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LAROUCHE WEBCAST

Save the American Republic From the British Empire!

Lyndon LaRouche addressed a three-hour international webcast on Oct. 10. His opening remarks were followed by two hours of discussion; it is archived at www.larouchepub.com and www.larouchepac.com. Here is an edited transcript.

"Well, let's start from the top.

In early January of 2001, before the inauguration of George W. Bush as President, I warned that the general nature of the catastrophe would be, that the U.S. economy would be a failure—the policies of Bush would be a total failure: We were headed into a downslide, which in fact has happened, all throughout this period. And the thing we had to fear, from *inside the U.S. government*, was that someone would set off a form of terrorist incident within the year, which would shock the nation into submission.

In the Summer of that year, 2001, the recession was fully on. The collapse was on; the political systems were shaken by the collapse. And then, on the famous Sept. 11, someone, with cooperation from inside the highest levels of power in the United States, unleashed an incident which is called the 9/11 incident. That job was done with the complicity of the British Empire.... "

In-Depth articles from Vol. 34, No. 41

...Requires Adobe Reader®.

Feature

LaRouche Webcast:

Save the American Republic From the British Empire!

Lyndon LaRouche began his international webcast on Oct. 10 by asserting that 9/11 was an inside job, done with the complicity of the British Empire and elements in Saudi Arabia, on behalf of what the Bush-Cheney Administration represents. Since then, Congress and the political institutions of the United States have been paralyzed with fear. In a discussion after the webcast, LaRouche stated that he had started with this point, because Congress and other institutions have been unable to deal with crises, such as the wars Cheney started, or the disastrous effects of the economic crisis. Until this issue of 9/11 is understood, nothing useful can be done. He emphasized the importance of mobilizing the population to put pressure on Congress, so Cheney will be dumped and the country can be saved.

John Dean: Cheney's Neo-Cons Saw 9/11 as an Opportunity

International

Pakistan's 'Leaders' Will Be Tested in Coming Months

The debate inside and outside Pakistan, as to which candidate for President would be most appropriate to meet Washington's needs, is missing the point entirely. The crisis in Pakistan is centered on how to stop the process of 'Talibanization' in the country's western provinces.

Landslide Vote Gives Correa Mandate To Dismantle Free-Trade Economics

Who Is Doing What to Whom in Turkey?

'Four Powers' Policy Needed for Myanmar

International Intelligence

National

State Reps Tell Congress: Pass 'Firewall' Bill Now!

The LaRouche Show on Oct. 6 hosted State Reps. **Juanita Walton (D-Mo.)** and **Harold James (D-Pa.)**, and former **State Rep. LaMar Lemmons III (D-Mich.)**, discussing the housing foreclosure crisis, and their roles in introducing to their state legislatures, a resolution petitioning Congress to support LaRouche's 'Homeowners and Bank Protection Act of 2007.'

Petition to Congress:

Implement the Homeowners and Bank Protection Act

Vulture Funds Are Squatting on Congress

The Pentagon's Virtual World of 'Military Transformation'

What did George Washington, Gen. Douglas MacArthur, and Franklin D. Roosevelt understand, that the Pentagon's strategic planners today have missed?

Science & Technology

Mankind's Next 50 Years of Space Exploration

The 'space race' between the United States and the Soviet Union, which began in 1957, produced the greatest peacetime mobilization of scientific and technological resources in world history. The U.S. must return to the principles and philosophical view of man which motivated the project of going to the Moon. Accepting the challenge of the unknown during the second 50 years of the Space Age is a necessary component for advancing a worldwide cultural Renaissance.

Who's Behind Opposition to the Space Program?

Conference Report

The LaRouche Youth Movement:

International Strategy To Build a Bridge to the Future

This report by members of the LYM about their political and scientific activity around the world, and Lyndon LaRouche's concluding remarks, were presented at the Schiller Institute's conference, 'The Eurasian Land-Bridge Is Becoming a Reality!' which was held in Kiedrich, Germany, Sept. 15-16, 2007.

Departments

Banking

A Conspiracy of Folly.

Report From Germany

Will Social Dems Return to Reason?

Editorial

Drive the British Out of Washington!

U.S. Economic/Financial News

Goldman Sachs \$100 Billion Bailout Plan

Oct. 13 (EIRNS)—Treasury Secretary Henry Paulson, formerly of Goldman Sachs, and his sidekick, Treasury Undersecretary for Domestic Finance ("Plunge Protection"), Robert Steel, also from Goldman Sachs, are trying to orchestrate a crazy \$100 billion bailout scheme for their former firm, which dwarfs the \$3-4 billion bailout arranged for hedge fund LTCM by the Federal reserve in 1998, according to today's *Wall Street Journal*.

Under the plan, all the top U.S. and perhaps some British banks, will join to create a "receptacle," which will buy up the worthless so-called assets held by the "structured investment vehicles" (SIVs) of Citibank and many other banks. Although these mortgage-backed securities and collateralized debt obligations are worth nothing, the new "super-conduit" will lay out \$100 billion to buy them at their current nominal value, or close to it, in order to try to sustain the lie that all the hedge funds and banks together, which hold trillions in such worthless "assets," are still solvent. The "super-conduit" will raise the funds to buy the worthless SIV assets by selling short-term debt to the public. But why would anyone be crazy enough to buy it? Here's the catch: it will be backed dollar-for-dollar by the consortium of banks which Paulson and Steel are trying to put together. The banks are to put themselves on the line for this worthless paper—in reality, for the hedge funds and the British Empire.

The tentative name for the "receptacle" is Master-Liquidity Enhancement Conduit, or M-LEC. If the banks agree, its announcement could come as early as Oct. 15, the same day Citigroup releases its results.

Mortgage-Industry Jobs Collapse with Housing Market

Oct. 13 (EIRNS)—As the real estate market has collapsed in recent months, fueled by the subprime mortgage crisis, there has been a concomitant collapse of mortgage-industry jobs. At least 76,000 jobs have been lost so far, of the 500,000 tallied at the height of the housing boom, according to recent Federal data quoted in the *Washington Post*.

Orange County, bastion of well-to-do conservatism in California, may well be ground zero for mortgage-industry job losses. California has been one of the states hardest hit by the real estate bust, and Riverside County, just a few miles away, has the highest foreclosure rates in California. Furthermore, several of the largest subprime mortgage lenders call Orange

County home, including Ameriquest Mortgage and New Century Financial, which has filed for bankruptcy this year. Just last year, brokers were raking in commissions worth up to several hundred thousand dollars per year. Now many are in unemployment lines, or working for \$10 per hour. According the *Orange County Register*, quoting California Employment Development Department figures, Orange County alone has lost 8,100 jobs in the mortgage industry in the last year, not counting subsidiary jobs related to the mortgage industry.

Mounting Buyer Cancellations Drag Down Homebuilders

Oct. 13 (EIRNS)—The inability to sell new homes is not the only factor throwing homebuilders into the red. Buyers are now cancelling purchases in record numbers as well. Before the real estate bust of 2007, cancellation rates hovered between 10% and 30%, depending on location and housing type. Now, in some segments of the homebuilder industry, cancellations are outstripping sales.

For Comstock Homebuilding in Northern Virginia, for instance, 78 of 81 homes sold in the third quarter of 2007 were cancelled by the buyer. According to the *Washington Post*, quoting Hanley Wood Market Intelligence data, cancellations in the Washington, D.C. area have risen to 48% for July and August, up from 18% last Summer. The condominium market has been particularly hard hit, with cancellations over 124%, up from 13.5% last year. (That means there were more cancellations of previous sales than there were new sales.)

