkans), as well as world problems. The concatenation of Western Europe-East Central Europe-Russia-EurAsEc-Shanghai Cooperation Organization defines the space, in which the foundations of a new, just world order should be laid during the next five to ten years, in order to provide all or most of the nations of the world the opportunity to develop. Otherwise, the remains of the old order will be destroyed, leaving behind only the preconditions for a plunge of the whole world into the chaos of a New Dark Age.

Implementation of the New Central Europe project can be a first step on the road to a just world order, based on the principle of development.

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High Crimes and Misdemeanors Propel Double Impeachment

by Edward Spannaus and Jeffrey Steinberg

Without warning, the Bush-Cheney White House is once again overwhelmed by new evidence of high crimes and misdemeanors, by both the President and the Vice President, that once again put the issue of impeachment squarely on the table. And this time, the evidence of official criminality is hitting the White House as a whole, including the President's chief political hit-man Karl Rove, Attorney General Alberto Gonzales, and, according to several highly placed Washington sources, the President himself.

In the past two weeks, simultaneous with the jury's guilty verdict in the Lewis Libby trial, two serious scandals have erupted, that have destabilized the White House like never before, and have led to bipartisan Congressional demands for the immediate resignation of Gonzales, the former White House Counsel, and one of Bush's closest Texas friends still remaining in the Administration.

Furthermore, on March 16, Rep. Henry Waxman (D-Calif.) held dramatic hearings on the Valerie Plame Wilson leak, featuring the former CIA covert officer herself, which has opened up yet another flank on the crimes of the Vice President.

Rove and Bush in the Target Zone

Although Gonzales's chief of staff has already resigned, and many observers believe that Gonzales cannot be far behind, there is mounting evidence that the political purge of GOP-appointed U.S. Attorneys—who are the chief Federal prosecutors in each of 93 Federal judicial districts across the country—was planned and orchestrated from the highest levels of the White House.

And further, it is clear that the driving motive behind the purge was the failure of certain U.S. Attorneys to aggressively pursue what Karl Rove and the White House call “voter fraud”—the offense of “voting-while-black” (or Hispanic)—

otherwise known as “vote suppression.”

Rove's fingerprints are all over this, not only from the evidence that it was he, and not Harriet Miers or Gonzales, who initiated the idea of firing all U.S. Attorneys in January 2005, but who later settled for a more modest plan of firing a lesser number who were considered “disloyal” to the White House agenda. As former Clinton advisor Sidney Blumenthal points out in the March 15 issue of *Salon*, not only was Rove the point-man in the Republican Party for collecting complaints of “voter fraud,” and demanding prosecutions of Democrats, but the man known as “Bush's Brain” has a long history, going back to 1986 in Texas, of using the FBI to investigate his candidates' Democratic opponents. Rove was just “doin' what comes naturally.”

Background: As we have previously reported (see *EIR*, Oct. 8, 2004), there was a major shift in the Justice Department during the Bush-Cheney Administration's first term, ceasing enforcement of the Voting Rights Act, and instead pushing so-called “voting integrity” measures targetting “illegal” registration and voting by minorities and poor people who happen to vote heavily Democratic. The DOJ Civil Rights Division and its Voting Rights section were purged of career officials, who were replaced by Federalist Society activists and other right-wing types, who had a long history in GOP vote-suppression efforts.

The White House has acknowledged that last October, President Bush told Gonzales that GOP officials were complaining that various U.S. Attorneys weren't pursuing “voter fraud” investigations aggressively enough. Rove also told Miers that the DOJ was not moving aggressively on “voter fraud.”

This was a significant factor in the firings of U.S. Attorneys John McKay in Washington State, and David Iglesias of New Mexico. McKay was pressured by Republicans to bring

voter-fraud charges regarding the 2004 Washington State gubernatorial race, in which Democrat Christine Gregoire was declared the winner after two recounts. “There was no evidence,” McKay told the *Seattle Times*, “and I am not going to drag innocent people in front of a grand jury.” New Mexico GOP officials complained to Rove about the failure of Iglesias to indict Democrats for voter fraud; when the state GOP chairman asked Rove at a Christmas party, “Is anything ever going to happen to that guy?” Rove replied: “He’s gone.” And indeed, he soon was.

Vote suppression figured in a different way in the firing of Homer Cummins, the U.S. Attorney in Little Rock, Arkansas, who was dumped to clear the way for a Rove crony, John Griffin. According to the recently disclosed White House/DOJ e-mails, Bush Administration officials were concerned that if Griffin—a long-time Federalist Society activist—had to undergo a Senate confirmation hearing (which the firings were intended to bypass, using a provision of the Patriot Act), he would be questioned about his role as a GOP operative in the 2000 and 2004 campaigns, in Florida and elsewhere, challenging absentee ballots in African-American precincts.

Indicative of the way in which the White House was taken by surprise by the wildfire spread of this scandal, its explanations for the firings have been constantly shifting, but have all centered on claims—made by top DOJ officials under oath—that the U.S. Attorneys in question were dismissed for “poor performance.” These ham-handed attacks on highly regarded Federal prosecutors have infuriated Republicans as well as Democrats. As one prominent former Republican U.S. Attorney, Joseph DiGenova of the District of Columbia, put it: “They have the right to fire them; they do not have the right to smear them.”

Shutting Down a DOJ Investigation

While the White House and Gonzales were still reeling from the U.S. Attorney purge scandal, they were hit with another, seemingly out of the blue. According an article posted by the *National Journal* on March 15, it was upon the advice of Gonzales that Bush shut down an internal Justice Department investigation of the NSA (National Security Agency) domestic spying scandal, one year ago. Moreover, Gonzales had been informed at the time that the probe would examine his own role in authorizing the illegal spying program, while he was White House Counsel. It was clear that it would also have looked into why Gonzales had authorized the NSA program over the strenuous objections of senior career DOJ officials, who were in a battle royal with Dick Cheney’s chief of staff Lewis Libby and Cheney’s legal counsel David Addington, over the spy program as well as other abuses of Executive power.

The mechanism by which Bush shut down the investigation was simple: He ordered that security clearances be denied to investigators in the DOJ’s Office of Professional Responsibility (OPR). Never before had OPR personnel been denied

security clearances; the fraudulent nature of this action was demonstrated by the fact that at the same time, lawyers in the DOJ’s Criminal Division were given security clearances to investigate the leaking of the NSA program to the *New York Times*, and DOJ Civil Division lawyers were given clearances to defend the Administration against lawsuits and FOIA requests revolving around the unlawful eavesdropping program.

Almost immediately, the chairman of the House Judiciary Committee Rep. John Conyers (D-Mich.), fired off a letter to Gonzales, citing the *National Journal* report that Gonzales knew that his own conduct was about to be investigated when he recommended to the President that the investigation be shut down. Conyers demanded that Gonzales answer questions and provide documents on this matter, which Conyers said would amount to “an extraordinary abuse of authority.”

Cheney Coverup Exposed

Then, on March 16, three major lies at the center of the Dick Cheney-orchestrated coverup of the Joseph Wilson/Valerie Plame case were utterly destroyed, in the hearing held by Waxman’s House Oversight and Government Reform Committee. This trio of lies, repeated endlessly by apologists for Cheney and the White House, are:

1. “*Valerie Plame was not covert; there was no crime.*” Waxman opened the hearing by reading a statement he had discussed with CIA Director Gen. Michael Hayden, and which, Waxman emphasized, was cleared in its entirety by the CIA.

Waxman stated unequivocally, that Valerie Plame Wilson was undercover during her employment at the CIA, that her employment status was classified, and that at the time of the July 14, 2003 Robert Novak column, “Ms. Wilson’s employment status was covert.”

“Ms. Wilson worked on some of the most sensitive and highly secretive matters handled by the CIA,” Waxman continued. “In her various positions at the CIA, Ms. Wilson faced significant risks to her personal safety and her life,” and, “maintaining her cover was critical to protecting the safety of both colleagues and others.” And, refuting those who claim that she just had “a desk job,” Waxman added that “any characterization that minimizes the personal risk Ms. Wilson accepted in her assignments is flatly wrong.” The disclosure of her employment with the CIA “placed her professional contacts at greater risk,” Waxman declared on behalf of the CIA, and “it undermined the trust and confidence with which future CIA employees and sources hold the United States.”

Within the strict limitations imposed on her by her oath of secrecy, Plame herself testified that she had been a “covert operations officer,” working in the CIA’s Counter-Proliferation Division, and that during the period before the Iraq War, “I raced to discover solid intelligence for senior policy-makers on Iraq’s presumed weapons of mass destruction program.” She added the critical point, that, “While I helped

to manage and run secret worldwide operations against this WMD target from CIA headquarters in Washington, I also traveled to foreign countries on secret missions to find vital intelligence.”

And, she declared, “My name and identity were carelessly and recklessly abused by senior government officials both in the White House and State Department,” which may have “jeopardized and even destroyed entire networks of foreign agents, who in turn risk their own lives and those of their families to provide the United States with needed intelligence.”

2. “*Plame sent her husband on a junket to Africa.*” Plame provided a devastating refutation of the lies put into the Senate Intelligence Committee report by Sen. Pat Roberts (R-Kan.) and others. Plame testified that one of her colleagues had gotten a call from the Office of the Vice President about the alleged Iraq/Niger yellowcake claim. At that point, another CIA officer suggested sending her husband, former Amb. Joseph Wilson, on a mission to investigate this, and her supervisor asked her to raise it with her husband. Another colleague who was interviewed by the Senate Intelligence Committee later came to her, almost in tears, over the way his statements were distorted in the Intelligence Committee report, so as to give the impression that Plame had suggested Wilson be sent to Africa. He asked to be re-interviewed, but his request was refused.

3. *President Bush: “I want to get to the bottom of this.”* Despite repeated White House statements that anyone involved in the leaking of Plame’s identity would be fired, the head of the White House Office of Security acknowledged that his office had *never* conducted any investigation of the unauthorized disclosure of Plame’s identity—as is mandatory under various Executive Orders governing the handling of classified information. There was no investigation, no report, and there is nothing in the office’s files to show that anything was ever done.

Impeachment: The Only Remedy

Under these extraordinary conditions, Rep. Dennis Kucinich (D-Ohio) cut right to the quick in a speech on the House floor March 15, declaring that impeachment is the only way to deal with this Administration.

“This House cannot avoid its constitutionally authorized responsibility to restrain the use of Executive power,” Kucinich began, and then proceeded to address the dire situation created by the action of House Speaker Nancy Pelosi (D-Calif.) and the Democratic leadership in removing language from the Iraq War funding bill, “requiring the Administration, under Article I, Section 8, Clause 11 of the Constitution, to seek permission before it launched an attack against Iran.”

“Since war with Iran is an option of this Administration, and since such war is patently illegal, then impeachment may well be the only remedy which remains,” Kucinich aptly put it.

With Congress in Tow, AIPAC Targets Iran

by William Jones

Still licking its wounds from the scandal involving three of its key members, including Iran expert Larry Franklin, on suspicion of giving secrets to Israel, the American Israel Public Affairs Committee (AIPAC) is trying to proceed as if it never happened, and is setting its sights on beating the hustings for military action against Iran. The 5,000 people who gathered for AIPAC’s annual conference in Washington on March 11 underwent a pretty intensive brainwashing around the Iran nuclear issue. And that there were still dozens of Congressmen and Senators who came to its Gala Banquet, indicates that AIPAC may be down, but is by no means out.

Ironically, the delegates were subjected the first evening to a rip-roaring harangue from that wild Christian fundamentalist preacher John Hagee, who represents the top echelon in the Christian Zionist cult. While many of the delegates may have been brought close to The Rapture by Hagee’s rants about the biblical Israel, there were still a few skeptics who thought that the preacher may still have on his agenda the conversion of these “lost souls,” and deemed it somewhat inappropriate to have Hagee address the conference. Hagee had himself been bowled over by AIPAC’s success with the U.S. Congress and Administration, and has set himself the goal of forming a Christian AIPAC, which might wield the same influence in Washington. AIPAC members ought to be wary however: If Hagee succeeds in his endeavor, his new-found ecumenism may be quickly transformed into a veritable Inquisition.

There was, as is usual, a strong Israeli government presence at the AIPAC conference, with Foreign Minister Tzipi Livni, former Prime Minister Benjamin Netanyahu, and Defense Minister Amir Peretz in attendance. While Israeli Prime Minister Ehud Olmert remained in Jerusalem, he did address the delegates in a live video appearance.

The main player from the Bush Administration was Vice President Dick Cheney—licking his wounds from the recent Libby conviction—who spoke on the morning of March 12. Cheney, who was given a cordial, albeit not terribly warm reception, used the occasion to attack the legislation Democrats have introduced to place strictures on the Iraq War deployment. “Other threats have been made that would hamper the war effort and interfere with the operational authority of the President and with our military commanders,” Cheney

said. “They too are counterproductive and send exactly the wrong message. When members of Congress pursue an anti-war strategy that’s been called slow bleed, they’re not supporting the troops, they are undermining them. And when members of Congress speak not of victory, but of time limits—[applause]—when members speak not of victory but of time limits, deadlines or other arbitrary measures, they’re telling the enemy simply to watch the clock and wait us out.”

Cheney urged the delegates to put pressure on their Congressmen during their lobbying day to prevent them from voting for the Democratic bill. In an outrageous interference in U.S. internal affairs, Israeli Prime Minister Ehud Olmert, in a video appearance later that evening, pushed the same line as the Vice President, claiming that any lack of success by the United States in Iraq would endanger the security of Israel. Many were those who commented that Olmert’s intervention was really an interference in the internal affairs of another country, i.e., the United States. But, of course, that is what AIPAC was precisely set up to do.

Bush Given Free Pass on Iran

Already prior to the conference, AIPAC had scored one major goal. They had succeeded in getting House Speaker Nancy Pelosi (D-Calif.) to eliminate a clause from the Iraq

legislation, which would have forced the President to come back to Congress before launching any military action against Iran. This would have prevented the Administration from suddenly launching a strike against one or several of Iran’s military facilities, or responding to any of the possible “incidents” that might occur in the Persian Gulf, now packed with U.S. military hardware. Some of the AIPAC stalwarts in Congress, had raised a furor over this clause, claiming that restricting the military option would take pressure off Iran to come to the negotiating table, as if Iran would ever go anywhere at the point of a gun.

And Iran was really the center of attention during the two days of discussions. Also on March 12, Rep. Tom Lantos (D-Calif.) presented his new Iran Counter-Proliferation Act of 2007, which would place even more draconian restrictions on Iranian exports to the United States, deprive Iran from using the banking system, and penalize any third-party countries that do business with Iran’s energy sector. The bill is also specifically aimed at the Russian collaboration on the Bushehr nuclear reactor, and would deprive the Russians of any nuclear cooperation with the United States if they continue that work.

Lantos appealed to the delegates to push hard for support for these sanctions, which would even be subject to opposition from some in the Bush Administration, since it would deprive the Administration of the right to waive the restrictions of the legislation for national security or other reasons. The Administration would thereby be deprived of any possibility of “softening” the sanctions if they felt this would lead to a productive result. The new sanctions would be a veritable straightjacket, targetting not only Iran, but also anyone willing to deal with Iran.

Israeli Foreign Minister Livni also gave her support to the Lantos measures. “Sanctions must be expanded without delay,” Livni said. Reviving the rhetoric of the Cold War, Livni continued, “The free world is being watched. The Middle East is a tough neighborhood. And when there is a bully in this neighborhood there are only two choices, to beat it or to join it. If states in the region feel that the world will not stop Iran, they may feel the need to appease it. We live in a region where images matter, and where the perception of weakness can have far-reaching consequences. If we appease the extremists, if they feel that we are backing down—they will sense victory and become more dangerous not only to the region, but to the world.”

In addition to the Lantos legislation, AIPAC chairman Howard Kohr also indicated that AIPAC would be targetting individual firms in the states which have investments in Iran to pressure them to divest, the California pension fund Calpers being one of its prime targets. But the psychosis generated at the AIPAC conference goes further than the “tough sanctions” gambit. By taking the Iran clause out of the House bill, Pelosi has given the Administration a free hand to launch military action against Iran at will.

What Is AIPAC?

AIPAC (American Israel Public Affairs Committee), created in 1954, is accurately referred to as the Israeli Lobby. According to a complaint with the Federal Election Commission in 1989, the Committee runs the activities of at least 27 pro-Israel Political Action Committees scattered throughout the United States. While AIPAC is not allowed by law to donate to political candidates, it evades the law by having key AIPAC officials set up “independent” PACs, which then bankroll candidates on the basis of AIPAC ratings.

On Aug. 4, 2005, two former top officials of AIPAC, Steven Rosen and Keith Weissman, were indicted on espionage charges. The same indictment included new spy charges against Pentagon desk officer and Air Force Reserve Colonel Lawrence Franklin.

The indictments unveiled an Israeli espionage network that has been functioning since at least April 1999, involving a number of Pentagon officials beyond Franklin, as well as at least three officials of the Israeli Embassy and a former senior Mossad officer, Uzi Arad, who now heads Israel’s premier national security think-tank, the Herzliya Interdisciplinary Center.

EIR's Gore Dossier

The following are the highlights of EIR's more than 15 years of investigative reporting on the philosophy, political connections, and activities of Albert Gore, Jr. All of the following items are available in full on www.larouche.com, and many of them can be linked directly through this article on the website. They represent the starting point for anyone carrying out a thorough review of the pedigree and performance of the man now being touted as a "Global Warming" superstar.

1992

"Gore's New Book Sets Agenda for Environmentalist Dictatorships," a review of *Earth in the Balance*, by Margaret Sexton, April 3, 1992.

