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This Week You Need To Know

Who Is Behind World War III?

by Lyndon H. LaRouche, Jr.

August 2, 2006

The renowned psychoanalyst Bruno Bettelheim once explained, there are some slaves who, then as now, regarded their chains and rags as ornaments to be worn with pretense of pride. Today, the slavish mind says, "Since the system will never change, we can only influence our slave-master (the predators controlling the Democratic Leadership Council or others), by trying to influence that beast from beneath, and take his donations of faith-based-initiatives money when we can." Therefore, now is the time for currently leading political figures of much of the world to stop repeating the silly sophistries of the idiots whispering at their elbows, and, instead, to face the reality of the current global situation.

Consider the following puzzle:

The policies of the current U.S. government are being dictated by those who intend to have an immediate further outbreak of war, with the objective of eliminating all national sovereignties, including that of the U.S.A., by methods of so-called "globalization." This is being directed by the international financier circles which, typified by that same past Synarchist International's Felix Rohatyn of today, are already working to destroy the U.S. from within.

What then should we say of the idiots, including leading circles in Europe, who are reporting that the present impulse toward a form of World War III characterized by nuclear-weapons-enhanced global asymmetric warfare, is an expression of "U.S. Imperialism"? Could any sane person, under these conditions, actually believe that the U.S. government, which is about to be taken over by a foreign occupying power represented by Goldman Sachs's modern copy of Hjalmar Schacht, U.S. Treasury Secretary Paulson, is the imperial power behind the intent to destroy itself?

It is time to provide the relevant protective camisoles for the representatives of that brainwashed Baby-Boomer booboisie (Fr.: Bo-Bo's) who betray their foolishness by babbling the tell-tale mantra of "I don't believe in conspiracy theories."...

...full article, PDF

Latest From The Worldwide LaRouche Youth Movement

The Democrats' New Suit

by Niko Paulson, LaRouche Youth Movement

Like the little boy in Hans Christian Andersen's famous story, the LaRouche Youth Movement (LYM) appears to be the only ones left on Capitol Hill who are unafraid to tell the truth. As Lyndon LaRouche has stressed on many occasions, the Congress's recent foolish behavior, first in allowing the U.S. auto sector to be gutted, and now with their nearly unanimous support for Israel in what could become World War III, threatens to bring on the collapse of civilization. The members of Congress, especially those within the Democratic Party, have been swindled by fascist financier Felix Rohatyn. They are now carrying on their sophist's charade, in the vain hope that no one will point out their naked immorality.

Over the past several months, following the initiatives by LaRouche, the LYM has led a nationwide fight to rebuild the country. Through mass organizing, and lobbying the Congress, the LYM has worked to turn LaRouche's proposal, "The Economic Recovery Act of 2006," into legislation. The proposal calls for the immediate re-tooling of the bankrupt auto industry's machine shops, to convert to production for infrastructure development and begin to reverse the disastrous effects of globalization.

During the week leading up to LaRouche's July 20 webcast (see *EIR*, July 28), the LYM, along with dozens of union leaders and state elected officials from across the nation, lobbied Congress, holding over 30 meetings with Congressional offices. In spite of our insistence upon the immediacy of the economic crisis, as expressed by the first-hand accounts of many of the local officials, and in spite of a very viable solution to that crisis identified by the "Economic Recovery Act of 2006," as yet no such bill has been introduced. This failure, especially on the part of the Democrats, can be largely attributed to the malignant influence of Felix Rohatyn, as this has been documented in *EIR*. The LYM's organizing has become increasingly focussed on removing this corrupting influence.

The following cases will give a glimpse into an aspect of a political process which we are shaping....

...full article, PDF

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Feature:

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stop repeating the silly sophistries of the idiots whispering at their elbows, and, instead, to face the reality of the current global situation.

- **Has the President Cracked Up?**

The President's Obsession!

by Lyndon H. LaRouche, Jr.

August 3, 2006

Leading circles within the U.S. today are gravely concerned with an apparent, serious disturbance of President George W. Bush, Jr.'s current state of mental health. His obsession with the prospect that a reluctant Israeli government's launching of the current war against Lebanon might provide the Republican Party ticket a much-desired 'October Surprise' for the coming November general election, has gone glassy-eyed.

Will 'October Surprise' Trigger World War III?

by Jeffrey Steinberg

On Jan. 11, 2006, keynoting an international webcast in Washington, D.C., Lyndon LaRouche issued a pointed warning about the danger of a new Mideast war. He spoke of a possible 'fake weapons of mass destruction' hoax, orchestrated by Vice President Dick Cheney and former Israeli Prime Minister Benjamin Netanyahu.

Stop World War III!**LaRouche Doctrine for Southwest Asia**

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche is the chairwoman of the Civil Rights Movement Solidarity party (Bu"So) in Germany. She released this statement on July 31, and it is being circulated as a mass petition, gathering signatures of support. The Bu"So is currently campaigning in the city elections in Berlin on Sept. 17, with a slate of candidates headed by mayoral contender Daniel Buchmann, a member of the LaRouche Youth Movement. For more information, see www.bueso.de.

World Corporations: The Globalization 'Blob' Spreads Its Economic Control

by EIR Economics Staff

We now face an unprecedented degree of private global control over key sectors of industry, agriculture, energy, and raw materials, and even sovereign government functions—from military logistics to health care to roadways. Globalization is no longer in the 'trend' stage. It has reached the point where nations are dependent on a narrowing base of production, under ever more privatized control. This comes about at a time of price hyperinflation, and impending crash of the monetary/ financial system itself, following decades of 'casino economics.' Two features of the situation must be fully understood: the nature of the globalizers; and the extent of their control.

- **Financiers' Foundation: Privatize P.O. and TVA**

The Reason Foundation was set up in 1978 in the United States by a network of financial syndicates out to undercut nation-states.

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International:**Profound Policy Brawl Is Behind Demands To Dump Blair**

by Jeffrey Steinberg and Scott Thompson

A broad majority within the British Establishment has delivered a 'sayonara' message to Prime Minister Tony Blair. In a series of stinging media attacks, which began while Blair was in Washington, conferring with George Bush, Blair was told that his time is up, and that he should depart from 10 Downing Street—pronto.

Lebanese Religious Leaders Unite In Call To Stop Israeli Aggression

On Aug. 1, shortly after the tragic deaths of the civilian families of Qana from Israeli bombings, the Christian and Muslim religious leaders of

Lebanon met in Bkerke, the seat of the Maronite Patriarchate, at the invitation of Patriarch Cardinal Nasrallah Boutros Sfeir, to issue an appeal to the world, to stop the Israeli aggression against Lebanon. The meeting has barely been reported in the United States, and the statement of unity has been virtually blacked out by the English-language press. A Lebanese contact told EIR that ours would be the first publication to print the unity statement in English.

Will Russia and America Again Recognize a Common Enemy?

by Jonathan Tennenbaum

Despite the decades-long adversarial relationship between the United States and the Soviet Union, during the Churchillorchestrated 'Cold War,' any informed U.S. patriot should know that Russia and America have been close allies at practically every crucial point of history. The positive relationship goes back to before the U.S. republic was born, to the great Gottfried Wilhelm Leibniz, the father of the principles of the American Declaration of Independence and the U.S. Constitution, who at the same time advised Czar Peter the Great on building up Russia's scientific and technological capabilities, through the creation of the Russian Academy of Sciences.

- **Defending Russia's Industrial Development**

On July 13, Jonathan Tennenbaum participated in a roundtable press conference at the Rosbalt news agency in Moscow.

Mexico's 'Forgotten Man' Seizes Streets, History

by Gretchen Small

A new phase of struggle opened July 30 in Mexico, when Presidential contender Andre´s Manuel Lo´pez Obrador, addressing as many as 3 million people packed in and around Mexico City's central plaza, the Zo´calo, called upon Mexicans to set up 47 'permanent encampments' in the heart of the city, and man them 24 hours a day, until the Federal Electoral Court orders a vote-by-vote, polling station-by-polling station, recount of the contested July 2 Presidential election.

'Wise Words' of Zepp-LaRouche Now Heard Weekly on Germany's LYM Radio

by Abdul-Aliy Muhammad, LaRouche Youth Movement

The governing institutions of Europe show blushing and despairing ignominy, while most 68ers show utter obstinance, as wouldmake Denial himselfbowhis head in disgrace.Many deluded others would rather compose fantasia than deal with real crises on the plain.Andlastly, the heads of state of Europe are running headlong into a mosh pit fitted by Rohatyn and his like, here in 'Old Europe.'

Economics:

'Pericles' Paulson Delivers Speech Reeking of Schacht

by Nancy Spannaus

The much awaited first public utterances of the new Bush Administration Secretary of the Treasury occurred at Columbia University in New York City on Aug. 1. And if anyone was expecting a change from the sophistry of the Bush League, they were proven to have been sorely disappointed.