The combined effect of the inability to move new homes, the cancellations of previous sales, and the fire-sale pricing to unload excess inventory, has left many homebuilders booking huge charges on their balance sheets, for property losses and devaluations. Centex Corp., for instance, one of the largest homebuilders in the United States, is expected to declare \$1 billion in such charges when it posts earnings on Oct. 23. According to MarketWatch.com, Moody's on Oct. 11 lowered ratings on Centex, Pulte Homes, and Lennar Corp. to junk status, with negative ratings outlook.

IRS Report Shows Worst Income Inequality on Record

Oct. 12 (EIRNS)—The wealthiest 1% of Americans "earned" 21.2% of all income in 2005, according to the IRS—a record that beats even the dot-com bubble days of the '90s. It was "only" 19% in 2004, and 20.8% in 2000. The entire bottom half of the population earned only 12.8% of all income, down from 13.4% in 2004. The IRS says this income disparity was last seen in the 1920s, although they don't have precise records for that era.

President Bush, asked about this by the *Wall Street Journal* yesterday, responded: "First of all, our society has had income inequality for a long time. Secondly, skills gaps yield income gaps." His "No Child Left Behind" law is aimed at solving that, he said. He made no mention of his "No Child Left Alive" veto of the SCHIP children's health insurance bill.

The Brookings Institution's James Furman (of the Hamilton Project) says there has been increasing inequality for 30 years, other than an artificial improvement after the dot-com bubble burst.

The IRS report showed that hedge fund managers were far out on top, with the top 25 earning more in 2004 than the CEOs of all the S&P 500 combined! Also, profits per partner in the top 100 law firms doubled between 1994 and 2004, to over \$1 million.

Housing Crises Create Social Chaos in Upscale Miami

Oct. 9 (EIRNS)—Some of the worst cases of unsellable real estate, and the highest rates of foreclosures per square mile, are on Miami's high-priced beach-front property, according to yesterday's *Biz Journal*.

A report produced by Miami-based Condo Vultures Realty, says that three of the buildings with the highest number of foreclosures are clustered in the pricey Brickell district of downtown Miami. The Club at Brickell is number one with 54 foreclosures; The Vue at Brickell is number three with 49; and the Jade at Brickell is fourth with 42. Together the three account for more than \$113 million worth of unpaid loans.

Sunday's *Miami Herald* reveals another aspect of this hyperinflationary bubble. Since 2005, the article says, Miami homeowners have signed on to "exotic" mortgages "at twice the rate in the rest of the country." Speculators who "flip" houses, and suburbanites taking out vanity home-equity loans to remodel or expand, have all been caught in the same trap. So-called "negative amortization" loans, where the borrower loses money with every payment, even before the rate re-sets, and loans with low "teaser" introductory rates, which are now resetting to 16%—rates as high as credit cards—amount to about 20% of all loans in Miami-Dade and Broward counties.

These loans are concentrated in the "celebrity haunts of South Beach, the stately manors of Weston, the gleaming condo towers of Sunny Isles Beach and the financial district of Brickell."

World Economic News

'We Can't Sell This Garbage!'

Oct. 8 (EIRNS)—According to Standard & Poors, there hasn't been a single new "high-yield" (junk) bond issued since early August. This state of affairs has bankers worried, as evidenced by an article in *Investment News Monday*.

This "junk" bond market, often connected with leveraged buyouts, has been one of the major drivers of "growth" in the stock market for the past 25 years, and now the "engine" has come to a virtual standstill. The number of companies with "issues" (bonds) trading at distressed (junk) levels, called the "distress ratio," rose to 2.9% in August, and 3.2% in September, while it had been below 1% for most of the year. Analysts think they have about 90 days to remedy the situation before "a longer-term realignment" (i.e., crash), becomes a likelihood.

Last week, the Los Angeles-based fund Dalton Investments "announced plans to buy defaulted loans at significant discounts and restructure them," hoping that new buyers could be found who wouldn't remember the reason the loans defaulted in the first place. Why do this? "The subprime market is just beginning to unwind, and we expect defaults and foreclosures to skyrocket over the next six to 12 months," said Dalton Investments CEO Steven Persky in announcing the new "strategy." In the extreme example, banks are now lending to hedge funds so that they can buy their own distressed paper, just to get it off their books.

'Wave of Insolvencies' To Hit German Industry

Oct. 13 (EIRNS)—A wave of insolvencies is about to hit German industrial firms as a consequence of private-equity takeovers going bust, the German financial daily *Handelsblatt* reported yesterday. According to Alix-partners, a consulting firm specializing in restructuring of distressed companies, the volume of distressed debt from such takeovers in Germany is now about 400 billion euros (\$560 billion). The insolvency wave is hitting the automotive and machine-tool sectors. The private equity fund Permira was recently forced to sell the auto-parts firm Kiekert to the hedge funds, which began liquidating it. Other examples include TMD Friction and Treofan. Now the wave will expand to all branches of German industry, *Handelsblatt* says.

Northern Rock's Shares Skyrocket After BOE Bailout

Oct. 11 (EIRNS)—Now that the Bank of England has agreed to accept all of the garbage mortgage-backed securities of Northern Rock, the sinking British mortgage lender, its share price has skyrocketed. The *Times* reports that 58 million of its shares changed hands yesterday in 81,800 separate trades, accounting for one-eighth of the entire turnover of the London stock exchange.

Jon Wood of the Monaco-based SRM Global Master Fund Partnership and Philip Richards of RAB Capital, revealed that they have been accumulating positions in the stock. The former revealed a 4.03% holding in the sinking Rock, which is now being bailed out by British taxpayers. The bank's share price increased 67 pence to 273.5 pence.

Hedge Funds Pile into Commodities

Oct. 13 (EIRNS)—An article in www.bullionvault.com gives an impressive account of how hedge funds are plunging into commodity speculation, creating all sorts of new derivative instruments, cooking "a '70s-style inflation—or worse." "Wall Street and the City are suddenly piling into the commodity markets.... The PhD's who cooked up the U.S. housing bubble are now applying their *haute finance* skills to gearing up the cost of natural resources. Hence, the complexity of the very latest commodity offerings. Expect a side-order of inflation to reach your dining table as a result very soon!

"When unlimited money-supply growth crashes into rising demand for limited-supply essentials—such as natural gas, copper, soybeans, and cocoa—the result is sure to be price inflation as violent as the monetary inflation that preceded it. Add a sudden wall of money from Wall Street, the City, Frankfurt, Paris and Tokyo ... all seeking a growth market to replace the can't-lose gamble of home-loan trading and credit ... and the surge in basic resource prices will only accelerate. Now add a little pixie dust ... plus a dollop of leverage ... and *voila!* One '70s-style inflation—or worse—cooked to order.

"An army of structured credit experts is studying products such as Collateralized Commodity Obligations—or CCOs,' reports *Reuters*, 'tied to the performance of a portfolio of underlying commodities, such as precious metals or energy prices.'...

"In other words, bond managers and fixed-income traders whacked by the collapse of mortgage-backed debt, can now put commodities into their portfolios—and just in time, too, for the runaway inflation about to hit thanks to monetary over-supply and heavily-gearred financial buying. The magic of finance has turned consumable lumps of natural resources into a stream of income ... without the bother of digging the earth or planting a crop."

