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This Week You Need To Know

[A Certain Condition of our Economy](#)

'Come Forth, Lazarus!'

[by Lyndon H. LaRouche, Jr.](#)

October 3, 2006

At last report, the world's present, floating-exchange-rate monetary-financial system, although faltering, is still in motion; but, at the same time, like two drunken, Japanese businessmen leaning against one another to hold themselves up, the famous Japan carry-trade has entered a terminal phase of its existence. The morning will find those drunks collapsed in the streets, having never actually reached home.

The present world financial system is, functionally, in a hopelessly morbid condition. There is no possible way in which the present world monetary-financial system could continue to exist much longer, in its present, hopelessly decadent, teetering, drunken condition. The world's present world monetary system is virtually as good as dead.

There is no way in which this system could be resuscitated by some form of conventional financial reorganization. It could only be replaced by a new world system; but, not merely the system of a single nation, or even a group of some of the world's nations. It must be completely replaced, and that suddenly, under a new set of rules, by a new global system of perfectly sovereign nation-states, each and all based on the principle of the sovereign nation-state.

The needed reform will have a hereditary resemblance to the reforms made under President Franklin Roosevelt. Only if those conditions are satisfied, under those kinds of early, ruthless, and thorough reforms, could the presently ongoing disintegration of the world's physical economy be prevented....

[...full article, PDF](#)

Latest From LaRouche

The following statement will appear as the Introduction to a new mass-circulation pamphlet to be released this week by the LaRouche Political Action Committee (LPAC), titled, "Is Josef Goebbels on Your Campus? John Train and the Bankers' Secret Government." See also, InDepth for EIR's Investigation on ["John Train's Press Sewer."](#)

From Train to Trash — Top Down & Dirty

by Lyndon H. LaRouche, Jr.

October 9, 2006

My own French ancestors enjoyed the privilege of being shipped to Quebec by the great Jean-Baptiste Colbert. About the same time, my English ancestors were transported to what was known as "New England," seeking to create a haven for nourishing the best of European civilization at a considerable distance from the top-down oligarchical corruption which has continued to reign in "Old Europe." My Scottish and Irish ancestors, including a Scottish dragoon who came to free the slaves, and his brother, a well-known sea captain, arrived on this continent approximately two centuries after that, and, largely, married into the families of the earlier French and English settlers.

There were folk like us, mostly simple, but proud and industrious folk, proud of the best of the modern European civilization's heritage, and, then, there were other arrivals, whom I have come to view as the virtual Children of Satan, as typified by the British East India Company's often treasonous circles, such as the notorious Hartford Convention crowd among our wealthier families of that time. Therefore, there are certain connections among the families who established the North American settlements from Europe, as I am a distant relative of the current U.S. President, but that does not mean that we all serve the same cause.

A certain would-be modern Mephistopheles, John Train, who, since no later than April 1983, has considered himself a leading personal enemy of me and all that I represent, is typical of the very, very dirty cases from among the original settlers of what became this nation. He is, as the documentation within the following pages accounts, very, very dirty. Some would say, as I do, treasonous. He is also a top-ranking, wealthy spook of a certain kind, with a long and nasty record behind him. He typifies those, in the tradition of the Essex Junto, the Bank of Manhattan's treasonous Aaron Burr, and the notorious Hartford Convention, who have always wished, since then, to dissolve the U.S. constitutional republic into a backwoods of an Anglo-Dutch imperial Liberals' globalized empire.

From virtually the moment President Franklin Roosevelt died, "white shoe" Yankee Liberals of Train's type, have worked under the cover of an extensive, global intelligence network tied to the infamous James Jesus Angleton and the circles of Professor Sidney Hook, in the attempt to subvert and destroy our republic. They have, as Allen Dulles' Angleton did, deep and continuing connections and alliances with the relevant core of the international Nazi apparatus familiar to us from such connections of fascist Franco's Spain, as the extended family of William F. Buckley, Jr., and, therefore to the fascist regime of the Pinochet put into power in Chile by such presently living contemporaries as George P. Shultz, Henry A. Kissinger, and Felix Rohatyn.

Currently, Train's activities are entwined massively with the direction and funding of the evil work being done under the direction of the Vice-President's spouse, the notorious Lynne Cheney, who is a much more significant figure in her own spookish, London-connected ways, than her obviously brutish wreck of a husband.

Against that historical background, young adults of university age are, rightly, an important marginal force within U.S. Presidential and some other elections. Former President Bill Clinton, for example, could, on any clear day, mobilize a probably decisive margin of political support from voter-age university students for any worthy candidate for important office. Vice-President Cheney's wife, working in cahoots with such a patently evil old Mephistopheles as the former *Paris Review* spook John Train, is determined to brainwash today's voting-age university youth from participating in the November 2006 mid-term election. The Cheney-Train operation is already brainwashing many pitifully suggestible young university students for that, and perhaps even darker missions.

In the following pages, learn the true facts about Lynne Cheney's John Train; your nation's existence could depend upon your knowing that.

InDepth Coverage

Links to articles from

[*Executive Intelligence Review*,
Vol. 33, No. 41](#)

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Strategic Overview:

A CERTAIN CONDITION OF OUR ECONOMY

'Come Forth, Lazarus!'

by Lyndon H. LaRouche, Jr.

October 3, 2006

At last report, the world's present, floating-exchange-rate monetary-financial system, although faltering, is still in motion; but, at the same time, like two drunken, Japanese businessmen leaning against one another to hold themselves up, the famous Japan carry-trade has entered a terminal phase of its existence. The morning will find those drunks collapsed in the streets, having never actually reached home.

Investigation:

John Train's Press Sewer: Is Goebbels on Your Campus?

by Anton Chaitkin and Jeffrey Steinberg

In the span of less than a week in late September and early October 2006, a pair of almost identical slanders appeared in the pages of campus-linked newspapers at the University of California in Los Angeles and Boston University, both maliciously and falsely targetting the LaRouche Youth Movement (LYM) as a 'political cult.' The two smear pieces came at a time when evidence was already dropping from the proverbial tree, about a major reactivation of the John Train 'Get LaRouche salon.' This Anglo-American 'bankers CIA' apparatus had teamed up with corrupt Federal prosecutors to frame Lyndon LaRouche and a dozen of his close colleagues during the late 1980s, after an Oct. 6, 1986 attempted governmentled 'Waco-style' assassination of LaRouche was thwarted, in part, through the personal intervention of thenPresident Ronald Reagan, with whom LaRouche had worked closely on the Strategic Defense Initiative.

Who's Who in The Goebbels Zoo

by Anton Chaitkin

The Cheney faction and its financier sponsors, intent on a catastrophic war escalation and anti-Constitutional measures to retain power, have assembled a political dirty-tricks cartel, centered on the Vice President's wife, Lynne Cheney, and Wall Street operative John Train.

'Securing' Our Schools From the 'Appeasers'

by Aaron Yule, LaRouche Youth Movement

The Bush Administration said that those in Congress who didn't help the 'War on Terror' by passing the bill to end the Geneva Accords and the Habeas Corpus provision of the Constitution were 'appeasers of the Nazis.' Ever since 9/11, the policy of the Bush Administration has been one of terror, not just abroad, in other countries, but also amongst our own citizens. The most horrifying propaganda has been used to keep the U.S. population in a state of complete fear of speaking out against the policies of the Bush Administration. Yet, despite all the efforts to scare the population through the use of the media, this wasn't enough to keep the youth on campus and elsewhere from coming out against the insanity of the Administration in the post 9/11 period.

Lieberman, Cheney March In Himmler's Footsteps

by Jeffrey Steinberg

Reprinted from EIR, Oct. 18, 2002.

In Nazi Germany, one of the most feared institutions was the Gestapo, with its vast network of millions of informants, penetrated into every community, every workplace, every church and university. Under the control of Herman Goering, and ultimately, SS chief Heinrich Himmler, the Gestapo is the absolute epitome of evil, which sent millions to their death or enslavement.

Leading Promoters of The New McCarthyism

Reprinted from EIR, Oct. 18, 2002.

American Council of Trustees and Alumni (ACTA) 1726 M Street, NW Suite 800 Washington, D.C. 20036 (202) 467-6787 888-ALUMNI-8, <http://www.goacta.org>

Founded in 1995 by Lynne Cheney and Sen. Joe Lieberman, who was described as 'one of the most active members' of its advisory board by the New York Times of Aug. 24, 2000. Released *Defending Civilization: How Our Universities are Failing America and What Can Be Done About It*, on Nov. 11, 2001, with funding from the Randolph Foundation, the William and Karen Tell Foundation, and Jane H. Fraser. ACTA said it would send its blacklist to 3,000 trustees at colleges and universities across the nation.

