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# This Week You Need to Know:

## **EIR/LaRouche Webcast:**

### **Revolutionary Transformation After Hurricane Katrina**

Lyndon H. LaRouche, Jr. spoke in Washington, D.C., Sept. 16, 2005, at an international webcast sponsored by LaRouche PAC, and moderated by LaRouche spokeswoman Debra Hanania Freeman. Some of the graphics mentioned are not reproduced with this transcript, but can be found on the website <http://www.larouchepac.com>.

# InDepth Coverage

Links to articles from

**Executive Intelligence Review**, Vol. 32, No. 37

**\*Requires Adobe Reader®.**

# Feature:

## **Cheney Revives Parvus 'Permanent War' Madness**

**by Jeffrey Steinberg, Allen Douglas, and Rachel Douglas**

It was never a secret that the ranks of today's Washington neo-conservative warparty are filled with former first and second generation Trotskyists—personified by Irving Kristol, the former Shachtmanite Trotskyist, self-described 'Godfather' of the entire neo-con apparatus, and the father of Weekly Standard editor William Kristol. What was ignored was the fact that both they and Vice President Dick Cheney are still fanatically committed to former Bolshevik minister of war Leon Trotsky's doctrine of 'permanent revolution,' and to the kind of permanent war which Cheney has created in Iraq, and is preparing to launch, very soon, as nucleararmed warfare against Iran, and similarly permanent warfare against Syria, in South America, and elsewhere as soon, and as often as possible. It is this doctrine, which most historians associate with the name of Josef Stalin rival Leon Trotsky and his followers, which is presently the most immediate threat of mass-murderous violence to the world as a whole.

## **Witte's Program of Eurasian Development**

**by William Jones**

The industrial take-off of the United States in the aftermath of the Civil War had shown to the world the superiority of the American System of political economy over the British 'freetrade' model, which had long served as the straitjacket in which Anglo-Dutch finance maintained its stranglehold over the world economy. The success of the American System was most clearly manifest in the 1876 Centennial celebrations in Philadelphia, where all the achievements of U.S. industry were placed on exhibit.

... [These] various threads of transformation toward an industrialized economy on the Eurasian continent would be taken in hand by one individual, Russian Finance Minister Sergei Yulevich Witte, who would attempt to weave them together into a community of interest that might be able to withstand the attempts by the hegemonic Anglo-Dutch financial elites to sabotage that industrialization.

- **The 'Protocols': An Okhrana Hoax**

**by William Jones**

That infamous forgery, 'The Protocols of the Elders of Zion,' which attained notoriety in Nazi propaganda during the 1930s, had its origins in the attempt by the AngloDutch financial oligarchy to discredit Russiás Count Sergei Witte in the eyes of Tsar Nicholas II, and ultimately, to overthrow the Witte coalition.

**EIR/LaRouche Webcast**

**Revolutionary Transformation After Hurricane Katrina**

Lyndon H. LaRouche, Jr. spoke in Washington, D.C., Sept. 16, 2005, at an international webcast sponsored by LaRouche PAC, and moderated by LaRouche spokeswoman Debra Hanania Freeman. Some of the graphics mentioned are not reproduced with this transcript, but can be found on the website <http://www.larouchepac.com>.

## **Economics:**

**Cheney's Wars and the Great Energy Price Heist of 2005**

**by Richard Freeman**

Financier-dominated synarchist forces behind Dick Cheney are seizing upon Hurricane Katrina, to manufacture a nonexistent oil shortage, and ratchet up the price of oil through \$70 per barrel, in the direction of \$125 per barrel. This giant swindle is looting populations and transferring the loot to the swelling profits of the oil cartel companies and the banks, using such theft to attempt to postpone the implosion of the bankrupt financial system. Some \$30 to \$40 of the nearly \$70 charged per barrel of petroleum represents pure speculative loot.

**Book Review**

**There Is No Such Thing As 'Enlightened Globalization'**

**by Nancy Spannaus**

***The End of Poverty: Economic Possibilities for Our Time***

**by Jeffrey D. Sachs**

**New York City: The Penguin Press, 2005**

**397 pages, hardcover, \$27.95**

The heads of state from 180 nations met in New York City the week of Sept. 12 to discuss the contents of this book, written by world renowned economist Jeffrey Sachs, who serves as a personal advisor to UN Secretary General Kofi Annan on his Millennium Project. It is unlikely that very many among this gathering will actually harbor hope that the goals of reducing 'extreme' poverty by 2015 which are outlined in Sachs's book, and the Millennium Goals Project which has been ongoing for the last five years, will actually be achieved. But the fraudulent thinking that is put forward in both, must be exposed.

**Interview: Glenn Kage**

**UAW Rallies Against Bush Energy Prices**

On Aug. 31, in St. Louis and other cities in the Midwest, the United Auto Workers held protest rallies against soaring energy prices. On Sept. 9, Glenn Kage, Legislative Chairman, UAW Local 136, in Trenton, Missouri, was interviewed about the UAW actions, by **Marcia Merry Baker**.

## **International:**

**German Election Campaign:**

**Neo-Cons Under Attack**

**by Rainer Apel**

Prior to Germany's national elections on Sept. 18, the LaRouche movement's party here, the Civil Rights Movement Solidarity (BüSo), had

achieved quite an impact. In a preliminary review of the election campaign, Helga ZeppLaRouche, candidate for Chancellor of the BüSo party, said on Sept. 13: 'It is my view that this campaign is the best we ever had. We have addressed all the crucial subjects, like the question of the D-mark, the sovereignty over our own currency, unemployment, the war and peace issue, the new financial architecture, the Eurasian Land-Bridge. And I think that also what is very clear, is a growing recognition factor of the BüSo. And I think we have really reached a very important and crucial point in this campaign, because, although it's not yet the breakthrough we obviously all are hoping to reach, it is a solid campaign, and I think we have accomplished quite a bit.'

## **Israel Can't Walk Away From Gaza War Crimes**

**by Dean Andromidas**

The last Israeli troops left the Gaza Strip on Sept. 12, completing Israeli Prime Minister Ariel Sharon's evacuation of all Israeli settlements and troops. Sharon announced his unilateral 'disengagement plan' from Gaza almost two years ago, and true to his word, the withdrawal has been totally unilateral.

