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This Week You Need To Know

July 20 Washington Webcast

LaRouche Acts in Crisis

Lyndon LaRouche: ... An Israeli friend of mine, who is well-known in Israel and outside of Israel as a leading strategic thinker, had a discussion with my wife in the past 24 hours, on the situation in the Middle East. And he said, in his opinion, from the standpoint of Israeli interests, that what is going on now would not be continued much longer, in terms of Israeli aggression in the Middle East. *Unless*, he said, unless this is a strategic move, by other sources which are now pushing for an immediate response to an impending, general economic collapse of the world economic-monetary system.

In point of fact, the world economic-financial system, and much of the political system at the same time, is presently in the process of collapse. And for that reason, because there's a correlation between what's going on in Southwest Asia, what's going on in India, what was going on in the context of the G-8 summit in St. Petersburg, in Russia, *we're on the verge of a condition tantamount to the Guns of August of 1914 and 1939. Now.* We're not looking at a war of the type, we would class as World War I or World War II. We're talking about something *worse*, not less dangerous. *We're talking about the danger of a general disintegration of global civilization.* And it all is tied together with the present economic situation.

This being the case, and the facts to this effect having been presented to leading circles in the U.S. Congress and elsewhere, the U.S. Senate in particular: *Why has the Congress behaved like a bunch of braying asses?* And being a braying ass does not qualify you as a Democrat! But they seem to have thought they were.

It's because they're Baby-Boomers. Now, a Baby-Boomer is not exactly a generation. And I shall speak to you today as being nigh on to 84 years of age, and therefore have a corresponding experience of life which is probably richer than most people of my age-group, because I was active in certain ways as a youngster. I lived through the 1920s, through a generation of my parents and older people, who were better called *de-generates*: Because they were corrupt. This was the age of Coolidge, and the age of Wilson. Our society was immensely corrupt....

[entire presentation, PDF](#)

Latest From The Worldwide LaRouche Youth Movement

The Week of Action: LaRouche vs. Rohatyn

by Frank Mathis and Maria Channon, LaRouche Youth Movement

As the planet is being stricken with a worldwide Pericles' Athens syndrome, many among us take a linear, Euclidean

approach to the events playing out around us. However, the ostensible build-up of "bad news," becomes less obscure, when one begins to understand the situation in the way that Lyndon LaRouche does. The method of identifying the underlying forces causing our Congress to leave their balls behind in the doctor's office (from which they received a relevant amount of Viagra instead), and the method of diagnosing every individual problem as a function of a superseding process of global disintegration, is the truthful, unique quality of problem-solving that LaRouche understands. This is the method he used to identify Felix Rohatyn, in his July 20 webcast (and previous webcasts), as not only a major culprit in the forced collapse of American industrial capacity, but how that action also reflects Rohatyn's Nazi roots.

During a Week of Action in Washington, D.C. on July 17-23, the LaRouche Youth Movement's (LYM's) task was to exterminate the political influence of this Nazi, who has slipped his way into the Democratic Party through the back door, causing a dangerous inaction in the Congress; a lack of response to LaRouche's Emergency Recovery Act; and a lack of movement to impeach Vice President Dick Cheney—not to mention an acceptance of the general world economic collapse. This mobilization will continue in the weeks ahead...

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InDepth Coverage

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Feature:

[JULY 20TH WASHINGTON WEBCAST](#)

[LaRouche Acts in Crisis](#)

'The world economic-financial system,' said Lyndon LaRouche, 'and much of the political system at the same time, is presently in the process of collapse. And for that reason, because there's a correlation between what's going on in Southwest Asia, what's going on in India, what was going on in the context of the G-8 summit in St. Petersburg, in Russia, we're on the verge of a condition tantamount to the Guns of August of 1914 and 1939. Now. We're not looking at a war of the type we would class as World War I or World War II. We're talking about something worse, not less dangerous. We're talking about the danger of a general disintegration of global civilization.'

National:

[The Week of Action: LaRouche vs. Rohatyn](#)

[by Frank Mathis and Maria Channon, LaRouche Youth Movement](#)

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International:

Israel at the Gates of Moscow

by Jeffrey Steinberg

On the weekend of June 17-18, 2006, Vice President Dick Cheney huddled with former Israeli Prime Minister and Likud Party head Benjamin Netanyahu, and former Israeli Cabinet minister Natan Sharansky, at a conference in Beaver Creek, Colorado, hosted by the American Enterprise Institute. While the precise contents of the discussions were never made public, Netanyahu loudly advertised that he would immediately fly back to Israel to meet with Prime Minister Ehud Olmert and his 'ex-prime ministers' kitchen Cabinet group—which also includes Deputy Prime Minister Shimon Peres and former Labor Party Prime Minister Ehud Barak—to deliver the marching orders from Cheney.

Report from Israel: Dangerous Delusions

by Dean Andromidas

It is a dangerous delusion to see the current Israeli-Lebanese conflict as simply a struggle between Israel and the Hezbollah. Israel is now fighting a two-front war that threatens to spread to Syria and Iran, based on a war plan pushed by Vice President Dick Cheney and his agent Benjamin Netanyahu, and brought into the government of Prime Minister Ehud Olmert. If not stopped, this war will prove to be far more dangerous and destructive to both Israel and Lebanon than the 1982 Israeli invasion of Lebanon. Unlike in 1982, when the U.S. at least made a pretense of mediating the conflict, the Bush Administration has given Israel full freedom of action to bomb Lebanon into the Stone Age. In effect, Bush promises to wipe out Hezbollah, no matter how many Israelis and Lebanese have to die.

Report from Beirut: Nation in Jeopardy

by Muriel Mirak-Weissbach

Under the blows of Israeli aerial bombardments, beginning July 11, every major piece of Lebanese infrastructure has been destroyed: the Beirut airport and sea port, other sea ports, railways lines and stations, the Beirut-Damascus highway and other roads, telecommunications, electricity facilities, orphanages, hospitals, and food warehouses. According to Finance Minister Jihad Azour, \$2 billion worth of damage has been done by the Israeli bombings.

- **Interview: Dr. Tim Guldemann**
Iran Does Not Want Escalation of War

Dr. Guldemann is the former Swiss ambassador to Iran. He was interviewed by Muriel Mirak-Weissbach on July 21 in Germany.

Documentation

'Clean Break' Called For Invasion in 1996

Here are excerpts from 'A Clean Break: A New Strategy for Securing the Realm,' the 1996 strategy for Israel's new Prime Minister, Likud party leader Benjamin Netanyahu, by a team led by U.S. neo-cons such as Richard Perle, and including other then-Bush Administration officials Douglas Feith and David Wurmser, and Hudson Institute official Meyrav Wurmser. The auspices were the Institute for Advanced Strategic and Political Studies in Jerusalem.

- **Barak Betrayed Clinton**
by Jeffrey Steinberg

In an interview published July 18, 2006 in *Ha'aretz*, Maj. Gen. Uri Sagi (IDF-ret.) called for Israel to negotiate a peace agreement with Syria. Sagi has unique credentials to put forward this idea. After retiring from active-duty military service (he was the head of the IDF Intelligence Corp from 1991-95), Sagi was Israel's chief negotiator with Syria. In late 2000, following the collapse of the Camp David II talks between the United States, Israel, and the Palestinian Authority, Sagi engaged in detailed negotiations with then-Syrian President Hafez al-Assad. At the last moment, then-Prime Minister Ehud Barak backed out of the deal.

Mexico: The Return of Operation Juárez

by Dennis Small

Two crucial strategic questions were posed by the giant 1.5 million-person demonstration in Mexico City's central plaza, the Zo'calo, on Sunday, July 16—beyond the immediate issue of vote fraud in the Mexican Presidential election of July 2, as charged by candidate Andrés Manuel López Obrador.

The Alliance Between Lincoln and Juárez

by David Ramonet and Rubén Cota Meza

It would appear that there is no option but to continue the struggle with what we have, with whatever we can, and as far as we can. Forward then! No one should lose heart.

—Benito Juárez, April 1865

LaRouche on Argentine Radio

'The Planet Requires A Moral Mobilization'

The following telephone interview with Lyndon LaRouche was broadcast live on July 19, 2006, on Radio FM Cultura, in Cordoba, Argentina, on the eve of the July 20-21 summit of Mercosur (the Common Market of the South) in that city. The interviewer was Héctor Go´mez.

LaRouche's Warning Circulates in Russia

As a guest on the Radio *Govorit Moskva* (Moscow Speaking) program, 'Direct Dialogue With Yuri Krupnov,' July 14, Dr. Jonathan Tennenbaum presented the central idea from Lyndon LaRouche's statement on the oncoming strategic crisis, 'The Strategic Significance of the Hit on India' (EIR, July 21). A transcript was posted several days later on the station's website, and further circulated by the AKS information agency and others, bringing LaRouche's warning to a wide audience in Russia.