National:

A STUDY IN GLOBAL DYNAMICS

Just Exactly: Whom Hit Who?

by Lyndon H. LaRouche, Jr.

The weirdly and wildly convoluted case of the House of Representatives' Republican Congressman Mark Foley, would mystify almost anyone who does not recognize that everything, almost time itself, suddenly appears to be running backwards for Hastert and his crew, when it does not seem to be, also, running upside-down.

Sodom and Tomorrow

We'uns Is Just Plain Folks

by Lyndon H. LaRouche, Jr.

October 5, 2006

. . . I tell you that, if these should hold their tongues, the very stones would speak!

—*Gospel of Luke 19:40*

Often in moments of great upheavals in the affairs of nations, even what might have been seen earlier, as the most unlikely instruments, may cry out, as in protest against a great injustice. This is what has arisen during the events within the U.S. House of Representatives this week, in the matter of the widespread revulsion expressed by what had been seen as Karl 'Elmer Gantry' Rove's prize constituency, against those Republican institutions whom they saw as covering up for former U.S. Representative Mark Foley (R-Fla.).

Telling Part of the Story of Cheney's Iraq Mis-Adventure

by Carl Osgood

Fiasco: The American Military Adventure in Iraq

by Thomas E. Ricks

New York: Penguin Press, 2006 416 pages, hardcover, \$27.95

When Penguin Press released *Fiasco: The American Military Adventure in Iraq*, by Washington Post senior military correspondent Thomas E. Ricks, it immediately shot to the top of Amazon.com's best-seller list. It's not just a book, however. It is also a field of battle in a revolt of the military institution against the Bush-Cheney perpetual war policy.

Cheney Could Be Prosecuted As International War Criminal

by Nancy Spannaus

A group of academics, analysts, think-tankers, and former government officials have issued a letter under the auspices of the group Advocacy for Principled Action in Government, demanding that President Bush correct, or repudiate, statements made by Vice President Dick Cheney on Sept.

10, in which he embraced the concept of aggressive war. The letter, which was distributed to every Congressional office on Sept. 27, was accompanied by extensive documentation of how Cheney's statements violate the entire post-World War II history of U.S. government commitments.

International:

Stop Dick Cheney's Mad Drive for World War!

by Muriel Mirak-Weissbach

If the expanding political mobilization against an 'October Surprise'—a military attack against Iran—succeeds in thwarting the Cheney-Bush drive, at least through the middle of October, it is likely that the war party will be forced to postpone its planned war of aggression until after the Nov. 7 mid-term elections, simply because action at a date too close to the vote, would be rightly perceived as a desperate election ploy. In the view of Lyndon LaRouche, this means that the period immediately after Americans go to the polls, would be equally fraught with danger, as Cheney et al. could hit Iran, in the context of a broader provocation against Russia and China, the ultimate targets of their permanentwar policy.

Address to Europeans

'October Surprise' Before U.S. Elections?

by Helga Zepp-LaRouche

Helga Zepp-LaRouche is the national chairwoman of the Civil Rights Movement Solidarity (Bu''So), a German political party. She issued this leaflet on Oct. 3, with the subtitle 'Is the Bush Administration Planning To Use Nuclear Weapons Against Iran?'

Jonathan Tennenbaum

'Principles of Physical Economy' Raised at Rhodes

Jonathan Tennenbaum submitted an advance summary of his presentation to the 2006 annual World Public Forum Dialogue of Civilizations conference in Rhodes, under the title 'Dynamics and the Dialogue of Civilizations—The Principles of Physical Economy.' His presentation opened the workshop on 'Problems and Perspectives of the Global Economy.'

- **Conference Report**

Rhodes 'Dialogue of Civilizations' Hears LaRouche Spokesmen

The Fourth Annual Conference of the 'World Public Forum Dialogue of Civilizations' in Rhodes, Greece, brought some 600 religious leaders, former high-level government officials, heads of civil organizations, and academic figures together from around the world, in the effort to prevent a 'new dark age' of religious and ethnic conflicts from engulfing our planet.

Stop the Bloodbath In the Arab World

by Mohammad Selim

Professor Selim teaches political science at Cairo University. This excerpt is taken from the statement he sent to LaRouche PAC's Sept. 6 Berlin-Washington webcast, at which Lyndon LaRouche initiated an extended dialogue with Eurasian intellectuals and political figures, as EIR has reported in the last few issues. Another Berlin-Washington webcast will take place on Oct, 31 at 10:00 a.m. Eastern Standard Time. It can be viewed at www.larouchepac.com.

George Shultz Leads Drive To Privatize Mexico's Oil

by EIR Staff

The LaRouche Youth Movement (LYM) is raising the alarm in Mexico, that George Shultz, the godfather of the Bush Administration, is leading an international drive to steal Mexico's oil. In a leaflet circulating through Mexico, in tandem with the mobilization against privatization called by the actual winner of the Mexican Presidential elections, Andre's Manuel López Obrador, the LYM exposes the latest machinations of the Synarchists against Mexico.

Economics:

CRASH TRIGGER

New Tens of Billions Pile Into 'Financial Locust' Funds

by Paul Gallagher

The large number of highly leveraged equity takeovers and buyouts of companies now being staged and planned by hedge funds and private equity funds, are massive bets in a failing economic game, and threaten imminently to trigger an international debt collapse. Though in recent weeks, regulatory institutions of the United States, Britain, and the European Union have pointed to the danger, their public statements have been aimed at lulling their citizens, and their actions have been weakly directed at a previous stage of the crisis— 'fighting the last war instead of the coming one.'

European Aerospace

Cost-Cutting for Globalization Fails

by Rainer Apel

The emergency crisis session of the board of the Airbus corporation in Toulouse, France on Oct. 3 made the crisis of the company official: Not unrelated to its inability to build the new super-airliner A-380 on schedule, Airbus will not be able to prevent losses in expected profits in the range of 4.8 billion euros, over the 2006-10 period.

The LaRouche Show

Autoworkers Say: Act Now To Save the U.S. Industrial Base

On the Sept. 23 'LaRouche Show,' the weekly internet radio program, an hour-long discussion took place between United Auto Workers leaders from three Upper Midwest manufacturing states...

Biofuels Craze Is a Financial Bubble, Not a Farm or Energy Policy

by Marcia Merry Baker

...All of biofuels' energy-density output is far lower than that required simply to produce, handle, process, and transport the feedstock involved, whether from corn, sugar cane, wood chips, straw, or any other bio-input. But financial swindles have nothing to do with science.

Banker John Train

'Amputations' of Workers And Auto Plants Necessary

The following article, 'Investing Like Mr. Morgan, Not Like Mr. Ford,' was published April 1, 2006, by John Train, and is available at web.mac.com/train.ontrack. Train refers to his grandfather, Charles H. Coster, a partner of J.P. Morgan, who was in charge of Morgan's takeovers of the U.S. railways that had been built by government-subsidized nationalist industrialists. J.P. Morgan was famous for his vow, never to invest in any enterprise that was not 'complete' already...

Science and Technology:

Egypt's Mubarak Says: Let's Go Nuclear!

Egypt has launched a renewal of its ambitious program to build nuclear plants to supply a growing need for electricity. **Muriel Mirak-Weissbach** reports.

Animating Creativity: The Functioning of a Healthy, Human Mind

by the 'New Astronomy' Animations Team, Delante Bess, Brian McAndrews, Will Mederski, and Jason Ross

In March of this year, our team of four members of the LaRouche Youth Movement (LYM) assembled at the EIR office in Leesburg, Virginia, and spent a week and a half working in both Leesburg and the Library of Congress, developing a draft version of the animation called for by Lyndon LaRouche in his 'Travel Among Cities' piece from the Dec. 30, 2005 EIR. The results of that preliminary work can be seen on the LYM website at:

<http://www.wlym.com/~animations/ travel/index.html>

Editorial:

The Election Turning-Point

In his invitation to his next international webcast, scheduled to be broadcast from Berlin, Germany and Washington, D.C. on Oct. 31, Lyndon LaRouche honed in on the crucial U.S. mid-term elections, which are scheduled for Nov. 7. Coming as they do, in the midst of the ongoing financial blowout, an immediately threatened aerial bombardment against Iran by the Cheney-Bush Administration, and the wave of disgust against government by the lower income majority of the U.S. population, these elections represent a turningpoint in world history.

U.S. Economic/Financial News

GM Calls Off 'Alliance' with Nissan-Renault

General Motors CEO Rick Wagoner announced Oct. 4 that the board of directors unanimously rejected the structure of an alliance with Renault and Nissan, adding it would have been a "distraction" to GM's current restructuring. In a joint statement, the automakers said the talks had broken down because of a disagreement over whether the financial gains from a tie-up would be equally shared, as well as how large those savings could have been. GM had demanded that Renault-Nissan pay it a "control premium" in return for a 20% stake in GM, warning that the Franco-Japanese alliance could have blocked GM from forming "other alliance opportunities."

