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Democratic Party Platform 2008—LPAC Speaks!

This Global Tragedy!

by Lyndon H. LaRouche, Jr.

The following document is presented as an urgently needed draft of what must be crafted to serve as the Platform for the coming U.S. General Election. It has been prompted by the fact that none among the putative leading pre-Presidential candidates have shown, so far, any recognition of the kind of reality which will face the voters in the coming November 2008 General Election, and no sense of the issues which will have become decisive at the point of the January 2009 inauguration. It were said fairly, that all of the putative candidates, thus far, are treating the future as a continuation of assumed conditions which are currently ceasing to exist, therefore showing little sense of what must be faced, or of what must be done, if our republic is to have a future during even the relatively short term ahead....

In-Depth articles from Vol. 34, No. 31

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Feature

Democratic Party Platform 2008—

LPAC Speaks!: This Global Tragedy!

This foreword by **Lyndon LaRouche** to his proposed platform for the 2008 election campaign, warns that the world monetary system is 'currently in the process of disintegrating,' which none of the putative Presidential candidates even admits is happening, let alone offer a solution for the crisis. The solution: LaRouche calls for a return to the anti-monetarist, American System of political-economy, a return to those principles which informed President Franklin Roosevelt's recovery from the 1930s world depression. Without that solution, 'the worst outcome imaginable were about to happen to the world at large.'

Greed Turns to Angst:

The House of Cards Is Collapsing

Helga Zepp-LaRouche reports that while the media is not talking about the fact that the world financial system is melting down, the near collapse of the German 'industrial credit bank' IKB has shocked some in Germany into recognizing the severity of the situation .

Financial Bubble Bursts in Germany

LaRouche Addresses Youth Cadre School:

The Political Economy of Creativity

In an address to LaRouche Youth Movement members in several locales in Ibero-America, and Loudoun County, Virginia, **Lyndon LaRouche** emphasized that the collapse of the world financial-monetary system can only be successfully dealt with by 'going outside the rules of the game as they are accepted now.'

International

War on Iran Will Trigger 'Hundred Years' Conflict

Lyndon LaRouche warns that Vice President Dick Cheney is pushing for a 'Gulf of Tonkin II'—a pretext to attack Iran. This scenario can only be understood by looking backwards, to Cheney's Nov. 25, 2006 visit to Saudi Arabia, arranged by former Ambassador to the United States, Prince Bandar bin-Sultan.

Is Washington Setting the Stage for a Breakup of Pakistan?

Musharraf Can't Wage War on His People

An interview with **Gen. Mirza Aslam Beg (ret.)**.

National

Has Dick Cheney Gone a Bridge Too Far?

The Bush Administration remains hell-bent on conducting wars abroad, while delivering massive tax cuts to the super-rich at home— and yet the nation's physical economy, including bridge and water infrastructure, has collapsed to its lowest level since the Great Depression.

Italian Senators Say, Impeach Cheney Now!

Revolution in Military Affairs:

The Shape of Nasty Things To Come

32 'Spacewar': Welcome to the 'Post-Human' Era

Two pillars of assault on the American Intellectual Tradition were cybernetics and the drug counterculture.

Video Games and the Wars of the Future

Thanks to a recently consummated marriage that has been dubbed the 'Military-Entertainment Complex,' the computer games of today are preparing today's youth for the wars of tomorrow.

A Policy for Universal Military Training

From a policy paper issued by **Lyndon LaRouche** on Aug. 15, 1979.

'Oldboy,' Columbine, and the VA Tech Massacre

Addicting Our Children To Killing

An interview with Lt. Col. David Grossman (ret.)

Economics

Foreclosure Crisis Demands Congress Take FDR Approach

A Congressional hearing by the Joint Economic Committee failed to provide guidelines on how Congress should act to reverse the U.S. housing foreclosure crisis, which is hitting levels that have not been seen for decades.

Senate Hearing on Crisis: 'Cleveland Under Siege'

Cleveland Activist: 'A Devastating Decade'

Home Foreclosures Slam Formerly Industrial Cleveland

An interview with **Jim Rokakis**.

Fifty-Year Program Inspires Denmark

Business Briefs

Science & Technology

Time for Next-Generation Nuclear Plants in U.S.A.

A call for a crash program: The U.S. budget for nuclear R&D is only 11% of what it was in 1980!

A Practical HighTemperature Reactor

An interview with **Phil Hildebrandt**.

Fourth-Generation Reactors Are Key to World's Nuclear Future

Computer Climate Models: Voodoo for Scientists

Interviews

Gen. Mirza Aslam Beg (ret.)

General Beg is former Chief of Staff of the Pakistani Army, and currently director of the FRIENDS think-tank.

Lt. Col. David Grossman (ret.)

Colonel Grossman is an expert on violent video games. Excerpts from a 1999 interview with *EIR*.

Jim Rokakis

Mr. Rokakis has been treasurer of Cuyahoga County, Ohio (which includes Cleveland) for ten years. He testified to the Joint Economic Committee of the U.S. Senate on July 25, on the devastating housing foreclosure crisis in his county.

Phil Hildebrandt

Mr. Hildebrandt is the Project Director for the Idaho National Laboratory, which has been designated by the U.S. Department of Energy as the project integrator for the NextGeneration Nuclear Plant. It will be built there.

Editorial

Reality Hits!

U.S. Economic/Financial News

Murdoch Adds Another Notch to His Belt

Aug. 3 (EIRNS)—In one of the largest mergers of media brothels in history, Rupert Murdoch's News Corp. this week reached an agreement to buy *Wall Street Journal* publisher Dow Jones & Company for \$5 billion. News Corp. is a major media conglomerate, owning a string of newspapers from the stuffy *Times* of London to the garish *New York Post*, as well as the Fox News cable television channel, the Fox broadcast television network, and MySpace.com, among many others. The merger has caused some consternation among the elite employees of the *Wall Street Journal*, who fear that their status as high-class hookers would be undermined by any association with the common streetwalkers of Fox News, a pseudo-news operation which combines the ideological fervor of Hermann Göring with the intellectual heft of Entertainment Tonight.