1997

"Who Is Out To 'Hammer' Vice President Al Gore?" by Jeffrey Steinberg, May 30, 1997.

1998

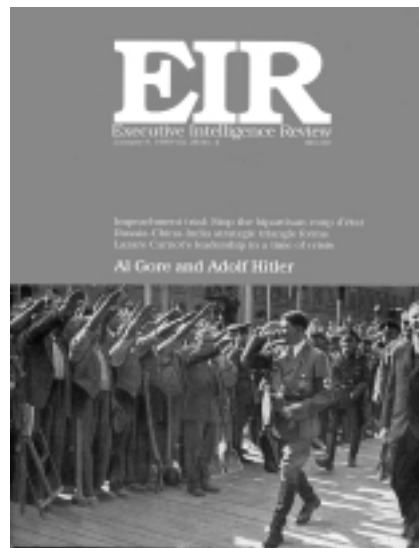
"Gore Bombs at APEC," by Mary Burdman, and "Gore Suffers Foot-in-

Mouth Disease," by Lyndon H. LaRouche, Jr., Nov. 27, 1998.

"Investigation: Why Expose Gore's Record Now?" A several-part review of Gore's background, and political character, including Lyndon LaRouche on "Who Is the Vice-President Really?" and Jeffrey Steinberg on "Al Gore: The Most Corrupt Man Never Elected President," Dec. 18, 1998.

1999

"Al Gore and Adolf Hitler," by Lyndon H. LaRouche, Jr., Jan. 8, 1999.



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"America's Missing in Action: Gore's Genocide vs. the Poor," by Michele Steinberg, June 25, 1999.

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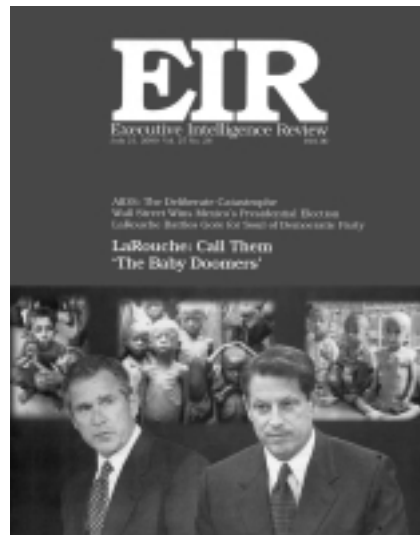
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“Gingrich-Gore Fascist Hand Behind ‘The Plan,’ ” by Jeffrey Steinberg and Carl Osgood, April 27, 2001.

2007

“True CO2 Record Buried Under Gore,” by Laurence Hecht, March 2, 2007.

“A U.S.A. Drowning in its Gore? The Great Luddite Hoax of 2007,” a feature package on Gore and the British-American-Canadian (BAC) oligarchy, by Lyndon H. LaRouche, Jr., March 9, 2007.

“London Spreads Blood and Gore,” by Jeffrey Steinberg, March 16, 2007.

The Wyly Coyotes of the Global Warming Hoax

by Paul Gallagher

Members of the Senate's Select Subcommittee on Investigations, seeking to identify and stop large-scale tax evasion by and through hedge funds, have ironically found the worst of the "bad actors": a group that claims a leading role in Al Gore's "carbon trading/global warming" show. They've hidden \$700 million in income, through three of their hedge funds, in offshore centers in the Isle of Man and Cayman Islands, in what may be the second-largest tax evasion on U.S. record, while claiming to run "the nation's leading provider of cleaner electricity and carbon offset products."

The group is the corporate family of Texas right-wing billionaire Sam Wyly, a self-described environmentalist and "great admirer of Al Gore" ever since reading Gore's 1992 global-warming book, *Earth in the Balance*. The third-largest funders, with \$214,000, of George W. Bush's 1994-2000 political campaigns (behind only Ken Lay's Enron crew and the Bass family of Texas billionaires), and major "Swift Boat" funders of underhanded attacks on Senators John McCain in 2000 and John Kerry in 2004, the Wyly family unexpectedly did *not* fund attack ads against Gore in the 2000 Presidential race, as a result of that admiration. But Sam Wyly did form the ersatz "Republicans for Clean Air" to attack McCain.

On global-warming financier Richard Sandor's Chicago Climate Exchange—touted by Gore and by the U.S. Climate Action Project as the successor to the Kyoto Accord—the only firm listed as a "Green Power Marketer" is Green Mountain Energy Resources LLC (one of a number of names the firm has had since 1998). A kind of "green Enron" which buys and resells supposedly "green" wholesale electricity (maybe the sort that Gore claims powers his 20,000 kwh/month home in Tennessee) around the country, Green Mountain Energy is run by the Wyly family—Sam, Charles, Sam's son Evan, and two other officers of their Maverick Capital, Ltd.

The Wyllys and their Maverick Capital hedge funds are the biggest users of British protectorate offshore centers to evade taxes, that the Senate Select Subcommittee has been able to identify. The Wyllys were identified by Sen. Carl Levin (D-Mich.), in his Feb. 17 Senate floor speech motivating legislation to stop evasion of tens of billions a year in taxes, as the worst example of hedge-fund tax evasion in the United States, and as having used 58 offshore trusts to hide more than \$700 million in income from taxation.

Investigation of these trusts by law enforcement in the

United States did not begin until 2005. In other illegal evasions prior to that, four years ago the IRS "ordered Wyly to pay \$70,653 in back taxes; his wife, Cheryl, \$304,560; and their children, Evan, \$31,773; Lisa, \$754,463; Kelly Wyly Elliott and her husband, Jason, \$731,638; and Laurie Wyly Matthews and her husband, David, \$694,226," according to the March 5, 2003 *Dallas Business Journal*.

Designers of Electricity Dereg

In fact, the Wyllys' stock options and stock ownership in Green Mountain Energy itself, have been run largely through these tax-evading trusts on the Isle of Man.

As environmentalists and carbon-trade/carbon-offset experts of the global warming hoax, the Wyllys' Green Mountain Energy is considered a hoax by some environmentalist groups and investigative reporters. One of them, Greg Palast, reported that it crafted the electricity deregulation swindle in Texas: "As Governor, [George W.] Bush signed into law an electricity deregulation bill that was little more than an ill-disguised raid on consumers wallets' by Texas power companies. The bill was in part drafted by an outfit called GreenMountain.com, a power company owned by Sam Wyly."

Another group, BoycottGreenMountain.com, reports "It was Sam Wyly's involvement with GreenMountain.com and his close ties to the governor that spurred Tom "Smitty" Smith of Public Citizen to call him in the Spring of 1999. Smith wanted the bill deregulating the state's electric utility industry to include a provision forcing utilities to reduce emissions from coal and other fossil fuels—a measure that would help producers of renewable energy. But Bush favored a voluntary approach. Until Wyly spoke to him, that is."

As an example of its expertise as a carbon-offset consulting firm as well as wholesaler of mysterious green electricity, Green Mountain Energy Resources has just announced a new green scam called Eco-Tunes(SM), "the first comprehensive program for carbon-neutral music tours and events, which includes the availability of solar-powered stages and sound systems." Concertgoers can purchase a Be Green Ticket for these events. Al Gore and Bono are sure to jump on the "carbon-neutral rock concert" bankwagon.

Evan Wyly has been chairman of the board of directors of Green Mountain Energy Resources LLC since August 2003, and has been in its management since 1997. Evan Wyly was a co-founder in 1990, with his father Tom Wyly and uncle George Wyly, of Maverick Capital, Ltd., a manager of equity hedge funds with \$8 billion in assets, where Evan Wyly currently serves as Managing Partner. He is also a director of the Wyllys' Sterling Companies group, and their Michael's Stores. The Green Mountain Energy board of directors also includes Wyly officer K. Scott Canon and another Maverick Capital partner, and Sterling Companies exec, Dennis Crumpler.

So the Wyllys are leaders of the fight against global warming *and* national taxing.

Walter Reed Review Moves Quickly Ahead

by Carl Osgood

The aftermath of the exposé of poor treatment of wounded soldiers who are outpatients at Walter Reed Army Medical Center (WRAMC), is providing evidence that the change in leadership at the Pentagon, that followed the Democratic election victory last November, may, indeed, be making a difference, however small. One of the most infamous aspects of the Abu Ghraib torture scandal is the fact that no high-level officials were ever held accountable for it. Only low-ranking enlisted soldiers have been punished with courts martial and prison terms, and a handful of mid-ranking officers may follow. The investigations that that scandal spawned appeared to be geared more towards protecting the senior civilian officials and military officers who were responsible for promulgating the policies that led to the torture than in uncovering the truth behind the pictures.

All the evidence, so far, in the Walter Reed scandal, suggests the opposite is occurring. Secretary of Defense Robert Gates wasted little time moving for a change in leadership after the *Washington Post* broke the story at WRAMC on Feb. 18. Within a week, both the commander of Walter Reed, Maj. Gen. George Weightman, and Army Secretary Francis Harvey were out. They were followed by Army Surgeon General Kevin C. Kiley, who submitted his retirement papers, at Gates' request, on March 11, following a week in which he had been pummeled in a series of Congressional hearings for his culpability for conditions at Walter Reed. On March 1, Gates convened an Independent Review Group, co-chaired by two former Army secretaries, John O. "Jack" March and Togo D. West, Jr., and including two former members of Congress, a retired Air Force surgeon general, a retired Navy deputy surgeon general, a retired Air Force chief of staff, a retired Army command sergeant major, and a New York City philanthropist, which moved quickly to begin its review.

The scandalous treatment of wounded soldier-outpatients at WRAMC has brought to the fore other related issues, as well. These include the medical evaluation board/physical evaluation board (MEB/PEB) process which determines whether soldiers are medically fit to remain on duty or should be medically retired, and the relationship between the Department of Defense and the Department of Veterans Affairs. The MEB/PEB process has become infamous for the months-to-years-long nightmare that requires soldiers to fill out 28 different forms in order to get through the bureaucratic maze. Some reports have even suggested that the process is designed to be

so frustrating that soldiers will take whatever disability rating is offered to them, even though it may often be below that required for medical retirement, so that they can then get on with their lives, thus saving the government money on retirement benefits.

The DoD and the VA have also been consistently criticized for years about their inability to agree on measures needed to smooth the transition of military personnel from the DoD's system to that of the VA. The VA has established four poly-trauma centers where wounded soldiers who have suffered severe trauma, including traumatic brain injury, can be rehabilitated, but stories abound of the DoD refusing to provide medical records to VA physicians based on legal technicalities.

By all accounts, the medical care provided at Walter Reed, the National Naval Medical Center in Bethesda, Maryland, and elsewhere in the military medical system is unsurpassed. Advances in trauma care, and the application of those advances in Iraq have led to the lowest proportion of deaths to wounded in modern military history. This has meant that soldiers and Marines are surviving with wounds, including multiple amputations and brain injuries, that would have killed them in previous wars. It is at the point where wounded soldiers pass into rehabilitative care as outpatients that the problems begin.

The Independent Review Group Gets To Work

The Independent Review Group (IRG)'s charter calls upon it to "review, report on, and provide recommendations regarding any critical shortcomings and opportunities to improve rehabilitative care, administrative process, and quality of life" at both Walter Reed and Bethesda. The document was signed by now-outgoing Assistant Secretary of Defense for Health Affairs William Winkenwerder, as well as the Secretaries of the Army and the Navy. Both co-chairmen stressed, in response to questions from reporters on March 13, the independence of the panel to consider the impact that Bush Administration and Pentagon policies may be having on any problems that the panel identifies. "I believe we have all of the resources and all of the independence we require to do whatever we think we need to do to do our job," West said. He added that the panel was convened by Gates, and that "our mandate comes from him," not from Winkenwerder or the service secretaries.

Two of the policies at issue are the 2005 BRAC (Base Realignment and Closure) decision to close WRAMC, which Winkenwerder defended before the Senate Armed Services Committee on March 6, and the privatization of a portion of the Federal workforce, both of which were raised at two public meetings, one held at Walter Reed on March 13 and another at Bethesda on March 14. A number of the witnesses at the Walter Reed meeting told the panel that the hospital should not be closed, because of the high-quality medical care that is available there. Lorraine Cousins, the grandmother of a

wounded Marine, said that there are not enough beds at Walter Reed, and that the staff is overstretched. She added that military hospitals are not prepared for those who need long-term care.

In marked contrast to the Walter Reed meeting, in which no staff members came forward to address the panel, several members of the medical staff at Bethesda spoke about the pressures that they face. Ursula K. Henry, a former Navy nurse at the hospital, told the panel that some people on staff “have been so frustrated with the whole scenario” that they left to go across the street to work at the National Institutes of Health. Lt. Cmdr. Brandt Rice, a family medicine resident at the hospital, warned the panel that some members of the staff were suffering from “compassion fatigue.” He noted that while patients and family members had testified to the high quality of medical care at Bethesda, he told the panel that “we need to take care of those providers, as well, who are trying to give that level of care.” He said that he had made an effort to bring to the attention “of various people” the need to support those providers, but “to a major degree, my vocalness about this need has been met with some degree of resistance and some degree of retaliation.” He added that, in his own case, he was too overly burdened by administrative responsibilities, a lack of time, and an inability to coordinate with his supervisor and those above him “to give of myself the time to the patients.”

BRAC and Privatization

As was reported by *EIR* last week (see “Cheney’s War, Privatization and BRAC behind Walter Reed Scandal,” March 16), the privatization of base operations services at Walter Reed has become a major issue for those in Congress investigating the poor treatment of outpatients there. It is also an issue at Bethesda. Karen Piles, who has worked in facilities management at Bethesda for the past 28 years, told the IRG that the privatization of facilities maintenance has been “disastrous.” She said the contract was written poorly and was not devised for the special maintenance requirements of a hospital. “We have struggled for two years with a contractor that cannot keep up, and doesn’t have the skilled staff to take care of our needs,” she said. She reported that plumbing problems have been “immense,” that the contractor has made “horrible mistakes,” and that more money has probably been spent cleaning up after the contractor than would have been spent on facilities maintenance had the work not been contracted out.

The American Federation of Government Employees (AFGE) has carried out its own evaluation of the privatization at Walter Reed; it found that the cost of privatizing facilities maintenance at the hospital and eliminating the workforce to be at least \$12.7 million—well beyond the \$7.4 million in



DoD photo/Staff Sgt. D. Myles Cullen

Secretary of Defense Robert Gates moved quickly when the Walter Reed scandal broke: Heads began to roll.

savings promised by the contractor. “The Army carried out this illegal and wasteful privatization process because, like other agencies, it is under extreme pressure by the Office of Management and Budget to review for privatization large numbers of federal employees every year,” said AFGE National President John Gage on March 9. He added that the Army probably would have dropped the whole effort had it been left to its own devices, but “the political pressure from OMB [Office of Management and Budget] left Army officials with no choice but to go forward, even if that resulted in unsatisfactory care to the nation’s veterans.”

After the March 13 meeting, Marsh noted that dealing with the problems at Walter Reed (which are mostly in the area of post-hospital rehabilitation, where, he said, “We’ll have significant suggestions to make”) “will come down to resources, whether there is adequate funding and whether there is adequate staffing to perform the tasks.” When asked whether or not A-76 (OMB’s competitive sourcing initiative) and BRAC were factors in funding and resourcing, West replied “yes,” and added that, “It’s fair to say that members of this group have already begun to consider those factors.”

Of course, the one policy that the IRG cannot be expected to address is that of the Iraq War, itself, which is producing the constant flow of casualties that propagandists for the Bush Administration never said at the outset would happen. Nor is it likely that the Bush Administration would make any major changes to either the BRAC or competitive sourcing policies, even if the IRG found them to be factors in the problems that have been identified at Walter Reed. A more likely scenario is that the Pentagon will attempt to make fixes within the framework of those policies, leaving the underlying problems unsolved.

Funding Slashed for Life-Saving Imaging

by Patricia Salisbury

Beginning in January of this year, Bush Administration cutbacks in reimbursement payments under Medicare for imaging technologies have begun to impact this critical life-saving area of medical diagnosis and treatment, including availability and cost of MRI (magnetic resonance imaging), CT (CAT scan), PET (positron emission tomography), DXA (dual-energy X-ray absorptiometry) bone-density scans, and ultrasound. Specifically, the Deficit Reduction Act of 2006, passed by the then-Republican controlled Congress, reduces reimbursement for these technologies in physicians' offices and imaging centers (as opposed to hospital settings), threatening to turn the clock back on one of the most important breakthrough areas in the entire history of medicine.

A January 2000 editorial in the *New England Journal of Medicine*, cited by many of the professionals in the area, listed medical imaging as one of the 11 most significant advances of the past *thousand years*, ranking on a par with the development of antibiotics and the elucidation of human anatomy and physiology. Although a number of medical and professional organizations mounted a campaign during the last six months of 2006 for a two-year moratorium on these cutbacks, it was not successful, and the cuts went into effect in January.

No Political Debate on Cuts

On Aug. 3, 2006, Sens. Jay Rockefeller (D-W.V.) Gordon Smith (R-Ore.) sent a "Dear Colleague" letter to members of the Senate asking for support for the bill they had introduced to place a moratorium on certain sections of the Deficit Reduction Act (DRA): those which provided that payments for procedures delivered in a physician's office or imaging center be capped at a rate not to exceed the rate paid to a hospital outpatient department. The Senators pointed out that these changes could lead to a 30-50% reduction in current Medicare imaging reimbursement rates. They also noted that the imaging payment changes enacted in the DRA were not publicly debated by Congress, yet they represented more than one-third of the total Medicare "savings" in the bill; and that no consideration was given to how the new payment mechanism might affect long-term beneficiary access to these important diagnostic services.

