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This Week You Need To Know

Strategic Bankruptcy Revisited

It was almost six months ago that economist and statesman Lyndon LaRouche first issued a memorandum to the U.S. Senate on the catastrophe shaping up in the automobile sector, a catastrophe which he insisted must be dealt with immediately by a Congress committed to restoring the general welfare of the nation. Under the title "Emergency Action by the Senate," LaRouche put forward a cogent argument:

"Any liquidation of the present structure of the physical productive capabilities of that industry, especially its vital machine-tool sector, would mean both the end of the U.S.A. as a leading physical economic power, and related kinds of chain-reaction damage to the world economy as a whole. Emergency action to avert that outcome must be taken now."

One month later, the crisis of General Motors and Ford, not to mention the airline industry, had gotten much, much worse—but the Congress had done exactly nothing. LaRouche delivered a second memorandum to the Senate, entitled "On the Subject of Strategic Bankruptcy."

Once again, LaRouche laid out very clearly the Constitutional aegis under which emergency action could be taken to save the vital industry, and the consequences which would ensue if that action was not taken. We quote:

"A series of bankruptcies which virtually wiped out several categories of the republic's essential industry, would have to be classified by a term of no less impact than 'a state of strategic bankruptcy.' The threatened collapse of most of the U.S. domestic production capacity of principal manufacturers Ford and General Motors, would mean not only the loss of the production of automobiles, but the loss of a crucial, major portion of the essential machine-tool capacity on which the viability of the U.S. economy as a whole, not only automobile manufacturing, depends. That would be implicitly a more severe long-term defeat for the U.S. economy than Germany's industrial potential actually suffered after the close of World War II.

"The present plight of the passenger airlines is also a strategic issue....

"The combined effect of the chain-reaction financial collapse of the national automobile manufacturing and air-transport sectors, is the presently accelerating threat of dumping of pension obligations of both the airlines and automobile industries, suddenly, on the Federal Pension Benefit Guaranty Corporation. Without novel measures of government intervention, this presently threatened development would mean a wrecking of the present, non-private system of private pensions, leaving the completely Federal Social Security System as virtually the only pension system for the lower eighty percentile, or more, of the population as a whole. The implication of such a set of combined and related developments would also have to be classed as a case of 'strategic bankruptcy.' "

What, then, must be done? LaRouche wrote:

"If we decide on the re-industrialization, re-regulation route to national survival, the task of the Congress is to create the authorization for special agencies dedicated to managing the transition for otherwise doomed entities fallen into bankruptcy. In general, this creation of such agencies should be limited to cases which, firstly, have the character of vital strategic institutions, and, secondly, for which a clear option for a successful, medium- to long-term recovery is foreseeable.

"The essential authority for this kind of remedy lies in a central provision of the Preamble of our Federal Constitution, the promotion of the general welfare."

Is there anything LaRouche said that's hard to understand? The U.S. Congress, especially the Senate, has the authority to create a special agency to manage the transition of these bankrupt, but vital industries out of disaster, into rebuilding the infrastructure of the United States. Unpayable, and illegal, debts can be set aside. Long-term cheap credit can be issued to put people to work. It's only heretical if you take as gospel the insane system of usury, deregulation, and deindustrialization of the last 40 years.

The good news is that, now that the auto crisis has again come to the fore, the Senate already has LaRouche's proposals on the table. All they have to do is take them up—now!

InDepth Coverage

Links to articles from

***Executive Intelligence Review*, Vol. 32, No. 41**

***Requires Adobe Reader®.**

Feature:

LAROCHE WEBCAST

Truth in Economic Forecasting: To Recover America

This is a transcript of Lyndon LaRouche's keynote speech to an Oct. 12, 2005 webcast, delivered in Washington, D.C., along with a selection from the questions and answers. The keynote began with a video segment of LaRouche's press conference at Berlin's Kempinski Bristol Hotel on Oct. 12, 1988. The webcast was moderated by Debra Hanania Freeman.

- ***Dialogue with LaRouche***
What Should Democrats Do Next?

Freeman: As part of the questions which have been submitted, these webcasts in Washington have been principally characterized by an ongoing dialogue between Mr. LaRouche and leading institutions attached to the Federal government, and that will continue today. And in some cases, what I will do, because we get a lot of questions on the same topic, where necessary, and where it's convenient, I'll group those questions together.

Economics:

DELPHI BANKRUPTCY

Congress Must Stop Global Vultures From Destroying Auto

by Richard Freeman

The Delphi Automotive Corporation management's massive fraud on a New York City bankruptcy court, which began on Oct. 8, sends the clearest possible signal to the United States Senate, whose members received memos six months ago from physical economist and statesman Lyndon LaRouche warning of the 'strategic bankruptcy' of the auto industry. The U.S. Congress must intervene to support and regulate the American auto industry as LaRouche proposed, giving it credit, and a new national mission to 'retool' to build vitally needed new economic infrastructure for the nation; and it must protect auto from the global gang of destructive vulture capitalists of which Delphi CEO and hatchet-man Robert 'Steve' Miller is an operative.

Speaking of Delphi . . .

by Antony Papert

Editor's note: The declaration of bankruptcy by Delphi Corporation, and the sophisticated garbage coming out of the mouth of its CEO Steve Miller, inspired us to provide the following historical perspective on the role of the Delphic Oracle in destroying great civilizations.

The faithful Fifth Century, B.C., historian Herodotus records as follows how the oracle of Apollo at Delphi tricked King Croesus of Lydia into a doomed attack against the Persian Empire. After first deluding the king into believing anything that Delphi might tell him, it then answered his question as to what would happen if he crossed the Halys River to attack the Persians, by telling Croesus that if he did so, he would destroy a mighty empire. But once emboldened to cross the river, Croesus realized almost immediately—but too late—that the 'mighty empire' of the prophesy was his own.

World Is Still Unprepared For the Deadly Avian Flu

by Laurence Hecht

The deadliest strain of flu virus ever known, the H5N1 avian influenza, is now spreading into southeastern Europe and Turkey, carried by infected populations of migratory birds which began their journeys in China last spring. New outbreaks are also now appearing in Indonesia and the Philippines. So far, the virus has infected millions of domestic poultry and 120 human beings, of whom 62 died quickly. Most of the human victims caught the flu from direct contact with infected birds. But with each new infection, the virus evolves toward a form that will become easily transmissible from human to human. When that happens, an almost unstoppable pandemic will spread around the world as fast as the common cold, quickly killing perhaps one out of five of every human beings now alive.

National:

Cheney Plots New Wars To Save His Hide

by Jeffrey Steinberg

Lyndon LaRouche's call for Dick Cheney's immediate ouster from the Bush Administration has resonated around the world. Leading American, Israeli, and Arab sources have told this news service that the Vice President is busy plotting military confrontations with both Syria and Iran. As one Israeli source put it: 'Cheney has told Ariel Sharon that the American people will never tolerate the removal of a President or Vice President during wartime. He is pressuring Sharon to back up U.S. war plans, targeting Syria and Iran. Cheney sees his political days numbered, and he is desperate for a war to save his political hide.'

California Arnie Set To Implement Fascist Economics

by Harley Schlanger

Following his announcement in late September that he will run for re-election in 2006, Gov. Arnold Schwarzenegger is concentrating on fulfilling the goal chosen for him by his controller, the old Chicago School fascist, George Shultz. Despite the dramatic decline in his popularity, which is confirmed by all the opinion polls, he has plunged ahead aggressively in a desperate, all-out campaign to destroy representative government in California.

Army Dives Into Cheney's Permanent War Scenario

by Carl Osgood

If there was any doubt that the senior leadership of the U.S. Army is fully committed to Samuel Huntington's 'Clash of Civilizations,' one need only

have attended the relevant panels of the annual conference of the Association of the U.S. Army during the first week of October. There, one would have heard Brig. Gen. David Fastabend, the deputy director of the Army Training and Doctrine Command's Futures Center, declare that a significant percentage of the Muslim world is 'violently opposed to our ideas,' and that there could be 30-50 million potential combatants out there, all guaranteeing that the present U.S. war against terrorism, or against Islamic extremism, or whatever the label du jour is for this war, is going to last decades.

Book Review

You Can Tell a Book by What It Doesn't Cover

by Stuart Rosenblatt

John Jay: Founding Father

by Walter Stahr

New York: Hambledon and London, 2005

482 pages, hardcover, \$29.95, £19.99

Walter Stahr's new book on John Jay certainly helps to reestablish Jay as one of the most important leaders in creating the United States during and after the American Revolution. The author underscores Jay's seminal contributions in crafting the foreign policy of our young nation, and his indispensable role in collaboration with Alexander Hamilton and James Madison in helping to shape the Constitution and guaranteeing its adoption in 1789. This book appears amidst a spate of works on the Founding Fathers which portray their accomplishments, as against the dismal performance of our nation's officials over the past two generations.