Economics:

It Will Take a Great Crisis To Get a New Bretton Woods

by Prof. Wilhelm Hankel

Prof. Wilhelm Hankel gave this speech to EIR's Berlin seminar on June 27, which was on the need for a New Bretton Woods, and to counter the synarchist bankers' drive to plunge the world into a New Dark Age. Professor Hankel's speech has been translated from German, and subheads added. Frank Hahn was the moderator. Lyndon LaRouche's keynote address appeared in EIR on July 7; speeches by other participants appeared in that and subsequent issues, and are available at www.larouchepub.com.

EIR Berlin Seminar

Globalization vs. Economic Development: Views from Eastern Europe

Here are the contributions from several individuals from Eastern European countries, to the EIR Berlin seminar on June 27. Jonathan Tennenbaum chaired the panel. The speakers are Dr. Zbigniew Kwiczak of Poland, Dr. Jan Carnogursky of Slovakia, and Dr. Stanislav Fischer and Dr. Tibor Vasko of the Czech Republic. Other speeches have been published in recent issues of EIR.

LPAC Submits Testimony to Senate: Save Agriculture, Dump Globalization

This testimony, entitled, 'Breakdown Phase of Globalization Now Grips Agriculture; Launch FDR-Style Emergency Measures for Economic Recovery,' was prepared by EIR's Marcia Merry Baker, and submitted by the LaRouche Political Action Committee (LPAC) on July 20, 2006 to the Senate Agriculture, Nutrition, and Forestry Committee, to become part of the record of the Northeast Region, Farm Bill Field Hearing, July 21, in Harrisburg, Pennsylvania. The field hearings are being held in preparation for the drafting of the next five-year farm law.

Macquarie Bank Takes The Low Road

by John Hoefle

The essence of the craft in magic, is to distract the audience with flashy movements and sounds, scantily clad females, and the like, to keep the audience occupied while the magician performs what are in reality rather mundane tricks. The magician is selling a fantasy, counting on the audience to believe the illusion rather than seeing through it to the trick behind. The scam called privatization is one of these magician's tricks, in which something bought and paid for by the public is transferred to private hands, for the purpose of making the public pay through the nose to use it. One of the best examples of this is the conversion of roads that have been built for public use, with public tax dollars, into privately held toll roads, which then charge the public for using their own roads.

- **Highway Robbery?**
LaRouche: 'Don't Pay the Tolls!'
by Marcia Merry Baker

There is a frenzy of toll-road takeovers under way in the United States, and at the same time, a fury of resistance. Leading the charge for the infrastructure grab is Macquarie, and its Infrastructure & Specialized Funds Division. Its website presents a global map of 95 of its holdings, giving listings by continent and country. Dozens more are under discussion for takeover...

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Editorial:

Beyond Contempt

Right now, around the world, the United States is being held in contempt in most nations and among most people in the world. This contempt has been growing rapidly under the past two years of this administration. There was sympathy for the United States over what happened in New York and Washington, D.C. on Sept. 11, 2001. But the credit, the sympathy accumulated then, is now dissipating, with the economic crisis, and the threatened war in Iraq—the Mideast War—being the principal drain, which is making the United States be viewed increasingly as an object of contempt, not only in what Mr. Rumsfeld calls 'Old Europe,' but throughout most of the world as a whole. ...

U.S. Economic/Financial News

Fed Report: 'U.S. Economy Is Bankrupt'

In a report prepared for the St. Louis Federal Reserve Bank, Prof. Laurence Kotlikoff of Boston University concluded that "the U.S. government is, indeed, bankrupt, insofar as it will be unable to pay its creditors, who, in this context, are current and future generations to whom it has explicitly or implicitly promised future net payments of various kinds," according to the *Daily Telegraph* July 14.

Kotlikoff shows that there is a long-term, \$65.9-trillion "fiscal gap," noting the rising medical/pension costs and the Bush tax cuts as determining features. He warns that without changes, it will require drastic measures, such as doubling taxes, or cutting Social Security and Medicare by two-thirds.

Kotlikoff also notes that the U.S. "appears to be running the same type of fiscal policies that engendered hyperinflation in 20 countries over the past century."

Is Toyota Courting GM, in Counter to Renault/Nissan Bid?

"Top executives at Toyota Motor are mulling their own overture to GM to head off rival Nissan from forging an alliance that could help the Japanese-French car company, according to people with knowledge of the Japanese auto maker's plans," *Business Week* magazine reported July 15.

GM CEO Rick Wagoner and Nissan/Renault CEO Carlos Ghosn said July 14 they will undertake a 90-day exploratory review of a potential alliance that would give Ghosn, known in the industry as "Le Cost-Cutter," a 20% stake in GM.

"Toyota has no interest in seeing an alliance like this take place," said an unnamed Toyota executive.

Toyota is looking at different opportunities that it could propose to GM; the automaker has even conducted "wargame"

scenarios to assist GM, one Toyota source said. One such offer could be to expand current joint ventures.

GM spokeswoman Toni Simonetti said the automaker has not been approached by Toyota to consider a linkup.

Both Ghosn and Toyota management are looking for the same thing: the U.S. auto sector as a new "low-wage platform" for producing their cars, *à la* Nissan's slave-labor facility in Canton, Miss.

Ohio Dem Candidate Slams Sell-Off of State Turnpike

A proposal to privatize the Ohio Turnpike was slammed by Democratic gubernatorial candidate Rep. Tom Strickland. He is running against Ohio Secretary of State Kenneth Blackwell—who, acting in line with the Rohatyn/Lazard PPP crowd, is calling for making \$6 billion for Ohio by selling out its toll highway system. Public-Private Partnerships (PPPs) is the new name for privatized looting of public-sector projects.

Strickland's July 17 press release quoted Strickland's Lieutenant Governor candidate Lee Fisher: "Selling off one of our state's most valuable assets that was built by Ohioans and has been run by Ohioans to a foreign company and tying our hands for the next 99 years is incredibly shortsighted. It's just one more of Mr. Blackwell's quick-fix, short-sighted political gimmicks." Strickland himself recently denounced Blackwell by paraphrasing the Biblical quote about Esau, saying that Blackwell would sell Ohio's birthright for a bowl of cereal.

Top Privatizer Macquarie Grabs U.S. Toll Roads

The Rohatyn/PPP grab for toll roads in North America is moving forward at warp speed. Most active in this Synarchist pack is Australia-based Macquarie Infrastructure Group, associated with Lazard. A few Macquarie assets:

* *Detroit-Windsor Tunnel*: Built in 1928, is now a Macquarie toll concession. Over 20,000 vehicles use this tunnel each day between Ontario and Michigan. In January 2001, the owners of the Detroit & Canada Tunnel Corporation (DCTC), which had the concessions to operate and collect tolls for the U.S. side, and for the Canadian town of Windsor, sold their shares to Macquarie North American Infrastructure Inc., a subsidiary of the Global Infrastructure Fund, one of the Macquarie management funds.

* *Toll Road North of Toronto*: 108-kilometer express toll road.

* *Chicago Skyway, Indiana Toll Road*: Across northern Indiana; owned by Macquarie consortia, which in 2005 also bought the Dulles Greenway in Virginia.

* *Alabama and Mississippi*: State officials conferred with Macquarie this spring, about possible future sales of parts of their highways.

Ford Losses Accelerate; Vultures Press for Deeper Cuts

Automaker Ford had a net loss of \$123 million in April-June, compared to a \$946 million profit in that quarter last year, the *Detroit Free Press* reported July 21. Chairman Bill Ford said the "Way Forward" plan introduced last January will now be changed—its 14-plant, 36,000-job cutbacks over six years, are now seen as too timid.

A JP Morgan auto analyst demanded a bigger attrition program for Ford employees. Chairman Ford said his company

would consider an "alliance" such as the proposed Renault-Nissan-GM deal. In response to the question of whether to expect more plant closings than have already been announced, more benefit cuts, etc., Ford replied, "Everything is on the table."

Michigan Deeper into 'New Economy' Death Spiral

Michigan officials announced July 19 that the state had 18,000 fewer manufacturing jobs in June 2006 than in June 2005, and 13,000 fewer retail jobs, AP reported July 21.

But not to worry! Both employment and unemployment are growing! Since 11,000 jobs have been added in "professional and business services" and about 10,000 more in "education and health services," compared with last year, officials figure that there were about 10,000 more "employed" people in June than in May, and also 13,000 more "unemployed."

World Economic News

Mercosur Development Bank on Cordoba Agenda

Creation of a "Mercosur Development Bank" was on the agenda at the meeting of finance and foreign ministers in Cordoba, Argentina July 20-21, along with proposals to address inequities existing within the common market which particularly affect smaller member countries Uruguay and Paraguay ([SEE IBERO-AMERICAN DIGEST](#)).

EIR will be confirming the details on the Development Bank proposal, published by several media outlets July 20.

There was a general sense among those present that the Cordoba summit will launch a new phase for Mercosur, which will be facilitated by the addition of new permanent member Venezuela. Chavez has offered \$5 billion to help capitalize the bank. The ministers also agreed to set up a \$100 million fund to provide development credit, which for the moment will be managed by Brazil's National Economic and Social Development Bank (BNDES) and Argentina's state Banco de la Nacion. The hope is that other state-run banks will also participate.

