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This Week You Need To Know

Bush Demands His Own Impeachment

by Jeffrey Steinberg

President George Bush's infantile and defiant response to the Dec. 6 release of the Iraq Study Group report was tantamount to a demand for his own impeachment, along with that of Vice President Dick Cheney. Now, the new Democratic majority 110th Congress has a clear mandate, from a wide segment of the U.S. political institutions, spanning the leading factions in both the Republican and Democratic parties, to dispense with the Bush-Cheney regime, before another new disaster unfolds. Topping the list of such looming disasters—beyond the all-but-unavoidable crash of the global financial system—is a military strike against Iran, by either the United States or Israel. The use of nuclear weapons in such a strike is not to be ruled out, according to well-informed U.S. military experts.

As *EIR* already reported, just days before the final session of the Iraq Study Group, co-chaired by former Secretary of State James Baker III and former House Foreign Affairs Committee chairman Lee Hamilton (D-Ind.), Vice President Cheney flew off to Riyadh, Saudi Arabia, to attempt to forge a "Sunni bulwark" against Shi'ite Iran, built upon a U.S. and NATO military alliance with the Gulf Cooperation Council (GCC) member states plus Egypt and Jordan. Such an anti-Iran politico-military alliance would also, de facto, include Israel—an Israel, capable under present leadership, of launching a "breakaway ally" air strike against Iran.

As *EIR* reported in a now famous memorandum "Behind Cheney's Trip to Riyadh," Cheney's action was tantamount to a declaration of intent to launch preemptive war against Iran. If carried out, such a strike would spark a Sunni versus Shi'ite war within the Muslim world that would rapidly spread into a global Hundred Years' War. While such an asymmetric conflict would be firmly against U.S. vital interests, the Anglo-American faction that steers the Vice President's every sneering move, would celebrate the chaos, seeing it as the means by which to destroy the United States and end the Westphalian system of sovereign nation-states altogether. In today's parlance, this is called "globalization."...

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National:

Bush Demands His Own Impeachment

by Jeffrey Steinberg

President George Bush's infantile and defiant response to the Dec. 6 release of the Iraq Study Group report was tantamount to a demand for his own impeachment, along with that of Vice President Dick Cheney. Now, the new Democratic majority 110th Congress has a clear mandate, from a wide segment of the U.S. political institutions, spanning the leading factions in both the Republican and Democratic parties, to dispense with the Bush-Cheney regime, before another new disaster unfolds. Topping the list of such looming disasters—beyond the all-but-unavoidable crash of the global financial system—is a military strike against Iran, by either the United States or Israel.

- **LaRouche Comment**

Solution Must Be Truly Comprehensive

On Dec. 6, economist and statesman Lyndon LaRouche discussed the importance of the Baker-Hamilton Iraq Study Group bipartisan policy proposal, released that day to the Congress and to the Bush White House. This is a transcript of his remarks.

- **Documentation**

Excerpts from The Iraq Study Group Report

Executive Summary

The situation in Iraq is grave and deteriorating. There is no path that can guarantee success, but the prospects can be improved...

- **Who's Who in the Iraq Study Group**

The ten members of the Iraq Study Group, briefly identified by political pedigree below, represent a broad and high-level cross-section of the political Establishment in the United States. It is from that standpoint that their willingness to make recommendations, in the face of Presidential hostility, must be judged.

Southwest Asia: The LaRouche Doctrine

by Lyndon H. LaRouche, Jr.

The statement excerpted here was released by the LaRouche in 2004 Presidential campaign committee on April 17, 2004.

On the War . . .

The immediate subject of my present policy-statement here, is the task of successfully and quickly extracting U.S. military forces back to safety, out of the hopeless Hell-hole of the presently disintegrating U.S. military occupation of Iraq. . . .

Feature:

Ben Franklin's Youth Movement: Making the American Revolution

by Nancy Spannaus

The year 2006 marks the 300th anniversary of the birth of one of the greatest statesmen who ever lived, America's own Benjamin Franklin (1706-90). Lectures and exhibits have abounded in celebration of this great man's life during the course of the year, but there is only one location where he has been celebrated in truly appropriate fashion—and that is through the activity of the LaRouche Youth Movement, in pursuit of reviving the commitment to the improvement of mankind, scientifically and morally, which was represented by the American Revolution itself.

Science and Technology:

International Fusion Project Finally Getting Under Way

At a ceremony on Nov. 21, nations representing more than half the world's population signed an agreement to build the first largescale fusion energy experiment. **Marsha Freeman** reports.

World News:

British Insider Tolls Alarm: Systemic Crisis Is Imminent

by Helga Zepp-LaRouche

Normally one is well advised to maintain a healthy distrust the media. Yet now and then there appear certain 'signal articles,' which call attention to institutional speculation about impending dangers.

U.S. Dems, Are You Listening?

Argentina Tells Soros, To 'Git'

by Cynthia R. Rush

U.S. Democrats could learn a lot from Argentine President Néstor Kirchner on how to deal with the corrupting influence of financial predator George Soros within their party.

Lack of Leadership Endangers India's National Security

by Ramtanu Maitra

Despite India's emergence in the post-Cold War days as a major potential Indian Ocean power and a nation friendly to all global powers, the inability of India's present-day leaders to act to ensure the security of its immediate vicinity has worsened its security situation during the last few years.

Interview: Mohammed Omer

Normal Life Is Impossible In Israeli-Controlled Gaza

Mohammed Omer, 22, is a Palestinian journalist and photographer born and raised in the Rafah refugee camp in the southwest corner of the Gaza Strip. He has personally experienced the effects of the Israeli siege of Gaza.

Crash of the Dollar Means Global Collapse

Li Mao, Washington correspondent for the Chinese publication Science and Technology Daily, sent these questions to Lyndon LaRouche, following LaRouche's Nov. 16 webcast (see EIR, Nov. 24). An article based on the webcast and this interview appeared in the daily on Dec. 4.

Rohatynite Slashes New York Health Care

by Patricia Salisbury

Despite the well-documented crisis in every area of the nation's health-care system, a commission headed by a longtime partner of Felix Rohatyn, has released a report recommending draconian cuts in the New York state hospitals and nursing homes.

Alabama Tour

LYM Joins Amelia Robinson To Organize For Truth and Beauty, Against Fear

For ten days in November, as EIR reported on Dec. 1, four members of the LaRouche Youth Movement (LYM) travelled through Alabama and Georgia with 95-year-old civil rights heroine Amelia Boynton Robinson, the vice-chairman of the Schiller Institute. They attended a week-long celebration of the life of Rev. Martin Luther King, Jr. On Nov. 15, the group addressed a meeting at the Butler Chapel AME Zion, in Tuskegee, Alabama. Here are their remarks, which were warmly introduced by Rev. John Alfred, a civil rights activist and former president of the Southern Christian Leadership Council.

Allard's Hoax on the Subject of LaRouche

by Lyndon H. LaRouche, Jr.

This report refers to the report recently issued by Jean-Guy Allard. It is self-identified by the publisher as 'Spying on Cuba and Venezuela: a relic from the Reagan era' by Jean Guy Allard—Special for Granma International.'

I list what are intended by Allard as the defamatory allegations against me uttered within a report published under the by-line of the said Jean-Guy Allard, a report on the subject of U.S. intelligence community figure Norman Bailey.

A Weird Case From Berlin

The Age of the Marionettes

by Lyndon H. LaRouche, Jr.

December 8, 2006

I have just received a copy of a weird item written in Berlin. The author of that piece shall be identified only as a nameless German of the grim species which the French call 'BoBos.' His name shall thus remain, in the Biblical sense, 'Legion.' He is very grim, gruff, given to explosive fits of rage, and, given the opportunity, cruel. Like a real-life Jekyll and Hyde personality, he is sometimes intelligent, but known by some relevant persons on both sides of the Atlantic, as also brutishly immoral in dealing with any vulnerable person he has chosen as a suitable target of his venomous intent to destroy yet another young citizen.

LaRouche: German Police Discredit Cheney's Rewarmed Duggan Hoax

A radio broadcast smearing Lyndon LaRouche and his associates in Germany, in the case of the suicide of young Jeremy Duggan, was aired on Deutsche Welle on Dec. 5. Significantly, the slander concluded with the truth: that the German police had investigated the allegations by Jeremy's mother, and found them to be totally without merit.

Development:

Darfur Needs Emergency Aid And Economic Development

by Marcia Merry Baker

...[W]e reprint a section of 'Development Projects for Africa,' an appendix from an EIR Special Report, 'Peace Through Development in Africa's Great Lakes Region.' This Special Report presented the proceedings of a Seminar in Walluf, Germany April 26-27, 1997, which proposed undermining local conflicts, orchestrated from outside Africa, by advancing proposals for energy, water, transportation, agriculture, and other infrastructure needed in the vast Northeastern/Central African watersheds of the Nile and Congo Rivers and the Chad Basin. The Darfur region in western Sudan, bordering Chad and the Central African Republic to the southwest, is geographically, right in the middle of this area.

- **'Out From the Nile': New Rivers, New Civilization in Egypt, Sudan**

by Marcia Merry Baker

Reprinted from 'Peace Through Development in Africa's Great Lakes Region,' the proceedings of a seminar in Walluf, Germany, April 26-27, 1997. Mrs. Baker is the Economics editor for EIR.

Will the Campus Gestapo Save Darfur?

by Wynneal Inocentes, LaRouche Youth Movement

The Darfur population is being portrayed as the 'ethnic' people of Sudan, as opposed to the 'Islamic extremists' of Sudan, as the rest of the country is described. What is really going on? 'Radical Islam' is being used by the controllers of the Bush Administration as the means to destroy Sudan. Why? It is all part of a British-run operation to use the United States, to unleash Hell and chaos abroad, and, in the process, destroy itself and the idea of the nation-state system that it embodies.

Editorial:

Some Lessons for the 110th Congress

There is no question but that most Americans will greet the closing of the 109th Congress with a sigh of relief. This Congress's irresponsibility toward the country, and, most especially toward the future, will be notorious for decades, if not more, to come.

U.S. Economic/Financial News

November Auto Sales: Collapse Continues

Ford made headlines Dec. 4 as it dropped to fourth place (from second) last month among the world's leading automakers. Total U.S. car and light truck sales were 1.19 million units in November, which was up 2.6% from a year ago, with GM sales increasing by 6%. This was not enough to save Ford, however, which dropped behind GM, Toyota, and DaimlerChrysler. Ford losses were driven by the cancellation of its best-selling Taurus, and the collapse of its main "F series" of pick-up trucks.