## **Argentina, Brazil Take Steps To Halt Bankers' Wars and Looting of S. America**

**by Dennis Small**

Speaking in the name of the 19 Ibero-American nations that make up the Rio Group, Argentine Foreign Minister Rafael Bielsa called for a New Bretton Woods conference of international heads of state, in his address to the United Nations General Assembly's special session on 'Financing for Development,' held in New York City on Sept. 14.

## **Ukraine's Orange Revolution Is Eating Its Own Children**

**by Rachel Douglas and Roman Bessonov**

Less than a year after a regime-change project known as the Orange Revolution succeeded in Ukraine, the political forces that supported it within the country are in disarray. The turmoil comes as no surprise, given how the power shift at the end of 2004 hinged on synthetic political constructs, packaged and sold (with a great deal of foreign support) to an economically savaged nation.

## **Myanmar and Afghanistan Which Is Really The 'Failed State'?**

**by Mike Billington**

...[A]lthough some sensible minds within the U.S. institutional leadership would like to improve U.S. relations with Myanmar, acknowledging the significant progress of the past 15 years, official U.S. policy continues to treat Myanmar as a pariah, with brutal sanctions and constant (if largely unsuccessful) efforts to isolate Myanmar diplomatically.

## **Wall Street Wins Japanese Election**

**by Kathy Wolfe**

Japanese Prime Minister Junichiro Koizumi won a landslide election on Sept. 11, a referendum on his plan to privatize Japan's Postal Savings System, the world's largest bank, with almost \$4 trillion of the Japanese people's \$14 trillion in savings. But once privatized, the cash would flow out of Japan and onto Wall Street, where Citibank, Goldman, Sachs, and Lazard wait to take their cut.

## **Interview: Father Giulio Albanese**

## **Expose' of Child-Soldiers Cries Out: The World Owes Justice To Africa!**

Father Giulio Albanese is a Comboni Missionary and journalist. Born in Rome in 1959, he studied theology in Uganda and then joined the religious order of Msgr. Daniele Comboni, who created a missionary organization in the 19th Century which used the Gospel to fight against colonialism, slavery, and racism, particularly in Africa. ... Father Albanese has been a strong supporter of Lyndon and Helga LaRouche's New Bretton Woods campaign, and recently signed the appeal issued by Helga Zepp-LaRouche for an Ad Hoc Committee for a New Bretton Woods.

## **U.S. Economic/Financial News**

## **Northwest, Delta Bankruptcies Could Dump Billions on PG&C**

The bankruptcies of Northwest and Delta airlines, announced Sept. 15, could dump another \$11.2 billion on the Pension Benefit Guaranty Corporation, if the Bankruptcy Court allows it. The PBGC released estimates the same day that Delta's pensions are underfunded by \$10.6 billion, of which the PBGC would be responsible for \$8.4 billion; and Northwest's are underfunded by \$5.7 billion, of which the PBGC would have to cover \$2.8 billion—a total \$11.2 billion loss looming before the overwhelmed PBGC.

In response to the Chapter 11 filings, PBGC Executive Director Brad Belt issued a press release, warning that "Northwest Airlines and Delta Airlines are required to make minimum pension contributions under ERISA and the Internal Revenue Code.... [N]othing in the bankruptcy code requires companies to skip their pension funding payments."

At the end of its 2004 fiscal year, the PBGC's deficit had doubled to \$23.3 billion. So far in 2005, bankruptcy judges have allowed United and U.S. Airways to dump their pensions on the PBGC, for a combined total of \$8.5 billion. If the Bankruptcy Court allows Delta and Northwest to dump their pensions, the PBGC deficit will rise to over \$43 billion, and increase the pressure for a taxpayer bailout of these grossly mismanaged companies.

## **N.Y. Fed, Big Banks Jawbone About Credit Derivatives**

The New York Federal Reserve held a meeting Sept. 15 with major banks and securities firms to jawbone about credit derivatives. The central topic of the meeting was allegedly the financial institutions' failure to erase a backlog of paperwork in the \$8.4 trillion credit-derivatives market. Some reports in advance of the meeting, predicted that the Fed would push these firms to reduce delays in confirming trades. The Counterparty Risk Management Group, led by former New York Fed president, now Goldman Sachs managing director, Gerald Corrigan, warned in July that banks and securities firms "risk being overwhelmed by investors seeking settlement of contracts in a corporate default."

Represented at the meeting were reported to be: Bank of America, Barclays Capital, Bear Stearns, Citigroup, Credit Suisse First Boston, Deutsche Bank, Goldman Sachs, JP Morgan Chase, Lehman Bros., Merrill Lynch, Morgan Stanley, UBS, and Wachovia Corp., plus U.S., British, German, and Swiss financial regulators.

## **Hospitals Lost in Katrina-Hit States Over Past Two Decades**

Forty-four hospitals were lost in the three states hardest-hit by Hurricane Katrina, from 1980 to 2000, setting the conditions for the inadequacy of resources to be used in the current emergency.

\* *Alabama*: between 1958-1980 the state added 23 hospitals; from 1980-2000 it lost 22.

\* *Louisiana*: between 1958-1980 it added 27; from 1980-2000 it lost 13.

\* *Mississippi*: between 1958-1980 it added 14; from 1980-2000 it lost 9.

## **Natural Gas Prices To Soar This Winter**

The Federal Energy Information Administration recently forecast a 71% rise in natural gas prices in the Midwest this winter *USA Today* reported Sept. 13. According to George Coling, the executive director of the National Fuel Funds Network, Katrina will be a "disaster" for poor households, due to the expected rise in heating costs. The Network represents non-profit groups providing supplemental assistance from the Federal Low Income Home Energy Assistance Program (LIHEAP) to more than 5 million households each year.

## **L.A. Hit with Huge Power Outage**

Much of the city of Los Angeles and some surrounding areas were blacked out midday Monday, Sept. 12. The cause of the major outage of the fragile power grid was reported to have been workmen cutting through a cable. The Department of Homeland Security quickly reported that, "at this time there's no indication of a nexus to terrorism." The day before, a self-described al-Qaeda member, an L.A. native who converted to Islam, issued a tape played widely on ABC, naming Los Angeles and Melbourne as terror targets.