Preparatory to ending the talks, GM's board of directors took defensive moves to block hostile action/board takeover by Kirk Kerkorian. One was to change its corporate bylaws to require any shareholder to alert GM management before soliciting other shareholders to support an action, i.e., to thwart a sneak attack. The GM board also adopted a majority voting rule for uncontested elections of directors. And it rejected a proposal to allow small groups of shareholders to gain larger voting rights, based on the shares owned, warning it "could create the potential for small groups of stockholders to overcome the interests of the majority."

Moody's: Housing Prices To Decline for Several Years

The gloomiest report yet for the U.S. housing market recalls the dark ages of the national economy, according to Broderick Perkins of RealtyTimes Oct. 5. The report is from Moody's Economy.com, called "Housing at the Tipping Point—The Outlook for the U.S. Residential Real Estate Market." Housing price declines in some markets could reach 20% in 2007. The median sales price for an existing home will decline by 3.6%, marking the first full year's decline since the Great Depression. Over 25% of metropolitan areas will probably see declines in housing prices by fall of 2007.

Areas of greatest decline will prominently include both coasts of the United States. California and the New York City areas, plus Florida and the Northeast Corridor, will be hard hit. The top ten areas heading for a hard landing are:

* Cape Coral, Florida: 18.6% (decline from peak price)

* Reno, Nevada: 17.2%

* Merced, California: 16.1%

* Stockton, California: 15.7%

* Sarasota, Florida: 14%

- * Naples, Florida: 13.8%
- * Tucson, Arizona: 13.4%
- * Las Vegas, Nevada: 12.9%
- * Chico, California: 12.6%
- * Fresno, California: 12.5%

Buy a Governor Cheap, at Wal-Mart

Wal-Mart—which only a decade ago did not make election campaign contributions at all—has now passed GE as the top corporate contributor, through its executives and other vehicles, to Federal-office campaigns, with over \$945,000 contributed in the 2006 election cycle, *The Oct. 2 Business Week* reported. The global slave-labor outfit is also now at or near the top in contributions to state campaigns, having given \$1.25 million in this cycle in the states.

Wal-Mart is hoping its largesse will 1) stop minimum wage bills from passing on the state level; 2) stop "Wal-Mart bills" requiring comprehensive health-care coverage by large employers in states; and 3) stop enforcement against Wal-Mart sites for such labor practices as hiring illegal immigrants, locking employees in at night, etc.

California Gov. Arnie Schwarzenegger is Wal-Mart's top beneficiary nationwide, receiving \$22,300 in contributions to his reelection campaign, and \$200,000 in contributions to his package of fascist ballot initiatives which were voted down in November 2005. This prompted Lyndon LaRouche to comment, "Ahh! Looking for a cheap politician? Go to Wal-Mart, buy Schwarzenegger!"

World Economic News

Attali on Amaranth: 'Western Financial System Could Collapse'

Jacques Attali, the former personal advisor to French President François Mitterrand and intimate of Lazard Frères, wrote the following column for the weekly *L'Express* on Sept. 28, headlined, "Poisonous Flowers," with the kicker, "One day, interest rates will reflect the reality of risks. And the Western financial system could collapse."

"The misadventure which hit one of the most famous American speculative investment funds is revealing of the madness of our world. This fund, named after a flower, Amaranth, created in 2004, became famous among its peers for having earned \$1 billion in a couple of weeks, early in 2006, by betting against all on a scarcity of natural gas. Strong from this success, Amaranth bet ever more money on the permanent rise of the price of gas; with good reasons: Meteorologists were simultaneously announcing hurricanes (hindering operations in the Gulf of Mexico installations) and a very cold winter. Things went differently: The climate instability and the brutal reversal of raw materials prices inflicted a \$6 billion loss on Amaranth at the end of August, more than half of the funds it was in charge of on behalf of its shareholders, mostly American insurance companies.

"There is a lot behind this story: insurance companies, as the main world actors of savings, need, in order to honor their clients' engagements, i.e., in particular health-care institutions and pension funds, much higher profit yields than are offered by Treasury bonds or the best performing companies. Hence, they entrust their money to speculative funds, which

in turn invest it in ever more risky financial instruments, bonds of unhealthy corporations, or unpredictable raw materials prices. Since money remains abundant, and consequently cheap, these funds, to be profitable, have to take ever higher risks, even impossible to measure, staking up to 50 times their engagement.... Today, more than \$1.3 trillion is managed by such speculative funds.... Also, when the bets are lost, the loss is immense. And will be more and more....

"One day, interest rates will reflect the risks, and the whole Western financial system, first the American, could collapse. No one can say he wasn't forewarned. "

For more on the threat posed by hedge funds, see InDepth: [**"Crash Trigger: New Tens of Billions Pile Into Dangerous Hedge, Equity Funds."**](#)

United States News Digest

CNN Broadcasts Special on the 'Generals' Revolt'

CNN highlighted the generals' revolt against the Bush Administration's Iraq war policy in an hour-long special Sept. 30, entitled, "Donald Rumsfeld, Man of War." Even with appearances by such Rumsfeld allies Paul Bremer, former Presidential envoy to Iraq, and head of the Joint Chiefs of Staff Gen. Peter Pace providing support for the Administration line and for Rumsfeld's "transformation" of military policy, the point of the special was to highlight the generals' ongoing revolt against Rumsfeld and the Bush Administration policy overall.

The program quoted Gen. Paul Eaton, who has called for Rumsfeld to resign, saying, "The [former Chief of Staff Gen. Eric] Shinseki incident had a chilling effect on the military, and the military got the message." He further commented that "it is Rumsfeld's military and it is the loyal—it's not loyalty. It is fealty that he demands." Gen. John Riggs was quoted: "If you press the military, like the generals, so hard, they will eventually say, 'Yes sir, Mr. Secretary, three bags full. We'll take what you have given us and do the best with it.'"

Gen. John Batiste, who commanded the 1st Infantry Division in Iraq in 2003 and 2004, when asked if he had enough troops and if he had gotten more troops when he asked for them, replied, "I asked for 22,000 troops to secure the countryside and the oil infrastructure in an area of Iraq the size of West Virginia. I didn't get them."

The special then quoted Rumsfeld: "I was unaware of this need, and the commanders had what they needed, and I was assured that it was appropriate."

Warner, Levin Ring Alarm Bells on Iraq

In separate Oct. 5 press conferences to report on their findings from a recent trip to Iraq, where they met with Iraqi leaders, U.S. military leaders, and U.S. Ambassador Zalmay Khalilzad, Senators John Warner (R-Va) and Carl Levin (D-Mich), the chairman and the ranking Democrat on the Senate Armed Services Committee, both gave dramatic reports on the collapsing situation in Baghdad and Anbar province.

Warner characterized the situation as qualitatively different from his earlier trips. He said that the four-point plan put forth by Iraqi Prime Minister al-Maliki as an "agreement" between all sides to end the sectarian violence offered some hope, but that there were no signs that all sides had actually agreed, and the violence has only increased. He said the economic situation in many places was horrendous, and that the situation was at best "drifting sideways." He said at one point that the current offensive in Baghdad was "lost," but later changed that by saying that the Madi militia of Muqtada al-Sadr in

Sadr City must be subdued and disarmed, or the battle will be lost. He said that Maliki believes he can deal with al-Sadr peacefully, but Warner doubts it. He said that the "uniforms" (the U.S. military officers) give a "more cautious evaluation" than the Administration line, and that the next 60-90 days will determine if the Iraqis can end the violence, or, if not, the Congress must take a stand of its own, separate from the administration, to deal with Iraq.

Senator Levin was even more pessimistic than Warner. He reported that when he told Ambassador Khalilzad of his belief that the U.S. must set a date for beginning a phased withdrawal, to put the Iraqis on notice, Khalilzad told him twice that that would be an excellent message to be delivered to the Iraqis "by the Senate," although clearly this contradicts administration policy and Khalilzad could not say it himself.

NATO Commander Confirms Remarks on Rumsfeld

NATO Supreme Commander Gen. James L. Jones acknowledged remarks he'd made to Bob Woodward, reported in Woodward's new book *State of Denial*, in a Washington meeting of the N.Y. Council on Foreign Relations, according to the *Washington Post* Oct. 5. Jones acknowledged a discussion, reported in the Woodward book, with Gen. Peter Pace before Pace was made Chairman of the Joint Chiefs of Staff. Specifically, he told Pace that the uniformed military had improperly surrendered their authority to Defense Secretary Donald Rumsfeld, and that he'd told Pace not to become a parrot on Rumsfeld's shoulder. He also agreed that he'd told Woodward that Iraq is a debacle, though not that he'd used that specific word, but that it was a problem. However, Jones said he did not associate himself with the so-called "revolt of the generals," and won't do so when he retires.

