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An Interim LPAC Report:
The U.S.A. 2008 Election
by Lyndon H. LaRouche, Jr.

April 20, 2008

This following, interim report by the LaRouche Political Action Committee (LPAC) on the current U.S. general elections, was drafted prior to the Pennsylvania Presidential Primary Election. The intention which has underlain this choice of timing, has been to present a perspective on matters as they would continue to be, whatever might have occurred as any particular short-term developments around that particular election as such.

This report has been prepared according to my responsibilities as a former U.S. Presidential candidate and leading economist. Thus, the report reflects the leading issues which will continue to plague the Democratic and Republican national campaigns through the entire Summer and into the November general election itself, and beyond that, too....

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LPAC Report

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- **Pennsylvania:**
Big Win for Hillary; Bigger Win for the Nation

Press reports have begrudgingly admitted that Hillary Clinton took the popular vote in Pennsylvania by a whopping ten percentage points. A closer look shows a far more decisive win among the key constituencies that any Democrat will have to win if he or she is to win the Presidency. By Debra Hanania Freeman, Lyndon LaRouche's spokeswoman.

Feature

- **LaRouche in Monterrey, Mexico:**
Out with Malthusian Ideas; Let's Develop the Planet!

Lyndon LaRouche returned to Monterrey, Mexico, on April 18, where he addressed 240 people, among them, 200 students, at the Monterrey Institute for Technological and Higher Studies (ITESM). He was hosted by the student associations of both the International Relations and the Economics Departments.

- **LaRouche to Pro-PLHINO Committee:**

Stop the British/WWF Vampires Before They Suck Your Blood!

LaRouche's speech to and discussion with a delegation of the Pro-PLHINO Committee in Monterrey. The PLHINO, or Northwest Hydraulic Plan, would build dams, tunnels, and canals to bring abundant water from the central Pacific Coast, northwestward to Sonora and other arid regions. The delegation consisted of Antonio Valdez Villanueva, secretary general of the CTM trade union confederation in Ciudad Obregón, Sonora; Vicente Solís, advisor to the state executive board of the CTM of Sonora; and LaRouche associates Alberto Vizcarra and Jesús María Martínez.

- **Mexico's PLHINO Project**

Economics

- **The United States Is at War With the British Empire**

The British Empire offers a Malthusian world of resource shortages, austerity, and apocalyptic population reduction, ruled by fascist bankers and corporate cartels. What the United States—that is, the American System of political economy—offers, is scientific and technological breakthroughs which will transform our economy and bring prosperity and freedom to all.

- **WTO to Africa:**

Drop Dead

A call for more 'open markets' to deal with the food crisis, came in Ghana in mid-April, at the UNCTAD XII meeting in Accra, by the directors of the World Trade Organization (WTO), the World Bank, and UN Secretary General Ban Ki-moon.

- **Sarawak Can Become Malaysia's Rice Field**

- **The Case of Malawi:**

Africa Can Grow Food Once It Breaks from the British

- **Who Wants To Take Your Food Away?**

The World Wide Fund for Nature Reprinted from a 1983 report by the Club of Life, 'International Bankers' Real Agenda: Global Depopulation.'

International

- **Lisbon Treaty Ratification:**

A Day of Shame for the German Parliament!

by Helga Zepp-LaRouche

April 24, 2008, will go down in the annals as the day on which 517 German Members of Parliament decided to fly in the face of the Constitution and ratify a treaty, that, in practical terms, means annihilating Germany's Constitution, and giving an oligarchical dictatorship license to ride roughshod over Europe.

- **Europeans Rally Against Lisbon Treaty Fascism**

- **Carter Peace Effort Breaks Mideast Taboos**

- **LaRouche Congratulates President Carter**

- **Carter to Rice:**

Your Statement 'Is Not True'

- **It's Time To Launch an Israel-Syria Track**

This guest commentary by **Dr. Imad Fawzi Shueibi**, general director of the Data and Strategic Studies Centre in Damascus, is translated from the London-based Arab daily *Al-Hayat*.

Books

- [Why the Nazis Love the Dalai Lama](#)

Himmler's Crusade: The Nazi Expedition To Find the Origins of the Aryan Race, by Christopher Hale.

Editorial

- [Prince Philip's WWF, The New Hitler](#)

U.S. Economic/Financial News

- [Agro-Scientists Protest USAID Funding Cuts](#)
- [Bush Commission Claims 'No Speculation in Food Crisis'](#)
- [As California Crumbles, Arnie Pushes Green Fascism](#)

Agro-Scientists Protest USAID Funding Cuts

April 23 (EIRNS)—At a time when many countries are in panic, and relief organizations are warning of a pending calamity brought about by worldwide food shortages, the Bush Administration, behind the scenes, is planning to slash funding for international agricultural research, international agro-researchers report.

Last week, several concerned scientists circulated an online petition seeking to reverse U.S. government cuts to research funds they say are being planned by the USAID, calling them unacceptable mistakes that will damage worldwide food production for many years to come.

Robert Ziegler, the director-general of the International Rice Research Institute (IRRI) in Los Banos in the Philippines, lashed out at the Bush Administration's decision, saying: "You couldn't ask for worse timing. Part of the reason we're having this deterioration of the global agricultural situation is that there has been a steady erosion of support for research."

The scientists, who have garnered some 800 signatures to date, plan to send the petition to key members of the U.S. Congress and USAID administrators. Considering the growing dimensions of the crisis, and the threat it poses to the stability of populous and poor nations, agro-scientists do not think "it should be difficult to communicate that it's a desperate situation."

Bush Commission Claims 'No Speculation in Food Crisis'

April 22 (EIRNS)—U.S. farmers are starting to see the dark side of the bubble in their products' prices—cash margin calls that can run into the many tens of millions of dollars for a single farm cooperative—but the Bush Administration today told them not to worry, there is no speculation in food!

The Commodity Futures Trading Commission (CFTC) held a day-long, packed hearing in Washington today to let farm groups blow off steam about hedge fund speculation in agro-futures markets (wheat, corn, hog bellies, etc). But the CFTC and Agriculture Department chief economists' testimony claimed that only free-trade supply and demand, not futures and derivatives speculation, was driving the food price spiral. The CFTC was sending a signal that the Cheney-Bush White House, rather than take regulatory action, would let food commodity markets stop functioning entirely, amidst the global financial disintegration.

Everyone involved in commodities markets—including the farm producer groups at the CFTC hearing—knows that since the global financial markets crashed last Summer, huge flows of speculative capital managed by hedge funds have flooded the markets for food and metals futures, overwhelming those relatively small markets. The futures price of rice has doubled in two months, for example; futures prices for grains as a whole have doubled since last July.

Very bad for eaters—good for farmers? Not now: Farmers are losing the ability to tell what the price of their produce is. The grain or rice elevator companies through which farmers have sold their produce for generations, are refusing to make future purchases, because of the volatility of prices, and because the elevator companies depend on credit which banks are refusing to extend. Several such "country elevators," as they are called, have shut down in the past few months.

Farm producers are increasingly being forced to wait for harvest and make a cash sale to food-marketing conglomerates like ADM or Cargill. There is no other recourse. And that cash sale price often has no relation to the "futures price" for that month which the farmers looked up on the Chicago Board of Trade or other futures market.

When the farm co-ops try to "hedge" that problem by buying their own futures and options—rather than through the elevator operators—they start to get stiff margin calls, demanding cash, when the prices of their product jump up. Essentially, they wind up buying their own crops at higher prices than they will be able to sell them!

As California Crumbles, Arnie Pushes Green Fascism

LOS ANGELES, April 23 (EIRNS)—From the minute Arnold Schwarzenegger became governor of California, Lyndon LaRouche warned that the state would become a laboratory for the corporatist schemes of London's leading U.S. fascist, George Shultz. In league with Michael "Mouse-olini" Bloomberg and Felix Rohatyn, Arnie is continuing to push privatization schemes for infrastructure; setting up a cabinet-level Office of Volunteerism, to recruit unemployed "volunteers" to replace presently employed state workers, especially in parks; and, in collaboration with environmentalist networks tied to Al Gore, the governor is backing a ballot referendum to mandate 40-50% of the state's energy production to be from "renewable" energy sources by 2020. His soul-mate Bloomberg held a fundraiser for him in New York City last week, to raise funds for his "ballot initiative committee," to which multi-billionaire Bloomberg contributed \$250,000.