'Locust' Lone Star Belongs to Texas Circles Backing Bush

by Helga Zepp-LaRouche

The author leads the Civil Rights Movement Solidarity Party, Bu¨So, in Germany.

The American private equity firm Lone Star, and its associated mortgage banking broker, Hudson Advisors, are now in the process of taking homes away from thousands of Germans, using methods that have nothing to do with the original conditions under which the mortgages were taken. According to Der Spiegel magazine, the methods by which these robber capitalists demand usurious interest payments, forced sales, and 'for 35,000 euros destroy my life,' as one victim charged, are in all probability illegal, and in any case, absolutely inhuman. It is scandalous, but not surprising, that Lone Star and Hudson Advisors are connected to financial circles in Texas around the Bush family.

- **Behind the Texas Locusts**

Lone Star was founded in 1996 by John Grayken, a prote´ge´ of Texas billionaire Robert Bass, one of the Bass brothers of Ft. Worth. A quick look at the Bass family milieu provides a snapshot of the synarchist nest which has played a role in controlling the Bush family, as well as the political rightwing in the United States. The Bass family inherited its money from their uncle, Sid Richardson, the 'bachelor

billionaire,' and then used

Industry Is Rebuilding Its Nuclear Manufacturing Capacity

by Marsha Freeman

It has become clear to at least one company planning to build new nuclear power plants in the United States, that the industrial and manufacturing infrastructure that existed in the 1970s, and has been dismantled, must be rebuilt.

Interview: Academician Erik Galimov

Vernadsky Institute Probes Earth, Oceans, and Space

Academician Galimov was interviewed by EIR's Technology Editor, Marsha Freeman, in Beijing, China, on July 26, during the 8th conference of the International Lunar Exploration Working Group. At that conference, Galimov presented the Institute's controversial theory of the origin and creation of the Moon. Further coverage of that conference will appear in EIR.

Report From Germany

Stop the Sell-Out of Germany!

by Rainer Apel

Locust funds, on a takeover offensive, are seeking a Summer of spectacular inroads into the German economy.

National:

The Democrats' New Suit

by Niko Paulson, LaRouche Youth Movement

Like the little boy in Hans Christian Andersen's famous story, the LaRouche Youth Movement (LYM) members appear to be the only ones left on Capitol Hill who are unafraid to tell the truth. As Lyndon LaRouche has stressed on many occasions, the Congress's recent foolish behavior, first in allowing the U.S. auto sector to be gutted, and now with their nearly unanimous support for Israel in what could become World War III, threatens to bring on the collapse of civilization. The members of Congress, especially those within the Democratic Party, have been swindled by fascist financier Felix Rohatyn. They are now carrying on their sophist's charade, in the vain hope that no one will point out their naked immorality.

History:

The Morgan Fascist Coup Plot and How FDR Defeated It

by L. Wolfe

Some 12 years ago, this news service published a report on the 1930s fascist coup plot against the Franklin D. Roosevelt government, led by a Morgan-centered cabal of powerful financial interests; the coup would have replaced FDR with a puppet government whose policies would be controlled by a cabal of wealthy financial plutocrats. As the report made clear, the intention of the conspirators was to use the anarchy and chaos produced by the coup, to eliminate for all time the threat to their power represented by the U.S. Presidency and U.S. Constitution.

U.S. Senators Once Did Fight Fascism!

by Allen Douglas

We must never again leave it to cartels to manage independently our international economic affairs. It has been disastrous in the past; it would be catastrophic in the future.

—U.S. Sen. Harley M. Kilgore, reflecting on the findings of his 1945 Senate investigative committee's hearing on 'Cartels and National Security.'

Editorial:

That Far-Away Look in His Eyes!

Since the beginning of Israel's attacks on Lebanon, it has become increasingly apparent to many relevant leading figures of the U.S.A. and abroad, that President George W. Bush, Jr. has gone over the edge. There is some debate over whether the President's expressed state of mind reflects his vision of Armageddon, or, in the alternative, the more earthly obsession with his administration's preparations for a pre-November-election 'October Surprise.' Whatever the 'vision thing' in the President's rabid stare, there is no doubt among relevant, increasingly numerous, leading circles around Washington, D.C., that within the withering ranks of the Bush-Cheney inner circle, there is something about the President himself which echoes the last days of ancient Rome's Emperor Nero.

U.S. Economic/Financial News

Has There Been a 'Rohatyn Signature' at Ford?

Ford Motor Co. on Aug. 2 reported a second-quarter loss that was double what it had just reported July 31—up to \$254 million from the earlier report of a \$123 million loss. Since this loss is overall, including Ford Credit financial operations and services as well as automotive production and sales, it was already Ford's first loss quarter of recent years, and was "unexpected" by hovering analysts. By comparison, GM lost nearly \$3.4 billion for the quarter (and also had to revise its loss upwards from the first-reported \$3.2 billion; but since GM's huge losses represented the costs of austerity—closing plants, getting rid of 50,000 auto workers in two months—these losses were welcomed by the globalized financial and auto markets, as doctors applying leeches used to welcome the copious letting of blood which often killed the patient in a matter of days. But now it's Ford's turn in the tank—along with Chrysler, which announced it expects to lose \$600 million in the third quarter.

Immediately, CEO Bill Ford III sent out a letter to employees stating that "everything is on the table." Just as abruptly, Ford hired the Kenneth Leet, managing director of both the Merger and Acquisition Department, and the Investment Banking Division of Goldman Sachs over the past 18 years, "to work directly for William Ford as advisor." Leet is "to work with senior management on assessing the company's plans"; i.e., he's being given authority for a reorganization plan for the company. Is he also supposed to give Ford an inside track with former Goldman Sachs chairman, now Treasury Secretary, Hank Paulson?

Ford is particularly concerned, say its releases, about its "Premier Division" (Jaguar, etc.) making losses, since rich-niche cars are money-makers for the other automakers now.

North American Auto Sales Collapsed Across the Board

As to the serious consequences of collapsed sales for Ford and Chrysler in particular, the *Total* industry-wide auto/SUV/light-truck sales for July show an important economic-collapse trend. In the United States, total sales in July 2006 were 17.4% lower than in July 2005—by far the biggest drop in the six months of year-to-year drops so far this year. Taken as an economic indicator, this is a very bad one, with implications for the jobs lost in July. Americans and automakers alike are being crushed by hyperinflated energy—and other—prices, just as the major airlines were (and oil went back over \$76/barrel on Aug. 2); this was combined with the loss of well-paying jobs by the tens of thousands.

The auto sales figure of 1.49 million total sales for the month is well below forecasts of about 1.65 million; and July is supposed to be the leading auto-sales month of the year. An additional report was released Aug. 2 on Canadian car sales; they fell 8.5% from July 2005, and are now 1% below 2005 for January-July as a whole.

DaimlerChrysler, Ford Auto Sales Plummet in July

DaimlerChrysler motor-vehicle sales in the United States fell from 260,937 in July 2005, to 171,940 in July 2006, a fall of 34%, it was reported Aug. 1. During the same time period, Ford's motor-vehicle sales fell from 366,548 to 241,339, also a fall of 34%. *Edmunds.com*, an auto industry research and forecasting company, had gloomily forecast in a July 27 press release, that for the period of July 2006, compared to July a year ago, auto sales for Chrysler and Ford would fall by 20% and 26%, respectively. Even those dire forecasts underestimated the pace of actual collapse. It is the case that July 2005 saw the largest single month auto sales in U.S. history, but that accounts for only a portion of the decline.

Lyndon LaRouche commented, "The destruction of Ford and the auto industry can be traced to the benchmarking which we exposed at the time. They used benchmarking instead of engineering. You could say that the auto industry was destroyed by *design*, with Ford as the leader in the Ford Explorer."

The sales at Ford are doubly ominous because, for July 2006 compared to July 2005, its sales of trucks, vans, and SUVs plunged by 43.8%. Importantly, sales of trucks, vans, and SUVs constitute two-thirds of all Ford sales in the U.S. Moreover, according to the Michigan Transportation Research Institute, light trucks—like Ford's F-150 series—are pure cash cows, earning U.S. automakers \$4,000 to \$5,200 per vehicle. As that source of profit falls, the source of cash flow that kept Ford from imploding, disappears.

What is happening is that two policy curves are intersecting: the curve of the financiers who are intent on shutting down U.S. internal auto production; and that of the speculative commodities hyperinflation, which has made the cost of a motor vehicle's tankful of gas nearly \$50.

The auto companies, in an attempt to defy the laws of gravity, have upped their vehicle incentives. In July of this year, Daimler Chrysler, Ford, and GM offered incentives packages of \$2,634, \$3,919, and \$4,578, respectively, which did no good. Unless Congress forcefully adopts LaRouche's Economic Recovery Act, there will be no valuable machine-tool capacity left in America's auto sector by Christmas.

World Economic News

Hedge Funds Take Big Hit on Currency Trading

A number of big hedge funds suffered huge losses in March and May this year, when emerging market currencies were crashing, the London *Financial Times* reported Aug. 1. The same funds then changed their strategy in June, speculating on a further fall of such currencies, exactly at the moment when emerging market currencies suddenly rebounded. Some funds thereby lost 20% or more of their entire capital.

