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This Week You Need To Know

STOP HITLER!

Do not buy into any of the media propaganda that the Alito nomination to the Supreme Court is a done deal. The forces associated with Lyndon LaRouche are committed to determining the outcome of this battle, and really only launched a full-scale mobilization with LaRouche's historic webcast, and with the first saturation deployments in Washington with the Children of Satan IV pamphlet. So this fight has just begun: It is tantamount to the fight to stop Hitler.

On Friday afternoon, Jan. 13, Sen. Leahy (D-Vt) declared that some Senator would exercise his or her right to put a hold on the Senate Judiciary Committee vote on the Alito nomination, which means that the vote will at least not take place—as Cheney hoped—before the Senate Democrats' caucus on Jan. 18. How long it is held up, will depend heavily on the environment which the LaRouche-led mobilization creates over the days ahead.

If Alito gets in, LaRouche warned Jan. 13, the Synarchist bankers who pull dumb-thug Cheney's strings, will make a direct move for dictatorship. We are in a period which parallels the period in German history from the Feb. 27, 1933 Reichstag fire through the Summer of 1934. This was the period in which the Hitler dictatorship was consolidated, and the first mass-killings of German citizens began. That is what the United States is facing. The Synarchist oligarchy wants to overturn the present rules of the game. People don't want to face this. They want to feel safe, but such safety doesn't exist.

The reality is, that the Senate Democrats on the Judiciary Committee blinked this week. They came back from vacation in what LaRouche described as a "parliamentary mindset." Yes, they concentrated in general on the right area, the overreach of Presidential power, rather than the hot-button issue of abortion. But they lost some of the edge that they had throughout much of 2005, and they subconsciously (or consciously) said to themselves, "What if they win and we made them angry?" There are, of course, leading Democrats who want to fight, and who looked to LaRouche's webcast of Jan. 11 for the marching orders. And LaRouche didn't let anyone down. So now, the job is to create the political climate, over the next days ahead, such that no sane Democrat, or Republican, can avoid facing the cold, hard reality that the Alito fight is the fight to stop Hitler in America.

There is plenty of ammunition to nail Alito. He lied and evaded every pertinent question during his two days of testimony. Whenever he was asked about the "unitary executive" or the Federalist Society, he lied or dodged. "Unitary executive" is the same principle that was used to install Hitler as dictator. This is the kind of blunt language that has to be used. Only if he is jammed by this reality will he and the Cheneyacs crack. The simple truth is: We cannot allow the United States Supreme Court to coalesce around this *Führerprinzip* principle of law. That is the winning strategy. Carl Schmitt certified mass murder with his "legal" pronouncements, and Samuel Alito dodged and avoided admitting that he is an adherent to the same legal code.

This is a situation where the truth, and nothing but the truth, will work.

LaRouche has reiterated his assessment that we must keep our eyes on the British and the French, who have constituted a

new Entente Cordiale, and are playing some very nasty games of their own. Remember, it was the French, under British sponsorship, who launched the Synarchy at the time of the French Revolution and the ascent of Napoleon Bonaparte. That same combination is once again out to wreck Germany, because Germany's destruction is a precondition for bringing about an end to the nation-state system—just as the wreckage of the U.S. is another precondition. This combination is key to the threat of a new blowup in Southwest Asia, in which Cheney and Bush are acting as (very dangerous) pawns.

The consequences of shirking a fight for *victory* over the Administration's insistence on appointing Federalist Society flunkey Alito to the Supreme Court, cannot be overestimated. We are looking at a turning point in history, similar to that in the United States in 1932-1933. At that point of global financial and political crisis, the United States chose Roosevelt, while Germany chose Hitler, and the battle lines of global politics were set for the next decade to come.

The outcome of the battle over Alito will have similar long-lasting repercussions. It's finally time to listen to LaRouche. Stop Hitler!

Latest From LaRouche

LaRouche Webcast

Senate Needs Guts To Defend Nation From Nazi Takeover

This is a transcript of the international webcast by Lyndon H. LaRouche, Jr. on Jan. 11, 2006 in Washington, D.C., "Rebuild a Looted U.S. Economy."

As a great American patriot once said, "These are times that try men's souls." These are *grim* times. We have presently going on, in the Senate, a hearing of a man who *lies*: Sam Alito. The man's a liar. He's a member of the Federalist Society, which is a society assembled around the ideas and influence of a man, Carl Schmitt, who crafted the *Adolf Hitler administration*. Carl Schmitt, who lived in this country for some time, and influenced the formation of a Federalist Society, which now controls *four* of the nine Justices of the Supreme Court. And a fifth member of the Federalist Society, who, lying his head off up there on Capitol Hill, is about to be confirmed! And you would have five, out of nine Supreme Court Justices *prepared to endorse a fascist government in the United States!* And you have Senators who should have more guts, who are waffling, or being weak, in dealing with this fact. *There is no honest debate about bringing Adolf Hitler and his tradition into the government of the United States!*

Most of the American people are becoming extremely angry about this situation. But some people who at other times are leaders, in the moment of crisis, *when men's souls are tried, grim events grip them*, and for the sake of learning to get along with the enemy, they compromise. And then, they are compromised. And then, our system of government is compromised.

That is grim!

We also have a situation in Israel, which is extremely tricky and dangerous, and it involves Bush, but most specifically Cheney, Vice President Cheney. As you know, Ariel Sharon is very seriously ill, is crippled, and will probably never again participate in a government in Israel. Whether he will live or not, is also in question, given his condition. Or whether he's able to function at all, if he lives, is in question.

The threat is, that a Benjamin Netanyahu, who is one of the ugliest characters on the Israeli scene, of any significance, is in discussion with the circles of Vice President Cheney. And Vice President Cheney would like to have an attack on Syria, by

Netanyahu. And if the Israeli forces in this strike attack into Syria, were to occupy some territory, they would haul some evidence from the desert where the Israelis are holding it, which they created for this purpose, to try to "prove" that Saddam Hussein had had weapons of mass destruction, but had moved them into Syria. But this "evidence" would be moved into Syria by the Israelis from the Israeli desert, where it's being housed in preparation for this operation.

That's what's going on...

...complete version (PDF)

InDepth Coverage

Links to articles from

Executive Intelligence Review, Vol. 33, No. 3

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Feature:

LAROCHE WEBCAST

Senate Needs Guts To Defend Nation From Nazi Takeover

This is a transcript of the international webcast by Lyndon H. LaRouche, Jr. on Jan. 11, 2006 in Washington, D.C., 'Rebuild a Looted U.S. Economy.' The dialogue with LaRouche appears after the main presentation. The animation on the decline of Baltimore, shown during the webcast, can be viewed at <http://www.larouchepac.com>, and a full audio/video of the webcast is also available at that site. The webcast was moderated by Debra Hanania Freeman.

Economics:

Those Financial 'Good News' Stories for 2005 Are Lies

by Lothar Komp

A tempestuous year has just drawn to an end on the money markets. In the spring of 2005, the downgrading of \$400 trillion worth of General Motors and Ford debt to junk bond status, unleashed a systemic imbalance in bond derivatives and hedgefunds. For months, the major central banks pumped in liquidity as discreetly, but as massively as possible, in hopes of heading off a chain reaction. Throughout the year 2005, raw materials prices rose across the board, to reach peaks that have not been seen for as much as 25 years.

Lincoln Financed the War by Taking On The British-Backed New York Banks

by Rochelle Ascher

The United States was bankrupt. President Jackson's dismantling of the Bank of the United States (National Bank), followed by President Polk's Independent Treasury Act of 1846, and the free trade treason of Presidents Pierce and Buchanan, had destroyed the U.S. economy. Lincoln had to wage war on two fronts—one against the free traders of New York and New England, and the other against their surrogates: the Confederate Army. And both 'fronts' were run out of London!

Strategic News:

Cheney and Netanyahu Pushing For War Against Syria

by Jeffrey Steinberg

An ever-more-desperate Dick Cheney is pulling out all the stops to install 'Clean Break' hawk Benjamin 'Bibi' Netanyahu as the next Israeli Prime Minister, to push for an immediate confrontation between Israel and Syria. Israeli sources report that Cheney, as of Jan. 11, had an emissary in Israel, exploring the means to put 'Bibi' and the Likud back in power, despite collapsing Israeli popular support for the extreme rightwing policies of the neo-con faction that Netanyahu represents.

Iran Nuclear Crisis Must Not Lead To War

by Muriel Mirak-Weissbach

Events unfolding in Berlin and Washington on Jan. 12, around what was dubbed the Iranian nuclear crisis, had the undeniable smack of déjà vu, as accusations and counter-accusations thrown back and forth in a climate of brinkmanship, conjured up the specter of another Iraq-style crisis, which threatened to lead to military action. However, contrary to appearances, there need not be any mechanical repetition of the process that led to the United States' illegal war against Iraq in 2003: if rationality prevails, and the approach outlined by Lyndon LaRouche in his Jan. 11 webcast is adopted, the current flareup over Iran's nuclear program could be extinguished without engaging in military conflict. Above all, Vice-President Dick Cheney, who desperately wants a war, has to be removed.