Guantanamo Detainee Challenges His Detention

One of the 14 high-value "war on terrorism" detainees who was recently transferred to Guantanamo from CIA secret prisons has challenged his detention in Federal court in Washington, D.C., the first of those detainees to do so, the *Baltimore Sun* reported Oct. 5. In addition to asserting that Majid Khan, a former Maryland resident who was seized in Pakistan, is being wrongfully held, the case also contests the legality of the CIA secret prisons program. The case was filed this Sept. 29, just before Congress passed a detainee bill, which prohibits an unlawful combatant from challenging his detention.

Khan was arrested in Pakistan in March 2003, and detained in a CIA prison. The *Sun* reports that a government intelligence document released last month describes him as a young Pakistani who got caught up in Islamist networks while in Maryland, and while in Pakistan, was introduced by his uncle and cousin to Khalid Sheikh Mohammed. Khan reportedly researched blowing up gas stations and poisoning reservoirs in the U.S. Khan, however, denies any affiliation with the Taliban or al-Qaeda, and says the only Islamic group with which he associated in the U.S. was a mainstream organization which condemned the Sept. 11, 2001 attacks.

New Woodward Book Exposes More Lies to Congress

Discussion of Bob Woodward's *State of Denial* revelations about White House official lies over Iraq, dominated the Sunday talk shows Oct. 1, which featured White House spokesman Dan Bartlett, on three separate programs, attempting to employ sophistic techniques to avoid telling the truth. In addition, the Sunday talk shows included the spectacle of former Secretary of State Henry Kissinger, who is mentioned prominently in the Woodward book, blowing up at CNN's Wolf Blitzer, as former National Security Advisor Zbigniew Brzezinski looked on.

"Secret Reports Counter Bush Optimism" was the *Washington Post* headline, referring in particular to one smoking gun, a secret memo on attacks on U.S. forces by insurgents in Iraq, which is reproduced with charts in Woodward's book. The

charts show the level of attacks growing over more than three years, to a (previously unexposed) record level of 900 attacks/week in May and June 2006, and to 1,000 attacks/week—one every 10 minutes around the clock—in July 2006. This enormous and worsening level not only directly contradicts Cheney's and Bush's public statements and confirms the assessment of Rep. John Murtha (D-Pa), it also contradicts official Pentagon assessments given to Congress, which were supposed to represent the Joint Chiefs' analysis. As Blitzer put it on CNN's Late Edition, " 'Wednesday, May 24th,' of this year, 'the intelligence division of the Joint Staff, J-2, circulated an intelligence assessment classified "secret" that showed that the forces in Iraq were not in retreat. In large print, that assessment said, quote, 'The Sunni Arab insurgency is gaining strength and increasing capacity despite political progress and Iraqi security forces development. Insurgents and terrorists retain the resources and capabilities to sustain and even increase current level of violence through next year [2007].' " Days after that JCS memo, the Pentagon gave Congress an assessment, required by law, which said the opposite: The insurgency was expected by military intelligence to wane through 2006 and 2007.

The memo from CENTCOM of early 2003 which Woodward publishes, specifying 400,000 troops needed for an Iraq war, and Rumsfeld's response to it, are just as damaging.

As to Henry Kissinger, Woodward writes in *State of Denial*: "Former Secretary of State Kissinger has a powerful, largely invisible influence on the foreign policy of the Bush Administration. Vice President Cheney told me in the Summer of 2005, 'I probably talk to Henry Kissinger more than I talk to anybody else.' The President also met privately with Kissinger every couple of months, making the former secretary the most regular and frequent outside adviser to Bush on foreign affairs."

Ibero-American News Digest

Morales: Bush Team Is Fomenting Bolivia-Paraguay War

Bolivian President Evo Morales has accused the Bush Administration of orchestrating a new "Chaco War" between Bolivia and Paraguay, to destabilize his nation and the region. On Sept. 11, Morales charged that the Bush Administration is behind a "campaign to get us to fight each other," as occurred 70 years ago when Standard Oil and Royal Dutch Shell manipulated the two nations into the brutal 1932-35 Chaco War, as they sought to grab the region's oil wealth. "They want to bring us to war, but that won't happen," Morales vowed.

In recent weeks, tensions between the two nations have escalated in ways that fit the Bush/Cheney scenario for unleashing regional warfare, documented by *EIR* last year. Paraguayan legislators and media charge that Venezuela's military assistance to Bolivia is proof of a Bolivian "arms race" that threatens Paraguay, possibly including an aerial attack on the country (a ludicrous charge, considering that Bolivia has no air force). Tensions increased following a Sept. 18 incursion by Bolivian soldiers into Paraguay, after which one Paraguayan Senator called for a greater military presence in the Chaco region, before "some Venezuelan general" occupies it.

A key suspect in fanning conflict between the two nations is U.S. Ambassador James C. Cason, a high-level Bush intelligence operative who served as Chief of Mission at the U.S. Interests Section in Havana from 2002-2005, where he played a particularly provocative role in promoting Bush's "transition to democracy" agenda. His 2005 transfer from Cuba to Paraguay makes sense only if he is being deployed to advance the Bush/Cheney regional war plans. He is particularly cozy with neo-con Vice President Luis Castiglioni, the Dick Cheney ally who arranged for Donald Rumsfeld to visit Paraguay in mid-2005, and meets frequently with legislators to hear their complaints about the Duarte government. In August of this year, Cason and Castiglioni together inaugurated the new U.S.-financed and equipped anti-drug military base, which many see as evidence of planned U.S. aggression in the region.

"This is not a time for war. It is a time to fight together against poverty and in favor of regional economic integration," Bolivia's Defense Minister Walker San Miguel stated during his Sept. 27 visit to Paraguay's capital Asuncion. San Miguel was sent to Asuncion to officially apologize for remarks made by Bolivia's Deputy Interior Minister earlier in the week, when he insulted Paraguay's President by accusing him of being a "liar."

San Miguel assured the Duarte government that Bolivia does not seek war with Paraguay, and that Venezuela's military assistance is focussed on advancing economic development, rather than aggression against neighbors. "At this crucial time in my country's economic history," San Miguel said, "the government is safeguarding its natural resources, so they may be used for the benefit of our people, and nothing more."

Brazil's Presidential Elections Head to Second-Round Vote

Brazilian President Lula da Silva failed to win 50% of the vote in the Oct. 1 elections, and now faces a run-off Oct. 29 against conservative free-marketeer Geraldo Alckmin of the Brazilian Social Democratic Party (PSDB). Lula had reportedly expected to "coast" to a first-round win against the politically inexperienced Sao Paulo governor. Instead, he came away with 48.7% of the vote against Alckmin's 41.6%.

Media spin is that the electoral outcome was due to corruption scandals that have plagued Lula's Workers Party (PT) and government. The PSDB, led by the very corrupt former President Fernando Henrique Cardoso, deployed heavily in the last week charging that the PT had accumulated large sums of money to influence the election. Political analysts predict a nasty, "violent" campaign leading into the second round.

But the real issue in this election is economic policy. The large number of poor Brazilians who remain loyal to Lula weren't about to vote for Alckmin, but they have benefitted little from Lula's economic policy, which was the application of orthodox IMF policy since his 2002 election. Moreover, Lula offered little evidence that he intended any dramatic policy change, despite maintaining a foreign policy opposed to globalization. Wall Street is salivating over Alckmin's higher-than-expected vote, as the Sao Paulo governor is promising to impose "fiscal restraint" and more neo-liberal economic "reforms."

Nonetheless, under conditions of global financial collapse, there is a good deal of banker nervousness about what Lula might do should he win. A worried London *Economist* uses its most recent editorial to warn Lula not to stray from his "responsible macro-economic policy," or even contemplate following the path of "populist" Venezuelan Hugo Chavez, chiding him for abdicating regional leadership to Chavez, and giving the Venezuelan a "global forum."

Vulture Funds Seize Argentine Deposits at N.Y. Fed

Having refused to participate in the restructuring of Argentina's debt, in hopes of getting a better deal, two of Wall Street's most notorious vulture funds, NML Capital and EM Limited, have now joined forces with a group of Wall Street lobbyists, "businessmen," and anti-Castro Cubans in the Republican Party—the so-called "Latino Coalition"—to argue that they are justified in seizing \$105 million that Argentina's Central Bank has deposited at the New York Fed. The pretext? President Nestor Kirchner is allegedly a "dictator."