"Times are tough for the majority of the hedge funds specialising in the currency markets," the *FT* noted. "After suffering probably their worst year for a decade in 2005, a number of large, high-profile funds have chalked up further losses this year. The three currency hedge funds operated by John W. Henry, a noted U.S. manager, have all lost between 10.3% and 21.5% this year, while the AHL Currency Fund run by the UK's Man Group lost 9.8% in the first half. Elsewhere, the \$5.3 billion FX Concepts Developed Market Currency Program has lost 7.7% this year, Sunrise Capital Management's \$116 million Currency Program has dropped 8% and the \$5.3 million First Southeastern Capital Management's Currency Program is down 18.7%, according to the industry website Autumn Gold."

A BNP Paribas trader is quoted, saying: "They did not get the change in emerging market currencies in advance in March and May. Then when these currencies declined they assumed this would continue and bet on the wrong direction once again."

Banks Investigated in Israeli Money Laundering

Daniel Bouton, CEO of Société Générale, and 136 other officials of his own bank, as well as of Barclay's Bank, and Société Marseillaise de Crédit, are targets of an investigation that expects to explore a big money-laundering deal involving Israeli bankers, as well. Also the National Bank of Pakistan is involved in the affair.

United States News Digest

Democrats Finally Get Together on Iraq Policy

The Democratic leadership of the House and the Senate signed a letter to President Bush, on July 31, calling for an end to the Administration's policy of "staying the course" in Iraq. In it, they note that there has been no diplomatic effort to resolve sectarian differences, no regional effort to establish a broader security framework, and no attempt to revive a struggling reconstruction effort. Instead, the Bush Administration is planning to redeploy 5,000 U.S. troops into Baghdad. "Far from implementing a comprehensive 'Strategy for Victory' as you promised months ago," they write, "your Administration's strategy appears to be one of trying to avoid defeat."

Instead, the Democrats call for a new policy, based on the amendment to last year's defense authorization bill, declaring 2006 to be a year of "significant transition to full sovereignty, with Iraqi security forces taking the lead for the security of a free and sovereign Iraq, thereby creating the conditions for the phased redeployment of United States forces from Iraq." They say that such a redeployment should begin this year. They also call for taking steps toward a political settlement, including "amending the [Iraqi] constitution to achieve a fair sharing of power and resources," and an international conference "to persuade other governments to be involved, and to secure the resources necessary to finance Iraq's reconstruction."

The letter was signed by Senate Democratic leader Harry Reid (Nev), House Democratic Leader Nancy Pelosi (Calif), Senate Democratic Whip Richard Durbin (Ill), House Democratic Whip Steny Hoyer (Md), and the ranking members of the Armed Services Committees, Foreign Relations Committees, Intelligence Committees, and Defense Appropriations Subcommittees.

Estate Tax Reduction Blocked in Senate

On the evening of Aug. 3, Senate Democrats blocked consideration of the so-called "Trifecta" bill, that combines a permanent reduction in the estate tax, extension of a series of expiring tax benefits, and an increase in the minimum wage from \$5.15 to \$7.25 per hour. House Republicans had combined the three elements into a single package, and rammed the bill through in the dead of night, hoping that Senate Democrats would have to swallow the estate tax provision in order to get the wage increase through. All but four Democrats voted against cloture, with two Republicans joining them to block consideration of the bill on a 56 to 42 vote. Majority Leader Bill Frist (R-Tenn.) then changed his "yes" vote to a "no," so that he would still have the option of bringing the bill up again at a later point.

Frist told the Senate, on the morning preceding the vote, that the three components would be considered as one package, and charged that the Democrats didn't consider them as "matters of importance" to the American people. Frist also threatened that the bill was the last chance in the 109th Congress to give minimum-wage workers a boost.

Minority Leader Harry Reid (D-Nev.) dismissed the entire Republican ploy as a "shell game," pointing out that the GOP's cynically named "American Family Prosperity Act," would bring prosperity to only the richest 8,100 families in America. He criticized the Senate leadership for spending so much time on the estate tax, when the Senate should be addressing

other urgent issues, such as the degradation of the U.S. military as a result of the Bush Administration wars. The "Trifecta" bill should instead be called the "Defecta." "We know the Republicans hate the minimum wage," Reid declared, and noted that even billionaire Warren Buffett is against the repeal of the estate tax.

Senate Passes Pension Reform Bill with Poison Pill

Shortly after refusing to pass the estate tax/minimum wage bill (see above), the Senate passed a pension reform bill by a vote of 93 to 5. However, the Republicans succeeded in slipping through a little-noticed provision with serious implications: It expands the ability of the hedge funds to manage and raid pension funds. The \$1.3 trillion hedge-fund industry is already permitted to manage the funds of pension plans. But most hedge funds limit to 25% of their total assets the amount of pension-fund money they'll take.

The reason: Going above that ceiling generally requires a hedge fund to become a fiduciary—that is, a party with specific legal obligations toward workers and retirees—under the Employee Retirement Income Security Act (ERISA), the Federal law that sets standards for most private pension plans. That engenders tighter scrutiny and limits the hedge funds' flexibility and *fees*.

MarketWatch July 29 reported that the little-known provision in the pension reform bill would change the law and provide that hedge funds could take in and manage unlimited amount of foreign pension plans and/or public pension plans (like the California Teachers Fund, etc), and this amount would not count against the 25% ceiling. Although having nothing formally to do with pension reform, this provision would swindle hundreds of billions of dollars more into the hedge funds' windfall profits; in parallel, the wealthy families who run the hedge funds would get a \$1 trillion rake-off from the repeal of the estate tax.

Military Lawyers Won't Back White House Tribunal Plan

Institutional resistance to the Bush-Cheney policies on military trials for Guantanamo prisoners is continuing, as was evident in two Senate hearings held on Aug. 2 on the future of military commissions in light of the recent Supreme Court slap-down of the administration.

There were a number of complaints, from both Republicans and Democrats, that the Administration has not yet given its draft legislation to the Congress. The *Washington Post* Aug. 3 reported that the reason the Administration hasn't released its draft, is because they cannot persuade the top military lawyers to accept it, even after two meetings between Attorney General Alberto Gonzales and the Judge Advocates General (JAGs) of the military services.

In Senate Armed Services Committee hearings Aug. 2, the senior Democrat, Sen. Carl Levin (Mich), said that the fact that the Administration has finally provided its draft to the military lawyers is a big improvement on what happened with the 2001 order on military commissions—when the military lawyers were totally bypassed. But this is still putting the cart before the horse, Levin said: Instead of asking the JAGs to comment on a draft proposed by a limited circle of political appointees, the Administration should have allowed them, as the experts on the subject, to prepare the initial drafts of the proposal.

Both Judiciary Committee chairman Arlen Specter (R-Pa), and Armed Services Committee chairman John Warner (R-Va), said that they will have to hold further hearings once the Administration's proposal is available.

Rumsfeld Grilled at Senate Hearing

After a protest from Sen. Hillary Clinton (D-N.Y.) Aug. 2, that Defense Secretary Donald Rumsfeld was refusing to testify to the Senate Armed Services Committee in an open hearing, there was an about-face. What was originally scheduled to be a closed-door briefing to Senators on Aug. 3, suddenly opened up, and Chairman of the Joint Chiefs of Staff Gen. Peter Pace and U.S. Central Command chief Gen. John Abizaid joined Rumsfeld to answer questions on Iraq, Afghanistan, and the war on terrorism.

Committee Democrats followed the lead laid out in the letter the Democrats sent to President Bush earlier this week, calling for a phased withdrawal from Iraq beginning before the end of this year. They also raised the issue of readiness problems of Army combat brigades caused by the wear and tear on equipment in Iraq and Afghanistan. They showed some willingness to challenge Rumsfeld on the disastrous outcomes of his policies. Clinton was especially harsh in her criticism, telling Rumsfeld that, "Under your leadership, there have been numerous errors in judgment that have led us to where we are in Iraq and Afghanistan," errors which have led to a "full-fledged insurgency and full-blown sectarian conflict in Iraq" and the resurgence of the Taliban in Afghanistan."

On the violence in Iraq, Abizaid said, under questioning from Sen. Carl Levin (D-Mich), that "I believe that the sectarian violence is probably as bad as I've seen it in Baghdad in particular, and if not stopped, it is possible that Iraq could come towards civil war."

Bush Administration Gives Israel Signals Intelligence

At the instigation of the neo-conservatives on Vice President Cheney's staff, and also of National Security Council aide Elliot Abrams, the Bush Administration is providing NSA signals intelligence to Israel, to monitor whether Syria and Iran are supplying new armaments to Hezbollah, according to an article by former Clinton Administration official Sidney Blumenthal, entitled "The Neo-Cons' Next War," posted Aug. 3 on Salon.com.

