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This Week You Need To Know

Cheney's 'Spoon-Benders' Pushing Nuclear Armageddon

by Jeffrey Steinberg

Sometime in late 1980, then-Col. Paul E. Vallely, the Commander of the 7th Psychological Operations Group, United States Army Reserve, Presidio of San Francisco, Ca., co-authored a discussion paper, which received wide and controversial attention within the U.S. military, particularly within the Special Operations community. The paper was titled "From PSYOP to MindWar: The Psychology of Victory," and it presented a Nietzschean scheme for waging perpetual psychological warfare against friend and enemy populations alike, and even against the American people.

The "MindWar" paper was provoked by an article by Lt. Col. John Alexander, which appeared in the December 1980 edition of *Military Review*, advocating the introduction of ESP (extra-sensory perception), "tele-pathetic behavior modification," para-psychology, psychokinesis ("mind over matter"), remote viewing, out of body experiences, and other New Age and occult practices into U.S. military intelligence. Alexander's paper was titled "The New Mental Battlefield: Beam Me Up, Spock."

But the subsequent paper co-authored by Vallely went way beyond ESP and the other paranormal techniques advocated by Alexander: "Strategic MindWar must begin the moment war is considered to be inevitable," the document stated. "It must seek out the attention of the enemy nation through every available medium, and it must strike at the nation's potential soldiers *before* they put on their uniforms. It is in their homes and their communities that they are most vulnerable to MindWar....

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Latest From LaRouche

LAROCHE INTERVIEW ON NEW YORK CITY RADIO

Lyndon LaRouche taped a half-hour interview with on Aug. 18 with Carlos Russell of WLIB radio station (1190 AM). Russell's magazine format program, "Thinking It Through," aired on Aug. 19 at midnight-2 a.m. Based in New York City, WLIB became the first city's black-owned station, when it was bought by Percy Sutton in 1972; it has a listenership of over 300,000 in the greater New York area, including adjacent New Jersey counties and Connecticut.

CARLOS RUSSELL: ...As most Americans are aware, we are living in tumultuous times: times of trepidation and of fear; times where the American republic and Democratic principles upon which it was established appear to be teetering, pushed

by the contradictory winds of grandiose rhetoric, encapsulated in illusory *pronunciamientos*; and the reality of unjust war, visions of empire, the loss of civil liberties, an escalating deficit and other economic woes, plus a loss of prestige and respect.

This morning, I've invited an extraordinary analytical observer of the American republic, to share a few moments with us, and to offer you the benefits of his many years of analyzing and forecasting the behavior of the American economy and the nation: Lyndon H. LaRouche, Jr. is a well-known defender of justice and civil rights that emerged throughout the 1970s and 1980s to rank among the most controversial international political figures of our time. Mr. LaRouche is an internationally known economist, author, and statesman. He's the architect of an emerging new economic order on the planet, modeled on the Bretton Woods system developed by former President Franklin Roosevelt at the end of the World War II. In recent years, he has spoken in over 20 European, African, Asian, and Middle Eastern nations, on the need to reform the current free-trade system and return to the policies of Roosevelt. His domestic program for the United States is modeled on the Roosevelt New Deal, and entitled "A Super-TVA." The original Tennessee Valley Authority served the state of Alabama well during the middle of the 20th Century. He has authored over two dozen books. Steeped in the tradition of civil rights, Mr. LaRouche has also been involved in numerous battles in the United States, to address the needs of the "forgotten man and woman." Mr. LaRouche has run eight times for the Presidency of the United States.

We are certain that his insightful and provocative perspective will serve to help us all, to think through those issues that continue to affect and afflict us, as they taunt and haunt us. In a moment, my conversation with Mr. Lyndon H. LaRouche, Jr.

RUSSELL: Good morning, Mr. LaRouche.

LYNDON LAROCHE: Good morning.

RUSSELL: Thank you so much for agreeing to share your views with us on "Thinking It Through." In my introduction, and as a part of a background, I mentioned that you have been a controversial figure. Could you kindly explain to our audience the essence of the controversy, and what it means?

LAROCHE: Well, it probably is, that after Roosevelt died, rather immediately, Truman, who was a stooge in a sense for Winston Churchill, took a right-wing turn and committed the United States to a policy of what is called "preventive nuclear warfare." We went through a terrible period of right-wing terrorism, until Eisenhower became President, not to the credit of Truman, but the fact that it didn't go that way for him. So, he was induced to resign, and retire, and Eisenhower saved us from the worst, but he didn't solve all the problems.

At the end of Eisenhower's term, he warned the American people and others, that there was, in the United States, a phenomenon called a "military-industrial complex" and these people were trying to lead us into wars. Shortly after Eisenhower's termination of his second term, this broke out with the Bay of Pigs, it broke out with other things, and ever since that time, we've been, in one way or another, increasingly under the control of a right-wing, so-called, force which has actually affinities with the old Nazi apparatus.

People know it in the Americas, because, Nazis from Europe were brought in through Spain into the Americas, with the endorsement of people like Allen Dulles, who were responsible for the Pinochet government in Chile, and for the Operation Condor, for the death squads in Central America and so forth. So, we're still at that.

We're now at the point of a threat to civilization from the same kind of right-wing characters who are grouped around Bush, the President—President Bush—and also, more emphatically, Cheney.

That's where we are. And we're now trying to prevent the world from going into a nightmare. I don't know if we can succeed—but, I'm doing what I can in that direction, and I have the hope that we win.

RUSSELL: Okay—let me say this, sir. One of the things we try to do, is to make it a conversation, rather than a simple question and answer. I will ask a question and you can take it where you want to, and we will move. Because I think that way, we are able to give a greater span of your thoughts.

LAROUCHE: Yeah, right. Okay, good.

RUSSELL: You have been credited with being the architect of an emerging new economic order. May I ask, what is that new economic order, and how, if it does, differ from the old economic order, and the "new economic order" of those who are supportive of President Bush?

LAROUCHE: Well, since the beginning of modern European civilization, there's been a struggle between two tendencies: One which came out of the 15th-Century Renaissance, which was for society based on respect for the interest of the average individual—that is, the general welfare, the common good of humanity. On the opposite side, we've had the repressive measures, which have tried to preserve the old order, sort of a feudal order. And that struggle has gone on. We've had wars and so forth.

And we reached the point, with nuclear weapons and other things, that we can no longer tolerate the kinds of repressive actions, which we've been subjected in past years. We've now come to the point, that either nations, which are sovereign nations, cooperate in common interest for the common good of humanity, or civilization will go into a Dark Age.

Now, that's where I stand.

RUSSELL: But then, how does your new order function, pragmatically, differently, from the old order? What are some of the principles that are encapsulated in your approach to addressing the issues that impact on mankind?

LAROUCHE: Well, what Franklin Roosevelt intended to do at the end of the war, had he not died, and what I intend to do, are not dissimilar. They're very closely related. Roosevelt was for the elimination of colonialism, and for programs of development among nations, using the power the United States had accumulated during the 1930s, and during the war, to create that kind of a new world order, where there's no more colonialism, in which nations were being promoted by the influence of the United States. That's where I stand today.

The opponents of Roosevelt have moved the world in a different direction. We're now coming to the end of the ability to tolerate that trend. My particular approach is simply to go back to that kind of approach that Franklin Roosevelt represented—not that that limits what I think, but I think that is the platform on which I can mobilize the American people and others, for a common-interest effort for a just, new world economic order.

RUSSELL: Yes, I agree. But, what would it include specifically, so one says to someone who's listening to you, "These are the basic plans"?

LAROUCHE: Well, let's take the case of what I did in 1982. In 1982, we had the British, with some support from people in the United States, ran the Malvinas War against Argentina. In the same year, they moved to crush Mexico, with a crushing operation against an outgoing President, López Portillo, the President of Mexico. I stood with that group. And I stand with it today.

In the Americas, we have a ruin of the Americas relative to what they were in the immediate post-war period, since the beginning of 1971-72. The Americas are being destroyed today. Concretely, the United States has to ally itself with the interests of the sovereign states of the Americas. We have to rebuild. We have to rebuild around the kind of ideas that López Portillo, as President of Mexico, presented in October of 1982, to the United Nations: And I'm working for that, now. And that, essentially, is typical of what I think we have to do internationally.

RUSSELL: Mr. LaRouche, one of the things that is helpful to our listening audience, is that, while you are very knowledgeable and use language and historical references, oftentimes, some of our listening audience may not be aware or cognizant of what they are. So, I would like perhaps to ask that, if I were to say, for example, "what were some of the elements of López Portillo's address to the UN," that you—if you could—make that clear so the audience are on the same page with you. Am I clear?

LAROUCHE: Oh, sure. Absolutely.

Well, in April and May of 1982, I was mobilizing to prevent the United States from supporting Britain in an attack on Argentina.

RUSSELL: Yeah, the Malvinas.

LAROUCHE: Yeah, the Malvinas War issue. So, in that period, I went down to Mexico and in that period, I met with the President of Mexico, López Portillo—who was known to me, and who knew me. And the President of Mexico said to me, in our meeting, which was about an hour in length, at Los Pinos, he said, "What are they going to do to my country?" And I said, "They intend, by September, to destroy your country." And so, from that meeting, I acted, with a number of people from the Americas, to draft a program which I took responsibility for, which was called *Operation Juárez*—

RUSSELL: "Operation Juárez"?

LAROUCHE: Yes. To establish a pact, proposed with the United States, hoping to influence the Reagan Administration to support that: for a new perspective for the Americas, which was consistent with what Franklin Roosevelt had stood for with the Treaty of Rio and so forth, before then.

We agreed on that. The crisis came at the point I expected, in August. President López Portillo acted as he and I and others agreed. We moved. We were crushed, by Henry Kissinger and others at that time.

I laid out a program in the meantime, which was called *Operation Juárez*, which is a program for reorganizing the relations in the states of the Americas—which is still my program today, which is what we need today. López Portillo, already defeated in effect, went to the United Nations, and gave an address which is historic and is worth hearing today—it's still available in terms of their video recordings of that address—in which he laid forth his program: He was defeated. But the program which he set forth, in that address to the United Nations, and what I set forth in this paper, *Operation Juárez*—

RUSSELL: But what was the essence of the program, sir? You were saying you laid out the program, but what was the program?

LAROUCHE: Well, first of all, I recognized the fact that the debts which had been accumulated by the countries of Ibero-America since 1971-72, were totally unjust. They did not represent the actual obligations of the states of the Americas.

What I proposed is, we reorganize the debt, and create a monetary union in the states of the Americas, which would be a pro-growth program for long-term investments in basic economic infrastructure, and promotion of trade and cooperation. This is what we did in the case of Mexico. President López Portillo moved in August and September, for measures of, nationalize the national banking system, and to mobilize credit for the development of the country. That's what we proposed. It's still viable today. We could—

RUSSELL: And those views are the essence of your new economic order. Is that what you're saying?

LAROUCHE: Exactly. In terms of the Americas. That's my program for the Americas.

RUSSELL: Okay, now, let me ask you this, then—a slight segue: What is your view of the current crisis, in the Middle East for example, and the so-called "War on Terror"? And America's apparent quest for an American empire?

LAROUCHE: Well, the empire is actually an Anglo-American empire, it's not an American empire, it's not U.S.: Tony Blair is much more important in this, in the sense of the ideas of the empire, than, say President Bush, or Dick Cheney, who, in a sense, is Bush's controller.

These guys are Nazis—that's the only term to describe them. That's the only thing that they fit.

RUSSELL: How do you use that? You say "Nazis"? Again, for the audience.

LAROUCHE: I mean, first of all, the Nazi system was brought into power by a group of bankers, starting in the 1920s. It was called the Synarchist International. They're infamous in Mexico, because the Synarchists of Mexico are infamous in terms of the history of Mexico.

All right: This group put Mussolini into power, Hitler into power, Franco into power, organized World War II. This crowd never was removed from power. Roosevelt died; Truman was sympathetic to them; Churchill was sympathetic to them. So, in the post-war period, we had a re-colonization process, which has now come to the point that the same people who put Hitler into power back then, in the 1930s, are trying to build an empire, an Anglo-American empire today. And I'm trying to prevent that from happening! And it gets rather nasty at this point.