'Integration Not Synonymous with Free Trade'

"Integration is not synonymous with trade liberalization," said Argentine Foreign Minister Jorge Taiana July 20. Mercosur has many weaknesses and deficiencies, and is an "imperfect" customs union. But the reality is, that as a region, "we have a GDP of \$1 billion, more than \$200 billion in exports, \$120 billion in imports, 250 million inhabitants, and an area that extends from the Caribbean to Antarctica." The world is in a "profound crisis, afflicting all of Latin America," to which the "uncontrolled openings of the 1990s" contributed greatly. But times have changed, there are new governments, new expectations, and the integration process must reflect that, he underscored.

Philippines' Economic 'Competitiveness' Rating Hits Bottom

The Philippines ranks dead-last in several crucial economic categories among 61 developed and developing nations, as ranked by the *World Competitive Yearbook*, the *Manila Times* reported July 20. While the *Yearbook* uses categories for "competitiveness" which are largely World Bank-style gobbledygook, the report includes the following:

* The continued exodus of the country's medical professionals aggravated the nation's brain-drain rating (58th of 61); * Basic infrastructure sank to the bottom of the pile at 61st;

- * Poor employment numbers (54th);
- * Dead-last in the pupil-teacher ratio (61st);
- * Next to last in expenses for research and development, education, and health (60th).

United States News Digest

House Votes To Back Israel Against Lebanon

On July 20, the House voted 410-8 on a resolution put forward by House Majority Leader John Boehner (R-Ohio) that expresses "steadfast support" for Israel, and condemns Hezbollah and Hamas as terrorist groups. The eight Representatives who voted against the resolution were Neil Abercrombie (D-Hi), John Conyers (D-Mich), John Dingell (D-Mich), Caroline Kilpatrick (D-Mich), Jim McDermott (D-Wash), Ron Paul (R-Texas), Nick Rahall (D-W.Va.), Pete Stark (D-Calif). Dennis Kucinich (D-Ohio), the author of a resolution calling for a ceasefire in the Israel-Lebanon conflict, voted present.

Kucinich's resolution has garnered 23 co-sponsors. They are Neil Abercrombie (D-Hi), Emanuel Cleaver (D-Mo), Danny Davis (D-Ill), Raul Grijalva (D-Ariz), Mike Honda (D-Calif), Caroline Kilpatrick (D-Mich), Betty McCollum (D-Minn.), Gregory Meeks (D-N.Y.), Charles Rangel (D-N.Y.), Louise Slaughter (D-N.Y.), Pete Stark (D-Calif), Lynn Woolsey (D-Calif), Tammy Baldwin (D-Wisc), John Conyers (D-Mich), Bob Filner (D-Calif), Maurice Hinchey (D-N.Y.), Marcy Kaptur (D-Ohio), Barbara Lee (D-Calif), Jim McDermott (D-Wash), James Moran (D-Va), Bobby Rush (D-Ill), Hilda Solis (D-Calif), Maxine Waters (D-Calif).

Hagel Stands Out on Middle East

In an op-ed in the July 20 *Washington Post*, columnist Robert Novak points out that at a time when the United States and Israel are closer than ever, Sen. Chuck Hagel (R-Neb), who is a potential 2008 Presidential candidate, has stood out from the crowd. "I'm a supporter and friend of Israel," he told Novak, "but I'm also for a sane situation in the Middle East." Describing the present situation in the Middle East as a "combustible environment," he said, "This is the most dangerous situation we've been in," since the formation of Israel. He also reminded Novak that "we have to worry about the Muslim states.... We are increasingly alone in the world."

Novak pointed out that Hagel was one of the first public figures to propose sending a powerful former Republican Secretary of State—either James Baker III or Colin Powell—to the Middle East as a Presidential envoy as opposed to George Bush's present choice of a much lighter-weight representative—Secretary of State Condoleezza Rice.

Gonzales: Bush Killed Probe into NSA Wiretaps

Attorney General Alberto Gonzales told the Senate Judiciary Committee on July 18 that President Bush made the decision that blocked an investigation by the Justice Department's Office of Professional Responsibility (OPR) into the role that the DOJ played in approving the National Security Agency's domestic surveillance program. The OPR investigation had been launched at the request of 40 members of Congress.

Senate Judiciary Committee chairman Arlen Specter (R-Pa) said at the beginning of a committee hearing on DOJ oversight, that he wanted to find out why the OPR was not permitted to carry out its investigation, which was "stymied"

when repeated requests for OPR for security clearances were denied, even though DOJ lawyers are routinely given security clearances. When Specter asked Gonzales why OPR didn't get clearance, Gonzales answered that, "the President" makes such decisions. "Did the President make the decision not to clear OPR?" Specter asked.

"As with all decisions that are non-operational in terms of who has access to the program, the President of the United States makes the decision," Gonzales answered.

Dems Want Hearing on Specter's Deal with the White House

The eight Democrats on the Senate Judiciary Committee delivered a letter to committee chairman Arlen Specter on July 18, asking him to hold a hearing on the new version of his bill to amend the Foreign Intelligence Surveillance Act (FISA) statute. Specter has said that he has an agreement with President Bush that the Administration will submit the NSA domestic spying program to the FISA Court for review.

The letter notes that, although there have been hearings on the NSA program, there have been no hearings on Specter's bill. The Democrats say that "we have grave concerns about attempting to evaluate these proposals" without having adequate information about the program. The only members of the committee who know anything are the four members who also sit on the Select Committee on Intelligence (the two Democrats are Dianne Feinstein [Calif], and Russ Feingold [Wisc]), and they are prohibited from sharing any information with the rest of the committee.

Senate Votes To Curtail Army Corps of Engineers

The Senate voted 54-46 for a law that would curtail the independence of the Army Corps of Engineers, requiring an outside commission to review all flood control projects costing more than \$40 million, AP reported July 19. The National Academy of Sciences, a quasi-governmental agency led by fanatical enemies of agro-industrial development, would be empowered to designate "experts" for such reviews. The House of Representatives has already passed a similar measure, and the two versions now must be reconciled in a conference process between the two houses of Congress.

This Senate "peer review" amendment to the Water Resources Development Act was sponsored by self-styled reformers John McCain (R-Ariz) and Russ Feingold (D-Wisc).

Feingold pointed to a list of environmentalist groups which support the legislation. Perhaps more instructive is the demand for its passage by outlets of the Synarchist bankers.

During negotiations over the bill this spring, savage attacks on the Army Corps were run in the *Washington Post* (since 1963, the finances of the *Post's* owners have been directly managed by Lazard Frères, the firm which created the career of former *Post* doyenne Katharine Graham's father).

On July 19, while the Senate was debating the legislation, the right-wing Heritage Foundation issued a memo supporting two McCain-Feingold amendments to bust the Army Corps. The same day, the liberal *New York Times* ran an editorial on the identical line: curtail the wasteful Army Corps.

Gutknecht Does About-Face on Iraq

As of June 15, Rep. Gil Gutknecht (R-Minn) was a strong supporter of the Iraq war, as he had been for the previous three years. "Now is not the time to go wobbly," he said during the House debate on the war. "Let's give victory a chance."

Then, over July 15-16, Gutknecht went to Iraq, where he was not allowed outside the Green Zone by security forces for fear that he could be abducted, the Mankato, Minn. *Free Press* reported July 19. Upon his return to Washington, Gutknecht said that U.S. forces have lost control over Baghdad. "The condition there is worse than I expected," he said. "Baghdad is worse today than it was three years ago." He also said that removing some American troops may be necessary, in order to send the Iraqi government a message that it can't rely so heavily on the U.S. military much longer.

Gutknecht is being challenged in November by Democrat Tim Walz, who retired as command sergeant major of the Army National Guard after 24 years, and who has been critical of the Administration's conduct of the war.

Schumer, Delahunt Demand Probe of Leaks Favorable to Bush

Amidst calls for criminal prosecution of the *New York Times* for publishing leaked information about secret NSA spying and the Bush Administration's financial surveillance program, two prominent Democrats—Sen. Charles Schumer (D-NY) and Rep. Bill Delahunt (D-Mass)—have written to Attorney General Gonzales and to Director of National Intelligence John Negroponte, asking for information about leaks to right-wing publications which have portrayed the administration in a favorable light.

The letter cites about a dozen cases in which apparently classified information appeared in articles in the *Washington Times*, the *Weekly Standard*, and other neo-con publications. "The apparent lack of investigation into them gives the impression that the Administration is unconcerned about leaks of classified information to some media sources when the revelation may have been favorable to the Administration. This impression is strengthened by the fact that Vice President Dick Cheney promoted one of these reports as a 'good source of information' "—a reference to information published in the *Weekly Standard*, based on a classified memorandum from former Doug Feith's office to the Senate Intelligence Committee, which cooked up a bogus case for proving links between al-Qaeda and Saddam Hussein. At the time, Feith was the Under Secretary of State for Policy.