United States News Digest

Mercenary Lobby Distances Itself from Blackwater

Oct. 12 (EIRNS)—The International Peace Operations Association, the trade group for private military companies, announced today that Blackwater USA formally withdrew its membership in the association. On Oct. 8, IPOA's executive committee authorized an independent review of Blackwater "to ascertain whether Blackwater USA's processes and procedures were fully sufficient to ensure compliance with the IPOA Code of Conduct," which appears to have precipitated Blackwater's withdrawal. IPOA claims that its code of conduct "is a set of ethical and professional guidelines for companies in the peace and stability operations industry," and that it "stresses human rights, corporate ethics, International Humanitarian Law, transparency, accountability, and responsibility and professionalism in relationships with employees, clients, and partner companies."

Gonzales Probe May Lead to Criminal Charges

Oct. 11 (EIRNS)—The Justice Department's investigation of former Attorney General Alberto Gonzales is expanding and branching into new areas. According to media accounts, including *Newsweek* and the Associated Press, both the Justice Department's Inspector General and its Office of Professional Responsibility are investigating Gonzales's conduct and the statements he made to Congress, and the former White House Counsel has now hired a criminal defense lawyer "to help him beat the rap," as *Newsweek* puts it.

DOJ Inspector General Glenn Fine, who initially was investigating Gonzales's statements around the U.S. Attorney firings, has now expanded his probe to include allegations that Gonzales lied to Congress about the warrantless wiretap program, and about the March 2004 visit to then-Attorney General John Ashcroft's hospital room to pressure Ashcroft into re-approving the wiretap program—which was run illegally under Dick Cheney's direction. Gonzales had testified under oath that "there has not been any serious disagreement" about the surveillance program, while other witnesses, including former Deputy Attorney General James Comey, had testified about intense disputes over the program, to the extent that Comey and other top DOJ officials threatened to resign over it.

Fine's investigators have been interviewing people involved in the Ashcroft hospital room confrontation, and sources say that Gonzales's camp is worried that Fine could make a criminal referral to the DOJ Public Integrity Section, or ask for the appointment of a special counsel to determine if Gonzales should be prosecuted.

Bush Threatens Veto of Dems' New Surveillance Bill

Oct. 11 (EIRNS)—President Bush yesterday threatened to veto the newly introduced legislation which would roll back parts of the expanded electronic surveillance bill jammed through Congress by Dick Cheney and the White House in August.

Both the House Judiciary and Intelligence Committees marked up the RESTORE Act, introduced by Judiciary Committee chairman John Conyers and Intelligence Committee chairman Silvestre Reyes. The bill would require renewed oversight by the Foreign Intelligence Surveillance Act (FISA) Court, which was virtually eliminated in the August bill. It would also require a court order for any interception of an American's communications.

During the Judiciary Committee session, Republican members went berserk, accusing Democrats of giving Constitutional rights to Osama bin Laden and overseas terrorists. In similar terms, Bush made a statement saying, "Today the House Intelligence and Judiciary Committees are considering a proposed bill that, instead of making the Protect America Act permanent, would take us backward.... Terrorists in faraway lands are plotting and planning new ways to kill Americans ... and it would be a grave mistake for Congress to weaken this tool."

The White House and many Congressional Republicans are particularly exercised about the Conyers-Reyes refusal to give retroactive immunity to telecommunications companies that participated in the illegal wiretap program instituted after Sept. 11, 2001.

'Dwell Time' Is Central Issue in Army Readiness

Oct. 9 (EIRNS)—While the Pentagon officially opposes any Congressional attempts to increase the time between deployments for soldiers and marines who have already spent too much time in Iraq, efforts by the Army's top leadership to increase that "dwell time" and decrease length of deployments show that it is central to Army readiness. Army Chief of Staff Gen. George Casey, speaking to reporters yesterday, during the annual conference of the Association of the U.S. Army, said that the Army is "out of balance," though he insisted that it is not broken or hollow. However, the Army is being forced to do more than it ever has before, at the expense of the all-volunteer force and future readiness. When asked

to elaborate on this by *EIR*, Casey said that Army units are deploying and redeploying so quickly that they can only focus on counterinsurgency operations. Brigades that are not deployed are only focussed on preparing for their next deployment to Iraq. "We need to get to the point where we get about 18 months at home, so we can do full spectrum training, in addition to counterinsurgency operations," Casey said.

Army Secretary Pete Geren added that it is his and Casey's goal to increase dwell time, although neither of them could indicate when that might happen. Geren could only promise that no one is considering tours longer than the current 15 months.

Lugar Urges Bush To Accept Putin Missile Defense Plan

Oct. 8 (EIRNS)—Sen. Richard Lugar (R-Ind.), the ranking Republican on the Senate Foreign Relations Committee, compared Russian President Vladimir Putin's missile defense proposal to President Reagan's Strategic Defense Initiative, and urged the Bush Administration to move forward on it at the Defense and Foreign Ministers meeting at the end of this week in Moscow.

"President Putin's proposal is not a new concept," Lugar said, speaking today at the Brookings Institution. "In fact, it is surprisingly similar to the strategic vision that President Ronald Reagan laid out more than two decades ago. I am pleased that the Administration is seriously studying Putin's offer on missile defense. While the utilization of former Soviet radar stations may or may not assist in tracking missiles fired from rogue states, sharing information gathered by U.S. and NATO systems to Russia, and possibly linking radar and early warning systems, would be useful in ensuring transparency and reaffirming our cooperative approach.

"The U.S. and Russia should also consider the establishment of jointly manned radar facilities and exchanges of early-warning data," Lugar continued. "They might also consider joint threat assessments as well as undertake bilateral discussions on options for missile defense cooperation. Lastly, we might consider placing Russian liaison officers at U.S. missile defense tracking sites in exchange for U.S. officers in Russian strategic command centers. The transparency gained from such steps would be useful in offering reassurances that these radars are not meant for spying on Russia."

U.S. Commander: Keep Troops in Europe vs. 'Resurgent' Russia

Oct. 12 (EIRNS)—The U.S. military paper *Stars and Stripes* reported today that the commander of United States Army Europe, Lt. Gen. David McKiernan, said 40,000 U.S. troops should be in Europe, due to concerns about a "resurgent Russia." McKiernan stated: "There are potentially dangerous places and conditions in the European area of responsibility. We don't know what's going to happen, in terms of a resurgent Russia." Speaking to reporters in Washington, he said that U.S. military commanders were keeping close watch on Russia. "We keep an eye on certain indicators, some of which we've seen already," such as a resumption of long-range reconnaissance flights, "arms sales to nation-states that [the United States] has differences with," and signs of Russian involvement in border conflicts in Georgia and Azerbaijan, he said. "I think what would be troublesome would be overt military actions outside of Russia to influence things. We have to keep an eye on this and see how it plays out."

At the same time, he stressed his desire for cooperation with the Russian military. "From a military leader's perspective, I want to train with the Russian military. I believe in my heart there will be an opportunity in the future where we'll be on the same side," McKiernan said.

McKiernan opposes plans to reduce U.S. troop strength in Europe to 24,000. He said the main focus now was Iraq and Afghanistan, but did not know what might happen "down the road with Russia." He added: "We still have forces in Kosovo, and we still don't have the final political settlement. What happens if that turns violent? Who has to respond to

that? It's NATO, and the European Command, for the United States capabilities." He also said that there are "places near the Caspian Sea Basin that are very dangerous places that are not resolved."