International:

German Neo-Cons Are Main Losers of the Elections

by Rainer Apel

The bad news from Germany is that the new Chancellor will be Angela Merkel of the Christian Democrats (CDU), and that outgoing Chancellor Gerhard Schröder will not be part of the new Grand Coalition government composed of the CDU and the Social Democrats (SPD). But the good news is that Merkel, who started out as a rabid neo-con in the election campaign, is getting cut down to size, notably by her own CDU party apparatus...

Helga Zepp-LaRouche

The Promise of a True German-American Alliance

Helga Zepp-LaRouche, Chancellor candidate of the LaRouche Movement's BüSo party in the recent Federal elections in Germany, was interviewed Oct. 8 on 'The LaRouche Show,' an Internet radio show.¹ We reproduce here her answers to two questions: first, what the content of the German-American alliance for which she has called would be, and second, what effect the BüSo had in the election campaign. The show was hosted by Harley Schlanger, and the panelists were LaRouche Youth Movement members Gaby Arroyo from Boston and Abdul Aliy Muhammed from Los Angeles.

Italy Says:

Less Maastricht And More Hamilton

by Claudio Celani

If there were any doubts that Italy, like other major European Union (EU) members, would do little more than nothing in order to enforce budget discipline next year, those doubts were swept away no later than Sept. 4, when the initial results of the German general elections were made known. Four days after that vote, Italian Finance Minister Domenico Siniscalco announced his resignation. Siniscalco, a technocrat, knew that his time was over...

Neo-Cons: The View From Russia

by Lyndon H. LaRouche, Jr.

October 8, 2005

A set of dispatches from Russia viewed by EIR today, point to the importance of developing a shared, common-interest strategic outlook on the so-called 'neo-conservative' phenomenon today. For Russians today, this requires a rapid and accurate general review of the role of the notorious

Alexander Helphand ('Parvus') during the period from his visit as a guest of British intelligence services in London, through his role as a British agent in London's 'Young Turk' operation, through his role in two Russian revolutions, his role as an arms-trafficker, and his interventions into Germany before and after World War I, including his supporting role in the circles of Hitler predecessor Coudenhove-Kalergi.

Quo Vadis Iraq; Quo Vadis Bush?

by Jürgen Hübschen

Col. Jürgen Hübschen, retired from Germany's Air Force, was German defense attache´ in Baghdad from 1986-89. He worked in Latvia for several years with the Organization for Security and Cooperation in Europe (OSCE), and served in the German Defense Ministry until March 2004. EIR published an interview with him on Aug. 6, 2004, and a transcript of a briefing to EIR staff in our issue of April 8, 2005.

'God told me to end the tyranny in Iraq, and I did.' With these words, former Palestinian Foreign Minister Nabil Shaath quoted American President George W. Bush, from the Israeli-Palestinian summit in July 2003 in Sharm al-Sheikh. It would be good if the U.S. President were to receive some advice from God on how he might master the situation in Iraq and in his own country. The current problems in the United States and in Mesopotamia are actually two sides of the same coin.

U.S. Economic/Financial News

Bush-Appointed Amtrak Board Secretly Voted To Privatize its Northeast Corridor

The Northeast Corridor (NEC) runs between Boston and Washington and is the most capital-intensive electrified rail corridor in the U.S. The Sept. 22 secret vote would, if approved by Congress, *de facto* lead to the implementation of the Bush Administration's "bankrupt Amtrak" plan, since it is the NEC which generates the revenues for the national rail system. Such a move also plays into the neo-con networks in Congress who have tried for years to privatize Amtrak. But, so far, this year, Congress has not fully adopted the Bush death warrant for Amtrak.

U.S. Senator Frank Lautenberg (D-NJ) said of the Amtrak vote, "The Bush administration wants to hold a fire sale on Amtrak and sell its best asset, the Northeast Corridor. Selling the [NEC] is the first step in President Bush's plan to destroy Amtrak and intercity rail service in America." The *Times* reports the Senate may take up its version of the appropriations bill which includes Amtrak funding, next week.

Freddie Mac Economist: Billions More Needed in Refinancing Aid to Gulf States

Freddie Mac chief economist Frank Nothaft tried to sketch a 2006 "soft landing" for the U.S. housing bubble in a National Press Club presentation Oct. 12: a median price increase of "only" 7.7%, of which 2-3% would be in the form of price inflation in all building materials; a 5% drop in housing starts and a 3% drop in home sales (despite replacement of destroyed homes in the Gulf states); "the end of the home refinancing boom"; a "robust economy," etc. Nothaft seemed to be talking more about "Rosy" than "Katrina and Rita," whose impact was supposed to be his topic.

But in discussion afterwards, Nothaft said that 350,000 mortgages in Louisiana, Mississippi, and Alabama were "affected" and "at least 100,000" completely wiped out; some \$4 billion in mortgage-relief intervention is needed by Fannie Mae and Freddie Mac combined. The scale of the relief they can give will be determined in part by the Senate, specifically the Banking Committee, as part of hurricane disaster reconstruction. Freddie Mac has already reported losses of \$300 million for the third quarter, from action on its mortgage guarantees for mortgages wiped out in the Gulf states, and from investments in securities based on those mortgages. It and Fannie Mae are trying to get bank lenders to return all September mortgage payments on affected homes, as well as reimbursing them for October's. Nothaft said that Freddie Mac and Fannie Mae will guarantee new mortgages for unemployed people in the Gulf states.

Gulf Seafood Industry Fears Next Catastrophe: Lifting of Tariffs on Imports

Early this year, after domestic shrimpers argued that foreign competitors were dumping large quantities of seafood into U.S. markets, depressing prices, the International Trade Commission, a U.S. government agency, approved tariffs, by a vote of 6 to 0, on imported frozen shrimp from Thailand, India, China, Vietnam, Brazil, and Ecuador.

However, on Sept. 14, the Commission held a hearing to consider lifting the tariffs on shrimp from Thailand and India, due to damages of the tsunami last December. The decision is expected in November. Gulf fishermen say that lifting the tariff would be crushing to an already devastated Gulf fishing industry. Nearly half of all U.S. shrimp production comes from shrimpers fishing out of, or delivering to, Louisiana, Mississippi, and Alabama ports.

Hurricanes Again Reveal Deregulation-Caused Disinvestment in Infrastructure

As Texas recovers from hurricane Rita, after two weeks, 58,000 customers were still without power. Physical damage to the system was massive. Pat Wood III, a pro-deregulation ideologue, who until recently chaired the Federal Energy Regulatory Commission (FERC), complains that the utility company, Entergy, did not invest in enough transmission capacity before the storm. In fact, since FERC started to deregulate the transmission sector of the electrical industry, the Edison Electric Institute reports, industry transmission investment has dropped from \$5 billion in 1975 to \$2 billion in 2000. The industry compact with regulators had required they meet reliability standards with adequate capacity, and allowed them to recoup the cost through adjusted rates. Now, it's every utility for itself. To complicate things further, the state of Texas has its own, independent electric transmission grid. That prevented Entergy from being able to bring power to Texas from its subsidiaries in contiguous states, or any near-by company.

World Economic News

International Markets Affected by Refco Crisis

The financial crisis of Refco, the largest independent futures brokerage firm in the United States, threatens to have major ramifications in the world financial markets. At risk are various hedge funds, the Chicago Mercantile Exchange, and recent major purchasers such as TIAA-CREF, a huge public employee pension fund, and General Motors Investment Management, which oversees employee benefit plans of GM and its subsidiaries.

As of Oct. 14, Refco had suspended trading, and was experiencing a massive bailout by investors from its bonds. Refco CEO Philip Bennett has been arrested, and faces charges of fraud.

Among those international markets affected are the debt bond markets of Ibero-America. It turns out that Refco served as a clearing house for buying and selling of Ibero-American debt bonds, particularly those of Brazil and Argentina. A full 60 percent of all New York transactions of those two countries' debt paper went through Refco.

While Refco's creditors were scrambling to figure out a strategy to deal with the blowup, it is clear that the Federal Reserve has begun behind-the-scenes action to try to contain the crisis. The Securities and Exchange Commission has also stepped in. But, given that the Refco problem, like many others, is the result of fraudulent activity going back to the 1998 crisis commonly associated with LTCM, and that it is occurring within the context of the bankruptcy crisis of the auto industry, there is no assurance that it will be able to be brought under control.

Western Push for Asians To Upvalue Currencies

"The U.S. Administration is pushing a new 'Plaza Accord' for Oct. 16-17 financial meetings in Beijing and Tokyo," a Korean official has told *EIR*, in which U.S. authorities may demand that not only China, but also Japan and South Korea,

up-value their currencies by as much as 20%-40%. The Korean agreed when *EIR* said that this is lunacy, as it could spark an uncontrolled crash of the dollar.