Exclusive

Murtha's Address to Virginia Town Meeting

On Jan. 5, Rep. Jack Murtha (D-Pa.) addressed an overflowing town meeting in Arlington, Virginia, which was hosted by Rep. James Moran (D-Va.). Murtha's message was enthusiastically received, and a growing pro-impeachment mood was palpable in the crowd. Because the speech was not widely reported, we provide the transcript of Representative Murtha's opening statement here. Following a glowing introduction by Representative Moran, Murtha was greeted by a standing ovation.

Schwarzenegger's State of the State: New Script, Same Puppet

by Harley Schlanger

The 'new' Arnold Schwarzenegger was put on stage in Sacramento on Jan. 5, to deliver a State of the State address which represented a dramatic departure from the image he has cultivated over the last two years as a 'fiscal conservative.' The arrogant bully, who had derided his Democratic opponents as 'girlie men' who are 'spending addicts' and 'evil,' who had attacked teachers and state employees as 'special interests,' and sneered at nurses, saying they did not like him because he had 'kicked their butts,' appears to have adopted a new humble, even conciliatory attitude. 'I have absorbed my defeat. I have learned my lesson...'

Report from Germany

Incentives, but No Investments

by Rainer Apel

The German government's new program lacks commitment to real state intervention. At two days of sessions behind closed doors in a castle south of Berlin on Jan. 9-10, the German government put into final shape its four-year framework for a conjunctural incentives program. The program envisages government expenses of 25.1 billion euros for the period between now and the end of 2009, of which sum, however, only 4.3 billion will go into direct creation of jobs, through state investments in the transport infrastructure.

U.S. Economic/Financial News

U.S. Crucial Machine-Tool Consumption Continues Decline

Machine-tool consumption fell 2.5% in November, for the third month in a row. The collapse points to needed conversion of the auto industry to build large-scale infrastructure projects, as Lyndon LaRouche outlined in his international webcast

Jan. 11. According to a joint report by the American Machine Tool Distributors' Association and the Association for Manufacturing Technology, released Jan. 8, U.S. machine-tool consumption fell in November to \$245.04 million from \$251.36 in October, and was down 6.9% from November 2004. For the first 11 months of 2005, total orders were \$2.767 trillion, up 8.3% from January-November 2004—yet down some 30% from the level in 1997.

Machine tools, used to shape metal for products such as car engines—better yet, for needed maglev and nuclear projects—reflect man's power of discovery and application of new scientific principles.

Auto Industry Shutdown Accelerates

As reported in the *Flint (Mich.) Journal* Jan. 13 and the *Detroit News* and *Crain's Detroit Business* Jan. 12:

* General Motors has set March 17 as the closing date for its Lansing Craft Center plant, eliminating 430 GM jobs. And GM employees at Powertrain Flint Engine South engine plant are facing temporary layoffs. About 200 workers on the second shift will be laid off Feb. 13, as GM moves to close an SUV assembly plant in Oklahoma City; the Flint South plant is the automaker's sole source for engines used in midsize SUVs.

* Auto parts supplier Visteon announced it is shuttering at least three more plants in North America, putting six others up for sale around the world, and shifting half of its engineering to low-cost countries such as China. As part of a restructuring plan designed to close, fix, or sell 23 plants, Visteon is shutting factories in Mexico, Puerto Rico, and Buffalo, N.Y. This latest plant-closings plan is separate from 23 other plants and offices transferred back to Visteon's former parent, Ford Motor Co. Visteon's hourly workforce has dramatically shrunk, from almost 31,000 in North America four months ago to just 11,000. Some 64% of its blue-collar workers are in low-wage countries and Visteon president Don Stebbins said he wants to see that increase to 75%. The average hourly wage rate has been slashed from \$38 to \$17.

* General Motors CEO Rick Wagoner says the automaker expects to achieve about \$4 billion in "savings" in 2006 on "structural" costs—such as health care and engineering—and material costs.

* Looter Wilbur Ross on Jan. 11 said he is reviewing the assets of all distressed U.S. auto-parts suppliers, for takeover. The need for consolidation in the industry is "even more imperative" in 2006, he asserted at a junk bond conference held in conjunction with the North American International Auto Show in Detroit.

Ypsilanti: Decimated by Auto Shutdown

Ypsilanti, Mich., home to World War II's "Rosie the Riveter," has become a shell of its former self, as the auto industry has disintegrated. Like Flint, Ypsilanti has experienced a 25% depopulation since the 1970s as the auto sector began outsourcing and moving overseas, *USA Today* reported Jan. 11. Expecting the closure of its Ford-Visteon plant soon, city officials fear they will have to file for bankruptcy and be put into receivership. City leaders have already cut their budget to the bone, including closing three schools to save \$5.5 million in this budget year.

A few of the key parameters of collapse are: population is down 25% since the 1970s, from 29,500 to 22,200 today; median household income, at \$28,000, is 31% below national average; police force is 27% smaller than in 1997; and 25% of the citizens live under the poverty level (compared to 11% in the surrounding county).

Ypsilanti Mayor Cheryl Farmer said of this shutdown and outsourcing, "It's all sort of loony." During World War II, "Ypsilanti car plants stopped making vehicles and began churning out bombers. Rosie the Riveter, used in promotion for war bonds, was [Rose Will Monroe] who drove rivets into airplane parts at the Ford plant." *USA Today* quotes Farmer, "In

Ypsilanti, we produced one bomber an hour that helped with the war. Protectionism is not necessarily a bad word."

GM, Ford Struggle with Debt as Vulture Kerkorian Circles

As General Motors continues to sell off its car loans to raise cash, bloodsucker Kirk Kerkorian's "advisor," Jerry York, told financial analysts in Detroit Jan. 10 that GM needs to be "in a crisis mode." He proposed that GM cut dividends, in addition to closing plants, laying off workers, and cutting salaries and wages. If GM would cut dividends, York is sure the UAW would make concessions, too. Why, Kerkorian would be prepared to repurchase the 12 million shares that he sold last year, and maybe even buy another 12 million. (Kerkorian is still GM's third-largest stockholder, with 7.8%.) A reporter characterized York's presentation as reading GM management the riot act. GM top management will be meeting with York later this week; Kerkorian has not haven given up on placing one of his own on the board.

Also Jan. 10, GM announced it is cutting prices on 80% of its car models, to try to regain some of the market share it has lost, and Ford will announce its "Way Forward" austerity plan Jan. 23.

Rep. Miller Calls for Hearings on Sago Mine Disaster

On Jan. 9, Rep. George Miller (D-Calif) renewed his call for Congressional hearings into the cause of the fatal explosion in the West Virginia Sago coal mine, and additionally requested that the Department of Labor turn over all documents related to the accident, its safety violations, inspections, and fines.

Since 1999, only 28% of the fines levied for mining violations have been collected, according to *USA Today* Jan. 10. The former director of the National Mine Health and Safety Academy in Beckley, W.Va. told the *New York Times* that the Sago mine should have been closed before, and that recently a huge boulder fell into the mine shaft.

Compounding the policies of the Bush Administration to reduce inspections and let companies off scot-free for violations, the workforce in coal mining is reaching a demographic crisis. According to the January issue of *Coal News*, in 2004, there were 102,472 workers employed in the industry, with a median age of 43.9. About 47% of the workforce were age 45-54, and 8% were 55-64. Over the next 10-15 years, half of the miners will retire. In the late 1990s, there were about 200 mining engineer graduates per year. Last year there were fewer than 90.

Asset Prices, Current Account Deficit Worry N.Y. Fed Prez

Addressing the New York Association of Business Economics on Jan. 11, New York Federal Reserve president Timothy Geithner noted that the rise and fall of asset prices such as stocks, bonds, and homes will have to play a bigger role in defining U.S. monetary policy in future: "Policy, in some circumstances, will need to respond to asset price movements when those movements alter the central bank's assessment of the risks to its outlook." "As financial markets continue to broaden and deepen, the behavior of asset prices will play an important role in the formulation of monetary policy going forward, perhaps a more important role than in the past."

Geithner was blunter concerning the ever-larger U.S. current-account deficit. Responding to a question on this matter, Geithner answered: "Anybody looking at the size of the U.S. current-account imbalance has to be troubled by what it means for the future. It is very hard to have confidence that it is sustainable over a longer period of time," and its possible effect on asset prices "is the core reason why it matters."

Congress To Postpone Social Security Reform Till '07

Speaking at the U.S. Chamber of Commerce Headquarters on Jan. 10, White House Chief of Staff Andy Card acknowledged that while Bush remains committed to privatization of Social Security, the Administration will not try to pass it this year. Said Card, "I think the reality is that Congress is predisposed not to do the heavy lifting that is necessary for Social Security reform in 2006. But they definitely should be prepared to start lifting in 2007, and the President will help lead the way...." This "heavy lifting" will clearly take some heavy steroid use.