While Schwarzenegger is popping up everywhere, promoting so-called Green solutions, California continues to head for a complete breakdown crisis. Some features of this include:

* There is no budget plan yet, to deal with the \$7 billion deficit that remains in the '08-09 budget. Reports from Sacramento indicate at least another \$1 billion will soon be added to the deficit, as the revenue shortfall keeps growing. Schwarzenegger's only proposal is brutal cuts, including 10% across the board for education, social services, and health care.

* Desperate school districts are bracing for massive layoffs of custodial employees, counselors, and teachers. One district is holding bake sales, another asking parents to donate \$400 for each student they have in the school district; another is asking parents to volunteer to do work in the school system.

* A dramatic increase in bank repossessions of homes, notices of defaults, and drop in home values. Statewide, there were 113,676 notices of default sent out in the first quarter, compared to 81,550 in the fourth quarter of 2007. In the counties which surround the capital city of Sacramento, there were 5,278 repossessions in the first quarter, and 9,764 new notices of default, while the median home price is down 27% in Sacramento County since March 2007.

* The state's official unemployment rate jumped to the third-highest in the nation, at 6.2% in March. Only Michigan and Alaska have higher rates. Many rural counties have double-digit rates.

In response to this collapse, the City Council of Compton, California passed a resolution endorsing the Homeowners and Bank Protection Act (HBPA) on April 22. The act was proposed by Lyndon LaRouche, and is being circulated widely by the LaRouche PAC.

Global Economic News

- [Fertilizer Hyperinflation Fuels Food Crisis](#)
- [Canada Pays Farmers To Cull Pigs, Claiming a 'Meat Glut'](#)
- [Bank of England a 'Giant Pawnbroker'](#)
- [Italy's ENEL Ready To Build Nuclear Reactors](#)
- [Panic Spreading: Failing German Bank DHB 'Rescued'](#)

Fertilizer Hyperinflation Fuels Food Crisis

April 20 (EIRNS)—A major factor in the food crisis, but one little talked about, is the spike of fertilizer prices in the last year. By January 2008, aggregate fertilizer prices had jumped 200% for the world, according to the International Center for Soil Fertility and Agricultural Development (IFDC).

Not only are grain supplies at critically low levels, while grain prices are moving out of reach. But farmers in the developing world cannot even plant more to ease the situation, according to the World Food Program (WFP), because they can't afford fertilizer. The WFP has noted a paradoxical recent drop in crop planting in Africa, even while crop prices increase.

The IFDC attributes the spike in fertilizer prices to Western nations planting fertilizer-hungry corn for biofuels production. Further, the main input for nitrogen-based fertilizers is natural gas, which is not only expensive, but is increasingly being used to fill the infrastructure gap in electrical generation in countries from South Africa to the United States.

These competitions between energy and food production—natural gas as a feedstock for fertilizer vs. electricity; corn as a feedstock for cars vs. humans and animals, are pushing the world to the brink of famine—just the scenario that the British-owned Al Gore and the green free traders relish.

Canada Pays Farmers To Cull Pigs, Claiming a 'Meat Glut'

April 21 (EIRNS)—On April 14, amidst reports of the world food shortage, the government of Canada began its new "Cull Breeding Swine Program," claiming that farmers are facing low prices for their hogs, because there are too many being produced. The swine cull will pay farmers C\$225 per head to kill off their breeding stock, and commit to an "empty barn" for three years. Using "markets" logic, the C\$50 million program is aiming to shrink the Canadian adult breeding sow numbers by 10%, which then is supposed to drive up the price of pork. This kind of WTO-think is a ruse, covering for the breakdown in the food chain.

The reality is that family-scale farmers in both the U.S. and Canada are losing US\$50 a head because of underpayment by the cartel processors, relative to the high feed costs—mostly corn—as well as fuel, and other costs, to produce the livestock. Meantime, the factory farms run by the transnationals, such as Smithfield—producing over 20% of all U.S. hogs—continue.

There are reports that desperate farmers in Manitoba are gassing piglets to death, because they can't afford to feed and sell them. "It really goes against everything that a producer stands for," said Karl Kynock, chairman of the Manitoba Pork Council. "His mind-set for his whole life has been to raise food to supply people around the world ... and to care for animals in the best way possible."

This kind of destruction of food capacity was introduced as a standard part of the recommended farm policies of the 1980s-90s in the U.S.A., Canada, the EU, and elsewhere, under the excuse of "bringing markets into balance." The EU implemented quotas for milk and other goods, taxing farmers if they "overproduced." The U.S. implemented a sweeping dairy herd "buy-out," to drive out family-size dairy operations.

Bank of England a 'Giant Pawnbroker'

April 23 (EIRNS)—The Bank of England is acting "just like a giant pawnbroker" for the banks, with its £50 billion scheme to deal with the frozen banking system, the *Guardian's* economics editor Larry Elliott said April 22. Under BoE governor Mervyn King's plan, commercial banks are being allowed to "trade in" their untradable mortgage-backed securities for government gilts (bonds) at a discount, and for a handling fee.

The banks will be taking a substantial "haircut" in the process, Elliott said, because the discount will be 20-30%. "So you see it is just like a giant pawnbroker," Elliott said in a *Guardian* interview. "You take your dodgy stuff to the pawnbroker, and he gives you something less than its market value," for some funds.

King came up with this scheme after the Bear Stearns debacle, Elliott said. It is a "pretty drastic" operation, with no precedent, but the "banking system is so fragile" and so loaded with "toxic waste" that it will be undertaken.

Italy's ENEL Ready To Build Nuclear Reactors

April 22 (EIRNS)—CEO Fulvio Conti declared that ENEL, the Italian electricity producer, is ready to have operational nuclear plants in Italy in seven years. Conti plans three years for planning the projects and choice of sites, and 3-4 years for construction. A minimum of 4-5 plants, for a total of 5 GW, is necessary for the investment to be profitable, Conti told the daily *Corriere della Sera*.

The new Italian parliament, without the Green Party, makes the nuclear choice possible. ENEL already produces nuclear energy in Spain, Slovakia, and Romania, and is part of the French EPR project. Another potential investor is Edison, Italy's

second electricity provider, which could enter into a consortium with ENEL.

Panic Spreading: Failing German Bank DHB 'Rescued'

April 23 (EIRNS)—German private bank Düsseldorfer Hypobank (DHB), one of the 50 largest banks in Germany, went belly-up yesterday and was saved from failure only by the intervention of the private German Banking Security Fund, which took DHB over and will now try to find a buyer. DHB, a mid-sized bank with some \$42 billion in assets, dealt mainly in Pfandbrief covered bonds, which until recently were considered safe. DHB joins IKB and Sachsen LB on the list of recent German bank rescues, but the problems run much deeper than have been revealed so far, and go much higher up the banking food-chain.

United States News Digest

- [Arrest of Israeli Spy Revives Hunt for 'X Committee'](#)
- ['Protectionism' Threatens Murdoch's Media Empire](#)
- [Petersburg Is First Virginia City To Support HBPA](#)
- [VA Officials Knew About Suicide Rate Among Veterans](#)
- [Rendell Ups Privatization Timetable on Pa. Turnpike](#)

Arrest of Israeli Spy Revives Hunt for 'X Committee'

April 24 (EIRNS)—The arrest this week of an American-born Army engineer on charges that he spied for Israel, has revived the hunt for the "X Committee," the high-level apparatus of Israeli spies and agents of influence who worked with Jonathan Pollard, the American who was convicted of spying for Israel, who stole vast amounts of U.S. national security secrets during the 1980s, and passed them to Israel. On April 22, Ben Ami Kadish was arrested at his home in New Jersey, and charged with delivering U.S. nuclear weapon and other military secrets to Israel. The FBI affidavit, which was the basis for his arrest, linked Kadish directly with the Pollard apparatus, through a former Israeli science attaché in New York, Yosef Yagur, who was one of Pollard's controllers, and also managed Kadish's espionage activities.