The folks at the *Journal* take their mission of making America safe for the super-rich financiers and their cartels quite seriously, while the fans of Fox News are basically as dumb as rocks. There is room for concern, because while the editorial page of the *Wall Street Journal* has long been a bastion of fascist corporatism, some of the news coverage occasionally falls short of the same standard. Under Murdoch, this propaganda lapse should be remedied. Rumor has it that the revamped *Journal* will feature such headlines as "If you don't buy stocks, the terrorists win!" and "Hedge funds for God and Country."

British Intelligence front-man Murdoch bought MySpace, the Orwellian social networking website, in 2005. MySpace is one of the jewels in Big Brother's crown, a place where millions of people voluntarily donate the details of their personal lives to the Big Brother databases, thereby dramatically reducing the police state's intelligence-gathering expenses.

Stock Market Dives, Bear Stearns Loses

Aug. 3 (EIRNS)—Although any sane individual knows that the gyrations of the stock market reflect nothing remotely close to reality, today will mark the worst three-week collapse on the markets since 2003.

Credit markets are freezing up around the world, foreclosures keep soaring in the U.S., and yet Congress insists on ignoring reality while *the system is coming down!*

The three stock markets all finished down on Aug 3. The S&P 500 erased its gains for the week closing 2.7% down or falling 39.14 points in a day—its worst day since Feb. 27. The Dow Jones fell 281.42 points, or 2.1%, while the Nasdaq index tanked 64.73 points, a 2.5% loss. *Bloomberg* characterized the activity as "exacerbat[ing] a rout last week that wiped out \$2.1 trillion in value from global equity markets."

A big driver for the Aug. 3 stock losses was Standard & Poor's announcement that it lowered Bear Stearns' credit-rating to negative. The rating agency said the move was due to concern over the fall in mortgage-backed securities (MBS) prices which would lower the hedge funds' earnings. Bear Stearns' CFO Samuel Molinaro said, "I've been out here for 22 years, and this is as bad as I've seen it...." The company's shares fell another 6% today, bringing its yearly stock price decline to 33%.

Another indicator of the rate of collapse was evidenced by Sowood Capital Management LP's announcement today that the hedge fund had lost 60% of its assets in one month. Sowood had reported having \$3 billion in assets as of June 30. But today, Jeff Larson the fund's founder, a former star trader for Harvard's endowment, told investors there remains only \$1.4 billion which he intends to return to them.

See the InDepth Economics section for a full report on the U.S. foreclosure crisis and the blowout on the housing market.

World Economic News

LBOs Take a Dive—Major Banks Are in 'Deep Kimchee'

Aug. 3 (EIRNS)—The number of big leveraged buyout (LBO) deals that have collapsed has more than doubled, from \$17 billion in the first two weeks of July, to \$43 billion in the last two weeks alone. According to figures from Thomson Financial, \$546 billion in deals globally have yet to be closed with \$26 billion within the UK. The *Daily Telegraph* reported Aug. 3, that \$87 billion has been wiped off the books of ten of the world's leading banks since January, including Barclays, \$6.1bn; Credit Suisse, \$3.6 billion; Goldman Sachs, \$4.6 billion; HBOS, \$12.7 billion; HSBC, \$5.5 billion; JPMorgan, \$12.1 billion; RBS, \$16 billion; Morgan Stanley, \$3.8 billion; Bear Stearns, which lost \$5.3 billion, a full third of its market value, and Merrill Lynch, which alone lost \$17 billion in market value.

On top of this, the *Financial Times*, under the headline "Buyout groups turn screws on banks," ran an article Aug. 3 on how the buyout firms are demanding that the banks come up with the funds they were contracted to raise. The banks themselves, because they can't sell the debt, and therefore don't want to back the loans with their own resources, want to pull out of the deals. They are said to be going so far as to consider picking up the breakup fees paid by private equity groups to companies if a deal collapses. Over the recent period, banks and buyout groups were so eager to do the deals that they stopped putting escape clauses in the contracts, so now lawyers are being brought in by the banks and the equity groups.

Next Stage of the Collapse: Now the IPOs Have Dried Up

Aug. 4 (EIRNS)—In his July 25 webcast, Lyndon LaRouche explained the lawfulness of the current speculative blowout in terms of the "bookends," or boundary conditions at either end. One end is the original credit issuance; at the opposite end, after the original credits are leveraged tens of times over, they are reloaned by banks for new speculative bubbles, such as leveraged buyouts (LBOs) and initial public offerings (IPOs).

The credit-issuing end in recent years has depended on the yen carry trade—the borrowing of Japanese yen at super-low interest rates—and on the home-mortgage swindle. But now, the yen carry trade has choked up, and the home-mortgage bubble has burst. The money is no longer there for the banks to lend at the opposite "bookend." As the result, a gigantic world speculative bubble, which must either expand exponentially or collapse, is now imploding. *EIR* has reported how LBOs are now being cancelled faster than they can be announced. Of the estimated \$500-600 billion which banks have already committed to future LBO deals, most of it will never actually be available. Kohlberg Kravis and Roberts (KKR) had to cancel its LBO of British retail chain Alliance Boots. The banks which were the intermediaries of Cerberus's takeover of Chrysler Corporation have had to take 95 cents on the dollar, rather than get stuck for the whole \$2 billion.