World Economic News

Deutsche Bank Suspends Trader After Derivatives Losses

Unnamed London sources recently revealed that Deutsche Bank had suffered from a significant derivatives problem during December, according to the German financial press Jan. 13. The leaks, which have not been confirmed by Deutsche Bank but are being reported prominently throughout the European media, state that a young trader in London, Anshul "Rusty" Rustagi, was running very complex types of credit derivatives, in particular, bets on certain indices of credit default swaps. As none of the senior managers at Deutsche Bank in London fully understood such contracts and their implications, the trader was basically given a free hand to operate. However, at one point it turned out that the trader had deliberately overstated his derivatives position by about 50 million euros in order to cover up losses. He was then suspended in mid-December and an internal inquiry into the affair was launched.

In a nervous lead editorial on Jan. 12, headlined "Back to basics for derivatives traders," London's *Financial Times* demanded that, in the wake of the 1995 Barings collapse and the most recent derivatives trouble at Deutsche Bank, executives of derivatives desks "tread a wary line in financial markets between stifling innovation and protecting against trading losses."

The *FT* warns: "Since these [derivatives] products are relatively new, evolving rapidly in a fast-moving market, it is hard to find many senior managers, let alone investors, who fully understand them. They have also evolved almost exclusively in a benign credit environment and have yet to be tested in a wider downturn. The temporary dislocation in the market and hedge fund losses that occurred last year after the downgrade of General Motors and Ford showed how difficult it is to get the right hedges in place."

Fears Spread in Europe as Avian Flu Spreads in Turkey

Preliminary tests showed that a 15th person in Turkey has contracted the avian flu, according to the *Wall Street Journal* and Russian TV reports Jan. 10. The number of people hospitalized is about 70, with parents taking youngsters to the hospital in fear that their children have the disease if they develop any flu-like symptoms. The European Union has sent its own experts to Turkey, and numerous countries are instituting bans of imports of various poultry-related and other agricultural products.

A senior World Health Organization official warned that "the more humans [become] infected ... the more chance [the virus] has to adapt." To monitor mutations of the virus, and to test to see if it is resistant to anti-viral drugs, WHO labs are mapping the virus's genetic code. According to the *Journal*, the EU will sponsor a donors' conference next week in Beijing, to raise \$1 billion to fight the spread of the flu.

For Europeans, including Russians, Turkey is a very popular tourist destination, which may also be a complicating factor.

Meanwhile, Russian President Putin held a televised Cabinet session Jan. 10 to hear a report from Russia's chief public-health official, Gennadi Onishchenko, on measures being taken in preparation for the mass return of migratory fowl across

the territory of the Russian Federation, which threatens renewed outbreaks of bird flu this spring.

Volkswagen Plans Restructuring

Volkswagen takes twice as much time to assemble a car as its most efficient competitors, according to the financial press in the U.S. and Europe Jan. 9. VW head Wolfgang Bernhard said at the North American International Auto Show that "substantial things must be done," namely restructuring, outsourcing, and plant closings, to overcome "issues with regard to competitiveness."

Bernhard said VW must cut vehicle costs in China by as much as 30%, in order to be competitive.

VW has also announced that it intends to assemble cars in Russia, eventually producing 250,000 a year there, raising its share of the Russian market from 2-3% to 10%.

United States News Digest

Abu Ghraib General 'Takes the Fifth'

Attorneys in court-martial proceedings against two Abu Ghraib military dog handlers, accused of using the animals to threaten detainees, have sought to question Maj. Gen. Geoffrey D. Miller to show that the accused were acting on the instructions of higher authority. Miller was the commander of the Guantanamo Bay, Cuba prison facility who was sent to Iraq in late 2003 to "Gitmo-ize" interrogations at Abu Ghraib. A Navy judge in Washington ruled that the attorneys could interview Miller next week, and Miller has refused, citing Article 31 of the Uniform Code of Military Justice, a provision which is recognized as being nearly identical to the U.S. Constitution's Fifth Amendment protection against self-incrimination. Miller's attorney's spin is that Miller has already been questioned about these matters and has nothing to add to what he's already said. It should be noted that "I already testified" is not covered by the Fifth Amendment's guarantee against self-incrimination, nor will it be an adequate response if the accused, who have a Sixth Amendment right to call and confront witnesses in their defense, subpoena Miller to testify in their trials.

Shortly before Miller's action, Abu Ghraib commanding officer Col. Thomas Pappas accepted from the Commander of the Military District of Washington a grant of immunity from any prosecution based upon his testimony in any future trials. The soldiers seeking Miller's testimony, Sgt. Santos Cardona and Sgt. Michael Smith, are scheduled to go to trial separately in February and March.

Cardona's lawyer, Harvey Volzer, says that he believes that orders his client was following came from Pappas, who in turn got direction from Miller, who in turn was instructed by the Pentagon. With Pappas having received immunity, Miller may think he's next to be accused, Volzer reported said.

Prisoner Boycotts Military Commission Tribunal

The reconvened Guantanamo military commission was "thrown into disarray" when the prisoner to be tried announced that he was boycotting the proceedings, the *New York Times* reported Jan. 12. The commission had reconvened on Jan. 11 for the first time in more than a year. Invited to address the tribunal, defendant Ali Hamza Ahmed Sulayman al-Bahlul—charged with attending an al-Qaeda training camp, being a bin Laden bodyguard, and having made an al-Qaeda recruitment video—denounced the commission in a ten-minute oration replete with Islamist rhetoric, but also complained that he had not been permitted to choose a lawyer from his home country of Yemen, nor allowed to represent himself, and that he was therefore boycotting the proceedings. Major Tom Fleener, Bahlul's appointed military lawyer, moved, after the

commission denied Bahlul's motion to represent himself, to withdraw from the case, stating that requiring him to represent a client who didn't want his help was an attempt "to add some air of legitimacy to an otherwise wholly illegitimate process." Fleener's motion to withdraw was also denied.

Scramble Underway To Replace DeLay

House Speaker Dennis Hastert (R-Ill) has set Feb. 2, two days after President Bush's State of the Union speech, as the date for a GOP caucus election to permanently replace Rep. Tom Delay (R-Texas) as House Majority Leader. DeLay is to go on trial in Texas on felony charges relating to fundraising. Acting Majority Leader Roy Blunt (R-Mo) and House Education and the Workforce Committee chairman John Boehner (R-Ohio) are the two top contenders for the post. As of Jan. 13, Blunt had released the names of 70 members publicly supporting him; Boehner released 36. Rep. John Shadegg (R-Ariz), a late entry into the race, had one. However, *Congressional Quarterly* points out that the balloting is done in secret and more than one candidate has learned the hard way the difference between a public commitment and an actual vote.

Both Blunt and Boehner have renounced DeLay's "K Street Project," the tight relationship that DeLay built with Washington, D.C. lobbying firms as part of his effort to cement GOP control of the Congress, as part of the scramble to distance the GOP from convicted former lobbyist Jack Abramoff. "If I am elected Majority Leader, there will no longer be a 'K Street project,' or anything else like it," declared Boehner in a Jan. 12 statement. Blunt followed with a similar statement a short time later. However, as Ellen Miller, director of Campaign for America's Future, pointed out in an op-ed in *The Hill* Jan. 9, there isn't much difference between them and DeLay, especially when it comes to lobbyists and political action committees. Not only are they each good at hustling trips on corporate planes, she says, they each love to spend PAC money on themselves. Both had strong ties to DeLay's "Corruption, Inc." Alexander Strategies Group; Blunt ran the place and Boehner was a big customer. And they both employed DeLay pal Jim Ellis to run their personal PACs.

Conyers To Hold Democratic Hearing on NSA Spying

Representatives John Conyers (D-Mich), Bobby Scott (D-Va), and Chris Van Hollen (D-Md) will hold a Democratic hearing on Jan. 20, on warrantless surveillance by the National Security Agency (NSA). They made the decision to have their own hearing after House Judiciary Committee chairman James Sensenbrenner (R-Wisc) failed to respond to a request from all 17 Democrats on the committee for hearings. Senate Judiciary Committee chairman Arlen Specter (R-Pa) has agreed to hearings, but has not set a date.

Meanwhile, Pentagon Inspector General Thomas F. Gimble has declined a request from 39 House Democrats to investigate the NSA surveillance program. Gimble said the NSA's Inspector General Joel Brenner is investigating, but Brenner's investigation does not involve legal and constitutional issues. Rep. Zoe Lofgren (D-Calif) said the NSA's IG should not be investigating since his office approved the program. Justice Department IG Glenn A. Fine said his office does not have jurisdiction to investigate. The Democrats responded that both the inspector general statute and the USA Patriot Act require his office to investigate. DOJ officials have instead referred the request to the DOJ's Office of Professional Responsibility.

White House Faces New Investigations of Iraq Policy

George Bush's staged extravaganza before a Veterans of Foreign Wars event in Washington on Jan. 10 wasn't enough to stop the criticism of the Iraq war, which continues to grow. Here are some of the latest developments:

* Paul "Jerry" Bremer, the former pro-consul of the U.S. occupation, says that the failures in Iraq are not his fault, in a new book, *My Year in Iraq*. He says that from Day One he had wanted more troops—he came to the job with a RAND study that said that 500,000 troops would be needed for the post-combat phase. He says that Defense Secretary Donald Rumsfeld ignored his appeals, and that he (Bremer) even brought it up at an NSC meeting where Bush was present, but Bush said he

would only listen to "our generals" in Iraq.