Outages were reported in downtown Los Angeles, Koreatown, North Hollywood, Burbank, and the San Fernando Valley. Some power was returned after about an hour, and most by the end of the day.

## **World Economic News**

### **UK Financial Regulator Worried About Insurance Losses**

"The Financial Services Authority (FSA) has ... contacted all UK-registered insurers to find out about their liabilities, and whether they have enough reserves to meet their obligations," *Thisismoney.co.uk* reported Sept. 12. The FSA oversees the United Kingdom's financial institutions. *Thisismoney.co.uk* stated, "Insured losses for Katrina [are] now estimated at between \$25 and \$60 billion."

Swiss Re, the large re-insurance company, reported Sept. 12, that it has now more than doubled its estimate of its own losses to \$1.2 billion, from \$500 million just a few days ago. Catlin Insurance reported that its net losses would reach \$125 million. Munich Re, one of the world's largest reinsurance companies, announced that it is increasing its "loss estimates," without disclosing a specific figure.

The issue is whether these insurance companies have sufficient reserves, and second, that these large losses hit an insurance and re-insurance sector that is very vulnerable. The insurance companies are the counter-parties to a large number of collateralized debt obligations and various derivatives, which suffered a seismic shakeout during the May-June period of this year, arising from the flash-fire of S&P's downgrading GM and Ford in May. The hurricane losses could cause trouble in the insurance sector so that it transmits, domino-style, instability and failures to the derivatives market, and vice versa.

### **Income Collapsing in Philippines**

The Asia Development Bank has found that, despite sustained GDP growth in the four years ending in 2003, real average family income in the Philippines has fallen 10%, and total income of the poorest 10% of the population has stagnated, *Agence France Presse* reported Sept. 13.

The report also indicates that the billions of dollars of cash transfers by Filipino contract workers have little effect in improving living conditions for the country's poor. The Philippines central bank reports that some 8 million overseas Filipino workers will send home \$9.4 billion this year via formal banking channels, up 10% from 2004 levels, making the Philippines the third-highest recipient of remittances from emigrant workers, after India and Mexico.

## **Ibero-American News Digest**

## **Bielsa Call for New Bretton Woods Blacked Out**

Speaking at the UN General Assembly in the name of the 19-nation Rio Group on Sept. 14, Argentine Foreign Minister Rafael Bielsa issued a call for an international heads-of-state conference like the 1944 Bretton Woods conference, to create a more just global financial system. That's pretty big news, which you can read about in this week's InDepth section. The rest of the media internationally, outside some Spanish-language wire services (ANSA, EFE), have largely ignored this breaking story. Even the Argentine main national newspapers missed the boat on the importance of the Foreign Minister's speech, leaving it to a couple of regional papers to report this breaking news.

The LaRouche movement, however, sent Bielsa's speech out to contacts and press—with instructions for people to watch the webcast which the author of the proposal, Lyndon LaRouche, would be giving on Sept. 16. In Buenos Aires, the LaRouche Youth Movement used Bielsa's clear echoing of LaRouche's work for the final day of organizing people to hear LaRouche's webcast at the Congressional annex, where it was shown on a big screen.

## **Neo-Con Campaign vs. Kirchner Government Escalates**

The campaign to portray Argentine President Nestor Kirchner as "soft on terrorism," picked up again in the wake of reports circulated Sept. 2 by the conservative daily *La Nacion*, that 26 members of the Islamic fundamentalist group Jamaat Tibligh had entered the country seeking recruits for al-Qaeda. Although the government was aware of this fact, and was closely monitoring the group's whereabouts and activities, Kirchner's political opponents, such as neo-con Ricardo Lopez Murphy, started screaming that Kirchner is "importing terrorists," and others are calling for a Congressional investigation.

When this dirty line was first put out by the Americas editor of the *Wall Street Journal*, Mary Anastasio O'Grady, on July 8, Foreign Minister Rafael Bielsa reminded Argentines that O'Grady was nothing but a mouthpiece for the "neoliberal" crowd in the United States, who believe "the rule of law ... begins and ends with the right to property," before which the state—and individual freedom—must bow (see Ibero Digest, EIR Online #30). When this line was revived again, Bielsa charged on Sept. 2 that opponents are "systematically inventing hypotheses of terrorists" supposedly being "welcomed" by Argentina.

The Jamaat Tibligh members reportedly entered the country from the tri-border region of Argentina, Brazil, and Paraguay, the region Donald Rumsfeld has targetted for military intervention. Bush Administration officials have also expressed concern that the presence of this group in Argentina could endanger "American lives"—including that of Bush himself—at the Nov. 3-4 Summit of the Americas in Mar del Plata, Argentina.

## **Work Begins on South American Inter-Oceanic Highway**

The Presidents of Brazil, Bolivia, and Peru gathered at Puerto Maldonado, Peru on Sept. 8, to inaugurate construction of a 2,600-kilometer inter-oceanic highway, which will unite the two coasts of South America through their three countries. The highway will run from the Atlantic coast of Brazil to the Peruvian Pacific ports of Ilo, Matarani, and San Juan. At the ceremonies, where hundreds gathered from the three countries whose borders meet near Puerto Maldonado, President Lula of Brazil declared the inter-oceanic highway to be "a symbol of confidence, friendship, and cooperation between Peru, Bolivia and Brazil, the realization of a dream which Peruvians, Brazilians, and Bolivians have had for decades," and will be a "powerful source of progress," providing jobs for isolated and marginalized populations. Brazil will be providing engineering aid and putting up a good chunk of the financing for much of the work to be done in Peru and Bolivia, the only way the long-stalled project could advance.

In his weekly Monday "breakfast interview" on Brazilian radio on Sept. 12, Lula held up the highway as exemplary of the unity needed between South American nations, and emphasized that Brazil wants to establish a strong partnership with the nations of South America, so that the region can take charge of its own affairs ("owner of our own nose," as the Portuguese saying has it). He stated, for the first time in months, that this means "no longer being dependent on the IMF, dependent on World Bank loans. We will have our own, strong economy, to generate the jobs we need, to distribute the income as we wish."