RUSSELL: But now: How does the Middle East crisis and the alleged "war on terror" fit within that schemata?

LAROUCHE: Well, the Middle East crisis is organized as a way of actually establishing a world empire. For example, we saw what happened in Iraq. Cheney, who had been committed to the war in Iraq. from the time he was Secretary of Defense under George Bush I, "41"; came into power with George Bush II. And from the day they entered office in January of 2001, he was committed to this entire program: of a war against Iraq; war against Iran; a general international Nazi-like system. And that's what's going on today.

So, we have a threat of wars, whose intent is to establish an Anglo-American world empire—not a U.S. world empire—an Anglo-American world empire, in which Prime Minister Tony Blair is fully complicit.

RUSSELL: Now, you place Tony Blair as an integral part of those who are striving for the Anglo-American empire. Yet, here, we see with the neo-conservatives—Karl Rove, Rumsfeld, etc.—have been the ones who have been pushing much more so, for a New American Century, than Tony Blair.

LAROCHE: Oh no, Tony Blair is much more for it, than any of these—the British crowd is much more significant in this, than the U.S. crowd. The United States is, as an individual nation-state, is more powerful in the world than the British United Kingdom. But the ideas, in terms of ideas, the Blair Administration is at a higher rank and a controlling rank, relative to the Bush Administration.

RUSSELL: You describe the Middle East and the war on terror, as an integral part of the quest for the Anglo-American empire.

LAROCHE: Yes, right.

RUSSELL: How can one extricate themselves from that apparent direction into destruction?

LAROCHE: Well, I'm moving for operations in the United States and elsewhere, which take the power out of the hands of these characters. If we don't do that, we're going to have Hell on this planet. The world is now faced with the greatest financial crisis in history. If we don't do certain things that are needed to be done, we're going to be in a Dark Age.

RUSSELL: Such as? What needs to be done?

LAROCHE: Well, what we need to do, is simply put the world into bankruptcy reorganization; convert so-called central banks, independent central banks into national banking systems as the United States was founded to be; reorganize the International Monetary Fund and put it back under a Bretton Woods type of system, which Roosevelt initially installed; do it as a cooperation among nations, rather than a U.S.-backed or -controlled operation; set forth a series of long-term 25-year, 50-year programs of infrastructure-building and development, internationally, as international cooperation; create masses of credit, as Roosevelt did, but masses of credit for this rebuilding program; and try, in a period of two generations, that is, 50 years, to pull this planet out of the bankrupt system into a system that begins to work again.

RUSSELL: Now you said, follow the Bretton Woods approach that Roosevelt used. Now, that was 61 years ago or more, and I'm not certain that many of our listeners are clear as to what that approach was. Could you kindly describe what that was?

LAROCHE: Yes. The point is, what Roosevelt set up, on the basis of U.S. power, through the Bretton Woods agreement of 1944-45-46, was to set up a fixed-exchange-rate system, under which the essential relative value of currencies was fixed, in order to promote a system of long-term, low-interest-rate loans for rebuilding the world economy; including the liberation of nations which had been colonial or semi-colonial nations into truly independent status, and to assist them in building up their infrastructure and their industry over a period of a generation or two, to become fully equal partners in a world system which was free of colonialism and semi-colonialism.

That was Roosevelt's policy. That was stopped by Churchill. It was stopped by Truman. It was stopped by the right-wing which has tended to dominate the international monetary system today. For the first 20 years after Roosevelt, we continued to operate on the basis of Roosevelt's Bretton Woods system, which is that system. With the middle of the 1960s, we began to move in a new direction, and under actually Nixon, and Kissinger, and company, in the 1970s, we moved to a floating-exchange-rate system, which put the power over the international system, back in the hands of the international private bankers. And they have been looting the world ever since.

We've also destroyed our economies, in various countries, so that the United States for example, is no longer a producer nation. We are a consumer nation. We are hopelessly in debt. The European countries are approaching a similar condition. We are living on sucking the blood of cheap labor in countries, as in South and Central America, and other countries.

We are now at the point that the whole system is bankrupt and coming down. And what we have to do, essentially, is go back to the Roosevelt idea, of a fixed-exchange-rate system—that is, the currency values are fixed over the long term—using low-interest loans on long term, for long-term investment in basic economic infrastructure, and promoting growth in all nations of the world, over a period of 25 to 50 years to come.

RUSSELL: Okay, you said, that one needs to help in the development of the developing countries. Now, what would be some of the elements, aside from the low-interest rate that you talk about, as part of the developing countries—what would be some of the other elements? And how does CAFTA, this so-called new CAFTA, fit within that concept?

LAROUCHE: Well, CAFTA is a program for looting and sucking the blood of the people of Central America. And, it doesn't do any good for the United States, either. So, I would say, I would kill CAFTA. And give back to the nations of that region, the right for protectionist programs to insist on the opportunity for developing their economy, rather than selling their cheap labor as slave labor on the international market. Because, what CAFTA is, is: "Give me your people, as cheap labor, and I will sell their bodies and their labor on the world market." That must be stopped.

What we have to do, is, look at firstly, all the infrastructure of the Americas: Now, take the Mexican border, the northern Mexican border. There is no rail line from the Mexican border to Mexico City! What kind of a country is that? Mexico has had, for years, plans for the development of the coastal water distribution system, which would develop the PLHINO [Northwest Hydraulic Plan—ed.] in similar areas in Mexico. What happened to it? It's not there. The Mexican population, industry, and sovereignty has been destroyed, since López Portillo left office in 1982.

All right, so therefore, you start, from the United States to Mexico, you say, "We have to cooperate with Mexico for the development of the *infrastructure* of Mexico, so that it becomes what it *can be* very quickly, or in terms of a generation, can become a major nation in the hemisphere." Mexico, for Ibero-America, is the symbol throughout the Americas, of what the American U.S. policy is toward the Americas as a whole. You have tremendous potential in Argentina; you have potential in Brazil—these are two major countries. You have potential in other countries.

A coalition of countries of the Americas, organized around not only their industrial and agricultural development, but their infrastructure development, can become a powerful force on this planet, in the coming 50 years.

RUSSELL: If I hear you correctly, then, in a sense, you're speaking about an integration of the infrastructure of many of the Latin American countries?

LAROUCHE: Absolutely. That's the primary responsibility.

RUSSELL: Now, if that is accurate, then how do you place in context, the emerging movement in Latin America, where Venezuela, for example, Brazil, and I think it's Uruguay, are moving to come together to address the issues that impact on the poor and the marginalized in that region, but finding opposition of their approach by the United States?

LAROUCHE: Well, just take the case of Mercosur, because Mercosur is being attacked now from the United States, in terms of the attack upon Lula, the President of Brazil.

Mercosur is not a solution for the problems, but it is an example of the cooperation which is *a step toward* the solution. For example, Kirchner's Argentina is part of Mercosur. Peru is not, though it wanted to become that earlier. You have cooperation among Colombia, Venezuela, and Brazil, which is very useful. If these countries begin to cooperate with one another, with powerhouse countries—and Brazil is a powerhouse country, potentially; Argentina has, still, the potential of

being a powerhouse country—you can develop in the hemisphere, you could develop very rapidly, a program of development, using even *largely* resources which exist in these countries, which would be developed.

But, what they *need*: They need independence from interference from the outside with these kinds of measures of cooperation. So, what the Prime Minister of Spain did, in going to negotiate with Venezuela, with Colombia, with Brazil, as it intersected the Mercosur policy, is an *excellent* step forward. It is not a solution for the problem, but it is a step *toward* the solution for the problem.

RUSSELL: As a final question, sir: For many of us, here in the United States, racism is systemic to the body politic. Would you agree with that concept? And if you do, what would you suggest, as a mechanism or an instrument, for the ultimate eradication of racism from the fabric of the American (quote/unquote) "republic"?

LAROCHE: Well, racism has two sources. Both of them come from, I regret to say, Spain. Because at the time of 1492, at the time that the Americas were rediscovered by Christopher Columbus, there was a contrary effort, which was the Inquisition. And the Inquisitional influence was negative. Two things were happening: Spain and Portugal adopted a policy which said that the people of Africa were not human. They're only animals who were fit to be slaves. And in the same way, in the indigenous populations of the Americas, Spain and others looked at the indigenous populations, such as the large indigenous population of Peru and Mexico, as peons, and said they are not truly human, they are only semi-human.

And the policies of racism in the United States, and in the Americas, are typified as a continuation of these policies: of saying that people of African origin and Hispanic origin—as peons, in the latter case—are inferior. And that is the kind of racism, which we experience in the United States, and throughout the hemisphere.

If we understand the historic roots of this thing, and its essential immorality, any development program which concentrates on the idea of uplifting the condition of life of the typical family and their family members, is a solution for this. We simply have to have a *moral commitment* to the idea that the legacy of what was done to the Africans who were brought into the Americas, and what was done to the indigenous population of the Americas, as in the case of the Mexico population and so forth who were treated as peons, that this must come to an end, and justice and equality must be established.

And that's a practical economic policy. If we do the practical economic policy, of promoting the development of the families, this problem will go away.

RUSSELL: What is your prognosis for the future?

LAROCHE: My prognosis is, to fight to win. Period. If we don't win, the condition of humanity is horrible. Therefore, we have to fight to win, without reservation.

RUSSELL: Thank you so much, Mr. LaRouche, for sharing this brief moment with us. Perhaps in the future, we can find a way to go deeper into some of the specifics of your new economic order. I think my audience's appetite has been whetted with what you have just suggested this morning. Thank you very much.

LAROCHE: Well, thank you.

RUSSELL: Peace.

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Feature:

Cheney's 'Spoon-Benders' Pushing Nuclear Armageddon

by Jeffrey Steinberg

Sometime in late 1980, then-Col. Paul E. Vallely, the Commander of the 7th Psychological Operations Group, United States Army Reserve, Presidio of San Francisco, Calif., coauthored a discussion paper, which received wide and controversial attention within the U.S. military, particularly within the Special Operations community. The paper was titled 'From PSYOP to MindWar: The Psychology of Victory,' and it presented a Nietzschean scheme for waging perpetual psychological warfare against friend and enemy populations alike, and even against the American people.

Abu Ghraib, Satanists, And Spoon-Benders

by Edward Spannaus

In a legal battle currently raging in Federal court in New York, the Pentagon is desperately trying to block the release of more photos and videotapes of prisoner abuse and torture at Abu Ghraib. At issue, in the lawsuit brought by the American Civil Liberties Union (ACLU), Physicians for Human Rights, Veterans for Common Sense, and others, are 87 photographs and four videotapes, which are reported to contain images of rape, sodomy, and other conduct far more horrendous even than that which has been disclosed so far.

Interview: Gen. Paul Vallely (ret.)

'We've Got To Bring the Hammer Down on Iran'

Retired Army general Vallely is currently the head of the Military Committee of Frank Gaffney's Center for Security Policy and a member of the Iran Policy Committee, a gaggle of neo-conservatives formed to promote war and rebellion in Iran. He was interviewed by telephone on Aug. 15 by **Bill Jones**. In an earlier conversation, Vallely had told Jones that he knew that Osama bin Laden was in Iran, and that Ken Timmerman (author of *Countdown to Crisis: The Coming Nuclear Showdown with Iran*), had learned from Iranian dissidents in Europe that Iran already had nuclear weapons. 'All roads lead to Tehran,' Vallely said.

LaRouche on Lebanese TV Cheney Wants War Against Iran Now

Lyndon LaRouche gave a live interview to the Lebanese television station NewTV SAT's talk show program 'Bila Rakib,' hosted by Maria Maalouf, on Aug. 17, 2005. NewTV Sat's website describes 'Bila Rakib' as 'an inclusive live talk show that discusses international political as well as panArab issues' and 'debates the most important political, social, and educational subjects that concern Lebanese and Arab viewers.'

Satanic Subversion Of the U.S. Military

by Jeffrey Steinberg

Reprinted from EIR, July 2, 1999.