* There is growing outrage over reports that U.S. soldiers in Iraq have been cheated out of body armor. One astute reader blasts the Pentagon for having a small contract company armor-plate the Humvees. He writes that the job should be given to GM and Ford, which are laying off people, but have the experience to "mass produce" for wartime as they did in World War II.

* Rep. Walter Jones (R-NC), one of the co-sponsors of the first *bipartisan* bill to come up with a withdrawal plan from Iraq, is introducing a resolution that calls upon the new Iraqi Parliament to vote on the question of the U.S. troop withdrawal.

Composition of U.S. Military Looks Like Foreign Legion

Is the U.S. military becoming more like the French Foreign Legion? This is the question that is raised when one looks at the composition of the U.S. military these days. Of course, the all-volunteer military has become the option of last resort for young kids on the street who have a hard time finding a job. But now it is rapidly becoming the fast lane to becoming a citizen for those foreign-born nationals working in the United States. The number of foreign nationals in the U.S. Army has gone from some 25-30% ten years ago, to almost 50% now, according to one VFW official. It is also known that the over-stretching of the U.S. forces has led to several stages of ratcheting down the criteria for joining. For instance, there is no requirement for a high-school diploma or equivalency now. In fact, recruiters are being encouraged to pursue high-school dropouts. The passing grade on the aptitude test has been continually dropped lower.

Cheney Hospitalization Raises New Speculation About Health

Vice President Dick Cheney was rushed to George Washington University Hospital at 3 a.m. on Jan. 9, after experiencing breathing problems. President Bush was not informed about Cheney's condition until much later, when Bush was on his way to breakfast, at which point he said that he was sure that Cheney would be fine and would serve out the remainder of his term.

Although Cheney was released several hours later and there has been great secrecy about his condition, the hospitalization has raised a new round of speculation about his health and future as Vice President. One medical expert told *EIR* that the symptoms Cheney was exhibiting implied heart or kidney failure, and that doctors were saying the official explanation (fluid retention caused by a medication) made no sense.

An Associated Press release headlined "Cheney Scare a Reminder of Heart Ailments" made a similar point, asking, "Does the episode, Cheney's sixth sudden hospital trip since taking office, suggest his health is worsening?" and stresses that "The latest episode illustrates how Cheney's heart problems may complicate every other ailment that will hit him as he ages." The article explains that although "Cheney's own doctors weren't talking," other heart specialists informed them that if a patient with Cheney's history of serious heart problems developed gout or other arthritic conditions, treatment with non-steroidal anti-inflammatory drugs (NSAIDs) such as ibuprofen, could create a strain on their kidneys, which would make them that much more vulnerable to side effects.

Ibero-American News Digest

Fox and Crew Make Another Stab at Privatizing Mexico's Oil

On Jan. 3, Sen. Manuel Bartlett, a nationalist from Mexico's PRI Party, sounded the alarm that the government of Mexican

President Vicente Fox is trying to privatize the national oil company Pemex before leaving office at the end of the year, *La Jornada* reported Jan. 4.

Bartlett attacked draft legislation presented by PRI Sen. Genaro Borrego which would permit 20% private ownership of Pemex. "This would begin the privatization of the national company.... Everything that they [the Fox government] propose, every proposal is to privatize and open up the energy sector.... For five years, a clear majority has defended the nationalist thesis of the Constitution" requiring state ownership of oil, against the Fox offensive. "That is the goal of this government, and they are desperate because they are about to go," he charged.

Mexicans Mock Fox Spokesman on Employment Lies

Mexico's Fox government made itself once again the object of ridicule on Jan. 9, when Presidential spokesman Ruben Aguilar announced that migration to the United States had fallen because of the government's social programs, and over 80% of the people who emigrate have fine jobs in Mexico, but they decide to go to the U.S. for cultural reasons! He was citing the spurious conclusions of a survey of Mexican migrants carried out by the Pew Hispanic Center, released in December 2005. Aguilar's implication that Mexicans leave their homes and families by the tens of thousands for "cultural" reasons set off a storm of ridicule in Mexico.

There are things that we simply cannot cover up, Cuauhtemoc Martinez, head of the manufacturers' association, Canacintra, responded. One million to 1.1 million people seek to enter the labor force every year, while only 500,000 jobs are created, along with some 150,000 "jobs" in the informal sector. Mexico does not have sources of work in either number or quality. To solve the migration problem requires economic solutions at home, the industrialist pointed out.

IMF Chief Descends on Brazil

International Monetary Fund chief Rodrigo Rato visited Brazil Jan. 10-11, ostensibly to mark that nation's payment of the last \$15 billion the country owed the Fund. Quite a contrast with Argentine President Nestor Kirchner's use of the occasion of Argentina's paying off its IMF debt to denounce IMF crimes against his nation! Rato, Brazil's Economics Minister Antonio Palocci, Central Bank chief Henrique Meirelles made clear they sought to solidify the home front, before Kirchner arrives for a state visit on Jan. 18.

Rato, former Finance Minister in the government of Spain's former Prime Minister Jose Aznar, arrived in Brazil on Jan. 10 to deliver orders to the restive government of Lula da Silva that it had better "stay the course." The IMF will continue to play an important role as advisor to Brazil, despite Brazil's no longer owing the IMF any money, he said; my mere presence here shows our close relations.

Rato laid out the conditions the vultures expect Brazil to meet, if it wishes to receive the investment-grade rating the bankers' faction keep telling the President is required to entice foreign investors: Pass the law granting full central bank autonomy; ensure no slippage in the gigantic fiscal surpluses being channelled into debt payments; rip up labor regulations (I did this in Spain, Rato bragged); reduce state-"directed credit" programs which provide lower-cost loans to specified productive activities (nationalists have warned that behind this demand lurks the intention of shutting down the national development bank, BNDES, altogether); and eliminate constitutional requirements that certain percentages of the budget go to health care, social programs, and education.

Brazilian Economics Minister Antonio Palocci, under heavy fire from within the Lula government for pushing these very policies, used Rato's presence to insist that Brazil would indeed carry them out.

Economic Policy, Not Corruption, Is Threat to Brazil

Monetarist economic policy, not corruption, is doing the greatest harm to Brazil, the Governor of the state of Parana, Roberto Requiiao, charged on Jan. 2, reports *O Estado de Parana*. A leading member of the Brazilian Democratic Movement (PMDB) and close collaborator of former National Economic and Social Development Bank chief Carlos Lessa, Requiiao told a radio interviewer that the political corruption which obsesses the press is really an issue for the police and for the Congress. "It is a serious problem, but it is a small problem relative to the damage wrought by Brazil's economic policy," which is "extremely conservative and monetarist," and has created economic stagnation, he said.

Requiiao also revealed that, after five or so statewide meetings of the PMDB Party to discuss the proposed economic platform drafted for the party under the direction of Lessa (see *EIR* Oct. 14, 2005), the PMDB national leadership stalled on convoking the meetings planned in the remaining states. Requiiao, a potential Presidential candidate, said he is not interested in running, unless the national debate over the needed changes in economic policies is revived. Without proposing changes, why run? he asked.

Bush Administration Blocks Brazilian Sale to Venezuela

The Bush Administration is blocking the sale of Brazilian training planes to Venezuela's Air Force, as well as impeding maintenance of Venezuela's American-made F-16s, Venezuelan President Hugo Chavez revealed in a Jan. 11 address to military officers in Caracas. Therefore, Venezuela is considering replacing its F-16s with Russian MIGs, and is prepared to get training planes from countries such as Russia or China, should the Brazilian deal fall through, Chavez said, as he launched into a diatribe against the United States.

After Chavez's speech, Brazil's Foreign Minister Celso Amorim confirmed that the U.S. is attempting to block the sale of the 24 Super Tucano planes made by the Brazilian company, Embraer, on the pretext that the transfer involves U.S. technology used in the planes' navigational equipment. Brazil continues to discuss the matter with the U.S., because it believes any such restriction would be "counterproductive" to the dialogue Brazil has sought to encourage between its two friends, Venezuela and the U.S., Amorim said. Brazil opposes the idea of imposing restrictions simply because some country agrees or disagrees with the domestic policy of another.

"Venezuela is a peaceful country" which doesn't represent a threat to anyone. People should not be shortsighted; if Venezuela doesn't buy from Brazil, it's going to buy from somebody else, Amorim added.

Will Bankers' Boys in Uruguay Break Up Mercosur?

Factions inside Uruguay are trying to break up the Common Market of the South (Mercosur), pointing to Chile's "successful" model of free-trade agreements with the U.S. as an alternative. On Jan. 6, Uruguay's Finance Minister, pro-IMF banker Danilo Astori, reported that the Tabare Vasquez government had begun informal talks with the Bush Administration on a possible free-trade agreement. He then went out of his way to lavish praise on the Chilean "model of economic growth," which he said was far preferable to what Nestor Kirchner is doing in Argentina. U.S. Senator Mel Martinez (R-Fla), who visited Argentina last week as part of a Republican Congressional delegation, told a Buenos Aires radio station that a trade agreement with Uruguay is almost ready for signing.