Now the IPO bubble has also burst, and for the same reason. After getting killed with mortgage-backed securities and all the rest, the intermediary banks no longer have the money. Already this year, \$37.9 billion in IPOs have been withdrawn or postponed on Wall Street alone. There are 230 IPOs in the pipeline so far for this year.

Among the companies delaying or cancelling IPOs, is KKR, which has yet to announce a date for its \$1.25 billion IPO offering. Other recent postponements and cancellations include Cunico Resources, which has mines in Eastern Europe and Zambia. Cunico was planning to sell \$600 million in shares on the London Stock Exchange, but put it off, according to Reuters July 3; SAF-Holland, a truck part supplier in Germany, with a \$200 million offering in London; Third Point, a U.S.-based hedge fund with a \$690 offering in London; Diamond Circle Capital, with a \$400 million offering in London; and Quark Pharmaceuticals of the United States, which recently cancelled its Nasdaq offering.

Yen Carry Trade Unwinds: The Other End of the Collapse

Aug. 1 (EIRNS)—The yen carry trade, the borrowing from Japanese banks at 0.5% interest rates which has fed the speculative bubble, is in trouble. The rise in the value of the yen with respect to most other currencies is effectively increasing the interest rate to the point that this source of cheap liquidity is drying up.

Lyndon LaRouche has described the collapse of the yen carry trade, and the meltdown of the U.S. mortgage markets, as the two bookends between which the speculators are caught. People can't afford to pay the high-interest rate mortgages they were suckered into, and the speculators can't get access to easy money to cover their losses. "

View all of this in the context of a wild gambling casino," LaRouche said on Aug. 1. "You talk about sober bankers. There isn't a sober banker in a carload anymore." The rise in the yen began last week, when Western speculators, caught with losses on the subprime mortgage market and the hedge funds, scrambled to cash in their bets made with borrowed yen, buying yen to pay back their yen loans. This drove up the yen, causing further losses to yen borrowers, and the spiral began. Today, with equity markets falling sharply around the world, and the yen continuing to rise in value against all major currencies, the "unwinding" of the carry trade continued. Beyond the rising yen, the Japanese appear ready to raise their interest rate from 0.5%, possibly this month, further squeezing the carry traders.

Australian Hedge Funds Take a Dive

Aug. 1 (EIRNS)—Macquarie Bank, Australia's largest securities firm, announced that two of its hedge funds could lose up to 25% of \$300 million, because of the collapse of the U.S. subprime market. As a result the bank's share price collapsed by 10.7% in one day. Its Macquarie Fortress Notes fund and the unlisted Macquarie Fortress Fund are heavily exposed to the U.S. market. The two funds are leveraged by a factor of about 6.5. Six Australian hedge funds have bit the dust in recent weeks. Australia's hedge fund market, worth \$45 billion, is one of Asia's largest.

Chinese Protest Government Speculation in Securities

Aug. 3 (EIRNS)—There is a growing backlash against speculative investments by the Chinese government, as those investments begin showing big losses.

* Beijing's new investment fund is under attack for its first purchase—a \$3 billion stake in the Blackstone Group. In the six weeks since the investment was made, the value has dropped by \$500 million. This company isn't actually even chartered yet, but used another company to buy the Blackstone shares on its behalf.

* The People's Bank of China has led the way among central banks in buying U.S. mortgage-backed securities (MBS), accumulating an estimated \$100 billion worth. When MBS problems broke out in May, the People's Bank stopped MBS purchases, but it does not appear to be liquidating them yet.

* The state-owned Chinese Development Bank agreed last week to invest 2.2 billion euros in Barclays, and another 7.6 billion euros if Barclays wins the bidding war for ABN AMRO. The *International Herald Tribune* reports that Chinese blogs are full of attacks on the government, to beware of "wolves in human skin," and compares them to "the foreign thieves who pillaged our forefathers, only more cunning."

Even the Israeli Real Estate Market Isn't Safe

Aug. 3 (EIRNS)—Heftsiba Global Ltd., one of Israel's largest construction companies, is rumored to be bankrupt. The company, which has three publicly listed companies, Heftsiba Global, Heftsiba Jerusalem Gold, and Heftsiba Hofim, is believed to have 1 billion shekels in debt, close to \$250 million. The Israeli daily *Ha'aretz* reports that another company, Electra, which recently bought 90% control of Heftsiba, saw its own stock collapse by 7.6%, prompting a suspension of its stock trading. Other real estate companies suffered losses on the Tel Aviv stock exchange in the last week as well. Rumors that Heftsiba was about to go belly-up prompted panic among thousands of customers who have paid the company hundreds and thousands of shekels to build houses and apartments in areas beyond the green line, meaning illegal settlements on Palestinian territory in the West Bank. According to a report in the *Jerusalem Post*, the panic has seen these customers scrambling to occupy their unfinished apartments and houses.

British Hedge Funds Say 'Bring It On!'

Aug. 3 (EIRNS)—A source working in several of the larger hedge funds in the City of London told *EIR* today that the entire financial community is in a state of denial about the crash. "They see it crashing, but they tell themselves it's just a 'correction' that was overdue. And, in any case, they welcome the crash—in fact, the thing they are worried about is that the governments might intervene to calm the markets. Hedge funds thrive on volatility, no matter up or down. That's what they bet on. It's stable markets that hurt them." Asked if it were not the case that the crash is destroying some funds and threatening them all, he answered: "Of course some will fold, and even the biggest, like Man Group, lost about 8% last week. But they schedule in a few blows like this. Their statistical projections predict an episode like this once every few years. Of course, this is the third time this year—February, April, and last week—but I think LaRouche is right that nothing will puncture their fantasy about cycles, until they hit the ground." The source also noted that all the funds are holding the same positions, and now that this has built up so high, it is impossible to get out. If one tries to pull out, they'll all follow, and ... boom."