In their case before New York Federal Judge Thomas Griesa, the two funds say they are justified in seizing the \$105 million because, like Venezuela's Chavez, Kirchner has taken control of all of his nation's institutions, including the Central Bank. NML lawyer Robert Cohen states that the Central Bank and its assets "are under the complete control of the Kirchner Administration. We believe that such control makes those assets available to satisfy the sovereign debt in the United States and other countries, and that is what the new case will demand." Afraid that the U.S. Treasury might

intervene on Argentina's behalf, as it has done in the past, one of the vulture fund lawyers warned, "I don't think the Treasury wants to support a President who is doing in Argentina what Chavez is doing in Venezuela."

The Latino Coalition sponsored a conference Oct. 3 entitled "Venezuela and Argentina: The Hemisphere's Troubling New Axis." Former Assistant Secretary of State Roger Noriega, and Clinton Administration UN Ambassador Susan Soderberg, pointed to Argentina's growing "financial dependence" on Venezuela, and warned of the danger of Argentina sharing its nuclear technology and know-how with Chavez. "We need to shoot straight about [Kirchner's] nuclear program," Noriega said. "We're talking about Chavez now. That we're concerned about these policies."

Western European News Digest

Spain's Aznar Spreads Fascist Line in Americas

Former Spanish Prime Minister José Maria Aznar spent most of last week touring South America. Aznar flew first to the U.S., where, speaking to a receptive audience at the Hudson Institute of New York, he assaulted the "Alliance of Civilizations" program of Spain's current President Rodriguez Zapatero as "stupidity."

The former Prime Minister, who had blatantly intervened in Mexico's internal affairs to organize on Felipe Calderón's behalf (prior to the July 2 Presidential election), then visited Peru and Chile to rant about Venezuela's Hugo Chávez and the dangers of "Islamofascism." His tour was neatly timed to coincide with that of Calderón himself, who made appearances in Colombia, Peru, Chile, Argentina, and Brazil, presenting himself as an advocate of a new "Latin Americanist" foreign policy. This deployment is aimed at the informal Presidents' Club (of Latin America), which has organized the resistance to Bush Administration lunacy.

Aznar met up with his co-thinkers in both Peru and Chile, where he warned that some Ibero-American nations had fallen "into the grip of populism," and "have made strange alliances with other countries of alien cultures"—a reference to Venezuela's relations with Iran. In Chile, where President Michelle Bachelet is leaning toward supporting Venezuela's bid for a seat on the UN Security Council, he announced, "I'm not here to give advice," but went on to tell the synarchist daily *El Mercurio* that Venezuela represented a serious "danger" to the region. Only those countries that support "institutionality and the free market," and incorporating themselves into the world economy, can be considered to be truly democratic, he said, unlike "those that adopt a populist model ... and have dangerous alliances with other geographical parts of the world."

Italian Government Implements 'Leftist' Budget Cuts

Romano Prodi's government in Italy has presented the 2007 budget law, complying with the Maastricht constraints to reduce the deficit to less than 3% of GNP within the next year. This required a combined cuts-and-taxes package of 33 billion euros. Due to pressures from leftist parties and trade unions, the government was forced to put the burden of income-tax increases on the richest layers of the population, while at the same time redistributing some money (little more than symbolic) to incomes under 4,000 euros monthly. The so-called "structural reforms" of the pension and health system, demanded by financial markets, were not implemented.

This is a shift away from the draft budget presented by Economics Minister Tommaso Padoa Schioppa presented in July. For this, Padoa Schioppa has been publicly scolded by his liberal co-thinkers. Already the mayors of large municipalities like Rome, Florence, Bologna, and Turin, who will have to radically increase local taxes to make up for deficits, have threatened a revolt if the measure is not changed.

Is Turkey Heading Towards Thailandization?

Observers of the situation in Turkey have noted an escalation of terrorist incidents during the most recent period, the latest of these in Izmir Oct. 2, with numerous civilians wounded. Mostly, the incidents have occurred in the eastern Anatolian region, where they are attributed to the PKK Kurdish rebels. Moreover, all Iranian natural gas deliveries to Turkey are interrupted these days, because a crucial pipeline was destroyed in an explosion on the Iranian side Sept. 30.

Worries have also been voiced over the fact that as Turkish Prime Minister Recep Tayyip Erdogan was in the United States Oct. 2-3, leading Turkish military have contradicted him on his ceasefire offer to the PKK, saying that the fight against the Kurdish terrorists will be fought until the bitter end. The fact that Gen. Yadar Buyukanit, chief of the Turkish Army general staff, has prominently joined these critics of Erdogan, has especially been noted. Some observers would not even rule out that, should the internal Turkish situation deteriorate further, the military might intervene in a way similar to the way it has intervened in Thailand.

This is not a good environment for the two-day visit Oct. 6-7 of German Chancellor Angela Merkel, which is being presented in Berlin as a trip to a "stable partner in the region." Economic cooperation, notably German export credit guarantees for German firms' engagement in the construction of the Ilisu dam project, is prominent on Merkel's agenda.

German Exit Strategy from Afghanistan

Peter Gauweiler, an often dissident member of the Christian Democrats' parliamentary group in the Bundestag, who also voted against the extension of the German troop mission in Afghanistan, said on Sept. 28 that the mission there has failed. The Afghan situation looks more and more like the one in Iraq, and warlords and organized narco-crime are taking control, at the expense of the central government in Kabul. The U.S. side is aggravating the situation by privatizing military functions, with all the problems that an increasing deployment of mercenary forces creates.

All those high-minded slogans for the NATO missions like "Enduring Freedom" and "Security Assistance Force" cannot conceal the fact that poppy production in Afghanistan has increased by 40% over the past 12 months, with the active support (sic) of the Kabul government which is backed by the West, Gauweiler charged.

What is urgent therefore, now, is a strategy for troop withdrawal, Gauweiler said—resembling a central argument in the LaRouche movement's call, one year ago, for an exit from Afghanistan.

Blair To Be Questioned in 'Peerage-gate' Probe

According to the *Daily Mail* Sept. 29, Blair may eventually face criminal charges in the "cash-for-honors" investigation. The scandal involved alleged financial donations to Blair's Labour Party, in return for being nominated for honors such as knighthoods and appointment to the House of Lords, which is a criminal offense. Earlier this week, Ruth Turner, a senior aide to Blair was questioned under caution by the police.

Timing of 'Liquid Explosives' Scare Forced by U.S.

The Bush Administration threatened to seize suspect Rashid Rauf, who was in Pakistan, and subject him to rendition, if the British didn't make arrests immediately, the *Observer* reported Oct. 1. British authorities felt their evidence was weak, and they wanted to continue the investigation, but the U.S. was adamant that Rauf should be arrested immediately—which triggered a huge international security nightmare from which air travellers are still suffering.

Russia and the CIS News Digest

Georgia-Russia Stand-Off on Southwest Asia Periphery

Lyndon LaRouche replied to an e-mail query Oct. 2, concerning the Transcaucasus area (Georgia, Armenia, Azerbaijan), in the northeast corner of Southwest Asia. LaRouche said: "The dispute between Russia and Georgia is part of the preliminary measures deployed in preparation for the intended U.S. destruction of Russia, China, India, and other targetted locations under the current policy of a single world empire, called "globalization."

On Oct. 2, Georgia handed over to the Organization for Security and Cooperation in Europe (OSCE), the four Russian officers it had detained for several days as "spies." But tension between Moscow and the Rose Revolution regime of Michael Saakashvili remained high, as President Vladimir Putin accused Georgia of engaging in "state terrorism," and warned that "foreign sponsors" were encouraging its "anti-Russian direction in foreign policy." Georgia's policies, he said, were like those of Lavrenti Beria, the Georgian-born head of Stalin's police-state apparatus.

In a 17-minute phone conversation with George Bush Oct. 2, Putin warned that Russia would not tolerate any actions by "third countries that Georgia's leadership could interpret as encouraging its destructive policy," according to the Kremlin's press service. Bush had called Putin to discuss the crisis with Georgia as well as the Iranian situation.

While the officers were held, Russia imposed an economic blockade on Georgia, and suspended all transportation and mail communication. Banking operations and money transfers were to be suspended as well, a sanction that is expected to have a big impact on Georgia's economy, and on the thousands of Georgians who work in Russia, and send money home to their families.

***EIR's* Warning of Cheney Nuclear Attack Threat Debated in Russia**

"Is Desperate Cheney Scheming Nuclear Sneak Attack on Iran?", Jeffrey Steinberg's article in the Oct. 6 issue of *EIR*, began to circulate in Russian translation on Oct. 3. It appeared on the Ukrainian site politics.in.ua, under the headline, "Cheney Dive-bombs Iran. With nukes?" On economist Mikhail Khazin's widely-read worldcrisis.ru site, a staff member posted the entire article in the site forum, where an all-day debate took place Oct. 3, about an analysis that's circulating on the Internet, titled, "Puts forecast October surprise?" The "puts" article points to a large volume of put options for Oct. 6, saying that the same pattern preceded the Iraq invasion. The worldcrisis.ru staff member offered Steinberg's article as an explanation for the pattern.