McKiernan had been the ground commander during the March 2003 U.S. invasion of Iraq, and had been promoting the idea of a rapid U.S. troop draw-down and rebuilding of the Iraqi Army right away, to take charge of security in much of the country. His proposals were rejected by Cheney and company, and he was removed from Iraq when Paul Bremer was sent in to dismantle the Iraqi military and the Ba'ath Party. In that sense, McKiernan was part of the "Shinseki school" that has been warning about the overstretching of U.S. armed forces.

Ibero-American News Digest

Chilean Leader Calls for Nuclear Desalination

Oct. 8 (EIRNS)—In the midst of a heated debate over nuclear energy, the president of Chile's Party for Democracy (PPD), Sergio Bitar, raised the crucial issue of nuclear energy's role in the desalination of seawater, which no one else has addressed publicly. "Strategically speaking," he said on Oct. 1, "there is no other way to desalinate seawater, and thus resolve the problems of agriculture and mining," both of which rely on ample supplies of fresh water for their operations. What Bitar didn't say, but which is well known, is that water shortages in northern Chile have led to disputes between Chile and neighboring Bolivia over water resources, which British interests have used for border conflict. Northern Chile is one of the regions that has been discussed as a possible site for a nuclear reactor.

An outspoken advocate of nuclear energy, Bitar has been invited by Électricité de France and the French Nuclear Agency to tour that nation's nuclear plants, while members of the Senate Mining and Energy Committee are touring Russia at the invitation of the Russian energy firm Intermash. Reportedly, the U.S. also wants to get in on the act. Its new ambassador to Chile, Paul Simons, a former Energy Undersecretary, according to *Milenio*, has been instructed by the State Department to "tactfully explore" the possibility of reaching an agreement with Chile for cooperation in the nuclear energy field.

Colombia Joins Bank of South Project; Integration Advances

Oct. 12 (EIRNS)—Colombian President Alvaro Uribe and Venezuelan President Hugo Chávez today inaugurated a 225 kilometer pipeline that joins both countries, and will deliver 150 million cubic feet of gas from Colombia to Venezuela during the next five years. After that, the pipeline is to be used in the reverse direction, transporting 200 million cf from Venezuela to Colombia. This is the first stage of a larger Trans-Caribbean Pipeline that is to extend into Panama and Ecuador.

During the event, President Uribe announced that Colombia is joining the Bank of the South, explaining that this was not meant as a rejection of the World Bank or the Inter-American Development Bank, "but an expression of solidarity, of loyalty with the brotherhood of Latin America which we are not going to fail." Eight of the 12 South American countries have now joined the Bank of the South project, with only Peru, Chile, Guyana, and Surinam remaining outside.

Ecuadorian President Rafael Correa, invited by the two Presidents to join them in inaugurating the pipeline, remarked that this integration shows that "there's more that joins us than separates us," and the next step will be the inauguration of the Bank of the South. Within this process, Correa said in his speech, "we are seeking to forget an old view that sought to create great markets, not great nations; that sought great consumers, but not great citizens."

Morales Blames Industrialization for 'Global Warming'

Oct. 8 (EIRNS)—Bolivian President Evo Morales promoted the worst colonialism of his nation's historic British enemies as somehow "indigenous," when he addressed the United Nations General Assembly on Sept. 26. Morales attacked "the exaggerated and unlimited industrialization of some countries" as the cause of "global warming," and argued that the world must adopt an economic model based on a mystical concept of "sacred Mother Earth"—the *Pachamama*, as she is called by the indigenous, he said—as the source of wealth. He even went so far as to assert that "the Earth gives us life."

Morales' promotion of an alleged "indigenist" economy is precisely the genocidal World Wildlife Fund's Prince Philip's strategy for reducing the human population to 1 billion or less.

Lula Government Begins Selling Off National Infrastructure

Oct. 8 (EIRNS)—The auctioning off of Brazil's North-South railroad last week was only the beginning of a wave of privatization of federal infrastructure, according to a front-page story in *O Globo* daily today, which the government has not denied. Sixty-six infrastructure projects, ranging from highways, railroads, and ports, to electricity transmission lines, irrigation, sanitation, and urban planning agencies, are to be auctioned off to private interests by the end of 2008, for a hoped-for R\$48 billion (around \$26.5 billion).

The next on the chopping block, if remaining legal obstacles can be resolved, are seven stretches of toll roads, which the government hopes to sell this week to avidly waiting private interests, including foreign groups.

Lula's political base will not be as happy, as financiers are gaining ground in the Lula government. Even as *O Globo's* report hit the streets, Lula's Workers Party (PT) and its labor allies in the CUT trade union confederation, were leading a demonstration against the opposition governor of the state of São Paulo, precisely because that state plans to privatize 18 state firms currently providing public services.

Cristina Kirchner: Fight Inflation with Production

Oct. 9 (EIRNS)—Addressing the Argentine Business Association (AEA) today, Presidential candidate Cristina Fernández de Kirchner responded sharply to the London and Wall Street financial interests pressuring the government to "cool off" the economy with austerity measures, supposedly to halt inflation.

Inflation is fought by expanding investment and production, Senator Kirchner stated, not with neoliberal or monetarist policies. "I hear some bankers complaining about inflation," she noted, "but they only lend money for consumption. And I hear some economists complain about inflation, but they say we should raise public utility rates." She challenged her audience to find one example in Argentina's history "where these supposed stabilization policies didn't cause a recession. The key is investment."

Pinochetista 'Economic Miracle' a 'Thing of the Past'

Oct. 8 (EIRNS)—The global crisis and the collapse of the dollar have hit Chile so hard, that exporters are panicking as the country's reputation as a free-market "safe haven" in Ibero-America becomes a "thing of the past," according to *Diario Financiero* of Oct. 2.

The so-called "economic miracle" created under the 1973-1990 regime of dictator Augusto Pinochet, by the fascist economists trained by George Shultz's University of Chicago, was supposed to be invulnerable to crisis. But it seems to be suffering the same fate as the late dictator's family. Pinochet's widow and five children were indicted and jailed on Oct. 5 for misuse of public funds, along with 17 collaborators.

The dollar collapse has hurt Chile's exchange rate, making its exports far less competitive than neighboring countries. Since Chile's economy relies on exports, its domestic industry and market having been destroyed by Shultz's "Chicago Boys," a drop in export revenue knocks the props out from the economy. Agricultural producers also fear that the lower exchange rate will frighten away investors, such that its exports will become even less competitive. And a significant labor shortage has raised the cost of labor, complicating an already difficult situation. It is estimated that there will be a 50% decline in available labor for the upcoming agricultural season.

Pinochet Family Faces More Indictments

Oct. 10 (EIRNS)—Having indicted the widow and children of the late dictator Augusto Pinochet on Oct. 4 for embezzlement of public funds, Chilean Judge Carlos Cerda is now preparing another round of indictments of some of the family members, which the British monarchy's weapons cartel, BAE Systems, might find very troublesome.

The new charges are related to the illegal commissions paid to Pinochet by BAE, to the tune of \$2 million between 1997 and 2004, and by a number of other European weapons manufacturers, which were channelled through the royal family-linked Coutts Bank, and through several shell companies set up in the British Virgin Islands and similar offshore financial havens. Those funds also made their way into accounts held by Pinochet, whom Lyndon LaRouche recently dubbed "the lickspittle of the British Empire," and his offspring, often under phony names, in Riggs Bank and several other foreign banks.