U.S. intelligence sources have underscored the importance of the Kadish arrest, including the fact that the initial tipoff of his spying activities came from Israel. The sources linked the revival of the Israeli espionage issue to efforts within the U.S. military and intelligence community to prevent a new war in the Middle East—a war that Vice President Dick Cheney is aggressively promoting.

According to one Israeli source, the leaking of Kadish's identity as a spy was aimed at diverting attention from other, far more high-level Israeli assets in the U.S., who have been targets of American counterespionage investigation since the November 1985 arrest of Pollard. The source reported that top Israeli government officials fear that the search for the so-called "Mr. X" or "X Committee" of Israeli spies and agents still in place in the U.S. government, has recently advanced, and that there could be a major new scandal, far more damaging than the Kadish case. Kadish is 84 years old, and ended his career as an Army engineer at a key research and development facility in Dover, New Jersey in 1990. However, Kadish's handler, Yagur, has been a target of U.S. investigation since the Pollard arrest, and the renewed focus on his

activities could have produced the long-anticipated breakthrough in the case.

EIR was the first publication in the world to reveal that Pollard was part of a much larger spy ring. While there was a broad recognition that there was another spy, "Mr. X," still on the loose, *EIR* documented the much larger apparatus, labelled the "X Committee." In the Spring 1986 special report, "Ariel Sharon and the Israeli Mafia: Moscow's Secret Weapon," *EIR* identified a number of leading "X Committee" suspects, including Paul Wolfowitz, Michael Ledeen, Richard Perle, Frank Gaffney, and Albert Wohlstetter. Many of these individuals emerged as key neocon policymakers in the George W. Bush administration, and they all played a pivotal role in fabricating the case for the U.S. invasion of Iraq.

Today, these same neocons are pushing, along with Vice President Cheney, for U.S. military action against Iran and Syria before Bush leaves office. Were any of the key members of the "X Committee" to be revealed or indicted, it could greatly reduce the prospect that Cheney gets his way and convinces President Bush to order military strikes on Iran, and could destroy the political clout of the neocons forever.

'Protectionism' Threatens Murdoch's Media Empire

April 23 (EIRNS)—In a speech before the Atlantic Council this week, British media baron Rupert Murdoch listed three threats to his world. First and foremost was "the growing appeal of protectionism." Only then, terrorism. Lastly, people losing faith in "our values." No wonder. The growing appeal of protectionism may block Murdoch's drive to secure a death grip on the globe's news/entertainment media. He is laying the groundwork for snaring another daily newspaper in New York City, the leading U.S. media market. But growing support for anti-monopoly legislation may thwart his moves.

Murdoch already owns the *New York Post* and the recently acquired *Wall Street Journal*, as well as two television stations in the New York market, and is now seeking to add Long Island-based *Newsday* to his empire.

But Congress is soon likely to pass a bill that would restore an old rule preventing an owner from controlling both a newspaper and a TV station in the same market. On April 24, the Senate Commerce Committee approved a bill sponsored by Sen. Byron Dorgan (D-N.D.), disapproving the Federal Communication Commission's new media ownership rule. Dorgan recently told the *Times*, "They [media owners] try to argue that there are all these outlets the Internet, television, radio, newspapers, and so on. It may be more outlets, but it's the same ventriloquists. You have five or six corporate interests that determine what most Americans see, hear, and read."

Murdoch already owns the largest number of English-language media outlets in the world.

Petersburg Is First Virginia City To Support HBPA

April 22 (EIRNS)—The city council of Petersburg, Va., passed a resolution supporting the model legislation for the Homeowners and Bank Protection Act (HBPA) on March 4. Resolution 19 demands that Congress move quickly to keep people in their homes and avert social chaos, by establishing a Federal agency to place the Federal and state chartered banks under protection; freeze all foreclosures, permitting American families to retain their homes; and entrust state governors with the responsibility for establishing rental assessments which will go into designated banks, while the Federal government provides the necessary credits and guarantees to assure a successful transition.

Petersburg, which is part of the Richmond metropolitan area, is a city of approximately 33,000 people. It is the first city in the Commonwealth of Virginia—whose northern counties, such as Loudoun and Prince William, have been dubbed Ground Zero for the housing collapse—to take up the only solution to the banking/housing crisis, the HBPA. The Council called for the resolution to be sent to all Virginia Congressmen, as well as the President of the United States.

VA Officials Knew About Suicide Rate Among Veterans

April 22 (EIRNS)—One month after CBS News aired a report on Nov. 14, 2007, that calculated that over 6,000 veterans had committed suicide in 2005, top Veterans Affairs officials admitted among themselves that the report was accurate. Dr. Ira Katz, the VA's top mental health official, said, in an internal e-mail to Dr. Michael J. Kussman, the VA's undersecretary for health, "There are about 18 suicides per day," among the total veteran population, and there are 4 to 5 per day among veterans who receive care from the VA, thereby confirming CBS's data. And yet, publicly, the VA told CBS that there were only 790 attempted suicides in all of 2007, when its own internal data suggested over 6,500 suicides.

That e-mail, and others, were submitted as evidence in the trial of a lawsuit, brought by two veterans' organizations against the VA, that began on April 21. Gordon Erspamer, lead attorney for the veterans' groups, told the court, according to news reports, "Our ultimate goal is guaranteed health care, timely health care, timely decisions on disability payments," but that, "The [VA's claims-processing] system is choking on the claims; the delays are unconscionable." Judge Samuel Conti, who is presiding over the trial in Federal court in San Francisco, said, in an earlier pre-trial ruling, that if the plaintiffs can prove their claims, they would show that "thousands of veterans, if not more, are suffering grievous injuries as the result of their inability to procure desperately needed and obviously deserved health care."

Rendell Ups Privatization Timetable on Pa. Turnpike

April 20 (EIRNS)—Pennsylvania Gov. Edward Rendell's drive to privatize the historic Pennsylvania Turnpike went into high gear this past week. A final call for bids for a 75-year lease of the turnpike was issued by Rendell's administration on April 15. This moves up the timetable to privatize the road. Rendell, who linked up with California Gov. Arnold Schwarzenegger and New York Mayor Michael Bloomberg to promote privatized funding of infrastructure, hopes to ram through legislative approval for the scheme by June 10. Rendell's move comes on the heels of the stinging defeat handed to Bloomberg from the New York State legislature, which rejected his made-in-London toll tax scheme, so-called "congestion pricing," which would have imposed a fee to drive into the city.

Rendell's lease plan, devised by Morgan Stanley & Co., mirrors Indiana's and Chicago's lease sell-offs of their roads to Macquarie Cintra. In the deal, Pennsylvania would receive an up-front payment for the 75-year lease, while all profits from tolls and food and fuel concessions on the turnpike would be kept by the highest bidder. Terms of the lease also include a 25% (!) toll hike in 2009.

The Pennsylvania scheme may be headed for defeat, as labor unions, the Turnpike Commission, and many Democratic legislators oppose it.

Ibero-American News Digest

- [Bank of the South Back on the Agenda](#)
- [Ibero-American Leaders Urge Emergency Action on Famine](#)
- [Argentine Finance Minister Ousted for Pushing IMF Policy](#)

Bank of the South Back on the Agenda

April 23 (EIRNS)—Discussions between Ecuador's President Rafael Correa and Argentina's President Cristina Fernández de Kirchner, during the latter's 24-hour visit to Quito on April 21, mark the first high-level discussion of the Bank of the South and transcontinental integration since the British blew up the political alignment of the continent, using their FARC narcoterrorist asset, immediately after the Bank of the South was founded on Dec. 9, 2007, at Fernández de Kirchner's inauguration.

The two Presidents reported nothing from their 40-minute private meeting, but their remarks at various public events centered on the imperative for regional integration, to solidify the break with globalization's "neoliberalism." Correa centered his official speech for the visit on the urgency of creating a "new financial architecture" around the Bank of the South, to permit sovereign development, beholden to "crumbs from what is euphemistically called international capital."