Indicating the continued downward pressure on sales, Chrysler, which is already losing \$1,000 on every car it sells, announced an unprecedented factory bonus of \$7,000 in "dealer cash" to help move backlogged 2006 inventory from dealers' lots. The move could cost Chrysler up to \$500 million. According to sources, Chrysler is planning to announce the shutdown of at least three plants, starting in January.

"Locust" fund Cerberus is now in talks with Delphi Corp., with an eye on buying 12 of their 21 closed plants. No details have emerged about which ones, but the UAW is involved in the talks, and is said to be considering further cuts in wages.

Ford on Bankruptcy Watch

Since announcing its jumbo mortgage-the-company \$18 billion borrowing this month, Ford has significantly increased its debt to a total of at least \$23.5 billion, financial media reported Dec. 8. Ford is explaining this jump as due to a "strong credit-market response" to its tenders—undoubtedly true, with trillions sloshing around in leveraged credit funds, etc. In fact, its secured bonds are trading up over 100% of par. A Bloomberg report Dec. 8 says the borrowings "will provide the ... automaker with enough money to pay for eliminating 40,000 jobs and closing nine factories."

But Ford's going for \$23.5 billion—which now includes pledging all its next several years' income from earnings of its financial division, Ford Credit—clearly shows the company's desperation for cash over the next year, expecting huge losses and costs of "restructuring" and shrinking, and expecting to be completely shut out of even secured credit markets by early 2008 or earlier. One analyst said, "They're getting buried under the debt, but it's better than the alternative, bankruptcy."

Most of the added \$5.5 billion borrowing is unsecured; it will be at high interest rates, and be convertible into Ford stock at a value 28% inflated above the current price of the common stock.

White-Collar Jobs Losses Hit Hardest in Michigan

The loss of white-collar auto jobs could hit Michigan hardest, according to the *Detroit News* and MarketWatch.com Dec. 5. Sean McAlinden, chief economist at the Center for Automotive Research, told the Detroit Economic Club that, concerning the "massive auto cutbacks," the worst is yet to come. "All of the bad headlines you've seen this year are going to get much, much larger," he said. "None of the biggest lay-offs of salaried workers has actually happened yet. And they're about to in the coming months. So we've got to prepare ourselves."

Overall, the number of automotive jobs in Michigan has fallen 34% in the last two years, but the concentration of white-collar jobs is the highest in that state. Livonia has seen its population go from 18,000 in 1950, to 120,000 in 1970s, and estimates place it below 100,000 now.

Vulture Grab for U.S. Auto Plants Is On

A new set of auto plant closures is about to hit—this time at Chrysler—along with the coming buy-up of Delphi's Steering Division and Climate Control Division plants by Cerberus, the giant hedge fund started by Mega-speculator and organized

crime-linked figure Michael Steinhardt, and now run by Jack "Snow Job" Snow. The *Detroit News* Dec. 5 quoted Sean McAlinden, chief economist at the Center for Automotive Research, that the worst is yet to come, with "massive auto cutbacks." In Detroit, Dec. 3 was the last workday for the remaining 350 workers at the historic Budd plant, which at one time employed 18,000.

Chrysler is reportedly getting ready to close two big assembly plants—St. Louis North, and Newark, Delaware—and its Detroit Axle plant. Ford is closing its former Visteon plants in Ypsilanti and Kansas City, and announced the sale of the former Visteon climate-control-systems plant in Plymouth Township, Michigan, with 1,250 workers, to the French firm Valeo. Valeo will demand "a new and competitive compensation agreement" from the UAW (these are already "second-tier," \$14/hour workers), and will further reduce the workforce to 800 and replace some of it with workers it hires.

Total employment in all 23 former Visteon plants is down from 13,600 UAW workers in mid-2005, to 9,800 now, and will fall to about 4,000 over the next nine months as plants are sold or closed, according to Ford VP Michael Ver. That will be an average of only about 200 UAW workers remaining in each plant.

At the same time, Cerberus, which just bought majority ownership of GMAC, is negotiating to purchase up to 12 Delphi plants in the United States, and 12 more in Europe, under the same "rules of engagement" for employment and wages as with Valeo. This will include Steering Systems plants in Saginaw, Michigan; Indianapolis, and Athens, Alabama; and Interiors Division plants in Columbus, Ohio; Adrian, Michigan; Vandalia, Ohio; and Gadsden, Alabama.

Manufactured Goods Orders Slide Again in October

New orders for manufactured goods fell again in October, down 4.7%, or \$19.3 billion to \$390 billion, the Commerce Department's Census Bureau reported Dec. 5. This was the third drop in four months, and the largest drop in 6.5 years. New durable goods orders were down 8.3%, the biggest decline in 6.5 years for that also. Transport goods orders were down 21.6%; all other durables, down 1.5%. Manufactured goods shipments were basically flat, up 0.1%. Yet, for 18 months in a row, unfilled orders for durable goods have been rising, and are now at the highest level ever for this statistic, at \$666.5 billion.

Meanwhile, the Institute for Supply Management, which on Dec. 1, said the U.S. manufacturing sector was shrinking in November, by its index, reported on Dec. 5 that the service sector, by contrast, was expanding rapidly, with its index rising to 58.9 from 57.1 in October.

Collapse of Real Estate Now Hitting Lenders

In unusually blunt language, the *Wall Street Journal* Dec. 5 announced on its front page, "The surge in mortgage delinquencies in the past few months is squeezing lenders and unsettling investors worldwide in the \$10 trillion US mortgage market. The pain is most apparent in sub-prime mortgages, though there are signs it is spreading to other parts of the mortgage market." Delinquencies have been rising for over a year, they say, but have "accelerated sharply in the past two to three months." Option One, the sub-prime unit of giant H&R Block, posted a \$39 million loss in the three months ending Oct. 31, compared to a \$48 million profit a year ago.

Dope Inc.'s HSBC Holdings, the world's third-biggest bank by market value, said that third quarter revenue growth slowed, as bad loans rose in the U.S. and the U.K. Loan delinquencies and write-downs increased due to more bankruptcies and a "weaker" housing market. "There is little in the statement that will calm fears of a slowdown," said an analyst. "People were looking for signs of a stabilization in bad debts, [but] things seem to be worsening." HSBC says they "miscalculated some borrowers' ability to repay mortgage loans...."

Toll Brothers, noted builder of McMansions, was forced to drastically downgrade its forecast for 2007, after posting a nearly 50% collapse in profits for the quarter ending Oct. 31. Income was down from \$310 million in 2005 to \$178 million. They had 585—or 37%—cancellations, and customers only signed \$710 million in contracts, less than half of its \$1.59 billion in 2005. Whistling past the graveyard, CEO Robert Toll said, "Fifteen months into the current slowdown, we may be seeing a floor in some markets where deposits and traffic ... seem [to be] dancing on the bottom, or slightly above."

Sub-Prime Mortgage Market Begins to Falter

The sub-prime mortgage market, the weak sister of the housing market, is starting to cave in. During October, the percentage of sub-prime mortgage loans that entered into default—either delinquent by 90 days or more; in foreclosure; or turned into repossessed properties—leapt to 2.52% of all sub-prime mortgages issued during 2006. During the late 1990s, the volume of sub-prime mortgages was less than \$100 billion; today, it is placed between \$650 billion and \$980 billion, the latter one-tenth of the home mortgage market.

Ten years ago, it was predatory loan-shark-type companies that made sub-prime loans. But the largest commercial banks, already having run through the upper- and middle-income households, looking for new areas to loot, bought outright many loan-shark companies, and now dominate the market. During 2005, in one-half of the sub-prime loans, the banks required no firm income documentation. The sub-prime market has become so large, that during first half of 2006, one in every five mortgage loans made in the United States was sub-prime, according to the Mortgage Bankers Association.

Sub-Prime Loan Losses Rock H&R Block

The United States' largest tax-preparation company, H&R Block, announced Nov. 29 that it suffered a \$156.5 million loss during its quarter ending Oct. 31. H&R Block's losses stem from its subsidiary Option One Mortgage, which is a large maker of sub-prime mortgage loans. During the previous quarter for H&R Block, that ended July 31, the company recorded a \$131 million loss. At that time, Block's Option One Mortgage had to buy back mortgage-backed securities (MBS) that it had issued, because those securities had been floated against sub-prime mortgages which were going into default. Those investors who had purchased MBS issued by Option One raised an uproar. H&R Block thought it would make a bundle by being a player in the sub-prime mortgage market. Now, according to *The Street.com* Nov. 30, H&R Block is desperately seeking a buyer for Option One.

Paulson's Plunge Protection Team Reactivated

Treasury Secretary Henry Paulson's crisis team has been reactivated, with a command center in Washington, to cope with the "systemic risk" in a market meltdown, according to the London *Daily Telegraph* Dec. 7. The *Telegraph* was referring to an article that appeared in the neo-con *Weekly Standard* Nov. 27, that said the crisis team is constituted of several senior advisors of Goldman Sachs whom Paulson brought along to the White House, to insulate himself from the Treasury bureaucracy.

But Paulson is worried, because of the 8,000 unregulated hedge funds with \$1.3 trillion at hand, and derivative contracts now worth \$370 trillion, the *Telegraph* pointed out. It quotes Paulson saying: "We need to be very careful here."

Paulson is deeply concerned because of the falling dollar. "The US needs a trillion dollars a year just to stand still," said a currency analyst with the HSBC (HongShang). The analyst pointed out that the global economic seizure this time will be at the heart of the system as the dollar buckles, pressing down on the "aorta of capitalism."

What adds to Paulson's worries is that average house prices fell from \$244,000 to \$221,000 in November, with more

violent effects in Florida, Arizona, and New England. The paper cited builders warning of a "death spiral," as they slash prices to off-load a glut of unsold houses.

As a result of these nasty developments, the *Weekly Standard* says Paulson fears a "serious crisis that would be a body-blow to the U.S. economy."

World Economic News

HSBC's Share Price Tumbles Over Bad Debts

HSBC bank (formerly, Hongkong and Shanghai Banking Corp.), the world's third-largest and Europe's largest, had its share price tumble over reports that it is suffering from bad consumer debts, the London *Times* reported Dec. 6. Its finance director Donald Flint indicated that default rates in the United States had deteriorated further since a trading update three weeks ago. The bank now does not expect this trend to change. This has a lot to do with the collapsing housing market as well. The bank also indicated that it would be redeploying surplus capital away from the United States, towards emerging markets.

