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**To Restore Glass-Steagall:**  
**Dump Barney Frank Now!**  
**by Jeffrey Steinberg**

June 21—In response to a direct challenge from LaRouche Democrat Rachel Brown, who is challenging him for the party's Congressional nomination in the Sept. 14 Massachusetts primary election, Rep. Barney Frank (D-Mass.) lied through his teeth. Brown has focussed her campaign on the reinstatement of the Glass-Steagall Act, the FDR-era law that created a wall of separation between the commercial and investment banks and insurance companies. Brown has also called for the impeachment of President Barack Obama, and for an expansion of the NASA manned space program, which President Obama has shut down.

Appearing together before the Brookline Democratic Club June 13, Brown accused Frank of being one of the engineers of the destruction of Glass-Steagall, and one of Wall Street's and London's key defenders on Capitol Hill.

In response to Brown, Barney blustered, like the slimy sophist he is, that he had voted against the repeal of Glass-Steagall, and that the ``financial reform" bill now working its way through the House-Senate conference would be the strongest banking reform bill since the New Deal....

**In-Depth articles from EIR, Vol. 37, No. 25**

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## **This Week's Cover**

- **To Restore Glass-Steagall:**  
**Dump Barney Frank Now!**

House Financial Services Committee chairman Barney Frank's lying and sophistry are being exposed by his opponent, LaRouche Democrat Rachel Brown, who has nailed Frank on his key role in the take-down of Glass-Steagall, on behalf of the Boston Brahmin bankers of the 'Vault,' and his sabotage of Lyndon LaRouche's Homeowners and Bank Protection Act. Brown faces Frank in the Massachusetts Democratic primary on Sept. 14.

- **LaRouche Democrats Mobilize:**

- **Glass-Steagall, or Die!**

- Lansford, Pa. is the first locality to pass the LaRouche PAC resolution, 'To Save Our Nation, Congress Must Pass Glass-Steagall and Shut Down Derivatives Now!'

- **Emergency LPAC Resolution:**

- **Shut Down Derivatives Now!**

## **Feature**

- **LaRouche to Paris Conference:**

## **A Global Glass-Steagall as the Basis for Optimism**

**Lyndon LaRouche** addressed the General Assembly in Paris of *Solidarité et Progrès*, the French political party led by longtime LaRouche associate Jacques Cheminade, on June 13, via electronic hookup. The great mistake, LaRouche said, in most political thinking about economy, is that people tend to think that history is driven by events. But significant events are generated by history, not history by events.

# International

- **LaRouche Associate Cheminade Declares for French Presidency**

**Jacques Cheminade**, leader of *Solidarité et Progrès* party in France, has announced his candidacy for the Presidential elections of 2012, to rally resistance to the new financial fascism which threatens worldwide. Cheminade is the only candidate to embody the spirit of resistance, exemplified by de Gaulle's June 1940 'Appeal to the French People,' to resist the Nazi takeover of France.

- **Official Declaration of Candidacy**

- **It's Time To End the Gaza Blockade**

- **International Intelligence**

# Economics

- **Who Will Prevent 'Apocalypse' in Bankrupt Europe?**

by Helga Zepp-LaRouche.

If the European governments continue to submit to the dictates of the EU, and if they keep increasing their sovereign debts with inflationary methods, just to save the gambling banks, and, at the same time, brutally cut the living standards of the poor and near-poor portions of the population, then an 'Apocalypse' will threaten us very soon, even as early as July 1.

- **European Outcry for Glass-Steagall**

- **Ban, Don't 'Regulate,' Derivatives**

Derivatives have never served any purpose other than as a mechanism by which a bankrupt financial system could pretend to be solvent. Derivatives are, in truth, the biggest pyramid scheme the world has ever seen—and one that has now collapsed.

- **Economics in Brief**

# Science

- **Isotopes and Life:**

- **Considerations for Space Colonization**

by Meghan K. Rouillard.

The science-driver policy of colonizing space, which Lyndon LaRouche has declared to be the indispensable mission for advancing mankind, will require many fundamental scientific breakthroughs— indeed, a decisive break from the empiricist so-called science of today. This paper, part of a series being produced by LaRouche's 'Basement Team,' addresses the question of the nature of isotopes from the standpoint of the issues raised in creating an environment on another planet.

# Editorial

- **Serious Consideration of Nuclear Option Must Be Highest-Level**

# This Week's News

## **Americans Protest Fascist Austerity**

## **Congress Dumps Hundreds of Thousands into Destitution**

# U.S. Economic/Financial News

## **Americans Protest Fascist Austerity**

June 16 (EIRNS)—A scan of national news coverage shows that Americans are on the streets protesting budget cuts of all kinds, made necessary by the failure to cancel the worthless derivatives debt as Lyndon LaRouche has called for, and implement a Glass-Steagall standard.

In St. Paul, Minn., protestors set up a free clinic outside the offices of Gov. Tim Pawlenty on June 15, to dramatize cuts in general assistance medical care.

There are numerous actions against education cuts. In Chicago, teachers and parents today protested plans to lay off 2,700 teachers and increase class sizes to 35. In Milwaukee, 200 people protested 482 teacher lay-off notices (12% of Milwaukee's full-time teachers). In Mountain View, Calif., teachers and parents rallied for two days to protest plans to fire 17 teachers and increase class sizes from 20 to 25 students.