Any such agreement would violate Mercosur's statutes and require Uruguay to leave the customs union. While there is not uniform support for this inside Uruguay—more radical factions of the ruling Frente Amplio coalition are opposed, as is Foreign Minister Reinaldo Gargano—Astori may have convinced President Vasquez that he is better off lining up with the United States. In Paraguay, which last year had also talked of signing a free-trade deal with the U.S., the daily *ABC* enthusiastically praised Uruguay's "moderate socialism" in its Jan. 12 edition, likening it to "the successful Chilean model."

Meeting in Brasilia Jan. 11, Brazilian Foreign Minister Celso Amorim and his Argentine counterpart Jorge Taiana discussed the matter. Amorim warned that no Mercosur member can sign a separate trade agreement without leaving the bloc. He added, however, that Uruguay's actions were a "wake-up call," and that Brazil in particular is positioned to do more to assist smaller member countries like Paraguay and Uruguay.

Bolivia Battles for Control Over Its Oil and Gas

On Jan. 8, Andres Soliz Rada, member of President-elect Evo Morales' transition team, denounced the Spanish hydrocarbon company Repsol-YPF for listing Bolivia's San Alberto and Margarita natural gas fields as part of Repsol's *own* reserves—which is not true—in its filings for the New York Stock Exchange, in order to boost its stock earnings. He called this a Federal crime in the U.S., and fraud in Bolivia. Repsol-YPF has been playing hardball with Bolivia, refusing to negotiate any change in their contract. When the President-elect visited Spain on Jan. 6, Repsol-YPF executives demanded that his government offer "juridical security" for their investments.

One of the leading issues uniting the disparate interests that elected Morales, is the urgency of re-nationalizing the oil-and-gas industry, which was privatized for a pittance in the 1990s. In his international travels last week, Morales received promises from Venezuela's Chavez and from the Chinese government, at least, for help in developing a re-nationalized industry, including developing domestic uses of its natural gas, which today is almost entirely exported. No specific agreements were announced, as Morales will not be sworn in until Jan. 22, but last February, China's state oil company, Shengli International, and Bolivia's reconstituted state oil company, YPFB, had agreed to draw up ideas for how Shengli could work with YPFB on domestic projects such as converting cars to natural gas fuel and installing gas distribution for Bolivian homes.

Western European News Digest

Merkel Raised Issue of Guantanamo During U.S. Visit

German Prime Minister Angela Merkel arrived in the U.S. Jan. 12; she was to give a presentation at the German Embassy that evening, to a select audience, invited by the American Council on Germany and the German Foreign Policy Association. Prominents invited include former Secretaries of State Madeleine Albright and Colin Powell, former National Security Advisor Zbigniew Brzezinski, and Fed chairman Alan Greenspan.

Merkel was scheduled to have breakfast with members of Congress, notably Senators Bill Frist, John Kyl, Joe Biden, and Joseph Lieberman; she was also to meet with President Bush for 30 minutes, followed by a dinner—all in all, Merkel and Bush were scheduled to spend three hours together.

One of the topics Merkel raised with Bush was the issue of the United States' Guantanamo prison. In an interview with Germany's *Der Spiegel* magazine before she left, Merkel said, "An institution like Guantanamo cannot and must not continue to exist in that way. Other ways and means to deal with the prisoners have to be found."

British General Calls for Blair's Impeachment

General Sir Michael Rose has called for British Prime Minister Tony Blair to be impeached for going to war on Iraq "on false grounds." General Rose, who was Commander of UN forces in Bosnia, is one of a group of retired senior military officers who are criticizing Blair's war policy in a documentary scheduled to be aired in January. Rose appeared on BBC's Radio Four Today Programme Jan. 9, where he said: "To go to war on what turns out to be false grounds is something that

no one should be allowed to walk away from.... Certainly from a soldier's perspective, there cannot be any more serious decision taken by a Prime Minister than declaring war."

Rose has said that he would have resigned his commission rather than take troops to war on the basis offered by Blair, but added it would be wrong to just walk away from Iraq now. "The politicians should be held to account, and my own view is that Blair should be impeached. That would prevent politicians treating quite so carelessly the subject of taking a country to war."

Egyptian Document May Offer Proof of Secret Prisons

Investigators for the Council of Europe say that an Egyptian government document could be indirect proof that the CIA ran secret prisons for terrorist suspects in Europe. The Swiss weekly *SonntagsBlick* reported Jan. 8 that an Egyptian government document stated that it had confirmed through its own sources that the CIA had held 23 terrorist suspects at a base in Romania, and other suspects in prisons in Ukraine, Kosovo, Macedonia, and Bulgaria. The document is a fax from the Egyptian Foreign Ministry to its London Embassy.

The Council of Europe has been designated to investigate the charges about CIA rendition flights and prisons in European nations. Chief investigator Dick Marty has received a copy of the document, according to CoE officials, and is trying to confirm if it is genuine. If so, it could be indirect proof of the existence of the prisons, and that European governments involved have not revealed all they know of the matter.

This document was intercepted by Swiss intelligence on Nov. 15, *SonntagsBlick* reported, and now the Swiss Defense Ministry is investigating the leak.

'Bomb Al-Jazeera' Leak Came from Two British MPs

Two British Members of Parliament leaked the story of George Bush's threats to bomb the Arabic-language television network Al-Jazeera to an American contact back in October 2004, in an attempt to get it out in the U.S. media before the Presidential elections. In April 2004, Bush had told British Prime Minister Tony Blair that Al-Jazeera's headquarters should be eliminated. A transcript of the discussion was given to then-MP Tony Clarke by a Cabinet employee, David Keogh, and Leo O'Connor, Clarke's researcher. Clarke consulted Labour backbencher (and outspoken war opponent) Peter Kilfoyle on the issue, and after Keogh and O'Connor were arrested under the Official Secrets Act, the two MPs decided to send their information to their California contact John Latham, a contributing member of the Democratic National Committee, in October 2004. The MPs wanted Latham to send letters on the issue to newspapers in New York and Los Angeles, but Latham did not do so.

Late last year, Keogh and O'Connor were finally charged under the Official Secrets Act, and within days the transcript was leaked to the *Daily Mirror*, which published parts of the story. British Attorney General Lord Goldsmith threatened other newspapers with prosecution under the Official Secrets Act if they published more on the story, but has not been able to cover it up.

German State Governors Demand Nuclear Power Options

In an interview with Germany's *Leipziger Volkszeitung* Jan. 9, Roland Koch (Christian Democrat), said that "the construction of new nuclear power plants should not be ruled out, in principle. We must keep this option open for the next decade."

"This is a technical and economic question, not one of ideology.... It would be a success for the Grand Coalition to leave open the question of whether a nuclear power plant should be shut down," Koch added, referring to the problem of three nuclear plants that are supposed to be decommissioned by the end of 2009, under the existing nuclear exit law. The three plants are Biblis I (2007), Neckarwestheim I (2008), and Biblis II (2009).

In another interview, with Radio Berlin-Brandenburg, Gov. Guenther Oettinger of Baden-Wuerttemberg urged that all 17 existing nuclear plants in Germany be kept operating as long as possible. The alternatives are either to import electricity from France, at higher prices than if produced in Germany, or to import even more natural gas from Russia and Eastern Europe.

A third Christian Democratic Governor, Hans-Peter Mueller (Saarland), called for a "moratorium on the exit," to avoid shutting down any nuclear plants in the coming years.

Spanish General Put Under House Arrest

For the first time since the end of the Franco dictatorship in Spain 30 years ago, a general, Jose Mena Aguado—the Chief of the Spanish Army—was put under House arrest for 80 days and relieved of all duties by Jose Bono, Spain's Defense Minister. The reason given was that the General, during a New Year's reception in Seville Jan. 6, had indirectly threatened to use military force against Catalonia, if the region continued its demands for autonomy. The General referred to Article 8 of the Spanish Constitution, whereby the Armed Forces have to guarantee the sovereignty of the country and its territorial integrity. The same Constitution, however, also says that the Spanish Army should not interfere in political debates.

Longshoremen Protest Continued Port Deregulation

For 24 hours Jan. 11, more than 40,000 longshoremen and ship pilots staged walkouts at some 50 ports in Europe, mainly in Germany and the Netherlands. The protests were aimed at the EU Commission's Port Package II plan, which involves further deregulation of port structures, the dismantling of traditional standards of loading-unloading, and reduced safety and health standards.

The Commission's plan would, for example, permit any murky "entrepreneur" from anywhere in the globalized world, to offer his services at dumping prices, including permitting unscrupulous shipowners to force their own crews to load and unload—whether or not they are qualified to do that. With that, aspects of slavery would return to Europe's ports.

Remarkable at the protest action was the level of coordination, for the first time in such a European-wide labor union strike action, and remarkable too was the support which this action received from the (public-sector) port authorities and shipowners.

45,000 Cars Burned in France in 2005

The Interior Ministry published its figures for delinquency in France for last year, including the November riot-rampages. Altogether, 45,000 cars were burned throughout the year, with 10,000 destroyed during the riots. According to *Le Parisian*, which published advance information of the report, this figure is up from "normal" years, when "only" around 30,000 cars are burned. The paper describes this as a French specialty, a form of aggression against an intimate element of a person, without attacking the person himself.