HSBC complained that new bankruptcy laws have led more U.S. customers to file for personal bankruptcy. The bank is experiencing the same trend among its British customers, and according to the report of its first-half figures, experienced a 36% rise in bad consumer debts.

HSBC's shares fell Dec. 5 by 1.5%. Other banks, including the Royal Bank of Scotland and Lloyds, are expected to report similar problems.

Thailand Hit Hard by Dollar Collapse

The collapse of the dollar is hitting all the Asian nations, but none as hard as Thailand. The Thai baht has risen 14% against the dollar this year, as speculative money is flooding in to escape the falling dollar, *The Nation* reported Dec. 7. This kills their exports while also undermining foreign investment, which finds it more expensive to invest there. The head of the Japanese Chamber of Commerce in Bangkok warned of a slowdown in Japanese investment, which is 38% of Thailand's FDI (foreign direct investment).

Thai efforts to stop the speculative part of the baht's rise have been ineffective, and the potential for a new bubble is very much on the minds of the Thai officials, who remember quite well George Soros's attack in 1997, which launched the so-called "Asian crisis."

Potential for Hedge Fund Crash Worries India

"Wall Street is now controlled by a handful major hedge funds—the lack of organic liquidity is a major concern." Under this headline Dec. 2, *India Daily* reported that India is moving toward opening its economy to the funds, which are now prohibited from directly investing in Indian companies:

"The stock market is now controlled by handful of major hedge funds. Citadel Investment Group paid more than \$5.5bn in interest, fees and other investment costs last year. That just shows how big, and well-funded these hedge funds are. Organic liquidity in the market is defined by the involvement of common people in the market. When many different market players make decisions and trade in a fair market, the market has less risk of collapsing. When that well-spread liquidity is lacking,

market volatility goes down and the market becomes extremely vulnerable to the whims of a few. The possibility of manipulation rises. Above all, what is most scary, lack of well spread liquidity can literally melt the market down completely if these handful of big players decides to quit all at once.

"In 1929, similar things happened. From 1929-33 the stock market went down 86%. The main reason was the lack of regulations and the lack of well-spread-out liquidity—the organic liquidity of the stock market. The hedge funds are today unregulated. They control the market. They trade in and out, inflating the volume and profit for the exchanges. But it is a closed-loop system. In the history of financial markets, every closed-loop system eventually collapsed because one way or the other the markets big players lose sight of the fundamentals.

"It is a major concern for the whole market. The biggest concern is the fact that millions of common people are invested through their 401(k) and pension finds. If the Dow goes back to 1700 in the next four years, the misery and suffering among the common people will be enormous. The Enron scam will look like a baby."

United States News Digest

White House Withdraws Nomination for Pentagon IG

On Dec. 6, the White House notified the Senate that it was withdrawing the nomination of David H. Laufman to be Department of Defense Inspector General. Laufman's nomination had been submitted last June, but was blocked by Sen. Carl Levin (D-Mich), who questioned Laufman's independence (by law, the IG is not under the authority of the head of the DOD).

According to a Nov. 8 posting on the Daily Kos website, there were three concerns raised by Laufman's nomination: 1) that he has no experience with the military; 2) he has no background in the kinds of investigations and audits the IG is expected to do; and 3) he has a reputation as a Bush family "cleaner," for turning two potentially embarrassing investigations of the George H.W. Bush Administration into whitewashes in the early 1990s, those being the October Surprise investigation, and the investigation into the leak of Bill Clinton's passport information.

Laufman's role in the present George W. Bush Administration appears to have been equally dirty. As a Department of Justice official, he was extremely cavalier about the rights of individuals swept up by Attorney General John Ashcroft's anti-terrorist sweep in the aftermath of 9/11. More recently, as an assistant U.S. Attorney for the Eastern District of Virginia, he's been equally heavy-handed in terrorist prosecutions, demanding long sentences for defendants in dubious cases well outside the sentencing guidelines. In response to written questions from the Senate Armed Services Committee, Laufman wrote that he would share draft IG reports with the Secretary of Defense, which is apparently one of the reasons Levin raised questions about his independence.

Jewish *Forward* Welcomes Bolton's Departure

The weekly Jewish *Forward* welcomed the departure of U.N. Ambassador John Bolton in its "Dear John" editorial Dec. 8, saying that he had been "a daily reminder of the Bush administration's arrogant, willful style of governance, of its contempt for the meaning of democracy and the separation of powers.... [H]is stubborn flaunting of American exceptionalism, has been a perfect metaphor for this administration's ideological high-handedness in coping with the problems of the nation and the world."

The bulk of the editorial goes after the leadership of the major U.S. Jewish organizations for their "noisy, tin-eared outpouring of sycophantic unanimity" in lamenting Bolton's departure, because he was such a friend of Israel. As the

Forward points out, Bolton and the Administration have ensured the alienation of both Israel and the United States from the world community. The *Forward* notes ironically, that American Jewish advocacy organizations have been defending Bush policy, although an overwhelming majority of Jews just voted against the Bush record.

Naming such Bolton backers as the American Jewish Committee, the ADL, the World Jewish Congress, JINSA, the Orthodox Union, and B'nai Brith International, the *Forward* concludes, "If they [the Jewish organizations] can't understand their job, it's time that somebody else stepped forward."

Padilla Was Mentally Damaged by Psychological Torture

Jose Padilla, who was held for three and a half years as an "enemy combatant" in a U.S. military prison, is now mentally ill due to the treatment he suffered. After prolonged isolation, sensory deprivation, and use of "truth serum" drugs, Padilla now cannot even assist in his own defense, according to a psychiatrist's affidavit submitted by defense lawyers.

"It is my opinion that as the result of his experiences during his detention and interrogation, Mr. Padilla does not appreciate the nature and consequences of the proceedings against him, is unable to render assistance to counsel, and has impairments in reasoning as the result of a mental illness, i.e., post-traumatic stress disorder, complicated by the neuropsychiatric effects of prolonged isolation," the psychiatrist wrote. "There's nothing comparable in terms of severity of confinement, in terms of how Padilla was held, especially considering that this was pretrial confinement," a former Judge Advocate General stated.

Four Letters to the Editor in the Dec. 5 *New York Times* express horror and disgust at the U.S. government's treatment of Padilla.

Colbert Prefers the 'New Politics' to Kissing Butt

As the grand finale of freshman orientation on Dec. 6, for the incoming Congressmen at Harvard's Kennedy School of Government, the Institute of Politics invited guests to a conversation with political satirist Stephen Colbert. The forum was packed with students and Congressman, and one member of the LaRouche Youth Movement, to be entertained for an hour by the contrast of the old politics of butt-kissing, with the new bold politics of the LYM demonstrated in the recent election victory, in which humor played an important role! Colbert was interrogated by a stuffy political science student, who asked questions such as whether the comic regretted his performance at the Washington Correspondents dinner earlier this year, and whether it wrecked his relationship with the press. Colbert flatly responded that he does not aim to kiss butt. He was also asked whether he could appeal to a broader audience, perhaps, if his character on the "Colbert Report" cable-TV program, in which he plays a right-wing talk-show host, were not a neo-con, but a liberal. He said it is impossible to be over the top and megalomaniacal if you are a liberal, because they don't commit to anything!

Colbert, who had been intersected by a LYM organizer on the way in to the event, announced, "I just want to let everyone know that I already think that Lyndon LaRouche has a point. I believe in the hegemonic cabal and everything else!" This caught the crowd off-guard and elicited nervous laughter from the audience.

LYM Intervenes Into Texas Congressional Runoff Election

Lakesha Rogers, LaRouche Youth Movement leader and former candidate for the chairmanship of the Texas Democratic Party, issued a statement in response to Rep. Henry Bonilla's attack on the U.S. Constitution. Bonilla, a Republican incumbent, is in a run-off election for the 23rd Congressional District seat in Texas, against Democrat and former Congressman Ciro Rodriguez. Bonilla charged Rodriguez with "dangerous judgment" in terror-related matters, citing documents from Lynne Cheney flunky David Horowitz's DiscoverTheNetwork.org website, to claim that Rodriguez was

influenced by "known terrorists" in legislation he backed in 1999.

The legislation in question, for which Rodriguez was a cosponsor in 1999—along with 128 other Congressmen—would eliminate the use of secret evidence in deportation cases. In addition, Bonilla is claiming links between Rodriguez and Abdurahman Alamoudi, a U.S. citizen who was sent to prison in 2004 for illegal business transactions with Libya. Alamoudi gave \$250 to Rodriguez in 1998, the same year he also contributed to several Republican candidates, including former Bush Energy Secretary Spencer Abraham, a former Republican Senator from Michigan.

Rogers, who is in San Antonio with a LYM team to mobilize college students and other youth to go to the polls on Dec. 12 to defeat Cheney/Bush puppet Bonilla, said it is obvious that Bonilla "missed the message sent by the vast majority of American voters on Nov. 7—especially young voters—which rejected the anti-Constitutional policies promoted by the Bush Administration to run their failed war. While even many Republicans are running away from the Administration, the pathetic Bonilla—who repeatedly votes against health-care measures for veterans—is diving headfirst into the Bushes, joining the President in 'staying the course'."

He has also failed to get the message of the bipartisan vote of a committee in the Pennsylvania state legislature, Rogers added, in which a unanimous vote was cast against the Goebbels-style attack on free speech initiated by the hoaxster Horowitz. Rogers concluded, "By drawing on material produced by the discredited Horowitz, Bonilla has shown he will continue to be a puppet of Lynne Cheney and her attack-dog husband, the soon-to-be-impeached Dick. No serious or honest voter in the 23rd District of Texas could possibly vote for a puppet of Dick Cheney!"

Carter Defends His New Book on Palestine

Appearing on NBC's "Meet the Press," Dec. 3, former President Jimmy Carter defended his new book, *Palestine: Peace Not Apartheid*. Carter said that the book is deliberately provocative, and that his intention is to rejuvenate the peace process. He said that his use of the word "apartheid," for which he has been attacked, is "accurate for what the Israelis are doing to the Palestinians on Palestinian territory." As to what to do to get a true peace in the Middle East today, Carter said, "First of all, I think that the United States should stop their horrible abuse of the Palestinian people in a generic sense." They don't have enough money to pay for social services, "just because the Palestinian people voted for Hamas candidates." He said he would encourage the formation of a unity government, and that the U.S. should use a maximum effort to bring about peace talks between Palestinian leader Mahmoud Abbas and Israeli Prime Minister Ehud Olmert.