On Feb. 5, 1999, in U.S. District Court in Lincoln, Nebraska, an extraordinary hearing occurred in *Paul A. Bonacci v. Lawrence E. King*, a civil action in which the plaintiff charged that he had been ritualistically abused by the defendant, as part of a nationwide pedophile ring linked to powerful political figures in Washington and to elements of the U.S. military and intelligence establishment. Three weeks later, on Feb. 27, Judge Warren K. Urbom ordered King, who is currently in Federal prison, to pay \$1 million in damages to Bonacci, in what Bonacci's attorney John DeCamp said was a clear signal that 'the evidence presented was credible.'

International:

LaRouche Drive Spreads Against Cheney's Iran War

by Muriel Mirak-Weissbach

If Vice President Dick Cheney's planned war against Iran is stopped, it will be as a result of the worldwide mobilization launched by U.S. Democratic leader Lyndon LaRouche. His July 27 release, on the 'Cheney's 'Guns of August' Threaten the World,' was the opening salvo in a series of interventions by LaRouche, his wife, Helga Zepp-LaRouche, who is a candidate for Chancellor of the Civil Rights Solidarity (BüSo) Party in the upcoming German elections, and his movement and supporters throughout the world. By now, the release has been translated into most major languages, and has become one of the most widely discussed documents among leading circles around the world today.

Helga Zepp-LaRouche Statement

No New War Against Iran! Withdraw From Afghanistan!

On Aug. 12, Helga Zepp-LaRouche, the Chancellor candidate of Germany's Civil Rights Movement Solidarity (BüSo) party issued this statement, which is also being circulated as a mass leaflet. The full title is 'A New War Against Iran? Immediate Orderly Withdrawal of the German Army From Afghanistan!'

Cheney's Paraguay Caper Is Intended To Produce 'A Splendid Little War'

by Dennis Small

U.S. Secretary of Defense Donald Rumsfeld arrived in Paraguay on Aug. 16, with the principal mission of putting the final touches on Vice President Dick Cheney's scheme of establishing a U.S. military base in that country, in the heart of South America. The proper response to that development, advised U.S. statesman Lyndon LaRouche, is to issue the following urgent security advisory across South America: Redouble the guards at the cemeteries and the morgues, and put a special watch on all university anatomy classes. Those psychopathic policy twins, Cheney and Rumsfeld, the 'Burke and Hare' of Washington, D.C., are on the loose in South America.

Iraq Is About to Get A Political Deal

by Hussein Askary

'For the lack of horses, they put saddles on dogs.'

—Iraqi saying

Although scouts can be helpful sometimes, you do not entrust them with such an important mission as running a major hospital, where there are a great number of seriously ill people and complicated operations to carry out. Likewise, with the mission of drafting a new constitution for Iraq: A gaggle of former guerrilla leaders, theology juniors, and 'five-star-hotel' exiles from London were told to draft the constitution. Ontop of that, they had a miserable U.S. Ambassador blowing hot air down their necks, day in and day out. This Ambassador's latest great achievement is helping create one of the most spectacularly failed states in this century: the Afghanistan which this year became the source of 90% of the world's opium.

Japan in Chaos Over Privatization Effort

by Kathy Wolfe

Japan's Prime Minister Junichiro Koizumi on Aug. 8 called elections for Sept. 11, after the Diet (parliament) rejected his 'postal privatization,' a set of bills similar to George Bush's Social Security deregulation. Koizumi's plan, written by the International Monetary Fund (IMF) and referred to by critics as 'surgery without anesthesia,' would privatize \$4 trillion in postal savings. This would put a chunk of Japan's \$14 trillion in savings within reach of Goldman Sachs, Citibank, and Fed Chairman Alan Greenspan, who want it to bail out their global debt.

Two Koreas: 'Silk Road And Sunshine,' Not War

by Kathy Wolfe

The Six-Power Talks on North Korea's nuclear crisis, which recessed in Beijing Aug. 8 to resume Aug. 29, were 'inconclusive,' because the American side continued Dick Cheney's deliberate 'deal-breaker' demands, a South Korean diplomat told EIR. U.S. negotiator Christopher Hill, he said, is 'charming,' but so far, he has only repeated Cheney's demands that North Korea unilaterally disarm before receiving any security guarantee; give up all nuclear programs, including electric power plants; and 'surrender up' a uranium enrichment program which Pyongyang says does not exist.

Jewish Fundamentalism's 'Errant Weeds' Threaten Israel and Palestine

by Michele Steinberg and Neil Martin

...Kahane's movement has been banned in Israel for years because of its terrorist belief structure and actions. The U.S. affiliates, Jewish Defense League, Kach, and Kahane Chai, have been on a State Department terrorist list for more than a decade, and are banned from raising funds. But its members travel with ease between the United States and Israel, are able to maintain armed camps in Israel, and even run entire settlements on the West Bank. They are 'above the law,' and enjoy flows of money from the United States.

Netanyahu As Israel's Generalissimo Franco

by Dean Andromidas

Finance Minister Benjamin 'Bibi' Netanyahu's Aug. 7 resignation from the Cabinet of Israeli Prime Minister Ariel Sharon, indicates that his intention is to topple Sharon's government, which, according to Israeli sources, he would carry out by leading a fascist movement in the tradition of the Falange of Spanish dictator Generalissimo Francisco Franco and the Fascist Benito Mussolini.

Investigation:

Was There a Foreign Hand In the Moro Assassination?

An Interview With Giovanni Galloni

Hon. Giovanni Galloni participated in the Resistance movement against Nazism and Fascism during World War II, and became a leader of the majority party of the Italian postwar period, the Christian Democracy (DC). He was a very close collaborator of former Italian Prime Minister and DC leader, Aldo Moro, who was kidnapped on March 16, 1978 and eventually assassinated. Galloni is a jurist and university professor, specializing in juridical aspects of agriculture-related issues. He was a Member of Parliament; Minister of Education in the centerleft governments of 1987-89; and editor of the DC's daily newspaper, Il Popolo, in 1984-85. In 1991, he was appointed president of the state institution that supervises the entire Italian legal and magistracy system. EIR published an interview with him on Dec 12, 2003, titled 'The Theory of Preventive Wars Has Always Been Groundless.' 'Paoli Raimondi conducted this interview, which has been translated from Italian.

The Bologna Bombing 'Strategy of Tension' 25 Years Ago, and Now

by Claudio Celani

Twenty-five years ago, on Aug. 2, 1980, a bomb went off in the Bologna central train station, provoking the largest massacre of innocent civilians in the history of Italian postwar terrorism. Along with terror incidents in Piazza Fontana (1969), Brescia, and the Italicus train (1974), Bologna has become the symbol of the so-called 'Strategy of Tension'— the use of blind terrorism to create conditions for a reactionary shift in the government.

- **A Profile of Gelli And the P-2 Lodge**

We reprint here an excerpt from 'Gelli 'Comeback' Exposes Synarchists, But Threatens To Destabilize Italy,' in EIR Oct. 17, 2003.

Economics:

'Neurotic' Scheme for 'Lighter' Euro Targets Italy

by Claudio Celani

While the agony of the European Monetary Union is becoming more and more visible, some factions in the European elite are playing with the idea of trying to prolong the life of the doomed euro by making it 'lighter.' That is, they would reduce the monetary union to a core group composed of Germany, France, Luxembourg, and a few smaller countries, excluding other major EMU members, notably Italy. Such a 'core-euro' would keep Germany on a leash, which was the real purpose of the euro in the first place.

Got Drought? Tend Man's Garden

by Franklin Bell

Is the multi-year drought across the American West and northern Mexico, spreading east? More than the primary U.S. water transport systems and

the Corn Belt are under attack. What's the solution?

White House Hand Is Behind Labor's Troubles

by Anita Gallagher

The AFL-CIO's recent divisions, attributed to differences among member unions in organizing strategy, should instead be laid at the feet of those who run the George W. Bush Administration, who pre-planned an unparalleled assault on the labor constituency of the Democratic Party after November 2000. They 'hit the ground running' to implement it within Bush's first 50 days.

Cheney's Energy Act Will Warren Buffett Be The New Samuel Insull?

by Paul Gallagher

When George W. Bush signed the new energy bill in an Albuquerque ceremony on Aug. 8, Omaha-based mega-billionaire Warren Buffett could take the most direct credit for the legislation's worst mistake: repeal of the 1935 Public Utilities Holding Company Act (PUHCA). Buffett, advisor and political controller of Gov. Arnold Schwarzenegger, and a mover of the disastrous California 'electricity deregulation' fiasco of 2000-01, had repeatedly told Congressional committees since then, that he had \$10 billion he would invest in electric utility infrastructure as soon as Congress repealed PUHCA. The so-called super-investor and 'sage of Omaha' personally lobbied all the western states' governors on that idea, and his flunky George Sokol, CEO of the MidAmerican Energy Holdings subsidiary of Buffett's Berkshire Hathaway Corp., lobbied former Congressman Billy Tauzin of Louisiana to first put PUHCA repeal in the House version of what's now the new energy act.

National:

Abramoff Indictment Makes Bush Regime a Fat Target

by Anton Chaitkin

Following a Federal indictment by the Florida U.S. Attorney on Aug. 11, the FBI arrested and jailed lobbyist Jack Abramoff, the financial godfather for House Majority Leader Tom DeLay (R-Tex.). Now released on bail, Abramoff will face trial for fraud and conspiracy in the takeover and looting of the Florida-based SunCruz gambling casino cruise-ship line. SunCruz's former owner Gus Boulis was murdered in a mobstyle killing on Feb. 6, 2001.

Is Rumsfeld Plan To Close Bases Crumbling?

by Carl Osgood

As the date for the Defense Base Closure and Realignment Commission's (BRAC) final deliberations comes closer, almost every day sees the emergence of more evidence suggesting that Secretary of Defense Donald Rumsfeld's base closing plan is in trouble. One such signal appeared in the Aug. 14 edition of the New York Times, which reported that eight of the nine members of the BRAC Commission were questioning the Pentagon's savings estimate of \$50 billion over 20 years. Most of the commission members interviewed by the Times said they agreed with a Government Accountability Office report which concluded that nearly half of the Pentagon's projected cost savings came from cuts in military jobs that would not actually be cut, but rather, relocated to other installations.

Keep Air Force Institute in Ohio!

by Judy DeMarco

'The evidence clearly illustrates that keeping AFIT open and operational at Wright-Patterson Air Force Base is the best alternative for the Air Force, the Department of Defense, and certainly the taxpayer.'

—Ohio Sen. Mike Dewine

'Moving AFIT out of the Dayton community would destroy the unique opportunities AFIT students now have to learn from and work with leaders in the Air Force, scientific, and procurement communities, with no conceivable offsetting gain in educational value.'

—Former Air Force Secretary F. Whitten Peters.

U.S. Economic/Financial News

Wall Street Firms Probed for Hedge-Fund Shenanigans

The National Association of Securities Dealers is investigating Wall Street firms for the sale of hedge-fund products to retail investors, the *Wall Street Journal* reported Aug. 18. In a letter sent out in June to large brokerage firms such as Citigroup, Merrill Lynch, and UBS, the NASD is asking for details on sales of hedge-fund products to retail investors who may be blind to the real risks of this kind of investment. The NASD has been fairly aggressive over the years with respect to the way member firms sell hedge funds. In the past, the traditional level of investment into a hedge fund was a minimum of \$100,000, but with brokerages selling hedge funds across their client base, now the minimum investment could be \$10,000, and it is this smaller investor that the NASD is most concerned about.