United States News Digest

Cheney Ordered 'Enhanced' Interrogation Techniques

Aug. 2 (EIRNS)—The July 20 Executive Order authorizing the CIA to use "enhanced" interrogation techniques came from the Vice President's office and his top lawyer David Addington, according to a leading human rights activist. It is well-known that earlier, Cheney and Addington were the primary advocates of ignoring the Geneva Conventions and U.S. anti-torture laws after the 9/11 attacks.

The disclosure about Cheney role came during a conference call discussing the release of a new report, "Leave No Marks: Enhanced Interrogation Techniques and the Risk of Criminality," released by Physicians for Human Rights and Human Rights First.

Elisa Massimino, Washington director of Human Rights First, said that there was a lot of debate within the Administration over whether the Executive Order was needed. CIA director Gen. Michael Hayden wanted clarification of the interrogation policy, Massimino said, although most CIA personnel were comfortable abiding by the revised Army Field Manual on

Intelligence Interrogations (which bars such techniques). "My sense is, it's still coming out of the Vice President's office and David Addington," Massimino said.

Cheney White House Strong-Arms Congress on New Wiretap Law

Aug. 2 (EIRNS)—Over the past week, the White House has been putting heavy pressure on Congress to immediately pass new legislation to give the Administration more leeway to monitor phone calls and e-mails of "suspected terrorists." Fearful of being labelled as "soft on terrorism," many Democrats are backsliding on their earlier insistence that Congress should not pass any new legislation modifying the Foreign Intelligence Surveillance Act (FISA) until the Administration had fully disclosed the scope of the domestic surveillance program put in effect after September 2001.

This program, it is well-established, was run by Vice President Dick Cheney; it was Cheney who provided all the classified briefings—such as they were—to Congressional leaders. And it has now been reported that it was Cheney who ordered then-White House Counsel Alberto Gonzales to go to Attorney General John Ashcroft's hospital room in 2004 to try to get the heavily-sedated Ashcroft to override the determination by the top Justice Department officials that the program, as it then existed, was illegal.

Had Congress forced the issue of disclosure of the full Cheney program—which likely included massive collection of data on Americans from telecommunications companies and then "mining" that data to find new targets for monitoring and surveillance—it would be clear whether the Administration's current demands were legitimate.

According to *Newsweek* and the *Los Angeles Times*, the reason for the Administration's desperation is that a judge of the FISA Court recently imposed new restrictions on the National Security Agency (NSA)'s ability to intercept, without a specific warrant, overseas phone calls and e-mails which are routed through U.S. facilities.

Senate Intelligence Committee chairman Jay Rockefeller (D-W.V.), according to the McClatchy newspapers, has rejected one White House proposal which would bypass the FISA court. "The Administration has offered a proposal that would ... permanently grant the Attorney General excessive surveillance powers, by giving him sole authority to direct surveillance, while completely removing the FISA court from the process," Rockefeller said. "That is simply unacceptable."

Senate Committee Is Briefed on Iraq Withdrawal Plan

Aug. 2 (EIRNS)—Sens. Hillary Clinton (D-N.Y.), John Kerry (D-Mass.), and Barbara Boxer (D-Calif.) announced today the introduction of a bill that would require the Pentagon to keep the relevant Congressional committees informed of the status of contingency planning for the withdrawal of U.S. troops from Iraq. This is the latest chapter of an escalating battle between Clinton and Vice President Dick Cheney, who opined to a CNN interviewer July 31 that Undersecretary of Defense Eric Edelman's response to Clinton, regarding her request to be briefed on ongoing contingency planning, "was a good letter." In that July 16 letter, Edelman had proclaimed that "Premature and public discussion of the withdrawal of U.S. forces from Iraq" would embolden the enemies of the United States. In a letter responding to Cheney, Clinton noted that Secretary of Defense Robert Gates "expressed regret that 'this important discussion went astray' and reaffirmed his commitment to Congress's constitutional oversight role." Cheney's comments on CNN, Clinton wrote, "have left me wondering about the true position of the Administration. Therefore, I am writing to President Bush asking that he set the record straight about the Administration's position regarding the role of Congress in oversight of the war."

In announcing the legislation, Clinton said, "We must oversee the Bush Administration, as the Constitution demands, and that four years of mistakes and mismanagement in Iraq require." She also said that "we must not redeploy out of Iraq with the same combination of arrogance and incompetence with which the Bush Administration exhibited deploying into Iraq."

Kerry added that Cheney's comments "come from a Vice President who would be very hard pressed to produce evidence that he has been correct about one judgment or one public statement that has been made with respect to Iraq."

Prior to the announcement of the bill, the Senate Armed Services Committee, of which Clinton is a member, received a closed-door briefing from the Defense Department on exactly the contingency planning she was asking about. Press reports earlier in the week had suggested that the briefing might be delivered by Edelman, himself, but Clinton did not indicate if that was the case.

McCaffrey Blasts Rumsfeld's Destruction of the Military

Aug. 1 (EIRNS)—Gen. Barry McCaffrey (USA-ret.), in a statement prepared for the Oversight and Investigations Subcommittee of the House Armed Services Committee yesterday, blasted the "disastrous state" of U.S. ground combat forces. "Congress has been missing-in-action during the past several years, while undebated and misguided strategies were implemented by former Secretary Rumsfeld and his team of arrogant and inexperienced civilian associates in the Pentagon. The JCS has failed to protect the Armed Forces from bad judgment and illegal orders. They have gotten us in a terrible strategic position of vulnerability. The Army is starting to crack under the strain of lack of resources, lack of political support and leadership from both the Administration and this Congress, and isolation from the American people who have now walked away from this war."