Gingrich Demands Declaration of World War III

In an interview with columnist David Postman, published in the *Seattle Times* July 15, former U.S. House Speaker Newt Gingrich (R-Ga) insisted that the Republicans would recover ground, and the U.S. reestablish its position in the world, if people would just acknowledge that we are in World War III and start thinking and planning from that perspective. Bush, said Gingrich, "should call a joint session of Congress the first week of September and talk about global military conflicts in much starker terms." Gingrich said that once you acknowledge we are in a world war, "all the restraints fall away."

He lists wars in Afghanistan and Iraq; the bomb attacks in India; North Korean nuclear threats; terrorism and investigations in Florida, Canada, and Britain; and the latest violence between Israel and the Hezbollah in Lebanon as evidence of world war, and says those in Washington who are urging a restrained response from Israel, are wrong "because they haven't crossed the bridge of realizing this is a war. This is World War III." The message will be, "Okay, if we're in the Third World War, which side you think should win?"

Ibero-American News Digest

LaRouche to Mercosur Summit: We Need Large-Scale Development Programs, Now!

On the eve of the July 20-21 summit meeting of Mercosur (the Common Market of the South) in Cordoba, Argentina, attended by 10 heads of state from across South America, EIR's Lyndon LaRouche issued a statement supporting

Mercosur's efforts to launch major regional infrastructure and other development programs.

"We have been fighting for this since 1982," LaRouche stated, "with the presentation of our study 'Operation Juarez.' Now times have changed, conditions have changed, but in principle, the same thing is required. We have to reorganize the debts of the hemisphere, so we can use the pooling of the debts as a source of credit, under treaty agreements among nations. Because we need large-scale development programs now, especially with the world system collapsing the way it's collapsing." LaRouche's historic 1982 study "Operation Juarez" is available in Spanish at www.larouchepub.com/spanish.

LaRouche added: "We have been posing this policy for decades, and we recommend it to people today. Obviously, our sympathies are with what Mercosur is trying to do on this basis. What Mercosur may be able to do would be a vehicle for getting something like this into motion. And so we wish you success in this stage of your continuing adventure."

Mercosur Development Bank Endorsed at Summit

The final communiqué issued by the Mercosur Summit on July 21 endorses the proposal brought to the summit by Argentine Finance Minister Felisa Miceli for the establishment of a Mercosur Development Bank. After Venezuelan President Hugo Chavez made an initial proposal in this regard some months ago, officials at the Argentine Finance Ministry began collaborating with their Venezuelan counterparts and have been working for the last three months on the details, in consultation with other member governments. Brazil's support was crucial to moving forward with the proposal.

The plan is that the bank will be capitalized with some portion of each member country's reserves now on deposit in foreign banks or lending agencies, for the purpose of creating a financing mechanism independent of the IMF and World Bank, and the austerity conditionalities attached to those institutions' loans. Having paid off their debts to the IMF, Brazil and Argentina are considered to be in a much stronger position to guide this process. Reportedly, new permanent Mercosur member Venezuela has offered to put \$5 billion to help capitalize the bank.

The ministers also agreed to set up a \$100-million fund to provide development credit, to be initially managed by Brazil's National Economic and Social Development Bank (BNDES) and Argentina's state Banco de la Nacion. Other state-run banks should also participate.

Finance Minister Miceli also announced that the Mercosur countries will formulate a "common position" for the next annual IMF/World Bank meeting in September.

'We Face Historic Challenges' Kirchner Tells Mercosur Presidents

"We have a great historic responsibility," Argentine President Nestor Kirchner told the opening session of the Mercosur summit in Cordoba, Argentina on July 21. Regional integration and Mercosur "are not mere rhetorical issues," he said. "Mercosur is an instrument for the integral development of our countries...for energy and infrastructural integration...a strategic project."

Difficulties in the process are to be expected, he underscored, especially in a region that has been looted as much as South America has. But no one should think that Mercosur has failed because two or three countries have differences. "Those who continue to think that individualism or xenophobic nationalism are the solution to our peoples' problems, will try any way they can to ensure that this integration process fails."

Integration takes work, Kirchner said. "It is a process that must combine persistence and tenacity on a daily basis with clarity as to our strategic path.... We are advancing." There is greater understanding of the difficulty "of going beyond the

concept of integration as a strictly economic agreement to the vision of a political community oriented toward the productive and social development of our people.... We're not interested in a region of the world where economic integration exists alongside poverty, exclusion, unemployment ... and lack of industrial development."

Kirchner emphasized an issue that was a focus of the summit: that the disparities within the common market, affecting smaller member-states Uruguay and Paraguay, must be addressed now. The issue "is not which country is slicker and can obtain more benefits for itself," he said. "Solidarity must be the banner which guides our actions.... Integration must be fair for everyone." Kirchner reported on the plan to set up a special fund to provide development credit to smaller economies, and on the proposed development bank "which will give us the financial means to concretize our plans."

Brazilian President Lula da Silva, who now takes over from Argentina as Mercosur's President pro-tem, called for expanding the body to become a "Merco-America" that would include the region "from Mexico to Patagonia," as well as Cuba. He too emphasized that Brazil, Argentina, and Venezuela must respond with generosity to Paraguay and Uruguay, even if they have to go against local interests within their own countries.

Uruguay's Finance Minister and Paraguay's Foreign Minister both said at the summit that they wanted to make bilateral free-trade deals with countries outside Mercosur—the United States. Paraguay's Leila Rachid was explicit. If Paraguay's problems in Mercosur aren't resolved, she warned, her government will have no option but to leave.

Drug Gang Rampage Will Spread without Job Policy: Governor

Sao Paulo Governor Claudio Lembo warned on July 16 that a new "Canudos War" could soon spread across Brazil, with drug gangs deploying "waves of the poor and wretched in acts of violence" against the state. Lembo made the comparison of today's crisis to that bloody late-19th-century war in a dramatic interview with *Folha de Sao Paulo*. What became known as the Canudos War of the 19th century was an uprising against the authorities of the state of Bahias in Brazil's impoverished northeast by 30,000 poor peasants, led by a charismatic monk who preached that the world was coming to an end. The rebellion lasted from 1896 to 1897, and withstood four assaults by regular Army troops. It was finally put down when a force of more than 10,000 soldiers armed with cannon reduced the rebel encampment to rubble, and killed all of its inhabitants.

Last week, squads under the control of Brazil's Colombian FARC-linked PCC drug gang carried out some 421 coordinated attacks in the city of Sao Paulo and other cities in the state, killing at least eight people, burning dozens of buses and garbage trucks, and attacking police outposts and offices. Transport came to a halt, and stores and schools were shut at one point. In May, the PCC had carried out five days of systematic attacks on Sao Paulo alone, a "week of horror," as people call it, in which at least 46 people were killed.

Without using the word, Governor Lembo placed the blame for this descent into a New Dark Age upon globalization. Lembo told *Folha* that while last week's wave of drug gang attacks on Sao Paulo appears to have died down, they will occur again, not just in Sao Paulo, but in other states across the country, and across all of Ibero-America. The traffickers are using guerrilla methods, attacking and retreating, deploying "waves of extremely economically fragile people, he said. The "endemic misery" in which millions live across Ibero-America has created a "dramatic cultural cauldron. Today, all of Latin America faces a very great risk," he warned. Governments are either very pro-American, or, as always, turn their back on Brazil to eye Europe; they must instead "think of social integration."

The hard core of the PCC itself is not so large, maybe 1,000-5,000 people, in his view. But the danger comes because "that organization is using waves of poor and wretched in acts of violence," particularly the youth. Repression can stop an outbreak, "but if there is no great social project for Brazil's large cities, we are going to have very grave situations throughout the country. The situation of poverty is dramatic." He repeated: "The problem is extremely serious. It's the

unemployment, it's the disintegration of nuclear families."

Pinochet Synarchists on the Offensive vs. Bachelet

The same crowd that helped Henry Kissinger and George Shultz install Augusto Pinochet in power in Chile in 1973—British asset Agustin Edwards and his daily *El Mercurio*—is charging Chilean President Michelle Bachelet with incompetence, weakness, and lack of leadership, to try to break her government. After having been hammered by these Synarchists for weeks, accused of failing to deal effectively with student protests, increased crime, and severe flooding in the south, Bachelet removed her Interior, Education, and Deputy-Finance Ministers July 14, replacing them with Christian Democrats who, at first glance, appear to shift the ruling Concertacion government in a more conservative direction. The new Deputy-Finance Minister is a free-market man.

These fascists are also attempting to sabotage Chilean-Argentine economic cooperation, as well as the government's focus on regional integration. After Argentine President Nestor Kirchner recently imposed a tax on gasoline sold along the border with Chile, and since he may be forced to curtail natural gas exports to Chile as well, the right-wing Alliance for Chile has demanded a boycott of Argentine products, and has accused Bachelet of being "weak" in defending Chile's interests. Foreign Minister Alejandro Foxley, a Christian-Dem free-marketeer, slammed Argentina, reportedly without consulting Bachelet. *El Mercurio*, cackled on July 16 that "the certainty that the Argentines can no longer be trusted has now been established" in the Bachelet cabinet.