Record Number New Cayman Island Hedge Funds

Despite an overall slowdown in the inflow of capital to hedge funds, the Cayman Islands saw a 13% increase in number of new hedge funds at the end of the first six months of this year, up from the record-setting second half of 2004, according to Business Wire Aug. 17. More than 80% of world's hedge funds are registered with Cayman Islands Monetary Authority, which reported that during the first half of 2005 the total number of registered funds grew from 5,932 to 6,527. [344ajt001]

Buyers Use Exotic Means To Purchase Homes

During the past 18 months, the median price of a home nationwide has jumped to \$225,000, an increase of 20%, Casey Research reported Aug. 17. Since many people cannot afford to buy these homes using traditional financing methods, they are increasingly resorting to risky methods:

* During first four months in 2005, "investors" (i.e., speculators) accounted for 9.9% of new home mortgages, and another 7.2% of new home mortgages went for second homes, for a total of 17.1 %. The comparable rates for these two items in 2001, were 6.2% and 2.2%, respectively.

* During 2004, in California, an astounding 60% of homes were purchased with either "interest-only" or "negative amortization" mortgages.

* During the first half of 2005, nationwide, 48% of home-buyers used piggy-back mortgages (up sharply from 19% in 2001), in which the home purchaser takes out not one, but two mortgages.

Median Home Prices Rise 13.6%

The median price of homes rose in 149 U.S. metropolitan areas, according to the National Association of Realtors. "Sixty-seven of the 149 metropolitan areas surveyed by the NAR posted double-digit increases in median home prices from the second quarter of 2004 to the second quarter of 2005," *USA Today* said Aug. 16. The median price for a home in a city in the U.S. this year was \$208,500, up 13.6% from last year. The Phoenix area, whose homes posted the largest gain, increased by 47%.

10 Million Live on Social Security Alone

Of the 48 million people who receive Social Security benefits, 22%, or 10.6 million, live only on their monthly check, according to the Social Security Administration. The average annual Social Security benefit is \$11,460. Sixty-seven percent of those older than 65 get more than half of their income from Social Security; 80% of African-Americans, 76% of Hispanics, and 75% of unmarried women older than 65, get more than half of their income from Social Security.

So. Carolina Plan To Cut Medicaid Withdrawn Under Fire

Proponents of South Carolina's plan to radically cut back Medicaid, hailed as a national model, had to retreat in the face of overwhelming opposition, according to thestate.com Aug. 18. State Health and Human Services Director Robbie Kerr told 30 members of the state legislature, that the state will submit a reworked plan to the Federal government in the face of determined opposition to the current proposal which would put the state's 850,000 Medicaid recipients on a capped "personal account" system. While Kerr did not provide details of the revised proposal, he did make it clear that provisions which would cut benefits to children—which have been a lightning rod for criticism—would be eliminated. Kerr continued to insist that he will press for reform of the state's Medicaid system, and is aiming at approval before the end of the year.

DOE: Northeast Blackout Caused by Deregulation

In a report to be released by the Department of Energy on Aug. 24, three experts on electric power systems conclude that it was the deregulation of the electric-power industry that caused the Aug. 14, 2003 blackout, leaving 50 million people in the Northeast in the dark. This is the first place, outside of LaRouche-affiliated publications, that this has been asserted.

The authors criticize the previous reports of the U.S./Canadian Task Force that investigated the blackout for dealing with the symptoms while ignoring the disease. The core issue, was an "almost fundamentalist reliance on markets to solve even the most scientifically complex problems." Emphasis on markets shifted the focus from reliability to short-term profits of companies like Enron, they say.

In another point often cited by LaRouche, the engineers note that "technical qualifications" don't count for much for "those holding management positions" in the industry or among government policy-makers today. Since the root cause—deregulation—hasn't been addressed, they conclude, the risk of a massive blackout is no lower today than it was two years ago. The new energy bill makes the situation worse. (The day after the bill repealed the Public Utility Holding Company Act, the General Accountability Office released a report saying it should be more strictly enforced!).

New Report: Public Hospitals an Endangered Species

The ongoing takedown of our nation's fragile health-care infrastructure was highlighted in a new report released by the State University of New York Downstate Medical Center. Closing of public hospitals in large metropolitan areas, which continue to care for the uninsured and more seriously ill patients, the report warned, has disproportionately hit the lower 80% of family-income brackets.

"Public hospitals may become an endangered species," warned Dennis Andrulis, Ph.D., lead study author. "Not only are public hospitals disappearing from inner cities across the country; they are disappearing from the suburbs as well."

Among the study's key findings:

- * A staggering 27% of public hospitals were closed in major suburbs between 1996-2002, and 16% in major cities.

- * Urban public hospitals provided less inpatient and emergency care in 2002 than in 1996.

- * High poverty suburbs represented 44% of the total suburban population, but accounted for only 20% of total admissions, inpatient days, and outpatient and emergency visits in 2002. These suburbs exist disproportionately in California, Texas, and other areas in the South.

World Economic News

Extreme Turmoil in Hedge Funds Revealed

The data on foreign capital flows into the U.S., provided by the Treasury Department earlier this week, point to some extraordinary developments. The supposedly "good news," emphasized by the financial media, was that total net inflows in June reached \$71.2 billion, significantly more than in previous months. Allegedly, this proves strong foreign demand for U.S. assets. Actually, it shows something quite different. The monthly report by the Treasury Department, where total capital inflows are divided up into asset classes and countries, gives a first hint of what really was going on.

The first anomaly is the collapse in foreign net purchases of U.S. government bonds. After the "New Economy" crash, net purchases of Treasuries and agency bonds (that is, bonds issued by Fannie Mae and Freddie Mac) accounted for the largest portion of net capital flows into the U.S. But during June 2005, foreigners bought just \$7.9 billion of U.S. government bonds, a decline by 74% compared to the average for the first five months of the year (\$30.7 billion). The reason for this is not a sudden drop in Asian central bank purchases. Such purchases are no longer as strong as during the time of the huge Japanese currency interventions. But Asian countries still provided \$34.1 billion in net inflows to the U.S. in that month.

More important is the role of a group of certain islands, the so-called "offshore centers." If only the Caribbean Islands, the Bahamas, Bermuda, the Cayman Islands, the Netherland Antilles, as well as the Channel Islands and the Isle of Man, are taken into account here, then these combined offshore centers sold off a total of \$36.4 billion in U.S. government bonds and another \$12.8 billion in U.S. agency bonds. While the same offshore centers had bought a net \$132 billion of U.S. government bonds during the first quarter of 2005, they sold off a net \$44 billion during the second quarter, with most of such net sales occurring in June. These are not any kind of cyclical changes, driven by some changes in "supply and demand." These documented sales of U.S. government and agency bonds by offshore centers are the tip of the iceberg of huge emergency liquidations by a large number of hedge funds, often registered in offshore centers.

But how could foreign capital inflows into the U.S. be strong in June, when hedge funds at the same time were selling off Treasuries and agency bonds? This leads to another anomaly in the June capital flow figures. Never before in history, not even during the days of the "New Economy" hype of the late 1990s, had foreigners such a huge net amount of U.S. corporate bonds. The figure for June, \$52.2 billion, is the highest on record and exceeds the average for the first five months of 2005 (\$22.3 billion) by 134%.

Who was buying these corporate bonds, just after GM and Ford had been downgraded and the entire corporate bond market was in complete disarray? According to the Treasury Department data, more than half of all these net purchases of U.S. corporate bonds came from Britain (\$22.8 billion), the Channel Islands and Isle of Man (\$3.2 billion), and Ireland (\$2.5 billion). Another \$13.3 billion had been provided by the other above-mentioned offshore centers.

There can be probably only one conclusion. These purchases are a reflection of a giant international bail-out operation, with huge amounts of money being channeled, in part via the City of London, into hedge funds directly and the corporate bonds held by those funds.

Ontario Defends Pensions in Bankruptcy Case

The Ontario provincial government has followed the Canadian government, in refusing to allow the large national steel producer Stelco to emerge from bankruptcy, without making major contributions to its underfunded pension plans. In doing so, the Liberal government is acting as though its legislation, proposed June 4, which giving pension contributions

high priority in corporate bankruptcies (in contrast to the U.S. situation epitomized by United Airlines' massive pension default) were already in effect.

Ontario Finance Minister Gregory Sorbara on Aug. 16 ruled that the Stelco plan for emerging from bankruptcy is unacceptable, because of insufficient contribution to the steelworkers' pension plan. Stelco's first proposed plan had scheduled no contributions to the pension plans in the short term at all (they are underfunded, in total, by about \$1.3 billion/Canadian, according to Canadian government pension rules); that plan was rejected. The plan rejected yesterday, proposed a \$200 million/Canadian contribution (about \$141 million/U.S.). The government is insisting Stelco pay \$320 million/Canadian, about 25% of its pension underfunding deficit, as part of its reorganization.

Although the standard Wall Street argument against requiring pension payments of bankrupt companies, is that neither banks nor investor groups would lend money to a bankrupt which had to prioritize such payments, the Canadian case shows otherwise. Five steelworkers' locals have arranged a financing bid for Stelco by Tricap Management Ltd., which includes an immediate Canadian \$500 million contribution to the pension plans. Stelco has rejected this financing bid so far, under pressure from other bondholders.

In a parallel court case over the reorganization plan, the steelworkers'/retirees' locals are claiming the status of unsecured creditors to the bankruptcy, in the amount of Stelco's \$1.3 billion/Canadian underfunding of their plans. A court in Ottawa is about to rule on this.

United States News Digest

Satterfield Said To Be Involved in AIPAC Spy Case

The *New York Times* reported, on Aug. 18, that the second government official (USGO-2) involved in the Larry Franklin/AIPAC (American Israel Public Affairs Committee) indictment, is David M. Satterfield, now number two at the U.S. Embassy in Iraq. The *Times* attributes the information to "people who have been officially briefed on the case." The recent indictment alleges that USGO-2 met with defendant Steve Rosen in January 2002; later the same day, a memo containing classified information Rosen had obtained from USGO-2 was sent to AIPAC employees, and days later Rosen disclosed that classified information to a foreign national. The indictment says that Rosen and USGO-2 met again in March 2002 and discussed classified information regarding al-Qaeda, and over the next several days, Rosen disclosed the classified information to a fellow AIPAC employee and a person whom the indictment calls Foreign Official 2, who was assigned to an embassy in Washington.

Satterfield, a Middle East expert described as one of the State Department's "rising stars," was ambassador to Lebanon 1998-2001. He was confirmed by the Senate as Ambassador to Jordan in 2004. *Times* articles from 2001 and November 2002 describe Satterfield, as "a special United States envoy" and later a Deputy Assistant Secretary of State, presenting U.S. views including the Bush Administration's Middle East "Road Map," to the Israeli government. A February 2005 *Washington Post* article reported from Beirut that Satterfield "kept up Washington's pressure on Syria by calling on it to withdraw its 15,000 troops from Lebanon" following the Hariri assassination.

The *Times* says that Satterfield is not believed to be the subject of a continuing investigation, and that "Current and former colleagues praised Mr. Satterfield as a seasoned and careful diplomat." That assessment is somewhat undercut by the identities of those quoted: Dennis Ross, a former Clinton Mideast envoy and present employee of the neo-con Washington Institute for Near East Policy, and Satterfield's former boss in the Clinton-era National Security Council and State Department; Martin Indyk, now resident at the Brookings Institution, but previously associated with AIPAC.

Gov. Taft and the Ohio Workmen's Comp Scandal

The Republican Governor of Ohio, Robert Taft, pleaded no contest Aug. 18, to four misdemeanor charges of violating state ethics laws, for failure to report 52 separate incidents of gifts, amounting to about \$6,000. The case arose as part of the investigation of Tom Noe, Karl Rove's man in Ohio, who is under multiple Federal-state investigations. The gifts to Taft included three golf outings, for which Noe picked up the tab, in 2001, 2002, and 2003. Taft was sentenced to pay a \$4,000 fine.

The danger here, is that media sensationalism and narrow partisanship around the petty charges against Taft—a secondary player in the Ohio scandal—will swamp the larger, far more important matter of Tom Noe's role, under the direction of the Dick Cheney-Carl Rove machine, in the illegal financing of the massive voter suppression in Ohio in the 2004 Presidential election which handed the national election to Bush-Cheney.