Ibero-American News Digest

Lopez Obrador: We Refuse To Yield to the 'Rule of Flaw'

The only way that Felipe Calderon of the synarchist National Action Party (PAN) managed to get inaugurated as Mexico's President on Dec. 1, was by being spirited in and out of the Congress by massive military deployments, only to stay for a mere four minutes within a two-meter, protected radius. But outside, the legitimate President of Mexico, Andres Manuel Lopez Obrador—AMLO as he is known—was addressing a large rally at the historic downtown Zocalo plaza, and then leading a march of more than 200,000 people, which swelled in size as it moved in orderly fashion down the streets.

Lopez Obrador emphasized in his speech that the great power of his movement comes from the fact that it will not capitulate or negotiate with the neo-fascists' fraudulent "Rule of Law." "What rule of law?" he asked. "Forget it! This is rule of flaw!"

It is not his movement that is creating the conflicts, he warned, adding that the most violent, dangerous gang in our country

is that which is imposing this lackey, Calderon, as President.

Lopez Obrador spent a major portion of his speech warning against provocateur infiltrators: Peaceful resistance, he stated over and over, is what is needed. We have entire families here. No violence. March with order. Don't write graffiti on even one wall; break no windows. Anyone who wants to appear radical should be viewed with mistrust, because they just might be an infiltrator who wants to harm our movement. "What we are doing is more radical than anything else. Do you know why this is very radical? Simply because we have not given up; we haven't sold out; we are never going to accept the imposition [of the spurious President], and this is very radical."

Mexican LYM: 'True Revolutionaries Transform the Universe'

As Lopez Obrador addressed the huge crowd that had gathered in Mexico City Dec. 1 to protest Felipe Calderon's spurious "inauguration," the Mexican LaRouche Youth Movement distributed 20,000 leaflets conveying this message: The LYM in the United States demonstrated that we youth can make history. Join us in doing just that! The leaflet was provocatively headlined, "Revolutionaries Don't Patch Things Up. True Revolutionaries Transform the Universe. To Be a Revolutionary Is To Transform the Universe."

It began: "No solution to the economic crisis which attempts to function within the parameters of so-called 'globalization' will work. Do not create the myth that a nation can reach the rank of survivor following the loving advice of its rapist, who, on top of everything, demands an accounting of the benefits which he will get from that rape...."

LaRouche's Nov. 16 webcast description of the current collapse of the world economy, and his statement that if he were President of the United States, or could get someone else as President to do things right, "we could stop the crisis," is then quoted. The leaflet continues:

"We want to transmit to you the optimism which exists in the LaRouche Youth Movement (LYM) from having been the decisive factor in the defeat of the Republicans in the Nov. 7 midterm elections, ... which brings us one step away from the final removal of President George Bush and Vice President Dick Cheney.

"If you really want to transform history in a far-reaching way, don't you think that you have to go beyond simple traditional political activism, which doesn't demand an ever-greater potential in the thinking of human beings? Changing the axiom that we are impotent to affect the large, and we prefer the small?...

"This is our job as youth. To do what the oligarchy does not want you to do: to foster the creative powers of the human being as a way of ensuring that generations to come can have a future.... But, what do we mean when we speak of the creativity of the human being? You may think: What could these youth have as an advantage, that they are so sure that they can win this fight, if they are only that, youth?

"The answer lies in the method we are developing as a youth movement, of working through the different minds which have made discoveries of principle which revolutionized humanity's knowledge. The advantage which we have, is the recognition that the human being is not a beast defined solely by its physical necessities, yoked together in a decadent society....

"This is what allowed the youth in the United States to defeat the enemy, and what allows us here in Mexico, together with our associates in Ibero-America and Europe, to acquire the confidence and the certainty of knowledge to be able to carry out any sort of revolution, and in this way, to inspire more youth to join this cause.

"Thus, it is your responsibility to change history and master these ideas, in the process of which you prove that the human being is not a beast which needs to create fantasies in order to be happy. It is time these fantasies get out of your mind, so that you can give it not what it wants, but what it needs: ideas.... Don't let yourself be attacked by the disease of 'smallest is better, I'm very little...' Only a human being transforms the universe. Do you want to be one?"

Argentine First Lady's Bodyguard Shot

On Dec. 4, a bodyguard of Argentine First Lady and Sen. Cristina Fernandez de Kirchner was shot as he was reporting to work in Buenos Aires. Although the incident was explained as an attempted car robbery, President Nestor Kirchner immediately ordered an exhaustive investigation to determine whether the shooting of the Federal Police corporal was intended as a "threatening message" to the government.

Lyndon LaRouche's warning, issued in discussions Dec. 2, was thus on the mark. Given the world situation and the state of mind of Dick Cheney and other desperadoes, he said, assassinations of heads of state or other key political leaders would be their characteristic response to developments in South America around the informal 'Presidents' Club' that is resisting their insane policies. It would be the style of Cheney's friends to try to assassinate Venezuelan President Hugo Chavez, among other Ibero-American leaders, LaRouche warned.

Sources close to the President told the Argentine daily *Clarín* that "we aren't ruling out any hypothesis," regarding the incident, particularly given the fact that the corporal is normally deployed on Senator Kirchner's security team. As he was getting out of his car, he was approached by three individuals who discharged 20 shots, four of which hit him.

Correa Vows To Emulate Argentina's 'Development Model'

Ecuador's President-elect Rafael Correa met on Dec. 4 in Quito with Argentina's Deputy Interior Minister Rafael Follonier, who had been sent there by President Nestor Kirchner to communicate the Argentine President's personal congratulations and warm greetings to Correa on the latter's recent electoral victory. Following the meeting, Correa told reporters that his meeting with the Argentine President three months earlier in Buenos Aires had brought him "luck" in his recent election, and added that he intended to emulate Kirchner's "development model."

That's enough to give Wall Street and City of London bankers a bad case of heartburn, as Kirchner has rejected the International Monetary Fund's policies, successfully restructured his country's defaulted debt on terms favorable to Argentina—not the speculative vulture funds—and adopted economic policies which are decidedly dirigist. Correa has indicated his interest in restructuring Ecuador's debt along Argentine lines, and will be visiting Buenos Aires on Dec. 13-14, to meet privately with Kirchner, then with the full cabinet, as well as with businessmen and other political leaders.

On Dec. 7, Correa met in Brasilia with President Lula da Silva, during which the two discussed initiatives for cooperation in energy development and infrastructure, before departing for Cochabamba, Bolivia to attend the Dec. 8-9 summit of the South American Community of Nations.

EIR Introduces Reality into National Defense Symposium

The first day of a Nov. 30-Dec. 1 National Defense University symposium, held in Washington, D.C., on the "Western Hemisphere Security Conundrum," was dominated by the same old people proposing the same old things to somehow overcome what most present view as the worst state of relations between Ibero-America and the United States since World War II. But it was livened up by the simple question from *EIR* as to how the panelists thought a Bush-Cheney impeachment could affect U.S.-Ibero-American relations, in light of the Democratic Party's harsh response to Bush's "ten more years in

Iraq" declarations of the day before.

The question provoked an outburst of laughter from the generally tense and subdued audience of U.S. and Ibero-American institutional people.

EIR's Ibero-America analyst Gretchen Small asked the question after one of the more honest presentations on the state of relations, given by the New York Council on Foreign Relations' Latin American expert, Julia Sweig, who had (with company manners) pounded the Bush Administration's policies for creating a dangerous backlash of anti-Americanism. Sweig gulped at the question, but responded that while she was a Democrat, she thought impeachment would be awful, as it would further weaken an already-weakened empire, and tear apart our republic.

The conference was premised upon the anti-nation-state agenda which *EIR* had blown apart in its now-famous book, *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*, and was keynoted by the degenerate targetted by *EIR* as the leader of the drive for supranational rule, Luigi Einaudi.

Western European News Digest

Milan Prosecutor To Seek Indictments in Rendition Case

The prosecutor in Milan, Italy, who has led the investigation of the 2003 kidnapping of Egyptian cleric Abu Omar from that city, has asked a judge to issue indictments of 26 Americans and six Italians in connection with their involvement in the abduction. The seizure of Omar was part of Dick Cheney's "rendition" program, in which targets are kidnapped on foreign soil and are then sent to third countries for interrogation and torture.

The Italians charged include former SISMI (military intelligence) head Nicolo Pollari, his former deputy Marco Mancini, and three other SISMI officials. The judge now has to hold a preliminary hearing to decide if there is enough evidence to go to trial, but even the lawyers for the accused think that it will proceed. If and when it does, it will be the first criminal trial related to the Cheney rendition program.

The *Washington Post* reported Dec. 5 that some of the same CIA officers who were involved in the Abu Omar case, showed up in Norway two months later, apparently planning another abduction—this time of Mullah Krekar, the founder of Ansar al-Islam, which had been operating in northern Iraq, under U.S. protection. The CIA officers' travel records were traced by Italian investigators.

Royal Makes ECB Policy an Issue in French Elections

Following the latest interest rate increase by the European Central Bank (ECB) Dec. 7, French Presidential candidate Segolene Royal snapped, "It is not up to [ECB president Jean-Claude] Trichet to rule the future of our economies, but to the leaders designated by the people." "That also presupposes that the European Central Bank be subjected to political decisions," she said. Royal made those statements at the European Socialist Party Congress in Porto, Portugal, where she was the guest of honor. Royal, whose position until now has been that a new European constitution should not be proposed in the immediate future, further stated that a Europe of 28 countries needs rules, and indicated that the upcoming German presidency of the EU, and the French one in 2008, would be the right occasion to pursue that.

The entire French political class is furious at Trichet. France's trade deficit has ballooned to 25 billion francs over the last year due to price increases caused by high energy prices, medium-technology goods which compete with emerging countries, and the strength of the euro vis-à-vis the dollar. In mid-November, Prime Minister Dominique de Villepin

denounced the "too strong euro," Economics Minister Thierry Breton called for "great collective vigilance," and Trade Minister Christine Lagarde called on the ECB not to raise interest rates, because "things were difficult for French exporters at this point."

The government also brought up this issue at the Nov. 27 Eurogroup meeting, but received no support from the other participants. Eurogroup President Jean Claude Juncker of Luxembourg stated that "the present rate of change does not lead to any difficult consequences." Michael Deppler of the IMF Europe came into the debate as well, stating that the euro is "correctly valued." At this point, none of these politicians is prepared to change the system.