Without referencing *EIR*'s "October Surprise" alert, (see InDepth: "Will 'October Surprise' Trigger World War III?" by Jeffrey Steinberg) Blumenthal says that the Cheney gang and Abrams "have discussed Syrian and Iranian supply activities as a potential pretext for Israeli bombing of both countries," adding that, "The neo-conservatives are described as enthusiastic about the possibility of using NSA intelligence as a lever to widen the conflict between Israel and Hezbollah and Hamas into a four-front war."

In order to understand what these neo-cons are up to, Blumenthal reports, senior national security professionals are circulating among themselves the 1996 "Clean Break" manifesto, whose authors included neo-cons Richard Perle, Doug Feith, and David Wurmser—the renewed circulation of which was in fact initiated by *EIR* in the "Children of Satan" pamphlets of 2003.

Ibero-American News Digest

Mexican Electoral Court Orders Partial Recount

On Saturday, Aug. 5, Mexico's Federal Electoral Court threw out Coalition for the Good of All candidate Andrés Manuel López Obrador's petition for a "vote-by-vote, polling station by polling station" recount of the July 2 Presidential election. The court opted to order a recount of a mere 9.07% of the polling stations. A rapid escalation of the revolutionary mass strike process we report on in this week's InDepth section ("Mexicans Seize the Streets, History," by Gretchen Small) is to be expected, in response.

Proposed Panama Canal Expansion and Economic Hit-Men

In his July 20 Webcast, Lyndon LaRouche said in response to a question, that Nazi Felix Rohatyn's infrastructure plan fit the mold described by John Perkins in his book, *Confessions of an Economic Hit Man*, where "projects based on good ideas of infrastructure as such" were "used to indebt the country, to wreck it, and to conquer it, and ruin it, which was done to various countries in South and Central America, Asia, and so forth." Panama was one of the countries that Perkins, a former top financial consultant, says he was supposed to target, but decided not to because of his admiration and friendship with the late head of government Omar Torrijos.

The country is once again a target for destruction by the economic hit-men. When President Martin Torrijos, son of the late Gen. Omar Torrijos, announced earlier this year, that the Panama Canal would be expanded, and another set of locks added to handle ships of up to 100,000 tons, as opposed to the current 60,000-odd-ton maximum, *EIR* saw this as a generally positive development, although it fell far short of what is really needed: a new, sea-level canal, capable of handling the world's largest ships. There were, however, some nagging doubts arising from the fact that the projected cost of \$5.3 billion seemed too low, and that the expansion was to be paid for entirely out of Canal tolls. Furthermore, some former opponents of the project, such as Alberto and Carlos Vallarino and Roberto Eisenmann, "Mr. Project Democracy" in Panama, who had opposed General Torrijos's efforts to gain control of the Canal, had now become ardent "nationalist" boosters.

There was also the question if whether the lead bank for the project, Banco del Istmo, owned primarily by the Vallarino family, among whose members was a self-proclaimed Club of Rome wannabe, was large enough to handle it, despite all the Colombian drug-money in its vaults.

Indeed, independent studies show that the government's cost estimates are half of what the expansion will really cost; in any case, even by the government's own estimates, if the project's costs go over \$6 billion, the Canal will become a money-loser. Carlos Vallarino, from the Banco del Istmo crowd, was just made Finance Minister, and promptly lowered the capital-gains tax from 10-20%, to 5%. Among the immediate beneficiaries are the members of the Vallarino family, who have just sold their bank to HSBC.

Thus, if the Oct. 22 referendum on the Canal expansion is approved, the waterway is likely soon to be headed for bankruptcy, with privatization being next on the agenda, to pay off the lead creditor: the old Hongkong and Shanghai Banking Corp. of Opium Wars infamy.

Argentine Congressman: Right May Unleash Assassinations

Congressman Edgar DePetri, who describes himself as a "militant Kirchnerista," told the DYN press agency Aug. 1 that there is no one who has a chance of winning the 2007 Presidential elections against Argentine President Néstor Kirchner, whose popularity stands at 75%. The right-wing opposition's only option is to try to "level the field" by "creating political and economic chaos"—with the "acquiescence of the United States," he charged—in hopes of destabilizing the President.

Don't rule out the possibility that "mafioso" interests such as those associated with former President Carlos Menem, could hire hit-men to murder or kidnap people for ransom, and then charge that Kirchner has done nothing against crime, he warned. Sabotage of energy supplies, price speculation, and military protests in defense of the 1970s "dirty war," are all tactics these financial interests can be expected to use as well, DePetri added.

Bachelet Reiterates: Chile Does Not Fear Integration

Chile is in for the long haul as an advocate of regional integration and member of the Common Market of the South

(Mercosur), President Michelle Bachelet underscored in her July 21 speech to the Mercosur summit. Chile's "national mission and development cannot be understood apart from its integration with the world, and with the region." The results of regional integration have been uneven, she said, and balancing democracy with the market has led to a search for alternatives and new proposals." But, she added, "we must recognize the progress we've made,... deepen our economic integration,... and intraregional trade." The process takes work, patience and perseverance," and we shall persist in this integration effort ... especially privileging the search for share solutions to common challenges." She made special reference to the need to speed up infrastructure development related to the South American Regional Infrastructure Initiative (IIRSA), "to accelerate South American connectivity."

The Chilean President is under intense pressure from globalization advocates who demand that Chile disassociate itself from Mercosur, and most particularly from Argentine President Néstor Kirchner. These traitors insist that Chile needs to look for new alliances with more "responsible" and "reliable" partners. The latest problem seized upon by the globalists is Argentina's most recent increase in the price of natural gas which it exports to Chile, which is higher than what Kirchner and Michelle Bachelet reportedly discussed during their July 21 bilateral meeting at the Mercosur summit.

Argentina raised its price, after accepting an increase in the price it would pay for Bolivian natural gas. Absent a broader integration accord involving South America as a whole, such bilateral problems will continue to crop up.

The right-wing Alliance for Chile has called on Bachelet to re-evaluate Chile's membership in Mercosur, arguing that group is moving sharply to the left under Hugo Chavez's influence, and offers few economic benefits. The country would be better off associating with Peru, Ecuador, Colombia, and Brazil, and dumping Argentina, the Alliance said.

So, too, Bachelet's Foreign Minister Alejandro Foxley, a former IMF official, publicly complained that Argentina had failed to keep its promise on natural gas prices, in contrast to the "very constructive and successful policy we are developing with our other neighbor Peru"—now governed by free-trade advocate Alan Garcia. As an alternative, Foxley suggested that all Ibero-American nations on the Pacific Coast associate informally into a new group that he said would benefit more from "projecting ourselves toward Asia" than to Ibero-America. He boasted July 26 that he agreed with former Brazilian President Fernando Henrique Cardoso's assessment that Ibero-America is undergoing "disintegration," not integration.

President Bachelet, however, responded to these provocations with circumspection. After she wrote a letter to Kirchner expressing her "disappointment" over the gas price issue, her spokesman announced that it is not the government's place to make ultimatums to Argentina, and stated her view that "the best thing for us to do now is to work together with Argentina to rebuild confidence between us. That takes time, and we set no deadlines," he said.

Fox Government Tries Again To Bust Regional Integration

Mexican Foreign Minister Luis Ernesto Derbez recommended in a July 27 press conference that Ibero-American nations restart negotiations for a "hemispheric trade pact"—the Free Trade Area of the Americas—given the collapse of the Doha Round of WTO talks. Such a hemispheric mechanism would be far more efficient than any "regional or subregional pact," he said. So much for the actual intentions lying behind the alleged eagerness expressed by the PAN government and the PAN's Presidential candidate, Felipe Calderón, that Mexico should join Mercosur.

Mexico has become irrelevant to South America's advancing integration, and should Calderón prevail in the election race, that irrelevance can be expected to continue.

Western European News Digest

The French State Wants To Silence 2007 Presidential Candidate Jacques Cheminade

The following statement was issued by the Presidential campaign of Jacques Cheminade. Cheminade heads the LaRouche movement in France.

PARIS, Aug. 5—Through an injunction dated July 31, 2006, M. Balgo Bin Harish, a bailiff of justice, ordered the seizure of Jacques Cheminade's bank account No. 410701774736 at the Crédit Coopératif de Paris. That is the account M. Cheminade intended to use to channel funds into his campaign account for the 2007 French Presidential elections. Thus, while his Presidential account itself was not seized—they couldn't do so since it is under the name of his financial association—the account which was to feed money into the Presidential campaign account, was shut down.

The Public Treasury is indeed demanding from M. Cheminade payment of 171,525.46 euros, which corresponds to the reimbursement of money extended to him in advance by the State (1 million francs, plus previous costs) during the 1995 presidential elections.[1]

During that election, where M. Cheminade was the candidate having spent the least (4.7 million francs, against FF91 million for M. Balladur FF89 million for M. Jospin, and FF120 million for M. Chirac, according to official figures), the Constitutional Council, headed by Roland Dumas, rejected his campaign accounts in a decision dating from Oct. 11, 1995.