In New York City, 600 students walked out of classes last week to protest plans by the Metropolitan Transit Authority to eliminate the free metrocards-for-students program. On June 15, hundreds of angry seniors protested at City Hall against the threatened closing of 50 senior centers, forced by a \$4.2 million cut of the Department of Aging's budget.

Ten out of 11 campuses of the University of Puerto Rico are on strike against "dramatic" budget cuts, privatization of its campuses, and a tuition increase of 150%. The strike began two months ago, and includes camps on some of the campuses where the strikers are living.

New Jersey is particularly hot. In Millville, Passaic, and Franklin, hundreds protested plans to lay off police and/or firefighters. In Vineland, there was a June 10 protest against state budget cuts of health screenings, emergency food distribution, and other services. In Paramus, over 1,000 Bergen County teachers rallied June 10 to protest state education cuts and urge the legislature to "stop the madness." Gov. Chris Christie's budget calls for \$820 million in cuts to education.

## **Congress Dumps Hundreds of Thousands into Destitution**

June 15 (EIRNS)—When the Congress shut down for Memorial Day, several programs expired, including long-term unemployment compensation, COBRA subsidies, and Medicaid aid to the states, totaling \$123 billion. The result was that over 300,000 people have lost their unemployment checks, and this will go up to 1.25 million by July 1.

Yet, the Congress has postponed voting on an extension until next week at the earliest—and may not get it passed then, due to the fascist budget-cutting mania in both parties, neither of which are yet serious about actually solving the problem with Glass-Steagall and reversing the bailout.

## Global Economic News

### Is an Emergency \$300 Billion Bailout for Spain Next?

### South Korea Imposes Derivatives Restraints To Halt Hot Money

### China in Greece; Infrastructure versus Finance

### Nuclear Energy: Malaysia Now, Indonesia Later?

#### Is an Emergency \$300 Billion Bailout for Spain Next?

June 16 (EIRNS)—The EU, the IMF, and the U.S. Treasury Department are working around the clock to cobble together a \$300 billion bailout package for Spain, according to a Spain's *El Economista* today. European Central Bank sources told the daily that there was a secret, emergency meeting of the IMF board of directors to discuss the project, in order to have something—anything—to wave around at tomorrow's EU summit meeting in Brussels, in light of the accelerating meltdown of the Spanish financial system.

The *Economista* story says that the idea is to avoid Spain having to resort to the \$1 trillion bailout fund set up by the EU around the Greek crisis, as such a move "could unleash panic in financial markets," and would mean the end of the euro system altogether. That view was seconded by London financial press, such as the *Financial Times* and *Daily Telegraph*.

British Deputy Prime Minister Nick Clegg was in Spain on June 11 to discuss the crisis with Spanish authorities; and IMF chief Dominique Strauss-Kahn will travel there on June 18 with the same agenda. All of this is meant to "pile pressure on Prime Minister Zapatero to sharply reduce the country's budget deficit," according to the *EU Observer*.

Zapatero today caved in to one of the points of London's pressure, announcing a unilateral government labor "reform" which will lower wages and increase unemployment—in a country already suffering an official 20% unemployment rate—and likely trigger a general strike. Many observers are asking if Zapatero's government will long survive, if it implements the full London plan.

#### South Korea Imposes Derivatives Restraints To Halt Hot Money

June 15 (EIRNS)—South Korea, which already has strict controls on hedge funds, has imposed restraints on currency derivatives to restrain the flow of hot money, rather than trying to defend the currency against speculators. "These measures are aimed at reducing the volatility in capital flows that pose a systemic risk in the country, instead of driving the exchange rate into a specific direction," South Korea's Finance Ministry, two financial regulators, and the central bank said in a joint statement.

The European crisis has provoked volatile shifts in currency markets in Asia. The new restrictions, which were announced well in advance and will be applied over a two-year period, put limits on banks' and other financial institutions' currency

forwards and cross-currency swaps. The curbs will apply to both domestic and foreign banks, but official data showed foreign bank branches are the ones that will be immediately affected, because they are the most involved in such speculative activity.

The central bank will also take steps next month to limit foreign currency lending by banks to local companies, by allowing such lending only to finance documented deals with foreign entities.

## **China in Greece; Infrastructure versus Finance**

June 15 (EIRNS)—While European and American banks are pulling out of investments in Greece as rapidly as they can because of the Greek government's sovereign debt problems, China is expanding already significant investments in infrastructure development, mostly centered around the port of Piraeus outside Athens.

Chinese Vice Premier Zhang Dejiang and Greek Deputy Prime Minister Theodore Pangalos are due to sign a memorandum of understanding today, to cement cooperation between the two countries in the maritime sector, a senior Greek government official said. "These concern maritime affairs, telecoms, and a project to renovate a landmark tower building in Athens' port of Piraeus," the official said. Deals for joint ventures, charter agreements, and shipbuilding deals worth \$615 million with Greek shipping companies will also be signed.