"Karl Rove and Dick Cheney" he said, "are making these irrational political demands to operating officers at the U.S. Treasury, who must tell it to their Asian counterparts. Treasury professionals know that if you talk the Asian currencies up, the dollar could drop, but the political operators are walking all over them," he said, "to curry favor with their political base in the U.S.," like the National Association of Manufacturers, which is blaming Asia for America's economic ills and trade deficit.

Fed Chairman Alan Greenspan, Treasury Secretary John Snow, SEC head Chris Cox, and other luminaries are attending meetings in Beijing Oct. 16-17, and Greenspan is a private guest of the Bank of Japan in Tokyo Oct. 15-16. "Even Greenspan," said the Korean official, "knows it's dangerous to talk down the dollar. That's why he's raising interest rates — trying to hold the dollar up."

Outbreak of Hoof-and-mouth disease in Brazil causing alarm among country's neighbors

According to the Brazilian daily *Valor*, the outbreak is the direct result of IMF austerity which the Lula government has imposed on Brazil, reflected in the infinitesimal amount of money allocated in the budget for necessary sanitation and other measures required to guard against the disease. At least 100 animals are infected in Mato Grosso's El Dorado region.

The Paraguayan government is militarizing the border with Brazil to prevent the entry of any Brazilian cattle into the country. Agriculture Minister Gustavo Ruiz Diaz announced Oct. 10 that soldiers will shoot any cattle that elude border controls and that police and anti-drug personnel will be deployed as well to ensure that no Paraguayan cattle become infected. Having just regained several export markets for its beef, the revenue from which is crucial to this impoverished country, Paraguay is desperate not to lose them. Reflecting this, Ruiz Diaz noted hopefully that perhaps Paraguay could even take over some of Brazil's markets, should some of its trading partners refuse to buy its beef.

Uruguay and Argentina are also taking measures to protect their cattle herds as well.

United States News Digest

Texas Prosecutor Subpoenas DeLay's Phone Records

Travis County, Texas District Attorney Ronnie Earle subpoenaed telephone records of deposed House Majority Leader Tom DeLay's home, his political campaign, and two phones of his daughter (and political operative), Dani DeLay Ferro, on Oct. 13. No further information was provided in news reports as to whether this material is for an ongoing investigation, or for DeLay's trial. Earlier in the week, DeLay's attorneys announced their intention to subpoena Earle and one of his assistants to testify about what DeLay characterizes as their abuse of the grand juries which indicted him, but most recently, Earle rejected subpoena service.

U.S. Holding Juveniles for Life Violates International Law

The U.S. is violating international law by holding juvenile offenders in prison for life without possibility of parole, according to a report filed Oct. 12 by Human Rights Watch and Amnesty International. They say that 2,225 juvenile offenders are serving life sentences without parole in the U.S., compared to a total of 12 throughout the rest of the world. Laws allow such imprisonment in 42 of the 50 states; Virginia, Louisiana, and Michigan are the worst.

Lawmakers Urge Increase in Low-Income Heating Assistance

Senator John Kerry (D-Mass.) unsuccessfully tried to attach an amendment to the Defense Appropriations Bill last week that called for increasing funding to help the poor pay heating bills, from \$2 billion to \$5.1 billion. Although a slight bipartisan majority supported the increase (50 votes), it was short of the needed two-thirds of the Senate needed to increase the Low Income Home Energy Assistance Program (LIHEAP).

But the White House is trying to *cut* LIHEAP by \$298 million, which is 15%. The program is run by a division of the Department of Health and Human Services, which released a statement Oct. 10 that kept the door open to all funding options. However, funding can only be increased if Congress approves it through an appropriations bill.

"We have never had prices so high and increase so quickly," said Mark Wolfe, executive director of the National Energy Assistance Directors Association. He expects more than a million additional applicants, a 20% increase over last year.

Senators Propose Gulf Coast Recovery Agency

Senators Edward M. Kennedy (D-Mass.) and Judd Gregg (R-N.H.) have introduced a bill to create a "Gulf Coast Recovery and Disaster Preparedness Agency." The bipartisan bill, said Republican Gregg, will ensure that the Federal government will continue to "commit significant Federal resources" to the region, while creating an "accountable structure for ensuring that these taxpayer dollars are spent wisely and in a systematic way." A "Gulf Coast Revitalization Authority" will be set up within the Agency, made up of Federal, state, and local officials, to develop a comprehensive plan.

The first two considerations for the plan are: "The impact of public infrastructure on minimizing the damage caused by future hurricanes," and "the impact public infrastructure can have in improving the opportunities for economic development in the region, and enhance public services available to residents."

LaRouche Hater Issues Threats Against Iran

Threats are the only language Iran understands, claims Michael Rubin, one of the American Enterprise Institute's official "LaRouche haters", in an article for the *Observer* Oct. 9. Rubin, who briefly served in Iraq for the Defense Department under former Undersecretary of Defense Doug Feith, writes that the UK is being too soft on terrorism in southern Iraq, the British zone. British soldiers did nothing when the Iran-backed Hezbollah (of Lebanon) set up camps and took over areas in Iraq, even preventing Shi'ite girls from going to school, he claims. As a consequence, bombs of a "type used by Iran's Islamic Revolutionary Guard ... and groups that it supports in Lebanon" killed eight British soldiers. These killings were due to "the impotence and naiveté of UK diplomacy," he adds. Now the Brits have to use "all" their might against terrorists supported by Iran, and Iran itself, because, chickenhawk Rubin says, "Armies not words, are a diplomat's most potent tool."

Bush/Cheney Propose New Farm Globalization Schemes

On Oct. 10, U.S. Trade Representative Robert Portman announced that the U.S. would reduce its farm subsidies by 60%, as an action to favor free (rigged) trade progress at the next World Trade Organization conference in December, in Hong Kong.

Thereafter, Sen. Saxby Chambliss (R-Ga.), chairman of the Senate Agriculture Committee, sent a letter to the Agriculture Secretary Mike Johanns, warning: "Let me be clear, the Congress will be writing the next farm bill in 2007. I am deeply concerned the Administration is using the current negotiations to reshape farm policy without the full input of Congress

and grassroots support."

Portman's Oct. 10 speech was an especially arrogant statement of the usual cartel-serving line that Third World nations will be lifted out of poverty if the U.S., Europe, and advanced economies allow totally free trade—i.e., tariff-free entry for even more food imports from low-cost, slave-level commercial farm sites in Africa, India, China, South America, etc. Following the same script, EU Trade Commissioner Peter Mandelson said EU farm subsidies could be cut by 70%.

Chambliss's letter spelled out five points under which he would judge the acceptability of a possible WTO pact arising from the December WTO meeting (to be passed in 2006, and implemented in 2007). They are:

- 1) "No net reduction in the farm safety net" in the U.S.
- 2) No singling out of U.S.-produced cotton for subsidy reduction.
- 3) At least 10 years to implement changes.
- 4) Allowing decent levels of counter-cyclical payments to U.S. farm producers (when returns are low from sales); and
- 5) A "peace clause" between nations, to stop challenging each other's farm programs.

GOP Having Difficulty Recruiting Senate Candidates

Many potentially strong Republican candidates have refused to run for Senate seats next year. The GOP's favored Senate candidate to run against Democrat Robert Byrd in West Virginia was Rep. Shelley Moore Capito, the daughter of popular former Republican Gov. Arch Moore, but she turned the idea down. Governor John Hoeven declined to run against Democrat Kent Conrad in North Dakota, even after Bush political advisor Karl Rove went there to try to change his mind. In Florida, two popular Republican politicians, State House speaker Allan Bense and former Rep. Joe Scarborough, turned down a call to edge out notorious former Secretary of State Katherine Harris, and run in her place against Democrat Bill Nelson. Similarly, in Michigan, Rep. Candice Miller and Domino Pizza CEO David Bran both refused to take on Sen. Debbie Stabenow. Vermont ex-Gov. Jim Douglas has refused to run for the Senate seat being vacated by independent Jim Jeffords, ceding it to independent Rep. Bernie Sanders. Races are often won or lost a year in advance by choice of the right candidate.

Goss Has Decided Not To Investigate Tenet

CIA Director Porter Goss has wisely decided not to convene an accountability review board for former Director of Central Intelligence George Tenet and other top Agency officials, to punish them for alleged 9/11 oversights, as recommended by the CIA's Inspector General. Tenet had intimated that he would defend himself and tell what had actually happened within the Bush Administration, if sanctions were threatened against him.

Major Business Groups Split with Bush on Patriot Act

Some of the country's largest business groups—including the U.S. Chamber of Commerce, the National Association of Manufacturers, the National Association of Realtors, and the Financial Services Roundtable—have sent a letter to the Senate Judiciary Committee, endorsing amendments that would restrict the government's power to obtain business records under the Patriot Act.

"Confidential files—records about our customers and employees, as well as our trade secrets and other proprietary information—can too easily be obtained and disseminated under investigative powers expanded by the Patriot Act," the letter said, adding that the proposed powers "lack sufficient checks and balances."