The remainder of McCaffrey's statement was dedicated to providing the evidence to back up his opening remarks. The Army is unable to handle any additional contingencies that may arise because it doesn't have enough troops; the Army National Guard has been weakened by too many deployments and equipment shortages; middle ranking officers and enlisted personnel are leaving both the active duty and the reserve forces at high rates; recruiting and training standards have been compromised; and the logistics system, because it depends so heavily on private contractors, "is a house of cards."

During his verbal remarks, McCaffrey told the subcommittee that the force in Iraq has to be drawn down to about ten brigades, because in April, "the Army starts to unravel at an accelerated rate." He said that the Army, for all of the missions that are being required of it, should actually have 825,000 soldiers (current plans call for expanding the Army to 547,000 soldiers by 2012). It is presently incapable of carrying out any military function except for maneuver warfare, because of the lack of manpower.

Report on Global Health Suppressed by Bush Administration

July 29 (EIRNS)—The existence of a report prepared by then-Surgeon General Richard Carmona, and suppressed because it did not toe the Bush Administration's political line, was revealed in Carmona's July 10 testimony before the Congressional Committee on Oversight and Government Reform, chaired by Rep. Henry Waxman (D-Calif.). Carmona told the Committee that throughout his tenure, the role of Surgeon General had been marginalized and sabotaged, and that he was made answerable to political appointees with partisan agendas.

Responding to a question from Rep. Diane Watson (D-Calif.), Carmona testified that a report that he had spent a year preparing, with input from experts from all over the world, on "global health," covering the threat of an avian flu pandemic, SARS, and AIDS, was suppressed when he refused demands that it be revised to conform with the health policies of the Administration. At the time, this aspect of Carmona's testimony was largely ignored by the media, which chose instead to cover Administration attempts to dictate policy on right-wing wedge issues such as sex education and stem cell research. Now a copy of the draft report has apparently been leaked to the *Washington Post*, which covered it in a front-page story July 29.

According to the *Post*, the 65-page draft report described the link between poverty and poor health and urged the U.S. government to help combat widespread diseases as a key aim of its foreign policy, noting that diseases Americans once read about as affecting people in regions most of us would never visit, are now capable of reaching us directly.

While Carmona, in his testimony, refused to say which Administration officials were responsible for the report's suppression, asking that he be permitted to address this in a closed session, the *Post* notes that three people involved in the preparation of the report identified William R. Steiger, head of the Office of Global Health Affairs in the Department of Health and Human Services. According the *Post*, Steiger, who has no formal background in public health, has long-standing ties to the Bush family and to Vice President Dick Cheney.

Ibero-American News Digest

Mexico's Enemies Fret, 'What Is LaRouche Up To?'

July 27 (EIRNS)—Today's political gossip column of *La Crónica de Hoy*, the Mexican daily associated with the corrupt, hated former President Carlos Salinas "de NAFTA," led with a call for action to be taken against Lyndon LaRouche's associates in Mexico. LaRouche associates "aren't important, but it's better to de-claw them and keep an eye on them," the "Pepe Grillo" column (usually written by the newspaper's editor) demands. The column's headline asks nervously: "What Is LaRouche Up To?"

Interesting timing. Al Gore was to land in Mexico on July 31, and Mexican media have taken note of the fact that the LaRouche Youth Movement (LYM) have been carrying out high-profile deployments on the streets of Mexico City, warning Mexican citizens that racist Al is selling genocide behind his "global warming" fraud. "For Al Gore, *You*, and Not the Economic Collapse, Are the Problem," a polemical leaflet being distributed by the LYM warns, informing Mexicans that this avid proponent of population reduction was just hosted by the pro-Pinochet crowd in Chile.

"All this is going on while you worry about turning off the lights for two minutes to help Mother Earth. A world war would harm the Earth more than the little industry we have today or the lights in your house, don't you think?" the leaflet asks.

Just as the Salinas crowd thought they had destroyed the Mexico of the great President José López Portillo, up comes a new generation of Mexican youth working with López Portillo's American friend, Lyndon LaRouche, to revive Mexico's spirit of greatness.

Kirchner: Mexico Should Join South American Integration

Aug. 2 (EIRNS)—During his July 29-Aug. 1 trip to Mexico, and meetings with President Felipe Calderón, Argentine President Néstor Kirchner emphasized the crucial importance of Mexico participating in "the building of the nations of South America and Latin America," and joining such entities as the Common Market of the South (Mercosur) to advance continental integration and economic development for all.

The fact that the Argentine President traveled to Mexico is in itself significant. His relationship with Mexico's previous President, Vicente Fox, was hostile at best, as he took on the role of regional leader against Fox's attempts to shove the Bush Administration's lunatic Free Trade Area of the Americas (FTAA) down the throats of unwilling Ibero-American governments. Even though Calderón is also a free-trade advocate, he stated at the beginning of his Presidency that "looking south," and improving relations with all nations of the region, will be a centerpiece of his foreign policy. Last

February, First Lady Sen. Cristina Fernández de Kirchner, now also a Presidential candidate for the government's Victory Front, spent two days in Mexico, to begin talks on how to forge a closer relationship between the two nations.

This visit occurs at a time when Mexico's relationship with the Bush Administration is less than rosy, exacerbated by the fascist U.S. plan to build a wall along the U.S.-Mexican border to keep out illegal immigrants. In an Aug. 1 speech at the Argentine Embassy in Mexico City, Kirchner declared that, "in the name of those Argentines who have suffered so much, we won't remain silent about the construction of a contemptible wall, such as the one being built on the U.S.-Mexican border, which is a real assault on integration." A day earlier, he said the wall was "an affront" to Mexico, to Argentina, and to all nations of the world.