China's state shipping company, Cosco, which already controls a container terminal at Piraeus under a \$4.2 billion long-term concession deal, is expected to make a joint bid later this year with Greece's state ports company to create a \$185-250 million logistics hub near Athens to distribute goods for China in the Balkans. China, under separate agreement, will also be constructing some 15 new dry-bulk vessels in China for Greek use.

## **Nuclear Energy: Malaysia Now, Indonesia Later?**

June 19 (EIRNS)—Malaysian Energy Minister Datuk Seri Peter Chin indicated that the country should plan to have nuclear-generated energy now, rather than later, as it would take a long time for such facilities to be developed, according to the state news agency Bernama. "As our population grows, its needs and energy demands would also grow. As a minister responsible, I feel this option [nuclear power] must be taken into planning."

The June 18 issue of *EIR* contains an article, "Malaysia's Young 'Nuclear Ambassadors'" by Mohd Daniel Davis, physicist-in-training, and son of long-time *EIR* Malaysian collaborator Mohd Peter Davis. Highlighted in the article is the outstanding progress made by South Korea in the development of advanced nuclear power.

Meanwhile, in neighboring Indonesia directly to the south, President Susilo Bambang Yudhoyono, talking to journalists at the Presidential palace, was only able to say, "One of these days, Indonesians may finally be able to welcome the use of nuclear energy and see it as a solution to our energy problem.... But for now, the current government has no definitive plan for that." The Indonesian President was recently in Norway getting praise from British royalty and receiving a \$1 billion bribe to the country, to "preserve" forests, i.e., stop development, allegedly in order to "fight global warming."

## **United States News Digest**

**[Poll Shows Rejection of Obama, Scares Democrats](#)**

**[Obama's Collusion With BP Further Cause for Impeachment](#)**

## **Congressional Paralysis Extends Pain of Doctors, the Unemployed**

### **LaRouche: Obama Must Seek Exception to Nuke Test Ban Treaty**

#### **Poll Shows Rejection of Obama, Scares Democrats**

June 20 (EIRNS)—A new poll for National Public Radio, of 70 "competitive" Congressional districts around the country, shows dismal results for President Obama and increasingly chilling prospects for House Democrats in November.

The June 7-10 poll (by Republican pollster Glen Bolger and Democratic pollster Stan Greenberg) surveyed 30 "highly competitive" districts held by House Democrats, 30 "competitive but not toss-up" Democrat-held districts, and 10 "competitive" GOP-held districts. Across the board, party preference had shifted to the GOP for the first time in nearly 20 years.

The voters' view of Obama was decidedly negative: 53% of all the voters disapproved of his job performance, while 43% approved. *In the Democratic districts alone*, 54% disapproval against 40% approval; and 57% in those Democratic districts blamed Obama's economic policies for producing record deficits while failing to slow job loss.

#### **Obama's Collusion With BP Further Cause for Impeachment**

June 19 (EIRNS)—When President Obama met this week with executives of BP, the White House spinmeisters portrayed the session as a Presidential "ass-kicking," that resulted in BP establishing a \$20 billion fund to pay for losses suffered by Gulf Coast residents and businesses. Obama swore to the press that the fund was only the beginning, and that it did not represent any kind of cap on BP's liability. But international stock markets weren't convinced, and BP's stock prices went up for the first time since the explosion on April 20, on the grounds that there was now a ceiling on BP's culpability.

Washington sources close to the White House said that the fund is, at minimum, a "psychological cap" that will give BP far greater leverage to insist that they do not have larger liabilities. Indeed, just days after the White House tête-à-tête, the Center for Biological Diversity filed a lawsuit against BP, under the Clean Water Act, which could result in BP paying out \$4,300 for every barrel of oil spilled. BP's liability under this rule would be an estimated \$19 billion.

In announcing his deal with BP to create an "independent" fund, President Obama announced that he was appointing Kenneth Feinberg, who had been in charge of the fund that was established for the victims of the 9/11 attacks, to head up the disbursements. Yesterday, just 72 hours after the White House/BP deal was struck, Feinberg let the cat out of the bag: Recipients of payments from the \$20 billion fund will almost certainly be forced to sign waivers barring them from suing BP, as a precondition for being paid.

As of now, it is impossible to assess the final damages. The \$20 billion fund, by Feinberg's own admission, is an effort to cap BP's liability *now*, and President Obama's complicity in this fraud is, according to Lyndon LaRouche, yet one more impeachable offense by the President.

#### **Congressional Paralysis Extends Pain of Doctors, the Unemployed**

June 19 (EIRNS)—The U.S. Congress has proven, once more, that it is incapable of addressing the collapsing welfare of the vast majority of Americans. Yesterday, the Senate passed legislation to temporarily prevent physicians from being hit

with a 21% cut in Medicare reimbursements. House Speaker Nancy Pelosi declared her opposition within hours. Why? Because it doesn't include the extension of unemployment benefits desperately needed by millions of Americans. Efforts in the Senate to pass the full package have foundered on demands that the bill be fully paid for.