The Senators stated that because of the arbitrary manner

in which the changes were enacted, their legislation called for a two-year delay in implementation and requested a comprehensive Government Accountability Office (GAO) study on the use of such services by Medicare beneficiaries. While the legislation failed in the 109th Congress, professional and medical associations connected to imaging services are determined to reintroduce and pass it in the 110th.

Even short of a GAO assessment, it is clear that the cutbacks will have a major negative impact in the availability of life-saving technologies.

In a statement submitted to a July 18, 2006 meeting of the House Energy and Commerce Subcommittee, Arl Van Moore, M.D., chair of the board of chancellors of the American College of Radiology, put forward the organization's concerns, particularly about the depth of the reimbursement cuts in key areas. They cited:

- CT angiography to examine heart arteries—reduced by 50%;
- PET/CT exams to pinpoint tumor location—reduced by 50%;
- MRI of the brain which is used primarily to diagnose brain tumors—reduced by 50%;
- MR angiography of the head which is used to detect the location of aneurysms, reduced by 42%.

Dr. Van Moore also noted the absence of any Congressional oversight on these cutbacks, stating that it would be expected that a provision which results in a \$2.8 billion reduction in physicians' fees would be debated in committee, on the House or Senate floor, or be the subject of a study by an outside Federal agency as to the effects of such a policy.

Addressing the question of effects of the cutbacks at the same hearings, Landis K. Griffith, director of nuclear medicine at the Baylor University Medical Center in Dallas, spoke particularly to the use of the very advanced PET exam in the management of cancer patients, reporting that it is the estimate of the PET community that the reimbursement cuts contained in the DRA could result in half of the non-hospital based PET and PET/CT providers closing their doors because they would be operating at a substantial loss. The result would be to push these cancer-care services back into the large hospital setting, raising the issue of accessibility to lower-income and underserved patients.

Griffith urged that "the advancement of imaging science, and the ability of cancer patients in all communities across America to access these imaging technologies, must keep pace with the advances in cancer therapy." He pointed out that, now that the medical community has an appropriate tool in PET technology to monitor tumor activity, there has been more rapid development of improved therapies, such as highly targeted radiation therapies and novel molecular approaches to cancer therapy; for example, gene and immunologic therapies. Optimal cancer care is absolutely dependent on optimal imaging care, Dr. Griffith concluded.

Dramatic Scientific Advances

These points were elaborated by Donald W. Rucker, M.D., speaking on behalf of the National Electrical Manufacturers Association, the largest association representing medical imaging manufacturers in the world. Countering the argument that doctors use the technologies too frequently in order to make money, Dr. Rucker stated that the primary driver of imaging utilization are the dramatic scientific and technical advances that allow physicians to see soft tissue and organs inside the human body. The power of imaging to offer more precise and less-invasive care has sparked what can only be described as a fundamental transformation in medicine, he said. In fact, he argued, imaging has become a standard of modern care for virtually all major medical conditions and diseases, including cancer, stroke, heart disease, trauma, and abdominal and neurological conditions.

Ironically, Dr. Rucker pointed out, the justification for the use of these technologies is judged almost entirely on the size of the year-to-year increase, not on whether the reasons behind it are sound or unsound. Increase in the number of imaging procedures per patient is one of the primary metrics used by some, including the Medicare Payment Advisory Commission in a 2005 report, to argue that utilization is excessive and profit driven. Yet, said Dr. Rucker, it is this very metric that captures the transformation of medicine brought about by imaging—physicians use it more broadly, in more patients, for more conditions, because it improves care. Furthermore, Dr. Rucker points out that studies have shown that an increase in the overall utilization of imaging and the number of imaging procedures per patient represents cost savings, since some medical care is found to be unnecessary or ineffective; or less invasive, more effective techniques can be used.

Dr. Rucker concluded: the DRA cuts are excessive in many cases, setting the reimbursement below the office-based cost of providing the service and unjustified by any reduction in overall cost. Given their size, these reductions will set off a chain reaction which will force many physicians to greatly reduce the availability of imaging services. In turn, patients will find it harder to get care, will have to travel farther, and will face long delays as they seek care in hospital outpatient departments.

Crisis in Mammogram Delivery

Even prior to the latest Bush Administration moves on imaging, reports began to circulate showing that the availability of one of the most basic applications of radiological techniques, and one not directly impacted by the January 2007 cutbacks, mammography, was in trouble. In a study released in July 2006 by the GAO, and conducted at the request of the then chairman and ranking member of the Senate Subcommittee on Labor, Health, and Human Services of the Appropriations Committee, Arlen Specter (R-Pa.) and Tom Harkin (D-Ia.), the decline in mammography infrastructure from Oct.



CDC

Mammograms, like the one depicted here, are the first line of defense against breast cancer. But, nationwide, the number of facilities offering this life-saving service have dramatically declined.

1, 2001 to Oct. 1, 2004 was exposed. In that period the number of mammography facilities nationwide decreased absolutely from 9,306 to 8,768 or 6%, including a net decrease of 87 mobile facilities which may serve multiple locations. Forty states lost facilities during this period, including ten states that each lost more than 20 facilities: California, Florida, Georgia, Illinois, New Jersey, New York, Ohio, Pennsylvania, Texas, and Virginia.

One telling figure cited by the study: As of October 2004, 865 counties—one-fourth of the counties in the country, containing 3.4% of the U.S population—had no machines (**Figure 1**). In the same period, the number of counties which had mammography machines remained relatively constant, at about 72%, but the number of machines decreased in certain counties. Of 413 counties that had a net loss in at least one mammography machine during that period, 117 lost more than 25% of their machines.

More recent data show this trend continuing with a more than 11% decrease in the number of facilities from 2000 to

FIGURE 1

Number of Mammography Machines by County, Oct. 1, 2004



Source: GAO analysis of FDA's Mammography Program Reporting and Information System database on the number and locations of mammography machines.

2006. The GAO survey found that financial considerations were most often cited as the reason for facility closures, while experts interviewed by the GAO said that financial considerations and difficulties recruiting and retraining staff have contributed to closures.

Although the DRA cutbacks do not directly impact mammography reimbursements, experts indicated that the more highly reimbursed imaging technologies are often used by centers to subsidize mammography services; so that the reduction of payment in other imaging areas will also impact the already collapsing mammography infrastructure.

The GAO naturally mutes the effects of this decline, claiming that as of 2004, nationwide capacity was adequate based on a purely linear and statistical calculation that if all then-existing mammography units were operating eight hours a day, they could satisfy national demand. However, the GAO researchers were forced to consult experts with frontline experience in the field, and to report that many of these experts were concerned both about the current impact on medically

underserved women, such as those who have low incomes and lack health insurance, and a more general impact in the future, based largely on the growing crisis in the supply of radiation professionals.

For example, a West Virginia official working with the Centers for Disease Control's early detection program for low-income women estimated that after the closure of a facility in one county, program participants' wait time for diagnostic mammography averaged eight weeks and could be as long as two months. Diagnostic mammography is done as a follow-up to an initial screening which results in suspect finding, i.e., that a woman may have breast cancer, and the recommended wait time is two days. A Virginia official estimated that after one county lost its only mammography facility, the loss resulted in some women needing to travel 60 miles to obtain services in comparison with 20-25 miles before the facility closed.

The study noted that these lengthy travel distances might particularly pose a barrier for underserved women. State offi-

cials reported that as of Oct 1, 2004, 12 of Alabama's 67 counties had no mammography machines. An Alabama official identified 10 counties that to her knowledge had never had a mammography facility and were not being served by mobile mammography facilities; each of the counties was designated as a medically underserved area by Federal guidelines. This official estimated that women living in the 10 counties had to travel distances ranging from 30 to 60 miles to obtain mammography services.

Unacceptable Wait Times

In Missouri, 50 of the the state's 115 counties had no machines as of Oct 1, 2004. An official reported that two mobile mammography facilities provided services once or twice a year to the northeast and southeast corners of the state, which have neighboring counties without mammography facilities. However, a woman requiring repeat films because of a possible problem, would have to travel about 250 miles to the provider's central location—about a five-hour trip in each direction. Other officials reported unacceptable wait times. For example, New York officials working with the CDC's early detection program estimated that after the closure of two facilities involving the loss of two machines in Brooklyn, the screening wait time for participants who had used these facilities was about two months and at the busiest time of year, the wait time was

three or four months.

A West Virginia official estimated that after a facility closure in Jackson County, participants' wait time for diagnostic mammography was eight weeks and could be as much as two months. A North Dakota official reported that 60% of North Dakota's counties had no machines as of Oct 1, 2004 and that the limited number of providers in the state served large geographic locations, with one provider's mobile facility serving almost the entire northwest quarter of the state, and was available to some communities only once every four months, and to others, only once a year.

Thus, contrary to what might be a popular misconception, routine mammography is not readily available to every woman throughout the United States—and the picture is worsening. Following an increase in mammography rates in women aged 40 and over in the 1990s, a recent study shows that rates are now declining. As reported by the National Center for Chronic Disease Prevention and Health Promotion of the U.S. Centers for Disease Control and Prevention, there has been an 1.8% decline; this translates into over 1.1 million fewer women falling within the mammography guidelines during 2000 to 2005. While some experts are scratching their heads and suggesting that women may be skipping mammograms because they are growing complacent, the figures on the infrastructure collapse presented above point to a different explanation.

Nuclear Medicine: Why The U.S. Lags Behind

Why does the nation that pioneered so many nuclear technologies now lag behind Europe and elsewhere in the pursuit of lifesaving nuclear medicine? The reason lies in the ignorance and fear of radiation promoted by the anti-nuclear forces, the short-sightedness of Federal budget-cutters, and the unwillingness of medical practitioners to give up traditional ways of treatment. The consequence is measured in lives cut short, because the best available tests and treatments were not used to heal the patient.

In tandem with advances in imaging technologies, which allow us to "see" in the very small, new nuclear medicine techniques, using short-lived radioisotopes, enable doctors to finely target the treatment of cancerous tumors and eradicate malignant cells without harming surrounding tissue. This kind of fine-tuning—for example, attaching a radioisotope to an antibody that makes its way to the tumor site—is more effective and has fewer side-effects than the conventional brute-force chemo and radia-

tion combination treatments for cancer, which debilitate the patient and often damage healthy organs. The promise is that in the future, as the isotope economy develops, medical treatment will move out of the present "dark age."

There are upwards of 113 million diagnostic tests and cancer treatments using nuclear isotopes yearly in the United States. Yet, 90% of the isotopes used must be imported, because this nation has not developed the facilities to produce isotopes. And in 2005, for no good reason, the Department of Energy shut down the Fast Flux Test Facility in Washington, a reactor designed to produce medical isotopes. As a result, many researchers working on cancer treatments cannot get the short-lived specialty radioisotopes needed for their research.

Nuclear medicine is not limited to cancer treatment. In January, researchers reported that they had successfully sent radioactive bismuth-213 and rhenium-188 to target HIV (AIDS)-virus infected cells in mice. "Both isotopes proved effective in eliminating the virus-infected cells from the mice, and no acute toxicities were noted," researchers stated. They noted that the same type of treatment could be developed for treating people with the AIDS virus, as well as other viral killers such as hepatitis C or Ebola.—*Marjorie Mazel Hecht*

National News

Hagel: Solutions Can't Wait Until Next Election

Expected by some to announce the formation of an exploratory committee, Sen. Chuck Hagel (R-Neb.) announced on March 12 that he will hold off on any decision about a Presidential bid. The conservative senator is the Republican who is most adamant in his opposition to the war in Iraq. "America's response to the challenges and opportunities that confront us today will define our future. Finding solutions to these challenges and capitalizing on these opportunities will not wait until the next election."

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

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

AFL-CIO Endorses Plan For Medicare for All

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

Medicare for All is the name being given the legislation proposed by Rep. John Conyers (D-Mich.), which provides for a single-payer universal health-care system.

In contrast, Andy Stern, president of the Service Employees International Union (SEIU) recently told the *Los Angeles Times*, that a single-payer health insurance system is "unlikely. I don't think Americans have a great trust of government in general. I think things like [Hurricane] Katrina and Walter Reed don't make people feel comfortable that government's going to solve their problems. I think single-payer would be the most efficient system, but I think Americans want to have an American solution, not a Canadian solution."

Friedmanites Target The Sarbanes-Oxley Bill

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

Cutting through the sophistry that "We cannot fiddle while American capital burns," about how regulation has made New York "Number Two" behind London as the stock exchange for initial public offerings, one of the bill's cosponsors let the cat out of the bag: London is behind this move. Rep. Tom Feeney (R-Tex.) first praised Milton Friedman as the greatest American economist, and then quoted him as the authority who warned that Sarbanes-Oxley is a disaster which has "terrorized" U.S. corporations from taking risks in expanding, growing, etc. Later Feeney said that in both Hong Kong and London, financiers "are laughing at us." He said that "the joke in London is that they are erecting a statue to Sarbanes, and one to Oxley" to thank them for making London the number one in "worldwide capital." The same thing happened in Hong Kong, where a CFO of a

major firm "laughed at me, and patted me on the back" when he asked if Asian companies would list their stocks in New York.

Senate Defeats Resolution On Troop Withdrawals

On March 15, the U.S. Senate voted down the Democrats' resolution for troop withdrawals from Iraq, after a day of debate on the Senate floor. The vote was 48 in favor of the Resolution, and 50 against, generally split along party lines. Democratic Senators Mark Pryor (Ark.) and Ben Nelson (Neb.) voted with the Republicans, while Republican Senator Gordon Smith (Ore.) with the Democrats. Sen. Joseph Lieberman (I-Conn.) voted with the Republicans.

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

House Passes Bill for Contracting Accountability

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

Can Arabs Stop Cheney's Drive for World War III?

by Jeffrey Steinberg

On Nov. 26, 2006, appearing on ABC television from his palace in Amman, Jordan, King Abdullah II warned about the “strong potential of three civil wars in the region, whether it’s the Palestinians, that of Lebanon, or of Iraq. . . . And therefore, it is time that we really take a strong step forward as part of the international community and make sure we avert the Middle East from a tremendous crisis that I fear, and I see could possibly happen in 2007.”

Unfortunately, by the time the King appeared on ABC-TV, any hopes that he might have had, of winning support from the Bush Administration for a concerted effort to prevent the eruption of a permanent war in the region, had already been dashed—whether the Jordanian monarch was fully aware of it or not. The day before Abdullah’s TV interview with George Stephanopoulos, Vice President Dick Cheney had made his now-infamous secret one-day trip to Riyadh, Saudi Arabia, to explicitly promote a confrontation, pitting Sunni Arab states of the Persian Gulf plus Egypt and Jordan, against Shi’ite Iran.

Cheney was promoting a permanent religious war in the region between Sunni and Shi’ite Muslims at the very moment that the Jordanian King was calling for a concert of efforts to stop the outbreak of civil wars. Within a month of the Cheney secret diplomacy, a second American aircraft carrier group would be dispatched to the Persian Gulf, greatly increasing the probability of a new “Gulf of Tonkin” incident, to justify American bombing attacks against scores of sites inside Iran.

As Lyndon LaRouche warned at the time of the Cheney Riyadh gambit, the stakes in the Persian Gulf are not regional, but global. The Cheney faction inside the Bush Administration, in concert with controlling elements in London, are go-

ing for World War III, at precisely the moment that the global financial and monetary system is crashing. And the British “Limps”—Liberal Imperialists—with their 150-year track record of imperial games in the Persian Gulf and the extended Southwest Asian region, have ample assets on the ground inside Iran, to provide precisely the provocation that Cheney and company are seeking, to get their “lovely little permanent war.”

Russian President Vladimir Putin is reportedly furious at the Iranian leadership for failing to see the global dimensions of the provocations coming out of the War Party inside the Bush Administration, which, while wounded, is still very much in a position to wreak havoc. As Putin well understands, Cheney’s antics are not about a showdown between Washington and Tehran. The real targets are Russia, China, and India, the three Eurasian powers that LaRouche has identified as the natural allies of a United States freed from the Bush-Cheney insanity, and back on a Franklin Roosevelt global policy course.

Stopping the Three Civil Wars

It is against this backdrop that the concert of actions by Saudi Arabia, Jordan, Russia, Iran, Egypt, Syria, and other countries of the extended region, aimed at reversing the momentum towards war, must be judged.

Since early this year, the Saudi King has played host to two major diplomatic initiatives—aimed precisely at averting civil war in Lebanon, Palestine, and Iraq. Through dozens of interviews, *EIR* has compiled the following picture of those efforts, and the events preceeding and following them.

On Feb. 7, 2007, Saudi Arabia’s King Abdullah hosted a meeting in Mecca between Palestinian Authority (PA) Presi-

dent Mahmoud Abbas and Hamas leader Khaled Mashaal. The meeting produced what came to be known as the “Mecca Accords,” a series of documents establishing the basis for a national unity government for the Palestinian Authority, with power-sharing among Hamas, Fatah, and a group of technocrats. Although the Egyptian government has been consumed for months with the fight over who will succeed an aging and infirm President Hosni Mubarak as head of state, the Mecca documents were careful to praise the pivotal role played by Egypt in securing a peaceful settlement of the internal Palestinian conflict.

According to Egyptian and American sources, the Mecca Accords were driven by the eruption of violence in the Gaza Strip in late January 2007, which was bordering on civil war between armed factions of 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 and rabid neo-con Elliott Abrams, in the efforts to provoke Fatah-Hamas bloody conflict. When the confiscated documents were presented to PA President Abbas, he was reportedly furious.