Reference was made by both Presidents, to the need for common action in the face of the world food crisis, although details on this aspect are not yet available.

The occasion for the state visit was the launching of work on the long-planned Coca Codo Sinclair dam, which, when completed, will be the largest hydroelectric project in Ecuador. Argentina will provide 30% of the financing in this joint venture between Argentina's state company Enarsa, and Ecuador's state-run Termopichincha. Fernández hailed the project as exemplary of the concrete actions that must be taken in order to advance the process of integration.

Among the other projects discussed and/or signed during the visit, were the modernization of Ecuador's railroads and waterways, and the recently concluded Argentine-Ecuadorian study on the navigability of Ecuador's Napo River, and its potential to provide transcontinental transport between Manta, Ecuador, on the Pacific, and Brazil's Manaus port on the Amazon River, which provides access to the Atlantic.

Ibero-American Leaders Urge Emergency Action on Famine

April 24 (EIRNS)—As details emerge about the desperate food crisis in Central America, where famine is about to become a reality, Ibero-American Presidents are meeting on an emergency basis, to forge a common strategy to address the region's need for greater quantities of cheap food.

In an April 23 interview with Venezuelan TV, Ecuadorian President Rafael Correa announced that he has discussed this issue with Argentine President Cristina Fernández and also with Venezuelan Foreign Minister Nicolás Maduro. "The key is to have adequate control of the inventory to address the region's food shortage," Correa said, "because we fear that we're facing a world food crisis."

On the same day, Venezuelan President Hugo Chávez met in Caracas with leaders from Cuba, Bolivia, and Nicaragua—all members of the Bolivarian Alternative for Latin America (ALBA)—to set up a \$100 million program to combat rising food prices, as well as to create agro-industrial programs to produce grains, beef, and milk.

The crisis in Central America is dire, with famine threatened in several nations whose food-producing capabilities have been decimated by years of globalization and free trade. The case of Guatemala, a country targetted for big biofuels production today, is exemplary. Ten years ago, it was self-sufficient in food production. But over time, this capability was replaced by huge projects to produce sugar cane and African palm oil for export, which had no need for the rural labor force, which subsequently migrated to the cities to live in slums. Sugar-cane production increased by 99% between 1990 and 2005, while production of beans, corn, and wheat—staples in Guatemala's diet—declined dramatically during the same time frame: beans by 26%, corn by 22%, and wheat by 99%!

Today, one-half of Central America's malnourished population—3 million people—are Guatemalan, the majority of whom are children under the age of five. This pattern is repeated throughout the region.

Central American agriculture ministers are scheduled to meet in emergency session on April 25 in Panama, and again in Managua on April 26, where they will present details of the dire regional situation to representatives of the ALBA. The agenda for both meetings is focussed on increasing production of basic grains, and creating "new financial instruments" to pay for this. According to Nicaragua's agriculture minister, all agree that increased food production must be marketed, at fair prices, first to the countries in the region.

Central American heads-of-state will then meet on May 7, possibly with Presidents of ALBA countries, to announce specific proposals.

Argentine Finance Minister Ousted for Pushing IMF Policy

April 25 (EIRNS)—Argentina's Finance Minister, Martín Lousteau, resigned yesterday, after it became clear that President Cristina Fernández de Kirchner had no intention of accepting his proposals to "cool off" the economy, as recommended by the International Monetary Fund. Upon returning from the IMF/World Bank meeting in Washington two weeks ago, Lousteau proposed that the President adopt standard IMF prescriptions to "fight inflation" by raising utility rates, restricting public spending, and improving the "investment climate" to attract foreign investors.

Lousteau hadn't received any official reply to his recommendations, as of yesterday. But the rousing afternoon speech by former President Néstor Kirchner, in his capacity as the new president of the Justicialista (Peronist) Party, made clear what Lousteau could expect, and he handed in his resignation later that evening. His replacement is Carlos Fernández, former head of the Federal Public Revenue Administration (AFIP), who is considered to be an experienced and "tested" official trusted by the current and former Presidents.

In his speech, Néstor Kirchner attacked those "economists who want to cool off the economy, so that we don't consume, and everything is exported abroad." Remember the situation in 2003, he warned, when the country was "under assault by the IMF." The policies that led to frozen bank accounts and speculative schemes will not be imposed on the country again, he said.

The former President went further, attacking as coup-plotters the leaders of the 21-day agricultural producers' strike that occurred in March. In a reference to the British-loving oligarchs of the Rural Society which led the strike, Kirchner charged that there is a "historical continuity" between those who organized the coups of 1955 (which overthrew Juan Perón), and 1976 (which overthrew Isabel Perón), and the leaders of last month's strike.

"It's always the same people," he said. "They don't care about the stomachs or pocketbooks of Argentines." They blocked the roads, and "food prices rose due to scarcity ... [they sought] to destroy the internal market and consumption.... They want to export everything, taking advantage of the high prices in the international market."

The Malthusians of the Rural Society think the ideal size of Argentina's population is one man to every four cows. "They think that there are only 300,000 or 400,000 people in Argentina," Kirchner said. But they should know that we are 40 million Argentines who want to live, and have the possibility of living." He made clear he would lead "the thousands, the millions of Argentines to support our President with all our strength."

Western European News Digest

- [Italy Debates Zepp-LaRouche's Call for Lisbon Referenda](#)
- [10,000 Irish Farmers Protest the EC, Lisbon, and WTO](#)
- [Sarkozy Pushes Maastricht Austerity](#)
- [Carla Del Ponte Denounces UCK Organized Crime in Kosovo](#)
- [Gordon Brown Less Popular than Chamberlain in 1940](#)
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Italy Debates Zepp-LaRouche's Call for Lisbon Referenda

MILAN, April 16 (EIRNS)—A debate about Helga Zepp-LaRouche's call for national referenda on the European Union's Lisbon Treaty was opened today on www.effedieffe.com, the popular website of Italian journalist and author Maurizio Blondet. It opens with a piece by Blondet, entitled, "Eurocracy reintroduces death penalty. Secretly." "This is what has been exposed by Zepp-LaRouche (wife of Lyndon)," he writes, "who was warned about it by a group of famous German and Austrian jurists."

The website connects the fight against the Lisbon Treaty to the one for a New Bretton Woods, which is the main campaign of LaRouche's movement in Italy: "This treaty is truly dangerous, and you should really go to movisol.org as Liliana Gorini suggests, you will discover a lot of horrible things. There is a weak hope that, thanks to his friendship with [outgoing Russian President Vladimir] Putin, [incoming Italian Prime Minister Silvio] Berlusconi will at least oppose the entrance of Ukraine and Georgia into NATO. Berlusconi was upset when he heard that and said 'I made such an effort to get Putin close to us and this is the result?' Will he be a follower of de Gaulle? Also Tremonti speaks of Bretton Woods and is beaten up by the *Financial Times* for it. So let's open a discussion about the Lisbon Treaty."

10,000 Irish Farmers Protest the EC, Lisbon, and WTO

April 17 (EIRNS)—Ten thousand Irish farmers converged on Dublin to denounce European Commissioner Peter Mandelson of the U.K., who is negotiating a European Commission (EC) deal with the World Trade Organization, which, they charge, will "wipe out beef and dairy farming in Ireland." The farmers marched from the European Union headquarters to Dublin Castle, where EC head José Manuel Barroso was addressing the National Forum on Europe, trying to sell the WTO deal and the Lisbon Treaty. The agricultural workers outside the castle protested that some 50,000 farmers would be put out of business, with a further 50,000 processing jobs at risk by Mandelson's proposals.

In addition, 16 agri-businesses in Donegal closed their doors for three hours to show support for the farmers' protest in Dublin, and the Donegal county council voted their support.

Sarkozy Pushes Maastricht Austerity

April 15 (EIRNS)—After having granted Eu75 billion in various tax reductions for the rich in the early part of his Presidency, French President Nicolas Sarkozy is now moving to bring France into conformity with the Maastricht Treaty's criteria governing budget deficits and indebtedness. For a couple of weeks, the government has been adopting, one by one,

the measures of a global austerity policy which should allow it to reduce its spending by Eu5-7 billion per year.