On June 16, the Senate tried again to pass the \$140 billion "extender" bill, but failed 45-52 on a procedural vote. On June 17, the Senate tried again, with a smaller \$118 billion bill, but that died on a 56-40 cloture vote. Senate Finance Committee Chairman Max Baucus (D-Mont.) then made a deal with ranking Republican Charles Grassley (Iowa) on the Medicare bill, which then passed under unanimous consent, because it meets the budget hawks' demand that it rob Peter to pay Paul. In this case, the \$6.5 billion cost of the bill is paid for by "tweaking" reimbursements to hospitals. After the vote, Pelosi said the bill was "a great disappointment" and she saw "no reason to pass it." Thus, the flight of physicians out of Medicare will continue, as will the pain and suffering of the long-term unemployed, as another 1.2 million exhaust their benefits this month.

President Obama and Congressional Democrats are blaming Republicans for the impasse. But as *The Hill* pointed out today, Senate Majority Leader Harry Reid has a few members of his own party to convert, namely Senators Joe Lieberman (I-Conn.), who caucuses with the Democrats, and Ben Nelson (D-Neb.); both men agree with the GOP that the bill has to be fully paid for. The real problem is the failure to deal with the economic crisis by both Congress and the President, and the fact that Obama endorsed "pay-go."

## **LaRouche: Obama Must Seek Exception to Nuke Test Ban Treaty**

June 18 (EIRNS)—Lyndon LaRouche said today that a critical matter of the BP/Gulf of Mexico oil disaster for which President Obama has to be held to account, is that he has taken no steps to clear the most likely method of ending the oil gusher, a peaceful nuclear explosion (PNE).

LaRouche charged that the President, despite the accumulating evidence, has failed to act on the fact that, since this blowout may actually be a systemic blowout of a whole area of leaks, or a single disastrous blowout greater than hitherto acknowledged, the United States would have to use a peaceful nuclear explosion to end it.

"The President should have been advised of this, and he should have already gone to other signators of the 1996 Comprehensive Nuclear Test Ban Treaty," LaRouche said. "We should have gotten the agreement of the parties, in advance, to prepare an exception for this case, in case it may be necessary, with the implication that it may be necessary in other cases as well."

By seeking such agreement in advance, the President would also have been initiating preparations, LaRouche emphasized, since the United States may ultimately have no other way to stop the blowout. But Obama, on this front as on others in the Gulf crisis, has done nothing.

The competence and experience to design and deploy a device appropriate for use in sealing the blown-out BP well exists within the U.S. national laboratories, which have extensive experience with peaceful nuclear explosions, as well as with hundreds of underground nuclear tests carried out through 1992.

## **Ibero-American News Digest**

### **Capital Flees Brazil, But Carry Trade Flourishes**

## Haiti's Needs Not Being Met

## Fight Over Water in Sonora Escalates

### **Capital Flees Brazil, But Carry Trade Flourishes**

June 16 (EIRNS)—While Brazilian Central Bank chief Henrique Meirelles is being interviewed by Reuters, Bloomberg, and the London *Economist* almost daily, on how Brazil is the world's economic poster child, capable of weathering any crisis, the Brazilian paper *O Estado de São Paulo* reports today that remittances out of the country by European companies were 76% higher in the January-April period, compared to the year before. European companies pulled \$4.4 billion out this year to cover losses.

Foreign Direct Investment from Europe also fell by 29% in the same period.

*O Estado* drily noted that Spain and Portugal bought into Brazil in a big way during the era of privatizations, citing Telefónica, Eletricidade de Portugal (EDP), and the British Queen's favorite, Banco Santander, worrying that this might pose a problem. "Investments" by Spanish companies, for example, have fallen by 74% this year. Net, over this period, total remittances (not just to Europe) were larger than total foreign investment coming into the country (\$7.88 billion in, against a record \$7.93 billion out.)

The parasitical carry trade is doing quite well, however. The June 15 edition of *Monitor Mercantil* reported that, "with the country returning [to a policy] of increasing its interest rates, which are already the highest real rates in the world, investors are broadening their search for profits in Casino Brazil."

According to Treasury Under-Secretary Paul Valle, foreign purchases of Brazilian internal debt paper did not diminish with the crisis which is hitting Europe." This week, Valle will begin a road show to New York, Boston, and San Francisco to "sell" Brazil to foreign investors.

## **Haiti's Needs Not Being Met**

June 18 (EIRNS)—What do you get when British puppet Barak Obama blocks what really needs to be done in Haiti? Certainly not the large infrastructure and industrialization projects Haiti needs; and certainly not moving 1.2 million people out of the flood-prone capital into stable, solid emergency housing.

Instead, the World Wildlife Fund's Mexican billionaire Carlos Slim and Canadian mining magnate Franck Guistra have announced the creation of a puny \$20 million fund for reconstruction, to provide loans for small businesses. The fund will expect a rate of return on its investments, to make it "self-sustaining," or so the argument goes. It was announced by former President Bill Clinton, Slim, and Guistra after the first closed-door meeting yesterday of the Haitian Reconstruction Commission, chaired by Clinton and Prime Minister Bellerive.

The Commission is the result of the compromise made at the May 31 Donors Conference, between the backers of the British policy that says no money should be channeled directly through the Preval government, and the defenders of national sovereignty. The Commission also announced \$45 million in grants from Brazil and Norway to help the government close its \$170 million budget gap. The Clinton Foundation also announced a \$1 million grant to build storm shelters in Leogane and Jacmel. The Commission will meet next on July 22.