There are three grand juries proceeding against Noe:

1. A Federal grand jury convened on June 1, has been investigating Noe on charges that he conduited several tens of thousands of dollars of funds illegally into the 2004 Bush-Cheney campaign.
2. A Lucas County, Ohio grand jury, convened Aug. 1, that is investigating Noe's "inability to account for" \$13 million out of \$50 million in Ohio Bureau of Workers' Compensation (BWC) funds entrusted to him to manage, and the broader loss of nearly \$300 million at the BWC; and,
3. A state grand jury, convened Aug. 3, that is probing the BWC's "emerging managers fund," where many of the most significant losses occurred.

Nuclear Institute Head Calls for 60 Nuclear Plants

Nuclear Energy Institute head, Adm. Skip Bowman (ret.), said that the industry's initial goal is to retain nuclear's 20% share of U.S. electricity production, which would mean building 60 new nuclear plants in the next 10 years, the *Washington Times* reported Aug. 15. There are currently 104 operating reactors, and the TVA's Browns Ferry unit, which has been shut since the mid-1980s, is the only plant currently scheduled to come on line. In May, Nuclear Regulatory Commission chair Nils Diaz said that the U.S. should build 100 nuclear plants over the next two decades.

Meanwhile, the communities where utility consortia are considering building new nuclear plants are competing to have their site chosen. Resolutions supporting new plants have been passed since December in Claiborne County and Port Gibson, Miss.; Oswego, N.Y.; Baton Rouge, and on the state level in Louisiana; and Calvert Cliffs, Md. On Aug. 15, Calvert County submitted its package of incentives to NuStart Energy to encourage them to add a unit at Calvert Cliffs. The existing plant's owner, Constellation Energy, paid \$15.3 million in taxes to the county in FY05. Plant construction would create up to 3,000 jobs, and up to 400 permanent, high-paying skilled jobs.

Lutheran Church Denounces Israeli Wall

The Evangelical Lutheran Church in America denounced Israeli Prime Minister Ariel Sharon's Berlin Wall of the Middle East during its recent assembly, saying that Israeli policy throughout the territories has brought "extreme hardship" to Palestinians. The statement was called, "Peace Not Walls: Stand for Justice in the Holy Land" and was passed with an overwhelming majority of 668-269. The statement is part of the church's advocacy plan for Mideast peace.

Bishop Munib Younan, head of the Evangelical Lutheran Church in Jordan and the Holy Land, said that the Wall itself is an obstacle to peace, and that many Palestinians can no longer reach their jobs, hospitals, and places of worship.

Biden: U.S. Troops Still Can't Get Enough Body Armor

The lead story of the Sunday, Aug. 14 *New York Times* concerned the long delays in the Pentagon program, which was initiated over a year ago, to provide U.S. troops in Iraq with stronger, more resistant body armor, to provide better protection against the munitions and more powerful explosive devices being used by the insurgents. The lack of a U.S. industrial base is cited as a major factor in the delays; the Defense Department is relying on a cottage industry of small companies with limited production capabilities. There is also a shortage of necessary raw materials.

Senator Joseph Biden (D-Del), when asked about this on NBC TV's Meet the Press, said that if Rumsfeld were the CEO of a corporation, he'd be fired by now. "I think Rumsfeld should get his notice on Monday morning," Biden said.

Bush Rebukes Another General for Telling the Truth

President Bush "privately rebuked" Gen. George Casey, after Casey said troop levels could be reduced by 30,000 early next year, the London *Sunday Telegraph* reported Aug. 14. Bush said that any "speculation" on troop withdrawals implied a weak resolve on the part of the U.S.

Dan Goure, a Pentagon adviser and vice president at the Lexington Institute, a Washington-based defense think tank, said, "It's number driven. The military can only maintain these levels in Iraq if it has absolutely no choice. Otherwise, the current pattern of rotations and other commitments mean that they will have to lower the numbers." He gives three scenarios: the best, 60-70,000 reduction by next autumn; Casey's 30,000 cuts in the spring as a "fall-back option"; and "Plan C—complete withdrawal if all-out civil war erupts."

Judge Tosses Homeland Security Labor Rules

A U.S. District Judge Aug. 12 threw out the labor rule changes planned by the Department of Homeland Security. In what Colleen M. Kelley, president of the National Treasury Employees Union, called an "enormous and critically important win for the rights of Federal employees, not only in DHS but in all federal agencies," Judge Rosemary Collyer blocked the Bush Administration's plans to overhaul personnel and pay rules at the Department of Homeland Security, saying the government-wide change of labor rules fails to protect workers' right to bargain collectively. Labor groups have filed similar challenges to a Pentagon plan to revise Defense Department labor rules.

In the ruling, Collyer said the new rules exceeded the scope of Federal law, citing in particular provisions giving an agency official unchecked authority to change negotiated positions in a collective-bargaining agreement. The rules were a model intended eventually for all Federal employees, under the guise of the need for "more flexibility to respond quickly to terrorist threats."

Ibero-American News Digest

Argentina: Economic Policy To Dominate Summit of Americas

Just what the Bush Administration fears: The November 3-4 Summit of the Americas will offer "a different political view of the Hemisphere," Argentina's Deputy Foreign Minister Jorge Taiana told the state news agency, Telam, in an Aug. 16

interview. Targetting the so-called "Washington Consensus"—the package of neoliberal, free-market policies imposed on Ibero-America during the 1990s—Tatiana said that "a good number of governments of the Hemisphere are reviewing the assumptions with which they applied those policies in the 1990s." Governments are evaluating the role of the state, and understand its crucial regulatory role, as part of their search for a development model to guarantee productive employment and the generation of real wealth.

"It's no secret that we as a government don't agree with the Washington Consensus," he said. "Its panacea of privatizations and open economies, without any regulation, wasn't positive for our peoples and translated into greater inequality and exclusion."

Tatiana reported that his government will insist that the reform of the international financial system be included in the agenda. There is also much agreement on adopting common policies for the region, he said, because especially in South America, "there is a clear sense that advancing integration is crucial and necessary.

Pro-Dope Wall Street Banker Seizes Helm in Peru

Greeting Donald Rumsfeld as he arrived in Peru on Aug. 18 was Peru's new Prime Minister, a man to Rumsfeld's liking: Wall Street banker Pedro Pablo Kuczynski. Never satisfied with being "merely" Finance Minister in Alejandro Toledo's government, PPK, as he is known, is now fully in the driver's seat, and that means full-scale drug legalization is on its way. For more than a decade, PPK chaired First Boston International before running investment funds for various world financiers from Miami. Top among his employers in the 1990s was none other than the king of drug legalizers, George Soros, himself.

PPK seized his new post in the wake of a cabinet shake-up provoked by his ally, drug-legalization advocate Fernando Olivera. Olivera is head of the Independent Moralizing Front (FIM) party, which co-rules with Toledo's own minority party, Peru Posible. He is also the politician who delivered the *coup de grace* to the Fujimori government in 2000. Olivera released a stolen video to the media which revealed the dirty dealings of Fujimori's intelligence adviser Vladimir Montesinos, and worked hand-in-glove with Soros to bring Fujimori down.

Now, Olivera and his party are running an operation to legalize mass coca production in Peru. The governor of Cuzco, a member of Olivera's FIM, has just imposed a "regional ordinance" legalizing the cultivation of coca in his province. Former Prime Minister Carlos Ferrero declared ordinance illegal, and demanded the Constitutional Court rule on it. Toledo responded by naming Olivera Foreign Minister, and Prime Minister Ferrero submitted his resignation, which, by law, required the entire cabinet follow suit.

Olivera lost his Foreign Ministry post in the shuffle which followed, but he heartily endorsed PPK's appointment to the Prime Ministry as "the best news Peruvians can have.... I know that we are going to work well together" in the days ahead, said Olivera.

Protests Shut Down Ecuador's Oil Production

Mass protests which began Aug. 15 in Ecuador's two primary oil-producing provinces, led by "popular organizations," backed by the CONAIE indigenist movement, cut national oil production by about 65% by Aug. 19, and forced the government to activate "force majeure" clauses permitting it to suspend oil exports due to circumstances beyond its control, and consider importing oil to cover domestic needs. The protestors have seized oil installations, sabotaged an oil pipeline, burned down public buildings, and blocked highways.

The chaos has also forced the government to postpone its planned issuance of \$500 million in sovereign bonds (\$300 million of which Venezuela was to buy), and JP Morgan had sent Ecuador's country risk up to 7.38% by the morning of Aug. 19. Between the fall in oil revenues as exports came to a halt, and the financiers' warfare (the IMF, World Bank and Inter-American Development Bank had already heavily cut lending to the country), Ecuador is staring at imminent national bankruptcy—again.

President Alfredo Palacios declared a state of emergency in the affected provinces on Aug. 17, and sent in the military to retake control of oil installations and public roads and buildings. In an address to the nation on Aug. 18, Palacios said the government is open to dialogue, but order must be restored, because the future of the state is at stake. He then replaced his Defense Minister.

The Bush Administration has been out to replace the Palacios government since it came to power on the back of popular protests in April of this year. Chief among its alleged crimes, is the government's attempt to put social investments before debt payments. On Aug. 4, anti-IMF Finance Minister Rafael Correa was ousted, under enormous foreign pressure. (Correa charged that certain foreign embassies, including the that of U.S., were behind his ousting.) His ouster is a step forward, Michael Shifter, a top official of the bankers' Inter-American Dialogue, told a Guayaquil radio station on Aug. 11—but the Palacios government—which is only a "transition government," he emphasized—has created "confusion" in Washington over its economic policies, by putting social expenditures before debt payments, and the U.S. needs to see "clarity" on where the government is heading.

LYM Tells Colombian President: Go With Maglev!

A beautiful scale model of a magnetic-levitation (maglev) train was given to Colombian President Alvaro Uribe by LaRouche Youth Movement member Orlando Muevar, during President's speech to more than 600 people at a forum on "The Future of Infrastructure in Colombia," organized by the Colombian Chamber of Infrastructure Aug. 17. Holding up the model of the maglev train, Munevar announced: "Mr. President, here is the train. We need the train back! We need to integrate the country physically with infrastructure projects, like those carried out by [President] Rafael Nunez at the end of the 19th Century. We can't wait for the usurious banks to finance these projects. Integration with infrastructure is the new name of peace."

Uribe continued his speech, and raised the question of railroads, which, until that moment, had not been mentioned by any speaker. Uribe said he was trying to recover what remained of the old national railroads, which had been handed over for repair to some private concessions which, until now, have done nothing. Uribe stated, that despite the fact that a former minister had just sent him an extensive report arguing that the state should not invest a single peso in the railroads, he was nonetheless trying to at least rehabilitate what currently exists.

Thanks to the continuous interventions of the LYM in the national Congress, among other places, the debate on the importance of investing in infrastructure is unavoidable. Some—like the "experts" of the think tank Fedesarrollo, an appendage of the World Bank—have had to come out with delphic reports that investment in infrastructure is needed, but only by private investors. The LYM promises that the debate on the true role of infrastructure in driving the economy has just begun.

South American Synarchists Crawl Out of Their Crypt

Some of Argentina's leading synarchists gathered in Buenos Aires Aug. 12-15, to debate what they portray as "The Politics of the Common Good." Antonio Caponnetto, his brother Mario, and a gaggle of others centered around the infamous (and apparently now-defunct) Argentine magazine *Maritornes*, whose fascist credentials were exposed by *EIR* (See *Indepth*, Aug. 19, 2003 and Jan. 20, 2004), spoke on such topics as "Mexico's Cristero Movement," "The Carlist Ideal in Spanish

Traditionalism," and "Cornelio Codreanu and the Romanian Legionnaire's Movement." One of Antonio Caponnetto's presentations will be on the Spanish fascist Antonio Primo de Rivera, while brother Mario will eulogize his deceased Nazi anti-Semite father-in-law Jordan Bruno Genta, as a "martyr." (He was assassinated in 1974 by the Montonero terrorists.) Naturally, such a gathering wouldn't be complete without a presentation on "The Political Thought of Father Julio Meinvielle"—the fascist anti-Semite idolized by this Carlist coven.