Bi-oceanic Rail Corridor Debated at Rail Conference

Aug. 1 (EIRNS)—A proposal to build a 3,600 kilometer bi-oceanic railroad corridor extending from the Brazilian port of Paranagua on the Atlantic coast, to the Chilean port of Antofagasta on the Pacific, was put on the table at the July 11-12 conference of the Latin American Railroad Association (ALAF), held in Asuncion, Paraguay. Enthusiastically backed by Paraguay, the proposal was debated among executives from the state railroad companies of several Ibero-American, European, and African nations.

Although it once boasted one of the most advanced railway systems in Ibero-America, built in the 19th Century, by American System proponent Carlos Antonio López, today Paraguay's railways are paralyzed. In recent years, government has been urging Brazil's Ferroeste, S.A. railroad company to join with Paraguay's state railroad company, Ferrocarriles del Paraguay, S.A., to establish a rail link between the two, as a first step toward hooking up with existing rail lines in Argentina and Chile, so as to reach ports on the Pacific coast. The proposal is seen as a way to foster the region's physical integration and economic development.

Financing is the stumbling block, underscoring the necessity of having an independent bank or financing entity—such as the proposed Bank of the South—able to extend low-cost credit to finance such projects. Although "public-private partnerships" were discussed as a source of funding, Lauro Ramírez, head of Ferrocarriles del Paraguay, S.A., emphasized that only the state can come up with the large sums required, and guarantee that regulatory norms are respected by all. Ramírez is also the head of the Latin American Railroad Association.

Argentina To Mine Uranium Again, To Fuel Nuclear Reactors

Aug. 2 (EIRNS)—The Argentine government has announced its intention to once again mine and produce uranium, in order to fuel its own nuclear reactors. In the context of revitalizing and expanding the country's nuclear energy program, Planning Minister Julio De Vido will sign an agreement shortly with the president of the National Atomic Energy Commission (CNEA), José Abriata, and the governor of Salta, Juan Carlos Romero, to initiate uranium mining activity at the Don Otto mine in Salta in Argentina's northwest, which it's estimated will be able to produce 30 tons annually, to begin with.

Although Argentina has significant uranium reserves, for the past ten years it has relied on foreign imports for the 120 tons it needs to service existing reactors. In the 1990s, many mines fell victim to the IMF austerity policy imposed by former President Carlos Menem, and were closed or had their activity dramatically reduced. Now, the Kirchner government is committed to reopening closed mines, while expanding uranium exploration and mining.

A memorandum of understanding was also signed on July 27 between Atomic Energy of Canada Limited (AECL) and Nucleoelectrica Argentina, to begin negotiations for the construction of a 740-megawatt CANDU-6 reactor, which will be

Argentina's fourth nuclear plant.

IMF Disinvestment Policies Caused Brazilian Air Disaster

July 28 (EIRNS)—The worst crash in Brazilian aviation history, which left 199 people dead on July 17, was an accident waiting to happen. The disaster was caused by an IMF-driven policy of disinvestment in transportation and other infrastructure, in order to pay interest on the debt, Carlos Lessa charged on July 24. Lessa headed Brazil's National Economic and Social Development Bank (BNDES) for nearly four years, until he was driven out of office in 2004 by financial interests, because he fought to dump monetarist policies and return to economic dirigism, to rebuild the country.

Under International Monetary Fund dictate, in 2003 and 2004, expenditures on flight security were cut back, and no new air traffic controllers were hired, Lessa told *Jornal do Brasil* July 24. The situation has only worsened since then, and now passengers and crew alike are afraid to fly.

In that same period, Varig, Brazil's oldest national airline, was forced into bankruptcy by the same policies. The BNDES, then under Lessa's direction, worked out a rescue package to save Varig, but then-Treasury Minister Antonio Palocci turned it down, because the IMF considered any debt rollover to be an expense, and expenses had to be cut. Varig disappeared, and 400 of Brazil's most experienced pilots and technicians today work outside the country, Lessa said. "They dismantled a national and international system. It is a crime.... A nation's airline system is a question of national integration."

Prosecutions Put Spotlight on Pinochet's Nazi Operations

July 30 (EIRNS)—Chilean prosecutors and judges are accelerating their indictments and prosecutions of the murderers, torturers, and kidnappers who collaborated with the late dictator Gen. Augusto Pinochet, thus shining a spotlight on the Nazi-style operations of the man who for many years also functioned as an asset of Britain's BAE criminal enterprise. With the funds he received in commissions from BAE, Pinochet not only built his personal fortune, but financed a host of illicit activities and atrocities that were central to his Operation Condor killing machine.

On July 24, former Army Auditor Gen. Fernando Torres Silva and former Military Intelligence officer Col. Enrique Ibarra were indicted and arrested for the 1993 kidnapping and murder of Eugenio Berrios, a chemist employed by Pinochet's secret police, the DINA. A true Nazi doctor, Berrios worked out of the Army's Bacteriological Warfare Laboratory, producing toxins and poisons, including Sarin gas, used not only on alleged "terrorist" detainees, but also on military personnel and even other DINA members who threatened to reveal the dictatorship's crimes. Ironically, Berrios himself was later kidnapped and murdered by his former DINA colleagues, in Montevideo, Uruguay, because he knew "too much."

Through the Berrios case, prosecutors are also closing in on solving the 1982 death of former President Eduardo Frei Montalva, who died under strange circumstances following surgery. Judge Alejandro Solis is soon expected to indict four doctors who worked for the DINA-controlled Clinica London, and who are suspected of injecting bacteriological agents into Frei following his surgery, causing his death. There is sufficient evidence to suggest that Pinochet himself ordered Frei's murder, and that Berrios was involved.

Western European News Digest

Serbian Diplomat Warns Against Kosovo Independence Moves

July 27 (EIRNS)—Serbian Foreign Minister Vuk Jeremic, who is in Washington for meetings on Capitol Hill and at the White House, held a press conference today at the National Press Club. His primary purpose is to stave off a possible declaration of independence by the Kosovo leadership, a move he warned which would lead to a serious setback for democratic forces in Serbia.