At that point Saudi King Abdullah summoned Hamas leader Mashaal to Riyadh, to press for a face-to-face meeting with Abbas. Syria reportedly played a critical role in pressing the Hamas chief to accede to the King’s demands. Saudi Arabia, according to Egyptian and American sources, pledged \$1 billion in aid to the PA and spread around large amounts of cash to secure the meeting—which resulted in a unity government, formally announced on March 15.

On March 3, Iranian President Mahmoud Ahmadinejad made an unprecedented visit to Riyadh, to meet with King Abdullah. The King greeted the Iranian leader at the airport with a red-carpet reception, and the two leaders held three hours of talks at the Royal Palace. According to a wide range of sources, the meeting forged a unity government deal for Lebanon which, while still under negotiation, would greatly reduce the sectarian conflicts in that Mediterranean nation-state, which endured 15 years of devastating civil war, beginning in 1975—a civil war orchestrated by self-professed British agent Henry A. Kissinger.

The essence of the deal struck between Ahmadinejad and King Abdullah was the following: The current governing coalition, led by Prime Minister Fouad Siniora, would retain 19 Cabinet posts. The Hezbollah coalition would get ten posts, and the one remaining post would go to an “independent” figure closely allied with Hezbollah. The so-called “19+10+1” deal had been a stumbling block for months, because a minority faction in the Cabinet with one-third of the votes can block any government action. The big fear was that Hezbollah would veto the approval of an international tribunal to probe the assassination of former Prime Minister

Rafiq Hariri.

Reportedly, as the result of the Saudi-Iranian mediation, Hezbollah indicated that it would okay the tribunal, with certain modifications. The day after the Ahmadinejad-Abdullah meeting, the Belgian judge heading the tribunal arrived in Riyadh for negotiations on modified rules.

The question yet to be answered in the still-pending 19+10+1 arrangement is: Will the Syrian government be double-crossed in the bargain, or will the Saudis, who have been in conflict with Damascus for the past several years, honestly represent the interests of Syrian President Bashar Assad at the negotiating table?

One extremely well-informed Egyptian source, asked about the “Syria factor” in the Lebanon deal, shrugged. “In the Middle East,” he said, “double-crosses occur all the time. They are a way of life, a cost of doing business.”

The Iran Factor

A number of sources elaborated on another critical aspect of the regional situation: Iran’s involvement in Iraq and the Iranian nuclear program. A grid of source reports and publicly reported events suggests the following developments since the middle of February.

First, on the Iranian nuclear program: Sources report that, under enormous pressure from Russia and other international players, including some Western European states, Iran made a decision to postpone the activation of a second, larger enrichment facility at Natanz. International Atomic Energy Agency (IAEA) chief Dr. Mohamed ElBaradei had been pressing for months for a “freeze” in the confrontation between Iran and the U.S. over allegations that Iran was building a nuclear bomb. ElBaradei proposed that the Iranians halt any further advances in their nuclear enrichment efforts, and in return, the United Nations Security Council would stall on the imposition of new, harsher sanctions on Iran.

A mid-February meeting in Moscow between President Putin and former Iranian Foreign Minister Ali Akbar Velayati was, reportedly, a crucial event in the process, with the Russian leader reading the Iranian emissary the riot act, and threatening to halt the activation of the Russian-made Iranian nuclear reactor at Bushehr.

Other factors also reportedly squeezed the Iranians to make the first behind-the-scenes concession. These factors included a threat by Interpol to issue an international arrest warrant against former Iranian President Hashemi Rafsanjani, who remains a powerful figure among the clerics who ultimately run Iran. Both Rafsanjani and Velayati were among the Iranian officials who were accused of ordering the 1994 bombing of a Jewish community center in Buenos Aires, Argentina.

Iran in Iraq

The third, and by far, the most advanced of the three civil wars cited by Jordan’s King Abdullah II last November, is

Iraq. In a recent interview on CNN, the Iraqi chief of national security told Wolf Blitzer that Iran was no longer involved in arming and training Shi'ite rebels in Iraq. Washington, D.C. sources confirmed the statement and explained this decision to *EIR*.

The Shi'ite insurgency, one source explained, is engaging in "strategic defense" in Iraq, avoiding direct engagements with American and allied forces, and waiting for the withdrawal of foreign troops, to consolidate control over the majority of the country. Firebrand cleric Moktadr al-Sadr, according to several sources, has been ordered to stand down his Mahdi Army, and wait out the American "surge." Sadr has recently been in Iran, but is now reportedly staying in a remote area of Shi'ite-dominated southern Iraq, where there are no British troops patrolling, and not even any presence of Iraqi Army forces.

All of these arrangements amount to an across-the-board effort to cool out Sunni versus Shi'ite, sectarian, and secular-versus-fundamentalist conflicts in all three countries on the verge or already in the throes of civil war.

The efforts clearly mark a decision by Saudi Arabia's King Abdullah to distance the Kingdom from the Bush-Cheney White House, and to pursue a regional diplomacy that is distinctly in contrast to the intentions of Cheney, Abrams, and many inside the Israeli government and right wing. Abrams, in particular, is reportedly livid over what he clearly sees as an Arab double-cross.

However, King Abdullah has been taking advantage of the close ties that his national security advisor and former long-time Saudi Ambassador to Washington, Prince Bandar bin-Sultan, still maintains with the Bush family and the Office of the Vice President, to convey to the White House that the Saudis are actually pursuing Administration-stated policies.

Furthermore, just 24 hours after the completion of the Mecca talks, breaking the Palestinian deadlock, Frances Townsend, President Bush's White House homeland security and counter-terrorism aide, was in Riyadh for a personal briefing from the King on the results of the talks. The Saudis have gone out of their way—even while distancing themselves from Washington's war schemes for the region—to stay in Washington's good graces.

Such fancy diplomatic footwork may slow down, or even temporarily reverse the drive towards horrific regional conflict. But Dick Cheney and, above all, his fanatical Fabian Society "liberal imperialist" backers in London, will not be denied their global showdown by such limited, albeit admirable efforts.

As Lyndon LaRouche has repeatedly emphasized since the Summer of 2002, nothing short of the removal of Dick Cheney from government, and the ouster of the entire neo-con swamp in his Office, guarantees that war—permanent war—can be avoided.

LaRouche: I Defend President Jimmy Carter

This commentary by Lyndon H. LaRouche, Jr. first appeared in EIR, Jan. 5, 2007.

I intervene to defend former President Jimmy Carter at this instant, for two reasons.

First, he is right on the issue of the title of his current book. What the Israelis and others are currently practicing against the Palestinians, is nothing differing in principle from a continuing practice of Apartheid. Every sane and intelligent political figure I know agrees with that in fact, but only a few of those politicians acting in the tradition of "political animals," are willing to be caught saying that publicly.

Secondly, former President Carter has come to follow in the pattern set for ex-U.S. Presidents by John Quincy Adams and Dwight D. Eisenhower. He was elected to serve in the Presidency. There are also others, who have sought that office on the basis of competent advocacy of relevant, needed changes in principles of government, rather than personal ambition, as I have, who also represent a continuity of our Presidential legacy, just as the Baker-Hamilton Commission enjoys the aura of past service of George H.W. Bush as Vice-President and President.

Thus, President John Quincy Adams' role as a member of the U.S. House of Representatives, paved the way for President Abraham Lincoln's rescue of our republic from the relevant Franco-British plot to divide and destroy us. The wave of 1960s coups d'état, such as that against Prime Minister Macmillan in the United Kingdom, the attempted assassinations of President Charles de Gaulle by the forerunners of the just recently deceased Pinochet of Chile, the hastened retirement of Konrad Adenauer, the assassinations of President John F. Kennedy, Malcolm X, the Reverend Martin Luther King, and Robert Kennedy, over the 1961-1968 interval, left us with no active continuation of the Presidential tradition but that of the former President Eisenhower who set the pace for those, like Jimmy Carter, George H.W. Bush, and Bill Clinton, who have been still significantly active publicly today on that account.

Former President Jimmy Carter had the great misfortune of being elected during a time that the 1970-1981 destruction of the U.S. economy was the reigning policy imposed upon any President who had the historic misfortune of becoming the future scapegoat for the wrecking of our economy which occurred under hegemony of institutions typified by

the Trilateral Commission. He came out of that experience, momentarily bitter and confused; but, later, he played an important role, at times as a virtual maverick, in bringing the legacy of President Eisenhower's post-service role into play. The Eisenhower-Carter Presidential legacy is to be seen clearly today in the matter of issues of the U.S. "Middle East" policy.

As virtual founder of our modern U.S. State Department, President, and conscience of the Congress, John Quincy Adams, helped by our spies such as Washington Irving, Edgar Allan Poe, and James Fenimore Cooper, defined the legacy of such institutional functions; and diplomats in the footsteps of Benjamin Franklin and John Quincy Adams himself, all together, defined the function and practice of the U.S. Presidency as the distinctive soul of our republic. The best representatives of these professions have been the needed exception, when prevalent popular opinion and most legislators have walked the streets of political opportunism, with a large following from among the masses of Sophists from within the body of what Mae West might have defined as "popular appeal."

Some among us must stand apart from the caprices of so-called popular opinion, to take care of the future of our republic, and of civilization generally. It is those who think as a suitable President of our republic should, who represent the true conscience of our republic, represent those whose preference for principle over short-term popularity, qualifies them to see more clearly where the future interest of not only our own republic, but of the continuity of civilization, lies.

Among Twentieth-Century Presidents, McKinley, Franklin Roosevelt, Dwight Eisenhower, Carter, and now Clinton, have clearly taken upon them the challenge of that legacy. This is the same legacy echoed in the performance of the Baker-Hamilton Commission. They are not required to be right at all times; nonetheless, their honest commitment to seeking truthful and appropriate policies for our republic, sets a standard for all mere mortals occupying or seeking highly placed public office today.

With Jimmy Carter's frankly honest title for his book, something good for our nation and civilization were more likely to be gained. The Baker-Hamilton Commission's work is not perfect, but it is the launching-pad for the immediate changes in policy desperately needed to rescue our nation from the damnable follies of the current U.S. administration.

Without bringing about a peaceful resolution of the Arab-Israel conflict, there is no hope for the continued existence of Israel itself, nor the so-called "Middle East" as a whole. If the "Middle East" goes, as the Bush-Cheney policies would ensure an early catastrophe there, there is the danger that the entire planet is plunged into related political-strategic flames. Jimmy Carter is right.

Book Review

Carter: Time for Israel To Comply With International Law

by Michele Steinberg

Palestine: Peace Not Apartheid

by Jimmy Carter

New York, New York: Simon & Schuster, 2006
263 pages, hardcover, \$27.00

What comes across in former U.S. President Jimmy Carter's careful book, is that there is only one human race. Therefore, the occupation of Palestinian lands must end, and the international agreements and United Nations resolutions going back to 1948 must be accepted.

The standard of conduct that Carter asks of the Israelis, is that they embrace the children of Palestine with justice and mercy, to the same degree that they embrace their own children. Carter's book poses the paradox that the poignant words, "Let my people go," of the Negro Spiritual, "Go Down, Moses," known to every American, as referring to the Jews, should be also applied by the Israelis, to giving justice, peace, and an end to the occupation to the Palestinians.

In the book's final words, Carter simply states:

"The bottom line is this: peace will come to Israel and the Middle East only when the Israeli government is willing to comply with international law, with the Roadmap for Peace, with official American policy, with the wishes of a majority of its own citizens—and honor its own previous commitments—by accepting its legal borders. All Arab neighbors must pledge to honor Israel's right to live in peace under these conditions. The United States is squandering international prestige and goodwill and intensifying global anti-American terrorism by unofficially condoning or abetting the Israeli confiscation and colonization of Palestinian territories.

"It will be a tragedy—for the Israelis, the Palestinians, and the world—if peace is rejected and a system of oppression, apartheid, and sustained violence is permitted to prevail."

Carter leads up to this point, with a chronology of his own direct experience in visits to Israel, negotiations as President of the United States, and as head of The Carter Center. He writes about simple truths and the meeting of simple needs: the availability of water, which, he observed, during his early trip with his wife, Rosalynn, to the Jordan Valley, is denied to the Palestinians because the northerly Israeli settlements have dammed the river for their own agricultural projects. That the Palestinian land in the West Bank of the Jordan River, from which come the olives and other agricultural goods that are the sole basis for the economy, not be stolen from them—in the name of security—by a wall that Carter identifies as “a prison.” That family homes not be bulldozed, leaving thousands of children homeless. That olive trees that take a hundred years to cultivate for significant yield, should not be uprooted and destroyed, as the Israel Defense Forces have been doing every day for the past half decade.

Carter has been attacked for this book by hysterics—organizations such as the Anti-Defamation League (ADL), the Simon Wiesenthal Center, the American Israel Public Affairs Committee (AIPAC)—which have pressured members of The Carter Center to quit the board of his organization, in an attempt to destroy it.

These right-wing attackers say their campaign is because of Carter’s accusation of “apartheid.” But, Carter doesn’t use that term loosely. In the chapter called, “The Wall as a Prison,” he writes: “Utilizing their political and military dominance, they are imposing a system of partial withdrawal, encapsulation, and apartheid on the Muslim and Christian citizens of the occupied territories. The driving purpose for the forced separation of the two peoples is unlike that in South Africa—not racism, but the acquisition of land.”

Reading accounts of the anti-Carter’s charges in the media, one might expect that Carter assails the Israelis for racism, and for killing Palestinian children, and that he excuses the use of terrorism. Nothing of the sort.

One finds a gentle book that makes devastating points so subtly—using first-hand experiences, and the legal record of United Nations resolutions, treaties, and letters signed by the Israelis with the United States, Egypt, the UN, and the Palestinians—that one must conclude the ADL, AIPAC, et al. are not only hysterics—they’re fanatics!

Never in the book does Carter excuse Palestinian terrorism. Never does Carter condone Hamas or any other Palestinians for refusing to recognize Israel’s right to exist. Never does Carter fail to acknowledge that innocent Israelis—including children—have died in terror attacks from Palestinians since 2001. But Carter also acknowledges that many more Palestinian children have died at the hands of Israelis since 2001, and that the United States has consistently *failed* to hold Israel accountable to international law.

FIGURE 1



Source: *Palestine: Peace Not Apartheid*.

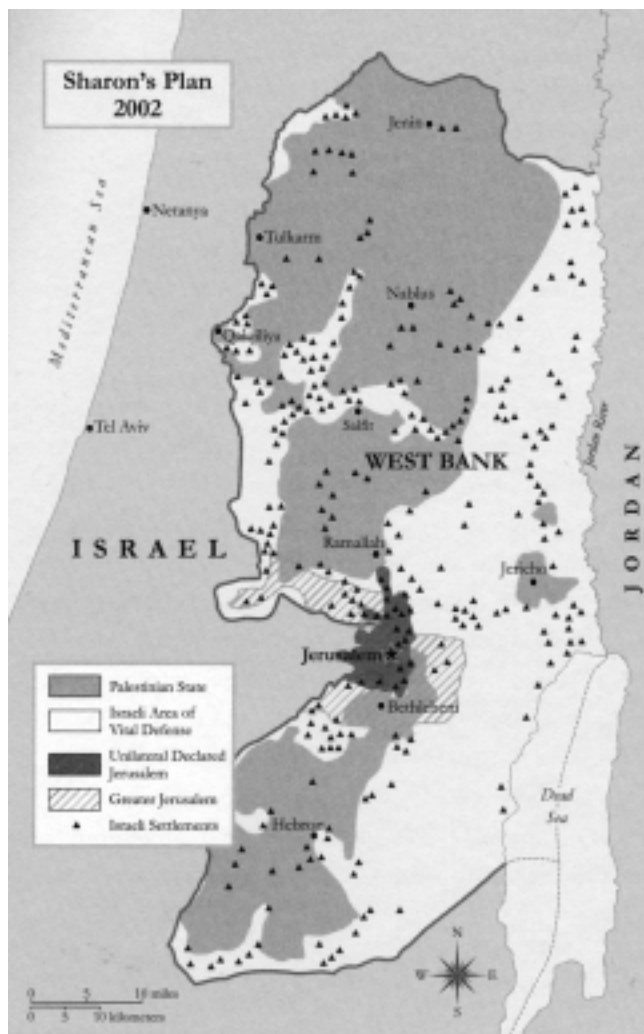
UN approved boundary, 1949-67. “Armistice agreements with the Arabs allow Israel to gain more land (77 percent of Palestine). Transjordan, renamed Jordan, controls what is left of the west bank of the Jordan River, including Old Jerusalem,” writes Carter.

The Truth Is Out

What really may be behind the disproportional outcry against Carter is the formidable legal record that he reviews, which establishes that Israel is violating international law unless it adheres to the 1948 borders set by the UN, and reaffirmed by Resolutions 242 and 338, or changes them by negotiations with the Palestinians.

The diplomatic record is all there in a series of maps of Israel and Palestine, and appendices to the book, which are breathtaking to read in one sitting. In merely 25 pages of appendices, providing UN Resolution 242 of 1967, UN Reso-

FIGURE 2



Source: *Palestine: Peace Not Apartheid*.

Israeli Prime Minister Ariel Sharon's government rejected any discussion of Israeli settlements in "Judea and Samaria" in the Road Map proposal.

FIGURE 3



Source: *Palestine: Peace Not Apartheid*.

The completed and proposed sections of the "Segregation Wall" seize large sections of Palestine, and trap communities in isolated areas.

lution 338 of 1973, the Camp David Accords of 1978, the Framework for Egypt-Israel Peace Treaty of 1978, UN Resolution 465 of 1980, the Arab peace proposal of 2002, the student of Southwest Asia can see how close peace is, if serious talks take place.