Following that decision, the State had demanded restitution of the million francs advanced and taken a mortgage on Cheminade's two-room apartment as payment. In several occasions, from Aug. 6, 1996 to Nov. 10, 1998, seizures were carried out on the bank accounts of M. Cheminade.

From 1998 until now, however, no initiative had been taken by the French State. The present initiative of the Public Treasury, renewing its harassment strategy, merits two observations:

1) It occurs at a time when M. Cheminade is the only candidate to denounce the takeover of French economic life by several oligarchic financial groups: Euronext by the New York Stock Exchange, Arcelor by Mittal Steel, GDF by Suez, and several other "guided" privatizations. Especially, M. Cheminade attacks the role played by M. Felix Rohatyn, former U.S. Ambassador in Paris, by the Lazard Frères group and other multinational investment banks (Merrill Lynch, Goldman Sachs, Morgan Stanley, Citigroup, JP Morgan, etc.) in the dismantling of French interests. M. Cheminade also attacked the way in which Ms. Clara Gaymard [2] and Anne Lauvergeon[3] manage their respective careers, and in particular, the way in which Ms. Lauvergeon named M. Spencer Abraham, former U.S. Energy Secretary and avowed neo-conservative member of the Federalist Society to head the AREVA subsidiary in the United States.

2) The decision made by the Constitutional Council in 1995, upon which the present legal proceedings are based, was not grounded and was politically motivated. M. Cheminade was accused of having obtained too many loans from physical persons, too long after the date of the election. Those loans having been extended without interest—something the Constitutional Council interpreted as a hidden intention to make a campaign contribution—were re-qualified from loans into contributions going beyond the authorized limits per physical person. This curious juridical construction, made up to fit a particular aim, led M. Cheminade to a situation of de facto personal ruin because of a "simple error." In fact, the National Commission of Campaign Accounts and Political Financing (CNCCFP), to which the verification of Presidential campaign accounts has since been attributed, judged, on the contrary, that the loans of physical persons to political parties must be made without interest. Understand it as one may, or rather, one understands all too well.

M. Cheminade is clearly considered to be a troublemaker. This is no reason for the French State to hound him, as it is notorious that at least two other candidates in the Presidential election benefitted from the indulgence of M. Dumas, then

president of the Constitutional Council, and of his colleagues.

To attempt, 12 years later (1995-2006), to block the Presidential account of man having little financial means, is to act like a small-time Fouché. That is not worthy of the Republic.

It is worth noting that for the 1995 Presidential election, the Conseil Supérieur de l'Audiovisuel (Higher Audiovisual Council) acknowledged, in a communiqué of April 24, 1995, that M. Cheminade had been treated inequitably in terms of air time (45 minutes for him against 1 hour and 25 minutes for each of the other candidates), and that the National Commission of Control of the Campaign noted (letter of April 20, 1998) that the "balanced treatment of the presentation of candidates, of their comments and their declarations" had not been respected in certain programs insofar as M. Cheminade was concerned.

It is therefore clear that he is being subjected to a new harassment campaign because of his declarations and unambiguous denunciation of initiatives aimed at dismantling the means of the French Nation-State. Therefore, to show interest in his case is not only to defend a just cause, but also public liberties and the concrete means to gain access to freedom of speech in a State of Law.

At any rate, it should be noted that the bailiffs are always sent during the summer: The previous bailiff came to M. Cheminade's home on July 26, 1996, and the second one declared his injunction on July 31, 2006. Ten years have passed, but the methods to silence a "troublemaker," remain.

Notes

1. In the French Presidential elections, as soon as the candidacy is accepted, the State advances the equivalent of (formerly) 1 million francs to each candidate, in order to start his campaign. This million is considered part of the overall campaign expenses to be refunded by the State, if the campaign accounts are certified by the State.
2. Clara Gaymard-Lejeune was until recently, when she accepted the presidency of General Electric France, the president of the French Agency for International Investments (AFII). M Cheminade attacked here the conflict of interest and treasonous nature of such swaps.
3. Anne Lauvergeon is the president of AREVA, France's state-owned nuclear-reactor production company. Lauvergeon was Mitterrand's "sherpa" for many years, and then, before joining AREVA, spent a few years at Lazard Frères Paris.

EUROPEAN REACTIONS TO MIDDLE EAST CRISIS

Israeli Invasion Parallels Hitler's Invasion of Poland

In a lengthy article Aug. 2, Germany's *Junge Welt* daily wrote that Israel's attack on Lebanon should not be misread as just another "intervention." After all, it is the third front opened in the region (after Afghanistan and Iraq), and the attack follows a strategy defined by the Bush Administration neo-con war cabal of Cheney, Rumsfeld, Wolfowitz, Perle, and the like. Their approach is so wild-eyed, that even "moderate imperialists" like George Soros or Zbigniew Brzezinski are opposing it.

The ongoing "war on terror," conducted under the banner of anti-Islamism, can be compared to the anti-Semitism of 70 years ago, *Junge Welt* wrote, and Guantanamo is just a modern concentration camp. Hitler did not *acquire* power, rather,

power was *transferred to him*, by the fascists of his time. But fascism is not so much ideology as it is the most aggressive aspect of financial capitalism, and the same phenomenon is there, today. Recognizing that the same interests are operating behind the scenes today, one must indeed fear that Lebanon is not, as many misread it in 1939, when Hitler attacked Poland, another intervention like the Spanish Civil War was—it was the start of a world war. What is going on in Lebanon right now, might instead be the start of World War III, therefore, the daily mooted.

British Rail Workers Blame Bush and Blair for Lebanon War

In response to the Bush-Blair summit of late July, the British transport workers union RMT prepared a resolution, to be presented at the Congress of the (ITF) International Transport Workers Federation, which began in Durban, South Africa, July 31. The resolution attacked Bush and Blair for lending crucial logistical support to Israel's armed forces in their ongoing attack on Lebanon, and called for an immediate ceasefire.

"The number-one international priority is to stop the mass slaughter of innocent people," RMT General Secretary Bob Crow said July 31. "The unrelenting indiscriminate bombardment of civilians is a crime against humanity, which has been given tacit approval by the shameful silence of both the British and U.S. governments.

"Allowing the use of Prestwick or any other U.K. airport to airlift weapons of mass destruction to Israel in the midst of the carnage gives the lie to the pretense that the British government is somehow seeking a 'diplomatic solution.'

"While the rest of the world has condemned the bombing of southern Lebanon, Bush is sending Israel more weapons of mass destruction and Blair is standing by in criminal complicity. The world is demanding an immediate and unconditional ceasefire.

"Lasting peace will only be ensured in the Middle East through the implementation UN resolutions requiring Israel's withdrawal from the territories it illegally occupied in 1967 and a two-state solution for Israel and Palestine," the resolution said.

Former German Minister Says Israel Violated Geneva Accords

Helmut Schaefer, (Free Democratic Party), who served in the German foreign ministry from 1987 until 1998, used unusually direct language in Germany's public national radio station DLR August 4. He said that a political solution of the Lebanese conflict cannot be reduced to the creation of a pro-Israeli security zone in southern Lebanon, nor could it be based on the illusion of simply eliminating Hezbollah. A real solution must involve the entire agenda of the Road Map, which also calls for the creation of a sovereign Palestinian state.

Schaefer said that diplomatic pressure must be exerted against Israel, because it has "violated the Geneva Convention so massively," in devastating the entire infrastructure of Lebanon, forcing one million Lebanese to become refugees, killing hundreds of innocent civilians. If Israel continues with that, it will create even more hatred, and new conflicts are preprogrammed. The fact that German politicians hesitate criticizing Israel, is "complete nonsense," because that will neither help Israel nor bring peace in the region, Schaefer said, pointing to the example of "one of the few big names of the Bush senior Administration, Mr. Scowcroft, the former national security advisor, who last weekend wrote in the *Washington Post* that this tragedy will not be solved by creating some kind of security zone. The solution lies in a comprehensive, lasting solution.

The Germans, Schaefer said, are still operating under the syndrome of the German history towards the Jews, so they are afraid of criticizing Israel because they might be called antisemites: "but this cannot go on." There cannot be any double

standards, no dividing of the principle of human rights: what applied to Serbia, must also apply to Israel.

OTHER EUROPEAN NEWS

Blair in U.S., Roasted at Home for Continued Support for Bush

Tony Blair spent the greater part of the last week of July in the United States, first with a meeting with George Bush, followed by his first trip to Los Angeles, where he spent two days, meeting with Governor Arnold Schwarzenegger, and later being hosted by Los Angeles Mayor Antonio Villaraigosa. In his absence, the London press had a field day. A number of senior diplomats, strategic experts, and Foreign Office "mandarins" have publicly blasted Tony Blair's policy of fully backing the Bush Administration's Middle East policy and Israel. Here some examples:

* Foreign Secretary Jack Straw, now Leader of the Commons, said— in a statement released after meeting Muslim residents in his constituency— that while he grieved for the innocent Israelis killed, he also mourned the "10 times as many innocent Lebanese men, women, and children killed by Israeli fire."