Ibero-American News Digest

Lessa: Brazil Should Do What Kirchner's Doing

Like Argentine President Nestor Kirchner, "we should tell the creditors how much we can pay, because this debt has already been paid," Carlos Lessa, former head of Brazil's National Social and Economic Development Bank (BNDES), told a group of leaders from the Brazilian Democratic Movement Party (PMDB) in Porto Alegre, Rio Grande do Sul, on Oct. 10. According to press accounts, the PMDB'ers "liked Lessa's war cry."

The Rio Grande do Sul meeting was the fourth of the 27 state meetings of the PMDB planned to discuss the proposed program of government drafted by a team under Lessa, for a PMDB candidate in the 2006 Presidential elections. Titled "To Change Brazil," the program is an audacious outline of how Brazil must take on the financiers, as a precondition to develop. While the major media keeps mum on Lessa's organizing, one nervous columnist in an "investment advice" website warned that there are people who like these ideas, such as the Vice President, Jose Alencar, and the sector of national business which supported Lessa when he headed up the BNDES.

Brazilian Governor Compares Fight Against Economic Liberalism, to Fight To Defeat Nazism

The PMDB must build a movement against financier liberalism's rule over Brazil, like the resistance which De Gaulle organized against the Nazi occupation of France, Roberto Requiao, Governor of the state of Parana and Carlos Lessa's close ally in organizing for "To Change Brazil," told anywhere from 3-5,000 PMDB members in Florianopolis, Santa Catarina on Oct. 2. Requiao, like Lessa, comes from the generation which fought in the Brazilian Democratic Movement back in the 1960s, when the MDB was founded to lead resistance to military government.

Requiao reminded his fired-up audience that when Charles De Gaulle arrived in London in 1940 to organize the resistance to Nazi occupation, reporters asked why he bothered, "since France was on its knees and had been subjugated. The General responded that he was there to organize the resistance, because he had a certain idea of France in his heart, which was not that France subjugated by the Nazis. The PMDB is meeting here in Santa Catarina, to say to Brazil: the old MDB of war, also has a certain idea of a nation in its heart which is not liberalism's idea," Requiao declared.

"Are we a nation, or a market? A nation and the market are totally different," he said. "In today's Brazil the Central Bank rules at the service of the bankers.... [In] the Brazil of the rentiers, of the bankers, of denationalization," we are to be only "a mediocre supplier of a labor force without guarantees and without rights. In the liberal's vision, Brazil should compete with Bangladesh, with Biafra, with India and China, offering... the slave labor of the Brazilian population."

The PMDB's task in the 2006 Presidential elections is not solidifying its party structure, but "reestablishing ourselves in Brazil, as a national political movement like that which De Gaulle organized for the reconstruction of France," bringing together all the constituent elements of the country to work for the good of the nation, he said.

Argentine General Backs Bush's Paraguay Operation

Retired Army Gen. Daniel Reimundes, a former defense attaché in Washington, lined up with the Washington Cheneyacs

who intend to unleash permanent warfare in the Southern Cone, and get rid of Argentine President Nestor Kirchner, if they can. In remarks before the Fundacion Carta Politica in early October, Reimundes lied that the establishment of a U.S. military base in Paraguay is due to Argentina's "inaction in collaborating with Paraguay in combatting terrorism, drug-trafficking and contraband." This line, that Kirchner is a terrorist sympathizer, is the hobby-horse of the two leading Cheney/Bush allies running for Congress, Ricardo Lopez Murphy and Mauricio Macri. Reimundes is an adviser to Macri.

Reimundes has a history of conspiring with fascist leaders of powerful financial groups of the Mont Pelerinite ilk, tied politically to the corrupt former President Carlos Menem, whom Reimundes backed in the 2003 Presidential election against Kirchner. He often bragged that during his 2002 stint as Defense attache in Washington, he had access to "sensitive" sectors of the U.S. government. Notably, he is also an associate member of the Wall Street thinktank, Inter-American Dialogue.

It was due to such Reimundes's activities, including his insisting on a role for the military in quelling social protest, that Kirchner removed him as Secretary General of the Army, shortly after becoming President in May of 2003. Undeterred, a year later Reimundes helped organize the 70-person dinner at the Patricios Regiment in Buenos Aires in May of 2004, attended by military, political, and business figures linked to the synarchist financiers whose interests Kirchner threatened. Kirchner identified this dinner as a coup-plotting event, reflecting the permanent operations directed against his government by powerful economic groups.

Argentine Government Files Official Protest Against French Insult of Baby-Boomerism

The Argentine government sent a diplomatic note to the French Foreign Ministry, to protest the French Ambassador's statements in Buenos Aires that President Nestor Kirchner is "a populist and '68er.'" Ambassador Francis Lott made these remarks at a private gathering, complaining that Kirchner's policies were causing "difficulties for our companies," a reference to the French utility company Suez, which just announced that it is pulling out of the privatized Aguas Argentinas, in which it is a majority stockholder, because Kirchner refused to renegotiate their contract on the anti-national terms Suez demanded.

Lott was immediately called into the Foreign Ministry, and a note delivered to the French Foreign Ministry by Argentina's Ambassador in Paris, informing them that the remarks were "unacceptable." A tense Lott apologized for having used "mistaken terminology."

Responding to local chatter that the Kirchner government had over-reacted, Foreign Minister Rafael Bielsa reminded people that "if you have no problems with any country, you end up saying yes to everyone. For a long time, we said yes to many things and ended up with December, 2001" (when Argentina defaulted on its debt). "This is a matter that has to do with national dignity, self-respect, and refusing to genuflect...."

Of course the Argentines had to take this "insult" seriously, Lyndon LaRouche commented: They had called the President a Baby-Boomer!"

As Guatemala Is Buried in Mud, Rumsfeld Demands Military Solutions

Donald Rumsfeld called a meeting of Central American Defense Ministers Oct. 13-14 in Florida, to push them to form a regional supranational "peacekeeping" force. Deputy Assistant Secretary of Defense for Western Hemisphere Affairs Roger Pardo-Maurer argued there that such a force is necessary to address common problems like the Mara Salvatrucha gangs, and for responding to natural disasters. Rumsfeld was less subtle, essentially telling his counterparts that foreign investment depends on their wielding sufficient military force to guarantee "security" for Wall Street's Council of the Americas.

Rumsfeld stooped so low, as to cynically use the Hurricane Stan disaster, as an argument for his drive for supranational regional forces, on the grounds that only such a force can bring relief when disaster strikes.

What Guatemala needs to keep such disasters from repeating, is the infrastructure that has never been built. Lack of that infrastructure, is what turned the flooding provoked by Stan on Oct. 4, into murderous mudslides which buried entire villages and left nearly a dozen more incommunicado on Oct. 9-10. The country's few highways were flooded and became impassable, and many bridges were washed away, preventing access to areas affected by the storm. Official figures of 652 dead, 1400 disappeared, and 3.5 million "affected," are considered underestimates. Just two villages that were buried in mud are being described as "mass graves" for 1,400 people. Epidemics and starvation are now feared, due to the damage wrecked on domestic and export agriculture.

Bush to Ibero-America: Poverty Is Here To Stay!

The action plan that comes out of the November Summit of the Americas should not say "we will eliminate poverty," John Maisto, U.S. Ambassador to the Organization of American States (OAS) proclaimed Oct. 7. Following five days of negotiations in Washington with Ibero-American officials on the text of the summit's final Action Plan, this lunatic argued "the document shouldn't say 'we will eliminate poverty.' Please! We'll never do it." This is the time for "pragmatism and practicality." Some progress can be made, he said, "if we generate correct policies, such as Chile did" in reducing poverty—a bald-faced lie—"thanks to its economy dedicated to international trade." "Presidents can't create jobs," he ranted; they can only "encourage and seduce" foreign capital to invest.

'Diamond Pat' Robertson Is at It Again

On Oct. 9, Gen. Boykin-buddy Pat Robertson once again sought to fuel the environment in which Venezuelan President Hugo Chavez could be assassinated, this time ranting that Chavez is negotiating with Iran to obtain nuclear material, and gave \$1.2 billion to Osama bin Laden right after Sept. 11. 2001. "One day we're going to be staring at nuclear weapons, and it won't be Katrina facing New Orleans, it's going to be a Venezuelan nuke," the Synarchist tool told CNN's Wolf Blitzer. Robertson could only say that he got this information from "sources that came to me."

Calling Robertson "crazy," Venezuelan Vice President Jose Vicente Rangel, who identified Robertson as George W. Bush's "spiritual advisor," called on the White House to repudiate Diamond Pat's latest remarks.

Western European News Digest

Munich-Based Paper Notes the Revival of FDR in U.S. Politics After Katrina Disaster

The *Sueddeutsche Zeitung* noted, in an article in its cultural-historical section Oct. 6, that the Katrina catastrophe has created a broad momentum for a New Deal approach. The Republicans almost succeeded in getting rid of the FDR heritage which they hated all the time, but Katrina has changed the situation dramatically. Now, there is a demand for the Democrats, and for a revival of the New Deal paradigm, the author write.