Yet, on July 15, Bachelet reiterated that her government would "insist on the integrating effort based on a policy of regionalism ... and seek new initiatives for integration and cooperation that will allow us to find common solutions to common challenges." She said that the Alliance for Chile's "strident and unwise" tone borders on "irresponsibility." She met with Kirchner in Cordoba on July 21.

Chilean Mayor Files Criminal Charges Against Endesa

The mayor of Hualqui, in Concepcion, Chile, filed charges against the Spanish utility company Endesa, after it became known that Endesa opened the gates of the giant Ralco and Panguue dam in Alto Bio Bio, supposedly for "technical" reasons, flooding the surrounding area and causing great damage and many deaths. The company, historically a front for British and other Synarchist financial interests, acted unilaterally, without ever warning the population or the local government of its plans.

Western European News Digest

Europeans Have Now Fully Adopted Bush/Cheney Agenda

A senior British intelligence source, commenting on the conclusion of the G-8 Summit and the response to the Middle East war, told *EIR* July 19 that he has seen a phase change in the European response.

"You are now hearing words and phrases you never heard Europeans saying. They have fully adopted the Bush Administration's agenda with eyes wide shut, despite the manifest failure of those policies. There has not been a peep of criticism of Israel, and now a steady attack on Syria and Iran."

On the other hand, he said, people have failed to notice that the Russians, Chinese, and Indians have a totally different policy. Russia did not back an outright condemnation of Hezbollah. It sees Iran as an ally. The source sees a Cold War-

type confrontation in the works, with the U.S. and the Europeans on one side, and Russia, China, and those around the Shanghai Cooperation Organization on the other.

The European endorsement of the U.S. agenda simply sets the stage for an unopposed Israeli strike against Iran. He said that if and when that strike takes place, there might be a few words of criticism, but nothing else.

'Peerages' Inquiry Widens: Conspiracy Charges Possible

The UK's Deputy Assistant Commissioner of Police John Yates indicated at a private meeting with Members of Parliament on July 15 that the police are considering conspiracy charges against certain targets in the British cash-for-peerages inquiry. Until now, it had been thought that any charges would relate to the sale of Honours, or a failure to disclose loans on the form sent to the Lords Appointments Commission nominating individuals for peerages. Conspiracy may be an easier case to make, because detectives would only have to prove that there was an intention to commit a criminal offense. Yates said that his special crimes unit would interrogate Prime Minister Tony Blair within two months, after all other evidence has been gathered.

Meanwhile, it has been learned that Blair himself met secretly with Sir Gulam Noon—the enraged "Curry King" whom Lord Levy had told to rewrite his nominating petition to exclude a 250,000 pound loan to Labour—in an attempt to assuage him.

New Polish Government Wins Confidence Vote

The Polish government led by the new Prime Minister Jaruslaw Kaczynski—the twin brother of President Lech Kaczynski—won a Parliamentary vote of confidence July 19 by 240-205. In his speech, the new Prime Minister described his policy as one of continuity in foreign policy (membership in NATO and EU to be unchanged). He called, however, for a bigger national role of the EU newcomers in the EU decision-making process. "We are going to work for EU enlargement to mean real participation, not just final participation in all decision-making mechanisms." Poland should become a major country that counts in Europe, Kaczynski said.

A second major point in his address was to underline that the country would make the reforms of the country's public finances a top priority, although he did admit that there could be delays. Poland has launched reforms aimed at restructuring public expenditures and bringing its deficit into line with the so-called Maastricht convergence criteria for joining the single Euro currency zone. However Kaczynski set no deadline for entry into the eurozone, saying that he does not plan to join the single currency club any time soon, that the zloty would remain the national currency for years.

The Prime Minister also announced that Poland must think about "nuclear energy" (which the country does not now produce), and that Poland could not become the last light in this "European development."

French Bankers Demand Constitutional Changes

The French Minister of Finance, Thierry Breton, had no choice but to follow central bank dictates and pressure the Parliament into adopting the fusion between Felix Rohatyn's Suez and Gaz de France by Sept. 7, according to *Le Figaro* July 18. This will require creating a new law, which goes directly against the Preamble, Article 9 of the French Constitution. Instead of changing the bankrupt Synarchist banking system, the Finance Minister prefers to change the Constitution of the French Republic.

"It is now the time for Parliament to move," said Breton in an interview. "The question is not whether we are for or against

the fusion of Gaz de France with such or such a group. This question will be decided according to the timing of the shareholders and their general assemblies. Today, the question before Parliament is to know whether we are ready, yes or no—and if yes, under what conditions—to give GDF the means to preserve its missions under conditions of an unprecedented evolution."

Breton concluded that the privatization of GDF is vital, "otherwise, GDF will not have the means to link itself with the necessary partners it requires for its development."

Classified Evidence on Italian Kidnapping May Point to U.S.

SISMI head Niccolo Pollari was interrogated by Prosecutor Armando Spataro in Milan last week, and declared that the evidence that SISMI (Italian Military Intelligence) is not involved in the CIA kidnapping of Egyptian Imam Abu Omar in February 2003, is contained in documents currently in possession of the Italian government and classified as state secrets. Such a formulation indicates that relationships between Italy and another nation, presumably the USA, are endangered if the contents of such documents are revealed.

Recently, former Italian President Francesco Cossiga had forcefully intervened in favor of not disclosing such papers, with the argument that relationships between SISMI and the CIA would be irreparably damaged. Cossiga visited jailed SISMI counterintelligence director Marco Mancini and presumably delivered instructions. Mancini then told prosecutors that his participation in the CIA kidnapping of Abu Omar had been ordered by SISMI head Pollari. Eventually, Pollari was interrogated and offered the "state secret" explanation. Pollari said that he never acted out of the chain of command, which means he acted on orders of the Italian government.

Today, Deputy Prime Minister Massimo D'Alema said in Parliament that "The government intends to collaborate with the prosecutors in order to fully know the truth," and that "the government shall take care that state secret obligations will be lifted for [SISMI] officials." Meanwhile, extradition requests have been sent by Milan prosecutors to the Justice Minister in Rome, for 22 U.S. citizens, including former CIA station chief in Rome Jeff Castelli.

Berlin Paper Features Bush/Nazi Connections

Making reference to the recent release of files from the U.S. National Archive, the *Berliner Zeitung* daily of July 15 wrote about the Bush family connections to the Nazis, under the headline: "Secret Golden Nest Egg for Nazi Leaders—The financial deals of the grandfather of George W. Bush."

The article specifically makes reference to a report in the New York *Herald Tribune* of July 30, 1942, exposing the role of Prescott Bush—father of George H.W. Bush, and grandfather of the current U.S. President—and other directors at Union Banking Corporation, in hiding away Nazi regime money. It all began with the 1918 establishment of Bank voor Handel en Sheepvaart in Rotterdam, by Fritz Thyssen, which, in 1934, was joined by Bush's Union Banking Corporation, in a deal between Averell Harriman and Thyssen, which had been prepared in talks in Berlin in 1922. The Berlin-based Von der Heydt's Bank completed the connection, in 1927. The latter bank was renamed into August Thyssen Bank in 1930.

Not only did Union Banking Corporation have profitable deals with the Nazis, it also brought Rockefeller funds into Germany, during the 1930s, until it lost its licenses in the spring of 1942, after being prosecuted in the USA under the Trading with the Enemy Act. Prosecutor Erwin May called the Prescott Bush bank "a secret golden nest egg for Nazi leaders."

Unfortunately, Prescott Bush got his UBC bank shares back in 1951, continued building his fortune, and thereby later

funded the careers of his son and grandson.

Excessive Death Rates at Romanian Mittal Steel Plant

Mittal, the Lazard-connected steel company, which now becomes the world's largest steel producer with its acquisition of the Luxembourg-based Arcelor, is being attacked by trade unionists at its Galati plant in eastern Romania for putting employees' lives at risk. According to figures released by state safety inspectors and cited by the trade union leaders, 25 people have been killed and 254 injured since Mittal took over the plant in 2001, and in the last month, one worker was killed and three others critically injured, after being set ablaze at the plant's oxygen unit. Safety officials have reported that the plant has been fined 30,000 British pounds so far this year for disregarding safety rules. Mittal spokesmen have disputed the figures, and deny that the accidents were the consequence of the reduction of the workforce from 27,000 to 16,600 since the takeover.

This is not the first time that the Mittal takeover of the Romanian plant has been at the center of controversy. In 2001, there were charges that British Prime Minister Tony Blair had unduly influenced the Romanian government in favor of the Mittal buyout just weeks after Mittal donated 125,000 pounds to Blair's Labour Party.