The refusal to treat Haiti as a sovereign nation has produced chaos. For example, in remarks to the *Miami Herald* June 16, Bellerive warned that Haiti needed electricity in order to access such basic services as water, education, and health. We have to increase our capacity to produce electricity, he said. Before the earthquake, there was total chaos, he noted. Now, after the earthquake, there is "organized chaos."

## **Fight Over Water in Sonora Escalates**

June 18 (EIRNS)—The "Citizens for Water Movement" in Mexico, led by LaRouche associate Alberto Vizcarra and others from the Pro-PLHINO Committee, brought in former Presidential candidate and political leader Cuauhtemoc Cárdenas to the border state of Sonora, as their next escalation, after organizing two marches, the most recent one with 30,000 people.

The citizens' movement aims to block the plan of state Gov. Guillermo Padrés, backed by billionaire Carlos Slim and his friends at the British monarchy's World Wildlife Fund, to transfer water out of the Yaqui Valle into the state capital, as the first step towards privatizing water. This would shut down agriculture altogether in the southern part of the state. Cárdenas called on the Governor to first build all the other water projects he's planning, and when he sees that there is not enough water, turn to projects such as the proposed desalination plant or the Northwest Hydraulic Plan (PLHINO), which Lyndon LaRouche has backed for years.

The PLHINO would bring water, via canals, from southern Mexico to the arid northwestern region.

One daily identified Cárdenas simply as "the son of the General," a reference to nationalist Gen. Lázaro Cárdenas, who was Mexico's President from 1934-1940, and quoted him saying, "I come as Cuauhtemoc Cárdenas, to support the fight for water of the Yaqui [Indians] and my farmer friends of the [Yaqui] Valley, and I will do so as often as they ask me to, and as far as I can help them in this just cause."

## **Western European News Digest**

### **Court Ruling Clears German Bailout of EU**

### **Romanians Join Mass Strike Movement**

### **Sweden Ends 30-Year Anti-Nuclear Nightmare**

## **Court Ruling Clears German Bailout of EU**

June 17 (EIRNS)—Just in time to save Chancellor Angela Merkel's neck, the German Constitutional Court ruled against the temporary injunction requested in a Constitutional complaint by Peter Gauweiler and Dietrich Murswiek against the transfer of any money from Germany in connection with the EU750 billion EU super-bailout fund. The Court gave way to a pragmatic interpretation of the issue—to the benefit of the government. A notorious pro-deregulation law firm, Freshfields, was among the legal advisors of the government.

The court states in its ruling that it became convinced by the government's argument that, should the crucial German share in the bailout package be frozen, "unpredictable consequences on the financial markets" could not be ruled out.

## Romanians Join Mass Strike Movement

June 17 (EIRNS)—Romania's center-right government narrowly survived a no-confidence vote on June 15 against its proposed austerity package. The censure motion, "Stop Social Genocide," was put forward by 120 opposition members from the Social Democratic and Conservative parties. It failed by only 8 votes.

The government's austerity measures propose cutting public sector wages by 25%, and pensions by 15%, in addition to imposing drastic cuts in the public sector, including social benefits, and they envisage the axing of 200,000 of the nation's 1.3 million public-sector jobs. The government claims that the brutal cuts are necessary for Romania to receive the next tranche of the \$20 billion "rescue loan" of the IMF.

Approximately 5,000 people gathered June 15 outside Parliament to protest the government's unpopular austerity plan, say organizers. Romanian police had a hard time preventing protesters from entering the building. The trade union confederation Cartel Alfa says it is ready to continue the protests over the coming days, following the Greek example. The opposition party, PSD, wants to take the government to the Constitutional Court, to stop the austerity plan.

## Sweden Ends 30-Year Anti-Nuclear Nightmare

June 18 (EIRNS)—The Swedish parliament yesterday enacted the historic decision to allow construction of new nuclear power plants. This means the end of 30 years of an anti-nuclear nightmare, starting with the 1980 referendum against nuclear power. Even though there was no possibility to vote for the development of nuclear power at that time, the LaRouche movement in Sweden—the EAP—led a campaign for a clear "Yes" to nuclear power. This means, that after 30 years, a majority of the Swedish parliament finally have adopted a policy once solely fought for by the EAP.

The result of the referendum was used to enact a law for decoupling nuclear power by 2010, but also to ban researchers from even developing nuclear science and technology, the so called "Thinking Ban Act." The result was the closing of a whole Swedish integrated group of industries producing the Swedish nuclear power plants, that also were exported to Finland. A whole generation of scientists, engineers, and machine-tool workers was sidelined. Last year, the Swedish government started crash programs to educate a new generation (before the old experts totally disappear) to be able to build the new nuclear power plants.

## Russia and the CIS News Digest

### [London Connections to Kyrgyz Riots](#)

### [Medvedev Demands 'Thorough Investigation' of Korean Ship Sinking](#)

#### London Connections to Kyrgyz Riots

June 20 (EIRNS)—According to available reports, Maxim Bakiyev, son of Kyrgyzstan's deposed President Kurmanbek Bakiyev, was responsible for initiating recent ethnic riots in southern Kyrgyzstan that reportedly took 2,000 lives.