Russia and the CIS News Digest

Russia Toughens Stance on Iran

The Russian Foreign and Defense Ministers have spoken out more harshly on Iran's current posture since Iran announced resumption of uranium-enrichment research. A Foreign Ministry statement, issued Jan. 11, about Foreign Minister Sergei Lavrov's phone conversation with U.S. Secretary of State Condoleezza Rice the previous day, said that Russia and the USA "shared deep disappointment" over Iran's termination of its enrichment-research moratorium. *RIA-Novosti* on Jan. 10 reported that Lavrov also said Moscow was "concerned" about the resumption.

Defense Minister Sergei Ivanov, speaking Jan. 11, said that the Iranian decision "personally disappoints me and gives some cause for alarm." He added, "As a permanent UN Security Council member, Russia reserves the right to act according to the situation. But, in any event, the situation is not developing in the most favorable way."

According to a Russian diplomatic source in Washington, at least 20 countries on the 35-nation International Atomic Energy Agency (IAEA) Board will recommend that the Iran case be sent to the UN Security Council, whereupon Russia and China will not veto this action, as they did twice in the past, but will abstain. The source reported that Russia was shocked by the Iranian President's denials of the Holocaust, adding that, while Russia has given unqualified support to Iran's right to peaceful nuclear energy, Iran violated IAEA regulations by keeping R&D facilities clandestine.

Russian-Iranian talks on nuclear matters were held Jan. 9 and are to resume on Feb. 16 in Moscow, with Russia still awaiting a clear Iranian response on its proposal for Iranian uranium enrichment to be carried out on Russian territory.

Putin Holds Top-Level Session on Avian Flu

As reported elsewhere (see [ECONOMICS Digest](#)), Russian President Vladimir Putin held a televised Cabinet session on Jan. 10 to hear a report from Russia's chief epidemiologist, Gennadi Onishchenko, on measures being taken in preparation for the mass return of migratory fowl across the territory of the Russian Federation, which threatens renewed outbreaks of bird flu this spring.

Meanwhile, Onishchenko called for a ban on travel to Turkey, a position that was disputed by Russia's own tourism officials (for about 2 million Russians a year, Turkey is a popular tourist destination). Russia has checkpoints at various of its southern border crossings, to prevent poultry imports from Turkey.

Gas Deal Aftershock Hits Ukrainian Government

After hearing a report on the economy from Prime Minister Yuri Yekhanurov Jan. 10, Ukraine's Supreme Rada (parliament) voted 250 to 50 (with 103 not voting) in favor of a motion requiring his government to step down. Opposition blocs, ranging from former Prime Minister Victor Yanukovich's Party of the Regions, to the bloc of [former Prime Minister and former Orange Revolution ally of the current President] Yulia Tymoshenko, joined in the vote, as their leaders cited the recent natural gas deal with Russia's Gazprom as a betrayal of Ukrainian national interests.

Yekhanurov said after the session, "It doesn't matter; we'll keep on working"—since the Ukrainian Constitution mandates that an ousted government continue in office for a period of 60 days. When that time is up, the March 26 parliamentary elections will be just two weeks away. The new Supreme Rada would then form a new government. Nonetheless, Yekhanurov said the government would challenge the vote on procedural grounds.

President Victor Yushchenko got the news in Astana, Kazakstan, where he was attending the inauguration of President Nursultan Nazarbayev, and also had bilateral talks with Russian President Vladimir Putin. Yushchenko called the Supreme

Rada vote "unconstitutional." Upon his return to Kiev on Jan. 12, Yushchenko went to the Supreme Rada and ostentatiously tore up the memorandum on cooperation, which he had signed with Yanukovych in September 2005, at the time of Yushchenko's break with Tymoshenko.

Yushchenko's Our Ukraine bloc also launched an unsuccessful motion to ban Speaker of the Rada Volodymyr Lytvyn from presiding over the parliament, for having allowed the vote against the government. Lytvyn gave an angry press conference after the session, reminding Yushchenko that he would not even be in office, without Lytvyn's help in orchestrating the re-running of last year's Presidential elections during the Orange upsurge. Yanukovych ally Taras Chornovil, meanwhile, told the press that Yushchenko's actions amount to the threat of a coup, exploiting the office of the Presidency.

Also on Jan. 10, Ukrainian industry magnates, from Yanukovych's base in the eastern part of the country, sent a demand to Yushchenko to take immediate measures for resolving the country's economic woes. They said that Naftohaz, the Ukrainian energy firm, had sold out to Gazprom, putting Ukraine's steel and machine production in jeopardy. Piling on the nationalist rhetoric, the industrialists alleged that "never before has the sovereignty of independent Ukraine been so vulnerable."

Tension Rises Around Black Sea Fleet

A serious incident between Russia and Ukraine occurred Jan. 13, when Ukrainian transportation officials barred Russian officers from a lighthouse which is owned by Ukraine, but rented by Russia as a command point for the Black Sea Fleet. The pretext was taking inventory, but Russia state TV covered the action as a national security threat. Corollary to the natural-gas price controversy between the two countries, Moscow and Kiev have been trading threats—ranging from rent hikes, to revisions of the state borders—around Russia's Black Sea Fleet, which is based at Sevastopol in Crimea, which is part of Ukraine.

Russia, Ukraine, Kazakstan Increase Nuclear Energy Cooperation

While in Astana Jan. 12 for the inauguration of President Nazarbayev, Russian President Putin met with his Kazak and Ukrainian counterparts to increase nuclear energy cooperation. Russian state companies have a 45% stake in a new Kazak uranium mine, expected to start producing later this year, the *Moscow Times* reported Jan. 13. Russia must import half of the 6,000 tons of uranium it needs for its ten nuclear power plants. Kazakstan is expected to use the cash to finance new Russian nuclear power plants in Kazakstan.

About 80% of what was the Soviet nuclear industry is now in Russia, and Ukraine produces the nuclear power plant turbines. Joint programs are now under consideration, including joint uranium ventures. Specifics will be discussed at the CIS summit in St. Petersburg on Jan. 25, and during a visit by new Russian Federal Atomic Energy Agency head Sergei Kiriienko to Kiev.

Southwest Asia News Digest

Bush Should Fire 'Beria' Cheney To Salvage His Presidency

Egyptian journalist Mohammed Hakki, who writes from Washington for *Al-Ahram* weekly, and who has interviewed Lyndon LaRouche, wrote an article for the Jan. 13 edition, calling on President Bush to fire Vice Presiding Cheney to save his Presidency.

After reviewing the "firestorm" that erupted following Bush's Dec. 17 public admission that he had approved NSA spying on Americans—an impeachable offense—Hakki asked: "So how can Bush make a clean break, or a new start in 2006?"

Most people do not realize that Bush's popularity jumped up a few notches in 2005 because he got rid of some of the most sinister neo-cons in his administration—men like Douglas Feith and Paul Wolfowitz. There are already whispers in Washington that if Bush wants to save the rest of his presidency he should get rid of Dick Cheney.... The scenario they consider is this: if Bush's instincts are still sound, he can see that Cheney is the one most after himself fuelling the 'hate Bush' syndrome. He can simply ask him to retire gracefully, 'for health reasons' and appoint someone else, like Senator John McCain, in his place.

"Keeping Cheney, who is considered by many to be a 'commissar' in the mold of Lavrenty Beria [head of the Stalinist secret police—ed.], will ensure a slide in popularity from now to the end of Bush's term," writes Hakki. "Keeping Cheney around will augur negatively on the rest of his term because of torture and now domestic spying, each of which has been supported, if not instigated, and definitely identified with Cheney. Who knows, maybe if God loves Bush he will guide him to do that?"

Study: Iraq War Costs Could Top \$2 Trillion

A study released on Jan. 20 by Nobel Prize-winning economist Joseph Stiglitz and Harvard "budget expert" Linda Bilmes puts the total cost for the Iraq war at over \$2 trillion. Included are simple factors such as increased cost of oil and gas attributable to the war, but more significantly, the lifetime cost of disability and mental-health care, as well as the cost of the loss of productivity for the estimated 16,000 injured soldiers.

"Shortly before the war, when Administration economist Larry Lindsey suggested that the costs might range between \$100 and \$200 billion, Administration spokesmen quickly distanced themselves from those numbers," says Stiglitz, a longtime critic of the war. "But in retrospect, it appears that Lindsey's numbers represented a gross underestimate of the actual costs."

Stiglitz and Bilmes presented their paper at the annual conference of the Allied Social Sciences Association, sponsored jointly by the American Economic Association and the Economists for Peace and Security, in Boston.

Secret Pentagon Report: Armor Could Have Saved Lives

Eighty percent of the Marines who died in Iraq could have been saved if they had had body armor, said a secret Pentagon study, leaked by the *New York Times* on Jan. 7.

"Such armor has been available since 2003, but until recently the Pentagon has largely declined to supply it to troops despite calls from the field for additional protection," the Times said. This report confirms in spades what Rep. John Murtha (D-Pa) has been saying in public speeches, such as the town meeting hosted recently by Rep. James Moran (D-Va) in Arlington, Va.