* Sir Christopher Meyer, Britain's ambassador in Washington from 1997 to 2003, said: "Right now, in this crisis, the United States has only one special relationship and that is with Israel, and all other relationships including ours with them are in a secondary or even a third category."

An incomplete list of other officials to publicly criticize Blair in the last days includes: Oliver Miles, former British ambassador to Greece and Libya; Robert Lowe, Middle East specialist at the Royal Institute for International Affairs (RIIA); Sir Roderick Braithwaite, UK ambassador to Moscow 1988-92 and then foreign policy advisor to John Major and chairman of the Joint Intelligence Committee; Matthew Parris, a former personal assistant to ex-Prime Minister Margaret Thatcher, and a veteran of the Conservative Party, and; establishment figure Lord William Rees-Mogg.

Russia and the CIS News Digest

LaRouche Quoted Again in Russia on 'Coming Dollar Crisis'

A discussion between LaRouche science advisor Jonathan Tennenbaum and journalist Maxim Kalashnikov on the potential for U.S.-Russian collaboration against the globalist financiers, published July 27 in the Russian weekly *Zavtra*, has been reprinted on at least two major Russian web sites, and the "anti-orange.ua" site in Ukraine, as well as in numerous blogs. Kalashnikov subsequently chaired a round table, under the heading "Will the Russian Federation survive the crash of the dollar?", at which several well-known economists spoke. At that event, Prof. Yuri Gromyko developed the idea that the coming crisis is systemic, citing a number of points from Lyndon LaRouche's analysis. According to a transcript posted Aug. 4 in the Forum.msk.ru online publication, Gromyko brought up the importance of LaRouche's influence in leading U.S. circles.

Primakov Warns of Wider Explosions in Mideast

Russia's senior Southwest Asia expert, former Prime Minister Yevgeni Primakov, said in an interview with *Izvestia*, published July 31, that his greatest concern about the fighting in Lebanon, is that circles in the U.S.A. intend it as a cover for an Israeli strike on Iran. In a lengthy talk, drawing on his personal involvement in diplomacy in the region since the 1960s, Primakov said that he saw the introduction of a large peace-keeping force, brought in with an "intelligent compromise peace plan," worked out by the quartet (Russia, U.S.A., EU, and UN), as a pathway out of the crisis, but that

he feared some of the forces involved have a different agenda.

Primakov said he did not think that Iran or Syria were behind the attacks on Israeli soldiers, as is "fashionable" to say about the crisis-precipitating incidents. He developed how the escalation was not at all in Iran's interests, commenting that, "Iran's leaders are not so brainless, as to think they could divert attention from their nuclear program by using Hezbollah." As for Syria, he recalled that it is the ABCs of Syrian interests, to avoid a direct confrontation with Israel. But, continued Primakov, "What I find especially disappointing now is the behavior of the Americans. Why aren't they calling for an immediate cease-fire? Sure, there is the traditional U.S. posture of no toleration for terrorists, but there may be something else behind it. Perhaps their design is to drag Syria in? Perhaps they are calculating, that if Syria is dragged in, then Iran will intervene in the war? And then they want Israel to hit Iran? I am not briefed on the secret plans of the Americans, but I don't think their premise is that the destruction of Lebanon will make Hezbollah disappear."

Russian Diplomat: 'No Hint of Threat' in Iran Resolution

Russia's Ambassador to the United Nations Vitali Churkin said July 28 that the UN Security Council's draft resolution on Iran, agreed upon by the Security Council's five permanent members, contains "no hint of a threat" of imposing sanctions. Contradicting acting U.S. Ambassador John Bolton—who called the resolution's call for Iran to suspend work on uranium enrichment "a mandatory command," to be followed by "increasing international isolation, economic and political pressure—Churkin said that the resolution is "an invitation for Iran to negotiations."

Russian Chief of Staff Promises Response to Missile Defense

European wires July 29 cite a lengthy article published by the Russian Defense Ministry weekly, in which Chief of the Armed Forces General Staff Gen. Yuri Baluyevsky wrote, under the headline, "U.S. NMD—What Next?" that Russia sees the United States as being committed to achieving global strategic nuclear superiority. The Bush Administration has worked on that quite systematically, Baluyevsky wrote, quoting at length from the November 2001 Nuclear Posture review and from its update, the March 2006 report.

Baluyevsky wrote that the U.S. missile defense development program has reached a new phase, with the stationing of systems in Eastern Europe, which military experts evaluate as being oriented not to North Korea or Iran, but rather Russia and China. According to Baluyevsky, the U.S. ballistic missile defense program forces Russia to seek adequate technological and military response, in order to protect its national security. The Russian defense industry potentials are capable of developing these systems of response, Baluyevsky wrote.

'Globalized' Pathway to Boosting Russian Auto Production

In the latest of his periodic consultations with Russia's industrial-financial oligarchs, aimed at tying their activities to the state's priorities, President Vladimir Putin met Aug. 2 with Oleg Deripaska, whose Base Element holding company, and ownership stake in Russian Aluminum (Rusal), make him Russia's second-richest man. Aluminum, and related electricity development, was on their agenda, but the main topic was the automotive industry. Deripaska owns GAZ, the giant Gorky Auto Works, in Nizhny Novgorod. The Kremlin has already taken steps to consolidate the auto industry, by acquiring the AvtoVAZ plant (in Togliatti) through the state-owned arms exporter, Rosoboronexport.

According to a transcript released by the Kremlin, Deripaska proudly reported that he is turning the GAZ Group into "an international company, producing modern cars." With sales of \$4 billion in 2005, GAZ employs 146,000 people at an average monthly wage of 9,000 rubles (about \$350). The main way of upgrading GAZ's capacity is through what Deripaska called "strategic acquisitions": He bought Britain's LDV (originally the Lancashire Steam Motor Company, founded 1896), producer of the Maxus van, and declared, "We have fully purchased the plant from Chrysler and will begin

manufacturing cars under the Volga brand starting from October next year." The Chrysler plant was the assembly facility in Sterling Park, Michigan, which was closed upon its sale to GAZ (*EIR*, June 23, 2006).

One of the big questions about stepping up car production in Russia, is posed by the underdevelopment of Russian roads. But Deripaska told Putin, "We are making these acquisitions not just to manufacture vehicles for the Russian market. We are also organizing production in India, where there is very high demand for these vehicles. He also noted upgrades to GAZ production of armored personnel carriers, both for the Russian Defense Ministry and for customers abroad. Deripaska boasted that Rusal is active in America, Africa, and Australia, besides Eurasia. For the period ahead, he said the company's biggest project is a \$1.8 billion investment in completing the Boguchansk Hydroelectric Power Station (a 3000 MW dam on the Angara River in Krasnoyarsk, left uncompleted from the Soviet period), jointly with the national electricity utility UES, and an aluminum smelter next to it.

Yanukovych Named Premier of Ukraine

President Victor Yushchenko of Ukraine has finally nominated Victor Yanukovych, head of the Party of Regions (POR), as Prime Minister. The POR was the top vote-getter in Parliamentary elections last March. Yushchenko acted in the wee hours of Aug. 3, as the previous days' deadline, to either name a new Premier, or disband the Supreme Rada, had passed. The Rada voted up the nomination on Aug. 4.

With the formation of a national unity government, around a grand coalition agreement called the "National Unity Universal," Project Democracy's Orange Revolution—the operation through which Yushchenko wrested the Presidential election from Yanukovych at the end of 2004—is officially over. Yushchenko's Our Ukraine party freed its deputies to vote individually, with several dozen of them supporting Yanukovych, along with the "Anti-Crisis Coalition" of the POR, the Socialists, and the Communists. The Bloc of Yuliya Tymoshenko, which got over 20% in the March election, has gone into opposition.

Announcing his decision in a televised address, Yushchenko said he was acting to defend national unity. The question of seeking to join NATO, as a point of national policy, which Yushchenko still supports, has been deferred to a national referendum. Yanukovych, asked if he would be a "pro-Russian" Premier, as he is labelled, said he intended to be "pro-Ukrainian," with Russia as "a strategic partner."

Southwest Asia News Digest

The LaRouche Doctrine To Stop World War III

There can be no lasting peace in Southwest Asia unless the major actors in the region are brought into the equation, and given a proportionate voice in the process. Lyndon LaRouche reformulated this crucial point in an Aug. 3 declaration, a point he had exhaustively developed in his April 2004 "LaRouche Doctrine." See this week's InDepth for LaRouche's Aug. 3 statement and the BueSo party's leaflet in Germany calling for LaRouche's plan. Also in this week's InDepth, is the first English-language translation of the extraordinary statement of unity by the Christian and Muslim religious leaders of Lebanon.