Over the years, under the tutelage of his father, Maxim Bakiyev became the most important controller of opium/heroin produced on the Kyrgyzstan side of the fertile Ferghana Valley, as well as Afghan drugs run through Kyrgyzstan into Russia. The drug-generated money power had allowed Maxim Bakiyev to link up with bankers and investors in the netherworld.

One such beneficiary of Maxim Bakiyev's drug money is a Latvian banker, Valeri Belokon, who is allegedly using Bakiyev's drug money to buy a British soccer club, Blackpool. Most of the British soccer clubs depend on drug money to pay the high-priced players.

Sources point out that Maxim Bakiyev, who came over to Britain seeking asylum and has since been "arrested" by the British Border Forces, may have played into a British plan to separate the southern part, which will then be under control of London. Since the Ferghana Valley, and the southern part of Kyrgyzstan, in particular, produce a lot of drugs, Great Britain and its agent George Soros had been looking longingly to gain control of this area. However, the violence unleashed in Osh, Jalal-Abad, and elsewhere in southern Kyrgyzstan, could bring the well-entrenched Islamic terrorists, led by the British-controlled Hizb ut-Tahrir, to power in Bishkek in the foreseeable future.

## **Medvedev Demands 'Thorough Investigation' of Korean Ship Sinking**

June 18 (EIRNS)—China's Xinhua news agency reported today on Russian President Dmitri Medvedev's statement, quoted in Russia's Ria Novosti, essentially challenging the conclusion of the "international investigation" into the sinking of the South Korean naval vessel *Cheonan* in March. Medvedev stated that "Since only one version has been broadly circulated, we should not take it immediately for granted. A thorough investigation is needed."

The international investigation was conducted by the former Western allies in the Cold War—the U.S., Britain, Australia, Sweden, and South Korea—producing only circumstantial evidence, and concluding that North Korea did it, largely on the argument that they had ruled out any other possibilities. The issue has been brought to the UN Security Council, but China and Russia are unlikely to allow any condemnation of North Korea on the current scanty evidence. North Korea rejects the charges.

Russia dispatched a team of experts to South Korea to conduct its own investigation, and has announced that it will release the results in about three weeks. Medvedev said: "As soon as the results are obvious and become public knowledge, we can talk about punishing the guilty ... I mean a certain state or some other forces."

## **Southwest Asia News Digest**

**Puppet Obama Bows to Phony Blair-Netanyahu Deal on Gaza**

**Iraq War Inquiry Continues in Britain; Blair To Be Recalled**

**Israel Sabotaging South Korean-Jordanian Nuclear Deal**

**British-Run Kurdish PKK Escalation Targets Turkey**

### **Puppet Obama Bows to Phony Blair-Netanyahu Deal on Gaza**

June 20 (EIRNS)—President Obama will dance to Tony Blair's tune on July 6, when he meets Israeli Prime Minister Netanyahu in the Oval Office to bless the so-called easing of the blockade of Gaza that was negotiated by Blair in Israel on June 18. Israeli Prime Minister Benjamin Netanyahu came out of a meeting of his security cabinet on June 20 to announce: "Israel seeks to keep out of Gaza weapons and material that Hamas uses to prepare and carry out terror and rocket attacks

toward Israel and its civilians.... All other goods will be allowed into Gaza," reported the Israeli daily *Ha'aretz*.

But there is no date for the publication of this "narrow" list of prohibited items, until which time, the official blockade of all goods continues. And, on the same day as Netanyahu's announcement, the government of Germany denounced Israel's denial of entry into Gaza of Dirk Niebel, Germany's Minister of Economic Cooperation and Development.

The White House, however, immediately issued a statement that praised the "easing," and threatened those who are organizing attempts to deliver aid to Gaza. "All those wishing to deliver goods to do so through established channels so that their cargo can be inspected and transferred via land crossings into Gaza," the White House said. The Administration warned the humanitarian aid sources to "act responsibly" and avoid "unnecessary confrontations."

Obama is still defending the Israeli murders of May 31 in the attack on the Gaza aid flotilla, and the Israeli press is gloating over Obama press secretary Robert Gibbs' Sunday statement that the U.S. supports "Israel's right to self-defense," and that the U.S. is committed to continue to "prevent the illicit trafficking of arms and ammunition into Gaza." Blair virtually endorsed the Israel attack on the *Mavi Marmara*, in saying that all goods sent by sea to Gaza would be diverted, by force, to the Israeli port of Ashdod. Netanyahu asserted, as always, that any material could be dubbed "dual use" and banned.

The elected Hamas government in Gaza called the so-called policy change, "a joke," and neighboring Jordan, which has diplomatic relations with Israel, said the move is only a "cosmetic."

The British and their puppet Obama are the only allies that the fascist Netanyahu government has, to give cover for its perpetual war policy. Inside Israel, there is a move afoot to dump Netanyahu and his fellow right-wing fanatics. Israeli sources report that the failed no-confidence vote against Netanyahu by the Kadima party in the Knesset earlier this month was the opening shot of a drive—which includes some elements of the Likud and the military establishment—to dump the Likud-led coalition and install a Kadima government, which would both be free of the radical right wing and settler parties, as well as the religious parties. No Israeli government coalition that includes the religious parties is capable of a peace agreement with the Palestinians, these Israeli sources conclude.