The first measure confirmed, was that only one out of two civil servants retiring will be replaced, which means a loss of some 33,000 jobs. Second, the government will no longer subsidize a "large-family discount" for French National Railways, but will leave it up to the company to subsidize it, which means that in a short period of time, the company, which has no obligation to the common good, will drop it. Rail travel in the era of high-speed TGVs has become quite expensive, and this discount allows large families to travel together throughout the country. Other changes targetted at the lower 80% of family income-brackets include cuts in Social Security and unemployment benefits.

Carla Del Ponte Denounces UCK Organized Crime in Kosovo

April 17 (EIRNS)—The former general prosecutor of the International Criminal Tribunal for the former Yugoslavia (CTFY), Carla Del Ponte, has written an explosive 400-page book called *La Caccia* (The Hunt). In it, she reports on an investigation that never was completed for lack of proof acceptable to the tribunal. The crimes were taking place, during the Summer of 1999, in clandestine clinics in Kosovo, involving Serbian prisoners of war, whose useful organs, such as kidneys, were taken to be sold on the international market. The prisoners, once emptied of their marketable organs, were executed.

Although the investigation was never carried out, according to Del Ponte, the crimes really happened and the trade was protected by the leaders of the Kosovo Liberation Army—KLA, or UCK). Del Ponte writes that the leaders at the medium and top level of the UCK were informed and actively involved in the organ trafficking.

The revelations are a bombshell, since the UCK leaders at that time were Agim Cekun, who became the Prime Minister of Kosovo between March 2006 and January 2008, and Hashim Thaci, the current pro-European Prime Minister, both being assets of the US/NATO/EU trans-Atlantic operation against Russia.

Del Ponte, who was always covered by the international media when exposing Serbian war crimes, is now being told to shut up, and the Swiss government told her that promoting her book was incompatible with her new function as the Swiss ambassador to Argentina.

Gordon Brown Less Popular than Chamberlain in 1940

April 14 (EIRNS)—British Prime Minister Gordon Brown's political support is so battered by the financial crash and his own ineptitude, that his popularity has crashed further and faster than Neville Chamberlain's after the Nazi invasion of Norway, the tabloid *Daily Mail* reported today. Less popular, it would be hard to get!

The hapless Brown is being—rightly—blamed for the banking and real estate crisis looming over the pitiful remains of the British economy, since he presided for ten years as Tony Blair's Chancellor of the Exchequer over the creation of the huge "New Labour" Party financial bubble. He became Prime Minister barely ten months ago. Now, Brown "is less trusted to steer his country through the global financial crisis than any other major western European leader," the *Mail* reported—a pretty dismal rating, considering the competition.

Brown's leadership will be tested in mayoral and other local elections in Britain on May 1. The *Mail* quotes one senior member of Blair's last Cabinet, saying after a recent meeting of both Brown's supporters and those of his predecessor and rival Blair, to assess the Labour Party's prospects: "We all agreed that we are f**ked."

Goldsmith Urges Appeal Against BAE Ruling

April 14 (EIRNS)—The British are moving quickly to squash any chance that the British Serious Fraud Office will reopen its investigation of massive bribes by BAE in the sale of military equipment to Saudi Arabia. Their fear is that any serious investigation of the BAE "bribery" scandal would quickly become what *EIR* has called "the scandal of the century"—the \$100 billion slush fund growing out of the Saudi-BAE deal which was used to finance terrorism, covert arms deals, and secret wars around the world.

Indications from Downing Street are that Prime Minister Gordon Brown is planning a "hands on" operation to ensure that the government faces down any attempt to reopen the inquiry. The Conservative Party reportedly would also back killing the case once and for all.

Demanding an inquiry, Liberal Democrat leader Nick Clegg has written to Brown, objecting to plans to strengthen the role of the attorney general, to block criminal investigations. He told Sky News: "I want it restarted because we cannot allow the precedent to be set that blackmail by other powers or individuals should stop the course of justice."

Under the British system of justice, the appeal will be heard by the House of Lords, which functions as Her Majesty's supreme court.

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Step To Consolidate Russia-North Korea Rail Cooperation

April 25 (EIRNS)—The Russian and North Korean Railways yesterday signed an agreement to set up a joint venture company for gathering investment to eventually build the Khasan-Rajin rail project. The ultimate goal of the project is reconstruction of the broken-down rail link between North Korea (DPRK) and Russia, along with container and other infrastructure. The project was first discussed in 2001 when North Korean leader Kim Jong-il travelled to Moscow, where he signed a declaration with President Vladimir Putin on creating a railway transport corridor connecting South and North Korea, with Russia and Europe. The North and South Korean railways were first re-connected in June 2003 after 50 years. Russia and North and South Korea met in 2006, and agreed to begin upgrading the North Korean rail lines, which have to be entirely rebuilt, and connecting them to the Trans-Siberian railroad. North Korea's only other existing rail link is with China.

Vladimir Yakunin, President of the state-owned company Russian Railways, and Kim Yong Sam, North Korean minister of railways, signed the agreement to set up a joint venture company for 49 years, with Russia holding 70%, and North Korea 30% of the stock. The joint venture will coordinate the project, and subcontract design and reconstruction of the 52-

kilometer Tumangan-Rajin railway line and construction of a container terminal at Rajin port in northeastern North Korea, which could transship cargo from South Korea. The two sides will also act to lessen border controls between the two rail stations at Khasan in Russia and Tumangan in North Korea.

Yakunin said that the two sides "have been moving towards this moment for seven years. I am convinced that the agreement and contract signed today will serve to strengthen the economic ties between Russia and DPRK as well as between the DPRK and the Republic of Korea."

Fukuda Visits Moscow

April 25 (EIRNS)—Japanese Prime Minister Yasuo Fukuda flew to Moscow today to meet President Vladimir Putin and President-elect Dmitri Medvedev, to discuss the development of Siberia, the G-8 summit in Tokyo in July, and global warming. According to Itar Tass, Fukuda was to discuss Tokyo's initiative for cooperating with Russia in the development of Siberia and the Far East. "The sides will discuss, in particular, the deepening of interaction in the interests of strengthening regional stability, and the expansion of partnership in the spheres of energy and transport," a Japanese Foreign Ministry source said.

Before leaving Tokyo, Fukuda told the press: "Looking at the global situation, I think it is time for us to mutually cooperate with Russia extensively on bigger issues. We will hold discussions centering on such matters, but for that, I want to talk on an ongoing basis, about the major issue of resolving the territorial dispute and concluding a peace treaty, and hope that we can make even one step forward. And for that, I think we must build a relationship between the top leaders of both countries in which we can say our frank opinions." Japan and Russia never signed a peace treaty after the end of World War II, due to still-unresolved questions about possession of four of the Kurile Islands.

Russia To End Food Price Controls

April 22 (EIRNS)—Russian domestic food prices will rise after May 1, when the government price moratorium expires, Kommersant) reported today. Prime Minister Viktor Zubkov, who enacted the measures in late October, warned that the poor will be hardest hit, RosbusinessConsulting reported. Deputy Economic Development Minister Andrei Klepach has declared that the price freezes have not worked, and that it is not expedient for Russia to continue them. Russia's biggest food chains are no longer willing "to work on the edge of breakeven," according to Kommersant.

One big food processor said that the controlled price it had to charge for bottled sunflower oil (which generates 33% of their revenue) "is below the price for unbottled and unrefined oil—48 rubles a liter vs. 53 rubles a liter." The agreement covered freezing prices for bread, milk, kefir, oil, and eggs. While retailers were not so affected, since they could raise prices by up to 10%, the big processing companies have been hit with losses, or at least lack of profits, due to the measures. But the retailers also oppose continuing the controls. "The political reasons that justified this measure no longer exist, and there is no point in extending it," RBC quoted one retailer.

Klepach also said that the Economics Ministry opposes any new measures to restrict the export of food products or to extend protective duties on grain after July 2008. "There is no point in this, given harvest forecasts for this year," Klepach said. "The anti-inflation program envisages several new measures, including encouragement of savings deposits by individuals," since overall personal bank deposits began to decrease in the beginning of the year. Klepach claimed that inflation is triggered by people taking money from accounts to spend it.