German-EC Bank Deal Opens Door to Privatization

An agreement between the German government and the European Commission, reached last week, implies that the EC is dropping its ultimatum that the German credit laws (KWG) be changed; yet it also implies that private investors must be admitted to any planned sale of the publicly owned savings banks. This would allow a private owner to operate a savings bank under its original name, but as a private bank. The KWG insists that savings banks serve the common good, which means they are banned from shareholder-oriented activities. The Berlin municipal administration and the Euro Commission struck a deal, however, that binds Berlin to privatize its savings bank by the end of 2007, at the latest. That, and the modified savings bank legislation pushed through by Berlin, sparked the brawl between the Commission and the German government.

So far, only the Berliner Sparkasse, which is to be sold off, the German government, and the savings banks association, claim that Berlin will remain an "exception," that no other privatization is coming up. Manfred Weber, chairman of the German private banking association, said that "Berlin can happen now everywhere," however.

U.S. Tells British Banks To Shut Down Iran Operations

Bush-Cheney regime officials are reportedly pressuring British banks with operations in the United States to stop acting on behalf of British business clients in Iran, the *Independent* reported Dec. 3. The banks include some of Britain's largest—Royal Bank of Scotland (RBS), Hongkong and Shanghai Banking Corp. (HSBC), and Barclays. Barclays has already reportedly told its corporate clients that it will no longer accept deposits from transactions originating in Iran.

The finance director of one company with significant operations in Iran said: "Barclays told us that it is unable to act as our bank as far as Iran is concerned. We have not been told why." HSBC has said it will no longer accept dollar transactions from within Iran. RBS declined to comment.

Although the British banks involved are listed and incorporated in the U.K., all have either a secondary listing or substantial operations in the U.S. that makes them potentially vulnerable to U.S. government action.

A senior executive at one of the affected banks said: "The consequences of not toeing the American line on Iran have not been made clear, but we were left in no doubt that we might not want to find out."

A spokeswoman for the U.S. Treasury Department confirmed that meetings had taken place with senior U.K. bankers.

Bankers Deplore Efforts To 'De-Franco-ize' Modern Spain

Spanish Prime Minister Jose Luis Rodriguez Zapatero, in March, had a statue of former fascist dictator Francisco Franco removed, in the dead of night, from Madrid's San Juan de la Cruz Square, and, according to the *Wall Street Journal* Dec. 4,

has gone so far as to prohibit visits to Franco's grave. The *Journal* frets that a bill now "winding its way" through Parliament would actually force the renaming of "hundreds" of street signs (to remove "Generalissimo Road," etc.), even names of cities, and would finally officially assign the blame for the Spanish Civil War to the fascists. Zapatero is moving to officially declare the Second Republic as the basis for modern Spain. The *Journal* author grudgingly admits that this short five-year period, preceding Franco's 1936 fascist takeover, "was Spain's first true experiment in democracy," but in his view, it was a "turbulent time" to which the Franco coup finally "restored order."

Zapatero's grandfather, a captain in the "Socialist Army," was executed by Franco's Falangists, despite his having put down a leftist uprising in 1934. What the article does not say, however, is that Jose Maria Aznar, Zapatero's predecessor as Prime Minister, whose father was a Francoist, was a member, along with IMF Director Rodrigo Rato, of the Francoist party that took over Spain after the dictator's death, and worked to carry on Franco's legacy. The article is adorned with a picture of the Generalissimo himself.

Poverty Increasing in Europe's Core Countries

A European Union survey, carried out by the national statistical offices of the member states, found that poverty is on the rise throughout the EU, notably also in the most populous continental countries—Germany, France, Italy, and Spain.

In Germany, 13% of the population, or 10.6 million people, are classed as poor, implying that they cannot support themselves without substantial state support. The three most alarming categories of poverty are Germans age 16-24, jobless citizens, and single mothers. Of Germans with "mini-jobs" (part-time jobs), 23% are rated as "working poor." Poverty in Germany is especially increasing in the East, including Berlin. More than 7% of eastern Germans with a full-time job are poor; about 11% of eastern Germans with a full-time or a mini-job are poor; and 17% of all eastern Germans live in poverty.

About 20% of poor Germans tend not to see a doctor when they are ill; 14% do not turn on the heat in their apartments; 27% do not have a car (and cannot pay for public transportation, either, in many cases).

Russia and the CIS News Digest

Kazak Official: SCO Key to New Global Order

Kazakhstan hosted an international conference titled "The SCO: Results and Perspectives," in Almaty on Nov. 30, as part of the ongoing fifth-anniversary events of the Shanghai Cooperation Organization. In welcoming remarks, Kazakhstan's Foreign Minister Kassymzhomart Tokayev said the organization had every reason to become a keystone of a new global order, with a positive effect on "stability and security, not only in Central Asia, but on the whole Eurasian territory."

Interviewed by *Kazakhstan Today* in connection with the conference, Alexander Lukin of the Russia Foreign Ministry's State Institute of Foreign Relations said that the Russian Ministry was developing its plan for an SCO Energy Club. The same day as this conference, Russian President Vladimir Putin fired Vitali Vorobyov from the position of Russian coordinator for the SCO, appointing Leonid Moiseyev in his place, evidently being dissatisfied with Russia's engagement in the SCO to date.

Indonesia and Russia Sign Nuclear Agreement

During a Russia-Indonesian summit in Moscow at the end of November, Indonesian Foreign Minister Hassan Wirajuda signed an agreement with Russian Federal Atomic Energy Agency head Sergei Kiriyenko for cooperation in civilian

nuclear energy, according to news wires Dec. 1. Indonesia is expected to announce in 2008 a tender for construction of its first nuclear power plant, and Kiriienko said Russia has a wide range of technologies, including a floating nuclear plant design, that Indonesia has expressed interest in.

Calls for Nuclear Power from Russia, Belarus

Addressing the Russian State Duma Dec. 7, Federal Atomic Energy Agency head Sergei Kiriienko said it was urgent to move at the pace of bringing on line two new nuclear reactors annually within the Russian Federation, as his agency had recommended in a national nuclear power program earlier this year. If this is not done, as Itar-TASS reported Kiriienko's warning, the necessary retirement of older nuclear plants will collapse nuclear power's share in Russia's energy balance sheet to only 1.5%. As of now, he added, the nuclear sector is "subsidizing the national electricity system," since its rates are only half the average rates for power nationally. He reported that the fifth unit at the Kursk nuclear power station is close to completion.

On Dec. 1, President Alexander Lukashenka of Belarus told an energy conference that the country needs to build a nuclear power plant, as the only guarantee of energy security. Belarus is currently in bitter negotiations with Russia's Gazprom, which is demanding a 50% stake in the country's pipeline company, in exchange for only doubling natural gas prices, instead of quadrupling them. Belapan news agency reported that Academician Mikhail Myasnikov of the Belarusian National Academy of Sciences told the conference that the first unit of such a power station could be in operation by 2013.

Sparks Fly at OSCE Meeting

Foreign Ministers of countries participating in the Organization for Security and Cooperation in Europe (OSCE) met Dec. 4-5 in Brussels. The agenda was to review the mission of the OSCE, which dates back to the 1975 Helsinki Accords, the culmination of Soviet leader Leonid Brezhnev's detente-era campaign for a package of East-West security understandings. U.S. Undersecretary of State Nicholas Burns presented an agenda of "helping young democracies in the Balkans, in Central Europe, in the Caucasus, and in Central Asia become fully fledged democracies." But Russia blocked a declaration on "strengthening the effectiveness" of the OSCE, based on this orientation.

Russian Foreign Minister Sergei Lavrov noted that the OSCE had two other major areas of concern, namely, military-political cooperation, and economics: "Given its integrated approach to security, the OSCE cannot, and should not, focus solely on the human [rights] dimension." Burns called for "full support" to Georgia and Moldova, which have disputes with Moscow over breakaway districts within their territories, while Lavrov charged that some countries were using the OSCE as a tool in "biased, politicized approaches" to these so-called frozen conflicts. Lavrov said that if the OSCE were going to be turned into a human rights and election-monitoring outfit, then that would be a new organization, and Russia and others would have to decide whether or not to join.

Kazakstan's President Nursultan Nazarbayev visited Brussels during the meeting, in connection with his attempt to take the chairmanship of the OSCE in 2009. Russia and other CIS members supported the Kazakstan bid, which was opposed by the U.S.A. and Britain.

Russian Minister Warns Britain Over Litvinenko Case

Russian Foreign Minister Sergei Lavrov has warned Britain that the continued allegations of Russian government involvement in the poisoning of Alexander Litvinenko could damage relations between the two nations. Lavrov said Dec. 4 that he had spoken to Foreign Secretary Margaret Beckett "about the necessity to avoid any kind of politicization of this matter, this tragedy," according to Russian news reports. "If the British have questions, then they should be sent via the law enforcement agencies between which there are contacts," Lavrov insisted. He also denied the reports that Russian

diplomats had been instructed to lodge a protest with British authorities over the publication of a letter allegedly written by Litvinenko on his deathbed, in which he blamed Russian President Vladimir Putin for the poisoning. Some Russian media have accused British PR firm Chime Communications, which staged the widely circulated deathbed photo of Litvinenko, of scripting the letter. Chime CEO Lord Tim Bell was Prime Minister Margaret Thatcher's image-maker in the 1980s, and remains tight with Russian business exile and Chechen insurgency support networks in London, which Thatcher also patronized.

Gaidar: Enemies of Russia Poisoned Me

"I was poisoned, and Russia's political enemies were surely behind it." That was the dramatic title of a report published Dec. 7 in the *Financial Times* of London and the *New York Times* by Yegor Gaidar, former Russian Prime Minister and director of the Institute for the Economy in Transition. Gaidar writes a detailed account of what he experienced before and after he collapsed during the presentation of his book, *Death of the Empire: Lessons for Modern Russia*, at a university in Ireland Dec. 8. Gaidar is associated with the most ruinous policies, imposed on Russia under President Boris Yeltsin in the 1990s. He is anything but an ally of the current Russian regime. Yet, after reporting his Moscow doctors' opinion that his acute illness was induced by some foreign toxic substance, Gaidar said, "When the thought that this could be a result of somebody's willful actions crossed my mind for the first time on the afternoon of Nov. 25, I ... rejected the idea of complicity of the Russian leadership almost immediately. After the death of Alexander Litvinenko on Nov. 23 in London, another violent death of a famous Russian on the following day is the last thing that the Russian authorities would want." Gaidar concluded, "Most likely that means that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west."