Senator Hillary Clinton (D-NY) has called upon Sen. John Warner (R-Va) to hold a Senate Armed Services Committee investigation of why the troops in Iraq were not being protected with proper and sufficient body armor. Clinton told ABC News, "We perhaps could have avoided so many of these fatalities.... This is the Bush/Cheney policy.... I've been one of the leading critics pointing out all the failures, the incompetencies...."

Egypt, Saudi Arabia Attempt To Stabilize Syria Crisis

Syrian President Bashar Al-Assad met with Saudi King Abdullah and Egyptian President Hosni Mubarak over the Jan. 7-8 weekend, in Jeddah and Cairo, respectively, to discuss the continuing pressure on Syria around the 2005 killing of former

Lebanese Prime Minister Rafiq Hariri, and the threats from Paris-based exiles of a coup against Assad.

King Abdullah reportedly urged Assad to improve relations between Syria and Lebanon. An Egyptian political source told *EIR* that the Saudis were using the coup threat to pressure Assad to comply with the UN probe into Hariri's murder, and to purge his government.

The source said neither Cairo nor Riyadh wants regime change in Damascus—because of the implications for their own regimes—but would be forced to accept it as a *fait accompli*. One Saudi official was quoted as saying the calls from Lebanon for regime change in Syria were damaging, and that "Even the U.S. and France do not call for regime change in Syria."

The Egyptian news agency MENA reported on the talks with Mubarak, that they "covered the results of talks Mubarak had with the Saudi King ... and with French President Jacques Chirac in Paris ... and with Lebanese leaders and the UN about Syria and Lebanon." Syrian Foreign Minister Farouk Shara'a has reportedly agreed to being questioned by the Hariri probe, but said Assad would not, as such interrogation would "violate Syrian sovereignty."

British Asset Muslim Brotherhood Threatens Assad

The leader in London of the Muslim Brotherhood in Exile, Ali Sadreddine Bayanouni, told the *Financial Times* Jan. 9, that his banned, violent group would be willing to work with some factions in the Syrian government.

"For us, getting rid of the dictatorial regime could come many ways. During the transition it could happen through people within the regime," he said.

These remarks came on the heels of statements by former Syrian Vice President Abdel Halim Khaddam, that he would welcome the Brotherhood into his opposition group seeking regime change in Damascus. Khaddam is living in Paris, and made the threat of a coup from there.

An Egyptian political source, briefed on Lyndon LaRouche's warnings of a new Sykes-Picot agreement between Britain and France being orchestrated involving the Muslim Brotherhood, said: "Mr. LaRouche is absolutely right." (The Sykes-Picot agreement of 1916 carved up the Middle East into British and French spheres of influence, and undercut all previous treaties in the region.) The source reported on a major article in the Egyptian *Al Moussawar*, which published photocopies of memos between the Muslim Brotherhood and American circles. He also referenced the growth of the Brotherhood in the Egyptian Parliament, with 88 seats now, and said there were rumors that the government could dissolve Parliament if the Brotherhood's power were excessive.

Revolutionary Guard Commander Killed in Air Crash

An Iranian military plane (Falcon) crashed near the Turkish border, killing all 13 aboard, according to Agence France Presse Jan. 9. Among those killed was Ahmed Kazemi, commander of the Revolutionary Guard ground forces, and seven senior officers. There is widespread belief that the plane was sabotaged, report Washington-based intelligence sources.

U.S. Assures Palestinians on East Jerusalem Elections

Palestinian Minister of Information Nabil Shaath said that the United States has informed the Palestinian National Authority (PNA) that East Jerusalem residents will be able to campaign and vote in Jan. 25 Palestinian elections, reported the Israeli newspaper *Ha'artez* on Jan. 9.

Until Israeli Prime Minister Ariel Sharon was incapacitated, his government had said that Israel would not allow the Palestinians living in Israeli-occupied East Jerusalem to vote in the elections, because Jerusalem was the "undivided capital of Israel" (the Israelis conquered East Jerusalem in the 1967 war).

Shaath stated, "I have already been informed by the American government of their assurances that the Israelis will implement the commitments ... to allow campaigning and elections for the legislative council to be held in Jerusalem as well as any other place, on the modalities that were used in 1996."

Although Shaath said he has not received an official response from the Israeli government, Israeli Public Security Minister Gideon Ezra announced that Palestinians will be allowed to campaign, provided they don't belong to "terrorist" groups. It is not clear yet whether this is the beginning of an Israeli climb-down from its earlier position, or another move to play for time.

Israel Cracks Down on Fascist 'Jewish Legion'

Hundreds of Israeli police and border guards conducted raids on Jan. 8 on the offices of the terrorist-linked Jewish Legion. The army ordered the closure of the Legion's offices in the West Bank settlement of Kfar Tapuach, where the group was running a "security organization" with trained attack dogs. The raids closed down several offices in the settlement and hit an Internet cafe and a nearby apartment owned by Yekutel Ben Yaacov, one of the organization's leaders in Jerusalem. The group has known links to the terrorist Kach organization.

The raid was made ahead of a conference planned for Jan. 11, where Ben Yaacov was to announce a new initiative calling for setting up a new independent Jewish Authority in the West Bank, which he dubbed the "Judea Initiative."

In a Jan. 9 article in WorldNetDaily, Ben Yaacov said, "Legally it's a no-man's land. The Palestinians used that status to create their own authority, so there is absolutely no reason the Jews can't do the same thing. The area is the site of a lot of the Bible and has had a Jewish population for centuries. We will not allow the Israeli government to kick us out."

This Judea Initiative is a replay of slain Jewish Defense League founder Meir Kahane's attempt to found an independent "State of Judea" in the West Bank. The Jewish Legion is named after the Jewish Legion founded by the fascist Vladimir Jabotinsky.

Asia News Digest

U.S. Triggers Chaos Along Pak-Afghan Border

On Jan. 14, at least 10,000 Pakistanis joined anti-U.S. demonstrations across the nation chanting, "Death to America!" The latest anti-American wave throughout Pakistan, which may weaken President Pervez Musharraf even further in the long run, was caused by U.S. air strikes that killed at least 18 Pakistani civilians in Damadola village near the Afghan border on Jan. 12.

The air strike which the Bush Administration, in its characteristic style, has not admitted, was ostensibly based on an intelligence report that the al-Qaeda number two, Ayman al-Zawahiri, and the Taliban chief Mullah Mohammad Omar, were attending a dinner celebration in the village on the occasion of the holy Muslim festival of Eid ul-Adha.

It is evident that Musharraf, who has been swimming against the tide in Pakistan to back the U.S. declared war on terrorism, and allowed U.S. troops to use Pakistan as an undeclared base of operations, is now caught between a rock and a hard place. Without mentioning the incident, Musharraf warned his countrymen not to harbor militants, saying it would only increase violence within Pakistan's borders. "If we keep sheltering foreign terrorists here ... our future will not be good," Musharraf said in speech broadcast on Jan. 14 by state-run television.

But the public pressure within Pakistan, particularly from pro-Islamist political groups and a large section of the anti-U.S. communities along the Pakistan-Afghanistan border, has already forced Islamabad to announce that it would summon U.S. Ambassador Ryan Crocker to protest the "highly condemnable" incident. Meanwhile, mass protests erupted in the region of the attack zone, and attacks on U.S.-funded aid agencies were reported in the town of Khar in Bajur tribal zone.

The incident could not have occurred at a worse time. Washington's credibility in its conduct of the Iraq and Afghanistan wars is at a low ebb in the United States, at the same time that the Bush Administration appears ready to throw down the gauntlet against Iran because of the latter's insistence on enriching uranium, which the U.S. claims is designed to develop nuclear weapons (see InDepth coverage: "Iran Nuclear Crisis Must Not Lead to War").

A quick look at the map makes it evident that, in order for the Bush Administration to flex its muscles against Iran, it needs a pro-U.S. Afghanistan, Pakistan, and Iraq. It is evident at this point that if the Bush Administration chooses to "teach Iran a lesson," the subversion its troops would face in the three countries that surround Iran could be of a frightening dimension.

Secondly, no matter what Washington says, it is almost a certainty that the Bush Administration will encounter intense pressure from within and without, to withdraw a significant number of U.S. troops from both Afghanistan and Iraq, before the end of the year. Already, all warning signs in Afghanistan indicate that the Taliban are just waiting around the corner to move in, once the Americans are out. It is taken for granted that the NATO troops do not have the will or determination to take on the Taliban. In addition, no matter how one slices it, those countries that provided troops to NATO, did so only because they do not want to antagonize the United States. To take on the Taliban, and get killed in the process, is altogether a different proposition to these NATO troops.

In this context, Pakistan's cooperation is vital for the Bush Administration in order to attain even the most minimal of its objectives in Afghanistan. It is well known that it was the Pakistani soldiers who fought and led the Taliban movement in the midst of an ongoing civil war to take control of nearly all of Afghanistan during the 1995-96 period. There is little doubt that those who are in power in Washington have little understanding of history and even of the basic understanding of the consequences of their actions. Killing innocent civilians in Pakistan will sharply divide the military, weaken Washington's best friend in the region, Pervez Musharraf, and ensure the revival of the Taliban in Afghanistan.