The same fascist crew were also waving their banners in Peru. Last week, the History Society of Peru invited Miguel Ayuso, a leading Spanish Carlist "intellectual" and Maritornes board member to be their star speaker at the society's 60th anniversary celebrations. This is not surprising, given that the head of the History Society is Juan Vicente Ugarte del Pino, an avowed admirer of Hitler who proudly proclaims himself to be Spanish fascist Blas Pinar's "best friend in Peru." Joining Ayuso at the podium of the festivities was fellow Maritornes board member and avowed Franco-ite, Fernan Altuve Febres. Altuve, a Peruvian, is feeling the heat of *EIR*'s exposes of his role in the New Fascist International. He complained to LaRouche organizers manning a booth at the recent International Book Fair in Lima—where *EIR*'s new Peruvian book, *The Return of the Beasts: International Synarchism Behind the Humala* sold briskly—that what we have published about him being tied to Spanish fascist leader Blas Pinar is not true; he'd only met him once. I'm no fascist, Altuve protested feebly; I'm "a dyed-in-the-wool Carlist."

Western European News Digest

Neo-Con Merkel Continues to Crash in Polls

The latest elections poll shows that CDU Chancellor candidate Angela Merkel is losing massively, especially in the eastern regions of Germany. In Saxony, the CDU is heading toward a rating below 30%, in Berlin, the rating is 27% (second after the SPD with 29%), in Brandenburg only 21% (third after the SPD with 39%, and the Linkspartei with 28%).

Her poor showing is the result of her pro-war (Iraq, and Iran) stance, which Merkel has unsuccessfully tried to avoid addressing, because it exposes her connections to U.S. Vice President Dick Cheney and the neo-con war faction. The other factor is Merkel's trouble with eastern German voters, who oppose her economic views: her plan to cut all tax breaks for long-distance daily commuters, which affects more than 300,000 in Saxony and Thuringia, plus another 500,000 in the other eastern states. Merkel's nomination of Paul Kirchhof, the actual author of these plans, as the financial expert on her "competence team," confirms their fears.

Whereas Merkel and her staff try to play the problem down, senior members of the eastern CDU keep warning: Eckardt Rehberg, leader of the CDU state parliamentary group in Mecklenburg, said that "we all know that one can lose elections in the east."

UK Unemployment Rises for Six Months

Unemployment in Britain rose for the sixth month in a row in July, making this the longest run of monthly unemployment increases in nearly 13 years. Total unemployment, including people not eligible for benefits, rose by 27,000 over the second quarter to 1.42 million. The rise affected mainly women. Also, the number of people working fell by 16,000 over the quarter to 28.59 million, while those classed as "economically inactive" also rose, by 37,000, to 7.9 million. Job losses continued in Britain's fast-disappearing manufacturing sector.

German Prof: Europe Must Give Iran Security Guarantees

Europe should give Iran security guarantees, proposes Mohssen Massarat, a professor in Osnabruck, according to the

Frankfurter Rundschau Aug. 13. Massarat lays out the scenario whereby, following UN Security Council sanctions against Iran, and U.S.-Israeli threats of military attacks, Iran announces a blockade of oil transportation, and lays mines in the Persian Gulf. The U.S. prepares for war, while Russia and China remain neutral; millions of Iranians, and sympathizers, including Hezbollah, in other Islamic countries, mobilize. Al-Qaeda exploits the situation, organizing attacks in capitals of the West.

The author proposes, as an alternative to this scenario, that the EU offer Iran security guarantees, organizing a conference on a nuclear-free zone in the region. This would mean disarming Israel of its nuclear arsenal.

One of the demands Iran has had, in EU talks, is security guarantees of some form.

London Police Chief's Job on the Line Over Terror Policy

Secret documents and CCTV footage revealed Aug. 17, show that the story released by the police about the killing of Brazilian Jean Charles de Menezes in London July 22 is full of fabrications and lies. The "shoot to kill" anti-terror policy is being called into question, and there are calls for Metropolitan Police Commissioner Sir Ian Blair to resign. In an indication of the factional fight inside Britain, evidence given to the Independent Police Complaints Commission (IPCC) investigating the shooting, was leaked to ITV News.

Prime Minister Tony Blair remains on vacation at an undisclosed location, contrary to usual practice.

Menezes had already been overpowered and held down by a surveillance officer on the underground train before the "CO19" or firearms squad entered the train and shot him seven times in the head and once in the shoulder. He was wearing only a denim jacket, not the "bulky" one the first police reports had claimed, and, as has already been exposed, he never jumped the turnstile. After travelling on a bus for several miles, he had walked calmly into the train station, picked up a free newspaper, and then ran for an incoming train. He was never running from police, and may not have even known of the pursuit. All the running and jumping reported by witnesses, was done by the police, not Menezes. He was never even properly identified as one of the potential suspects supposedly living in his building, because the officer, now reported to be a soldier rather than police—was relieving himself as Menezes left his building.

Aug. 18, the *Daily Mirror* revealed that police Commander Cressida Dick, who was in charge of the operation that pursued Menezes, had ordered the police only to "detain" him before he entered the underground system. The question is whether her command ever reached the firearms unit that took over when Menezes entered the station, and if they ignored her orders. The *Mirror* quoted a senior police source saying: "There's no doubt that Commander Dick did not instruct anyone to shoot de Menezes. The gun team were there as a precaution. It looks as if they didn't have time to tell them to grab the man, not shoot him dead. The difference between de Menezes living and dying may have been five seconds."

The leaked IPCC investigation report says that the firearms squad had been told that "unusual tactics" might be required and if they "were deployed to intercept a subject and there was an opportunity to challenge, but if the subject was non-compliant, a critical shot may be taken."

De Menezes Family Demands Full Investigation

The De Menezes family has demanded a full investigation of the false information that circulated after their son's death, and why there has been no public inquiry. The current inquiry is being carried out by the police. The key question is if Metropolitan police head Sir Ian Blair allowed deliberate spread of false information.

Sir Ian wrote to the Home Office permanent secretary Sir John Gieve on July 22, to delay start of a police inquiry, saying that "this was because it was crucial that the terrorist investigation took precedence over any IPCC investigation at that time," according to police sources. There are also reports that Sir Ian asked Downing Street to let the Metropolitan police handle the Menezes inquiry.

The family of de Menezes is charging that this "fatal delay of several days" before the investigation began, has meant that vital evidence could have been lost. According to the *Guardian*, Sir Ian was concerned that a public inquiry would damage morale of the CO19 firearms unit.

British Model Cited in Khuzestan Riot

Agents arrested for rioting in Iran's Khuzestan province confessed to being in "separatist and opposition groups," and also to having affiliations with foreign intelligence services, "especially that of England," reported the Iranian news service IRNA Aug. 16. Anti-government riots in the province in May and June had led to casualties.

Italian Interior Minister Warns Nation of Terror Threat

The Italian Interior Minister has warned against an "increased threat" of a terror attack, on the basis of information allegedly collected during investigations of the London and Sharm el Sheik bombing attacks, the *Neue Zuercher Zeitung* reported Aug. 16. Minister Giuseppe Pisanu announced that, starting in September, joint police and rescue maneuvers will take place, to test coordination of the various police and rescue units, and a quick start of investigations in case of a terror attack. Last week, police raided Muslim Internet-cafes and butcheries, arresting 171 and expelling 701 from the country.

Pontiff Calls for Enhancing Congruences of Religions

Pope Benedict XVI paid an official visit to the Synagogue in Cologne Aug. 19, where he addressed an audience of the leaders of the Jewish community in Germany, as well as leading representatives of the non-Jewish establishment, on the challenge of looking toward a future in which the great religions, but especially Jews and Christians, cooperate closely for the good of mankind. In order to achieve that, the Pontiff said, that which unites the religions, their essential congruences, must be enhanced, to overcome what has so far disunited them.

The speech was welcomed by Paul Spiegel, chairman of the Central Council of the Jews in Germany, as "excellent" and "very encouraging" in respect to the perspective of Jewish-Christian cooperation.

Russia and the CIS News Digest

Putin: Lowering Nuclear Threshold Is 'Dangerous Trend'

Russian President Vladimir Putin took the opportunity of his participation in Russian strategic forces maneuvers Aug. 17, to state bluntly his opposition to the rising readiness to use nuclear weapons. Interfax reported Putin's remarks from on board the Navy cruiser *Peter the Great*: "I think that lowering the threshold for the use of nuclear arms is a dangerous trend, because somebody may feel tempted to use nuclear weapons. If that happens, the next step can be taken—more powerful nuclear arms can be used, which may lead to a nuclear conflict. This extremely dangerous trend is in the back of the mind of some politicians and military officials."

Putin at Strategic Force Maneuvers

President Putin personally took part in exercises Aug. 16-17 involving two legs of Russia's strategic nuclear triad: the Air Force and the Navy. After opening the MAKS-2005 Air Show, a high-tech event at a Moscow airfield, Putin went to an Air Force base, from which he took off in a supersonic Tu-160 ("Blackjack") strategic bomber piloted by Gen. Maj. Anatoli Zhikarev, deputy chief of the Strategic Air Command. Putin sat in the commander's seat for the five-hour flight to Olenogorsk in the far North, during which missiles were fired by his and another Tu-160, and there was a mid-air refueling. "A new, high-precision, long-range cruise missile was tested today," Putin announced, "and it hit the target. This is a good result."

Asked by Interfax why he had made the flight, Putin said, "I think that a person in my position ought to know first-hand, to see, to feel how this works." Highlights of his flight were broadcast on national television and video-posted on the Kremlin web site.

On the second day, Putin was aboard the cruiser *Peter the Great*, flagship of Russia's Northern Fleet. Sailing out of Murmansk for exercises in the Barents Sea, the cruiser was joined by the aircraft carrier *Admiral Kuznetsov* for maneuvers, during which two Dolphin submarines launched RSM-54 Sineva (named SSN-23 in the West) long-range ballistic missiles, which hit targets in Kamchatka Peninsula on Russia's Pacific coast.

Russian Media Highlight Cheney Nuclear Threat to Iran

Besides the circulation of Lyndon LaRouche's July 27 warning, "Cheney's 'Guns of August' Threaten the World" (see EIR Online #31, Aug. 2) on Russian-language websites based in Russia and Ukraine, other Russian-language media are closely monitoring sociopath Cheney's intentions towards Iran, as well as the threats by made by President George W. Bush in his mid-August interview with Israeli television. Articles monitored by EIR include:

- * MIGnews news agency reported Republican Sen. John McCain's Fox News interview supporting Bush's threat of military action against Iran; while Regnum.ru on Aug. 14 headlined the German Chancellor's opposition, "Schroeder Rules Out German Participation in a U.S. War Against Iran."

- * Media in Latvia on Aug. 10 carried a story titled, "The Bomb, or the Peaceful Atom?" about Iran's nuclear program. The article, which originated with Chas news service, pointed to "the question that the Iranian leadership considers key in this whole story," namely "whether or not Iran, if it does renounce the production of nuclear weapons, will be given guarantees against possible American attack." After all, the Latvian commentary said, "The Americans have never made it a secret, that they have plans to attack Iran. For three years already, the Pentagon, on orders from U.S. Vice President Dick Cheney, has been developing a plan for an air strike against Iran, using both conventional and nuclear weapons."

- * The news site Inforos.ru on Aug. 3 headlined, "War with Iran Will Be Nuclear." The dispatch began, "According to orders from the staff of Vice President Dick Cheney, the Pentagon has assigned the U.S. Strategic Command, which oversees the country's nuclear forces, to develop a contingency plan for the event of a Sept. 11-type terrorist attack. The plan includes large-scale air strikes against Iran, using both conventional and tactical nuclear weapons." The story mentioned the 450 targets in Iran and the intention to use nuclear weapons for bunker-busting purposes. It also noted the opposition from within the Armed Forces: "Several high-ranking U.S. Air Force officers, taking part in development of the plan, were shocked at what they were doing, but none of them has objected, due to concerns about their careers." Inforos pointed to Secretary of Defense Donald Rumsfeld as pushing hard for faster development of bunker-busting nuclear weapons.