Russia and the CIS News Digest

Russian Governors Discuss Regional Development

A July 21 meeting of Russia's State Council addressed Federal-regional government interaction for "comprehensive socio-economic development of the regions." On the eve of the session, Gov. Alexander Khloponin of Krasnoyarsk Territory met with President Putin for talks that featured an interesting reference to American economic policy precedents. Krasnoyarsk is the giant area of central Siberia, which includes hydroelectric resources and the Norilsk Nickel complex, of which Khloponin is former CEO.

The government daily *Rossiyskaya Gazeta* wrote that "over 50 governors have analyzed the situation, concluding that Russia lacks an economic development strategy for its regions." Therefore, "Khloponin proposed adoption of a Federal law to create a strategic planning commission for regional development (analogous to the USA's)." The reports did not elaborate, but it is hard to imagine that Khloponin was talking about anything other than the institutions of the New Deal (especially in light of Putin's own invocation of FDR, in his Message to the Federal Assembly in May), and not any current U.S. practices. Khloponin stated that he believes Russia can develop its regions using internal means. According to *Rossiyskaya Gazeta*, he said that "around 250 private companies are prepared to invest around 440 billion rubles [about \$17 billion] in the Siberian Federal District, but the money is not going there because the infrastructure is lacking."

Industrial Coalition Forms in Russia

On July 13, a new Coalition for Industrial Development met in Moscow for a discussion titled, "Corporate Raids vs. Russia's Industrial Development." Sponsors were the AKS-Real Sector and Rosbalt information agencies. Speakers were the general directors of several military-industrial and other companies, including machine-tool and power-equipment producers, as well as Yuri Krupnov, head of the Movement for Development, and Jonathan Tennenbaum, science adviser to American economist Lyndon LaRouche.

The Coalition's manifesto states, "The government's announced goal of making the transition to the post-industrial stage of development really means the deindustrialization of the country, and the ruination of promising enterprises and entire sectors of the economy. The Coalition for the Industrial Development of Russia proposes to counterpose to the doctrine of

post-industrial society, a doctrine of super-industrial society. This means not only preserving the main achievements of the industrial stage, but also introducing breakthrough technologies in manufacturing." AKS coverage of Tennenbaum's remarks, headlined "Corporate Raids Are One of the Most Serious Problems on a World Scale," highlighted his depiction of such raids as "an economic plague of locusts, which inexorably devours medium and small businesses." Also noted was his comparison of today's super-cartelization of the world economy, with the activity of the Synarchist banks that sponsored fascism in 1920s and 1930s.

Russian Anti-Globalists Cite LaRouche

Besides the much-publicized "The Other Russia" extravaganza, held on the sidelines of the St. Petersburg G-8 summit, the smaller II Forum of Anti-Globalists took place in Moscow on July 7. This group, cofounded by members of the Communist Party of the Russian Federation and the League of Orthodox Citizens, focusses on financial tyranny and the destructive effects of pop culture. The meeting adopted the "Leningrad Charter," which asserts the rights of the lower 80% of the world's population, in economic status, as against the "golden billion." Prof. Yelena Borisova, a leader of the anti-globalists, notes that Point 2 of the manifesto is based on the publications of Lyndon LaRouche and his movement: "Over 90% of financial turnover has no connection with production. The dominance of the dollar, which has real backing only of 4%, makes inevitable the financial collapse of the globalized economy. Nations should conclude a new agreement on currency parities, and ban trade in financial derivatives, which are securities having no direct connection to production."

Participants in the meeting welcomed a greeting from LaRouche, which was read aloud: "Globalization is actually an attempted revival of the form of empire which we associate with the memory of the period of the Crusades. It is intended to be a world empire controlled by bankers, backed by private armies, in the tradition of medieval Venice, bankers who are a continuation of the same set of financial institutions which were behind the fascist regimes of 1922-1945. To defeat this evil enemy of civilization, the people must defend the institution of a system of cooperation for progress among sovereign nation-states. The development of such cooperation, from the European shores of the Atlantic to the shores of the Pacific and Indian Oceans, is the keystone around which to build a global system of progressive sovereign nation-states today."

Russia, USA Will Negotiate Nuclear Energy Agreement

U.S. President George Bush and Russian President Vladimir Putin released a joint statement July 15, saying that "strengthening cooperation in civil nuclear energy is in the strategic interest of both our countries." Both nations have proposed initiatives to develop "global nuclear energy infrastructure," under IAEA non-proliferation safeguards. Russia has been stressing the establishment of international centers focussed on uranium enrichment, and the U.S. has proposed a Global Nuclear Energy Partnership to develop international centers using "innovative fuel cycle technologies," including reprocessing. The joint statement defines the goal as "to allow all nations to enjoy the benefits of nuclear energy without pursuing uranium enrichment and spent fuel reprocessing capabilities." Russia is to be included in U.S.-led nuclear R&D projects to develop more advanced Generation IV technologies, according to the head of Russia's nuclear agency, Sergei Kiriienko.

Kiriienko announced that the first international uranium enrichment center would be built in Angarsk, in Siberia's Irkutsk region. The center would be ready for operation next year, he said. Some members of the G-8 are less thrilled with these technological-apartheid nonproliferation initiatives. A Canadian diplomat said that Canada will likely oppose the effort to prevent non-nuclear weapons states, like itself, from developing uranium enrichment facilities.

Chinese, Malaysian Oil Companies Buy Stakes in Rosneft

The long-awaited IPO of Rosneft, the Russian state-owned oil company, began July 19 on the London Stock Exchange. Rosneft is selling 13% of its shares, expecting to raise \$10.4 billion. Among the initial purchasers were Petronas of

Malaysia, which bought \$1.1 billion of Rosneft stock; BP (which co-owns TNK, another large Russian oil firm), at \$1 billion; the Chinese National Petroleum Company, buying \$500 million worth of shares; and Russian tycoon Roman Abramovich, who often coordinates his investments with the Kremlin, at \$300 million.

High Tension Around South Ossetia

After the Georgian Parliament's July 19 resolution demanding withdrawal of Russian peacekeepers from South Ossetia and Abkhazia, Russian Foreign Minister Sergei Lavrov said, "We are seriously concerned about the latest escalation of the situation around the peacekeepers." Recent incidents, he said, "raise suspicions of a military operation being prepared against South Ossetia." Defense Minister Sergei Ivanov, during a tour of Arctic coastline strategic nuclear facilities, said July 20 that Russian forces would hold exercises in the North Caucasus, practicing operations for the eventuality of attacks on Russian peacekeepers in South Ossetia. Russian forces in the two autonomous districts, which border Russia, operate under a mandate from the Commonwealth of Independent States (CIS), dating from the civil strife there in the early 1990s. Ninety percent of South Ossetia's population has sought and been granted Russian citizenship.

On July 9, Oleg Alborov, head of the South Ossetian Security Council, was assassinated by a bomb planted near his house. South Ossetian officials blamed the central Georgian government. On July 14, another bomb went off in Tskhinvali, the South Ossetian capital, killing two teenagers. This prompted a Russian Foreign Ministry complaint about the escalation of tension by the Georgian government, while the Georgians accused Russia and South Ossetia of setting off the blast in order to inflame the situation. On July 16, Lavrov said that Georgian President Michael Saakashvili appeared to be losing out to the "war party" of Defense Minister Irakli Okruashvili.

Subsequent incidents included the July 14 detention of a Russian diplomatic convoy by Georgian military police ("for their own protection"), during a trip from Tbilisi into South Ossetia. Some hope of cooling out the situation is linked with a meeting between Saakashvili and Russian President Putin in the setting of a July 21-22 informal CIS summit in Moscow. Saakashvili, however, has his own agenda: On July 11, he informed reporters that Dick Cheney will visit Georgia "in the months ahead," having promised this during Saakashvili's recent visit to Washington.

Southwest Asia News Digest

French LaRouche Leader: 'Save the Lebanese Nation-State!'

Jacques Cheminade, the leader of the LaRouche political movement in France, and French Presidential candidate for 2007, issued the following statement on July 19:

"The Jewish state betrays the mission of *The Jewish State*.*

"The American neo-conservatives, fed with an ideology of blood and death, claim this is 'our war' and incite George W. Bush to unleash air strikes against the Iranian nuclear installations. France expresses its support for the Lebanese government and French solidarity with the Lebanese people in this hour of trial, but that support and solidarity are nothing but diplomatic gesticulations. Our hands are apparently clean, but only because we have cut them off.

"The reality is that the American imperialist circles, for whom the Israeli government is nothing but an idiot full of blood and furor, unleash throughout the world, from Bombay to Beirut, a strategy of tension, while at the same time, the globalizing financial oligarchy which promotes them intends to re-establish the cartelization process of the 1930s and substitute for the law of nation-states, the law of the mightiest. The crushing of Lebanon is just an example, seen and known to all, of that criminal will which expresses itself in the conditions of the collapse of the financial system.