When Sen. Edward Kennedy proposed a "Gulf Coast Regional Development Authority," it was clearly modelled on FDR's Tennessee Valley Authority, and former vice-presidential candidate John Edwards called for a job creation program which resembled very much FDR's Works Progress Administration and Civilian Conservation Corps. Other Senators and Congressmen are thinking in the same direction. And, it meets an increasing "hunger for reforms among the public," as

leftist commentator William Greider noted in an article in *The Nation*. Greider forecast that a bit more public relations work of the Democrats among the electorate would help to make the "old ideas" of the New Deal acceptable again.

Brits Not Pleased That the Nobel Peace Prize went to ElBaradei

On Oct. 8, the day after the announcement that the Nobel Peace Prize was going to the International Atomic Energy Agency and its head Mohamed ElBaradei, someone leaked an MI5 report on alleged covert arms procurement networks, in an attempt to give the impression that the IAEA is incompetent. Second, the *Times* of London ran an editorial accusing the Nobel Prize Committee of "bad judgment" in its choice, since ElBaradei "sounds sympathetic to the nuclear ambitions of developing nations."

In a front-page headline, "MI5 Unmasks Covert Arms Program," the *Guardian* wrote that the MI5 report names 360 companies involved in covert procurement of weapons of mass destruction technology. The report concentrated on Pakistan and Iran, but included India, Israel, Egypt, and Syria. Yet the report stated, "It is not suggested that the companies or organizations on the list have committed an offense under U.K. legislation," but nonetheless asserted the companies have traded in WMD technology.

Henry Kissinger Comments on the 'German Problem'

In the Oct. 10 issue of *Der Spiegel*, Henry Kissinger comments that as soon as a new government takes power in Berlin, "We will take care of the criticism," especially from Schroeder's government, against the U.S. war in Iraq. Kissinger, who only speaks out on rare occasions in Germany, was giving an interview to *Der Spiegel*. Kissinger blamed Germany, and especially Chancellor Gerhard Schroeder, for having acted as a "leader against American unilateralism." Describing himself as "realist" in foreign policy, he said that no timetable for withdrawing American troops from Iraq should be fixed. What is more important is an internal debate in the U.S.A. What we see in the Mideast, he added, is a replication of the "Great Game."

Schroeder Defends General Welfare in Resignation Speech

As expected, Germany's Chancellor of eight years announced Oct. 12 that he would not be a part of the grand coalition under CDU party chief Angela Merkel's leadership. An emotional Gerhard Schroeder made the announcement to an audience of labor representatives in his hometown of Hanover.

Still combative, Schroeder made direct references to the failed "Anglo-Saxon" economic policies, which he insisted had "no chance" of taking hold in Europe. Without naming Katrina, he faulted the "hands-off" policies of economic liberalism that left a state "exposed" in times of crisis. According to a Reuters wire, he said, "I do not want to name any catastrophes where you can see what happens if organized state action is absent." Schroeder said. "I could name countries, but the position I still hold forbids it—but everyone knows I mean America...." [applause]. He made additional references to Franco-German cooperation, saying it was necessary for the defense of Europe's social model.

Germany's Prime European Partners Expect Continuity of Cooperation from New Government

The situation in Germany after the election ranks high on the agenda of France and Russia, as well as Turkey. Outgoing German Chancellor Schroeder was invited to Ankara Oct. 12, for a review of relations and common projects that have to be continued, with Turkish Prime Minister Recep Tayyip Erdogan. The two were to discuss the situation in the Caucasus, besides the Mideast, Iraq, and Iran problems. On Oct. 14, Schroeder was to be the guest of French President Jacques Chirac, whom he was expected to brief on his talks with Russian President Vladimir Putin in St. Petersburg, the previous

Friday. Chirac also invited the designated new German Chancellor, Angela Merkel, to visit Paris as soon as possible, after taking office.

An interesting, related episode in this diplomacy was the "private" Moscow visit of former German Chancellor Helmut Kohl, who told the press there Oct. 11 that the genuine economic interests of German industry in Russia are so strong that "every government of Germany" will have no alternative to deepening relations with Russia.

German Metalworkers Call for Changes in Maastricht Rules

In an interview with the *Berliner Zeitung* Oct. 13, Juergen Peters, chairman of the metal workers union, called for a state-funded program for conjunctural incentives, emphasizing infrastructure development in the municipal sector. Peters said the program should be funded with 20 billion euros, per year, and it should be a priority of the incoming Grand Coalition government.

Asked how this were possible under the Maastricht rules, Peters said that these rules "are made by politicians, they are not god-given, therefore they can also be changed politically." With five million officially-registered unemployed in Germany, a state intervention to create jobs was urgent, Peters said.

Sarkozy Under Massive Pressure from de Villepin, Chirac

Beyond his emotional problems, French Interior Minister Nicholas Sarkozy, who aspires to replace Jacques Chirac as President, is being brought down to size by President Chirac and Prime Minister Dominique de Villepin, who have launched a bulldozer attack against him. Press reported recently that prior to the UMP (Union for a Popular Movement) convention on Europe (Sept. 23), Chirac had several yelling matches on the phone with him, even threatening to kick him out of the government. The arguments were prompted by the fact that Sarkozy tried to come out strongly against Turkey's integration into the EU (something Chirac is strongly in favor of). Sarkozy finally caved in and watered down his line.

On Oct. 10 a trip to London which Sarkozy wanted to use as a trampoline for his Presidential bid, turned into a total flop. First, at a joint press conference with Charles Clarke, his counterpart at the British interior ministry, Clarke interrupted him twice as he was speaking, which was seen as particularly rude. Worse, Tony Blair, who was supposed to give Sarkozy the red carpet treatment, by meeting him at Downing Street, was apparently dissuaded by pressures coming directly from the Elysee, according to *Le Figaro* and other media. Instead, Blair met with Sarkozy as with a mistress, at the Marriott hotel in the evening, with no press or protocol. Blair merely stated something like "nobody can attack us if we meet this way."

Italian Government Assigns the First Contract for the Messina Bridge

The "Stretto di Messina SpA", the state corporation in charge, on Oct. 13 appointed the Impregilo Corp, the largest Italian construction company, to build the 3.9-billion-euro bridge. Construction will start in 2006 and will end in 2012. The Messina bridge connecting Sicily with the Italian mainland will be the longest suspension bridge in the world at 3.7 kilometers, or 2.3 miles. The two towers, standing 383 meters tall, will be higher than the Eiffel Tower. Construction will generate 40,000 jobs.

The opposition candidate in Messina for the next political elections is the owner of the largest ferry boat company and opposes the bridge. However, Raffaele Monorchio, head of Infrastrutture SpA holding, declared to the press that "At this point, I say that it is impossible not to build the bridge. The state would pay, through penalties, as much money as it spends to build it." What is lacking, however, is an overall "grand design" for Europe, into which such a huge project should fit.

Russia and the CIS News Digest

Kissinger, Shultz Visit Moscow

The JP Morgan Chase International Council, chaired by Bush Administration Svengali George Shultz, met in Moscow the week of Oct. 10. Also in the Russian capital for this session of the think tank, which is linked to the flagship Anglo-American investment banking house JP Morgan Chase, was Henry Kissinger.

JP Morgan Chase President and CEO William Harrison, who attended the Council event, had a separate working meeting Oct. 12 with Alexei Miller, head of Gazprom, the Russian natural gas monopoly. JP Morgan Chase was one of six large foreign banks that arranged a \$12 billion loan to Gazprom for the acquisition of the Sibneft Oil Company, finalized last month (as a commercial loan, not a direct investment or takeover).

Also on Oct. 12, Shultz and Kissinger met with Russian Foreign Minister Sergei Lavrov, who had just seen Shultz in California in September, when Lavrov spoke at Stanford University. At the Oct. 12 meeting, Lavrov said afterwards, he briefed the two senior oligarchs on the conference he had just attended in Paris, called "Whither Russia?" According to other reports, Lavrov at that conference strongly asserted Russia's vital interests in Central Asia.

Kissinger was received alone by President Vladimir Putin on Oct. 13 at the Kremlin. It was their fifth tete-a-tete since 2001, including a 2003 visit by Putin to Kissinger's Manhattan apartment. Kissinger also addressed an audience of Russian political scientists, on the dangers of nuclear proliferation.

Russian North Caucasus Attacked Again

Guerrillas attempted on Oct. 13 to storm police, Internal Affairs Ministry, and Federal Security Service buildings in Nalchik, capital of Kabardino-Balkaria in Russia's North Caucasus region. Fighting took place in the city of 235,000 people throughout the day, leaving 12 civilians, approximately the same number of security forces, and several dozen guerrillas dead, according to Russian TV reports. Unlike a similar raid in Nazran, Ingushetia, in June 2004 (where weapons were seized for later use in the Sept. 2004 Beslan school massacre in North Ossetia), most of the buildings were not taken over, though the attackers temporarily seized the first floor of a police station and held hostages for several hours. Federal forces said they had the situation under control by evening.