## **Corruption Scandal Hits Yet Another Brazilian Official**

The latest victim of the corruption scandal unleashed against Brazil last June, is the president of the Chamber of Deputies, Severino Cavalcanti, exposed by *Veja* magazine on Sept. 9 for allegedly taking the grand sum of \$4,300 in 2001 from the restaurant in Congress, in return for renewing its concession without putting it up for bidding. The right-wing opposition parties say Cavalcanti should be run out of Congress for this, and discussion is already underway over who should replace him, should he have to go. Cavalcanti is part of the government coalition, and would be third in line for the Presidency, were Lula and Vice President Jose Alencar to be driven out.

## **And the Illegal Immigrants in Hurricane Katrina's Way?**

Ibero-American newspapers are raising questions about the fate of illegal immigrants caught in the area affected by the hurricane, as reports flood in of the desperate situation of immigrants trying to find shelters where they are not required to register, out of fear that they and their families will be deported. The worst off are those who most recently arrived, who often do not understand English, have no gasoline or money, and do not know where to turn.

Hondurans are the largest Hispanic community in the New Orleans area, which has been the primary entry point from this nation into the U.S. since the end of the 1890s, when United Fruit, the banana company that dominated Honduras's economy for decades, was headquartered there. There are families originally from Honduras going back five generations, in some cases, in the New Orleans area. The Honduran government reports that today some 125,000 Hondurans live in the hurricane-affected area, and as of mid-week, the Consulate, now removed to Baton Rouge, was caring for some 360 people there. Many of those who are legally in the country, in addition to losing their homes and jobs, also lost their immigration papers as well. particularly in and around New Orleans.

According to the Mexican government, some 140-150,000 Mexicans—both legal and illegal immigrants—live in the Louisiana, Mississippi, and Alabama area affected by Katrina. The Fox government is pressuring Bush to declare a 45-day moratorium on deportations of illegal immigrants, so that people will not be afraid to seek assistance, but as of Sept. 9, the spokeswoman for the Department of Homeland Security would not confirm that the Bush Administration had agreed to this. Statements from some illegals that as bad as the situation in the hurricane-affected area is, it is not as bad as conditions in their hometowns in rural Mexico, provide a shocking reminder of the worse-than-hurricane destruction wreaked by globalization upon much of the world.

## **Fox Kowtows to Private Interests Even Still**

Still living on another planet, Mexico's President Vicente Fox declared that the lesson of Hurricane Katrina is that Mexico must now privatize its oil and gas. In a Sept. 12 speech, Fox announced that Katrina shows that the "lack of deep reforms in [Mexico's] energy sector" has made Mexico vulnerable to shortages and price hikes, and therefore he will send Congress two proposed Constitutional reforms: to expand private investment in the exploration and exploitation of natural gas fields not associated with oil, and to permit private investment in oil pipeline and storage infrastructure. This he called necessary for securing "sovereignty." To gain some political capital, he also announced the government will limit price increases on domestic consumption of oil, gas, and electricity.

The details of his proposed Constitutional reforms have yet to be made public. Congress has refused to pass all his other proposed energy "reforms."

Adding to the Quixote-like insanity of the President's speech, was his announcement that Mexico last week began work on building the first large "windfarm" in Mexico, the \$110 million-plus "La Venta II" project, and he called upon Congress to vote up his request for funds for another project to reap the winds, "La Venta III."

## Western European News Digest

### Blair, at UN, Proclaims End of National Sovereignty

In his Sept. 15 speech to the United Nations, British Prime Minister Tony Blair declared: "For the first time at this summit, we are agreed that states do not have the right to do what they will within their own borders, but that we, in the name of humanity, have a common duty to protect people where their own governments will not."

In the name of "common values," Blair insisted that: "The UN must come of age. It must become the visible and credible expression of the globalization of politics." Blair's "values" are what he calls "freedom" and "tolerance." He has been making a world tour attacking "extremism," which is replacing "terrorism" as the enemy image.

Blair blamed "failed states" for the problems of terrorism, WMD, environmental destruction, and everything else. The UN, he proclaimed, must lead against terrorism, and support non-proliferation and human rights—against national governments.

### Blair Presents His 'Anti-Terror' Resolution to the UN

British Prime Minister Tony Blair presented his "anti-terror" resolution to the UN General Assembly Sept. 15. Blair defined the strategy of "terrorism" as the intention "to cause chaos and instability and to divide and confuse us"—exactly the strategy of Blair's neo-cons.

The resolution proclaims that the "root cause" of terrorism is "a doctrine of fanaticism." Anti-terror nations must take "action against those who incite, preach or teach this extremism, wherever they are, in whichever country." The anti-terror nations, Blair said, must fight "not just the methods of this terrorism but their motivation, their twisted reasoning, their wretched excuse for terror."

### UK 'Probably' Faces a 'Nuclear Enemy in Long Term'

British Defence Secretary John Reid told the *Guardian* in a Sept. 13 interview that he was launching a national debate on the future of Britain's nuclear deterrent, which, although called "independent," is actually totally dependent upon the United States. The current deterrent, called the "Polaris," of the Trident submarine-launched ballistic missile, deployed in four Vanguard-class ballistic-missile nuclear-powered submarines, will be obsolete in 15 years, and Britain must decide soon on what to do.

Asked if Britain would face a nuclear enemy in that time, Reid said that: "Recent history teaches us it is impossible in most cases to predict where your enemy will come from. Nobody, or very few, foresaw the invasion of the Falklands or that Saddam would invade Kuwait.... So to say whether we might have a nuclear enemy in 15 years' time is a difficult question



to answer, other than to say history probably suggests we will." Reid opposed any view that "just because a new threat of international terrorism has arisen the old threats will necessarily go. They may change."