Judge Cerda has reportedly compiled new information, provided by authorities in the U.S., Switzerland, and Gibraltar, showing the involvement particularly of Pinochet's youngest son, Marco Antonio Pinochet, as well as several retired Army officers, in creating the intricate web of illegal offshore financial entities through which the illegal commissions were laundered.

Pinochet family lawyers are frantically seeking a way to get Cerda, an internationally respected human rights lawyer, thrown off the case before he can do them more damage.

Under these conditions of global crisis, LaRouche warned that the British might well try to use their assets in Chile, historically used as a beachhead for operations against the continent, to set off new operations to destabilize South America.

Western European News Digest

Sarkozy Less Confrontational After Moscow Summit

Oct. 11 (EIRNS)—French President Nicolas Sarkozy completed two days of talks in Moscow with Russian President Vladimir Putin on Oct. 10, and by all accounts, the French leader has backed down from the harsh anti-Russian rhetoric of his Presidential campaign, and tilted back to more traditional Franco-Russian cooperation. Signs of this shift were evident at the joint press conference the two leaders held at the close of their summit—particularly with respect to the issue of Iran. In his opening comments to the French and Russian media, Sarkozy said, "We have thoroughly discussed the Iranian issue. We listened to Mr. Putin's views on the eve of his visit to Tehran. And, in general, I think that our positions are somewhat closer."

U.S. sources who closely tracked the Moscow summit reported that Sarkozy has veered from his confrontational line against Iran. Lyndon LaRouche observed that Sarkozy's behavior in Moscow also reflected efforts by the traditional French

national security institutions, to steer the newly elected President in a direction consistent with French national objectives.

Italy Discussions on Nuclear Power Restoration Proceed

Oct. 11 (EIRNS)—The Committee on Productive Activities of the Italian Chamber of Deputies began a discussion yesterday on draft bill 2211 on advancing nuclear energy, introduced last week by Alleanza Nazionale, an opposition party. Views were expressed by two committee members, Ruggero Ruggeri, from the government "L'Ulivo" coalition, and by Luigi D'Agrò, a Christian Democrat (UDC) from the opposition; and also by Deputy Minister Alfonso Gianni. A new date will be set for the continuation of the discussion, with a perspective of a three- to four-month-long process, a committee member told *EIR*. This initial dialogue marks an important step in line with the international shift toward advancing nuclear energy.

Goldman Sachs Man Draghi Accused of Italian Destablization

Oct. 11 (EIRNS)—The head of the "Global Plunge Protection Team," Italian Central Bank Director Mario Draghi, zeroed in on the Italian government budget plan yesterday, indicating that the Goldman Sachs-centered oligarchical "ship of fools" has put its former collaborator, Italian Prime Minister Romano Prodi, on its list of victims to be "caymanized." Draghi, a former Goldman Sachs executive and chairman of the International Financial Stability Forum, told a Parliamentary committee that the government should have used tax revenue surpluses to balance the debt, instead of redistributing it to families.

Similar statements had been issued by European Union chairman Manuel Barroso on Oct. 9.

Draghi was rebuked today by Alfonso Gianni, Italy's Deputy Minister for Productive Activities, who accused Draghi of being "an element of destabilization of the government choices." Writing in the daily *Liberazione*, Gianni connected Draghi's attacks to the new program of the Italian Democratic Party, which "is born under the mark of the total support of the Maastricht guidelines, or rather, a radical implementation of those guidelines in a forced march." Gianni defended the government plan, although he said it is insufficient, because it postpones a real recovery plan made of "innovative public interventions in strategic economic sectors." The Draghi-Democratic Party front, Gianni wrote, is now jeopardizing this effort.

'Shock Therapy' Pushed by Italian Democrat

Oct. 9 (EIRNS)—Rome Mayor Walter Veltroni, and soon-to-be head of the Democratic Party of Italy, said yesterday that he wants "shock therapy" to cut down Italy's public debt, by privatizing real estate properties owned by the government. Veltroni, who is seen as the man who will replace Romano Prodi in the event of early elections next year, was supported by free-market economists who asked for extending privatizations to infrastructure, such as the energy grid, railways, postal service, television, shipbuilding, and prisons. Veltroni was rebuked by State Undersecretary for Finances Alfiero Grandi, who said that any "radical debt reduction threatens public expenses, or could turn into the sale of control of [energy concerns] Eni and Enel, with a deadly effect on the economy." For an economic recovery, instead, "we need a responsible, rational and innovative return to public intervention into the economy."

Spain: Leaders of Batasuna Arrested

Oct. 7 (EIRNS)—Spanish prosecutor Baltasar Garzon issued arrest warrants for 23 people, all belonging to the separatist Basque party, Batasuna. The blitz occurred Oct. 4, in Segura in the Basque region. The separatist party has been illegal since 2003 and its members have been meeting and organizing press conferences for years. But only in the last weeks was

there an escalation for the fight against the separatist movement.

The last big police blitz was in 1997, under the Aznar government. At that time 23 people were arrested under Garzon's bench warrant, but the Spanish Supreme Court revoked the sentence, freeing all those detained. Watch this development in view of the financial crisis building in Spain.

Switzerland: 'No Plan B Alternative to Nuclear Energy'

Oct. 8 (EIRNS)—In Switzerland, a user of nuclear energy-produced electricity, which also exports it to Italy, is drafting plans for new nuclear plants to fill an expected electricity gap. The head of Atel, the power construction firm based in Aare-Tessin, said in an interview with the *Neue Zuercher Zeitung*, that "there is no Plan B" alternative to nuclear energy.

Two new plants are necessary in Switzerland, says Giovanni Leonardi, reporting that there are already negotiations among Swiss producers to build a consortium. A new plant, based on existing technology, costs 5 billion Swiss francs (\$4.2 billion), and the two required ones should be built on an existing site, in order to exploit existing infrastructure, Leonardi said.

In 2030, the country's projected electricity gap will be equivalent to the amount necessary to provide a city of 600,000 inhabitants.

Russia and the CIS News Digest

Russian Leaders Discuss 'World Liquidity Crisis'

Oct. 9 (EIRNS)—Russian President Vladimir Putin met with members of the new Victor Zubkov government on Oct. 8, about the impact of the global financial and economic crisis on Russia. Finance Minister Alexei Kudrin acknowledged that the international credit crunch is making things "more difficult" for Russian banks, especially those that want to borrow on foreign markets. He said the Russian Central Bank would intervene at home, as necessary, using Russia's gold and currency reserves, while encouraging Russian banks to operate in rubles.

Kudrin told the meeting that Russia should be prepared for a further fall of the U.S. dollar, and for a "deepening crisis" in world liquidity, which could lead to falling energy prices, affecting Russia's export earnings. Putin ordered Zubkov, Deputy Prime Minister Alexander Zhukov, and Elvira Nabiullina, the new Economics Minister, to work closely with the Central Bank on maintaining financial stability in Russia.

At the same meeting, Putin demanded urgent action on rising food price inflation, with "no delays" in government measures to curb dependence on costly food imports, expand Russian food production, and raise duties in order to reduce grain exports. Nabiullina stated that world agriculture prices were the cause of inflation in Russia in September. Agriculture Minister Alexei Gordeyev told the press that Russia would lessen its dependence on food imports, Itar Tass reported. Russia now imports 40% of its meat and 25% of its milk.