Yanukovych Assures Washington: Privatization Will Continue

Ukrainian Prime Minister Victor Yanukovych began his trip to Washington, after charging that his Foreign Ministry had tried to block it, with a presentation at the Center for Strategic and International Studies (CSIS) on Dec. 4. Sounding confident, he said he would "speak the language of national Ukrainian interests." He reasserted Ukraine's primary interest in "European integration," commenting that it would be "difficult to imagine Ukraine not being a part of Europe." All the major political groupings were in agreement on where Ukraine should be in 25 years, but there were differences as regards the path to get there, he said. "The market economy will remain functioning and de-privatization will be eliminated from our vocabulary," said Yanukovych. There will be continued privatization in the economy, but the energy transport sector will remain under government control. He added that Ukraine would continue to upgrade its role as energy corridor to Europe, both from Russia and from Kazakhstan, Uzbekistan, Azerbaijan, and Turkmenistan.

While Ukraine was also eligible for NATO membership, it would not happen any time soon. He explained how only one out of five Ukrainians would support immediate membership today. Similarly with EU membership, he said there should be no headlong rush, but that he hoped the process would be initiated under his premiership, perhaps with the establishment of a free-trade zone. With regard to Russia, he said that he knew of no opposition in his country to better relations with Russia. He explained that he himself viewed Russia as much more than a mere supplier of energy. "We have to develop our relations in all areas with Russia," he said.

Yanukovych was scheduled to meet with Secretary of State Condoleezza Rice, Vice President Dick Cheney, and members of Congress.

Southwest Asia News Digest

Cheney's Plans for Sunni Alliance Exposed Throughout the Gulf

Dick Cheney's strategy was probably buried by Dec. 6, the date of the press conference by the Baker-Hamilton Commission, thanks to the intervention of Lyndon LaRouche, which began with the circulation of an *EIR* memo by Jeffrey Steinberg on Cheney's visit to Riyadh, released on Nov. 27. The Arabic version of Steinberg's memo is still circulating, even among the most extreme Wahabi (Saudi-backed Sunni faction) groups. It is spreading confusion too, among those who were for an assault on Shi'ite Iran.

The text was published on Dec. 3, in *Al-Wasat*, the major Bahraini daily sponsored by the Shi'a majority in the country. The paper was, until Dec. 1, the "opposition" paper. But, since the Shi'a alliance won a majority in the House of Representatives, it is probably going to be part of the government.

The same text appeared on Iraqi websites supporting the Sunni insurgency. Interesting is the spread of the memo in Saudi and other Gulf discussion groups and blogs on the Internet. Due to the restriction on publications and free speech, Arab youth and dissident groups, even armed groups, use the Internet intensively. Some of these blogs have published the text of Steinberg's memo in Arabic, creating much debate about who is running the policy of the Saudi Kingdom. Those who are British agents expose themselves by supporting Cheney's plans. Others feel forced to denounce the whole thing, calling on the Saudi government to break with that policy.

After receiving the Arabic text by fax, a Saudi diplomatic representative in Europe contacted *EIR*-Arabic, asking for more information and ways of staying informed on these developments.

UN General Assembly Passes Six Resolutions on Palestine

On Dec. 1, the UN General Assembly passed six resolutions supporting the Palestinians and calling for the formation of a Palestinian state, the Israeli daily *Ha'aretz* reported Dec. 2. The key resolution, titled the "Peaceful Settlement of the Question of Palestine," welcomed the Nov. 26 ceasefire and urged both sides to maintain the truce, which it said paves the way for negotiations toward a resolution to the conflict.

Other resolutions called on Israel to withdraw from the Palestinian territories, and declared illegal any attempt by Israel as an occupying power to impose its laws, jurisdiction, and administration on Jerusalem, and therefore null and void, calling on it to cease such illegal and unilateral actions.

The key resolution passed 157-7 with 10 abstentions. The usual gang of seven opposers included the U.S., Israel, Australia, and the Marshall Islands, Micronesia, Nauru, and Palau.

Shi'ite Leader Al-Hakim Rejects Sunni-Shi'a Conflict

In response to a question from *EIR* on the danger of a regional Sunni-Shi'a conflict, Sayyed Abdul Aziz Al-Hakim, the president of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), played down the danger of any long-term sectarian strife in Iraq. Al-Hakim was on a visit to Washington, where he met President Bush. "As it is proven, there are strong ties between the different components of the Iraqi people," he said. "We have never known conflict between these components. The goal of the terrorists and Saddamists since the bombing of the Samarra mosque has been to foment a war between the Sunnis and the Shi'as. They declared it in 2003. They didn't want to reveal that they were waging war against the Iraqi people, so they portrayed it as being against the Shi'as," Al-Hakim said. "This sectarian violence has been rejected by all the *ulema*, as well as by all the political forces in the country. We are working on different paths, issuing *fatwahs* against violence. We are also acting to garner support from the regional powers and have initiated a reconciliation process within Iraq."

Al-Hakim, took *EIR*'s question on Dec. 5, after delivering a lecture at Catholic University in Washington, on "Freedom and Tolerance in Shi'a Islam and the Future of Iraq."

Speaking on Dec. 1 at a Friday sermon at a Sunni mosque in Jordan (an unusual occurrence), Al-Hakim also spurned the idea of a Shi'a-Sunni conflict, and warned that "The eruption of a sectarian war will not only burn everyone, but it will also undermine the security of the entire region and lead to the unknown." He stressed, "We are attached to unity for Iraq and its people."

But, before he arrived in the U.S., someone attempted to set up Al-Hakim in the Shi'a-Sunni conflict scenario, by distorting his comments in Jordan. *Iran Daily* reported Dec. 2 that Al-Jazeera and Al-Arabiyya had quoted Hakim saying that in the event of civil war, Iraq's Sunnis would be the big losers. Hakim immediately denied these quotes. *Tehran Times* reported that the misquotes originated from the Jordanian royal palace, following Hakim's meeting with King Abdullah II on Nov. 29.

Ahmadinejad in Qatar Counters Cheney Gambit vs. Iran

Iranian President Mahmoud Ahmadinejad was in Qatar for the opening of the 15th Asian Games, and met with Emir Sheikh Hamad bin Khalifa al-Thani, particularly about the dangers of an anti-Shi'ite, anti-Iranian coalition, i.e., the Cheney-Rice gambit, reported Iran News Nov. 30. After discussing plans for enhancing economic cooperation, Sheikh al-Thani stated: "All regional countries should make efforts to prevent division and strife between Shi'as and Sunnis in Iraq, because this [war] is what the enemies want." He added, "Qatar not only will not support moves against Iran, but also it will do its utmost to block the implementation of such moves."

At the same time, Ahmadinejad sent an envoy to Abu Dhabi, U.A.E., to deliver a message to President Sheikh Khalifa bin Zayed Al Nahyan.

Aoun Denounces Anti-Syrian Propaganda as Cynical Game

In an interview published Dec. 4 in the French newspaper, *Le Parisien*, which had intimated that former Lebanese President Michel Aoun had made a deal with Syria, Aoun replied, "When I was in exile in France, every time I spoke against the Syrian occupation [of Lebanon], France would remind me of my reserve obligation. During those 15 years, the international community (including France and the U.S.A.) considered Syria as a factor of stability for Lebanon. It is this cynical policy which pushed many Lebanese political figures" to turn toward Damascus.

To another question on whether his alliance with Hezbollah is "against nature," he said, "Not at all. The media demonize Hezbollah, which represents 30% of the Lebanese people." He stressed that in the "Entente memorandum" signed between his movement (CPL) and Hezbollah, both forces "call for redrawing of the borders between Lebanon and Syria, for the freedom of Lebanese prisoners held in Syria, for the re-establishment of diplomatic relations between our two countries, the rejection of any return to Syrian tutorship, and the return of Lebanese refugees in Israel. We agree with Hezbollah on the need for creating a modern state favoring the emergence of a civilian society limiting the influence of sectarian sentiments." General Aoun has let it be known that he does not wish to be called a "Christian" leader.

Saudi Embassy Fires Author of 'Arm the Sunnis' Piece.

Nawaf Obaid's consulting contract with the Saudi Arabian Embassy in Washington has been cancelled, the Saudi Ambassador to the U.S., Prince Turki al-Faisal, announced on CNN Dec. 3. Obaid was dismissed in order to distance the Saudi government from Obaid's Nov. 29 article in the *Washington Post*, which threatened that Saudi Arabia would

intervene to arm the Sunni population in Iraq, were the United States to withdraw its troops. "To be sure," Obaid had written, "Saudi engagement in Iraq carries great risks: it could spark a regional war. So be it: The consequences of inaction are far worse."

"[I]n order ... to make sure that nobody misunderstands where Saudi Arabia and the Embassy stand on that issue, we terminated our consultancy with [Obaid]," Prince Turki said. The cancellation comes in the wake of the heat created by *EIR*'s Nov. 27 memorandum on Cheney's trip to Riyadh (see above item).

Iran To Replace Dollar with Euro in Foreign Trade

On Dec. 5, Iranian Finance Minister Davud Danesh-Jafari announced that the euro will replace the dollar in foreign trade, saying, "Such an inclination has been an underlying part of our economic policy for a while, and our Oil Stabilization Fund (OSF) in dollars is at its lowest now." An Iranian source in Tehran told *EIR* that the move has to be seen in light of the U.S. financial sanctions against Iran, whereby many banks, including Credit Suisse, have cut Iran's bank accounts. The U.S. "will not sell us dollars any more, so that's why the euro will be used, not because [the Iranian government] wanted to," the source explained.

Arab League Head Backs Baker-Hamilton Report

Arab League president Amr Moussa spoke at the Center for Strategic and International Studies (CSIS) in Washington on Dec. 7, following his meeting with Secretary of State Condoleezza Rice. Moussa focussed on the recommendations of the Baker-Hamilton Iraq Study Group (ISG), saying, "The region is awash with questions about the Baker-Hamilton report, and the situation in Iraq.... It is a major step forward to have this report. It has very sound recommendations. The situation in Iraq is deteriorating very rapidly."

Moussa announced that he is organizing a meeting of the Arab League at the ministerial level, to take place in Baghdad in the near future, which "goes together" with the ISG recommendations, and "with the potentials of the neighbors of Iraq." He added that he hopes to have the Arab League provide the auspices for a conference on Iraqi national reconciliation, also in Baghdad.

Asia News Digest

Philippines Vets Likely To Have Rights Restored

The Filipino veterans' associations and the Philippine Embassy have expressed their strong support for the new head of the U.S. House Veterans' Affairs Committee, Bob Filner (D-Calif). Filner told a Philippines veterans conference Dec. 8 at the Embassy in Washington, that he will file the Filipino Veterans Equity Act as soon as the 110th Congress opens, and get it passed by the end of February.