## **Britain Considers Gasoline Rationing**

Gasoline rationing is being discussed in Britain, as prices approach 1 pound a liter (almost \$8 a gallon). Prices have risen by 20% in recent months. The "Fuel Lobby," comprised of several groups including farmers, truckers, and others who staged nationwide protests in Britain in autumn 2000, is planning protests beginning on Sept. 14, and is calling on the government to cut taxes on fuel—which are now 47.1 pence, about half the average price of 94.4 pence/liter. The British Department of Trade and Industry might order some gas stations to close, or to limit the amount which can be purchased, or even restrict buying to "priority users." Government ministers discussed these possible measures last week.

Chancellor of the Exchequer Gordon Brown has denied that rationing is being planned at this time, but did admit that the current "oil shock" is as big as that of the 1970s.

## **British Authorities Warn of Falling House Prices**

On Sept. 13 the Office of the Deputy Prime Minister (ODPM), claimed that house prices in July were just 4% higher than a year ago. London price rises were much slower: there, prices were just 0.9% higher year-on-year. Inflation had been 12.6% in March, but has fallen every month since. This is the slowest rate of housing inflation since 1996.

City of London analysts cited by the *Guardian* Sept. 13 are warning that homeowners must prepare for "a period of falling house prices." They also doubted the accuracy of the ODPM figures. Research company Hometrack is reporting that property prices are actually 3.7% *lower* than a year ago. Hometrack and the Royal Institution of Chartered Surveyors survey all properties on the market, not just those which have sold, which is what the ODPM looks at. Overall, the British "economy" is faltering—consumption is way down, inflation the highest in eight years, and energy costs soaring, and house price inflation, which had sustained it all, going down.

## **Speculators Fear Lost Billions if German Neo-Cons Lose**

In a commentary headlined "Kirchhof Radicalism Takes German Poll to the Wire," Bloomberg columnist Matthew Lynn wrote Sept. 14 that until very recently, Germany's "Mr. Flat Tax," Paul Kirchhof, the neo-con economic advisor of CDU Chancellor candidate Angela Merkel, and his radical free-trade ideas seemed to be unstoppable, in their attempt to conquer the Chancellorship of Germany.

"And now? A ballot that seemed like sure thing for the CDU is set to go down to the wire. At the very least, Kirchhof's proposals have dashed CDU hopes of ruling with a majority."

"That may also end up costing billions for the global investors who piled into Germany on the near-certainty that a new CDU-led government would bring about the pro-business, free-market change the country needs to revive its flagging economy."

"The lesson: There is nothing wrong with having radical economic policies.... There is, however, no point in bothering the electorate with them. Politicians do better with bland promises during the campaign, followed by bold action after the election."

"Money has poured into Germany since the elections were called.... Hedge funds now hold about a quarter of German

company shares, Lehman Brothers Holdings Inc. said this month. The bet was that market-friendly measures would be pushed through by a triumphant CDU-led government." That would have been a coalition government with the Free Democrats, which won't happen now.

Neither Margaret Thatcher, nor any other conservative leaders ever went public with their economic radicalism before elections, as Merkel has done. "If Merkel finds herself negotiating a coalition with the SPD next week, she'll only have herself to blame for endorsing Kirchhof. And it will be a long time before any Western European politician mentions a flat tax with an election looming," the Bloomberg commentary concluded.

## **Russia and the CIS News Digest**

### **Ivanov Warns Against Change In Nuclear Doctrine**

Russian Defense Minister Sergei Ivanov warned the United States on Sept. 13 against any change of its defense doctrine to allow pre-emptive use of atomic weapons, saying it would prompt others to seek nuclear arms. A draft revision of the U.S. Department of Defense nuclear operations doctrine was made available on Sept. 11, outlining the use of nuclear weapons to pre-empt an enemy's planned attack with WMD.

"Lowering the threshold for the use of atomic weapons is in itself dangerous.... Such plans do not limit, but in fact promote efforts by others to develop nuclear weapons," Ivanov told a news conference in Berlin before a NATO defense ministers' meeting.

### **Putin Promotes Russian Church Reunification**

Russian President Vladimir Putin, heading for the United States to attend the 60th anniversary United Nations General Assembly meeting and have bilateral talks with President George W. Bush, also planned to meet with leaders of the Russian Orthodox Church and the Russian Orthodox Church Outside Russia (ROCOR), continuing his efforts to reunify the two branches of the church.

### **Russian Emergencies Minister Critical Of Katrina Response**

In an interview on Russian radio station Ekho Moskvyy Sept. 10, Emergencies Minister Sergei Shoygu warned that the death toll in New Orleans could reach several thousand. "This is entirely possible. In each city there are people who were not able to leave—single old people, sick people," Shoygu said. He criticized the "ineffective" way in which information was spread before the hurricane: "The complete truth should have been told, and the city entirely evacuated. All homes should have been visited, and all weak and disabled people registered," he said. Electricity should have been shut off after all the people had been informed.

Shoygu also warned that in hot climates, there is a heightened danger of epidemics, and that to prevent these epidemics, there should always be reserves of water-filtering, disinfecting, and decontamination equipment.

Minister Shoygu expressed his surprise at the poor level of preparation of the U.S. authorities, and said that the creation of the Department of Homeland Security after Sept. 11 may have been in part the cause of the disorganization. He expressed his agreement with a U.S. report released a year ago, which said that it was problematic that smaller agencies and structures had been swallowed up in this hyper-department, and most of the smaller agencies had ceased to fulfill their functions.

# Southwest Asia News Digest

## Bush Issues Threats vs. Iran/Syria Prior to UN General Assembly

On Sept. 13, at a press availability with the Occupation-installed Iraqi President Talibani in Washington, George Bush issued warnings against both Syria and Iran, implicitly threatening military strikes.

Regarding Syria, one day earlier, on Sept. 12, U.S. Ambassador to Iraq, Zalmay Khalilzad had scheduled a press conference in a nearly empty State Department press room (most of the press had travelled to New York with Secretary of State Condoleezza Rice for the 2005 World Summit) simply in order to accuse Syria of allowing insurgents to cross its border into Iraq, and to issue an indeterminate warning that they must cease doing it. "The Ambassador did speak strongly about Syria, because he understands that the Syrian government can do a lot more to prevent the flow of foreign fighters into Iraq," Bush said. "These people are coming from Syria into Iraq and killing a lot of innocent people. They're killing—they're trying to kill our folks, as well. And so, of course, he's speaking strongly about that.