Khazin added his own commentary to the posting, saying that "even if Bush and Cheney don't hit Iran, the existence of such well-founded concerns within the American Establishment sheds an entirely different light on the Russian-Georgian crisis, and the place of those provocations in U.S. plans." He painted a scenario, whereby Georgian President Saakashvili would lure Russia into a clash in the Kodori Gorge in Abkhazia. With demonstrations against "Russian aggression towards defenseless little Georgia" going on throughout Europe, Georgia would appeal to the UN, Foreign Minister Lavrov would have to appear to defend Russian policy. "And under cover of this hullabaloo, the USA would 'merely' hit some targets in Iran with nuclear bunker busters." Khazin concluded with a remark that it was likely due to considerations such as these, that President Putin "looked pale" at the Oct. 1 Russian Security Council meeting.

From worldcrisis.ru, the Steinberg article is proliferating through Live Journal and other Russian blogs. Steinberg's Feb. 2, 2006 article, "Iran Showdown Is the Fuse for a Global Monetary Bomb," was extremely widely circulated in Russian translation last winter.

Lavrov Links Georgian Escalation to Saakashvili's U.S. Trip

Events around the seizure of Russian officers in Georgia suggest that the United States played a certain role in the latest escalation of Russian-Georgian relations, Russian Foreign Minister Sergei Lavrov said Oct 3. "The recent detention of Russian officers took place shortly after NATO took the decision to provide an intensified cooperation plan to Georgia, and followed the visit of Georgian President Mikhail Saakashvili to Washington," the minister said at a press conference in Moscow. He added, "We take into consideration statements by our U.S. colleagues that they have urged and continue to urge moderation on the Georgian authorities. But from the chronological point of view, everything was as I said: the trip to Washington, the NATO decision, the hostage taking."

Russian Expert: USA Plots 'Orange Revolution' in Russia

A report titled "On the Likely Scenario for U.S. Actions with Regard to Russia in 2006-2008" made headlines in Moscow Sept. 21, with discussion continuing into October. The analysis made the case that the United States is plotting an "orange revolution," i.e., regime change, in the Russian Federation. The authors are Valentin Falin, who was Soviet Ambassador to West Germany in the 1970s (including at the time of the Brezhnev-Schmidt economic development-centered diplomacy), and Gennadi Yevstafyev, a retired general in Russia's Foreign Intelligence Service (SRV). It circulated especially in the halls of the Russian State Duma and Federation Council.

"Behind the threat is the U.S.A.'s refusal to tolerate Russia's growing role on world markets as a sovereign power center," the authors write. They muster evidence from U.S. media and think-tank reports, to back up their charge that, "The U.S.A. will attempt to initiate, using all the instruments and figures of influence accumulated back in the 1990s, a covert realignment of forces within the upper echelons of the Russian leadership and of the political and business elites, to pave the way to a 'quiet orange revolution, Russian-style.'"

Among the specific scenarios touted in the report are ex-Premier Mikhail Kasyanov in the role of a "pro-Western" figure, mistreated by the Kremlin, and the recruitment of a left-wing "stooge," who would run for the Presidency on an anti-corruption basis.

Southwest Asia News Digest

Global Leaders Call for Resolution of Arab-Israeli Conflict

In a teleconference encompassing Brussels, Washington, New York, London, and Amman Oct. 3, organized by the International Crisis Group (ICG), 115 global leaders joined in a call for a comprehensive resolution to the Arab-Israeli conflict.

Pointing to a "desperate need for fresh thinking and the injection of new political will," the statement issued by the signatories said talks between Israeli and Palestinian leadership must begin now to address issues of mutual security and the revival of the Palestinian economy. The statement also said the talks mediated or sponsored by the Quartet (United Nations, United States, European Union, and Russia) must also include Syria, Israel, and Lebanon.

ICG signatories, who include former President Jimmy Carter, former Russian Prime Minister Yevgeny Primakov, former UN Secretary-General Boutros Boutros-Ghali, former Soviet President Mikhail Gorbachev, former Indian Prime Minister Inder K. Gujral, former NATO Secretary-General Lord Robertson, former U.S. National Security Advisor Zbigniew Brzezinski, and former U.S. Secretary of Defense Robert McNamara, among a host of others, said the Middle East is presently "immersed in its worst crisis in years."

"Everyone has lost in this conflict except the extremists throughout the world, who prosper on the rage that it continues to provoke.... As long as the conflict lasts, it will generate instability and violence in the region and beyond."

Assad: Peace Could Be Negotiated Within Six Months

Syrian President Bashar Assad, in an interview appearing in the Spanish newspaper *El Pais* Oct. 3, said that if Israel and Syria were to begin peace negotiations, there could be an agreement within six months.

"Two sides are responsible for the current situation—not just one side. The situation is based on one topic only, the peace process ... and, perhaps, war, if peace is not established." He went on to say, "We have a clear vision, and events have proven that we foresee the future in the right direction. It is not based on the ideas of strength and weakness, but rather it is based upon values, history and human ambition, while the Israeli dream, unfortunately, is based solely on a strong army."

In response, Israeli Infrastructure Minister Benjamin Ben Eliezer (Labor Party) said that Israel would agree to engage in peace talks with Syria in the event of an official Syrian approach. Ben Eliezer said that Israeli Prime Minister Ehud Olmert would agree to hold negotiations if the Syrians entered without preconditions, and only if the recognition of Israel's right to exist were guaranteed. It is not certain what this means; the act of holding such negotiations implies recognition of Israel's right to exist. Also, since Ben Eliezer is from the Labor Party and Olmert is Kadima, it is not certain that Ben Eliezer can speak for the government.

Rice: Economic Strangulation of Palestinians To Continue

Secretary of State Condoleezza Rice, following a meeting with Israeli Prime Minister Ehud Olmert and Foreign Minister Tzipi Livni Oct. 5, said that the economic boycott of the Hamas-led government was effective, and that the international community will continue to maintain it, according to *Ha'aretz* and the U.S. State Department website.

Rice did not say what "effective" meant. It is indeed effective in causing massive suffering, hunger, and death throughout the occupied territories.

The previous day, Rice met with Palestinian President Abu Mazen, promising to "strengthen" him against Hamas. In her meeting with Olmert, she gave him a message from the Palestinian leader requesting a prisoner release, which Olmert flatly rejected. Yet, Olmert, like Rice said he, too, wanted to "strengthen" Abu Mazen.

In her joint press conference with Abu Mazen after their meeting Oct. 4, Rice said, "I told the President that we are very concerned, of course, about the humanitarian conditions in the Palestinian territories, about the economic situation." Further, "that we would double our—redouble our efforts to improve the conditions of the Palestinian people." It seems that Rice's crocodile tears are for the poor Palestinians who are being punished by the West for electing an Hamas-led government.

Saudi Ambassador: U.S. Should Talk to Iran

"Political rhetoric and bombast, and not constructive commentary" is what we often hear from the U.S., Saudi Ambassador Turki al-Faisal said at the Center for Strategic and International Studies Oct. 4. Later, at the State Department briefing, a reporter asked for official reaction to the comment.

"We don't mind being criticized," Faisal said. "But it is the way in which Americans criticize ... that causes us concern."

"Americans want to see and hear about reform and change in Saudi society and political culture," the ambassador continued. "That is on the agenda, ladies and gentlemen. But we're not going to change just because you tell us to."

On Iran, Faisal said: "I think for the United States not to talk to Iran is a mistake."

On Israel-Palestine relations, Faisal called for implementation of the Road Map now. "We think that this may be a time for the United States to put its foot forward and do what it has been talking about within the framework of the road map."

New Plan Announced To End Iraq Violence

A new plan was announced to end the sectarian killings in Iraq which took a bloody toll Oct. 3 of 263 dead, many of them victims of what are believed to be "sectarian death squads." Prime Minister Nouri al-Maliki announced a plan to end the crisis, with the support of both Sunni and Shi'ite parties in the Parliament. Without results, his government may fall.

Tensions are particularly high due to two mass kidnappings that occurred in Baghdad; at least 16 of a total of 40 kidnap victims are still missing. At least 118 were killed in Baghdad alone, including an intelligence officer and a colonel in the Interior Ministry. At least 145 people outside the capital were killed, including a leading al-Qaeda figure, Saad Tager Al-Rayashi (aka Abu Fadam).

Also, between Sept. 30 and Oct. 3, a total of 17 U.S. and UK soldiers lost their lives in Iraq.