Eurasian Customs Union Launched

Oct. 9 (EIRNS)—The Eurasian Economic Community (EurAsEc) will establish a customs union by the end of 2010, it was decided at the Oct. 5-6 triple summit in Dushanbe, Tajikistan, of EurAsEc, the Commonwealth of Independent States (CIS), and the Collective Security Treaty Organization (CSTO). All three organizations include former republics of the

Soviet Union. President Putin called the EurAsEC decision "almost revolutionary," though the customs union will be formalized only in 2010. It was first proposed in August 2006.

The CIS includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan, with Turkmenistan as an associate member. All except Ukraine were represented by their heads of state. A key agenda issue for the CIS was cooperation to develop transport, and the summit set up a working group of deputy transport ministers to discuss creating a network of international transport corridors in the CIS, along with a more efficient tariff policy. The CIS, after what Putin called a "very long and heated debate" over its future, agreed to a development policy, and to focus each year on crucial economic issues, which this year will be labor and migration.

The CSTO, the military-security organization, has signed a memorandum of cooperation with the Shanghai Cooperation Organization (SCO), which includes China, and has India, Pakistan, and Iran as observers.

Russia's Security Chief Slams British

Oct. 11 (EIRNS)—In an interview in the daily *Argumenty i fakty*, Nikolai Patrushev, head of Russia's Federal Security Service (FSB), charged the British foreign secret service of trying to destabilize Russia. "MI6 is not only gathering intelligence in all areas, but is also trying to influence the domestic political situation in our country," Patrushev said, as reported in today's London *Guardian*. "Politicians thinking in Cold War categories still retain influence in a number of Western nations.... Our file on British intelligence services' activities is huge. We know their strengths and weaknesses. Since the time of Queen Elizabeth I, British intelligence has operated on the principle that the end justifies the means. Their main methods of recruitment are money, bribery, blackmail, and immunity from prosecution." Patrushev accused the British of recruiting Russian agents from among the emigre community in London, mentioning their most prominent agent, Boris Berezovsky.

Primakov Contrasts Iran War Threats to Korean Progress

Oct. 12 (EIRNS)—"Consider: just as a realistic prospect for ending North Korea's nuclear program has emerged, there is a loud clamor for the use of military force against Iran," former Russian Prime Minister Yevgeni Primakov, who plays an important role in Russian-U.S. relations, emphasized in a commentary published in *Moscow News* yesterday. Primakov's comments are a direct challenge to the "bomb Iran" drive being led by U.S. Vice President Dick Cheney. The "search for peaceful solutions, albeit slow and painstaking, can eventually produce a positive result," Primakov wrote, about the difficult talks with North Korea, "This is an instructive lesson to those who rely on the use of force to prevent the proliferation of nuclear weapons."

U.S.-Russian Ministerial Fails To Agree on Missile Defense

Oct. 12 (EIRNS)—The so-called 2+2 meeting of Russian and U.S. foreign and defense ministers on President Putin's missile defense proposal, and other issues, failed to reach agreement on the key ones, but further such talks have been slated for next year. The U.S. side refused to back away from the intention to place missiles in Poland and a radar in the Czech Republic, as an anti-ballistic missile (ABM) system that Russia evaluates as a threat to its strategic deterrent. The Americans attempted unsuccessfully to convince the Russians that these facilities were not a threat, and that U.S.-Russian ABM cooperation must include them, rather than solely pursuing alternatives, such as the joint use of facilities in Azerbaijan and southern Russia, as Putin has proposed.

Putin addressed Secretary of State Condoleezza Rice and Defense Secretary Robert Gates before they met with their Russian counterparts, saying, "As far as I have been informed, you have your own vision of how cooperation in this area should develop, and we welcome this constructive spirit. The one point I would like to make is that we hope that you will

not push ahead with your prior agreements with Eastern European countries while this complex negotiating process continues.... If we concentrate solely on carrying out our own plans, we could end up losing the opportunity for reaching an agreement. But we see that our American partners are showing a constructive desire to continue the dialogue and we think this is a very positive signal."

The U.S. delegation made some proposals, which reportedly included the stationing of Russian observers at the sites in Eastern Europe. Russian Foreign Minister Sergei Lavrov said afterwards, "And at this stage, we do not hide from our American colleagues that we now see at least two serious problems with their proposals. The first problem is that we still diverge about the assessment of the character of the missile proliferation threat against which this 'third positioning region' is being created.... And the second problem is that, we believe that for the joint work of Russian and American experts to be efficient, the plans to deploy the third positioning region in Europe should be frozen. There is no agreement on this, but we encouraged our experts to discuss the existing divergences in a very concrete and specific way."

Putin reiterated Russia's intention to withdraw from the CFE (Conventional Armed Forces in Europe) Treaty, which limits its forces facing Europe, and which has never been ratified by the United States and other NATO countries. The two sides also failed to reach agreement on a follow-up to the strategic nuclear arms limitation treaty, START, which runs out in 2008.

Southwest Asia News Digest

Senior Diplomats Warn Against Failure of Mideast Peace Talks

Oct. 13 (EIRNS)—Two separate initiatives have been launched out of Washington, to ensure that the Middle East peace conference that the Bush Administration is planning for next month, has the possibility of succeeding.

The first is a bipartisan letter signed by former National Security Advisors Zbigniew Brzezinski, Brent Scowcroft, and six other retired senior figures. The other initiative is a statement released by the Israel Policy Forum, which was assembled by a team including retired ambassadors Samuel Lewis, Robert Pelletreau, Thomas Pickering, and Edward Walker—all with extensive experience in the region.

Both statements warn that the conference must produce substantive results that can be built upon in the future. "Because failure risks devastating consequences in the region and beyond, it is critically important that the conference succeed.... The outcome of the conference must be substantive, inclusive, and relevant to the daily lives of Israelis and Palestinians."

Petition Calls for Two-State Solution

Oct. 10 (EIRNS)—A petition, signed by more than 600,000 Israelis and Palestinians, calling for a peace agreement, was presented to the public on Oct. 9. Drafted by the OneVoice Movement, the petition calls on the Israeli and Palestinian governments to reach a peace agreement within the next year based on a two-state solution, an Israeli withdrawal to the 1967 borders, and the establishment of capitals for both states in Jerusalem. The organization will hold rallies in Tel Aviv and the West Bank city of Jericho on Oct. 18, that will be broadcast around the world in an effort to garner support for the two-state solution.

"Every minute delayed in ending the conflict is a minute gained by forces of militant absolutism committed to erase the possibility of a two-state solution," Daniel Lubetzky, the Mexican-born founder of the OneVoice Movement, told the *Jerusalem Post*. "If the Israeli and Palestinian heads of state demonstrate progress over the coming months, they will be able to eventually reverse the debacle in Gaza, by pointing to a positive alternative that will undermine extremism. But if

they don't, the opposite will happen and fundamentalist extremist ideologies will spread to the West Bank ... and the world."

"The voice of the people is the critical element in reaching a viable solution for the region that has been missing in the resolution process thus far," Dr. Fathi Darwish, general director of OneVoice Palestine, told the *Jerusalem Post*. "If the Palestinian people want to end the occupation, and if the Israeli people want to ensure security and normalization with the Arab world, then each individual must play a real role to bring that about."