President Putin took a partially televised briefing on the situation from First Deputy Minister of Internal Affairs Alexander Chekalin, who then told reporters that Putin had ordered Nalchik sealed off, to prevent guerrillas from escaping. Deputy Prosecutor Victor Kolesnikov, Presidential Representative for the Southern Federal District, and Chief of the Armed Forces General Staff Gen. Yuri Baluyevsky were among those giving televised updates during the day. Early on, Chekalin's statement that the raid might have been a diversion to allow a leading Chechen separatist commander to escape from the area, led to rumors that Field Commander Shamil Basayev was on the scene, but Kolesnikov denied this story.

Based on interrogation of captured guerrillas, Kolesnikov announced that the attack was the work of the Jamaat Yarmuk group of the "Wahhabite" Anzor Astemirov, founded by the late Muslim Atayev, an associate of Basayev. Strana.ru reported that Jamaat Yarmuk has been linked with the Moscow apartment bombings of 1999, attacks in Ingushetia in 2002, and last December's raid on the Kabardino-Balkaria anti-narcotics agency. The Chechen separatist site kavkazcenter.com, meanwhile, claimed that the fighters were from "the Kabardino-Balkar sector of the Caucasus Front."

In recent months the British press, in particular, has kept up a drum roll of articles about the coming, allegedly inevitable explosion of the entire Russian North Caucasus. The region has long served as a detonator of the manipulated clashes,

identified in Lyndon LaRouche's 1999 video, "Storm Over Asia."

Russia Demands Extradition Of Chechen Separatist

Britain must take the "necessary measures" against Chechen separatist leader Akhmed Zakayev, who is in Britain, Russian Foreign Minister Sergei Lavrov stated on Oct. 14. Lavrov spoke after the British news agency Reuters published a wire quoting Zakayev, who justified the terrorist attacks in Nalchik as "a legitimate military operation which took place in the framework of the Caucasus front." Zakayev told Reuters the Russians could expect more attacks. "This is definite. There is a clear understanding among the Chechen leadership ... that a change in the situation can only come about if it responds adequately to Russian policies."

The British government has been protecting Zakayev, ignoring Russian requests that Zakayev be extradited to Russia to face terrorist charges, with Britain's Ambassador to Moscow, Tony Breton, recently insisting Russia had to provide more "proof" that Zakayev is a terrorist. The Russian government responded swiftly to this flagrant justification of terrorism: "This propagandist of terrorism, this terrorist instigator again expressed public support for terror, for the barbaric actions of the militants in Kabardino-Balkaria. Once again, he openly and blatantly called for violence, for killing Russian civilians," Anatoli Safonov, the Russian Presidential Envoy for International Cooperation in Combating Terrorism, said in a commentary on the Russian Foreign Ministry's website.

Foreign Minister Lavrov told reporters in Moscow that Zakayev's statement violates at least two United Nations Security Council resolutions, and "goes beyond all limits of law and morals, and we hope the necessary measures will be taken in regard to him." On Oct. 5 in London, Russian President Putin and British Prime Minister Blair had issued a joint statement of commitment to collaborate in combatting terrorism.

Eurasian Bridge Conference Focusses on Roads.

The biggest recent conference on the "Eurasia Bridge" concentrated on building an international "superhighway" as the modern Silk Road, but did not discuss the much more important and viable infrastructure needed for this project, which, considering the huge distances and incredible terrain of Eurasia, would have to be high-speed rail. The Third Euro-Asian Road Transport Conference was held in Beijing the last week in September. On Sept. 27, a motorcade of trucks began a 21-day trip from Beijing to Brussels, on "the Asian-Europe Continental Bridge," *China Economic News* reported. This is the first cross-continental cargo container road transport project between China and Europe.

Transport Ministers from 16 countries, including China, Azerbaijan, Belarus, Czechia, Georgia, Greece, Iran, Kazakstan, Mongolia, Pakistan, Poland, Romania, Slovakia, Turkey, Ukraine, and Vietnam met in Beijing. They called for "strengthening mutual cooperation in road infrastructure and transport, further developing road infrastructure" and other measures to enhance trade and transportation.

China Economic News quoted EU Transport and Energy Minister Enrico saying that almost 73% of goods are transported by road in the EU, and this is a model for Asia, especially as an alternative to transport which has to use overloaded seaports and airports. Rail was not mentioned. He stressed "independent transport services," although with some regulation of standards. The Transport Ministers, also unfortunately, concluded that, due to the poverty of many nations in Asia, they require support from international organizations and international financial institutions in order to go ahead.

Southwest Asia News Digest

President Assad: Syria Had No Role in Hariri Assassination

In a long interview with CNN, taped on Oct. 10 and broadcast Oct. 12, Syrian President Bashar Assad made several points, concerning the United Nations investigation of the assassination of Lebanon's ex-Prime Minister, Rafiq Hariri, and the Iraq war. The interview was widely viewed, especially because of the announcement on the morning of Oct. 12, that Syrian Interior Minister Ghazi Kanaan had committed suicide. Kanaan, a Brigadier General, had been the chief Syrian official in Lebanon for over 20 years. The interview was recorded before Kanaan's death.

* On the Hariri investigation, Assad said: "We're not isolated. So far, we have very good relations with the whole of the world. I think most of the countries, they know that Syria is not involved in that crime for two reasons. The first reason, this goes against our principles. The second reason, this goes against our interests. And from another aspect, Rafik Hariri was supportive to the Syrian role in Lebanon. He was never against. So there's no logic involving Syria—in putting Syria's name in this crime.... Syria has nothing to do with this crime....

"...if indeed there is a Syrian national implicated in it, he would be considered as a traitor and most severely punished. It is treason and where the trial will take place, that's different. However, we are confident that Syria is not involved, and so far, there is no material evidence of Syrian involvement. We are confident of that."

* On the U.S. accusation that Syria is not preventing terrorists from entering Iraq, Assad said that the problem with Iraq is not insurgents crossing the Syrian border, but the chaos in the country, which could lead to civil war there, and be contagious. Syria wants a stable Iraq. Syria would support the political process in Iraq, but not the war.

* On relations with Israel, Assad said that Syria wants peace with Israel. It was ready in 1991, and in 2000, when U.S. President Bill Clinton tried, but "[Israeli Prime Minister] Barak couldn't deliver."

The transcript of the interview, with CNN Chief International Correspondent Christiane Amanpour, is posted on www.cnn.com.

Sharon-Abu Mazen Summit Postponed

Since Israeli Prime Minister Ariel Sharon promised nothing, his meeting with Palestinian President Abu Mazen was postponed, one day before it was scheduled to happen.

The meeting was due to take place on Oct. 11, but the Palestinians are saying there was no reason for any meeting, unless something productive could come out of it. The Palestinians want at least a timetable for the release of minimally a few hundred of the 10,000 prisoners the Israelis are holding, and the turning over of Bethlehem to Palestinian control. Sharon has no intention of making any concessions on either issue, and was simply using the meeting to appease the U.S. and the Europeans, who are pressuring him to make it look as if some progress on negotiations with the Palestinians is being made. Palestinian sources told YNET, Oct. 10, that they want to attain these conditions prior to the meeting, "to justify the existence of the summit to the Palestinians."

The prisoner issue is one of the most crucial, since virtually every Palestinian citizen has a friend or relative who is a prisoner. Furthermore, Abu Mazen's political position is weak enough without having him give Sharon photo ops, while getting nothing in return.

Sharon Continues Palestinian Arrest Policy

While Palestinian President Abu Mazen was asking for the release of prisoners, the Israeli military arrested another 117

Hamas members prior to Oct. 11. The Israelis claim that those arrested are members of three "terror networks," but the move was an obvious slap in the face to the Palestinian President, who is especially focussed on the majority of prisoners who have neither been formally charged, nor even put on a show trial. In fact, since Israeli Prime Minister Ariel Sharon pulled out of Gaza, which people had hoped would restart the peace process, Israel has arrested close to a thousand Palestinians; this level of arrests is almost unprecedented in such a short period of time.

EU-Iran Ready To Restart Nuclear Talks

Following a meeting of the "European Union-3," (EU-3), together with representatives from Italy and Spain, the French, German, and British said they would restart talks with Tehran, without any new conditions, reported *Agence France Presse* and the *Tehran Times* on Oct. 11. The ambassadors of the EU-3 in Iran said they did not consider the recent IAEA resolution to have set a deadline, but favored settling the matters at issue before November.

Ali Larijani, the head of Iran's National Security Council, also stated readiness to resume the negotiating process. Other Iranian sources stress that the government in Tehran is committed to finding a negotiated, diplomatic solution at all costs, despite loud voices from parliamentarians, who are calling for breaking relations with Britain.