Confronted with this worsening disaster on the Iraq front, Lyndon LaRouche commented that George W. Bush may pass from a merely potential, into an actual nervous breakdown, and come to be called "Woodrow W. Bush."

Maliki's four-point plan, which emerged after talks between both Sunnis and Shi'ites, aims to resolve disputes by giving each party a voice in how security forces operate against violence on a neighborhood-by-neighborhood level. Local committees will be formed in each Baghdad district—made up of representatives of every party, religious and tribal leaders, and security officials—to consult on security efforts. A central committee, also made up of all the parties, will coordinate with the armed forces. "We have taken the decision to end sectarian hatred once and for all," Maliki told reporters. "We have vowed before Almighty God to stop the bloodshed."

Asia News Digest

S. Korea Says North Aims To Pressure U.S. with Nuke Test

The South Korean government recognizes that North Korea is endeavoring to use its threatened nuclear weapons test as leverage with the United States. South Korean President Roh Moo Hyun stressed that dialogue must be utilized to solve this crisis, and that North Korea must be told of the consequences of testing a nuclear weapon. Unification Minister Lee Jong Seok said that "there is a great chance that this move aims to pressure the U.S. into changing its behavior." In addition to this, Lee said, "[I]f a resumption of the six-nation talks on North Korea's nuclear program comes to naught, we judge that there is a high likelihood that North Korea will conduct a nuclear test. This time there is a possibility that it will turn out more than an empty threat."

At the same time, Prime Minister Shinzo Abe of Japan will pay his first-ever visit to China and South Korea as Premier.

Abe is expected to meet with President Roh and President Hu Jintao. East Asian press have confirmed that the three nations will issue a joint statement on North Korea.

State Department Threatens North Korea

U.S. Assistant Secretary of State Chris Hill threatened the end of North Korea if it proceeds with its planned nuclear weapons test. Speaking at the inaugural meeting of the U.S.-Korea Institute Oct. 5, Hill said that he had delivered a message to the North Korean delegates at the UN in New York to the effect that, "It can have a future or it can have these weapons. It cannot have both.... We are not going to live with a nuclear North Korea—we are not going to accept it."

While transcripts are not available, participants confirmed that Hill gave the reported warning, and added that the five former U.S. Ambassadors to Korea on the panel (Stephen Bosworth, Donald Gregg, Thomas Hubbard, James Laney, and James Lilly), were all opposing Hill on the threats, although none of that was covered in press reports.

Retired Korea Diplomat Blasts Bush Policy

A retired State Department Korea officer blasted the Bush Administration on Korea policy. David Straub, a 30-year Foreign Service Officer who was head of the Korea desk at State from 2002-04, was asked by *EIR* at an Asia Society forum in Washington Oct. 5, if the repositioning of U.S. troops in South Korea, away from Seoul and the DMZ, was not seen in Korea as moving U.S. forces out of the line of fire in preparation for a preemptive nuclear attack on the North. Straub said that President Bush had been asked this exact question in a press conference with former South Korean President Kim Dae Jung. Straub then imitated the clueless Bush saying, "Gee, I don't know why people ask me that. I have no intention of invading North Korea."

However, when Straub took him at his word and began writing reports that said the President had said there was "no intention to attack" the North, an "agency that will go unnamed sent them back with that phrase removed, and the phrase 'all options are on the table' in its place."

Straub, after his resignation this year from State, attacked Secretary Condoleezza Rice for rejecting former Secretary of State Colin Powell's efforts to "try to have some real diplomatic effort going" with Pyongyang, including bilateral talks, and asked of Bush: "How much attention is he able to pay to it? How much does he know?"

Thai Junta Announces New Prime Minister

The Thai junta announced Oct. 1 that a retired general who serves on the Privy Council will be the appointed Prime Minister for at least the next year. The junta's choice of Gen. Surayud Chulanont, whose mentor is former Army chief and Prime Minister Gen. Prem Tinsulanonda, who now heads the Privy Council, was approved by the King. The coup of Sept. 19 was set in motion in July when General Prem gave speeches (in uniform) to military audiences, instructing them that they serve the King, not the elected government.

Surayud is highly praised by some in Washington for his role in getting the military out of business and out of politics (sic). In 2002, as Army Commander, Surayud implemented cross-border military actions against Myanmar, creating a crisis which was only resolved when the now-deposed Prime Minister Thaksin Shinawatra kicked Surayud upstairs to become Chief of Staff, a less powerful position than Army Chief. Thaksin then initiated close economic and security relations with Myanmar, together with China and India—a policy which won him many enemies in Washington.

The new constitution written by the junta and approved by the King calls for the junta to become a "national security

council" with the power to remove the Prime Minister. Elections are promised in about one year, but what will happen to the existing parties is not yet clear. For now, martial law forbids any political meetings, has shut down hundreds of radio stations, and is heavily censoring the press and the Internet.

The U.S. has maintained an official distance from the junta, calling for a return to "democracy" and cutting off the small U.S. military aid, as required by law. The "democratic opposition" in Thailand which has led the urban demonstrations over the past year, with support from Wall Street, is in the uncomfortable position of supporting a military coup.

India Supplying Military Hardware to Myanmar

Despite opposition by Western countries, India has begun supplying military hardware to Myanmar's military junta. According to Indian analysts, New Delhi's decision is mostly based upon its desire to neutralize China's growing defense, diplomatic, and economic clout within Myanmar's ruling clique.

In August, despite direct opposition of Britain, the Indian Navy transferred two BN-2 Defender Islander maritime surveillance aircraft and deck-based air-defense guns and various surveillance equipment to Myanmar. Islanders are British-built aircraft sold to India earlier.

"We have recommended and started giving them [Myanmar's army] 105-mm Indian Navy guns. In the past, we had given them 75/24 Howitzers," said Indian Army vice-chief Lt. Gen. S. Pattabhiraman.

In addition, according to Defense Secretary Shekhar Dutt, Delhi wants to hand over to Myanmar, in exchange for an unspecified number of Russian T-55 tanks (which the Indian army is retiring), armored personnel carriers, 105-mm light artillery guns, mortars, and the locally-designed advanced light helicopters, in order to conduct joint military operations against India's northeastern militant groups along the 1,643 km Myanmar frontier.

India To Deploy Israeli Drones Along Disputed Border

Indian sources indicated to *EIR* Oct. 4 that India will be receiving Israeli Heron Unmanned Aerial Vehicles (UAVs) later this year and will be deploying them along the disputed Jammu and Kashmir border with Pakistan. India stations 14 and 15 corps in Jammu and Kashmir and each corps will have eight UAVs. Herons, although identified as Israeli UAVs, are actually manufactured in France and the French government has made a significant investment in its development and manufacturing.

Hérons, with their range of 250 km and their ceiling capacity of 30,000 feet above sea level, are preferred by the Indian Air Force over the currently used Searcher Mark IIs which have a range of 200 km and a ceiling capacity of 20,000 ft.

Some of the Israeli Heron UAVs will also be deployed in the demarcated western borders between India and Pakistan.

Musharraf Faces a Coup-Like Situation

Bomb disposal experts in Pakistan removed two rockets and their launchers hidden in a building aimed at the Pakistan Parliament Oct. 5. The rockets were primed to be fired through remote control.

The defusing of the rockets took place less than 16 hours after a bomb went off in Rawalpindi, reportedly close to President Pervez Musharraf's residence, the Army House. Although the Pakistani authorities have been tight-lipped about

the incident and would not confirm that the target of the bomb was Musharraf, eyewitnesses told Al Jazeera's correspondent that a few injured people were taken from the building and its vicinity.

The Rawalpindi bomb went off the same day that Musharraf appointed the Army's Chief of General Staff, Lt. Gen. Tariq Majid, as Commander of the Rawalpindi Corps. Every Pakistani military coup since 1947 had the involvement of the Rawalpindi Corps, based next to the capital.

Majid, whose role in the past was highly appreciated by Musharraf in his book, *In the Line of Fire*, replaced Lt. Gen. Salahuddin Satti. Satti has been appointed to replace Majid as the Chief of General Staff.

These developments do not bode well for the Bush Administration. The Bush-Cheney-Rumsfeld cabal, failing to co-opt Pakistan fully in their so-called "war on terror," is clinging to Musharraf as their "Great Secular Muslim Hope" against fundamentalist Islam. Washington realizes that Beijing is less picky about these distinctions (e.g., secular, fundamentalist) and would not hesitate to support anyone who takes the helm in Islamabad.