General Michel Aoun Defends Hezbollah

Lebanese Gen. Michel Aoun gave a highly interesting interview to the French daily *Le Figaro*, Aug. 4 on the war in Lebanon. After he returned to Lebanon following the Syrian withdrawal last year, General Aoun created the Free Patriotic Current (CPL), which represents some 35% of the electorate. Rejecting the narrow identification of "Christian," CPL

leaders state that 20% of the membership of this movement is Muslim, and that that number is growing.

"Gen. Michel Aoun surprised the Lebanese by concluding an electoral alliance last spring with the Hezbollah," states *Le Figaro* in a short introduction. "At the head of the Free Patriotic Current (CPL), he is campaigning mainly on two issues: to make the political system non-confessional and the fight against corruption." On the question of a multinational 'stabilization' force, Aoun says clearly, "I am totally opposed. Such a force would not stabilize anything, it will on the contrary unleash a new war. It will be an occupation force to make war against the Hezbollah and to ensure Israeli security. But Hezbollah will respond. That's why the French don't want to be a part of it [without a previous political accord—ed. *Le Figaro*]"

"I don't want foreign forces in Lebanon. French soldiers are welcome as observers of the UNIFIL.... But we don't want them as a dissuasive force," Aoun continued.

Asked how, in that case, to reassure Israel, Aoun declared that, "A cease-fire is enough. We can guarantee its respect. The Israelis must accept a process of negotiations. The Hezbollah demanded it two hours after the capture of the Israeli soldiers. Why is the international community against the law? Where is the prestige of the Security Council when for an act of war—the capturing of two Israeli soldiers ... the Israelis counterattack killing a thousand?"

In its final question, *Le Figaro* asserted that certain Christians are unhappy with Aoun's alliance with the Hezbollah (concluded in an electoral *entente* document signed in February 2006), to which Aoun replied, "I don't live either with the French or the Americans, but with a Shi'ite community of 1 million people. It is an important component of the Lebanese population with whom one must live in peace. My priority, since I returned to Lebanon, is to de-sectarianize the conflicts, so that the Lebanese can be unified whenever there's a crisis. I could have chosen to resolve my ideological differences with Hezbollah via confrontation; I chose dialogue instead. It is through dialogue that one can succeed in integrating the military branch, in the army, under the responsibility of the state, once Lebanon has recovered the territory and prisoners held by Israel."

Lebanese PM: Why Does International Community Do Nothing?

Lebanese Prime Minister Fuad Siniora addressed the Organization of Islamic Conference (OIC) meeting in Kuala Lumpur on Aug. 3 via a written speech, in which he emphasized "the agony of the nightmare facing Lebanon for the past three weeks," and asked, "Why does the international community stand by while such callous retribution by the State of Israel is inflicted upon us?" Siniora noted that, "Indeed, this is the seventh in a series of outrageous and wanton invasions of Lebanon," and catalogued the "unchecked and unpunished ... toll on human life and infrastructure."

He emphasized the determination of Lebanon to survive as a nation and said of the seven-point plan he presented at the International Conference for Lebanon in Rome, that the "Lebanese people are virtually united in their belief that the plan, which deals with all outstanding issues, can stop this senseless war." The Prime Minister emphasized that the meeting of the Islamic-Christian Summit of Aug. 1 ensured "a broad national consensus and preserving our delicate social equilibrium."

Israeli Peace Movement Blacked Out as Protests Continue

There are daily demonstrations and vigils by the Israeli peace movement and leftist groups, gathering 100 to 5,000 people in Tel Aviv, Jerusalem, Haifa, and other places. 3,000 Women in Black, Israeli and Arab, marched through Tel Aviv on the July 29-30 weekend, mourning the slaughtered and calling for an end to the war. (The numbers seem small, but given Israel's population of under 7 million, 5,000 is the equivalent of 200,000 in the U.S.)

The excerpts below are from a Gush Shalom press release by Adam Keller, July 31, entitled "Day 20 of the Lebanon carnage, and more than a month since the tanks rolled into Gaza."

"We got up with the news of Condoleezza Rice at last putting down her foot (or at least, giving this impression on TV) and forcing a temporary halt to the systematic Israeli bombing of Lebanon's towns and villages. The declaration was made from Washington, after Israel's Defence Ministry agreed to announce it but failed to do so....

"It was, of course, in the aftermath of yesterday's atrocity at Qana, the second mass killing perpetrated in the same unfortunate Lebanese village. What happened yesterday was just too big and too horrible to ignore, as the smaller daily killings of Lebanese civilians were ignored—with the images from Qana reverberating endlessly throughout the world....

"As reported in the morning papers, the generals were 'greatly surprised' and highly displeased with the order to stop the bombing raids for ... the next 48 hours. As the day wore on, there were more and more bellicose pronouncements and declarations from ministers and generals: there is and will not be a cease-fire any time soon; the 'regrettable' mass killing in Qana was the fault of the victims themselves 'who were warned and did not run away'; ours was and remains 'The Most Moral Army in World'; the ground offensive into Lebanon will not only be continued but will be greatly intensified'.... In the evening it culminated with the mock-Churchillesque televised speech of PM Olmert, complete with the promise of 'pain, tears and blood'.

"The streets are still full of patriotic posters, most of them put up by banks and big corporations and bearing the promoter's logo beside the Israeli national flag and the stirring slogans 'United We Will Win!', 'Israel Is Strong!', 'Everybody Embraces Our Soldiers!'

"Meanwhile, at least many in the mainstream Left who in earlier days remained silent or outrightly supported the [war] have been shocked or moved by the Qana carnage. Meretz leader Yossi Beilin at long last came to the conclusion that the 'continuation of the war is useless and counterproductive'.... A few hours before he made this statement, a leader of the Meretz Youth declared her resignation, feeling 'sick and tired of being involved in a peace movement which supports war.' And a group of Meretz activists, led by former MKs Naomi Hazan and Yael Dayan, participated in [a] protest outside the Defence Ministry....

"The influential dovish commentator Nahum Bar'nea wrote in *Yediot Aharonot*: '... I have confidence in the army's High Command, but having confidence does not stop me from having painful questions. Didn't the government, the army, the political system, the media, all let themselves be carried away by blind enthusiasm which serves only the enemy? I have heard [...] Peretz boasting that he had 'released the army from all restrictions' about harming 'civilian populations which live at the side of Hizbollah militants.' We saw the results of this 'release' yesterday, with the bodies of women and children ... in Qana.

"So, there is every reason for the anti-war movement to continue and intensify its own 'offensive'. Demonstrations take place every day in various cities. Tonight ... not far from where the Inner Cabinet ministers met to approve a wide-scale extension of the ground invasion into Lebanon—Gush Shalom took part in a coordinating meeting of the main peace groups, which resolved on holding a larger protest in the weekend.

"The speeches of PM Olmert are full of bombastic cliches on 'our heroic boys in uniform', but the 32-year-old Reserve Captain Amir Fester was not convinced: he went to prison yesterday rather than obey the order to enter Lebanon ... his girlfriend Nitzan Lahav told *Yediot Aharonot*. 'The more the war continued he was increasingly troubled. In the beginning we like everybody supported the war, but we came to the conclusion that within two weeks there will anyway be an agreement with the Lebanese. So why not stop it now and end the killings?' "

Israeli Peace Group Publishes Anti-War Ad

The Israeli Peace Group, Gush Shalom published an anti-war ad in the *Ha'aretz* daily on Aug. 1. Here is the text of the ad, in translation:

"We warned them and called on them to escape!

"That is disgusting hypocrisy.

"Because we have:

"Bombed the roads.

"Destroyed the bridges.

"Cut off the supply of gasoline.

"Killed whole families on the way.

"There is only one way of preventing more such disasters, which turn us into monsters:

"T O S T O P!

"There is no military solution!"

Asia News Digest

FBI Detected Terrorist Camps Operating in Pakistan

Despite repeated denials by Islamabad, the U.S. claims the FBI, through satellite imagery, is 70% convinced that Pakistan is running a military camp in Balakot in northeast Pakistan, close to the Line of Control that divides the disputed state of Jammu and Kashmir between India and Pakistan, *Zee News* reported Aug. 1. This was revealed by DIA expert Eric Benn during the trial of Hamid Hayat of Lodi, Calif. Hayat has been accused of terrorism-related charges.

Benn said the structures and trail in the remote terrain fit the "signature" of "military training," as opposed to regular training of Pakistani ground forces. Pakistan has claimed repeatedly that it does not operate training camps in its territory.

Taliban Militia Kills Three British Soldiers

Within 48 hours of the NATO takeover of southern Afghanistan from the U.S.-led coalition forces, the Taliban hit back sharply, giving NATO a taste of things to come, the *Voice of America* reported from Islamabad Aug. 1. On July 31, a bomb went off in the southeastern Afghan province of Khost in an attempt to assassinate Khost's governor and President Karzai's close associate, Gul Agha Shirazi. Shirazi escaped by the skin of his teeth; eight others did not.