"And the Syrian leader must understand we take his lack of action seriously. And the government is going to become more and more isolated as a result of two things: one, not being cooperative with the Iraqi government, in terms of securing Iraq; and two, not being fully transparent about what they did in Lebanon," Bush said.

At the same press conference, Bush insisted that the U.S. was going to proceed with an attempt to bring the Iranian nuclear program before the UN Security Council.

"I will bring the subject up with leaders whom I'll be meeting with today and tomorrow and later on this week," Bush said. "I will be speaking candidly about Iran with the—Hu Jintao, as well as with President Putin, for example. Just had a conversation with Tony Blair and the subject came up.... It is very important for the world to understand that Iran with a nuclear weapon will be incredibly destabilizing. And, therefore, we must work together to prevent them from having the wherewithal to develop a nuclear weapon. It should be a warning to all of us that they have—in the past, didn't fully disclose their programs, their programs aimed at helping them develop a weapon. They have insisted that they have a civilian nuclear program, and I thought a rational approach to that would be to allow them to receive enriched uranium from a third party under the guise of international inspections that will enable them to have civilian nuclear power without learning how to make a bomb." He then reiterated the usual malarkey about how he found it odd that they wanted nuclear energy at all since they are "awash with hydrocarbons."

## Syria Answers Khalilzad/Bush Threat with Challenge

On Sept. 13, Syrian Information Minister Mahdi Daklallah responded to the statements of U.S. Ambassador to Iraq, Khalilzad (see above), saying, "There is a threat of aggression there, and a style which is reminiscent of colonial eras and cold and hot wars." The Syrian government denied these charges, and challenged the U.S. to present any evidence they have on this, publicly.

## Nations Reject Cheney's War on Iran

As of Sept. 16, it appears that China, Russia, India, South Africa, and Brazil, which are all members of the Board of Governors of the International Atomic Energy Agency, among others, are refusing to provide the Cheneyacs with the figleaf—i.e., a vote by the IAEA to refer Iran to the UN Security Council for sanctions—that the Bush Administration wants to back up its threats of military strikes against Iran's nuclear facilities. The IAEA Board of Governors will meet on

Sept. 19.

The U.S. neo-conservative faction, led by Dick Cheney and State Department Undersecretary Robert Joseph, has been pressuring these nations with Iraq-style hoked-up intelligence reports.

But, at the same time, the threat of a unilateral war on Iran by Cheney is a major danger, as Lyndon LaRouche has warned. Leaders and the major press of these nations have been provided with LaRouche's statement of July 27 called "LaRouche Warns of Cheney's 'Guns of August' " in which LaRouche identified the danger that Cheney would order a pre-emptive nuclear strike on Iran, in retaliation for a "new 9/11 attack," even without international support. As *EIR Online* has reported, the wide circulation of LaRouche's statement has put a serious penalty on Cheney launching his war on Iran.

### **'There Is No Military Solution to the Problem with Iran'**

Former Secretary of State Colin Powell, stated the above in an interview with ABC TV's Barbara Walters, on 20/20 Sept. 9. Powell said that it would be creative diplomacy that could resolve any problems we might have with Iran.

### **Sharon Working Against Iran in the United Nations**

Israeli Prime Minister Ariel Sharon and his cronies are working to get the Iranian nuclear question brought before the United Nations Security Council, *Ha'aretz* reported Sept. 15. Iran was discussed when Sharon met with George W. Bush on the sidelines of the General Assembly meeting. Sharon also tried to convince Russian President Vladimir Putin to support bringing Iran before the Security Council. Needless to say, Putin did not support the idea.

More dangerous is the fact that the Mossad Chief Meir Dagan who arrived in New York with Sharon, is to go to Washington to discuss the Iran question with his U.S. counterparts. It is well known that Mossad chief Dagan has been working full time on operations against Iran for approximately the past year.

### **Scott Ritter Exposes 'The Iran Trap'**

As *EIR* has reported, former UN weapons inspector on Iraq, Scott Ritter, was consistently and uniquely correct, from early days of the Bush Administration, in stating that Iraq's WMD programs *no longer existed*. On Sept. 11, 2005, in an insightful op-ed for *Al Jazeera* online, Ritter laid bare what is involved in the current Iran/European Union/IAEA standoff.

All agree, he says, that Iran has resumed enrichment activities. All know that Iran has every legal right to do so. The hidden secret is that the EU-3 (Britain, France, and Germany) diplomatic effort is actually aimed at trying to prevent a U.S. military intervention, though no one says that.

Given that there is no legal basis to deny Iran its program, he argues, the EU-3 have to realize that their efforts are being used as a front for U.S. accusations against Iran. They have to confront the fact that U.S. policy is regime change. The Europeans think there is a Plan A (their diplomacy), which, if it fails, would be succeeded by Plan B (UN Security Council referral), and, if that fails, Plan C: U.S. military intervention. In reality, he writes, there are not three plans, but three phases of a U.S. policy, designed to lead to military aggression.

Ritter concludes: "Since the result of any referral of the Iran issue to the Security Council is all but guaranteed, the push by the EU-3 to have the IAEA refer Iran to the Security Council, while rooted in the language of diplomacy, is really nothing less than an act of war. The only chance the world has of avoiding a second disastrous U.S. military adventure in the Middle East is for the EU-3 to step back from its policy of doing the bidding of the U.S., and to confront not only Iran on

the matter of its nuclear program, but also the larger issue of American policies of regional transformation that represent the greatest threat to Middle East security and stability."

## **Iraqi Committee Calls for Withdrawal Timetable**

The National Sovereignty Committee of the Iraqi National Assembly has called for a timetable for withdrawal of foreign "occupation forces," Knight Ridder reported Sept. 14. The 18-member committee, dominated by Shi'ite Muslims, released its report on Sept. 13, declaring that the only way Iraq could achieve sovereignty was for multinational forces to leave. The report called for a timetable to be set for the troops to go home and referred to them as "occupation forces," a first. Committee chairman, Jawad al-Malikit, of the Shiite United Iraqi Alliance, read the four-page report to the National Assembly.