The Philippines vets who fought with the United States in World War II, while they were still under U.S. control, have been trying to restore the pensions and benefits due them for the past 50 years. By order of President Franklin Roosevelt, these men had been recruited into the U.S. Armed Forces and promised citizenship and status as veterans. These rights were taken away from them by the Rescission Act of 1946. When a Filipino delegation (including the young Ferdinand Marcos) visited President Harry Truman, demanding that their rights be honored, Truman told them that they must choose between their promised national independence and no benefits, or to stall the independence and get their benefits. The Filipinos chose independence, and their rights were stripped away.

After 50 years, their rights as veterans of the U.S. military will likely now be restored, as part of the revolution for justice now sweeping the nation.

Indian President Calls for Accelerating Thorium Reactors

Echoing *EIR's* suggestions to the Indian leadership, India's President and "father of India's missile program" A.P.J. Abdul Kalam, addressing a Dec. 4-6 seminar, "India R&D: Mind to Market," said India should use its thorium reserves to meet the increased needs for nuclear power generation, *India News* reported Dec. 4.

The statement of President Abdul Kalam is of particular importance, since Prime Minister Manmohan Singh has signed an agreement with President Bush which, if allowed by the U.S. Congress, would enable India not only to have access to the civilian nuclear technology of the West, but to import nuclear reactors from abroad.

India has developed the thorium fuel cycle and is on the verge of developing indigenous thorium reactors which could provide unlimited energy to the Indian people. Diverting money to import foreign reactors, which would require imported enriched uranium fuel, would jeopardize the Indian program and long-term plan of power independence. In his presentation to the technocrats, scientists, technologists, and overseas delegates, Abdul Kalam said: "Implementation of the advanced heavy water reactor (AHWR) project and development of associated fuel cycle facilities will provide industrial-scale experience into the handling of thorium."

Indian Farmers Continue To Commit Suicide

Despite promises of relief made by the Congress Party-led government, United Progressive Alliance (UPA) farmers continue to commit suicide, according to the *Khaleej Times* Dec. 6. The four most suicide-affected states of Andhra Pradesh, Maharashtra, Kerala, and Karnataka are now being offered sops by Prime Minister Manmohan Singh.

Almost a million farmers have taken their own lives in last five years, because they could not repay their loans in time, due to failure of crops.

In addition to crop failure, the government's involvement in price manipulation has also been alleged as a reason. According to the *Times* correspondent, in the states where the Congress Party is a partner in governance, there have been accusations of the government giving out false projections of bumper cotton crops in order to ensure low prices for the private traders and favor the U.S.-based Monsanto company, which sells Bt cotton seeds. The total outstanding agricultural loans in the affected districts in Andhra Pradesh are about \$3.5 billion, Karnataka \$1.1 billion, Kerala \$0.5 billion, and in Maharashtra about \$0.5 billion.

New Delhi has said that it is now working out a relief package for the most distressed areas.

Expert Forecasts Food Disaster for Asia, Africa

The head of the International Rice Research Institute (IRRI) told the Washington Press Club Dec. 6 that a disaster is in store for Asia and Africa, if the collapse in agricultural R&D is not reversed. Dr. Robert Zeigler, an American who has headed the IRRI in the Philippines for five years, gave a powerful presentation which paralleled Lyndon LaRouche's warnings about the poverty and potential social breakdown in China and India in the current global economic crisis.

His presentation was titled, "A Contrarian View of Poverty, Agriculture, and Economic Development in India, China and Asia," and was meant to counter the popular view that the recent economic growth in China and India means that hunger

and poverty have been solved. He showed that the number of poor in Asia swamps the horrible rates in sub-Saharan Africa, and even the percentages of the population suffering from malnutrition, stunting, and wasting are far worse in Asia. He said that the U.S., Japan, and the EU have slashed funding, arguing that the private sector should handle it—a prescription for disaster, Zeigler said.

Focussing on the drastic decline in R&D funding for IRRI, and for its sister institutions in the "Consultative Group on International Agricultural Research," CGIAR, Zeigler said that the 40-50% cuts in R&D will translate into a near-term disaster, by failing to maintain the necessary rates of increase in production and yields to meet the needs of the world's population. He pointed especially to the urban expansion eating up farmland, and the incredibly rapid takeover of the bio-fuel psychosis—which he described as such—taking over food production land around the world.

Hedge Fund Locust Icahn Gobbles Up Korean Firm

Hedge fund locust Carl Icahn has completed a takeover of South Korea's only tobacco firm, the *Wall Street Journal* reported Dec. 5. Icahn's hedge fund teamed up last year with another fund, Warren Lichtenstein's Steel Partners of New York, to buy 7.68% of KT&G Corp., and then used this clout, and the threat of a \$10 billion hostile takeover, to force the company to pay out \$2.9 billion in extra dividends and stock buy-backs, while demanding more. This grand larceny, together with the Texas Lone Star hedge fund looting of over \$4 billion through the earlier purchase and manipulation of stock of the Korea Exchange Bank, has created a firestorm of opposition in South Korea, and Icahn has decided to bail out. He sold 4.8% of his stock in KT&G (thus avoiding reporting required on any sale over 5%), for \$460 million.

South Korea Housing Bubble Ready To Burst

South Korea's housing inflation is greater than in the United States, and the bubble is about to pop, the *Korea Times* reported Dec. 3-4. High-end apartments in Seoul are twice as expensive as in Tokyo and 1.3 times those in New York City. With near-zero income growth in the stagnant economy, the speculation and cash-out financing in the housing sector are threatening a crash like that of Japan in the 1980s and '90s. Household debts are now at about \$634 billion, triple that of 1997-98, before the Asian currency collapse. Personal bankruptcies have more than doubled so far this year, with expectations of a spike in coming months.

It is this economic crisis which is primarily the cause of the severe unpopularity of President Roh Moo-Hyun, not his sponsorship of the "Sunshine Policy" of opening ties with the North, which the majority of the population strongly supports.

China-Russia-Kazakstan Oil-Gas Forum Opens in Shanghai

A large-scale oil and gas forum involving China, Russia, and Kazakstan opened in Shanghai the first week of December. While focussing on energy cooperation, it does not appear that the forum is addressing the only real solution for China's or India's huge needs, which is nuclear power. Instead, the forum, which is in part sponsored by the Shanghai Cooperation Organization (SCO) is focussing on pipelines and so forth. Some 200 officials and investors from Russia, China, Kazakstan, and Azerbaijan, as well as Great Britain, Japan, and France, are in Shanghai. Russia plans to expand its oil exports to China by 50%, to some 15 million metric tons.

While India also wants to expand its Russian oil imports, the Russian side is apparently stalling on constructing a pipeline, and wants to ship by sea because it's cheaper, according to Vladimir Sayenko, head of the Russian Energy Ministry's policy department. India was "eagerly" awaiting construction of an oil pipeline to link Russia and China via the Altai Republic in southwest Siberia, through the Tian Shan mountains, and then on south to India. But Sayenko said that though the project could be effective, "oil shipments to India by sea will be cheaper."

Indonesia, Korea Sign 'Strategic Partnership'

South Korean President Roh Moo-Hyun and his Indonesian counterpart Susilo Bambang Yudhoyono held a summit in Jakarta Dec. 4 and agreed to further enhance bilateral relations in the fields of information technology, atomic energy, forestation, and infrastructure construction, Roh's office said.

South Korea, like Russia, is bidding to build Indonesia's first nuclear plants in the near future. Indonesia is running a campaign to convince the population to support the nuclear program.

Africa News Digest

UN Orders 'Peacekeepers' to Somalia; Islamists Call It War

The UN Security Council Dec. 6 unanimously adopted a resolution drafted by the Bush Administration for a "peacekeeping" force in Somalia. However, the country's Islamists, who rule much of the South, have vowed to attack the "peacekeepers" as invaders.

The resolution, co-sponsored by Ghana, Congo, and Tanzania, authorizes the East African Inter-Governmental Authority on Development (IGAD), and the African Union, to establish "a protection and training mission in Somalia" for an initial period of six months, to support the ineffective Transitional Federal Government (TFG). It also partially lifts an arms embargo against Somalia, in order to supply the force with weapons and equipment and to train the TFG security forces. The Bush Administration-backed TFG has no reliable power base of its own.

Somalia has lacked any real central government for more than a decade. The current conflict is between the TFG, which only controls the area around one town, Baidoa, in southern Somalia (and has had the cooperation of the northeastern zone called Puntland), and the Union of Islamic Courts (UIC), an organization of several varieties of Islamism, which controls, and has restored civil order (sometimes brutally), in most of southern Somalia, including the traditional capital, Mogadishu.

The UIC claims that Ethiopia already has thousands of troops in Somalia supporting the TFG against the UIC, and demands their removal; the Ethiopians admit to having sent a few hundred.

The UNSC resolution calls for the peacekeepers to oversee implementation of agreements reached between the sides in their (intermittent) dialogue, and protect and train government forces. According to BBC Dec. 7, the peacekeepers will number 8,000, but that IGAD is split over the deployment. The *Washington Post* reported that the U.S. has agreed to exclude soldiers from Ethiopia, Djibouti, and Kenya, all contiguous with Somalia and possible threats to its territorial integrity. The force will be headed by Uganda.

The UIC says it will attack the UN troops as invaders.

The International Crisis Group, which seems to treat the UIC as having the greater de facto legitimacy, warns that the UN force will spark a regional war (this concern is alleviated by the exclusion of Somalia's neighbors from the force); that while militarily supporting the TFG, its presence will divide and destroy the TFG's political base; and that the Bush Administration is treating Somalia as a new front in the War on Terror instead of trying to bring the sides together.

Angola Expected To Join OPEC

Angola, sub-Saharan Africa's second-largest oil producer, is expected to join the Organization of Petroleum Exporting Countries (OPEC), *The Times* of London reported Dec. 1. The move is expected to send a chill throughout the boardrooms of the oil multinationals, which have invested heavily in African oil exploration as an alternative to Middle East oil. ExxonMobil and Chevron are the two big U.S. companies operating in Angola. Others with substantial involvement include British Petroleum and France's Total. East Asian countries, especially China, are seeking a greater share as well.

Angola, which produces 1.4 million barrels a day, will become the first new member of OPEC in 35 years, and its first African member. Its entry into OPEC could be followed by Ecuador and Sudan. The three would boost OPEC's share of world oil production from 30 million to 32 million barrels a day. The move is also considered political, since Angola is one of the most nationalistic countries in the region.