Iran Calls Nuclear Negotiations Its 'Strategic Choice'

Also on Oct. 11, the *Tehran Times* reported that Ali Aqa-Mohammadi, spokesman for the Supreme National Security Council (which negotiates the nuclear issue), stated, "Negotiations are Iran's strategic choice on the nuclear issue, and we think that there is no other way forward except through talks." The official reportedly indicated that Iran would be willing to accept an offer made by South Africa, to provide yellow cake uranium, and to return the UF6 gas produced at Isfahan to South Africa. He said was not seeking "to make fuel it does not need, but refuses to give up the right" to enrichment technology.

In a separate development, unnamed diplomats said that a high-ranking IAEA delegation was in Teheran, to discuss progress towards an agreement. The IAEA wants access to two military sites, interviews with military officials, and documents linked to the enrichment program. All three requests were being discussed with the Iranians, they said.

Ha'aretz Sickened by Israeli Palestinian Policy

Writing in the Oct. 11 *Ha'aretz*, correspondent Aluf Benn declared in no uncertain terms, "Israeli policy toward the Palestinians is sick." He writes that Israeli Prime Minister Ariel Sharon's evacuation of Gaza "has changed nothing." In the West Bank, checkpoints and the siege of all the cities continue, no prisoners have been released, and Sharon is pursuing a policy that he knows will lead to the collapse of the Palestinian National Authority.

"Israel defeated the Palestinians and now, drunk with victory, is dictating the arrangements. But the Prime Minister's office has forgotten one thing. They forgot that successful wars end with the generosity of victors, and that humiliating a defeated enemy only sows the seeds of the next war," Benn writes, adding that Sharon's policy of destroying the Palestinian National Authority "will leave Israel with a huge and threatening black hole on the other side, and it is doubtful that is what the country needs. It is time for different thinking, daring a farsighted, with regard to the Palestinians."

Kach Terrorist Awarded \$100,000 in Compensation

A Jerusalem court awarded Noam Federman \$100,000 in compensation for false arrest. Federman was held under arrest for eight months, but all charges of his having been involved in an attempt to bomb a Palestinian school were eventually

dropped. The award of such compensation is obvious and incredible hypocrisy since everyone knows Federman is a member of Kach, an organization considered by the Israeli and U.S. government as a illegal terrorist organization, and in Israel membership in Kach is grounds for arrest and criminal conviction. The Israel authorities have never arrested Federman for being a member of Kach, although he is considered dangerous. Federman lives in Hebron in one of the most extremist Israeli settlements in the West Bank.

Chaos in Iraq Continues Despite Constitutional Referendum

According to a count by the Associated Press, reported on Oct. 8, there have been at least 539 (which may be an undercount) bodies found in Iraq since April 28, in the run-up to the Oct. 15 Constitutional referendum. Most of the victims were groups of men who have been assassinated and bodies dumped, both Shi'ites and Sunnis, leading to charges by both sides that the other is employing death squads. The latest group of 22 bodies, found this week, were Sunni men who were rounded up by men in Interior Ministry uniforms in August.

Meanwhile, Sunnis remain concerned that the new Constitution casts them as the villains in Iraqi society. "We have disappeared from the process," one prominent Sunni in Baghdad told *The New York Times*. However, Sunni leaders meeting in a mosque in Baghdad on Oct. 9 failed to agree on how to handle the vote, some arguing for a boycott and others arguing that all Sunnis should go to the polls and vote a resounding "no."

Asia News Digest

Increasing earthquake activities predicted

On Oct. 9, the disputed (between India and Pakistan) state of Jammu and Kashmir experienced an earthquake of 7.6 on the Richter scale, followed by an aftershock of 7.5 Richter. Scientists pointed out that almost simultaneously, two other earthquakes rattled Indonesia and the Philippines. All three tremors were of different order of magnitude, had different epicenters, and none of them were identified as harmonic tremors signifying any volcanic activity. At the same time, the scientists believe that all three earthquakes were connected.

Scientists are still trying to figure out what caused this simultaneous outbreak of earthquakes thousands of miles apart. They believe these earthquakes were triggered by solar flares unhindered by Earth's weakened electromagnetic shields. If that turns out to be the reason, scientists have warned that the number of earthquakes will increase exponentially in the coming years.

The UN reports that about 1000 hospitals were destroyed by the earthquake

The massive earthquake that hit the politically-volatile hill state of Jammu and Kashmir on Oct. 9 has already claimed close to 30,000 people. As of Oct. 14, a large number of villages in the upper reaches of the Himalayas remained unattended, indicating a further rise in death toll in the coming days. The two most devastating impacts of the earthquake were: it killed off thousands of children, who were attending schools, and demolished about 1,000 hospitals where the injured ones could be attended to. A large number of children's bodies remained unclaimed since their parents also died. Pakistan's Interior Minister said: "A whole generation got wiped out."

Pakistan has sent an urgent appeal to the international community for field hospitals, as well as antibiotics, anti-typhoid medicines, fracture treatment kits, and surgical equipment, among other items. India has already brought in tents and blankets to set up temporary field hospitals and delivered 25 tons of life-saving drugs. WHO said "many health workers—including doctors and nurses—have died or been seriously injured."

Investors are pulling out of most Asian markets

According to the Indian and Pakistani press, all Asian markets have seen stock markets retreat in the first week of October as investors pulled out about \$1.1 billion of foreign funds. According to a dealer with foreign brokerage firm, while high international oil prices and rising U.S. interest rates were weighing heavy in the minds of global investors, overpricing of stocks in the region were also making global investors uneasy. Among the key markets, South Korea has seen the highest outflow of \$915 million, followed by Thailand at \$150 million and India with \$214 million. Investment in Indonesia and the Philippines remained flat, while Taiwan is the only exception, gaining \$144 million during the same time period.

Violence sparked as Rice landed in Kabul

Violence broke out in Afghanistan the day U.S. Secretary Condoleezza Rice landed in Kabul from Bishkek for a one-day (Oct. 12) visit. Two rockets landed in Kabul injuring guards in the Canadian Embassy.

In Kandahar, unidentified armed men gunned down five doctors of the NGO, Afghan Health Development Service (AHDS), and wounded three others. Kandahar, the birthplace of the Taliban, has remained violent since.

In the central Uruzgan province, where the anti-U.S., pro-Taliban rebels rule the roost, the U.S. Air Force carried out retaliatory attacks and reported the deaths of ten "suspected Taliban." The retaliatory measure was scheduled following the killing of 18 Afghan policemen in the adjacent Helmand province on Oct. 11.

Malaysia moves to engage Myanmar, despite screams from the West

Malaysian Foreign Minister Datuk Seri Syed Albar reported Oct. 10 from Myanmar that that country is taking cautious but definite steps toward its first elections since 1990. Legislative and judicial factors in its draft national constitution include power-sharing by year's end. Syed Albar held several meetings with the ruling junta, who, he said, are "moving slowly but steadily, although some Western countries have been putting pressure, saying that things should be moving much faster." Hamid added that "Prime Minister General Soe Win said he didn't want a hurried democracy with bloodshed, like Iraq. He wants to be careful and make sure the country is safe, stable and the people are united."

Syed Hamid Albar also met with Myanmar's State Peace and Development Council Senior General Than Shwe and Foreign Minister Nyin Win.

The Philippines is losing its refineries and its air force

Shell announced that they will shut down their refinery in the Philippines next year, just as Caltex did earlier. This leaves the Philippines with just one refinery—that of Petron Corp, a semi-government-owned company—forcing an even greater demand on imported gasoline.

Also, the Philippines retired the last of its 40 year old F-5 fighter jets, leaving only trainer aircraft to defend the country. The original 37 F-5s have been used in countering communist insurgencies and Muslim separatists and terrorists over the years. The bankrupt Philippines has one of the most primitive armed forces in the region, although the acquisition of the F-5s in 1965 made them the first nation in the region with supersonic fighters.

Japan's lower house approved Koizumi privatization bill

The Diet approved Koizumi's postal system privatization bill by a vote of 338 to 138 Oct. 10, after his overwhelming election victory Sept. 11 made it possible for Koizumi to pass any bill he likes in the Diet. Koizumi simply re-submitted the bills, almost identical to those voted down in August. Of the 37 LDP "rebels" who voted against the bills in August, only 17 survived the election, and only 4 voted against the bills this time.

Now, timing is the big question: when would the \$4 trillion fund actually come under private-sector control, so that the cash could be sent out of the country to bail out Wall Street, for example? Under the legislation, Japan Post would be split into four different stock companies on Oct. 1, 2007 by function: mail delivery, savings, etc., by a public stock sale, but not "fully privatized" until 2017. Even between now and 2007, there will be such momentous chaos and change on the global currency markets (for example, a huge dollar collapse) that it is far from clear whether a private management could send cash abroad, two years from now — let alone in 2017.