This is the second such request from Assembly members. In June, one-third of the Assembly members signed a petition asking the U.S. to set a timetable for withdrawal.

The report also asks the UN to issue a resolution declaring Iraq a sovereign country; the government to repeal an order enacted by the U.S. Coalition Provisional Authority that gives foreign nationals here immunity from prosecution in Iraqi courts; and for the government to have control over its intelligence operations, palaces, and prisons.

## **Iranian President Invokes UN Founding Principles**

On Sept. 14, in stark contrast to George Bush's "perpetual war" bullying speech at the United Nations Sept. 14, earlier in the day, Iranian President Mahmoud Ahmadinejad made an appeal to the UN Charter in a rather effective parry to the intense U.S. push behind the scenes at the UN in New York to bring the Iranian nuclear program before the Security Council.

In a measured speech before General Assembly, the Iranian President outlined six principles that should underline the work of the UN: a promotion of spirituality and compassion for humanity based on the principles of monotheism; a rejection of unilateralism; a refusal to license "preemptive measures"; a representation for Islamic countries and possibly for Africa on the Security Council; and free access by foreign delegates [and heads of state] to UN headquarters. "Acceptance of unilateralism is exactly the negation of the United Nations and its *raison d'etre*," he said. "Unilateralism, production and use of weapons of mass destruction, intimidations, resort to the threat of the use of force, and imposition of destructive wars on peoples for the sake of security and prosperity of a few powers have indeed redoubled the historic responsibility of the United Nations to resolutely endeavor to institutionalize justice in all aspects of global interactions in the interest of human tranquility."

In a second statement later in the week, Ahmadinejad also said that Iran's nuclear technology research would be made available to all other Islamic nations, strictly for the peaceful purposes of development.

## **Africa News Digest**

### **Southern Africa Cannot Feed Itself Because of AIDS**

A large swath of Southern Africa will probably never again be able to feed itself, until HIV/AIDS is conquered. That conclusion can be read between the lines of a press release from CARE Sept. 12. Referring to a swath of 10 million people in regions of Mozambique, Zimbabwe, Zambia, Swaziland, and Lesotho, CARE states that while the rains have sometimes

come at the wrong times, there is no drought this year. Yet, "AIDS has killed millions of adults in their most productive years. Others are chronically ill, and their care consumes their families' time and resources." Food production has declined as a result. CARE estimates that 700,000 metric tons of food is needed immediately to carry the population through until the next harvest in April. CARE recalls that, "This is the fourth consecutive year of severe shortages, and many people have exhausted their typical coping mechanisms of selling off livestock or farming tools to buy food."

This will soon be the fate of Sub-Saharan Africa as a whole. Specifics of the trend in Kenya and Rwanda (East Africa), Malawi (Southern Africa), and Burkina Faso (West Africa) were reported in last week's Africa Digest (No. 37).

Forget all the jaw-flapping about Millennium Development Goals. If there is no strategy actually capable of conquering HIV/AIDS, Sub-Saharan Africa dies.

## **IMF Slavery Is Not Just a Figure of Speech**

After reviewing the slave trade and other forms of organized crime in West Africa today, the June 2005 report of the UN Office on Drugs and Crime (UNODC), entitled "Crime and Development in Africa," concludes that "Organized crime in West Africa in its contemporary form is generally perceived to have emerged in the 1970s, contemporaneous with the oil price rises of that decade, the delinking of the dollar from gold, high inflation, and the rapid spread of debt in the developing world."

Africans in America, Inc. (AIA, [africanslavery.org](http://africanslavery.org)), based in New York City and Nnobi, Nigeria, claims that today, "it is a status symbol in most African countries to have unpaid slaves, maids, and servants" in homes and businesses, and it is not hidden. AIA also reports the presence of slaves in African households in Europe and the U.S.

UNICEF says 47 African countries are involved in trafficking of human beings as source or destination, or for transit, or all three.

The leading purposes of trafficking are forced labor, commercial sexual exploitation, and forced enlistment in armies and insurgencies. Most victims are children aged 5 to 15.

The UNODC report also says the slavers take African women to Belgium, France, Germany, Italy, and Spain, and force them into prostitution, and that young Nigerian children and adult women are enslaved in Saudi Arabia.

## **This Week in History**

### **September 17 — 23, 1944.**

#### **Franklin Roosevelt Opens His 1944 Presidential Campaign with Devastating Humor**

Even in the midst of major Allied victories in Europe and the Pacific Theater, the assault against President Roosevelt's policies continued unabated. With the opening of the 1944 presidential campaign, and Roosevelt's decision that he must run again in order to ensure a lasting peace and a program of postwar economic development, the whispering campaigns and direct attacks from Republican candidate Thomas E. Dewey were sharply escalated.

Dewey, who was the current Governor of New York, had made his name as a district attorney who prosecuted Legs Diamond and Lucky Luciano. He started his campaign for the presidency early, and was soon hip-deep in appealing to

racial and religious prejudices. In addition, he took on the role of Red-baiter, claiming that the Communists were seizing control of the New Deal, the better to take over the government. According to Dewey, a Communist was anyone "who supported the fourth term so our form of government may be more easily changed."

Roosevelt commented to one of his speechwriters that Dewey "plays the part of the heroic racket-buster in one of those gangster movies. He talks to the people as if they were the jury and I were the villain on trial for his life." In the sheer virulence of their attacks, Dewey's backers exposed not only their actual ideology, but also the extent to which they were willing to lie. The Republican campaign attempted to re-write what was then recent American history, a fifteen-year history which almost everyone of voting age knew something about.

Roosevelt let them dig themselves in deeper and deeper until he had a good opportunity to answer them. It came in the form of a long-planned September 23 speech to a Teamsters Union banquet in Washington, D.C., which was also carried on nationwide radio. There was a very large radio audience for the speech, as rumors had been circulating about the poor state of the president's health, eagerly fanned by the Dewey campaign.

The weapon Roosevelt chose to wield against his opponent was humor. He was greeted with a six-minute ovation even before the radio broadcast began, but as the speech progressed, the applause was almost drowned out by the audience's laughter.