More importantly, it will be seen as a threat to the neo-cons' geopolitical scheme to develop the offshore oil resources in the Gulf of Guinea, from the Western Sahara to Angola, as an alternative to oil from the Middle East.

Tunisia Conducts Study for First Nuclear Plant

Tunisia is conducting a feasibility study for its first nuclear plant, to come on line in 2020, according to Tunisian press Dec. 1. The 900 MW plant would provide 20% of the country's electricity needs. Expecting the continued high price for hydrocarbons, with serious repercussions for its economy, the government wishes to diversify fuels for production of electricity, including using nuclear. Morocco and Egypt have also recently announced plans to go nuclear.

A potential new nuclear power has also emerged in Asia. Indonesia, which has long had nuclear ambitions, has signed a nuclear agreement with Russia. During a Russian-Indonesian summit in Moscow in the week ending Dec. 1, Indonesian Foreign Minister Hassan Wirajuda signed an agreement with Russian Federal Nuclear Power Agency head Sergei Kiriyenko for cooperation in civilian nuclear energy. Indonesia is expected to announce in 2008 its tender for the construction of its first nuclear power plant, and Kiriyenko said Russia has a wide range of technologies, including a floating nuclear plant design, that Indonesia has expressed interest in.

According to an Indonesian source who has been advising his government on nuclear policy and technology, the government has announced that 4 GW of nuclear power capacity will be built in Gunung Muria by 2016, and it has started a TV ad campaign, using popular personalities, to promote nuclear energy with the public.

This Week in American History

December 12—18, 1773

Boston's Patriots Hold a Tea Party in the Harbor

"Voted, that this body will oppose the vending of any tea sent by the East India Company to any part of this Continent, with our lives and fortunes." So read the declaration passed by the 1,000-person Town Meeting at Faneuil Hall in Boston on Nov. 5, 1773. What could possibly have motivated such a strong stand against buying tea—was it poisoned? In a sense, it was. The story of the Boston Tea Party of Dec. 16, 1773 begins with the British Parliament's passage of the Stamp Act.

After the end of the French and Indian War in 1761, a war which had also been fought in Europe and Asia under the name of the Seven Years War, Great Britain acquired a vast empire. Trying to recoup some of the expenses of the war, the British

oligarchy decided that the American colonials should bear part of the burden. Never mind that Pennsylvania, New York, and Massachusetts had spent considerable sums on behalf of Britain and had never been paid back.

First came the Sugar Act, which fixed the price of molasses and limited the American molasses trade to the British West Indies, which could not possibly meet the American demand nor absorb the exports the colonies used to pay for the molasses. Then came the Stamp Act, which went into effect in 1765. This tax on licenses, publications, and legal papers sparked protests, including the Virginia Resolves, which were endorsed by most of the other colonies.

Then the Massachusetts Legislature sent out a call for a Congress of all the colonies to meet in New York to consider united action. That body produced a Declaration of Rights and Grievances, stating that only the colonies themselves could levy taxes on colonists. That statement caused an Englishman who was living in America to write home, contrasting "the remarkably pliant and submissive disposition of the inhabitants of Bengal," with that of the frisky American colonials.

The British East India Company, which was fast becoming the controlling factor in the British Empire, was already developing plans to tame the Americans into submission. It was dealt a setback, however, by massive American demonstrations against the Stamp Act and a partial boycott of British goods. British merchants and manufacturers became alarmed, and the new Rockingham Ministry repealed the Stamp Act. However, American joy at the repeal was quickly tempered by Parliament's refusal to repeal "The Declaratory Act," which allowed Britain to pass restrictive laws and levy taxes on the American colonies. A very specific Parliamentary pronouncement stated that the right to tax the colonies had always existed and would exist for all time.

When the Ministry of Charles Townshend, better known as "Champagne Charlie," came to power in 1767, a new attempt was made to force the colonies to admit that they had the "right" to be looted by the British Empire. The Townshend Acts taxed imports from Britain such as paper, lead, glass, paint, and tea. But there was a new and very threatening element embedded in the Townshend Acts, which the colonists did not take long to recognize. The Writs of Assistance legalized by the acts were blank search warrants which could be used by Royal agents at their pleasure, and anyone could be dragooned to help in the searches.

The Townshend Acts also established an American Board of Customs Commissioners in Boston, whose members were directly answerable to the Royal Treasury. Ostensibly, these members were to use the funds to defend the colonies, but the phraseology of the act stated that they would defray "the Charge of the Administration of Justice, and the Support of Local Government." Thus, the colonies would lose not only any fiscal control over their activities, but their self-government as well. Men who were responsible to the Crown and East India Company would control local government and the courts.

Again, the colonies united in protest, and in February 1768, the Massachusetts Legislature published a Circular Letter to the other colonies, stating that the Townshend Acts established taxation without representation, that colonial representation in England was impossible, and that the very idea of making colonial judges and governors independent of the electorate was intolerable. The new Prime Minister, Lord Hillsborough, furious over the Circular Letter, dissolved the Massachusetts Legislature.

Not content with that, Hillsborough sent a large flotilla of the British fleet, loaded with British Redcoats, to police Boston and ensure that Royal officials could carry out their tax-farming duties. Parliament also threatened to transport any American protesters to England for trial, and the colonies answered with a much larger boycott against British goods. In 1770, the Townshend Acts were repealed, but one subversive tool of empire was left intact, and that was the tax on tea.

In 1773, the East India Company's stock on the London Exchange dropped from 280 pounds to 160 pounds, and the company was facing bankruptcy. Parliament obligingly granted the company a tea monopoly for the American colonies, in order to put a dent in the surplus of over 17 million pounds of tea sitting in warehouses in England. The price of the tea was

dropped to well below that of Dutch tea, which the Americans were smuggling into the colonies, but the 3-cent tax was left in place. Even with the tax, the price of the tea was so low that the East India Company was confident that the Americans would give in to the temptation to break their boycott.

Four merchant ships loaded with tea were dispatched to Boston, and six more headed to other American ports. The Americans knew that political and economic slavery to the British Empire was riding on those ships, and they prepared accordingly. The first tea ship, the "Dartmouth," arrived on Nov. 28, but the Boston Town Council demanded that the tea be returned to England. Two more ships arrived over the next two weeks; the final ship never appeared because it was wrecked off Cape Cod.

The three sea captains were willing to return the tea to England, but Royal Gov. Thomas Hutchinson sent a letter to Boston stating that by law he could not allow the ships to leave Boston until they had disposed of their cargoes. Hutchinson had appointed several of his relatives to be consignees for the tea shipment. As Boston patriot leader James Otis had said, "A very small office in the customs in America has raised a man a fortune sooner than a government." The British troops at Boston's Castle Island, commanded by Col. Alexander Leslie, were ordered to transport their artillery on some of the British warships to the outer harbor, in order to be able to fire on any tea ship that tried to leave.

In this seemingly impossible situation, Samuel Adams and Dr. Joseph Warren developed a daring plan that was touched with humor. On Dec. 16, a crowd of 5-6,000 people met at Old South Meeting House to determine what to do with the 348 chests of tea on the three ships. One last attempt was made to convince Hutchinson to release the ships to return to England, but he sent a reply, which arrived as darkness was falling, stating that the tea would be unloaded on schedule.

At this, Samuel Adams told the crowd that, "This meeting can do nothing more to save this country." The statement was a pre-arranged signal, and it was answered by a war-whoop from a man at the back of the crowd who was dressed as a Mohawk Indian. The cry was immediately answered by other "Indians" outside the building. About 200 such Bostonians, smeared with paint, soot and grease, marched two-by-two to Griffen's Wharf and divided into three groups, one for each ship. They were dressed as Mohawks as an answer to Hutchinson, who had publicly stated that Sam Adams was the "Chief of this tribe of Mohawks," referring to the Sons of Liberty.

What happened next was described by George Hewes, one of the participants. "As soon as we were on board," wrote Hewes, "Lendall Pitt, my commander, appointed me the boatswain, and ordered me to go to the captain and demand of him the keys to the hatches and a dozen candles. I made the demand accordingly, and the captain promptly complied, but requested me to do no damage to the ship and rigging. We then opened the hatches and took out all the chests of tea. First we cut and split the chests to thoroughly expose them to the water, and thus broken, we threw overboard every tea chest to be found in the ship; while those in the other ships were disposing of the tea in the same way, at the same time, it being about three hours from the time we went on board. We were surrounded by British armed ships, but no attempt was made to resist us."

No American was allowed to take even a pinch of tea for himself, and the two "Indians" who gave in to temptation were treated roughly. Many young apprentices of 12 or 13 years of age had slipped away from their masters and wanted a part in the proceedings. They were given the job of stomping into the mud any of the tea which had washed up on the flats near the ships. This proved a difficult task, for the piles of washed-up tea were large, and many of these exhausted boys did not reach home until midnight.

Sam Adams had arranged for the returning "Mohawks" to be serenaded by a fife and drum band on the dock. As they marched into town, British Adm. Montagu, who had been visiting friends near the harbor, leaned out of a window and shouted, "You'll have to pay the fiddler yet! You have had a fine pleasant evening for your Indian caper, haven't you?" And, indeed, the British East India Company reacted with fury when they heard about the Boston Harbor teapot.

The Parliamentary reaction, labelled the "Intolerable Acts" by the colonists, contained everything the empire had wanted to do to America but couldn't up until that time. The port of Boston was closed, even to ferry boats, and the royal capital was moved to Salem. The city was under martial law, and supplies could reach it only over a narrow neck of land. Another act of Parliament stated that it was aimed at "better regulating the government of Massachusetts Bay and purging their constitution of all its crudities." This meant that the governor's council, the attorney general, judges, sheriffs and justices of the peace were to be named by the Royal Governor, and juries were to be selected by a Crown-appointed sheriff. Town meetings could only be held when the governor consented, and had to follow an approved agenda.

But the British made the same mistake with the Intolerable Acts as they had made with the tax on tea, for they tended to see others in their own image. They assumed that Americans would be tempted by the low price of tea to selfishly break the boycott and sell their birthright for a mess of potage, but it did not happen. Again, the British counted on the other colonies to shrug off the Intolerable Acts as affecting only Massachusetts. And again, this did not happen, for the other colonies realized that what was done to Massachusetts could also be done to them. All the colonies pledged aid to starving Boston, and the colony of New York went so far as to pledge a food supply for the next ten years. The most important result of the Intolerable Acts, fatal to British Empire plans for America, was the call for a Continental Congress to be held in Philadelphia in September 1774.

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