On Aug. 1, NATO spokesman Mark Laity said well-armed insurgents ambushed a British patrol in the northern part of Helmand province, killing three soldiers. "Insurgents attacked with rocket-propelled grenades and machine-gun fire. Obviously we are all very sad at this tragic event," said Laity.

As one British correspondent pointed out in her article in the *Guardian Unlimited* a few days ago, if Blair does not give up backing the U.S.-led campaign in Afghanistan now, "the boys from Belfast, Swansea, and Glasgow will eventually come down from the mountains in Afghanistan laying inside the wooden boxes."

Al Qaeda-Linked Extremists Pose Threat in Bangladesh

In an op-ed with the *Washington Post* Aug. 2, Selig Harrison pointed out that the present Bangladeshi regime under Premier Begum Khaleda Zia has made arrangements to give greater power to the al-Qaeda-linked Islamic fundamentalists. With the help of the Pakistani ISI, 15,000 hard-core Islamic extremist-fighters operating out of 19 known base camps, paralyzed the country by staging 459 closely synchronized explosions on Aug. 18, 2005.

Harrison points out the situation has worsened since then. The Jamaat and its allies have been allowed to make inroads into the higher ranks of Bangladeshi army. For instance, pro-Jamaat Maj. Gen. Mohammad Aminul Karim has been recently appointed as military secretary to President Iajuddin Ahmed, and to Brig. Gen A.T.M. Amin, director of the Armed Forces Intelligence anti-terrorism bureau.

Harrison's point is that the U.S. State Department has quietly allowed this development to occur. In fact, on July 13, 2006, the U.S. Ambassador to Bangladesh labelled the nation as "an exceptionally moderate Muslim state." The next election in Bangladesh is scheduled for January 2007. Harrison demands that this election must not be allowed to be rigged by the present regime with the help of the extremists. If Washington, which has quite a bit of economic leverage on Bangladesh, allows that to happen, it may lead to the destabilization of the entire Indian subcontinent.

Taiwan President's Office Probed for Fin'l Irregularities

Prosecutors are talking to Taiwanese Presidential office personnel concerning the possible mishandling of President Chen Shui-bian's special state affairs expenditure accounts, according to regional press July 31. It has already been announced by the Taiwan local media that NT \$15 million (U.S.\$458,100) was used inappropriately to purchase Pacific Sogo vouchers. It is also alleged that personnel from the Presidential office tried to cover First Lady Wu Shu-jen's tracks by trying to falsify where she got the funds to buy these Pacific Sogo vouchers. KMT legislator Chiu Yi said the "possible irregularities" in the financial dealing involving the special state affairs expenditure account could be "the straw that breaks the camel's back" of the Chen government.

This Week in American History

August 8-14, 1941

Roosevelt and Churchill Issue the Atlantic Charter

In the spring and summer of 1941, the prospects for any European nation to survive the Axis onslaught looked grim. Both Britain and then Russia were under heavy attack by the Nazis, and President Franklin Roosevelt felt it was necessary to have a personal meeting with British Prime Minister Winston Churchill in order to coordinate plans. To make the preliminary arrangements, Roosevelt sent Harry Hopkins to London as his personal representative. From there, Hopkins

also travelled to Moscow to consult with Marshall Josef Stalin to determine what aid the USSR might need to continue its massive resistance to the recent Nazi invasion of its territory.

The meeting between Roosevelt and Churchill, and their respective civilian and military staffs, took place at sea Aug. 9 through Aug. 12, aboard the American cruiser *Augusta* and the British battleship *Prince of Wales*, near Argentina, Newfoundland. The meeting covered not only military matters, but also the principles for which the Allies were fighting and the kind of world which they would like to help build after the war was over.

In the months before he embarked for the meeting, President Roosevelt mapped out his ideas for a joint declaration which would be issued to provide a rallying point for the Allies as well as for the occupied nations. He emphasized that the post-war world should be based on principles of freedom, justice, security, and access to raw materials and natural resources.

The declaration of free access to raw materials was resisted by the British, who still hoped to reinstall their empire after the war. They insisted the declaration must be watered down, on the basis that they would have to obtain the agreement of all the British Dominions before they could commit to such a principle. The British were also anxious to include a strong condemnation of Japanese aggression and to formulate plans to curb further Japanese expansion, but Roosevelt felt this provision might incite Japan to launch immediate war and refused to include it in such a general declaration of principle which applied to all mankind.

Roosevelt and Churchill also wrote a letter to Stalin, suggesting a meeting on long-term policy and how the resources of Britain and America could be allocated to help the USSR fight the Nazis. Stalin answered affirmatively, and the British and American delegations arrived in Moscow at the end of September. The result was the signing of the First (Moscow) Protocol by the three powers, which laid out the Lend-Lease items which would be supplied to Russia.

The official statement was sent out by the ships' radio operators on Aug. 14, once each head of state was safely on his way homeward (it became known as the Atlantic Charter not because it applied to nations touching the Atlantic, but because of the location where it was written). After Japan and Germany declared war on the United States, other nations who were fighting the fascists also declared their support for the Atlantic Charter. On Jan. 1, 1942, the Ambassadors of the Allied Nations signed the Charter at the State Department and at the White House, and this became known as the Declaration of Washington.

On the first anniversary of the Atlantic Charter, President Roosevelt sent a letter to Prime Minister Churchill which said, "We based, and continue to base, our hopes for a better future for the world on the realization of these principles. A year ago today the Nations resisting a common, barbaric foe were units or small groups, fighting for their existence.

"Now, these Nations and groups of Nations in all the continents of the earth have united. They have formed a great union of humanity, dedicated to the realization of that common program of purposes and principles set forth in the Atlantic Charter, through world-wide victory over their common enemies. Their faith in life, liberty, independence and religious freedom, and in the preservation of human rights and justice in their own lands as well as in other lands, has been given form and substance and power through a great gathering of peoples now known as the United Nations."

"When victory comes, we shall stand shoulder to shoulder in seeking to nourish the great ideals for which we fight. It is a worth-while battle. It will be so recognized through all the ages, even amid the unfortunate peoples who follow false gods today."

President Roosevelt was acutely aware that the Nazi system was not merely political, but was a vicious economic system of looting those populations that fell under its sway. Therefore, he stressed the economic declarations of the Atlantic

Charter, and on its second anniversary mentioned the Social Security system he had inaugurated as one example of the type of economic security which was needed worldwide. In closing his 1943 second anniversary statement, he wrote: "We are determined that we shall gain total victory over our enemies, and we recognize the fact that our enemies are not only Germany, Italy, and Japan: they are all the forces of oppression, intolerance, insecurity, and injustice which have impeded the forward march of civilization."

The Atlantic Charter read as follows:

"The President of the United States of America and the Prime Minister, Mr. Churchill, representing His Majesty's Government in the United Kingdom, being met together, deem it right to make known certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.

"First, their countries seek no aggrandizement, territorial or other;

"Second, they desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned;

"Third, they respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them;

"Fourth, they will endeavor, with due respect for their existing obligations, to further the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity;

"Fifth, they desire to bring about the fullest collaboration between all Nations in the economic field with the object of securing, for all, improved labor standards, economic advancement, and social security;

"Sixth, after the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all Nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want;

"Seventh, such a peace should enable all men to traverse the high seas and oceans without hindrance;

"Eighth, they believe that all the Nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea or air armaments continue to be employed by Nations which threaten, or may threaten, aggression outside their frontiers, they believe, pending the establishment of a wider and permanent system of general security, that the disarmament of such Nations is essential. They will likewise aid and encourage all other practicable measures which will lighten for peace-loving peoples the crushing burden of armaments."

In a Presidential press conference on Dec. 22, 1944, a reporter from a newspaper unfriendly to Roosevelt asked whether the Allies were losing the purposes of the Atlantic Charter, "or that they are slipping away from us." After responding that it depended on which newspaper you were reading, Roosevelt went on to say that the Atlantic Charter stood as an objective. "A great many of the previous pronouncements that go back many centuries," he said, "have not been attained yet, and yet the objective is still just as good as it was when it was announced several thousand years ago.

"And I think that the objective of the Atlantic Charter is just as sound, if you believe in that kind of objective—some

people don't, some people laugh at it—just as valid as when it was announced in 1941.

"There are a lot of people who say you can't attain an objective or improvement in human life or in humanity, therefore why talk about it. Well, those people who come out for the Ten Commandments will say we don't all live up to the Ten Commandments, which is perfectly true, but on the whole they are pretty good. It's something pretty good to shoot for."

A reporter then asked, "Mr. President, did you mean to imply by that that we are as far from attaining the ends of the Atlantic Charter as the world was a thousand years ago?" Roosevelt responded: "Oh, no. Oh, no. The world goes a little bit by peaks and valleys, but on the whole the curve is upward; on the whole, over these thousands of years human life is on a great deal better scale than it was then. And we have got a long way to go."

"But things are better, and things are going to get better, if we work for it. There are some people who don't like to work for it—some people in this room—who are—what will I say?—congenitally 'agin' that sort of thing. Well, that is part of the peaks and valleys."

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