Founded in 2001, the non-partisan group has an advisory board that includes Ben-Gurion University President Avishay Braverman; Interdisciplinary Center President Uriel Reichman; Rabbi David Rosen, international director of inter-religious affairs at the American Jewish Committee; Sir Jonathan Sacks, chief rabbi of the United Kingdom; MK (Member of the Knesset) Ephraim Sneh (Labor); MK Colette Avital (Labor); MK Rabbi Nissim Dahan (Shas); Meimad leader Rabbi Michael Melchior (Meimad); and MK Gilad Erdan (Likud). Others include former U.S. Deputy Secretary of Treasury Stuart Eizenstat; Amb. Martin Indyk, director, of the Washington, D.C.-based Saban Center for Mideast Policy; Amb. Dennis Ross of the Washington Institute; James Zogby, executive director, Arab American Institute; Palestinian Deputy Minister Ahmad Majdalani; Imad Shakur Member of the Palestinian Legislative Council; and Sheikh Taysir al Tamimi, Chief Palestinian Islamic Justice.

Iraq Commander: War Is 'A Nightmare with No End in Sight'

Oct. 13 (EIRNS)—Lt. Gen. Ricardo Sanchez (ret.), the top U.S. commander in Iraq from June 2003 to June 2004, has slammed the White House, the State Department, and the lack of leadership in Congress, for the disaster in Iraq. In a speech to a group of military reporters and editors meeting in Arlington, Va. on Oct. 12, Sanchez said that "America continues its desperate struggle in Iraq without any concerted effort to devise a strategy that will achieve victory in Iraq." He attributed this to the failure of the Bush Administration to "employ and synchronize its political, economic and military power"; to the failure of Congress to provide focused oversight; to partisanship in both the Democratic and Republican parties, that has led to political decisions "that have endangered the lives of our sons and daughters;" and to "America's lack of commitment, priority and moral courage in this war effort."

As a result, Sanchez said, "America is living a nightmare with no end in sight." The political leaders of the country "have unquestionably been derelict in the performance of their duty. In my profession, these types of leaders would be immediately relieved or court martialed," he said.

This is the first time Sanchez has spoken out publicly since he retired from the Army in 2006, and was, in many ways, the victim of the misleadership that he describes. He arrived in Iraq as the most junior three-star general in the Army, in the aftermath of the decisions by Paul Bremer, the U.S. proconsul in Baghdad, to disband the Iraqi army, and purge Ba'ath Party members from their jobs, which created the conditions for the insurgency that began to build up that Summer. Sanchez described Gen. David Petraeus's surge strategy as a "desperate attempt" by an administration that has not accepted the political realities of this war. "Continued manipulations and adjustments to our military strategy will not achieve victory," he said. "The best we can do with this flawed approach is to stave off defeat."

Iran-IAEA Talks Are Going Well

Oct. 10 (EIRNS)—In accordance with the agreement signed by the UN nuclear watchdog IAEA and Iran on Aug. 21, technical talks to clarify outstanding questions have begun in Tehran. The talks may last two or three days; the latest reports indicating that the ongoing talks are fruitful.

As reported by Iranian news agency IRNA, the talks were co-chaired by Iran's Deputy Secretary for International Affairs

Javad Vaeedi, and Deputy IAEA Chief for Safeguards Ollie Heinonen. Talks are expected to cover P-1 and P-2 centrifuges, IRNA reported. Iran uses a 1970s vintage of centrifuge, called P-1s, which are prone to breakdown if spun at high speed for long periods. It is researching an advanced P-2 model at sites off limits to IAEA inspectors. "The process is on track," said a senior Vienna diplomat familiar with IAEA-Iran contacts, adding that the two sides were meeting earlier than the previous plan of mid-October.

In these talks, Iran will present written answers to questions asked by the IAEA at their last round of talks. Subsequently, the IAEA will have the rest of October to raise more questions, if the organization finds it necessary. In November, IAEA Chief Mohammad ElBaradei will present a report as the IAEA assessment of the Iranian nuclear power program.

Putin Says Iranian Program Is Peaceful

Oct. 11 (EIRNS)—Following talks with visiting French President Nicolas Sarkozy, Russian President Vladimir Putin stated his belief that Iran's nuclear program is peaceful. "We do not have information that Iran is trying to create a nuclear weapon. We operate on the principle that Iran does not have those plans," Putin said, according to international wires. Putin is due in Tehran on Oct. 15 for talks with Iranian President Mahmoud Ahmadinejad.

At the same time, Russian Foreign Minister Sergei Lavrov cautioned against any moves before the International Atomic Energy Agency (IAEA) has completed its report. As reported by Russia's RIA Novosti news agency, Lavrov said: "Until the IAEA reports on what is going on in Iran, until we receive these answers, it would be irresponsible to make any sharp movements. When we hear calls to use force against Iran, which has fallen foul of IAEA rules, then we question what this could lead to."

Asia News Digest

Manmohan Singh Blinks on Nuclear Deal

Oct. 11 (EIRNS)—Indian Prime Minister Manmohan Singh, following his meeting with visiting International Atomic Energy Agency (IAEA) chief Mohammad ElBaradei, told ElBaradei that when India is ready to seek agreement with the IAEA on issues of modes of inspection by the IAEA to ensure India's safeguard measures, a precondition for the U.S.-India nuclear deal, he would notify the UN.

The nuclear deal is opposed by India's left parties, in addition to the main opposition. The left parties, whose support is need to keep the minority United Progressive Alliance (UPA) government in power, believe the deal would compromise India's foreign policy-making capabilities, and had been urging Manmohan Singh not to pursue talks with the IAEA on the issue. Until today, the Indian Premier was indicating that he would not capitulate to what he called the left's "pressure tactic."

At an ongoing Congress Party conference in New Delhi, Singh indicated he is prepared to forgo cooperation with the U.S. on nuclear energy to prevent the collapse of his government. Singh said he hasn't "given up hope" on a 2005 agreement, which is opposed by Communist members of the ruling coalition. "We are not a one-issue government," Singh, said.

LaRouche Issues Statement on U.S.-India Nuclear Policy

Oct. 12 (EIRNS)—In a statement released today, Lyndon LaRouche responded to the recent comments by India's Prime Minister Manmohan Singh, that he would be willing to abandon the U.S.-India nuclear deal to prevent the collapse of his government.

LaRouche observed that it may be in India's national interest to take a second look at the U.S.-India nuclear deal, given that, so long as Vice President Dick Cheney remains in office, the Bush Administration is thoroughly untrustworthy, and no agreement worked out with the Administration can be considered viable. LaRouche further proposed that the U.S.-India deal be suspended, pending the U.S. adoption of the proposal presented to President Bush in early July at the Kennebunkport, Maine summit, by Russian President Vladimir Putin. The Russian leader proposed a U.S.-Russian strategic partnership, including on the issue of ballistic missile defense—modelled on the March 23, 1983 Strategic Defense Initiative (SDI) offer of then-President Ronald Reagan (see www.larouchepac.com for the complete statement).

Malaysian Journal: War Clouds Over Iran

Oct. 10 (EIRNS)—Asserting that Britain and France have now joined Jordan and the United Arab Emirates (UAE) as allies in a new war against Iran, the Malaysian journal *Midweek* said that the government of Prime Minister Nicholas Sarkozy has made France an unreserved U.S. war ally, and last month Foreign Minister Bernard Kouchner warned the world to prepare for a war against Iran. In recent days, the Britain of Prime Minister Gordon Brown has gone further, reportedly supporting the drive to war with an offer of British special forces troops.