Agriculture Minister Alexei Gordeyev did say that a pending trade bill would "allow the government, under certain conditions, to limit markups on socially important [food] products," but the bill has not yet been submitted to the

government. Finance Minister Alexei Kudrin has opposed the control measures, RBC reported. He said that any policy to limit markups on basic food prices would be "unacceptable," since gasoline and other materials farmers need continue to rise in price. Most Russian producer prices are rising, RBC reported. While oil and gas prices went down, there was a 10.4% increase in the prices of flour, cereals, starch, and starch products, as well as a 7.8% rise in prepared animal feed prices. Electricity prices were up 3%.

'Hot Debate' in Russia on Economic Investment

April 22 (EIRNS)—There is a "hot political debate" in Russia about how to invest the \$32 billion National Welfare Fund (NWF), Russian Deputy Minister of Finance Dmitri Pankin told the *Times* of London in an interview published today. The NWF is one portion of Russia's nearly half-trillion-dollar sovereign wealth fund, previously called the Stabilization Fund, which is derived from oil and gas export earnings, and has been kept out of engagement in the domestic economy. In London for the two-day "Russian Investment Roadshow," Pankin repeated the monetarist mantra that internal investment is "not possible," because it would worsen inflation.

The Roadshow was a follow-up to the annual Russian Economic Forum in London, which was boycotted by Russian government officials and some entrepreneurs, due to Russian-British political clashes. The Roadshow opened with speeches by U.K. Secretary of State for Business John Hutton and Pankin, but, despite Britain's status as the biggest foreign investor in Russia, attendance was sparse this year, the *Moscow Times* reported.

Inflation and the global crisis were on the agenda. According to the *Times*, Russia is limiting government infrastructure spending, despite enormous need, due to inflation. Pankin said that there is great pressure to invest domestically, as "the roads are terrible and the healthcare is in a dire state," but, "it is not possible now to invest more money in Russia. In that case, inflation will grow and that will be very serious for our economy." Pankin attributed the high level of inflation to "the overheating of the economy and an extremely high pace of budgetary spending." Budgetary spending was 12% of GDP in 2006 and almost 25% in 2007.

Pankin told the Roadshow that Russia has enough financial resources to support not only the banking sector, but the entire economy. "With our gold and foreign exchange reserves of more than \$500 billion, an outflow of about \$10 billion [sic] a quarter is not critical," Pankin said. Actually, total capital outflow for the first quarter of 2008 was \$22.8 billion, but Finance Minister Alexei Kudrin has promised that second-quarter results will show a reversal of this trend. Pankin added that the Russian banking system has no problems in refinancing its foreign loans, and that authorities are ready to support banking system liquidity and to budget for replacing foreign loans with internal sources of refinancing, RBC reported. Earlier this month, Alexei Ulyukayev, senior deputy chairman of the central bank, said that the central bank had loaned commercial banks 40 billion rubles, or approximately \$1.7 billion, short-term.

The Roadshow was also attended by central bank deputy chairman Konstantin Korishenko; Alfa Bank president Pyotr Aven; Alexander Shokhin, president of the Russian Union of Industrialists and Entrepreneurs; vice president of the European Bank for Reconstruction and Development, Varel Freeman; and the chairman of the London Stock Exchange, Chris Gibson-Smith. While Aven told the Roadshow that Russia's nearly \$500 billion in reserves would be enough to weather any crisis, Alexei Gurin, president and CEO of CentreInvest Group, asserted that inflation in Russia is so serious that it could wipe out even that amount, the *Moscow Times* reported. A spokesman for Barclay's Bank told the meeting that Russia ought to curb economic growth, in order to stem inflation.

Cheney, Estonian President Hold Anti-Russia Talks

April 19 (EIRNS)—U.S. Vice-President Dick Cheney, in his capacity of manager of the Baltic region portfolio of "Ring Around Russia" confrontationism, yesterday received President Toomas Hendrik Ilves of Estonia, who is in the United

States for a meeting of the Baltic Foundation. According to Ilves's spokesman, he and Cheney focussed on "energy security," the Iraq and Afghanistan deployments, and a condemnation of Russia for the latest developments in its relations with autonomous regions within the Republic of Georgia.

Referring to Moscow's decision, announced April 16, to upgrade its direct relations with those regions, Estonian spokesman Crystel Peterson said: "It is the opinion of President Ilves and Vice President Cheney that the decision of the President of Russia to develop direct contacts with the separatist regimes in South Ossetia and Abkhazia is counterproductive and absolutely unacceptable."

Ilves is a Swedish-born, U.S.-raised, longtime Radio Free Europe/Radio Liberty employee, who was elected President of Estonia in the Autumn of 2006. A nominal leftist, he was backed by the right-wing opposition. Soon after formation of a coalition government of the Reformist, Fatherland, and Social Democratic parties, Estonia began to push on issues of greatest sensitivity to Russia. (See "Putin Moves To Outflank 'Ring Around Russia' Provocations," *EIR*, June 15, 2007.)

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Countermoves vs. British/Cheney Mideast War Drive

April 27 (EIRNS)—Turkish Prime Minister Tayyip Recep Erdogan is mediating peace moves between Syria and Israel, and the whole effort is bypassing opposition from the Bush Administration, according to high-level sources in the region, who spoke to *EIR* April 27. Erdogan met recently with Syrian President Bashar Assad, and both Syrian and Israeli officials confirmed afterwards that Turkey is formally mediating between the two countries. According to one source, a meeting between President Assad and Israeli Prime Minister Ehud Olmert could take place in the near future, as both sides agree on most features of a treaty that would return the Golan Heights to Syria, in exchange for security guarantees, including security of Israel's northern border with Lebanon.

Ironically, one feature of such an agreement, according to an Arab source familiar with the talks, is that Syria would continue to play a significant role in assuring the stability of Lebanon, and the transition of Hezbollah from a military to a political organization, fully integrated into the Lebanese governing process. One source also pointed to the meeting on April 27, at Sharm el-Sheikh, Egypt, between Palestinian National Authority President Mahmoud Abbas and Egyptian President Hosni Mubarak, as another aspect of the same "independent of Washington" diplomatic initiatives. Abbas returned from a visit to Washington, angry that President Bush refused to pledge to pressure Israel to halt settlement expansions. Abbas, according to Palestinian sources, saw Bush's refusal as a clear indication that no substantive peace deal will be reached before Bush leaves office.

The moves reflect a push-back against the war drive clearly coming out of the London-directed Cheney circles in Washington. But, to the extent that the effort is blind to the British factor, the best intentions will not translate into adequate war avoidance measures.

LaRouche Denounces Syria-North Korea Plutonium Hoax

April 25 (EIRNS)—Lyndon LaRouche denounced the recent accusations against Syria and North Korea as another Dick Cheney swindle, on behalf of London, aimed at throwing all of Eurasia into permanent war and chaos. On April 23, members of the House and Senate armed services committees had received a closed-door video briefing, alleging that a military facility, in a remote area of Syria, which was bombed and destroyed by an Israeli Air Force attack in September 2007, was the site of a secret plutonium reactor, and that Syria was months away from being able to build a nuclear bomb. Within 24 hours of the testimony, the 12-minute video was leaked to the media.

LaRouche cited high-level U.S. intelligence sources, who said the video was a hoax, and that there was no evidence of any nuclear material at the site. At the time of the Israeli bombing, qualified U.S. and Israeli sources had reported that the target of the raid was a military storage facility, which had new, modern air defense components. It was only a month later, that right-wing Israeli circles began circulating the claim that the site was a secret nuclear reactor.

LaRouche further charged that Vice President Cheney, the leader of the war party inside the Bush Administration, is out to wreck the ongoing Six-Party talks on North Korea, despite the fact that the longstanding diplomatic effort is the only foreign policy success that the Bush Administration can claim after nearly eight years in office.