"Rereading today the conclusion of *The Jewish State*, I put before our responsibility what Theodor Herzl wrote in his time: 'And that which we will attempt over there for our own prosperity will have powerful and happy effects for the well-being of humanity as a whole.' Can the policies of my country rally the spirit of that message and impose on all those who have betrayed it, the strength and wise courage of an acting reason, justice towards all human beings, respectful of their cultures and religions and tracing a common future, sparing us the ridicule of jingoistic gesticulations and Quixotic windmills.

"Let us employ our honor, the heritage of our history, and the means of our national security to save Lebanon, lest we otherwise could lose our souls."

*(*The Jewish State*, by Theodor Herzl, founder of the Zionist movement at the Basel Congress in 1897.)

U.S., Israeli Warmongers Lack Majority at UN Security Council

From the official statements made during the lengthy UN Security Council debate on Lebanon July 21, the majority of members of the UN Security Council are demanding an immediate ceasefire in Lebanon—a condition that the Dick Cheney imperial warmongers claim would be a blow against Israel. For every day that the international community does not impose a ceasefire, the Israeli war machine is killing dozens, if not hundreds of civilians in Lebanon and the Palestinian territories. On July 20, UN General Secretary Kofi Annan made a strong statement to the UNSC in which he said, that while Israel has the right to self-defense, and it remains the case that the fighting was begun with the Hezbollah assault on, and abduction of, Israeli soldiers on July 12, "Israel's ... collective punishment of the Lebanese people must stop," and that "the use of excessive force is to be condemned."

Bearing in mind that nine of the 15 members of the Security Council must approve a resolution for it to pass, according to the speeches of the representatives of the Council members July 21, only six spoke against an immediate ceasefire. The U.S. and Britain are opposed to an immediate ceasefire, and Denmark, Japan, Peru, and France are probably aligned with that. The nine remaining, Russia, China, Argentina, Greece, Qatar, Congo, Slovakia, the United Republic of Tanzania, and Ghana, favor an immediate ceasefire.

But with the UN vote delayed till sometime next week, the term "immediate ceasefire" is meaningless.

In addition, two powerful Muslim countries in Asia, Malaysia and Indonesia, denounced the Israeli aggression in statements reported by the *Jakarta Post* on July 21.

Lavrov Accuses Israel of Violating Civilian Protections

In a statement issued in Moscow, July 20, Russian Foreign Minister Sergei Lavrov said that "the mounting confrontation and bloodshed in the Middle East—in Lebanon and in the Palestinian territories—is causing the most serious concern. Each day brings ever-new extremely alarming reports of the death of dozens of civilians and of the destruction of dwellings, roads, bridges, and other infrastructure and life support facilities. Ever more ruins are appearing in Lebanon, having barely recovered from the consequences of a bloody civil war, in the country's capital Beirut, other Lebanese towns and in the Palestinian territories... Lebanon and the Palestinian territories have found themselves on the verge of a full-scale humanitarian catastrophe."

"Moscow reaffirms its commitment to a decisive struggle against terrorism in all its forms and manifestations. We also reaffirm our demands for an immediate and unconditional release of the kidnapped Israeli servicemen. But the unprecedented scale of casualties and devastation shows that the actions declared for the achievement of this goal have

gone far beyond the framework of an anti-terrorist operation."

"In accordance with the norms of international humanitarian law the delivery of strikes must be strictly limited to military targets. Even if there are suspicions that the targets which are normally intended for civilian purposes (places of worship, dwellings and structures, schools and the like) might be used for effective support of military actions, it is still considered that such targets serve civilian purposes and, accordingly, strikes at them are prohibited. The first step to be taken without delay in this critical situation must be an immediate ceasefire and the stoppage of bloodshed. We support the relevant urgent appeal of Lebanese Prime Minister Fouad Siniora."

...And Iraq Continues To Burn

While most eyes are turned towards Israel's assault on Lebanon, Iraq continues to dissolve into chaos. A joint U.S.-Iraqi security operation in Baghdad that started in June has failed to stem the rising tide of violence in that city. From official U.S. statistics, daily violent attacks has been 23.7 during the first 30 days of "Operation Together Forward," as compared to 23.8 during the previous three months. The average during July 14-18, however, was 34.4. Maj. Gen. William Caldwell, chief spokesman for U.S. Military forces in Iraq tried to call this a "slight downtick," but admitted, "We have not witnessed the reduction in violence one would have hoped for in a perfect world, but there have been successes."

While U.S. casualties are down (so far, only 28 American troops have been reported killed in July, compared to 61 in June), the Iraqi population continues to take the brunt of the violence. Some 1,000 bodies have been taken to the Baghdad morgue this month, about 80% said to be victims of violence. In another sign of how hellish Baghdad has become, 30,000 Iraqis have registered with the Migration Ministry as refugees since July 1 alone, bringing the total number registered to 162,000. "We consider this to be a dangerous sign," said a Ministry official.

According to UN figures, there are 100 deaths due to violent attacks in Iraq every day.

From Our Archives: Conflict with Syria/Iran Not in Israel's Interest

"Israel has no intrinsic interest in a conflict with Syria or Iran," Lyndon LaRouche stated in summer 2005, after a briefing on a high-level seminar on "nuclear Iran" held in Jerusalem in June 2005. The biggest problem lay with the Cheney crowd in Washington, LaRouche said then. Anything being done by Israel to push conflict in this area, was being done to try to placate those dictating policy from the United States. Any Israel-Iran conflict is a U.S.-Iran conflict, which has been the problem all along. In reality, LaRouche said, Israel's interests coincide with cooperation with Iran, on economic and security problems. Many of the most messianic types infesting Israel today—Jewish and Christian alike—come out of the U.S. fundamentalist-fascist movements, LaRouche also noted, and they and are bringing that fascism to Israel.

In 2002, *EIR's* Mark Burdman reviewed one of the series of "Left Behind" "novels" by Armageddon lunatics and murky intelligence-linked Tim LaHaye and Jerry B. Jenkins. These books show that the pro-Armageddon crew are anti-Semites whose purpose is to eliminate Judaism, convert everyone to "Christian" fundamentalism, and then kill them off in end-time wars. These books have been top bestsellers in the U.S. South, making LaHaye the highest-paid author in the world.

The books, which feature the "Antichrist" operating from his headquarters in "New Babylon," helped generate the momentum for the invasion of Iraq. LaHaye even gave a press conference in Washington in 2002, saying that "God has chosen to use this tool" (LaHaye's books) in the drive against "rogue states."

LaHaye has hundreds of millions of people die in seven years of "Rapture" and worldwide wars. The story pits the Antichrist, one Nicolae Carpathia, against the good-guys "Tribulation Force," which has its headquarters in Chicago. The

Tribulations' leaders are Israeli Jews, Tsion ben-Judah and Dr. Chaim Rosenzweig, who have become super-"Christian" fundies whose aim is mass conversion of Israeli Jews, thereby ending Judaism. Finally, everyone will get blown to smithereens, with a few sucked up into the Rapture.

LaHaye is a product of Bob Jones University and the Darbyite Dallas Theological Seminary. LaHaye and Jenkins set up the Christian Heritage College, which promotes fundy Temple Mount operations. He was for years a paid official of the Sun Myung Moon organization, and in the 1960s founded, with "Catholic" Paul Weyrich, the Council on National Policy (CNP), whose members have included John Ashcroft and Ollie North.

Asia News Digest

Taliban Capture Two Southern Helmand Towns

A revived Taliban militia have captured two towns in Helmand, in southern Afghanistan—Naway-i-Barakzayi and Garmser, *India Daily* reported from Kandahar July 18. The U.S.-led coalition forces are now preparing to take back Garmser.

The Taliban success did not surprise all the observers. It became evident to some that since the onset of spring, the Taliban, who never really left the southern provinces of Afghanistan following the U.S. invasion and ouster of the Taliban regime from Kabul in the winter of 2001, were gathering strength and had gained virtual control of the countryside of Helmand, Kandahar, Khost, and Farah provinces, among others. However, their objective until now was to hurt and terrorize the coalition troops. It is only recently that the Taliban have begun to occupy territories. Ground reports indicate the Taliban, operating 25 miles from the capital city of Kabul, are now distributing written death threats at night to those who help the U.S.-backed Karzai government.

Some Afghans recall that similar death threats were circulated in 1992-1993 when Afghanistan, following the withdrawal of the Soviet military and waning of U.S. interest, was in the midst of civil war instigated by various mujahideens created by the United States and Pakistan to resist the Soviets. At that time, too, death threats were issued by the Taliban, who emerged as the sole power in Afghanistan in 1996.

India Backs Out of Nuclear Pact with U.S.

Indian Prime Minister Manmohan Singh, under pressure, has stated July 20 that India has ended its commitment to the United States on the proposed bilateral U.S.-Indian nuclear agreement. Talking to the reporters travelling with him during the flight back to New Delhi from the G-8 summit in St. Petersburg, Russia, the Prime Minister said that he told the U.S. President during the summit: "We said the July 18 Joint Statement [the day in 2005 that the Joint Statement was issued by the two heads of states at Washington] and the separation plan should be the guiding factors for the legislation. We cannot take any more commitments that are not explicitly stated in the statement. The broad parameters are clearly spelled out in the agreement."