Roosevelt opened with: "Well, here we are together again - after four years - and what years they have been! You know, I am actually four years older, which is a fact that seems to annoy some people. In fact, in the mathematical field there are millions of Americans who are more than eleven years older than when we started in to clear up the mess that was dumped in our laps in 1933.

"We all know that certain people who make it a practice to depreciate the accomplishments of labor - who even attack labor as unpatriotic - they keep this up usually for three years and six months in a row. But then, for some strange reason they change their tune - every four years - just before election day. When votes are at stake, they suddenly discover that they really love labor and that they are anxious to protect labor from its old friends...."

"I need not recount to you the centuries of history which have been crowded into these four years since I saw you last.

"There were some - in the Congress and out - who raised their voices against our preparations for defense - before and after 1939 - objected to them, raised their voices against them as hysterical war mongering, who cried out against our help to the Allies as provocative and dangerous. [Dewey had straddled the fence on aid to the Allies in 1940-41.] We remember the voices. They would like to have us forget them now. But in 1940 and 1941 - my, it seems a long time ago - they were loud voices. Happily they were a minority and - fortunately for ourselves, and for the world - they could not stop America.

"There are some politicians who kept their heads buried deep in the sand while the storms of Europe and Asia were headed our way, who said that the lend-lease bill 'would bring an end to free government in the United States,' and who said, 'only hysteria entertains the idea that Germany, Italy, or Japan contemplates war on us.' These very men are now asking the American people to intrust to them the conduct of our foreign policy and our military policy.

"What the Republican leaders are now saying in effect is this: 'Oh, just forget what we used to say, we have changed our minds now - we have been reading the public opinion polls about these things and now we know what the American people want.' And they say: 'Don't leave the task of making the peace to those old men who first urged it and who have already laid the foundations for it, and who have had to fight all of us inch by inch during the last five years to do it. Why, just turn it all over to us. We'll do it so skillfully - that we won't lose a single isolationist vote or a single isolationist

campaign contribution...."

"But, you know, even those candidates who burst out in election-year affection for social legislation and for labor in general, still think that you ought to be good boys and stay out of politics. And above all, they hate to see any working man or woman contribute a dollar bill to any wicked political party. Of course, it is all right for large financiers and industrialists and monopolists to contribute tens of thousands of dollars - but their solicitude for that dollar which the men and women in the ranks of labor contribute is always very touching.

"They are, of course, perfectly willing to let you vote - unless you happen to be a soldier or a sailor overseas, or a merchant seaman carrying the munitions of war. In that case they have made it pretty hard for you to vote at all - for there are some political candidates who think that they may have a chance of election, if only the total vote is small enough...."

"Words come easily, but they do not change the record. You are, most of you, old enough to remember what things were like for labor in 1932.

"You remember the closed banks and the breadlines and the starvation wages; the foreclosures of homes and farms, and the bankruptcies of business; the 'Hoovervilles,' and the young men and women of the Nation facing a hopeless, jobless future; the closed factories and mines and mills; the ruined and abandoned farms; the stalled railroads and the empty docks; the blank despair of a whole Nation - and the utter impotence of the Federal Government...."

"Now there are some politicians who do not remember that far back, and there are some who remember but find it convenient to forget. No, the record is not to be washed away that easily.

"The opposition in this year has already imported into this campaign a very interesting thing, because it is foreign. They have imported the propaganda technique invented by the dictators abroad. Remember, a number of years ago, there was a book, 'Mein Kampf,' written by Hitler himself. The technique was all set out in Hitler's book - and it was copied by the aggressors of Italy and Japan. According to that technique, you should never use a small falsehood; always a big one, for its very fantastic nature would make it more credible - if only you keep repeating it over and over and over again.

"Well, let us take some simple illustrations that come to mind. For example, although I rubbed my eyes when I read it, we have been told that it was not a Republican depression, but a Democratic depression from which this Nation was saved in 1933 - that this Administration - this one - today - is responsible for all the suffering and misery that the history books and the American people have always thought had been brought about during the twelve pill-fated years when the Republican party was in power.

"Now, there is an old and somewhat lugubrious adage which says: 'Never speak of rope in the house of a man who has been hanged.' In the same way, if I were a Republican leader speaking to a mixed audience, the last word in the whole dictionary that I think I would use is that word 'depression'...."

President Roosevelt then cited two other falsifications which had been charged against him: that his policy was "to keep men in the Army when the war was over, because there might be no jobs for them in civil life," and that his administration "failed to prepare for the war that was coming." On the second charge, Roosevelt said that he doubted "whether even Goebbels would have tried that one."

Then FDR came to a third charge, which had been made by Harold Knutson, a Republican Congressman from Minnesota, that the U.S. Government had been forced to spend millions of dollars to retrieve Roosevelt's dog, Fala, from the Aleutian Islands when he was supposedly left behind on a Presidential trip. Admiral Leahy, representing the U.S. Navy, had



reported to the House leadership that the charges were completely unfounded.

Roosevelt's reply led to his Teamster address being dubbed the "Fala Speech."

Donning a mock-serious expression, and speaking in a quiet, sad tone of voice, Roosevelt answered the ridiculous charge. "These Republican leaders," said Roosevelt, "have not been content with attacks on me, or my wife, or on my sons. No, not content with that, they now include my little dog, Fala. Well, of course, I don't resent attacks, and my family doesn't resent attacks, but Fala DOES resent them. You know, Fala is Scotch, and being a Scottie, as soon as he learned that the Republican fiction writers in Congress and out had concocted a story that I had left him behind on the Aleutian Islands and had sent a destroyer back to find him - at a cost to the taxpayers of two or three, or eight or twenty million dollars - his Scotch soul was furious. He has not been the same dog since. I am accustomed to hearing malicious falsehoods about myself - such as that old, worm-eaten chestnut that I have represented myself as indispensable. But I think I have a right to resent, to object to libelous statements about my dog."

Having left Dewey to run against Fala, Roosevelt closed his speech by assuring his audience that "The fruits of victory this time will not be apples sold on street corners," and that the keynote to his post-war policy could be found in the one word - JOBS.

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