When asked by *EIR* what he thought the United States and the European states ought to do to push negotiations forward, Jeremic replied: "The best thing they could do is to not say anything about the outcome of the negotiations." If the United States or Europe indicated, as they have previously, that they would accept Kosovo's independence if negotiations led nowhere, the Kosovars would simply wait things out, rather than offer concessions, knowing they would get what they wanted at the end of the process. "We shouldn't presume what the outcome might be," Jeremic said. "If we don't move in the direction of Euro-Atlantic integration and peace, we will move in the opposite direction," he warned.

Germans Tell Brits To Cool Diplomatic Row with Russia

July 27 (EIRNS)—German Chancellor Angela Merkel, speaking at a recent meeting of European Union foreign ministers in Brussels, expressed concern that the current diplomatic row between Moscow and London may harm Russia-EU cooperation, according to Russian state radio station RUVR on July 26. After Merkel had delivered her speech, the report said, all German participants of the forum expressed their disagreement with Great Britain over its actions against Russia.

Bush and Brown Claim 'Special Relationship' Still Intact

July 30 (EIRNS)—President Bush and British Prime Minister Gordon Brown met for several hours last night, and again today, at Camp David, Maryland. At a press availability today, they both tried to reassert the U.S.-British "special relationship," with Brown calling Britain's relationship to the United States its most important bilateral relationship. "We are at one in fighting the battle against terrorism, and that struggle is one that we will fight with determination and with resilience, and right across the world," Brown said. Bush concurred.

Even though the Brits are pulling out troops from Iraq as the U.S. is "surging" in, the two asserted that they were in sync with regard to the strategy, and agreed to work together against terrorism, on Bush's latest Mideast ploy, on Darfur, and on reestablishing the Doha Round on trade. They said they would also work to tighten sanctions against Iran and Sudan.

Explosive New Swedish TV Program Details BAE-Saab Bribery

July 27 (EIRNS)—On July 25, during prime viewing time, Swedish TV1 broadcast a one-hour follow-up documentary on the international BAE Systems-Saab weapons/bribery scandal.

The new revelations in this latest broadcast were the direct role of the Swedish elite in approving additional dirty weapons deals amounting to approximately \$1 billion, including massive sales of the BAE-Bofors-manufactured Carl Gustaf recoilless rifle, the preferred weapon for British and American troops in Iraq. Graphic film footage of the use of this powerful weapon by U.S. soldiers in Iraq is shown. The Wallenberg financial interests, and the Swedish political elites from both the so-called left Social Democrats and the so-called right-wing Conservatives (Moderaterna), were shown to have approved all of the approximately \$1 billion in weapons trade with other countries, including the United Kingdom and the United States. It was also shown that these weapons are being clearly used in combat operations in Iraq and other war zones. Swedish law prohibits military sales to states involved in armed conflicts.

David Leigh, an investigative journalist for the London *Guardian*, emphasized that the revelations involving the use of bribery by BAE together with its Swedish partner Saab, "should have seismic political effects in Sweden."

Giuliani, Other GOP Candidates Kneel to Thatcher

July 30 (EIRNS)—"Iron Lady" Margaret Thatcher is being courted by some U.S. Republican Presidential candidates, reports the London *Daily Telegraph*. Rudy Giuliani, currently the frontrunner among Republicans, will become "the latest 2008 candidate to kiss the former prime minister's hand when he travels to London in September to deliver the inaugural Margaret Thatcher memorial lecture to the Atlantic Bridge think tank," says the *Telegraph*. Already paying their respects have been Fred Thompson and Mitt Romney.

BAE Enraged Over Closure of DESO

July 28 (EIRNS)—In a letter addressed to British Prime Minister Gordon Brown, obtained by the *Daily Telegraph*, BAE chief executive Mike Turner expressed rage at Brown's ordering the closure of the Defense Export Services Organization. Turner, who was said to be "utterly furious" over the decision, is understandably enraged, since DESO played a key role in facilitating the multi-billion-dollar Al-Yamamah arms deal with Saudi Arabia, which is now under investigation by the U.S. Department of Justice.

Turner revealed BAE's true concern, which is the Al-Yamamah program, when he wrote, "I appreciate that at least the announcement signals keeping government-to-government arrangements, including the all-important Saudi contracting arrangements, under the MoD [Ministry of Defense]." Turner then demanded a meeting with the Prime Minister as soon as he returns to the U.K. on Aug. 6.

'New Managerial Methods' Sparking Suicides in France

PARIS, July 27 (EIRNS)—For some months, a wave of suicides has swept industrial plants belonging to Renault, Peugeot, and Electricité de France (EDF), where "new managerial methods" were introduced to increase profits at the expense of employees' sanity. At Renault Technocentre of Guyancourt, the research center where the brightest minds design new models, three people have committed suicide in the last four months, with five suicides over three years. Working conditions are being exposed as outrageous, due to the insane goal set by Renault CEO Carlos Ghosn, for 26 new models by 2009. Technicians and engineers are working overtime, often through the weekends, and hardly see their families. The company has also imposed personal productivity targets, instead of team targets, which are difficult to meet and maintain; if not met, the worker is disqualified from the prospect of promotion. Add to that the disappearance of teamwork, which eliminates social life in the workplace and social problem-solving in technology—and the fact that workers have no assigned office from which to work, but are rotating from one office to another, and the result is causing workers to break down.

With some differences, the same is true for the Peugeot site at Mulhouse, where six people have committed suicide since the beginning of 2007, and at the EDF nuclear site in Chinon, where a couple of cases have been reported.