- * The U.S. National Intelligence Estimate, contradicting Cheney's position on Iran and nuclear weapons, was covered by Lenta.ru and by Isra.com, a Russian-language site directed to Russian-speaking Israelis.

Russia Weighs In Against Strike on Iran

The Russian Foreign Ministry issued a statement Aug. 17, which said, "We favor further dialogue and consider the use of force in Iran counter-productive and dangerous, something which can have grave and hardly predictable consequences." Furthermore: "We consider that problems concerning Iran's nuclear activities should be solved through political and diplomatic means, on the basis of international law and Tehran's close cooperation with International Atomic Energy Agency." The Foreign Ministry stressed that the crisis should be resolved "exclusively through expert consultations and diplomatic negotiations."

On Aug. 18, a high-ranking Kremlin official told Itar-Tass: "Iran's right to take advantage of nuclear power for peaceful purposes must be internationally recognized." Elaborating that this "would solve the current crisis and avoid unnecessary problems," the statement reaffirmed Moscow's commitment to continued cooperation with Iran on its nuclear program.

Chinese-Russian Exercises Begin

Eight-day joint military exercises by China and Russia, the first of this kind, began Aug. 18 with consultations between Chinese People's Liberation Army chief of the General Staff Liang Guanglie and his Russian counterpart General Yuri Baluyevsky, who opened the exercises at the Russian Pacific Fleet base. Code-named Peace Mission 2005, the exercises then moved to Shandong Peninsula in China, and nearby waters.

The United States, Japan, and Korea have all expressed "concern" about the exercises, though the U.S. declined to send observers. Defense ministers and military experts from other Shanghai Cooperation Organization members—Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan—will attend the exercises, with guests also invited from SCO observer nations Mongolia, India, Pakistan, and Iran. (An official visit by a high-level Chinese military delegation to Tehran coincided with the maneuvers.)

Some 1,800 Russian and 8,000 Chinese troops were to participate in strategic consultations and battle planning, transportation and deployment of troops, and combat practice, Liang said, while Baluyevsky said the exercises do not mean the two sides are forming any military bloc. The Russian Charge d'Affaires in Beijing told Xinhua that the exercises are preparation for a possible joint fight against international terrorists, national separatists, and religious extremists. "Let them have a look at our joint military exercises and think it over whether it is worth continuing their activities," he said, adding that more such exercises would be held among SCO nations, which might involve more troops. Gen. Col. Vladimir Moltenskoy, deputy chief of Russian Ground Forces and commander for this exercise, said the exercises envisage action, with the backing of the UN, to separate parties in a conflict in a third country.

Saakashvili, Yushchenko Want Regional Zone

An Aug. 15 commentary published by the Jamestown Foundation highlighted the recent call by Presidents Michael Saakashvili of Georgia and Victor Yushchenko of Ukraine for the creation of a "Euro-Atlantic" area, extending to the entire Baltic-Black Sea-Caspian region. They appeal to the leaders of all countries in this area to form a Community of Democratic Choice. This move by Georgia and Ukraine appears designed to foment a "breakaway" scenario among countries that still maintain close relations with Russia. It reveals the hand of U.S. State Department "Democracy Czar" Paula Dobriansky, the daughter of Ukrainian-American intelligence operative, Lev Dobriansky, who helped set up the "rat-line" of Ukrainian and Russian fascists into the U.S. intelligence community after World War II. Saakashvili and Yushchenko intend to hold a founding conference for this "Community" sometime in the autumn, in Ukraine.

Avian Flu Reaches Eastern Side of Urals

As of Aug. 17, the H5N1 avian flu reached southeast Chelyabinsk Province, Russia, just east of the Urals. These outbreaks are exactly along one of the two main Eurasian fly-ways, following river wetlands favored by the various migratory birds. It is likely that the H5N1 pathogen is now within 500 miles of the Caspian Sea.

On Aug. 15, Russia's top state epidemiologist, Gennady Onishchenko, told regional health officials that the H5N1 may spread by autumn to Iran, Iraq, Georgia, Azerbaijan, Ukraine, and eastern Mediterranean countries, because the migratory routes go through there in the fall. Onishchenko said that the pathogen is now headed for Russia's main agriculture regions—Krasnodar, Stavropol, and Rostov in the south.

On Aug. 16, the Russian Agriculture Ministry said that health and emergency officials had culled 113,000 birds in all regions—six provinces as of July through August so far—affected by H5N1 avian flu. Thirteen thousand wildfowl have died in Russia. Pavel Tomkovich, deputy head of the Russian Bird Protection Union told Interfax news agency, that poultry farmers are failing to keep domestic birds from coming into contact with wild birds which could be carrying the flu strain.

The result is that within Russia, the food supply lines have been cut and altered as inter-regional shipment barriers are imposed. The City of Moscow has banned any poultry meat from Novosibirsk and other affected regions. All the Central Asian countries have banned shipments from Russia; while Russia is banning shipments from Kazakhstan.

Southwest Asia News Digest

Targetted Nations Respond to LaRouche's 'Guns of August' Warning

The nations in the volatile Southwest Asian region have responded to a new war threat with highest alarm, and have spread the July 27 statement issued by Lyndon LaRouche, far and wide (see "Cheney's 'Guns of August' Threaten the World, EIR Online #31, Aug. 2).

Major dailies, including official government press, carried the "Guns of August" release, for example, in *Al Watan* and the *Oman Daily*, both of Oman, in *All News Syria*, and in *The Arab Situation* of Egypt as well as Egyptian national television. The leading Arabic daily *Al Hayat* carried editorial comments three days running, on Cheney's war threat. The Lebanese news service Lebanonwire has carried press releases, articles, and interviews with LaRouche on the subject of the war danger.

And, on Aug. 17, LaRouche was interviewed live on the Lebanese New TV station, for a half hour, on the war threat (see this week's InDepth for complete transcript).

In Egypt, LaRouche's warning has become the hottest political issue. Cairo University professor and strategic analyst Mohammad Selim appeared for one hour, on Aug. 9, on Channel 1 of Egyptian TV, at primetime, denouncing Cheney's war plans and discussing LaRouche's "Guns of August" warning.

In Iran itself LaRouche's "Guns of August" press release spread like wildfire. It went out immediately in Farsi to the press, and *EIR* correspondent Muriel Mirak-Weissbach was interviewed on three separate occasions by Islamic Republic of Iran Broadcasting (IRIB), on the matter.

LaRouche Warned Against Attack on Military Installation

Rocket attacks fired at the U.S. amphibious assault ship docked in the Jordan Red Sea port of Aqaba on Aug. 19 took place in the midst of high regional tensions and warnings by Lyndon LaRouche of the Bush Administration's "Guns of August" war plans for a strike against Iran with nuclear weapons.

"An attack on U.S. military institutions outside the present areas of active conflict would be a general class of target I would worry about. However, if it has been done before, but is an insult to the U.S. flag, it would be precisely what would lure veteran draft-dodger Cheney's circles into drooling," LaRouche wrote in answer to a recent query on Vice President Dick Cheney's intentions to attack Iran.

True to form, the *Washington Post* and other media immediately compared the rocket attacks to the 2000 attack on the USS Cole and tied the Katyusha rockets used in the attack to Hezbollah.

U.S. State Department and White House spokesmen thus far have only said the attacks are being investigated and that the U.S. is cooperating with Jordanian authorities.

One of the rockets flew over the bow of the *USS Ashland*, an U.S. Navy amphibious assault ship, hitting a nearby warehouse. Two other rockets were fired, one also in the vicinity of the *Ashland*, and another amphibious assault ship, the *Kearsarge*; another fell only a few meters from the airport outside of the Israeli city of Eilat. Although one Jordanian soldier, who was guarding a nearby warehouse was killed, there were no Israeli or American casualties. Both U.S. warships, which were docked in Aqaba for a joint training mission with the Jordanians, left Aqaba immediately after the attack. Both ships are part of the U.S. Fifth Fleet which is under the U.S. Central Command responsible for South West Asia.

A group allegedly linked to al-Qaeda, called the Abdullah Azzam Brigade, reportedly claimed responsibility in an internet statement. This is the same group which claimed responsibility for the July 23 bombings in Egypt's Sinai Peninsula resort of Sharm el-Sheik.

Israeli Defense Minister Shaul Mofaz stated that he had met with Jordanian King Abdullah only two days ago, warning him that Israel had intelligence pointing to a possible al-Qaeda type attack.

Jordanian security forces have sealed off the poor Shalala quarter of the port city, and are conducting house-to-house searches in an attempt to find those who fired the rockets.

Iraqi Constitution Fails To Meet Bush Deadline

After postponing a vote twice, at 20 minutes before midnight Aug. 15, the Iraqi Parliament voted to extend negotiations on a new Constitution for another week.

The Bush Administration had put enormous pressure on the Iraqis to fake a resolution to their differences, if that's what it took to meet the U.S.-imposed deadline. But fundamental disagreements over federalism and its derivatives—division of oil revenues and natural resources, rights to secede from Iraq, women's rights, and related issues of Islamic law—remained.

Baldly trying to save face, U.S. Ambassador Zalmay Khalilzad—who ran the negotiations, and arrogantly threatened on Aug. 14 that the Iraqis better understand that "a lot of American blood and American treasure has been spent here"—lied

afterwards that the failure to meet the deadline was the result of a three-day sandstorm a few days back which set back the work on "fine tun[ing] the language" for the constitution.

In reality, no one knows even if *any* agreement already worked out is left standing, or if negotiators will be starting from scratch again. The bottom line: The neo-con war party is driving Iraq quickly towards chaos and civil war.

Did U.S. Ambassador Attempt To Write 'Iraqi' Constitution

According to the Arabic press *Iraq for All*, a Kurdish member of the drafting committee told the *Washington Post*, that "the Americans presented a detailed project, a full text of a constitution." According to *Al Hayat*, U.S. Ambassador Zalmay Khalilzad and a UN representative were present throughout the negotiations!

Asia News Digest

Indonesian Gov't Signs Peace Accord with Rebels

The Indonesian government and the Free Aceh Movement have ended their 30-year war. Thousands of Indonesians, including citizens from the tsunami-destroyed province of Aceh, crowded together to watch the signing of a peace accord Aug. 15 on television. The peace deal was signed in Finland, which has served as a broker in the long-running conflict, in which at least 15,000 people have died. Indonesian Justice and Human Rights Minister Hamid Awaluddin signed for Indonesia, and Malik Mahmud, a former exiled rebel leader, signed for the Acehnese.

The agreement provides amnesty for members of the Free Aceh Movement (GAM) and gives the region limited self-government and control over 70% of the revenue from the province's mineral wealth, including oil and natural gas.

The accord became possible after GAM agreed to renounce its demand for full independence and to disarm. Indonesia, in turn, agreed to cut the number of soldiers in the region from 35,000 to 14,700, and police from 15,000 to 9,100. In addition, all major troop deployments must now be cleared by Pieter Feith, a Dutch diplomat who will head the 250-member international monitoring force.

In return for the rebels dropping their secession demands, the government agreed to give them some form of political representation. Members of the Free Aceh Movement will be eligible to run in 2006 elections for a new regional chief and in 2009 polls for a new legislature. Aceh will also be allowed to pass its own laws, collect taxes and have its own symbols, including a flag. Monetary matters, justice and freedom of religion will be controlled by the national government.

China Faces Slowdown in Exports, Real Estate Bubble

China's National Development and Reform Commission (NDRC) reported Aug. 16 that the nation faces a big slowdown in exports, a real-estate bubble, and a tight money supply. Meanwhile, the Peoples Bank of China stated Aug. 15 that there are "heavy risks" if the "fast growth" of the Chinese real-estate market becomes a housing bubble. The PBOC stands to suffer big losses if the bubble were to burst.

The NDRC reports that the housing market has calmed down notably, but there is no certainty yet that this will end in a "soft landing." The key question is whether the government will attempt to control the market. If the market is not cooled down, China again faces the problems of "over-heated investment," which will badly exacerbate the severe bottleneck in resources, energy, and transport infrastructure.