According to several current and retired U.S. intelligence officials contacted by *EIR*, CIA analysts are convinced that the video evidence, including the alleged "eyewitness photographs," are phony, and that the question of alleged Syrian-North Korean nuclear weapons cooperation is "a non-issue." As one source put it, the site has been already destroyed by the Israelis, there was no plutonium or uranium at the location of the bombing, and there is no military option against North Korea.

The question is: Will George Bush cave in to Cheney and throw away the one single accomplishment of his administration?

Israel Not Pleased with Charges vs. Syria, North Korean

April 25 (EIRNS)—According to Israeli press reports, the Israeli government does not like the Bush Administration's testimony on alleged Syrian-North Korean nuclear cooperation, and fears that it is embarrassing Syrian President Bashar Assad to the point that he might have to stage some sort of "retaliation" against Israel.

The Israeli daily *Ha'aretz* wrote, "senior Israeli defense establishment officials expressed concern that the official American release of details about the strike would embarrass Syrian leader Bashar Assad, and lead him to take a more aggressive stance toward Israel." They say that this makes "Assad vulnerable, internationally and domestically." These sources "warned that Israel must be cautious and avoid embarrassing Assad unnecessarily." Therefore, Israel is maintaining its silence on the issue, as it has done since the air strike last September.

Ha'aretz reports that Defense Minister Ehud Barak opposed the release of any new details on the attack or the alleged nuclear ties between Damascus and Pyongyang, arguing that this would only push the Syrians into a corner and would escalate tensions.

Ha'aretz goes so far as to say that "Jerusalem and Damascus have tried their best to bolster each other this week with declarations on their willingness to renew negotiations on the Golan Heights, in an effort geared to cool the atmosphere before the revelations in Washington. In talks with reporters, senior officials in Israel complimented Assad's seriousness and maturity and described him as a worthy successor to his father."

Abbas Critical of Bush's Non-Peace Process

April 26 (EIRNS)—Palestinian President Mahmoud Abbas reported that he failed to convince U.S. President George Bush, during their meeting in Washington, to implement the Road Map for peace. "Frankly, so far nothing has been achieved.... We demanded the Americans implement the first phase of the Road Map that talks about cessation of settlement expansion," Abbas told Associated Press.

Bush's response was that he was "focusing on the bigger picture," but in reality, according to Palestinian negotiator Saeb Erekat, instead of finishing his term in office with an Israeli-Palestinian peace deal, Bush would be satisfied with a statement of principles.

In response, Abbas said, "We don't want a declaration of principle, because we had one," which was the Oslo Peace Accord of 1993. "Now we want a normal agreement. And then we can go for the details."

Abbas said he told Secretary of State Condoleezza Rice that the Bush Administration should at least talk about Israel returning to the 1967 borders, but even this it would not do. "We demanded that they talk about the '67 borders," Abbas said, and then, expressing anger, he continued, "None of them talks about the '67 borders." In summing up his talks in Washington, Abbas said, "We have made clear our position to the President, to the State Department, and to the Congress. And now our position is very clear to all of them."

Proposal for Iran Nuclear Program Presented at Senate Hearing

April 24 (EIRNS)—A proposal to break the Iran nuclear stalemate, co-authored by former U.S. ambassador Thomas Pickering, was presented to a Senate hearing today by one of its co-authors, MIT nuclear scientist Dr. Jim Walsh. At the hearing, held by a Senate Homeland Security and Government Reform subcommittee, the Pickering proposal was endorsed by Sen. Dianne Feinstein (D-Calif.).

(The Pickering proposal is discussed in an article by Jeffrey Steinberg, in the April 25 issue of *EIR*.)

This is a "reality-based proposal," Dr. Walsh told the hearing, which had as its general theme the failure of the Bush-Cheney Administration to stop or even slow down Iran's nuclear policy. The Luers-Pickering-Walsh proposal would allow Iran to establish a uranium-enrichment facility on its own territory, which would be managed by a multinational consortium. Walsh said that he has had discussions about Iran's nuclear program with over 100 Iranian officials, including members of the Expediency Council, and a five-hour meeting with President Mahmoud Ahmadinejad.

Feinstein, who appeared with Sen. Arlen Specter (R-Pa.) as "special Congressional witnesses" to urge direct talks, without preconditions, with Iran, stated that there have been back-channel discussions going on between the U.S. and Iran—confirming the more detailed statements by Pickering in the April 14 London *Independent*, that back-channel discussions have been underway for five years on the Iran nuclear issue.

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Balochistan Tense over Food Shortage

April 21 (EIRNS)—A steep rise in the price of flour, the staple cereal of the people of Balochistan, and the difficulty of obtaining it any price, have angered the Baloch tribes in this southwestern province of Pakistan. The northern part of Balochistan borders Afghanistan's Kandahar province and has sheltered many Taliban leaders since the U.S. invasion of Afghanistan and ousting of the Taliban from power in the Winter of 2001. The southern part of Balochistan borders Iran, and reports indicate that U.S.-sponsored insurgency movements have been instigating turmoil in the adjacent Iranian province of Balochistan-Sistan.

The flour crisis was first reported in early January and it is evident that Islamabad has ignored it and let it get worse. Now, the government has stopped providing flour in the "fair price" shops, and has raised the ex-mill (wholesale) flour price to about 380 rupees for a 20 kilo bag—a rise of about Rs.60.

However, since the fair price shops are not distributing flour, Rs.380 is an "imaginary" price, and the Balochis have to buy it in the open market, for upwards of Rs.520. What has made the situation even worse is that even at this high price, flour is not available at any time of the day.

India Seeks Saudi Investment in Infrastructure for Food

April 21 (EIRNS)—Indian External Affairs Minister Pranab Mukherjee called on Saudi Arabian King Abdullah bin Abdul Aziz within a few hours of his arrival in Riyadh on April 19. The prime objective of the visit, New Delhi officials said, is to develop a long-term strategic relationship with Saudi Arabia.

The immediate concern of India is to invite Saudi Arabia to invest heavily in India's dilapidated infrastructure. In return, India is to assure supply of food to Saudi Arabia and its neighboring allies.

Speaking at a press conference, Mukherjee pointed out that he had apprised Abdullah of India's requirement of a massive

investment of \$500-600 billion to develop its infrastructure. At present, Saudi Arabia fulfills nearly 26% of India's oil requirements.

India has already invited Saudi students to India for higher studies, under the King Abdullah Scholarships Program (KASP). The government has identified the Educational Consultants India Ltd. as a single window coordinating agency for placement of the students.

India: Iran's Nuclear Status Is IAEA's Business, Not U.S.A.'s

April 23 (EIRNS)—In a tersely worded statement to the press in New Delhi today, India's External Affairs Minister Pranab Mukherjee said, "We tell the U.S., do not take on yourself the responsibility whether Iran was manufacturing weapons or not. Leave it to the IAEA, the designated authority." When the press asked him about his views on Iran's program, Mukherjee replied: "It is not for me or for Iran to certify.... It is for the IAEA to convince themselves whether [Tehran's program] is peaceful."

On the same day in Vienna, the IAEA said Iran has agreed to cooperate in clarifying whether it has tried to develop nuclear weapons. The IAEA considered the statement a positive step.

India-Sri Lanka Electricity Link-Up Plan

April 25 (EIRNS)—India's state-owned PowerGrid transmission utility has prepared a report proposing to lay power transmission cable on the bed of the Gulf of Mannar, which separates the southern peninsular of India from Sri Lanka. The width of the Gulf varies from 12 to 20 miles.

On the Indian side, the underwater cable will be connected to the southern Indian power grid at the Tamil Nadu city of Madurai, through an overhead transmission line. On the Sri Lanka side, the underwater cable will be linked to that country's network at the city of Anuradhapura through an overhead line. The report prepared by PowerGrid said the power supply scenario between India and Sri Lanka will allow them to exchange about 500 megawatts of electricity by 2009-10.

Both India and Sri Lanka are power-short nations. Sri Lanka, which has a generating capacity of about 1,500 MW, depends heavily on hydropower and petroleum. In recent years, rapacious financial vultures, waving environmental hocus-pocus, are trying to sell the Sri Lankan authorities on solar.