Especially enlightening is Carter's account of the meetings between Egyptian President Anwar Sadat and Israeli President Menachem Begin. He concludes: "We all knew that Israel must have a comprehensive and lasting peace, and this dream could have been realized if Israel had complied with the Camp David Accords (1978) and refrained from colonizing the West Bank, with Arabs accepting Israel within its

legal borders."

In 2002, in Beirut, the Arabs finally did agree to move toward accepting Israel within its legal borders.

Carter is honest about the Israeli intransigence against talking to the Palestinians since the Bush Administration took power, in a way that is rarely ever heard any more in Washington. He does ruffle feathers in Washington and Tel Aviv—and in other capitals that have stood by and allowed the bloodshed to continue.

Carter is also honest about the election victory of Hamas in January 2006, encouraging the move that Hamas made to authorize Palestinian President Mahmoud Abbas to continue to negotiate the Road Map. Carter also greets with hope, the

tenuous agreement reached in prison among Fatah leader Marwan Barghouti, and leaders of Hamas and other Palestinian organizations that reject the Oslo Accords.

Though it is outside the scope of the book, that Barghouti prisoner proposal has now become the basis of the Fatah-Hamas national unity government agreement.

Jimmy Carter Is Right

Carter establishes that the morality of peace towers above the arguments made by the White House and the Sharon and Olmert governments since 2001, that they will not negotiate with the Palestinians. But, six decades of bloodshed, and the last six years of “no future” for the Palestinians, say that Jimmy Carter is right.

On Dec. 10, 2006, less than three weeks after Carter’s book was out, the “Baker-Hamilton Report” of the Iraq Study Group, a bipartisan high-level commission, also affirmed that Carter is right—stability will not come to the Middle East without an agreement that gives the Palestinians their just and lasting peace.

Also on Dec. 10, as the hysterical attacks on Carter continued, Democratic Party statesman Lyndon LaRouche declared in a statement, reprinted in this issue (see preceding article), that “Jimmy Carter is right.”

Now, months after the publication of the book, a national unity government of the Palestinian Authority has been formed by President Abbas and Prime Minister Ismail Haniyeh, a Hamas leader, which holds the promise of recognizing a sovereign Israel within—as Carter says—its legal borders. Again, the United States and Israel refuse to deal with this government.

Will the chance again be lost? Jimmy Carter’s book is more urgently needed than ever.

Two of the Arab and Israeli leaders who dared to make peace were assassinated by the fanatics of their own camps. In 1981, President Sadat was killed by the Muslim Brotherhood. In 1995, Israeli Prime Minister Yitzak Rabin was killed by a fanatic of the Israeli settlers movement—the occupiers of the West Bank.

Rabin said on the occasion of signing the Oslo Accords with PLO Chairman Yassir Arafat, “We who have fought against you the Palestinians, we say to you today in a loud and clear voice, enough of blood and tears, enough.” In toasting the accord, Rabin said, “History belongs to those who have the courage to change the axioms.”

Carter’s book makes it obvious that almost everything that needs to be settled for an agreement to cease all hostilities between Israel and Palestine is already there—and has been there for a decade and a half—since the Madrid Conference of 1991 and Oslo of 1993.

For those reasons, this book belongs on the bookshelf of every policymaker concerned with Southwest Asia, and of every student interested in the area.

German LYM Brings in ‘New Politics’

by Rainer Apel

The March 11 mayoral election in the German city of Wiesbaden, may well go down in history as a turning point in the dynamic of the political process in this country. For, despite the attempted sabotage of the election campaign, by measures including the failure of the leading Social Democratic Party candidate to register in time, and the subsequently dramatically low voter turnout (26.5%), the deployment of the LaRouche Youth Movement behind the campaign of BüSo (Civil Rights Solidarity Party) mayoral candidate Alexander Hartmann, resulted in not only the doubling of the BüSo vote in the campaign, but palpably changed the political environment in a lasting way.

Commenting on the election, BüSo National Chairwoman Helga Zepp-LaRouche said:

“If only a good fourth of the voters participate in an election, that shows that something fundamental is wrong. Previously over 90% of the people participated in local elections. In this case, the so-called political elite in this country has never been as discredited as today. The election campaign of the BüSo in Wiesbaden has shown, that one must win back the trust of the population in many direct personal discussions, and with a program that addresses the existential problems of the people. But above all, our young election campaigners have created a situation in which they reawakened in Wiesbaden a memory of Germany as a land of poets and thinkers.”

The major measurable impact of the BüSo campaign, which was spearheaded by a group of 12 members of the LYM, who blanketed the city with 40,000 campaign pamphlets, and brought *bel canto* singing into the streets on a daily basis, was in the working-class district of Wiesbaden, a formerly industrial city. While the vote given to Hartmann for the city as a whole was 1.8% of the total, in several working-class districts, where the youth had concentrated their activity, Hartmann received 7.5% of the vote. In the German multi-party system, a vote total of over 5% is enough to qualify as a major party.

But the effects of the LYM presence, both on the streets and at the major campaign events which tried to exclude Hartmann, will be seen in a change in the political climate over the longer term. The BüSo polemics against the Al Gore hoax around CO₂ and global warming, against the Cheney war party, and against the “casino economy” of Wiesbaden (which has a big gambling “industry”) stirred up the city’s



The LaRouche Youth Movement campaigns for Wiesbaden mayoral candidate Alexander Hartmann. Hartmann doubled his vote over his previous campaign. His poster (shown here) reads, "Wiesbaden needs a 'New Deal,'" with photos of FDR and Hartmann. The pun is on the name of Hildebrand Diehl, outgoing mayor of the city.

establishment, and put the ideas of reindustrialization on people's tongues again. As the impact of the global financial collapse deepens, the BüSo will be the only institution standing to which they can turn.

Political System Falling Apart

The Wiesbaden mayoral campaign was a landmark for the collapse of the discredited, established system of politics in Germany. First, the Social Democrats, one of the two biggest parties in Germany, failed to have a candidate. This has never happened before, and it led to the absurd decision of the SPD to call on its voters to come out for a candidate, Ewald Roth, who was not on the ballot.

This left the mayoral field to be dominated by two establishment candidates, Helmut Müller (Christian Democrats) and Rita Thies (Greens). As BüSo candidate Hartmann observed after the election, the major achievement of these two candidates was to scare three quarters of the electorate away from the polls. In fact, not only was the turnout only 26.5%, but this was a 7% drop from the last election for mayor.

The mainstream media in Wiesbaden, the *Wiesbadener Kurier*, also did its best to contribute to destroying the electoral process. One week before the election, the paper published a forecast that gave 23% to Müller, 16% to Thies, 3% to the semi-establishment candidate of the Linke (Left) list Peter Silbereisen, and 0% to Hartmann. Even when you add in the 34% the *Kurier* said were undecided, still 24% of the vote was missing! Not until after the election did the *Kurier* see fit to mention the BüSo campaign, and that with a mostly slanderous article, that nonetheless reported on the LYM's campaigning, along with a photo of the LaRouche Youth with their main campaign banner, exposing the Al Gore CO₂ hoax with the message: "Plants Love CO₂."

The BüSo Campaign

During the course of the few weeks before the election, 40,000 BüSo programmatic pamphlets were distributed throughout the city—meaning that one out of five households in the city received a pamphlet. The campaign poster was designed with a particular irony in mind, because it depicted Hartmann together with Franklin D. Roosevelt, saying that "Wiesbaden Needs a New Deal." "Deal" was placed next to a crossed-out "Diehl," the name of the outgoing mayor of Wiesbaden.

In their campaigning, the LYM deliberately accentuated the contrast between the "New Politics" political method of conveying Classical music and science to the populace, and politics as usual. Every day, the LYM held their chorus practices on the streets, during which they performed Classical music such as Johann Sebastian Bach's motet "Jesu, meine Freude," as well as the American song of the Union Army during the Civil War, "The Battle Cry of Freedom." In addition, the youth provided polemical texts for songs from the Classical musical repertoire, including one which began with CO₂, and warned that "Cheney is preparing a new war."

The musical performances were conducted at rallies, as well as leaflettings, and public interventions. Most of the former were held in the outer districts of Wiesbaden, where the lower-income 80% of the population lives, but music also dominated the final campaign rally held in the downtown area on March 10, the day before the election. A public campaign event of the BüSo on March 4 focussed entirely on presenting the choral work of the LYM, with exemplary sections from the aforementioned Bach motet.

"What does Bach have to do with the struggle against Gore and Cheney?" was a question asked by many German citizens on the street. The answer was that Classical music elevates the citizen to become a better voter. A very special event during the campaign was a performance of the Bach motet at a mosque. This was followed by a discussion between the LaRouche Youth and the Muslims there, about the importance of choral music, and about the potentially big impact that Bach could have on the development of Islamic music, if his principles of composition were applied there also.

The LYM contingent also introduced universal principles from science into the campaign, by giving a class on Johannes Kepler, the astronomer-philosopher of the late 16th-early 17th Century. Kepler's research laid the basis for everything that space science and space technology—not to mention atmospheric science—has achieved today. Kepler's work also exemplified the unity of the principles of Classical music and physical science—a reality that was demonstrated when the youth combined the Kepler presentation with a musical program by instrumentalists of the LaRouche Youth, at the final campaign event.

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

by Muriel Mirak-Weissbach

The author visited Cairo March 7-11, 2007.

The Arab League summit, scheduled to open in Riyadh on March 28, will be faced with the daunting task of dealing with several life-or-death issues, from Palestine to Lebanon, Iraq, and the danger of a military attack on Iran. Although viable solutions are on the drawing board for all these urgent issues, international as well as internal pressures on the 22 member countries threaten to sabotage productive efforts.

I will focus here on Egypt, which finds itself in a vise, between pressures coming from the Bush-Cheney war faction and moves by regional forces, especially Saudi Arabia and Iran, in the direction of defusing crises. For this reason, there is tremendous interest throughout Egyptian intellectual and political circles in understanding better what the dynamic in Washington really is. This author was invited by Prof. Mohammad El-Sayed Selim, of Cairo University, and Dr. Hoda Metkees, director of the Center for Asian Studies at the Faculty of Economics and Political Science, to deliver a lecture March 8, on “‘The New Politics’ in the United States and Implications for the Middle East.”

The presentation gathered teachers and students from the Center for Asian Studies, the Institute for Malaysian Studies, and the Institute for Arab Studies and Research, which is an organization of the Arab League. Among the 120 attending were students, teachers, diplomats, and press.

The presentation focussed on the “New Politics” emerging from the Nov. 7 U.S. elections, and the implications for shifting foreign policy, as shown in the Baker-Hamilton report. The role of the youth vote was explained, especially the role of the LaRouche Youth Movement (LYM) in key borderline states, including the exposé of the Lynne Cheney university campus networks in the American Council of Trustees and Alumni. The significance of this new layer of voters was explained from the standpoint of a different economic/social policy orientation, away from globalization and for a revival of industrial policy.

The vote for a Democratic majority was presented as a vote of no confidence in the Bush-Cheney regime, a vote against its permanent war policy, and its economic madness. The issuance of the Baker-Hamilton report, defining a shift in foreign policy, was seen as an institutional intervention, followed by the activity of the new Congress and Senate, with hearings, resolutions, and so on. Reference was made during

the lecture to Lyndon LaRouche’s webcast the evening before, where he hammered away at the need for the Democratic majority to move decisively and to impeach Cheney, as time is running out. Finally, reference was made to other moves by political forces internationally (Russia, China), and regionally (Iran, Saudi Arabia), in the context of the shift in the United States.

Intense Interest in U.S. Politics

In the discussion period, the questions reflected an intense interest with the U.S. political scene. One woman wanted to know how to deal with the “rave” culture among youth, how to get them interested in politics. She was fascinated, as were the students, to hear about the LYM organizing method, with the emphasis on mastering scientific method.

Other questions included: “What should Egypt’s role in the region be?” “What made Bush change his mind about talks with Syria and Iran after Nov. 7, considering that last Summer, they were excluded from the Rome conference?” “What were the real reasons for the war against Iraq? Do the American people know, or do they accept Bush’s lies?” “How do you see the emergence of an Asian ‘pole’ (China, India, Russia) in the strategic situation?” “What about the Japanese?” “Is it true that American youth don’t know about history?” “What is the future for America and this generation?” “Since Egypt and the Saudis have refused to replace U.S. troops in Iraq, what are the alternatives for the United States there?” “How do U.S.-Russia relations affect U.S.-Mideast relations?” “Is the expansion of the Christian fundies in the United States, and al-Qaeda here, an indication of the growing rule of organizations with spiritual values in politics?” (Here, the background to both tendencies was presented, also to show they have nothing to do with Christianity or Islam.)

Still more questions: “How do you see the future of the U.S. government, with the new younger generation emerging?” “How can they change strategy?” “Where will America end up in the long run?” “How do you see the American-Arab dialogue?” “After the developments with North Korea, what perspective is there for the United States to remain a superpower?” “What are the implications of the North Korean case for Iran?” “What is U.S. foreign policy *vis-à-vis* China?”

Most noteworthy was the attention to international issues, not just local ones. This also reflects the fact that many students, and especially those in the Arab League institute, come from Arab countries outside Egypt. The interest of all in the United States is overwhelming, and the general mood is: We would like to see America return to play a role for the Good in the world, as at the time of Eisenhower, for example—which all Arabs are familiar with. The views expressed by this group of students and teachers reflect most accurately the views of the political intelligentsia not only in Egypt, but the entire Arab world, and beyond. Their demand is for a traditionally “American” policy from Washington.



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

Dr. Khallaf is a strategic analyst and retired major general; a fellow of the Nasr Higher Military Academy; a Member of the Royal College of Defense Studies (RCDS) London; and honorary member of the Association of the United States Army, Fort Benning, Georgia. He participated in several training courses with the U.S. Army in the United States and Germany. Muriel Mirak-Weissbach interviewed him on March 10 in Cairo.

EIR: How do you view the regional situation, in light of today’s Baghdad meeting, which brought together representatives of the U.S., Iran, and Syria for the first time in years? Do you see a shift in the U.S. posture, in the direction of the Baker-Hamilton Report’s recommendations?

Khallaf: The situation has turned in favor of [President] Bush—*unfortunately*. Iran tried to play the role of more than just a regional power, and this has given Bush the opportunity to persuade the Congress and Senate that U.S. interests are threatened by Iran. It’s not just the nuclear issue; it’s the situation in Iraq. Iran has also made threats against Israel, and no one can ignore the role of the pro-Israel lobby in the United States. And Iran is seen as disturbing the Middle East—the Sunni communities in Egypt, Saudi Arabia, Lebanon, Bahrain. I, along with many others, supported Iran for a long, long time. Iran supported the Arab world against Israel and against what was perceived as the new U.S. imperialism. But now public opinion in Egypt and the Arab world has turned against Iran.

EIR: Why?

Khallaf: Iran played the conflict in Iraq wrongly, supporting the killing of Sunnis.

EIR: But it is mainly the Shi’ites that are being massacred, like the 120 killed in the bombings a few days ago.

Khallaf: We don’t need to go into details, how many Shi’a, how many Sunnis. The majority is Shi’ite in Iraq. Let me be clear: We all hated Saddam Hussein, but the way they executed him, and the timing—on the beginning of the highest Muslim holiday, Eid al-Adha—was too much. It was the holiest holiday for Muslims, the beginning of the Hajj pilgrimage. In the Lebanon War, we all supported [Hezbollah leader Hassan] Nasrullah, a Shi’ite. There were many Sunni *fatwas* [reli-

gious decrees] in support of Hezbollah. There is no difference between Sunnis and Shi’a. Then the day chosen to execute Saddam Hussein showed that the Shi’a were ignoring this.

EIR: But the Iraqi government is not only Shi’ites.

Khallaf: [Iraqi Prime Minister] Nouri al-Maliki is remotely controlled from Tehran; he is part of the problem, and will never be part of the solution. Now the whole Arab world is against Iran. If Bush strikes Iran, he will win the hearts and minds of the Arabs. If al-Maliki had waited one week, he would have shown respect for the Sunnis.

EIR: But the holiday is for all Muslims.

Khallaf: For the Shi’ites, it began a day later. They didn’t even give Saddam Hussein the time to utter the whole pledge of faith. All Sunnis now hate Iran. When they executed Saddam Hussein, it was a violation of the heart of Islam. Ask anyone.

EIR: I would ask Saudi King Abdullah, who just met with Iranian President Mahmoud Ahmadinejad. Together they mapped out proposed solutions to the Lebanese crisis, Palestine, and also Iraq.

Khallaf: Ahmadinejad is like a Prime Minister only; [Supreme Leader Ayatollah Ali] Khamenei is on top, he’s the Khalifa, he’s the head of the armed forces, intelligence, police, national security. He’s the one who makes decisions.

EIR: Of course. But Khamenei had sent a letter to King Abdullah via Ali Larijani, and he was the one who was behind Ahmadinejad’s visit. If all Sunnis hate Iran, why did the King do this?

Khallaf: It’s just politics. The King is not a mufti or a Khalifa. It’s all politics, for the media. They shook hands—it’s propaganda. Look at what is happening on the ground. Even after the Mecca deal [brokered by King Abdullah, between rival Palestinian factions], this has not led to any changes on the ground. Hamas and Hamas leader [Khalid] Mesha’al belong to Iran—also Nasrullah.

EIR: That’s why it’s so important: because the Saudis are supporting the Siniora government in Lebanon, and Iran supports Hezbollah. That’s how they could reach an agreement.