Growth of exports will likely see "a remarkable slowdown" later this year, which will put heavy pressure on the economy in the short term, although in the longer term this will be beneficial, making it possible for domestic industry to develop. (Almost 60% of exports are produced by foreign firms in China.) But in the near-term, a smaller export sector will hit jobs and could increase the pressure of deflation.

The PBOC, in its statement, warned that as China tightens credit, if the real-estate bubble bursts, "the capital chain might have difficulty or even break down." Housing loans were currently 2.6 trillion yuan (\$310 billion) by end-2004, or about 15% of the total domestic loans. Various speculative scams are also threatening the lending banks' stability.

Foreign Investment Falling in China

Foreign investment into China fell by 3.4% to \$33.1 billion so far in 2005, year on year, the Chinese Ministry of Commerce reported Aug. 15. In 2004 at this time, Chinese FDI had risen 13% year on year, and was second only to FDI flows into the United States.

China Selects Site for Next Nuclear Power Station

Guangdong Nuclear Power Holding announced Aug. 16 that it has decided upon the city of Lufeng as the preferred location for its fourth nuclear power plant complex. Plants are already in operation at Daya Bay and Ling'ao, and one will start construction next year at Yangjiang, in this southern province. Construction of the two 1,000 MW reactors will begin in 2007 and be completed in 2013.

Former Indonesian Official Visits Myanmar as UN Rep

Former Indonesian Foreign Minister Ali Alatas left for Myanmar on Aug. 18 as a special envoy of UN Secretary General Kofi Annan, Agence France Presse reported Aug. 18. "The visit is part of his duty to tour several Asia Pacific nations in relation to UN reforms," said a spokesman of the UN Information Center, without providing more detail. Alatas was appointed in 2003 as a special envoy to Myanmar.

Under intense international pressure, Myanmar agreed in July to skip its turn in the rotating chairmanship of the Association of Southeast Asian Nations. Ali Alatas has strongly advocated Myanmar's right to settle the extremely difficult internal relations among ethnic groups, the legacy of former British colonial rule, without outside interference.

Africa News Digest

Zimbabwe Opens to Private Enterprise as Economic Crisis Deepens

Zimbabwe is now allowing private companies to import and sell fuel, formerly a monopoly of the government-owned National Oil Company of Zimbabwe (Noczim); the government has also opened up trade in maize and wheat to private firms, and they will not have to pay duty on their imports. The government also hopes to attract private firms' bids for hydroelectric projects.

Energy in Africa Aug. 1 reported that the fuel crisis "has reached such critical levels that even essential security and health services had reportedly run out of fuel, according to a report in the *Standard* [a Zimbabwe Sunday newspaper]. Even the ruling Zanu-PF party is said to be demanding fuel from private importers because ... Noczim's depots were dry. Security

services are now drawing their fuel from strategic reserves."

Zimbabwe News July 19 quotes Innocent Makwiramiti, CEO of the National Chamber of Commerce: "Bread ... is in short supply because some major bakeries depend on fuel for production and distribution."

The government began allowing private firms to sell fuel at regulated prices in mid-July, and opened the grain trade Aug. 16.

In an effort to acquire foreign exchange to import oil, Noczim launched a pilot project Aug. 16 to sell fuel (from strategic reserves?) to those who can pay in certain foreign currencies. The price is US\$1 per liter.

There are also other factors behind the economic crisis:

- * Finance Minister Herbert Murerwa told Parliament Aug. 16, "The situation has been made worse by large-scale crop failure."

- * President Mugabe's land reform gave land to many Africans, but without titles or leases; as a result, they have been unable to obtain bank loans for seed, fertilizers, and tractors. Murerwa says the government will now give 99-year leases to African farmers on land seized from white commercial farmers.

- * African farm laborers on the commercial farms were thrown out of work by the land reform. Some of them—and many others from rural areas—built shantytowns around Harare, which became hotbeds of crime and anti-government sentiment. The government has just bulldozed some of these shantytowns (press accounts—invariably hostile to the government—claim 700,000 homeless).

Much of the workforce has left the country over the last five years (one press report claims two-thirds have left), entering neighboring countries illegally, especially South Africa.

President Mugabe has appealed for help from China and South Africa. China has responded with a small amount of help. Mugabe asked South Africa for a loan of \$1 billion, \$280 million of it to be used to make an overdue payment to the IMF. South Africa has agreed to help, but says it cannot manage nearly as much as \$1 billion; and there will be conditions.

U.S. Sanctions Against Zimbabwe Contribute to Economic Collapse

The U.S. Department of the Treasury on Aug. 3 applied sanctions against Zimbabwe, under Executive Order 13288, to an additional 24 commercial farms and two businesses. The sanctions impose heavy fines and imprisonment on U.S. nationals and firms that do business with key individuals in the government of President Robert Mugabe and the farms and firms in which they have an interest. The Bush Administration claims that these are not sanctions against Zimbabwe, and that they "financially isolate" only those working with Mugabe to "destabilize Zimbabwe."

In fact, because the leading figures in the Zimbabwe government have also taken ownership of a significant portion of the economy, the imposition of sanctions—against commercial farms, agricultural cooperatives, a transport equipment manufacturing company, and a bus transport company—are an attack on the economy.

The Anglo-American foreign policy establishment saw no problem when a relative handful of British-heritage families controlled the economy, and the International Monetary Fund's policies were functioning, which destabilized Zimbabwe in

the 1990s.

This Week in History

August 23 - 29, 1944.

Dumbarton Oaks Conf. Erects Framework for United Nations

On Aug. 23, 1944, President Franklin Roosevelt received the delegates to the Dumbarton Oaks Conference at the White House and, in extemporaneous remarks, he told them that their deliberations would "not be a final task, but at least it gives us something to build on, so that we can accomplish the one thing that humanity has been looking forward to for a great many hundreds of years," i.e., peace and security for all the nations of the world. The meetings were held at a Harvard-owned estate, called Dumbarton Oaks, in Washington, D.C.

These planning sessions for the future United Nations Organization were conducted in two phases. From Aug. 21 to Sept. 28, the participants were the United States, the United Kingdom and the Union of Soviet Socialist Republics. In the second phase, from Sept. 29 to Oct. 7, Russia's place was taken by the Republic of China. The conference had to be divided because Russia and China had different positions in the war against Japan: China was a belligerent and Russia was neutral. The proposals resulting from the two phases were submitted to all four governments as a document entitled "Proposals for the Establishment of a General International Organization."

Franklin Roosevelt had worked long and hard to move negotiations to this point. In 1943, the President had tasked Secretary of State Cordell Hull with the responsibility of forming a group within the State Department which would plan for a postwar international organization dealing with problems of peace and security.

In January of 1944, Roosevelt studied a State Department paper which summarized the results of the group's work, and then, in February, the President authorized Hull to move ahead with planning for the organization's structure. These plans, with a few changes, would become the Roosevelt Administration's proposals to the Dumbarton Oaks Conference. The other three major Allied Powers also developed ideas for the organization and sent them to each other for comments before the actual conference began.

Roosevelt wanted Congress to be in on the planning process, and he wanted it to be non-partisan. He also did everything he could to see that the planners did not get bogged down in minor details which could derail the process. Secretary Hull established a foreign policy liaison to the Senate, where he met often with a special Senate committee on postwar plans which became known as the Committee of Eight. The membership included the generally isolationist Arthur Vandenberg, as well as Robert LaFollette and the Chairman of the Senate Foreign Relations Committee, Tom Connally. Secretary Hull showed the State Department's draft plans to the Congressmen in confidence, and they were pleased that it reserved a veto for the U.S. and the other major powers, and that it did not propose an international police force.

Roosevelt had been worried about the isolationist bloc within the Congress, but in September of 1943 the Republicans issued the Mackinac Declaration, drafted by Senators Vandenberg and Taft. Although that document insisted that the United States must not give up its sovereignty to any new world organization, it also stated that it was possible to be loyal to the United States and still believe in postwar international cooperation to end military aggression. Senator Vandenberg himself, after reading the proposal for the UNO, said: "This is anything but a wild-eyed internationalist dream of a world state. On the contrary, it is a framework to which I can and do heartily subscribe."

Also in October of 1943, Roosevelt sent Secretary Hull to Moscow to meet with British Foreign Secretary Anthony Eden and Foreign Secretary Molotov of the Soviet Union. The Moscow Conference resulted in the three governments pledging to cooperate in the period following the end of hostilities. In addition, China also signed a declaration in which the four nations recognized the "necessity of establishing at the earliest practicable date a general international organization based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small, for the maintenance of international peace and security."

In November of 1943, President Roosevelt signed an agreement establishing the United Nations Relief and Rehabilitation Administration. At this point, "United Nations" referred to the Allied Powers, which were fighting the Axis Powers of Germany, Italy, and Japan. In his remarks at the signing, Roosevelt said: "As in most of the difficult and complex things of life, nations will learn to work together only by actually working together." Roosevelt was hopeful that the large-scale cooperative efforts during the war, such as Lend Lease, the combined Chiefs of Staff, and technical and scientific cooperation would provide experience for handling the inevitable postwar strains between the allies.

By the spring of 1944, Roosevelt began to take concrete proposals to the American people. In mid-March, he gave an interview to a writer and later approved two articles, one with his account of the Tehran Conference and the other containing his thoughts on the postwar world order. They appeared in the isolationist *Saturday Evening Post* in May. Then, on May 26, Roosevelt announced that a conference to deal with postwar international economic problems would be held at Bretton Woods, N.H. during the summer.

On Memorial Day, Secretary Hull announced that the United States was inviting Great Britain, Soviet Russia, and China to discuss postwar security problems and that they would meet at the end of the summer. On June 15, the White House made public the essentials of the State Department's draft charter for the United Nations Organization, including details such as a Council, Assembly, and a World Court.

The Presidential Statement issued that day said: "We are not thinking of a superstate with its own police forces and other paraphernalia of coercive power. We are seeking effective agreement and arrangements through which the Nations would maintain, according to their capacities, adequate forces to meet the needs of preventing war and of making impossible deliberate preparations for war, and to have such forces available for joint action when necessary."

On Aug. 29, while the delegates were deliberating, Roosevelt held a press conference where the topic of the United Nations was brought up by the reporters. One commented that a document just released by the three chief delegates to the Dumbarton Oaks Conference, which contained a general outline for a world security organization, very much resembled Roosevelt's draft released on June 15. Roosevelt answered that although he had been talking about such an organization "on and off the stump since 1919," no one person could be given credit for the idea.

"It's like back in 1933," said the President, "when I sent a message to Congress about the Civilian Conservation Corps camps, and they authorized them. And we started the CCC camps. Well, it was something I had been thinking about a great deal, and I had, as a result—after they got going, after everybody liked them—I didn't claim authorship of them, but I did send a message to Congress—I had, I suppose, seven or eight letters from people who said, 'I wrote you in nineteen hundred and twenty-nine that we ought to have some kind of camps,' or 'I wrote you in 1930 and outlined the whole plan. Will you please give me credit for the idea.'

"Well, I suppose there were 500 people that have brought the idea of CCC camps to my mind. I merely happened to be in a position where I could properly recommend it to Congress.

"Now, on this plan that they are talking about at Dumbarton Oaks, nobody is the author of it. It's a general idea, and they are putting it down on paper in such form that all the Nations of the world can talk it over before they all express their

views in a meeting. Nothing is hard and fast. This is the very first step."

The result of the Dumbarton Oaks Conference was an outline of the principles, purposes, membership and general organization of a new international body, which was to be called the United Nations. The UN was to maintain international peace and security, develop friendly relations among nations, and to take steps to solve economic, social, and other humanitarian problems. Most of the organizational pattern for the organization was eventually incorporated into the UN Charter, including the provisions for a general assembly, security council, international court of justice, secretariat, and an economic and social council.

No agreement was reached on the problem of voting procedure in the Security Council, and this was not solved until the Yalta Conference (Feb. 4-11, 1945). The final proposals made at Dumbarton Oaks were made the basis for discussion at an international conference of all the United Nations at San Francisco, which began on April 25, 1945, not quite two weeks after President Roosevelt's death on April 12.

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