On the Indian side, it is becoming evident that the southern part of the country will be installing a number of large Russia-supplied nuclear power plants. This could create surplus power locally. Instead of lugging the surplus electricity up north, and losing a significant amount of power in the process, it makes sense to send it to Sri Lanka and protect that small nation from the greenie vultures.

South Korean President Plans Asian Development Alliances

April 21 (EIRNS)—South Korean President Lee Myung-bak, who was elected last December, and whose Grand National Party swept the Congressional vote earlier this month, completed a visit to the United States on April 19, and went on to a meeting with Prime Minister Fukuda today in Japan. According to a leading member of the President's delegation, Lee will be improving South Korea's relations with several allies, relations which suffered under the previous government of Roh Moo-hyun. These allies include the United States, Japan, Russia, and the Southeast Asian nations, with a primary focus on Korea's contribution to large-scale development in the region.

Lee has deployed two delegations to Russia over the past year, to discuss his well-known proposal to use South Korean technology and North Korean labor in the development of eastern Russia. South Korea's highly developed nuclear capacity could be used for building nuclear plants abroad—Seoul has already offered to help the Philippines. In fact, South Korea is talking to the Saudis and other Southwest and Central Asian nations about exporting entire cities—with industries, housing, transportation, and so forth, in a single package.

Japan, China, South Korea Plan an Annual Meeting

April 21 (EIRNS)—The three countries which became known as the "Plus-3," for their cooperation with Southeast Asia in the "ASEAN-Plus 3," will now meet annually on their own, according to *Yomiuri* in Japan. The plan will be discussed by Japanese Prime Minister Yasuo Fukuda and South Korean President Lee Myung-bak in their meeting today, and when Chinese President Hu Jintao visits Japan in early May.

In the meeting between Lee and Fukuda, both emphasized that historical issues must be faced, but should not interfere with cooperation on mutual development issues. The "shuttle diplomacy" between the two nations, which stalled under mutual recriminations between the Roh Administration in South Korea and the Koizumi Administration in Japan, is to be reestablished.

Chinese Leaders Call for Calm as Protests Escalate

April 21 (EIRNS)—Thousands of people attended rallies protesting the Western media coverage of China all around the world yesterday, and inside China, demonstrations particularly aimed at France, continued. The Chinese Internet search engine Baidu turns up about 211,000 entries supporting a boycott of the French retail company Carrefour. There were several thousand people at demonstrations in both Paris and London, where people protested at the Parliament and the BBC. France is a particular target because of the violent mobbing of a wheelchair-bound Chinese woman athlete during the Olympic torch parade in Paris.

Yesterday, the *People's Daily* published a front-page editorial calling on the Chinese population to respond rationally to the international pressure on China. The editorial called on people to "cherish patriotism while expressing it in a rational way.... As citizens, we have the responsibility to express our patriotic enthusiasm calmly and rationally, and express patriotic aspiration in an orderly and legal manner," the commentary said. "The more complicated the international situation is, the more calm, wisdom, and unity need to be shown by the Chinese people."

China Has Only 12 Days of Coal Reserves; Needs Nuclear!

April 24 (EIRNS)—China's national coal stockpile has fallen to just 12 days' worth, and in some provinces it is down to less than one week, Wang Yeping, the vice chairman of the China Electricity Regulatory Commission (CERC), announced at a news conference April 22. Domestic production costs and import costs are rising fast.

China's power stations are also in trouble. As costs rise, 70% of the power plants are suffering heavy losses, Assets Supervision and Administration Commission official Liu Nanchang said on April 11. This week, Beijing reported that the producer price of raw coal was up 27.4% in January. Over the past year, coal prices were up 10%, imposing another 30 billion yuan in costs on power companies. The big five power generators have been able to sign contracts for less than 50% of the coal they need.

Overall, demand for coal has been "rocketing," *People's Daily* reported April 23, due to the needs of the iron, steel, and chemical engineering industries. Further, China does not have enough rail lines to move these enormous amounts of coal

around the country.

China was increasing coal-fired power plant capacity at the rate of 100 gigawatts a year, as of 2006, the *New Scientist* reported today. This would mean China is building two new plants a week, since a typical plant is one gigawatt.

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U.K. Seeking UN Mission To Intervene in Zimbabwe

April 26 (EIRNS)—Britain yesterday forced Zimbabwe onto the UN Security Council agenda, as part of its drive to impose an arms embargo on the country and send a UN mission there. The Security Council agreed to hear a briefing on the crisis from "a senior UN official," probably on April 29.

British Prime Minister Gordon Brown said, in a statement today, "We will intensify international action around a UN Security Council discussion on Tuesday [April 29]. We will press for a UN mission" to conduct investigations in Zimbabwe.

Zimbabwe Opposition Looks To Kenyan Opposition for Strategy

April 28 (EIRNS)—Tendai Biti, the Secretary General of the Movement for Democratic Change (MDC), the British-run opposition in Zimbabwe, was in Kenya April 21 with an MDC delegation, and met with Raila Odinga, the British-run former opposition leader who is now prime minister of Kenya. Biti told the media in Nairobi, "Kenya is special to us, it is not by accident that we came to the office of the prime minister." He said his delegation was seeking Odinga's advice on "how to deal with the crisis in Zimbabwe."

After protracted violence earlier this year, the position of prime minister was created for Odinga, who was named prime minister April 13. U.S. Ambassador Michael Ranneberger recently announced a \$500,000 commitment to support the development of the prime minister's office, according to the Kenyan daily *The Standard*, April 27. Ranneberger said, "the role of the Prime Minister is going to be critical. We will work very closely with the Prime Minister in coordinating and supervising the Government.... We recognise that critical role, and that is why we are ready to give money to strengthen the office." Ranneberger also announced that the United States had invited Odinga to Washington "at a mutually convenient date." Ranneberger said, Odinga was being invited because of the importance Washington attaches to his role as the one "constitutionally required to supervise and coordinate the activities of government."

Because of the way Odinga was singled out by the United States for support, Member of Parliament David Musila said that some Kenyans are shocked by the behavior of the U.S. government, according to a Voice of America release today.

Musila said the help "is rather strange because there is only one government." He said the U.S. ambassador may be behaving as if there are two governments, one government for the prime minister, and another government." Musila noted.

He said for the U.S. government to act "like there are two governments in Kenya is not proper."

U.S. State Dept. Aids British Anti-Zimbabwe Mobilization

April 27 (EIRNS)—U.S. Assistant Secretary of State Jendayi Frazer continues to carry out British policy against Zimbabwe on her trip to southern Africa, to press African leaders to take a tougher stance against Zimbabwean President Robert Mugabe and his Zanu-PF party. In Zambia today, she called on the international community to intervene against the Zimbabwe government. On her tour, she has said the UN should consider sanctions against Zimbabwe. If a unity government emerges, she said that Morgan Tsvangirai of the opposition MDC should lead it. She has declared him "a clear winner" of the recent Presidential elections, despite the MDC's own statement, and independent observer reports, that Tsvangirai did not have enough votes to avoid a runoff, and the fact that the official results have still not been released.

On April 24, she said in South Africa, "As far as we know, in the first round Morgan won," she said. She said she was going to meet Tsvangirai within 24 hours, and that, because Tsvangirai won, a government of national unity is not an option.

Frazer also supported British Prime Minister Gordon Brown's call for an arms embargo against Zimbabwe, saying, "It will send a great warning to those who would send arms into Zimbabwe, including the Chinese." A Chinese foreign ministry spokesman condemned the U.S. intervention.

The U.S. Ambassador to Zimbabwe, James McGee, who spoke at the press conference in South Africa with Frazer, said that Zimbabwe should expect an economic package worth billions of dollars if a new "democratic government" is formed in Zimbabwe that embraces "free markets."

Only five challenged seats out of 23 remain to be recounted in the parliamentary election. So far no seats have changed, and the MDC still leads Zanu-PF by two seats, 99-97. The remaining seats of the 210 total went to independents, and an MDC faction that split off from the MDC. The British-led media campaign against Mugabe, failed to take much note of the fact that the Zimbabwe government obviously didn't use the recount to steal votes, to claim victory in the parliamentary election. This reality would have interfered with their propaganda blitz.

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