Khallaf: The Saudis fear Iran because of their own Shi'ite community in the east.

EIR: If Iran is hit militarily, then what happens in Saudi Arabia and Bahrein?

Khallaf: Nothing. The police will take care of it. As for the Baghdad conference, I was asked about it on Egyptian TV today, and I said, "This is the 15th conference in 42 months."

EIR: But it is the first with the presence of Iran and Syria.

Khallaf: That makes no difference. The balance of power is completely different. The Iraqis at the conference, the Iraqi government, they are part of the problem. There have been lots of conferences—Cairo, Riyadh, Tehran, Damascus. *No one can control Iraq now.* The Iraqi streets are out of control, the militias are there.

EIR: How do you, as a military professional, assess the military situation in Iraq? And how do you think the conflict can be overcome? The Bush Administration is sending in 21,500 more troops, but this has led only to more casualties.

Khallaf: This number is not for stabilizing Baghdad. The U.S. sent in 21,500 troops for one reason: to prepare a strike against Iran. It's too late to do anything with more troops in Iraq.

What is the White House thinking? Bush will end his term in a short time. In order to achieve change in the Middle East, he has to do something dramatic. The neo-con ideologues won't leave the White House with the Middle East collapsed. So, what kind of action?

From the standpoint of strategic-military thinking, there are two possibilities: 1) withdraw, but the White House says no to this; 2) or "escape forward," not "escape backward." If I am a general in the field, I have the option either of escaping backward, withdrawing, or escaping forward. Escape forward is most likely. Why? In the field, I have to choose between worse and worse, or between worse and victory.

Most likely, they will move against Iran. It depends on the thinking in the White House. I wrote in many articles, that, according to my education, in Egypt and the U.S., it would be wrong to send the Army to Iraq. But they did it! It was crazy. They are crazy people. Now, however, withdrawal would be seen as a defeat. The U.S. has lost a lot, and may have to go in again, after a couple of years. The problem for the U.S., inside the minds of the White House, is not Iraq. Iraq is going to Hell. It is rhetoric to talk about stability in Iraq. If I were a U.S. general or chief of U.S. strategic planning, I would never for one second think of the Iraqi people. I would think only of the national security and the vital interests of the United States.

They will attack Iran. And Congress couldn't stop it, according to the Constitution.

EIR: You are misreading the situation in Washington; it has

changed fundamentally since the Nov. 7 elections.

Khallaf: It doesn't matter. Congress can do nothing.

EIR: They can impeach.

Khallaf: You talk too much about impeachment. The U.S. President has veto rights, no matter what. Think about the appointment of Admiral [William] Fallon; the fact he is from the Navy means a lot. Think also about the fact that Bush gave [Gen. David] Petraeus the order two or three weeks ago, to pursue or kill Iranians inside Iraq. No one understands this. Petraeus doesn't need to receive such an order; he can do what he needs to protect his troops. As a general, if someone has to tell me, it should be the chief of staff or the minister of defense, not the commander in chief. But Bush gave the order to collect evidence of Iranian meddling, because it's the only way for Bush to strike Iran without any new authorization.

EIR: You mean, to create a Gulf of Tonkin-style incident?

Khallaf: It's easy to get "evidence."

EIR: If they go to war, what is the war plan against Iran?

Khallaf: There will be two phases: First phase will be severe strikes from bombers, from Diego Garcia, not from the Gulf—the heavy bombers, 250 pounds, the PU-2, to bomb tunnels. These were used against Hezbollah by Israel in Lebanon.

EIR: What would the targets be?

Khallaf: The nuclear facilities and military responding systems, air defenses and rocket launchers and military headquarters, to deny Iran any response. Iran's air defenses are very weak.

EIR: What about the systems they've received from Russia?

Khallaf: Since 1991, the Russians have developed no new technologies, no new air defense systems, so they are old systems. The U.S. fears Iran would attack Israel, so they will deploy Patriots. They can track any Iranian missile launching by satellite, and can destroy missiles on launch.

The second phase, after hitting only nuclear and military facilities, would be to strike electric power stations and refineries. This would collapse the economy.

EIR: Why do you see Fallon's appointment as a Navy man as so important?

Khallaf: Why put a white uniform in command of land or ground forces? He was Pacific Commander. What is this command? It's an area of responsibility going from the West Coast of the United States to the East Coast of the Horn of Africa. This means one-half the surface of the globe. This command is responsible for about 90% of the United States' interests, in one-half of the globe. To bring that man to CentCom means you are bringing the mind of the most sophisticated weapons in the whole area. He was a carrier commander in the Gulf War.

I wouldn't be surprised if, within a matter of weeks, Bush can say, there are many reasons for an attack: "The troops in Iraq are endangered by Iran, so I *ordered already* strikes against Iran." He will order the strikes at night and then go on television to announce what he has done. Bush has no choice, actually. Already the Congress, the media, are against him, he's between worse and worse. If he strikes, he'll be between worse and victory. He'll talk about how the "national security of the U.S. is in danger," the "vital interests of the U.S.," and of "our sons and daughters in Iraq."

Of course, it's a gamble, I agree with you. You in *EIR* said two years ago, referring to Seymour Hersh's exposés, and others, that there was a plan to strike Iran. At that time, I told you, no, from the military-strategic and political standpoint. Now, it is clear to me that there is no other choice, because the situation in Iraq is totally hopeless. The forces in Iraq will never achieve security. Iran will become a threat to U.S. national security.

EIR: Iran represents no strategic threat to the U.S.; that's ridiculous.

Khallaf: You say that, I say that, I agree; but that is how the decision-makers think.

EIR: You say now that the Sunnis would accept a U.S. strike on Iran. That's what [Vice President] Cheney was campaigning for during his tour here, in his meetings with the Saudi King and others. That's the thinking behind this crazy idea of the "GCC+2" [Gulf Cooperation Council plus Jordan and Egypt]?

Khallaf: It reminds me of the tour Cheney made to convince them before the Iraq War.

EIR: But do you really believe these governments would agree? Would Egypt go along with this?

Khallaf: The dominant points in Egypt's foreign policy are: 1) We never interfere in other countries; and 2) we are against the use of force to solve a political problem. We are for negotiations, for a political solution. Therefore, we won't militarily support a U.S. attack against Iran or Iraq. We will support a political approach.

The United States understands this very well. There are no facilities to support the U.S. for the war against Iran or others. If Cheney comes to Egypt, this is what he will hear. Egypt, Jordan, Saudi Arabia, and the Gulf states are in the same situation. They are on the front lines.

Remember what President Mubarak told Cheney before the Iraq War. He said, if the U.S. went to war, it would create 100 bin Ladens. Remember also my comments, that I sent to Mr. LaRouche for a webcast some time back: I said, if they go to war against Iraq, it will ignite a fire that will burn for 100 years. Bush is the ideal President to do such a crazy thing. He has no choice. Unless an angel comes from Heaven to solve the problem.

Pakistan Plans To Bury NATO in Afghanistan

by Ramtanu Maitra

On March 6, a day after a NATO air strike killed nine Afghan civilians in Kapisa Province, north of Kabul, and ten civilians died in an alleged clash between U.S. troops and Afghan insurgents, NATO and Afghan forces launched their largest combined offensive to date in a bid to stabilize the southern province of Helmand, where the resurgent Taliban have taken control of most of the territory. The International Security Assistance Forces (ISAF) says the offensive—code-named Operation Achilles—will eventually involve 4,500 NATO-led troops and nearly 1,000 Afghan soldiers.

The NATO offensive in Helmand is a reaction to the "Spring offensive" of the Taliban that has already begun. There are indications that, in the coming days, the Afghan Taliban will be aided by Pakistani troops in their efforts to bring down the pro-West Karzai government in Kabul, and install a pro-Islamabad, and pro-Taliban, government there. This, ultimately, is Pakistan's objective: to revive its role in Kabul. If the Taliban succeeds in establishing a pro-Islamabad government in Kabul, there is no doubt that NATO will be finally buried in Afghanistan.

The primary reason that NATO will fail is that, in reality, a *post-Taliban* situation has emerged in Afghanistan. This was correctly pointed out by a former CIA station chief in Pakistan in the 1980s, Milt Bearden, in a recent analysis. He said the five years of occupation have created more enemies within Afghanistan, and all these Afghans are not Taliban. In Afghanistan, the NATO- and U.S.-led forces face the Pushtuns, who can not be labeled as "Taliban": Pushtuns whose homes were bombed and families killed. These Afghans are seeking revenge and they would go to any length, including sacrificing themselves, to achieve that end. Then there are other Afghan enemies who are controlled by the warlords and druglords.

Opium and the Military

Operation Achilles was launched in Helmand, where almost 50% of Afghanistan's record opium crop was harvested while the province remained under official control of the U.S.- and NATO-led troops and the Karzai government, at a time when hundreds of Afghan students rallied in the eastern city of Jalalabad, demanding the withdrawal of foreign troops. The protesters shouted slogans against the "invading forces" and chanted "Death to Americans!"

There is little doubt that the occupying forces, and their

puppet government in Kabul, are under massive pressure not only from the Taliban and other Afghan insurgents, but also from the Afghan masses. In Helmand alone, 10,000 insurgents are reportedly waiting for the NATO troops to come out of their barracks, where they have remained ensconced for months in a sort of self-imposed siege. During this period, Helmand's control slipped into the hands of the Taliban.

To expect NATO to achieve any success in Helmand in the coming days is absurd. Despite what European and American propagandists claim, foreign troops in Afghanistan have virtually no support. "Incidents such as the killing of defenseless civilians are a great opportunity for the Taliban to claim they protect the people and that foreign troops and the government are killing them," analyst Wahid Mujda told Agence France Presse (AFP). This shift in feeling was starkly evident after the March 5 carnage in eastern Nangarhar province, when hundreds of demonstrators called for the death of President Hamid Karzai. On the other hand, since damage-control is the only mantra of NATO, adverse reports would be censored, even if NATO achieves none of its objectives in Helmand.

A Disillusioned NATO

To begin with, the mission of the North Atlantic Treaty Organization (NATO) in Afghanistan is the plan of the United States and European Union to create a "new" NATO, whose objective is to push its perimeter beyond the European theater and take on new threats such as terrorism and the proliferation of weapons of mass destruction.

NATO joined the United States-led invasion of Afghanistan, known as Operation Enduring Freedom (OEF). OEF is a combat operation led by the United States against Taliban and al-Qaeda remnants, primarily in the eastern and southern parts of the country, along the Pakistan border. OEF is not a NATO operation, although many coalition partners are NATO members.

Afghanistan is NATO's first "out-of-area" mission beyond Europe. The ostensible purpose of the mission is the stabilization and reconstruction of Afghanistan. But beyond that, it is not difficult to see the broader plan. Afghanistan is not only situated in Asia, and not too far from the oil- and gas-rich Middle East; it is the virtual meeting point of three emerging powers—Russia, China, and India. The NATO gambit is to prevent these three powers from having complete access to Central Asian oil and gas reserves.

But NATO's mission in Afghanistan never really took off with enthusiasm. The mission statement laid out the essential tasks of stabilizing and rebuilding the country; training the army, police, and judiciary; supporting the government in counter-narcotics efforts; developing a market infrastructure; and suppressing the dreaded Taliban.

Although the NATO allies agreed on ISAF's mission in general, most of these nations met with domestic resistance. People of these NATO countries were unwilling to see their

FIGURE 1



soldiers lay down their lives to make the U.S. invasion of Afghanistan a success. As a result, bickering started from Day One. Some allies did not want their forces to engage in combat operations against the Taliban on behalf of the United States.

For instance, while Germany's Chancellor Angela Merkel's coalition government has expressed a more decisive commitment to securing stability in Afghanistan than that of her predecessor, Germany now has 2,300 forces in ISAF trained for stability operations, but not for combat in the northern part of the country. None of the NATO allies of the United States wanted to engage directly in destruction of poppy fields to counter the drug trade, and as a result, their effort to support the weak Karzai government in training the police has proven to be an indifferent undertaking.

A recent Canadian Senate report said Ottawa should tell reluctant NATO allies that unless they send reinforcements to the Kandahar region, Canada would rethink its commitment to the mission. Too many NATO allies spend more time "saluting" than "marching," the report said.

In addition, the European NATO allies wanted to keep their names clean in the wake of the Abu Ghraib prison-torture scandal and criticism of U.S. practices at Guantanamo. These allies, while endorsing the Bush Administration's policies in Afghanistan and elsewhere, insisted on close observation of international law in dealing with prisoners taken in Afghanistan.

NATO, which functions within Afghanistan as the ISAF, has proceeded in stages to stabilize the country. Its principal mechanism for rebuilding Afghanistan is the Provincial Reconstruction Team (PRT). PRTs, composed of military and civilian officials, are charged with extending the reach of the Kabul government by improving governance and rebuilding the economy.

However, from time to time, complaints have been heard, loud and clear, that several NATO allies have not committed sufficient resources, in the form of cash or manpower, to make their PRTs effective. Most observers predict that ISAF's efforts to stabilize Afghanistan will require a few more years, if all goes the way they dream. But, the ongoing failure to achieve any significant success in Afghanistan has put a number of NATO allies in a state of despair. They blame Pakistan for making the situation "harder." On the other hand, Pakistan believes that if they can make the situation a yard harder, NATO allies will pack up and leave by the end of 2007.

Pakistan's Burial Plans

That seems to be what is in the minds of the Pakistani military, as described by a senior Pakistani journalist, Syed Saleem Shahzad. In his article in *Asia Times Online*, Saleem Shahzad claimed that the Pakistani establishment has made a deal with the Taliban through a leading Taliban commander, Mullah Dadullah, which will extend Islamabad's influence into southwestern Afghanistan, and significantly strengthen the resistance, in its push to capture Kabul this Summer.

He said the objective of the Pakistan military-backed Taliban will be to open up a corridor, which is already open for all practical purposes, "running from the Afghan provinces of Zabul, Uruzgan, Kandahar, and Helmand, across the border into Pakistan's Balochistan province." The key for the Taliban will be to capture Kandahar and lay siege to Kabul, from the southern Musayab Valley on the one side, to the Tagab Valley on the northern side. Last Spring, the Taliban made its presence known in a big way, and for a short while, took charge of the Tagab Valley, but did not succeed in bringing down the Karzai government, because it did not try to get control of the Musayab Valley. The Taliban leadership has now come to the conclusion that Pakistani military help is necessary to achieve these specific objectives.

Most observers point out that Washington is deeply concerned about these developments. U.S. Vice President Dick Cheney paid an unexpected visit to Pakistan in late February to meet with President Pervez Musharraf. The White House refused to say what message Cheney conveyed to the Pakistani leader, but it did not deny reports that it included a tough warning that U.S. aid to Pakistan could be in jeopardy. There are indications that Cheney also demanded from Musharraf a commitment to carry out a joint military operation within Pakistan's tribal agencies bordering Afghanistan. It is claimed that in the tribal agencies, thousands of al-Qaeda recruits have been trained, and they are now ready to disperse out of the area to wreak havoc among the Western forces based elsewhere.

Fear of losing out completely in Afghanistan has set in among the NATO leaders. NATO Secretary General Jaap de Hoop Scheffer, in early February, stressed that Afghanistan needs a "global" and "civil" response rather than a "military" one. Taking a leaf out of the book of President Bush's standard

speeches on the war on terror, Scheffer said in an interview with the Spanish newspaper *El Mundo*, days before a NATO summit in Seville: "We are in Afghanistan to fight the faceless threat that wants to destroy our society. . . . If we fail in Afghanistan, the country will collapse and become a state that will export terrorists to the West."

It is not clear whether the NATO Secretary-General was only being miserly with truth, or if he was trying to build up fears in order to get more troops and donations from NATO allies, when he said that Afghanistan would become a "state that will export terrorists to the West."

It is known to those who want to know, that not a single Afghan has been found anywhere fighting for al-Qaeda, or any other Islamic militant outfit, for the sake of giving the West a bloody nose. The fact remains that the Taliban is only concerned about Afghanistan, and not even about its immediate neighborhood. The Taliban are Afghans, and their sole concern is their version of peace and stability in Afghanistan. They did provide shelter to Osama bin Laden and his associates, but that "marriage" was brought about by the Pakistani Inter-Services Intelligence (ISI) and not by the Taliban themselves.

On the other hand, if NATO fails in Afghanistan, as Scheffer fears it could, not many will be sorry in Pakistan, or elsewhere in the region. As a Pakistani political observer, Tanvir Ahmad Khan, pointed out recently in the Pakistani news daily *The Dawn*, "NATO, reinvented after the cold war . . . provided a security umbrella for a virtually historic push of Western influence beyond eastern and central Europe into some of the erstwhile Soviet states."

Having played a pivotal role in the Balkans, NATO's outreach is undergoing a near revolutionary revision, toward a global interventionist role. "What was a defensive alliance against a putative Soviet thrust into Western Europe is being defined as a shield for the worldwide dissemination of Western values," Khan said.

NATO is an amalgam of major powers with hardly any precedent in human history, and yet its future now depends on its success in Afghanistan, a war-ravaged far-off country of 22 million, largely displaced, people. "[Put] aside the clichés of freedom and liberty and you find a huge disparity between the money being spent on military operations and economic reconstruction," Khan added.

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Zimbabwe Ambassador: Africa Shows How Globalization Equals Imperialism

Dr. Machivenyika J. Mapuranga is the Ambassador of Zimbabwe to the United States. He was a guest on The LaRouche Show, an Internet radio program, on March 3. The show airs on Saturdays from 3:00-4:00 p.m. Eastern Time, at www.larouche.pub.com. The host was Marcia Merry Baker, and interviewers were Larry Freeman of EIR, and Paul Mourino and Summer Shields of the LaRouche Youth Movement. The following transcript is slightly abridged.