This Week in American History

- October 10 — 16, 1854 -

Lincoln Exposes the Kansas-Nebraska Act as an Attack on the United States

When young lawyers Stephen A. Douglas and Abraham Lincoln were starting up their law careers in the 1830s in Springfield, Illinois, they both belonged to an informal debating society and they both courted Mary Todd. Lincoln won Mary's hand, and he also did so well in the debating society that Douglas told friends that Lincoln was the only man he was afraid of debating. Lincoln was much slower than his fellow lawyers in studying a subject, but he took the time to discover the underlying premises and ideology behind the arguments for or against a policy.

This is what Douglas feared, and rightfully so, when he became the national spokesman for the Kansas-Nebraska Act and attempted to soothe people's justifiable fears about its consequences. The Missouri Compromise of 1850, composed of a series of Congressional bills, had calmed much of the agitation concerning which new states carved out of the national territory would come into the Union as slave or free states. But on May 30, 1854, the Kansas-Nebraska Act, which Douglas had pushed through both houses of Congress, became law.

This act basically repealed the Missouri Compromise, divided the national lands west of Missouri into Kansas and Nebraska Territories, and ruled that the settlers would decide whether to allow slavery or not. How this would be decided, whether by vote or legislation, was not specified. Senator Douglas then took to the stump, agitating in favor of the bill and its vague provision for "popular sovereignty." Lincoln, although not now a candidate for office, took on the responsibility of demonstrating to Douglas's audiences that the bill was pure poison and targetted the very existence of the United States.

On October 16, 1854, Douglas delivered a major address to a large audience at Peoria, Illinois. Lincoln had arranged to speak after him, but the afternoon was well advanced when Douglas finished his harangue. Lincoln proposed that the audience go home to dinner, and then return to hear his speech, after which Senator Douglas would have an hour to reply. "I suspected," said Lincoln, "if it were understood, that the Judge [Douglas had been an Illinois Supreme Court Judge] was entirely done, you Democrats would leave, and not hear me; but by giving him the close, I felt confident you would stay for the fun of hearing him skin me."

Lincoln began his speech that evening with a detailed history of the status of slavery in America, citing the times that the Founding Fathers and their successors had put limits around it, such as the abolition of the African slave trade, and its description as an act of piracy which carried the penalty of hanging. He cited Jefferson and the Northwest Ordinance, when a slave state—Virginia—had ceded its western lands to the Federal government, lands where slavery was not to be permitted.

"Thus," said Lincoln, "with the author of the Declaration of Independence, the policy of prohibiting slavery in new territory originated. Thus, a way back of the constitution, in the pure fresh, free breath of the revolution, the State of Virginia, and the national Congress put that policy in practice. Thus through 60-odd of the best years of the republic did that policy steadily work to its great and beneficent end. And thus, in those five states, and 5 millions of free, enterprising people, we have before us the rich fruits of this policy.

"But *now* new light breaks upon us. Now Congress declares this ought never to have been; and the like of it, must never be again. The sacred right of self-government is grossly violated by it! We even find some men, who drew their first breath, and every other breath of their lives, under this very restriction, now live in dread of absolute suffocation if they should be restricted in the 'sacred right' of taking slaves to Nebraska.

"That *perfect* liberty they sigh for—the liberty of making slaves of other people—Jefferson never thought of; their own father never thought of; they never thought of themselves, a year ago. How fortunate for them, they did not sooner become sensible of their great misery! Oh, how difficult it is to treat with respect, such assaults upon all we have ever really held sacred."

Lincoln then demonstrated that Southerners as well as Northerners felt that slavery was an evil. "Equal justice to the South, it is said, requires us to consent to the extending of slavery to new countries," said Lincoln. "That is to say, inasmuch as you do not object to my taking my hog to Nebraska, therefore I must not object to you taking your slave. Now, I admit this is perfectly logical, if there is no difference between hogs and Negroes. But while you thus require me to deny the humanity of the Negro, I wish to ask whether you of the South yourselves, have ever been willing to do as much? It is kindly provided that of all those who come into the world, only a small percentage are natural tyrants. That percentage is no larger in the slave states than in the free. The great majority, South as well as North, have human sympathies, of which they can no more divest themselves than they can of their sensibility to physical pain. These sympathies in the bosoms of the Southern people, manifest in many ways, their sense of the wrong of slavery, and their consciousness that, after all, there is humanity in the Negro.

"If they deny this, let me address them a few plain questions. In 1820, you joined the North, almost unanimously, in declaring the African slave trade piracy, and in annexing to it the punishment of death. Why did you do this? If you did not feel that it was wrong, why did you join in providing that men should be hung for it? The practice was no more than bringing wild Negroes from Africa, to sell to such as would buy them. But you never thought of hanging men for catching and selling wild horses, wild buffaloes, or wild bears."

"And yet again; there are in the United States and territories, including the District of Columbia, 433,643 free blacks. At \$500 per head they are worth over 2 hundred millions of dollars. How comes this vast amount of property to be running about without owners? We do not see free horses or free cattle running at large. How is this? All these free blacks are the descendants of slaves, or have been slaves themselves, and they would be slaves now, but for *something* which has operated on their white owners, inducing them, at vast pecuniary sacrifices, to liberate them. What is that *something*? Is there any mistaking it? In all these cases, it is your sense of justice, and human sympathy, continually telling you, that the poor Negro has some natural right to himself—that those who deny it, and make mere merchandise of him, deserve kickings, contempt, and death."

Lincoln went on to describe the Kansas-Nebraska Act as a conscious aggravation of the one thing that endangered the Union. "When it came upon us, all was peace and quiet. The nation was looking to the forming of new bonds of union; and a long course of peace and prosperity seemed to lie before us. In the whole range of possibility, there scarcely appears to me to have been any thing, out of which the slavery agitation could have been revived, except the very project of repealing the Missouri Compromise. Every inch of territory we owned, already had a definite settlement of the slavery question, and by which, all parties were pledged to abide.

"In this state of case, the genius of Discord himself, could scarcely have invented a way of again getting us by the ears, but by turning back and destroying the peace measures of the past. The councils of that genius seem to have prevailed, the Missouri Compromise was repealed; and here we are, in the midst of a new slavery agitation, such, I think, as we have never seen before. Who is responsible for this? Is it those who resist the measure; or those who, causelessly, brought it forward, and pressed it through, having reason to know, and, in fact, knowing it must and would be so resisted?

It could not but be expected by its author, that it would be looked upon as a measure for the extension of slavery, aggravated by a gross breach of faith. Argue as you will, and long as you will, this is the naked *front* and *aspect*, of the measure. And in this aspect, it could not but produce agitation. Slavery is founded in the selfishness of man's nature—opposition to it, is his love of justice. These principles are an eternal antagonism; and when brought into collision so fiercely, as slavery extension brings them, shock, and throes, and convulsions must ceaselessly follow. Repeal the Missouri Compromise—repeal all compromises—repeal the Declaration of Independence—repeal all past history, you still can not repeal human nature. It still will be the abundance of man's heart, that slavery extension is wrong; and out of the abundance of his heart, his mouth will continue to speak."

Lincoln then foresaw what the result of setting up a race between pro-slavery and anti-slavery forces to settle Kansas and Nebraska would be. "Through all this, bowie-knives and six-shooters are seen plainly enough; but never a glimpse of the ballot-box. And, really, what is to be the result of this? Each party *within*, having numerous and determined backers *without*, is it not probable that the contest will come to blows, and bloodshed? Could there be a more apt invention to bring about collision and violence, on the slavery question, than this Nebraska project is? I do not charge, or believe, that such was intended by Congress; but if they had literally formed a ring, and placed champions within it to fight out the controversy, the fight could be no more likely to come off, than it is. And if this fight should begin, is it likely to take a very peaceful, Union-saving turn? Will not the first drop of blood so shed, be the real knell of the Union?

"Little by little, but steadily as man's march to the grave, we have been giving up the *old* for the *new* faith. Near 80 years ago we began by declaring that all men are created equal; but now, from that beginning we have run down to the other declaration, that for *some* men to enslave *others* is a 'sacred right of self-government.' These principles can not stand together, They are as opposite as God and mammon; and whoever holds to the one, must despise the other. When Pettit, in connection with his support of the Nebraska bill, called the Declaration of Independence 'a self-evident lie,' he only did what consistency and candor require all other Nebraska men to do. Of the 40-odd Nebraska Senators who sat present and heard him, no one rebuked him. Nor am I apprised that any Nebraska newspaper, or any Nebraska orator, in the whole nation, has ever yet rebuked him.

"If this had been said among Marion's men, Southerners though they were, what would have become of the man who said it? If this had been said to the men who captured André, the man who said it, would probably have been hung sooner than André was. If it had been said in old Independence Hall, 78 years ago, the very door-keeper would have throttled the man, and thrust him into the street.

"Let no one be deceived. The spirit of '76 and the spirit of Nebraska, are utter antagonisms; and the former is being rapidly displaced by the latter."

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