The U.S. is blocking a phone link between North and South Korea

The telephone connection between South Korea and the Kaesong joint industrial complex in the North is held up because Korea Telecom (KT) can't get Pentagon approval. U.S. regulations require South Korea to have U.S. approval on shipment of "dual-use items" to the North of anything with more than 10% U.S. technologies or components. Not that South Korea, the world capital of telecom equipment, can't find 100% Korean-made gear, but KT wants to ship up-to-date fiber optics, which have a U.S. component. If Washington won't ease up, they'll have to import North Korean equipment to the South instead, a form of insanity. Kaesong Industrial Complex, just north of the Demilitarized Zone, will accommodate 2,000 factories by 2010; fifteen plants are already shipping goods to stores across South Korea.

Meanwhile, Moody's Investors Service announced Oct. 5 that "clarification of North Korea's commitment to the joint statement" of the Six Powers made Sept. 19 is needed, before it can change South Korea's credit rating from "stable" to "positive," which means South Korean banks and companies as well as the government, must continue to pay the "Korean premium" of an extra charge to borrow money in world markets. Moody's said that the Sept. 19 statement had been "overshadowed by a subsequent statement by the North Korean Foreign Ministry, indicating that the North has apparently backtracked, demanding the immediate right to a 'peaceful' nuclear program before dismantling its weapons program."

This Week in History

October 18 - 24, 1693

Lord Thomas Fairfax Becomes an American and Helps the Colonies Break Through to the West

October 22, 1693 was the birth date of Thomas Fairfax, the Sixth Baron Cameron and heir to the estates in England and Virginia of a very interesting family. The Fairfaxes were known as statesmen and soldiers who also showed talent in the literary field. The third Lord Fairfax, also a Thomas, became Commander of the New Model Army in 1645 during the English Civil War. He was superseded by Oliver Cromwell, whom Fairfax did not support because he suspected Cromwell was heading for a military dictatorship.

Fairfax resigned his commission when he was ordered to invade Scotland, and he also resigned his appointment as a judge at the subsequent trial of King Charles I, when he realized that the king's execution had been predetermined. This Thomas Fairfax was also responsible for saving the priceless contents of the Bodleian Library when it was threatened with destruction during the Civil War.

The Thomas Fairfax born in 1693 was only sixteen years old when his father died. He succeeded to the title of Baron Cameron only a few days before he was to leave for college at Oxford. According to contemporary accounts, most students at the Oxford of that time lived a riotous, pleasure-seeking life, but although Thomas Fairfax was sociable, he studied seriously and became known for his accomplishments in literature. It is said he contributed an article to "The Spectator," a well-known literary magazine which also printed many articles by Jonathan Swift.

Thomas's mother, Lady Fairfax, was active in Whig circles in England, and the unofficial leader of those circles was Jonathan Swift, recognized today for his brilliant satires, but less known for his activities as a statesman. Swift and his circle had succeeded, during the reign of Queen Anne, in freeing England from the "perpetual war" policy of the Venetian Party and its leader, the Duke of Marlborough. Swift was also able to see that the colonies of Virginia and New York/New Jersey received able governors who promoted the development of the colonies, and supported their attempts to break through the Appalachian Mountains to the fertile lands of the Ohio Valley.

When Thomas Fairfax left college, Swift's circles were battling a new threat. This was the return to power in England of the Venetian Party's Robert Walpole, a man so corrupt that he was popularly known as "Bob Booty." Walpole had coined, so to speak, the phrase "Every man has his price," and he proceeded to demonstrate it by bribing the Commons, the Lords, and even the King. Walpole was also an inveterate enemy of any attempt to develop the American colonies beyond an existence as coastal depots for exporting raw materials to England.

As soon as Walpole became prime minister in 1721, Thomas Fairfax, an anti-Walpole Whig, was thrown out of his post as Deputy to the Treasurer of the King's Chamber. Fairfax was able to obtain a commission as Cornet in the Royal Regiment of Horse Guards, commanded by the anti-Walpole Marquis of Winchester.

During this time, Fairfax was trying to administer his family's English estates while dealing with a clone of Robert Walpole in America.

This second embodiment of greed was Robert "King" Carter, who had been appointed many years previously to oversee the Fairfax Proprietary in Virginia.

This proprietary, like William Penn's in Pennsylvania, was nominally under the British Crown, but was administered by the Fairfax Barons under a grant from the King. The Northern Neck Proprietary, as the Fairfax Grant was called, extended from the western shore of Chesapeake Bay up the peninsula between the Potomac and Rappahannock Rivers. In 1688, King James II had amended the grant to state that the grant went westward as far as the "first heads or springs" of those two rivers.

This was a very crucial statement, for the Fairfax lands extended northwestward like an arrow toward the Ohio River, and that was where the colonists would have to go to be able to extend their settlements across the continent. But King Carter had marked out huge tracts of Fairfax lands for himself, his family, and his cronies, and used them as a speculative investment, not for the development of farms and towns. As a result, settlers wanting to move west had to leapfrog over Carter's huge and empty holdings, leaving the pioneers with no infrastructure or military support immediately behind them. And the Virginia Council, of which Carter was a member, was pressing London to declare that the Potomac River only extended to its confluence with the Shenandoah River, not to the high Allegheny Mountains.

From 1735 to 1737, Lord Fairfax visited Virginia, and arranged for surveys to be made of his grant. In this he was aided by former Governor Alexander Spotswood, another member of the Swift circle who had brought Virginia out of the feudalism imposed upon it by Venetian Party toadies like King Carter and his ilk. Another collaborator of Spotswood was his fellow iron-manufacturer Augustine Washington, the father of three-year-old George Washington. After a survey of the Fairfax Grant was made by two teams, composed of surveyors appointed by the Virginia Council and by Fairfax, the

Council still insisted that the Potomac ended at the Shenandoah. Fairfax returned to London in order to break the stalemate.

It was not until 1745 that the King confirmed that the Fairfax grant ran westward into the high Alleghenies. Thomas Fairfax then turned his English properties over to his younger brother and moved to America permanently.

At first, he stayed with his cousin and new land agent William Fairfax at Belvoir, a home just south of Mount Vernon. There George Washington's older brother Lawrence lived with his wife, a daughter of William Fairfax. Lord Fairfax took much interest in the now teen-aged George Washington, and hired him to survey portions of his lands.

In 1752, Fairfax moved just beyond the Blue Ridge to the Shenandoah Valley, where he built a house called "Greenway Court." This was not an impressive mansion, for Fairfax lived simply, dressed simply, and spoke plainly. He assured the hardy pioneers who had come down the Valley of Virginia from Maryland and Pennsylvania that no man should lose his land just because he was poor. Unlike the king, who required all rents and taxes to be paid in coin, Fairfax would accept any kind of product from settlers who bought parcels of his land. In issuing some deeds, he only required a turkey or partridge paid at Christmastime. He also set up "manors," which were not the feudal kind, but were large tracts of land where people too poor to buy land could rent it and have rights to it through three generations.

Lord Fairfax also supported the plans to set up a settlement near the forks of the Ohio River. He participated in negotiations with the eastern Indians at Winchester in 1753, and tried to recruit as many men as possible for the expedition, ultimately led by George Washington, to support the Ohio River Settlement. Again, when General Braddock and his army were sent to evict the French Forces who had taken over the English fort at Pittsburgh, Fairfax's home was at the center of preparations for the march. All through the dark days of the French and Indian War, when most of the Shenandoah Valley settlers fled in terror eastward back over the Blue Ridge, Fairfax remained at Greenway Court to help organize the resistance against French and Indian incursions.

When the American Revolution began, Lord Fairfax was in a difficult position. He favored the American cause against the policies of the Venetian Party, whose East India Company was now completely running the British Government. But he could not speak out in public, for it might mean that his brothers and sisters in England might lose their land and income. Because anyone who did not abjure their loyalty to King George III were subject to double and then triple taxes, Fairfax was penalized very heavily for his enforced silence.

Finally, former General Charles Lee, who lived near Fairfax, sent a petition to the Virginia House of Delegates on behalf of the inhabitants of Berkeley County, asking that Fairfax not be considered as a Loyalist. Lee classified Fairfax's case as being "unexcepted in the United States," and said that he and his neighbors considered it as their "indispensable duty to bear testimony of his uniform friendly conduct in the most public manner toward the liberties and friends of America from the commencement of this anxious struggle."

Lee's petition further stated that Lord Fairfax had helped stabilize the Continental currency by ordering his collectors to receive the paper dollars at six shillings apiece, which was much higher than they had been valued at before. Fairfax had also been active in the exchange of prisoners, and had furnished any aid which the Virginia Government had requested.

Lord Fairfax lived long enough to receive word that George Washington's forces had defeated General Cornwallis at Yorktown. In 1785, Virginia cancelled the Northern Neck Proprietary, but by that time Fairfax's policies had fostered a growing population, and in just a few more years, Americans would be building towns and plowing fields in Ohio.

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