Nepal To Provide China with Transport Corridor

Nepal has informed New Delhi that it has agreed to provide China with a transportation corridor in eastern Nepal, along with the permission to open a consulate in Birganj close to the Indian border. In return, China is expected to offer Nepal a package of \$2 billion over three years to meet the demands of Nepal's civil war-ravaged economy. India had previously strongly objected to the location of the Chinese consulate.

Nepali King Gyanendra's decision to move closer to China is considered a major setback to the Indian policy towards Nepal. New Delhi had virtually cut off communications with the Nepali King following his decision last year to dismiss the Parliament and take control of the country to "fight" the Maoist insurgents who were rapidly gaining ground. While New Delhi, joining with Washington, demanded that King Gyanendra lift the emergency and bring back democracy, Beijing backed the King's decision and provided arms to the Royal Nepalese Army to fight the Maoists. Only in recent months has New Delhi made an effort to open a dialogue with Kathmandu to resolve the impasse.

But beyond Nepal, the issue will act as an obstacle to improving relations between India and China. There are also possibilities that various anti-Indian forces in the region, including Pakistan, could use this new Nepali policy to pressure India.

China Will Not Put All (Forex) Eggs in One Basket

China's foreign exchange reserves have shot up to \$820 billion as of year-end 2005, from \$769 billion in September, according to reports published in the *Shanghai Securities News* Jan. 10. These are the second-highest in the world after Japan, and are growing so fast because of China's huge trade surplus. Wang Zhao, a researcher for the State Council Development Research Center, a leading government think tank, wrote that China has to consider investing its reserves in infrastructure and new technologies, and channels other than U.S. Treasuries.

However, People's Bank of China head researcher Tang Xu said that China is not likely to sell its current U.S. dollar assets, and said the media had misinterpreted a statement from the State Administration of Foreign Exchange on "improving" management of its forex holdings. "No one is willing to put all of their eggs in one basket, and it is impossible for China to put all its forex reserves, which exceed \$800 billion, in one currency. But it is unlikely China would reduce its current dollar assets to increase the proportion of other assets." This interpretation of the statement "was definitely a misunderstanding," Tang said.

Philippine Neo-Cons Push for Parliamentary Dictatorship

Leading Philippines reporter Neal Cruz, a regular columnist for *The Inquirer*, the dominant newspaper in the country, finally broke through the blackout in the press Jan. 9 (other than the LaRouche Society newsletter in Manila, *Executive Alert*) on the fact that the campaign by the friends of the neo-cons in Manila to dump the Presidential system in favor of a parliamentary system, backed by the Heritage Foundation in Washington, is intended to establish a dictatorship. In the proposed parliamentary system, writes Cruz, "There is no balance of powers. The party in power runs the whole government like a dictator." Cruz reviews the numerous illegalities involved in the drive by President Gloria Arroyo and former President Fidel Ramos to ram through a "charter change," and exposes the effort to get a phony debate going on the best way to do it.

With the Philippine Senate showing signs of resistance, the Arroyo government is now talking about a 5-million-strong petition drive, to force a plebiscite over the heads of the Senate.

This Week in History

January 17-23, 1706

Ben Franklin Wishes All Nations Well, but Attacks Britain with Cutting Irony

January 17 marks the 300th birthday of Benjamin Franklin (born 1706), a man who wished all of humanity well, and who backed up that wish by actions which helped ensure humanity's well-being even into the present century. While he helped develop many of the underpinnings of modern life, such as electricity, flight, and steam power, not to mention his crucial role in the founding of the United States of America, Franklin is popularly portrayed as a practical tinkerer whose wisdom is supposedly reflected in the aphorisms of *Poor Richard's Almanack*.

Actually, a good part of Franklin's genius consisted of being able to see beyond the appearance of things, into the intentions and forms which actually shaped them. One of the ways in which Franklin demonstrated this ability was his use of satire and irony. During Franklin's time, Great Britain heaped one short-sighted policy after another on the American colonies, policies which would also eventually injure Britain herself. Did this mean that the British policy-makers were stupid and crazy? Some of them, perhaps.

But the British oligarchs were also operating within a characteristic worldview which caused them to experience a fear reaction whenever they sensed a spurt of rapid population growth in their colonies. This was not simply a matter of fearing that their colonies would soon outnumber their fiefdom of Britain. It was more basic: the conditions favorable to population growth also engendered a sense of optimism; a dawning realization of the existence of a future of expanding possibilities. That realization meant that men would no longer tolerate being treated as animals.

British policy was founded on the basic tenet that most men were merely animals; some to be treated as wild animals and others as domestic animals. Both Jonathan Swift and Benjamin Franklin dealt with the assumptions made by this policy, and took them to their seemingly outrageous but actually logical conclusions. Franklin had been educated and sponsored by members of Swift's republican network, and his satires, although slightly more genial, were worthy successors to his mentor.

Swift had written "A Modest Proposal for Preventing the Children of Poor People from Being a Burthen to Their Parents or Country, and for Making Them Beneficial to the Public." In the midst of the grinding poverty and starvation due to British policy in Ireland, Swift proposed that the children of the poor be slaughtered like animals at the age of one to provide gourmet dishes for the wealthy, and thus they would also provide a possible income for their parents as well as a debt instrument for their landlords if the parents were behind in their rent payments.

Franklin took on the same policy outlook in a satire which he wrote after the British had closed the Port of Boston and the other colonies had sent food to prevent the citizens of Boston from starving. He published it in London's *The Public Advertiser* on May 21, 1774, under the title "A Method of Humbling Rebellious American Vassals," but it is more familiarly known as "The Sow-Gelders."

In the character of a British "Freeholder," Franklin begins: "Permit me, thro' the Channel of your Paper, to convey to the Premier, by him to be laid before his Mercenaries, our Constituents, my own Opinion, and that of many of my Brethren, Freeholders of this imperial Kingdom, of the most feasible Method of humbling our rebellious Vassals of North America. As we have declared by our Representatives that we are the supreme Lords of their Persons and Property, and their occupying our Territory at such a remote Distance without a proper Controul from us, except at a very great Expence, encourages a mutinous Disposition, and may, if not timely prevented, dispose them in perhaps less than a Century to deny our Authority, slip their Necks out of the Collar, and from being Slaves set up for Masters, more especially when it is considered that they are a robust, hardy People, encourage early Marriages, and their Women being amazingly prolific, they must of consequence in 100 Years be very numerous, and of course be able to set us at Defiance.

"Effectually to prevent which, as we have an undoubted Right to do, it is humbly proposed, and we do hereby give it as Part of our Instructions to our Representatives, that a Bill be brought in and passed, and Orders immediately transmitted to G[enera]l G[agle], our Commander in Chief in North America, in consequence of it, that all the Males there be c[a]st[rat]ed. He may make a Progress thro' the several Towns of North America at the Head of five Battalions, which we hear our experienced Generals, who have been consulted, think sufficient to subdue America if they were in open Rebellion; for who can resist the intrepid Sons of Britain, the Terror of France and Spain, and the Conquerors of America in Germany.

"Let a Company of Sow-gelders, consisting of 100 Men, accompany the Army. On their Arrival at any Town or Village, let Orders be given that on the blowing of the Horn all the Males be assembled in the Market Place. If the Corps are Men of

Skill and Ability in their Profession, they will make great Dispatch, and retard but very little the Progress of the Army. There may be a Clause in the Bill to be left at the Discretion of the General, whose Powers ought to be very extensive, that the most notorious Offenders, such as Hancock, Adams &c. who have been the Ringleaders in the Rebellion of our Servants, should be shaved quite close.

"But that none of the Offenders may escape in the Town of Boston, let all the Males there suffer the latter Operation, as it will be conformable to the modern Maxim that is now generally adopted by our worthy Constituents, that it is better than ten innocent Persons should suffer than that one guilty should escape. It is true, Blood will be shed, but probably not many Lives lost. Bleeding to a certain Degree is salutary. The English, whose Humanity is celebrated by all the World, but particularly by themselves, do not desire the Death of the Delinquent, but his Reformation.

"The Advantages arising from this Scheme being carried into Execution are obvious. In the Course of fifty Years it is probable we shall not have one rebellious Subject in North America. This will be laying the Axe to the Root of the Tree. In the mean time a considerable Expence may be saved to the Managers of the Opera, and our Nobility and Gentry be entertained at a cheaper Rate by the fine Voices of our own C[a]st[rat]i, and the Specie remain in the Kingdom, which now, to an enormous Amount, is carried every Year to Italy.

"It might likewise be of Service to our Levant Trade, as we could supply the Grand Signor's Seraglio, and the Harams of the Grandees of the Turkish Dominions with Cargos of Eunuchs, as also with handsome Women, for which America is as famous as Circassia. I could enumerate many other Advantages. I shall mention but one: It would effectually put a Stop to the Emigrations from this Country now grown so very fashionable.

"No Doubt you will esteem it expedient that this useful Project shall have an early Insertion, that no Time may be lost in carrying it into Execution.

"I am, Mr. Printer, (for myself, and in Behalf of a Number of independent Freeholders of Great Britain), Your humble Servant, A FREEHOLDER OF OLD SARUM."

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