## **Iraq War Inquiry Continues in Britain; Blair To Be Recalled**

June 19 (EIRNS)—The British Iraq Inquiry (the Chilcot Commission) has announced a partial list of witnesses for its June 29-July 30 Summer session of testimony, as well as the fact that it may recall former witnesses such as Tony Blair this Fall, before completing its report toward the end of 2010. Prospective high points of the June-July testimony will be that of former UN chief weapons inspector Dr. Hans Blix, and former MI5 chief Baroness Manningham-Buller, to discuss the evidence for Iraq possessing WMD, which the Blair government falsely insisted that it did.

On Jan. 28, 2010, Hans Blix informed the *Guardian* that, "A month before the war, I told Tony Blair it would be absurd if 250,000 troops were to invade Iraq and find no WMD. So it was."

Also testifying will be witnesses to the military situation during and after the original invasion: two Chiefs of the General Staff; witnesses to the post-invasion economic and political planning, including the director of infrastructure, Coalition Provisional Authority; and witnesses on the war's legality: legal counsellor, Legal Secretariat to the Law Officers.

On June 2, in preparation for its report, the Iraq Inquiry requested statements from international lawyers as to whether, as the U.K. Attorney General had at first maintained before he was pressured to change his mind, UN Security Council Resolution 1441 authorized the use of force (which it did not). It appears the Iraq Inquiry is broadening its scope to the

legitimacy of the U.K.-U.S. invasion. After the final report is written this Fall, the Scottish Attorney General could decide whether or not to indict Tony Blair for violating the Nuremberg Code by waging an aggressive war.

## **Israel Sabotaging South Korean-Jordanian Nuclear Deal**

June 15 (EIRNS)—King Abdullah of Jordan, in an interview with the *Wall Street Journal*, accused Israel of trying to pressure France and South Korea against selling nuclear technology to Jordan, in order to prevent it from developing its peaceful nuclear program. He said that Israel's "underhanded" actions are adding tension to the already strained relations between Israel and Jordan, which have reached their lowest point since the establishment of diplomatic relations in 1994. Abdullah told the *Journal*, "There are countries, Israel in particular, that are more worried about us being economically independent than the issue of nuclear energy, and have been voicing their concerns. There are many such reactors in the world and a lot more coming, so [the Israelis must] go mind their own business."

On June 8, Israeli President Shimon Peres visited South Korea, which had downgraded his visit from "official" to "working," because of the Israeli attack on the aid flotilla headed for Gaza.

Jordan has recently discovered uranium deposits, which it wants to utilize in its own power stations. But, according to the Israeli daily *Ha'aretz*, Washington is pressuring Jordan to give up the right to enrich its own uranium. Jordan has refused.

## **British-Run Kurdish PKK Escalation Targets Turkey**

June 19 (EIRNS)—Turkey is being targetted by the Anglo-Israeli-run terrorist Kurdistan Workers Party (PKK). These attacks began after Turkey negotiated a agreement with Iran to transfer its enriched uranium to Turkey, and the Israeli attack on the Gaza aid convoy comprising Turkish humanitarian organizations.

On June 18, eight Turkish soldiers were killed in a PKK attack in the Semdinli region close to the border with Iraq, according to a report in Bloomberg, citing a statement on the Turkish military website. The attack has led to Turkish aircraft bombing locations within Iraq. Fourteen troops were also wounded, Bloomberg reported. As *EIR Online* previously reported, the PKK, a declared "narco-terrorist kingpin organization," involved in trafficking in Afghan opium and heroin, had launched a fifth-column attack against Turkey, simultaneous to the Israeli attack on the Turkish-supported Gaza humanitarian aid flotilla. The PKK has killed 9 Turkish soldiers and wounded more than 20 people since May 31, the day of the Israeli assault on the flotilla, where 8 Turks, and 1 Turkish-American were killed by Israeli commandos.

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**Afghanistan, Pakistan Looking for a Deal with Insurgents**

June 19 (EIRNS)—The Afghan and Pakistani governments are talking to each other about how to make peace with the insurgent groups fighting U.S. forces in Afghanistan, today's *Washington Post* reports. This apparently began with a previously undisclosed visit to Kabul last month by Pakistani intelligence chief Gen. Ahmed Shuja Pasha, reportedly to discuss with Afghan government officials possible cooperation between the two governments over a wide range of issues. Sometime later, Shuja made a return visit, accompanied by Pakistani Gen. Ashfaq Kiyani. No agreement has been reached, but an unnamed Pakistani security official told the *Post* that outreach to insurgents is "not a problem."

It might be a problem for Washington, however, because that outreach includes not only the Taliban, but also the insurgent grouping led by Sirajuddin Haqqani, which operates from North Waziristan inside Pakistan, and which the U.S. considers to be too violent to be reconciled with. "We think reconciliation has to have an Afghan face," said one senior U.S. Administration official. He made clear, however, that the U.S. expects to be treated as a "full partner" in this process and to "not be surprised." That means no deal with Haqqani's group. This message has been conveyed to the Pakistanis by Centcom chief Gen. David Petraeus, Afghanistan commander Gen. Stanley McChrystal, and Adm. Mike Mullen, Chairman of the Joint Chiefs of Staff, as well as National Security Advisor Gen. (ret.) James Jones.