Freeman: I'm very glad to have my friend Dr. Mapuranga on this show. You're the first ambassador to appear on The LaRouche Show, so you may start a new trend in our coverage here in the United States, and around the world.

Mr. Ambassador, the American public is fairly ignorant of history in general, even our own, but they really have very, very little understanding of the history of the formation of African nations, and their fight against imperialism. Zimbabwe is the youngest, or maybe the second-youngest nation in Africa, having achieved its independence in 1980, and I was wondering if you could give our listeners a history of its intense struggle against the colonialist force.

Dr. Mapuranga: Yes. Thank you very much for this invitation to participate in this program. And I am flattered that I'm the first ambassador to participate in this very important forum.

Now, concerning Zimbabwe: It used to be called Rhodesia, because it was colonized by Cecil John Rhodes, a man who used to be the Prime Minister in the Cape province of South Africa. And he's the one who organized an army to invade Zimbabwe, and conquer it, so that it became part of Her Majesty Queen Victoria's Empire.

Zimbabwe, or Rhodesia, then, was in a unique position, largely because of the known mineral resources, as well as the very temperate climate. If you go through the public record office at Kew Gardens in London, where the Colonial Office papers are kept, you see that Rhodesia and South Africa are referred to as "white man's country." The term referred to the white highlands of Kenya, Rhodesia, and South Africa, as

well as Australia and New Zealand.

That colonial policy of "white man's country," actually rested on two pillars, the first one being what you might call demographic change, meaning that the white authorities had as their major agenda, to redress the population ratio between the indigenous folks, and the incoming white settlers. In the case of Zimbabwe, for example, in 1894, the British South Africa Company, which was administering that territory, reported that for every one white man, there were 19,000 natives. But by the time that we had the peak of white settlement, during the Federation of Rhodesia and Nyasaland, which was comprised of what is now Zimbabwe, Zambia, and Malawi, that ratio had been altered to 1:13. From 1:19,000, to 1:13! And in the case of South Africa, when the Dutch East India Company first arrived, they were reporting that the ratio between them and the natives was something like 1 white man, to 27,000 natives. But, as we speak now, the ratio is 1:10.

In all these countries that were labelled "white man's country," that was part of the policy: to reduce the population ratio between the whites and the natives.

Land Distribution

The second pillar of that policy was land-alienation. In all these countries, there was a deliberate policy to alienate vast tracts of land for settlement by the white immigrants, and the native population was herded—in Zimbabwe there were "native reserves"; in South Africa, they were called bantustans. By the time that we in Zimbabwe gained our independence, in 1980, 75% of our arable land was in white hands, and the indigenous folks had only 25% of the land.

This week, we will be celebrating the independence of Ghana, the first country to win independence south of the Sahara. In all these countries, it did not take an armed struggle. There were just negotiations, and maybe after a few demonstrations, and strikes, and so forth, they were granted their independence. Except, of course, in the case of Mozambique, Angola, and Guinea-Bissau. These were Portuguese colonies, but Portugal was saying, "They are not colonies—this is Portugal, overseas, and therefore inseparable from Portugal." And so the people of Mozambique, Angola, and Guinea-Bissau were forced to embark on a protracted armed struggle, before they won their liberation.

Now, in the case of Zimbabwe, the leader of the white

population there, a gentleman known as Ian Smith, had sworn that there would be no democracy in Zimbabwe for 1,000 years, and this is why—because there were no democratic avenues for achievement of our human rights—the Africans had to form a liberation army, and win their independence after 14 years of bitter struggle.

So, basically, that is the situation that confronted the first democratically elected government, in 1980, and these were elections organized and supervised by the British governor there. The British had restored their sovereignty over the territory, because the settler population had rebelled against the British Crown, since the British were insisting that the franchise had to be extended to the natives, and there was resistance, and therefore, they [the white settler population] declared independence unilaterally, in 1965, to ward off any possibility of a democratic dispensation.

At the end of the war [for independence, in 1980], there was a peace conference at Lancaster House in London. There had been a deadlock over the question of land—the African nationalists were saying, “No, we cannot *buy* land from the white farmers, to distribute to landless blacks, because the land had not been bought in the first place from our ancestors. It was merely grabbed, as booty, conquered booty.” So at the end of the conference, the then-Prime Minister, Margaret Thatcher of the Conservative Party, promised that the British government would help fund a land-reform program, to ensure a more equitable redistribution of land. And indeed, Thatcher put some funds into the project, to kick-start it, but as you probably know, in 1995, the Conservative Party was booted out of office, and Tony Blair and the “New” Labour Party came in. And the sad part of it was that a letter was written to the government of Zimbabwe, to say that the New Labour Party is not beholden to the promises made by the Conservative Party; and the British government stopped funding the land reform program, and the government in Harare in Zimbabwe was constrained to [ask] Parliament to pass enabling legislation, to empower the government to procure land for redistribution to the landless.

Freeman: Yes, I want to follow up with that. But I would add to your earlier comments, that Cecil Rhodes is identified as the number one staunchest supporter of the British Empire, for example, by Carroll Quigley in his book *The Anglo-American Establishment*. So, you’d only be able to describe the people around Cecil Rhodes as the most hard-core imperialists, and that is who President [Robert] Mugabe, and the Zimbabwean people, were essentially fighting against, for 14 or 15 years of very intense guerrilla warfare.

On this question of the land, it was in 2000, that President Mugabe started to redress this land injustice, because I believe you had something like 4,500 white, British Rhodesian farmers controlling 70% of the prime agricultural land. And this was supposed to be, as you said, after the Lancaster House meeting, turned over to about 12 million black Zimbabweans.



But it wasn’t. So, President Mugabe started to take the land, and give it back to the people, and this caused one of the biggest confrontations that Zimbabwe had with the world. A lot of attacks on President Mugabe came from this.

Could you describe to us how this came about, and how the distribution took place?

Dr. Mapuranga: Yes. As I was saying, the enabling legislation was passed, the Land Appropriation Act, and even the Constitution had to be amended to enable the government to appropriate land legally for redistribution, in order to redress this imbalance inherited from the colonial regime.

But here I wish to say that when that happened, that was really 20 years after independence, because for the first ten years, the government’s hands were tied. The Lancaster House agreement stipulated that in order to maintain the “confidence” of the white farmers, who were the bastion of the agro-based economy of the country, that there should be no forcible land appropriations for the first ten years. This was called an “entrenched clause” in the Constitution. The other “entrenched clause” being that, for ten years, there had to be 20 seats reserved for the white population in the Parliament. These would not be subject to contest by the indigenous population. Again, it was meant as a “confidence-building” measure.

But after the ten years had elapsed, still there was no progress on the front of land reform, because the principle that had been agreed to, and the government was meticulously following the agreement, was that of willing seller and willing buyer, meaning that the government was precluded from seizing land. The market forces should play out in this area: If there were willing sellers, and willing buyers, this imbalance would be redressed with the passage of time.

So, another 15, almost 20 years passed, and very little progress was made, using the principle of “willing seller, willing buyer.” Incidentally, this was also the principle that was enshrined in the resolution of the Namibia problem. When Namibia gained its independence in 1990, they also adopted that principle, and recently the government of Namibia has declared that this principle has failed to redress this imbalance in land ownership, and the government has now started to appropriate land, through the passage of laws. And South Africa also has just discovered that the “willing seller, willing buyer” principle does not work, and last year, the government made its first appropriation of a white farm for redistribution to the landless.

The Effect of Sanctions

But when this started, and we started to seize land for redistribution, we earned the wrath of the British government, and they persuaded their allies, including the United States, to impose sanctions on the Zimbabwean government. These sanctions are in two parts: First, there is an executive order which was passed by the President here, which lists Zimbabwean leaders who are barred from entering the United States. And we have a similar list of leaders who cannot go into the European Union.

But that one does not really hurt. What really hurts is the second part of the sanctions package, and I’m referring, in the case of the United States, to the 2001 Act by Congress which instructed the Secretary of the Treasury to instruct all American executive directors of the Bretton Woods institutions—i.e., the World Bank and the International Monetary Fund [IMF]—wherever they may be, even in the private sector, to bar Zimbabwean access to capital, to credit, and to oppose any debt relief measures being extended to Zimbabwe. This has really had a very adverse effect on the Zimbabwean economy.

Without the imprimatur of the IMF, you cannot raise any loans abroad, especially in the Western world. And so, Zimbabwe, since 2001, has been completely starved of foreign credit, and this has impinged adversely on the economy. The economy right now is in the doldrums, and we would want the people of the United States to ask Congress to reconsider. Because this is a blunt instrument, which is affecting the children, the women, everybody in Zimbabwe, in terms of a shrinking economy. People are not able to find employment. And I’m told we have the highest inflationary rate at the moment.

That just goes to show that when you have an economy which is deeply embedded in the old imperial economy, it is very vulnerable. In the case of Zimbabwe, it has been proven beyond doubt that what Marcia [Baker] was talking about—imperialism being equal to globalization—this is a classic case of a Third World country, inheriting an economy that was fashioned by the imperial power, and is an integral part of that of the imperial power, and is unable to extricate itself



British imperialist Cecil Rhodes (1853-1902) strides the continent, “from the Cape to Cairo.” Rhodesia was named after him. Later reduced in size, Rhodesia was named Zimbabwe when majority rule was attained.

from that, and therefore being in a very vulnerable situation indeed.

Mourino: I’d like to let you know we’ve been studying the question of the Anglo-American establishment as a historical phenomenon. Most people in our generation don’t recognize who the British really are, or what they have done. When people think of Cecil Rhodes, they think of this great scholarship [the Rhodes scholarship] that you could get if you are the right person, in the right place.

We are revisiting that material now around him, because these particular political networks are now showing up as major backers behind the return of Al Gore. Could you speak a little bit about this character’s role in Africa?

Dr. Mapuranga: Yes. Cecil John Rhodes was an invalid who could not stand the cold climate, the weather, of Britain, and he migrated to South Africa, where the climate was warm, and got involved in the mining. He formed the British South Africa Company, and got involved in the mining of diamonds, in Kimberley and other places. And in no time at all, he had become the richest and therefore, the most

powerful man in South Africa. He even became the Prime Minister of the largest state there, what was known then as the Cape province.

He said that the greatest thing that could happen to anybody in the world, was to have been born British. And he said his life ambition was to spread Her Majesty's domains, from Cape to Cairo—that's the phrase he used. "From Cape to Cairo." And South Africa hadn't been secured for the British. He organized an invasion force—he called it the Pioneer Column—which crossed the Limpopo River, which was then the border of South Africa, to invade the lands to the north. He managed the British Empire up to what is now known as Zimbabwe, and Zambia, across the Zambesi River, and Malawi, which he called Nyasaland. So, Southern Rhodesia, that is Zimbabwe, Northern Rhodesia—which is Zambia now—and Nyasaland. Eventually these three territories formed what was known as the Federation of Rhodesia and Nyasaland.

And just six years after the invasion and occupation of Zimbabwe, there was a nationwide insurgency, and he personally came to supervise the war against the insurgency. He managed to talk with some of the tribal chiefs, and leaders, and eventually, the insurgency was defeated. And he wrote in his testament that he would want to be buried in this magnificent land, which was named after him, Rhodesia. And to this day, his tomb is there, at the great Motopo Hills. He called it the "world's view." He said, there's no place that is as beautiful as this in the entire world, and I want to be buried here. And he was indeed buried there.

And even after independence, we elected to respect his wishes. We do not commit what amounts to sacrilege—we let the dead sleep in total rest. So, even as we speak now, Cecil John Rhodes is buried in Zimbabwe. . . .

Globalization and Imperialism

Shields: Dr. Mapuranga, most university students would find it shocking, that, with the liberation of these African nations, nearly at the end of the 20th Century, you would have a continuation of the same type of imperial policies that ravished much of the planet, especially centered in Britain—that you would have a continuation of that today, in the guise of globalization. In your own opinion, *is* globalization a continuation of this same sort of policy?

I also wanted to bring up the case of both Bush and Cheney, and the obvious subversion of the political atmosphere, which you may or may not comment on, and secondly, the case of Al Gore, and the promotion of the global warming as an intended goal of deindustrialization of a planet, which is already deindustrialized.

Dr. Mapuranga: Zimbabwe's experience is indeed the African experience. I know that globalization is being used to denote this process that has been happening in maybe in the last 10-15 years, as a result of the enormous advances that have been made in transport and communications, the Internet

and so forth; but one could indeed say, as an African, that when you consider the fact that my country, Zimbabwe, had never had any what you might call relations with Europe, since Cecil John Rhodes came, one would say that being integrated into the British Empire—and losing one's sovereignty—would classify that kind of action as possibly a globalization process.

I know that this argument has been made, even with respect to the discovery of the New World, and its integration into part of the British Empire, the Spanish Empire, and the Portuguese Empire, and that these territories, which had their own civilizations, in their own rights, have now become part of the European world—that also has, in some cases, been referred to as the origins of globalization.

But in the case of Africa, I would say that, yes, indeed, after independence, Africans did discover that their economies were appendages of the economies of their imperial masters. The Mozambican economy, the Angolan economy, discovered that at the time of independence, they were just adjuncts, or appendages, of the Portuguese economy, and they were also part of the multinational, or transnational, corporation domain of power, and influence. And therefore, that the concept of national sovereignty, was really circumscribed by the fact that, economically, even though they now had their own flag, and national anthem, economically they found themselves still dependent on their former colonial masters.

Largely, because we are talking of pre-industrial economies here, economies that were fashioned to provide raw materials, and primary products, to feed the industries in the metropolitan, or imperial, countries. So, to this day—and I'm talking of Africa south of the Sahara, and that I know very well—we're talking of a whole subcontinent that is still in its pre-industrial phase. We still have to go through an industrial revolution! And what is happening now, with this thrust for globalization and liberalization, is that we have very weak economies here that are entirely based on agriculture, with very little, and in some countries, no industry at all, and the traditional role is still continuing—that of providing cheap material for the factories, and industries, of Europe, and maybe North America. It is quite easy to see that globalization here tends to solidify this situation of economic subservience and dependency.

Because, you cannot have equality, and competition, between industrialized giants, and agricultural, peasant economies.

I had not looked at Al Gore as an advocate of deindustrialization. I would have thought that those who make the final decisions, particularly in the World Trade Organization—and I'm thinking here of the Doha Round and so forth—they would take cognizance of the fact that those countries that are still trading in primary commodities, in raw materials, without any value added to them, because they are in a pre-industrial age, that they would be given special consideration to allow them to industrialize, even using the traditional forms of en-

ergy that are being blamed for the greenhouse effect, and therefore, for global warming. But if there's not going to be any special consideration given to these countries, then it is unfair. Because how are they going to industrialize?

It's like someone who has already industrialized, saying, "Please, you cannot use these traditional forms of fuel, because they are polluting the atmosphere. You have to look for other forms of fuel for your industrialization." I think that is basically unfair.

There has to be a special understanding, or dispensation there. This is what I wanted to say in my initial reaction to the question posed.

IMF Austerity Demands Rejected

Freeman: You touched on this question of the role of these global financial institutions, including the IMF. The IMF tried to force the Zimbabwe economy, I believe, to accept economic structural adjustment programs in 1990, which was a mere ten years after independence, and this was a policy for the trade liberalization, globalization, attempted privatization of state industry. By the end of the 1990s, the Zimbabwe government refused to carry out this structural adjustment program, and was, as the ambassador said, severely penalized, with a shortage of credit, and complete isolation. Could you tell us a little bit about how these global financial institutions can destroy and isolate an economy? That, I think, is part of this globalization policy today.

Dr. Mapuranga: Yes. The unfortunate thing about the IMF is that they seem to believe that they have the panacea to the economic woes of the developing countries. The IMF seems to have just one prescription for whatever the disease may be. Basically, the major element in an IMF structural adjustment program is that the government must cut down on expenditure, in the social sphere—education, health, and housing, and so forth, in order to reduce government expenditure, and therefore to be able to service debt, and hopefully have whatever is left over for reinvestment for economic growth.

But, the problem is that Africa is the most backward in terms of education, health, housing, and other social services, and the economists of development have emphasized the importance of the human factor in development. If you do not have an educated and healthy population, it's not easy to undertake national development at all. In Zimbabwe, for a long time we ignored the dictates of the IMF, and we spent a



EIRNS/Dean Andromidas

Farm workers' quarters on one of the largest commercial farms in Zimbabwe, 2001. There is no electricity or running water. The sanctions against Zimbabwe, cutting off credit and opposing any debt relief, have "really had a very adverse effect on the Zimbabwean economy," the Ambassador said.

lot on education and health, to the extent that Zimbabwe today, with 91% literacy, has the highest literacy rate in Africa. I want you to check that out with the UNESCO and the UNDP. At the time of independence, we had only one university; we now have 13 universities, within two decades. There is tremendous expansion even in primary and tertiary education as well.

But where does this lead us? You, Mr. Freeman, referred to the Zimbabwean dealings with the IMF, because it was only last year that Zimbabwe paid all that it owed the IMF, under the General Resources Account. Zimbabwe does not owe a single dollar now under this General Resources Account; but we still owe money under a different account, I think it is called the Poverty Reduction and Growth Facility—we still owe there something to the tune of \$120 million. But the point is that this matter has been politicized. And this is where people have been accusing the IMF, and to some extent the World Bank, of having become political tools for those that have the controlling vote in those institutions.