Manmohan Singh is under pressure on the U.S.-Indian nuclear deal from various forces inside India. Indian atomic scientists are up in arms, calling the deal a virtual sabotage of India's thorium reactor work. Others are accusing the government of a total surrender to the United States on other aspects of nuclear energy and weapons programs. It is likely that the Parliament will vote him out on this issue alone.

On the other hand, the Manmohan Singh government has only one agenda—that is, to bring India closer to the United States both economically and strategically.

Putin: Invite China, India, Brazil To Join G-8

Russian President Vladimir Putin said that China, India, and Brazil should be invited to join the G-8, but older members of the group than Russia should initiate the invitation, according to the *Hindu* July 17. Putin also stated his support for the summit meeting on economic cooperation of the leaders of the strategic triangle of Russia, China, and India, scheduled to take place during the G-8 meeting.

Putin was speaking at a press conference in St. Petersburg July 16, when the G-8 began. "It is hard to imagine how economic, financial, [and] energy problems can be solved without the involvement of such fast-growing economies as China and India," Putin said. "And, of course Brazil, which is the powerhouse of the American continent.... If our [G-8] partners decide to put this issue on the agenda we will certainly support it."

On the strategic triangle meeting, Putin said that, "China, as also India, are our neighbors and traditional partners. You know well that we have long-standing and very close relations of partnership with India. And I think that prospects for [trilateral] cooperation are very good indeed." He supported the "high level of political interaction" of the Russia-India-China triangle, but said that economic cooperation is less. "That is why our meeting in this format will be devoted above all to promoting economic ties among our three nations."

There will be "most intensive interactions" among the leaders of Russia, India and China on the sidelines of the G-8 summit, Hindu Moscow correspondent Vladimir Radyuhin wrote on July 16.

India Postpones Talks with Pakistan, Confronts UK

Acting according to profile, India has postponed peace talks with Pakistan, allegedly because it suspects that the Mumbai bombings were organized by elements based in Pakistan, *al-Jazeera* reported July 16. A Foreign Ministry official, speaking on condition of anonymity, said that India had told Pakistan that "the environment is not conducive" to talks due to be held in New Delhi on July 20 and 21. There was no immediate reaction from Pakistan on the cancellation of talks.

Pakistan has denied any connection with the Mumbai bombings and has called Indian allegations propaganda or speculation.

At the G-8 meeting, however, Manmohan Singh, the Indian Prime Minister, charged Tony Blair's Britain with responsibility for fostering the fundraising and logistics of the group's suspected in the Mumbai bombings. Singh raised the terror link with Tony Blair in St. Petersburg, reminding him that India handed over a detailed dossier three years ago, identifying 14 "businessmen" living in Britain, and was assured then that the suspects would be investigated. India is accusing Britain of failing to act against a number of wealthy businessmen, who it claims are using bogus charities to funnel up to 8 million pounds a year to Kashmiri militants groups.

This Week in American History

July 25 — 31, 1940

The American Republics Mobilize To Defend the Hemisphere from the Axis Powers

With the Nazi invasion of Poland on September 1, 1939, World War II broke out in Europe. In April of 1940, the Nazis invaded Denmark and Norway, and by May they had overrun the Netherlands and Belgium. By June 22, France had signed

an armistice with Germany, and, shortly thereafter, with Italy as well. The Nazi occupation of these countries had serious implications for the Americas. One of the most chilling was the fact that several of the defeated nations had colonial possessions in both North and South America. If the Nazis occupied these territories as bases, the republics of the Western Hemisphere would face tremendous difficulties in withstanding the coming fascist onslaught.

President Franklin Roosevelt was acutely aware of the possible strategic problems involved, and as early as 1936 had made a tour of South America in order to promote unity among the various republics. In Buenos Aires, Argentina, he had delivered the keynote address at an Inter-American meeting which resulted in a number of treaties and bilateral agreements on security, promotion of trade, and cultural exchange. In his keynote, Roosevelt stated that the role of the American nations must be to consult with each other on their mutual safety against aggressors, to raise their living standards, to promote social and political justice, and to exchange commodities and ideas with other nations.

Once the disastrous Munich Pact, between Hitler and Britain's Neville Chamberlain, was signed in the fall of 1938, Roosevelt knew more urgent action was needed to safeguard the Americas. That December, he sent Secretary of State Cordell Hull to Lima, Peru, for the International Conference of American States. The Declaration of Lima, which came out of that conference, provided for consultation in case of a threat to the security of any member nation.

With the actual outbreak of war in Europe, President Roosevelt called for a Pan-American Conference to be held in Havana, Cuba, in the summer of 1940. Writing about the conference, Roosevelt said that, "The fall of France and other countries in Europe in June 1940, immediately raised the grave question as to the status of their colonial possessions in the Western Hemisphere. Obviously, if these possessions were to be ceded to, or seized in any way by the aggressor nations, or if any control over them were to be transferred, or if any impairment whatsoever were to be made in the sovereignty which existed at the time with respect to them, the results would be a matter of deep concern to all the American Republics. The principles of the American foreign policy, enunciated over one hundred years ago in the Monroe Doctrine, might eventually be placed in jeopardy.

"In order to consider the effect of European developments in the World War, and to devise means of meeting this new threat to the peace and security of the Western Hemisphere, the American Republics called together a formal meeting of their foreign ministers on July 21, 1940, in Habana [Havana—ed.]. This meeting was convened in accordance with the procedure established in Buenos Aires in December 1936, and at Lima in December 1938.

"This meeting considered several other matters of inter-American interest in the emergency of the European and Asiatic wars; but its chief attention was devoted to formulation of a policy to be followed in the event of any attempted change in the sovereignty of European nations over any of their possessions in America."

Even before the foreign ministers assembled in Havana, the United States had put the Axis Powers on notice that the Monroe Doctrine could not be violated. Secretary Hull wrote that after the United States had been informed of the French armistice with Germany, he had "directed the representatives of the United States at Berlin and Rome to make a communication to the German and Italian Governments the pertinent paragraph of which is the following:

"The Government of the United States feels it desirable, in order to avoid any possible misunderstanding, to inform Your Excellency that in accordance with its traditional policy relating to the Western Hemisphere, the United States would not recognize any transfer, and would not acquiesce in any attempt to transfer, any geographic region of the Western Hemisphere from one non-American power to another non-American power.

"The Governments of France, Great Britain, and the Netherlands were informed in the same sense.

"The Senate itself has also given evidence of its adherence to the policy which I have outlined above through the passage of S.J. Resolution 271 on June 17, 1940, 'approving nonrecognition of the transfer of any geographic region in the Western Hemisphere from one non-American power to another non-American power, and providing for consultations with other American republics in the event that such transfer should appear likely.'"

The pressing necessity for invoking the Monroe Doctrine was succinctly summarized by Secretary Hull: "The progress of that war to date has obliged the Government of one of the countries [the Netherlands] having possessions in the American republics to abandon its homeland; the Government of a second of these countries [France] has been forced to sign an armistice involving, among other conditions, the hostile occupation of more than one-half of its territory. The third of the Governments [Great Britain] with whose possessions in this hemisphere we are now concerned is engaged in a struggle in which its very existence may be at stake."

Partially reflecting President Roosevelt's intention to end colonialism once the war was over, Hull stated that at the Havana conference, "It was therefore agreed that in the event that conditions should so permit, such possessions as might be taken under control by, or on behalf of, the American republics should be returned to their original sovereigns or declared independent, as soon as possible after the passing of the emergency which furnished the basis for the assumption of control over them."

On July 30, 1940, the Inter-American Conference endorsed the "Act of Habana," as well as a "Convention on the Provisional Administration of European Colonies and Possessions in the Americas." The Act of Habana provided for the emergency establishment of a provisional administration under conditions "when islands or regions in the Americas now under the possession of non-American nations are in danger of becoming the subject of barter of territory or change of sovereignty."

An emergency committee was formed consisting of one representative of each of the American republics, and that committee was to determine the necessity for such provisional regimes. Provision was also made for individual or joint action on the part of any American republic under urgent conditions.

The Convention passed by the conference established an "Inter-American Commission for Territorial Administration" to carry out the principles of the Act of Habana. President Roosevelt informed the U.S. Senate that the Convention included provisions that enumerated "the general principles of such administration, all of which were consonant with the inter-American democratic system and their consultative agreements, as well as the rights and interests of the natives of the colonial possessions which might have to come within the purview of the Convention."

The President sent the Act of Habana and the Convention to the U.S. Senate on September 13, where the provisions were swiftly ratified, and the President signed the ratification on October 10, 1940. Although Adolf Hitler asked his staff in the fall of 1940 to draw up plans to seize Atlantic islands as a first step toward invading Latin America, that strategy was not followed. Instead, the Nazis relied on the development of a fifth column in Latin America. They concentrated especially on building up fascist assets in Mexico, from which they planned to launch an attack on the United States.

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