U.S. envoy Richard Holbrooke arrived in Islamabad for meetings with Pakistani government officials last night. According to an analysis in the Indian daily *The Hindu*, Holbrooke appeared to be making an effort to dispel any notions of a "trust deficit" between the U.S. and Pakistan. The major development coming out of his press conference with Foreign Minister Shah Mehmood Qureshi, was Qureshi's announcement that he was expecting a visit by Secretary of State Hillary Clinton in July.

Unspoken in the major news coverage is the fact that there is a growing fear, among both Pakistani and Afghan government officials, that the British and Saudis are preparing to shaft both countries, and create a fundamentalist "Greater Pushtunistan," encompassing southern Afghanistan, the Pakistani North West Frontier Province, and the Federally Administered Tribal Areas, including Waziristan. This has been a longstanding facet of the 19th- and 20th-centuries British "Great Game" to maintain permanent instability in that crucial part of the world, which is on the ancient Silk Road.

## **South Korea, Turkey Plan Nuclear Power Plants**

June 15 (EIRNS)—South Korea President Lee Myung-bak and his Turkish counterpart, Abdullah Gul, met in Seoul today and agreed to step up "substantial cooperation" in the energy, construction, and defense industries. The two countries are working toward a nuclear power plant deal and reviewing the feasibility of a free-trade agreement (FTA).

South Korea and Turkey signed a memorandum of understanding on cooperation for the building of two power plants in Turkey's northern region of Sinop. Yoon Sang-jik, Senior Secretary for Knowledge Economy, said that should everything go smoothly, a commercial agreement should be forthcoming for construction of two nuclear power plants in Sinop in late 2011.

At the beginning of the year, after winning a \$20 billion contract for four nuclear power reactors in the United Arab Emirates, South Korea announced an export drive aimed 80 reactors by 2030.

## **UN Security Council on *Cheonan* Sinking**

June 15 (EIRNS)—Both North and South Korea presented testimony to the UN Security Council today on the March sinking of the South Korean naval frigate *Cheonan*. Seoul, backed up by representatives of the other members of the "international investigation" (the U.K., U.S.A., Australia, and Sweden), claimed that a torpedo fragment they discovered in the area matched a North Korean torpedo, and that this and other circumstantial evidence proved that North Korea did it.

Russia has expressed its concern that the investigation should have included other interested parties (e.g., Russia and China).

North Korea's UN Ambassador, Sin Son Ho, refuted the charge and repeated Pyongyang's demand to be allowed to investigate the physical evidence. "If the Security Council formally debates this case with only the unilateral 'investigation result' of the South, but without verification by the D.P.R.K. [North Korea], the victim, it will mean that the Security Council takes the side of one party of dispute excluding the other," he added.

Sin pointed to the fact that a U.S./South Korean naval exercise was taking place in the area, with "the deployment of an array of anti-submarine and anti-air assets. Amid these conditions, it is doubtful that a D.P.R.K. small-size submarine attacked the corvette *Cheonan*, which has anti-submarine capacity," he said. "It is also inconceivable that the U.S. and South Korean warships equipped with state-of-the-art devices failed to detect the submarine."

## **Thai 'Blacklist' Includes Pakdee Tanapura**

June 18 (EIRNS)—The police-state government of Abhisit Vijjajiva in Thailand published a "Blacklist" of 83 companies and individuals whose financial accounts have been frozen, pending investigations of their possible funding of Red Shirt anti-government activities. Included on the list is Pakdee Tanapura, a longtime friend of Lyndon LaRouche, who organized conferences in Bangkok for LaRouche and *EIR* in the early 1980s, on the Kra Canal and the Strategic Defense Initiative (SDI). Pakdee heads an organization promoting the Kra Canal and has become a well-known radio commentator on the Canal, nuclear power, and international political issues, often reflecting LaRouche's views, especially on the perfidious role of the British Empire.

In addition to deposed Prime Minister Thaksin Shinawatra and six members of his family, the list includes 14 leading companies and 62 individuals. Pakdee's printing company does work for many embassies and the UN, and published the *Red News* throughout the Red Shirt demonstrations. The company was raided by the military soon after the violent crushing of the demonstrations, and Pakdee and his wife, Sophie, were interrogated for four hours, threatened with a charge of "accomplices to terrorism," but released.

Abhisit sent his personal envoy Kiat Sittheeamorn to Washington to try to justify the British-puppet government's violence, and its policy of declaring the Red Shirt leaders (including even illegally deposed Prime Minister Thaksin, whom the Red Shirts support) to be "terrorists," while also gathering lists of "criminals" who dared challenge the monarchical/military dictatorship, for eventual arrest. The "Blacklist" released today is but one of these lists.

*EIR* attended a private dinner with Kiat, where he arrogantly defended these police-state policies, and equated the declaration that Thaksin and other opposition leaders are "terrorists," with U.S. policies after 9/11. He also said that anyone funding the Red Shirts was criminally liable, that Thaksin would never be allowed to return to politics in Thailand, and that those shown to have promoted a Presidential versus a monarchical system would be subject to arrest.

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