Because as it happened last year—and I personally was there in the meeting—all the governors, except those from Britain and the United States, voted to say that Zimbabwe had acquitted itself of the original cause that led to the suspension of its voting rights in the IMF, and therefore, there was a recommendation by the managing director of the IMF and his staff, that Zimbabwe should get back its rights. But this was vetoed by the governor from the United States, and the governor from the United Kingdom. A few other governors from Europe abstained. But the vast majority voted in favor of the restoration of voting rights.

But in the IMF you have a weighted voting system. Not every country's vote has the same weight, as is the case in the General Assembly of the United Nations. There, it's one country, one vote. But in the IMF, there are the "Big Boys": If you take the United States, for example, the governor's vote is worth that of maybe seven or eight countries. So, because of that, that recommendation to restore Zimbabwe's voting rights was stymied, or vetoed.

The point now, is that the IMF is not just doing what it was traditionally meant to do: in other words, to give budgetary support to those who need it. They have waded into the area of policy. They actually dictate now to the recipients, or applicants for loans, what policies they should pursue, what economic policies they should pursue, and of course, one of them being to open up, to liberalize, and you can see that when you have a country that is trying to create rudimentary industry, a country that is in incipient industrialization, you open up, and your young industry is not protected from competition from the already industrialized, that really leads to deindustrialization.

And unfortunately, this is what is happening in Africa now. The little industry that has emerged is under threat of total dismantlement, as a result of liberalization, and globalization, and the doctrine that is preached by the IMF.

What Role for the Commonwealth?

Mourino: I guess you'd say we, as Americans, are dealing with a double-edged problem. We're trying to reindustrialize our own domestic economy, while at the same time making a foreign policy that corresponds to that perspective for us and our neighbors. And in the recent period, we're running into a problem, especially on the campuses, in really understanding globalization, but even more specifically, the role that the Commonwealth plays in global, political international affairs. And also, how this overlaps with certain British educational systems. Because a lot of the people that carry out the policy of globalization, or deindustrialization, tend to come out of some of these specific British educational institutions, like the London School of Economics.

So, I wonder if you could give us a perspective on how you deal with this from Zimbabwe, and that way, in our organizing, we can have a fresh idea of what we're looking at.

Dr. Mapuranga: Yes. Well, the Commonwealth really used to be the British Empire, and at one point it was called the British Commonwealth, until the emergence of republics in Africa. They started to question why they should continue to be referred to as part of the British Commonwealth, when in fact they had their own national anthems, their own flags, presumably their own sovereignty. So the "British" was dropped. It's now just referred to as "the Commonwealth."

Originally, the mother of the Commonwealth—that is Great Britain, the United Kingdom—used to use the Commonwealth to give economic assistance to members of the Commonwealth, but I was surprised when I attended the last

meeting of the Commonwealth in Brisbane, in 2002. They have now changed the remit, or the mandate, of the Commonwealth. There's very little by way of economic assistance now. They are now using what they call the principle of comparative advantage, they are saying that matters pertaining to economic and financial assistance, should be referred to the Bretton Woods institutions, and the Commonwealth must do what it does best, or "better," and that is to ensure that there is democracy, human rights, the rule of law, in the countries that are members of the Commonwealth.

There's nothing wrong with that, because all the members agreed to that document—it is called the Harare Declaration—setting out the political values that the Commonwealth members have to uphold. And they all agreed, in their sovereignty. But in practice, it seems as though that document from time to time is actually used to advance the political interests of the United Kingdom! And it has also been demonstrated that, even in cases where there is blatant transgression of the values of that document—for example, when an elected government in Pakistan was overthrown by a military leader, Gen. Pervez Musharraf—the British government was expected [by the rest of the Commonwealth] to react with an imposition of sanctions, and expulsion, and so forth. And that didn't happen.

To this day, the government in Pakistan is regarded as a great ally in the war against terror by Britain and the United States, even though there is no democracy there. So, some Commonwealth counties, particularly those in Africa, were beginning to question this as a manifestation of double standards.

So, the Commonwealth really has very little now, by way of economic and political solidarity. Countries vote at the United Nations according to their own dictates, not as a Commonwealth bloc. The safeguarding of the English language appears to be the major concern now of the Commonwealth, in the same sense that the French have what they called *Francophonie*, to maintain the heritage of the French colonial language in Africa, and elsewhere in the world.

But I don't think myself that the Commonwealth now is really a force to reckon with, in world politics, particularly in terms of voting patterns at the United Nations or elsewhere.

Freeman: Do you have a statement you'd like to make to the American people, since your country has been so much vilified by the press, for standing up for its own sovereignty?

Dr. Mapuranga: Yes, I would like to say that in my travels in the United States, I see that there is a vast reservoir of goodwill from the people of the United States, for Africa, and for my country. The only problem is with Capitol Hill, and the White House. I hope the Americans can persuade their legislators and their leaders that a small country in Africa called Zimbabwe is not a threat to the United States of America, not at all, and does not deserve these sanctions that were imposed to redress a colonial inheritance, particularly in the form of the land apportionment in that country.

International Intelligence

No, the Issue Is Not Bush vs. Hugo Chávez

All the hype surrounding George Bush's trip to Brazil and four other Ibero-American nations, has played the trip as a battle between the United States and Venezuela. But the real agenda was reflected in the fact that Brazil and the U.S.A. signed a memorandum of understanding March 9 to "Advance Cooperation on Biofuels."

The push on ethanol as the vehicle for creating Ibero-American jobs, income, and better living standards—as both Brazilian President da Silva Lula and Bush emphasized—is intended to pull giant Brazil away from regional integration efforts, and into the hoax that will kill millions in Central and South America and the Caribbean. The memorandum of understanding states that the two "intend to begin work in Central America and the Caribbean to encourage local production and consumption of biofuels, with a view to continue joint work in key regions across the globe." As the Brazil correspondent of Argentina's daily *Clarín* bitterly noted, the Bush plan "is to turn these small countries [such as Guatemala] to paradises of monoculture, whether it be corn or sugar cane, to provide [the U.S.] with raw materials."

Philippine Death Squads Under Senate Scrutiny

Sen. Barbara Boxer (D-Calif.), head of the Asia Subcommittee of the Senate Foreign Relations Committee, held the first hearing in the United States on the more than 800 extrajudicial killings of social activists, church workers, journalists, and leftist political leaders in the Philippines, by military-run death squads, since Gloria Arroyo was installed as President in 2001. *EIR* has identified the death squads as George Shultz's campaign to bring "Operation Condor" to the Philippines, via Arroyo's controller (and Shultz-asset) Fidel Ramos.

State Department Asia chief Eric John was raked over the coals by Boxer for reject-

ing any effort to put conditions on U.S. military aid, including the demand that the killing with impunity be stopped. United States Institute of Peace executive director Eugene Martin, on the other hand, frankly stated that the killing will get worse as the May election approaches, quoting Arroyo's National Security Advisor Norberto Gonzales, who stated outright that leftist candidates will not be allowed to win—a statement which Martin called a "hunting license" for the faction of the military running the death squads.

Sen. James Webb (D-Va.), a new member of the Subcommittee, asked a number of penetrating questions about the killings, promising to study the issue carefully and take action.

Sen. Lisa Murkowski (R-Ak.), who headed this committee under the Republican-controlled Congress, was treated respectfully by Boxer, and allowed to open the questioning—during which she repeatedly referred to President Arroyo as "he" until Boxer was able to pass her a note.

The June 27, 2006 *EIR* article on Shultz, Ramos, and the death squads was given to each of the Philippine activists and clergy who had travelled to the United States to testify in the hearing. They were told that the killing would not stop unless the actual authors and protectors of the killings, outside the country, were identified.

Kirchner Explains Integration Deals

After signing a number of integration, infrastructure, and economic cooperation agreements with the Venezuelan government, while George Bush was mucking around in Brazil, Argentina's President Néstor Kirchner said:

"This is how countries should relate to each other; this is how we have to build the new reality that our societies are expecting, with a great deal of responsibility . . . with a great sense of complementarity . . . and to put an end to the leadership disputes between the old political *caciques* who didn't understand that the issue isn't who

governs whom, but rather how you work side by side to find solutions *for the whole*. . . . This is a clear demonstration that two countries, and others such as Bolivia, Ecuador, Brazil and the countries of Latin America can work together on common and strategic goals."

Nor can these be short-term goals, Kirchner said. "We're trying here to create a strategic horizon which definitely allows us to think for the long term, to think profoundly."

Colombia's Uribe Boosts Bush in Ethanol Scams

The Bush family schemes, to make a killing off ethanol scams, got a boost in Colombia from President Alvaro Uribe March 11, during President George Bush's six-hour stopover in that country. Uribe offered to open up 6 million hectares (more than 23,000 square miles) to sugar cane and other crops, for biofuels. Colombia is already the second-largest ethanol producer on the continent (after Brazil). Uribe proposed that biofuel crops be developed in the Orinoquia region, which is the largely unpopulated eastern region, a mix of great plains and jungle.

As Lyndon LaRouche has proposed for decades, the Orinoquia, could be transformed into a food basket, because its plains are fertile, flat, easily mechanized, and only lack infrastructure and water management. Today, its economy is largely limited to oil and some cattle ranches, and drugs.

Not even sugar plantations can survive in this region, without investment in infrastructure. So, who is going to put up the money to install sugar plantations? Could this be related to reports received by *EIR*, that Jeb Bush is making large investments in ethanol in Peru and Colombia?

Ethanol production in Colombia is subsidized by the government at a rate of 91 cents a gallon. Yet Colombian business sources report that aguardiente [fire water] is still far more profitable a business for sugar producers than ethanol. So sugar pro-

ducers argue that if the government wants them to gear up for more ethanol, it must lower environmental standards and help drive down the cost of labor.

'China Could Get to Moon Before U.S. Return'

Testifying March 15 before the U.S. House Committee which authorizes its budget, on the Administration's FY08 request, NASA Administrator Michael Griffin was asked by Rep. Ken Calvert (R-Calif.), how far along China is in its space program, and whether or not, as some Chinese space officials have proposed, they could beat the United States back to the Moon.

Griffin, who visited China in September, said that Chinese engineers and scientists are "second to none," and "they graduate many more than we do." He said that the Chinese "say what they intend to do, and do it." They have 200,000 people working in their space programs, compared to NASA's 75,000 equivalent in NASA and in industry. In human space flight, Griffin said, the Chinese program is equivalent to our Gemini program in the 1960s, but lest one become complacent that they are "far behind," Griffin reminded the Committee that Gemini was only a few years before American Apollo flights to the Moon. "Within a decade, it would be easily possible for them to do a lunar mission," Griffin said. And, "yes, it is possible they could be there before we return."

Bankers Define Policies For Main French Parties

The weekly *Nouvel Observateur*, in its March 12 issue, confirms what the campaign of LaRouche ally Jacques Cheminade has been saying for months: an article by Thierry Philippon notes the strong similarities in the economic programs of the three Presidential front runners' campaigns and summarizes them as follows: 1) France is "too indebted," and the public deficit must therefore be reduced; 2) austerity must be

imposed on the state; 3) state aid to large companies for employment programs must be redirected to small and medium companies considered as the main job creators; 4) strong increase in funding for R&D and higher-level universities to ensure competition; and 5) the "flexi-security" Danish model, in which the unemployed get almost a full wage but are offered immediate training for a new job.

Philippon says that this is the consensus established at the Economic Analysis Council, a type of national security council on economics, created by Lionel Jospin in 1997, comprised of 100 economists from mainstream political parties. Beyond these influences, a "business exec carries more weight than the entire business association (MEDEF) since the beginning of the election campaign: Michel Pebereau, president of [bank] BNP Paribas has become the image of the punishing father" in the election. Since he put out his report on public debt a year ago, "no serious candidate dares to propose an increase in debt and deficits."

Russia: Cheney Seen Behind Attack on Iran

Zavtra, the influential Russian weekly newspaper with ties to the intelligence community, had a March 7 article by Vladimir Ovchinsky called "Manipulators: Who Is Pushing the U.S.A. Into Aggression Against Iran, and How." The highlight of the article is a precis of the Nov. 4, 2005 *Executive Intelligence Review* package titled "The Very Ugly Truth About Michael Ledeen: The 'Universal Fascism' Behind the Cheney Cabal." The *Zavtra* article is being reproduced and circulated in Russian-language Internet forums and blogs. Ovchinsky lists a large number of international press reports on U.S. military preparations for a strike against Iran. Like several other Russian sources, including Foreign Minister Lavrov on three occasions in the past two weeks, the author especially highlights Cheney's "all options are on the table" remark.

Briefly

BANK OF THE SOUTH. Brazil will join it, with caveats, showing its deadly pragmatism. Finance Minister Guido Mantega announced at a March 9 press conference with his Argentine counterpart Felisa Miceli, that the Lula da Silva government has accepted Argentina's invitation to join the technical commission that will work out the mechanics of setting up a new regional development bank. But Mantega was quick to point out that his "preference" was to strengthen and "transform" existing regional financing entities, rather than create a new one.

MAYAN PRIESTS announced they would perform a special cleansing ceremony after President Bush visited ancient Mayan ruins in Guatemala on March 12, "to clear bad energy" left by his visit. Bush pushed free trade and bio-fuels, as the panacea for poverty, during a trip through five Ibero-American nations.

BRITS' OWN WALTER REED. The *Sunday Observer* reported March 11 on the appalling conditions suffered by British soldiers wounded in Iraq and Afghanistan. The complaints, contained in family letters obtained by the paper, are even worse than what has been reported about U.S. soldiers at Walter Reed Army Medical Center. Overflowing colostomy bags, poor hygiene practices, and underqualified and uncaring staff are only a few of the complaints coming from families of wounded British soldiers.

HEDGE FUNDS are drooling over a potential "El Dorado" in Ibero-America, with Brazil the juiciest target. Brazil now has 90% of fund managers in the region. "It's the flagship market for the whole region," one analyst told a hedge-fund newsletter. A Constellation Asset Management employee in São Paulo bragged that "we are in a sweet spot," as one of the largest offshore hedge funds in the country. The more volatile, the better.

Editorial

See the Film That Pops Gore's Bubble

In the name of “saving the planet,” an international fascist movement has been created with the intention of reducing the world’s population on a scale greater than Hitler dared dream of. Environmentalism is just a new name for the policy of Malthusianism or eugenics, long promoted by the Anglo-Dutch financial system. The purpose of the fraud known as global warming is to justify the slashing of living standards in the developed world, and to condemn billions in the developing sector to a sub-human life, without access to even so elementary a benefit of modern life as electricity.

Al Gore emerged in the 1980s as a leading spokesman for this fascist movement. In the image of the Fabian-controlled British Labour Party, the U.S. Democratic Party was then well on its way to becoming the mass-based vehicle for a fascist policy, with its embrace of the anti-science, anti-industry cult called environmentalism. Today, as much as 30% of the Democratic Party’s active membership, mostly drawn from the white-collar strata of the Baby-Boomer generation, can be rallied, like storm troopers to the modern version of a Horst Wessel song, whenever such code words as “global warming,” “endangered species,” or “nuclear energy” are uttered. With backing from Gore, and the British-founded Intergovernmental Panel on Climate Change (IPCC), that movement has begun to take on a McCarthyite quality, fraudulently claiming that no competent scientific opposition to the global warming fraud remains, while tarring those who do oppose it with comparison to Holocaust deniers.

Can we save the Democratic Party, and the rest of the nation, from the irrational, and often violent, temper tantrums of these New Age fascists?

A made-for-television documentary, aired March 8 on Britain’s Channel 4, can prove to be one powerful remedy. Titled *The Great Global Warming Swindle*, the documentary is available from the producers, WAG TV, in DVD format. A YouTube version can be found on the Internet, where the documentary is already becoming an underground classic.

The lie that no reputable scientist opposes the global warming myth is overturned within about the first five minutes of viewing: The film features more than a dozen

experts, in climatology, oceanography, and meteorology, from such institutions as NASA, the International Arctic Research Center, the Pasteur Institute, and MIT.

In the remaining 70 minutes, you will become engrossed in a penetrating and intellectually stimulating overturning of the entire CO₂ hypothesis. Carbon dioxide, whether man-made, or from the far more abundant natural sources, such as volcanoes and ocean absorption, does not determine climate. You will learn, instead, that it is the output of the Sun, varying over both short-term and long-term cycles, which drives climate on the Earth. You will also see a presentation by one of the Danish scientists who just established the exciting connection between cosmic rays and climate.

A surprise ending makes the clear case that environmentalism is genocide. In a visit to an African clinic, near the plush meeting halls of the UN’s Nairobi conference on climate change, we see the real meaning of solar power. With only a solar panel to supply electricity, health workers must decide whether to turn on the lights, or the tiny refrigerator used to store medicines.

The closing words come from ecologist Dr. Patrick Moore, a co-founder of Greenpeace, who left that movement in disgust: “The environmental movement has evolved into the strongest force there is for preventing development in the developing countries. . . . I think it’s legitimate for me to call them ‘anti-human.’ ”

Can our friends in the Democratic Party learn that simple lesson? If not, their episodic tiltings toward a Roosevelt economic recovery program, remain empty gestures. Social Security, health care, jobs—all of the pressing issues related to the general welfare—cannot be addressed without a thorough and total rejection of the anti-science, anti-industrial prejudices of environmental fascism. Without nuclear energy—now!—without an unleashing of science around the principle of the isotope economy, without a commitment to world economic development centered on Lyndon LaRouche’s conception of Eurasian development projects, you are leaving to the next generation a world of pestilence and misery.

Our advice is: Watch the movie, learn the lesson, and leave Al Gore to his own cold fate.