Midweek cites a U.S. general who said Iran needs to wreak only as much damage as ten dead American soldiers and four burnt trucks to trigger a full-scale U.S. war against it. Tehran has already said it would do much more by unleashing missiles if attacked, even in a tactical strike.

Meanwhile, an Oxford-based think tank, the Oxford Research Group, warned the West that whatever the problems with Iran, military aggression should be avoided at all costs. "Going to war with Iran will make matters far worse," the British think tank said in a warning against bombing Iran over its nuclear standoff with the West.

British media reported that London had held talks with the White House, to discuss the possibility of war against Tehran.

Britain's Assets Score a Big Hit in India

Oct. 11 (EIRNS)—Having succeeded in lighting a fire, using its old Islamic militant assets, which could one day burn down Pakistan's western provinces, Britain is pushing the same assets within India to trigger a sectarian war. After a series of simultaneous explosions on a suburban train in Mumbai in July of 2006, that killed more than 200 people, two major attempts were made in the once-Muslim-majority city of Hyderabad. The objective was to ignite Hindu-Muslim riots.

Since the Mumbai and Hyderabad attacks failed to unleash the planned sectarian killings, on Oct. 11, a bomb attack was carried out at the Sufi shrine of Khawaja Moinuddhin Chishti in Ajmer in northern India. The bomb went off where thousands of worshippers gathered to break the day-long Ramadan fast, killing three, and wounding 18 others. The crude bomb, planted near a tree at Aasthan-e-Noor, went off a minute after the fasting period ended at 18:16 hours, Deepak Upreti, Divisional Commissioner of Ajmer, told the *Press Trust of India*.

Union Home Ministry sources in Delhi said it was a terror strike in which militants had used a low-intensity improvised explosive device. Central Reserve Police Force (CRPF)—India's largest paramilitary unit—battalions based in Ajmer have been put on alert in readiness for deployment at the shrine.

Handful in India Got Economic Benefits

Oct. 12 (EIRNS)—In line with what *EIR* has been reporting, India's National Family Health Survey, interviewing 200,000

people from urban and rural India, issued a report on Oct. 11 which says while many development indicators are improving, including literacy and child mortality rates, malnourishment is by some measures getting worse. The survey was carried out by the health ministry with the help of several multilateral aid agencies. The wealthy, mostly urban Indian middle class, enjoying the fruits of an economy growing annually at near double figures, seem all but invisible in the new data. Instead, hundreds of millions of poor, undernourished, undereducated agricultural workers dominate the picture. The same groups continue to be the worst off.

The report is indicative of the total neglect of the vast majority of those who live in rural India and depend on agriculture-related activities. Driven by the economic liberalization and globalization mantra, during the last eight years, the Indian powers-that-be had focussed on generating GDP growth rate, foreign exchange reserves, and enhanced trade.

Nearly a quarter of infants are wasting (have low weight for their height), up from a fifth of all infants found by the last survey in 1998-99. Nearly half of all children under three years have stunted growth, a sign of prolonged undernourishment. That figure was 51% in 1998-99. Nearly 80% of infants now have anemia, up from 74% in 1998-99. The condition can damage mental development in young children. More than half of all women are anemic.

South Korean Minister Sees Hopeful Future with North

Oct. 11 (EIRNS)—"I am sure that, in the not too distant future, Korea will be connected to Germany through the Trans-Eurasian Railway, comprising the Trans-Korean Railway (TKR) and the Trans-Siberian Railway (TSR) or Trans-China Railway (TCR)," South Korean Foreign Affairs and Trade Minister Song Min-soon said in a speech delivered to the German Council on Foreign Relations in Berlin on Oct. 9, the *Korea Times* reported. "I look forward to the day when we will be able to leisurely travel by train from Seoul to Berlin, passing through North Korea and crossing over the Eurasian continent," he added.

Song drew the parallels between the reunification of Germany—where he had served as a diplomat beginning 28 years ago—and the potential for Korea. Song said that the North Korean nuclear issue can be resolved, and even "will offer an opportunity for a new peace and security order in Northeast Asia." The Six-Party talks have achieved several important milestones recently, including the North Korean agreement to disable three key nuclear facilities in Yongbyon by the end of this year, and the expectation that the U.S. will remove North Korea from the list of "state sponsors of terrorism" and from its Trading with the Enemy Act.

"The closer Asia and Europe get to each other, the greater the role Germany and Korea will be able to play," Song said.

Japan, South Korea Move To Restrict Foreign Takeovers

Oct. 8 (EIRNS)—Japan and South Korea have announced measures to protect national industries from foreign vultures attempting to grab companies that are strategic to the national interest of their country.

The South Korean measures are similar to the "Exon-Florio" provision first used by the United States to allow the President to prevent foreign takeovers of companies that are of strategic importance. The Korean restrictions go beyond defense-related firms to those which involve "confidential national information," according to the Oct. 8 *Korea Times*.

In Japan, the government has "given itself broader say in mergers and acquisitions that could affect national security, tightening rules regarding foreign investment in strategic local companies," the Oct. 5 *Wall Street Journal* reported.

Africa News Digest

Kitchener's Ghost Stalks Africa—Danger of Renewed Civil War in Sudan

Oct. 11 (EIRNS)—BBC reported today that the Sudan People's Liberation Movement (SPLM) has announced that it is suspending its participation in the government, until a solution to their differences can be reached. The SPLM charges that the national government has failed to implement parts of the Comprehensive Peace Agreement (CPA), a power- and wealth-sharing agreement that was signed in 2005, ending the 21-year civil war. As a result of that agreement, the SPLM, led at the time by the late John Garang, was brought into the government as part of the peace agreement.

Pagan Amum, secretary-general of the SPLM, and a former member of the SPLM negotiating team for the CPA, said the decision was not intended to renew conflict, but was being done to push for better implementation of the CPA. "We are working to avoid a return to war," he said. "We want to make sure the CPA is implemented rather than dishonored." Khalid al-Mubarak, spokesman at the Sudan Embassy in London, said today that the move by the SPLM was a suspension, not a withdrawal, as reported by some media. "It is a suspension which is temporary and, pending discussions, hopefully this cloud will disappear," he said.

The SPLM is charging that the National Congress Party (NCP), the northern party which dominates the Sudanese government, has not implemented parts of the CPA, including boundary demarcations and the redeployment of northern troops from the South. The SPLM is also charging that the NCP is not consulting SPLM leader Salva Kiir (who is Vice President of Sudan), or the SPLM's ministers in the government, and making decisions such as expelling UN and other diplomats from Khartoum without taking into account the SPLM's views. The lack of an agreement between the North and South means the division of the proceeds of Sudan's oil production cannot be resolved.

While Kiir had warned recently, according to reports, that there could be a return to war if the deal is not held to, in late September, he criticized elements in both northern and southern Sudan who did not want peace. Sources have told *EIR* that the North-South agreement was on the verge of collapse. In addition, U.S. envoy to Sudan Andrew Natsios, who has just returned from Sudan, is quoted by BBC as saying there's a real possibility of a return to conflict, claiming that the northern and southern leaders may make miscalculations about each other's intentions.

When the Bush Administration added several more Sudanese companies to the sanctions list on May 29, thus preventing American companies from doing business with the companies, the Sudanese Ambassador to the United States told *EIR* that this action by Bush would undermine the implementation of the CPA.

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