Speculative Price Attack Hits Food Consumers in Germany

July 31 (EIRNS)—All of a sudden, a broad media hype and public outcry has broken out in Germany, about alleged supply problems of the milk industry, implying that consumer prices for milk products "must increase" by 40-50%, some of that within days. Officially, the alleged increased appetite of "eaters in China and India" is given as the reason for the drastic price increases. That fits into the monetarist propaganda pattern of blaming the Chinese, Indians, and Russians for all the problems that come up, in order to divert attention from the fact that the financial system as a whole has collapsed.

At the same time that the price of milk is being raised, price increases are also threatened for other basic foodstuffs, such as bread and potatoes. The dynamic of speculation-driven price increases of basic foodstuffs in Germany is parallel to a similar dynamic announced in Italy, with the increase of pasta prices.

Russia and the CIS News Digest

Russian Deputy Premier: Dollar Crisis Is Global

July 31 (EIRNS)—Speaking July 21 to a meeting of the youth group Nashi, Russian First Deputy Premier Dmitri Medvedev said that the crisis of the U.S. dollar "may become general and global in nature." Medvedev added, according to Interfax, "A situation may arise where we, China, and some other Asian countries will talk about the emergence of a regional reserve currency. That may be the yuan, but it is in our interest that it be the ruble." At the St. Petersburg Economic Forum in June, President Vladimir Putin also suggested that the time has come for multiple world reserve currencies, including the ruble. He said Russia might denominate its exports in rubles.

Russian Government Charts Development

Aug. 3 (EIRNS)—At cabinet-level meetings this week, President Putin and other Russian leaders focussed on the country's economic development. The deliberations started with a July 30 government meeting on Russia's first-ever three-year budget plan, which Putin introduced as "for the first time, so specifically and in some depth, setting forth objectives for the development of the real sector of our economy."

In budget spending, Putin said, "We have started to pay more attention to the real sector of the economy. The budget line that has risen the most is support for the national economy: for innovation programs, infrastructure, the aircraft industry, shipbuilding, and electric power, including nuclear power. This budget line has increased by 44.4%, to the level of 718 billion rubles.... The fastest rising line is spending for the nuclear industry: from 14 billion this year, to 60 billion rubles." (Currently, 26 rubles = \$1).

Putin took reports from First Deputy Premier Dmitri Medvedev on the National Programs (housing, agriculture, health, and science), and First Deputy Prime Minister Sergei Ivanov, on the following day's planned session of the Military-Industrial Commission. In addition to an agenda item on industrial applications of new materials, developed in the military sector, Ivanov mentioned rail development, saying that he would visit the opening ceremony of Russian Railways' new Center for Innovative Development, at Moscow's Riga Station, the next day.

On Aug. 1, the Kremlin publicized a follow-up talk between Putin and Ivanov, where the first deputy premier delivered more detailed reports on performance by industrial sectors: machine-building for transportation and power, construction, steel, chemicals, wood-processing, and electrical equipment, as well as shipbuilding and aircraft production. In most of these sectors, except for shipbuilding, Ivanov reported rises in real output during the first half of 2007, significantly outstripping overall growth of 7.8%. Most dramatic are a 91% jump in the production of construction cranes, 35% rise in dumptruck output, and 29% for bulldozers. He stressed that the nuclear plant construction effort is beginning to be a significant growth driver for other industries.

Russia Invests in the Far East

Aug. 3 (EIRNS)—The Russian government has budgeted 566 billion rubles (\$22.3 billion) for the development of the Far East and Transbaikal regions from now until 2013. The initial tranches of this fund will be disbursed as part of the three-year budget for 2008-2010. The program includes \$5.8 billion to modernize Vladivostok, Russia's most important Pacific

port, before the Asia Pacific Economic Cooperation (APEC) summit which Russia wants to host there in 2012. The plan also provides for rebuilding 22 airports and 13 seaports, while building a modern ferry terminal for traffic to Sakhalin Island, 6,500 kilometers of roads, and expanded power and gas lines.

Russia's Far East has been losing population due to the collapse of work, energy, and infrastructure there since the demise of the Soviet Union. Putin has made the regeneration of the region a national priority. Prime Minister Mikhail Fradkov, who carries overall responsibility for the vast region, has put Deputy Prime Minister Sergei Naryshkin in charge of the funds.

Russian Rail To Grow in All Regions

Aug. 3 (EIRNS)—The state-run Russian Railways company is planning to lay 2.5 times more track up to 2030, than was laid in the entire 70-year Soviet period, the *Railway Review* reported yesterday. By 2010, some 14,000 km will be added to the Russian rail network. The perspective was approved by President Vladimir Putin in an April 10 government session.

At a St. Petersburg conference on the rail program for 2030, Presidential Envoy for the Northwest Federal District Ilya Klebanov called the railways essential for "the defense of the country's national sovereignty and security, and preservation of a single socio-economic space." Yakunin presented details of the rail segments in the 1,200-km Perm-Sykt'yvkar-Vendinga-Karpogory-Arkhangelsk corridor, known as the Belkomur Mainline. It will give an outlet to the Arctic Coast, from Siberia, the Urals, and the industrial cities in north-central European Russia.

Kiriyenko: Heading Nuclear Industry Changed My Thinking

July 28 (EIRNS)—Sergei Kiriyenko, head of the Russian Federal Atomic Energy Agency (Rosatom), gave an unusual interview to editor-in-chief Alexander Prokhanov of the influential nationalist weekly *Zavtra*, in which he told how running Rosatom at the point of its revitalization has changed his thinking about the market economy, and Russia's future. *Zavtra* published their dialogue July 18 under the headline "Russia: The Atomic Vector."

Kiriyenko, then in his 30s, was Prime Minister of Russia at the moment of the country's catastrophic state debt collapse in 1998. "I always had liberal economic views," he told Prokhanov. "But here, thinking about the [nuclear power] sector, I caught myself coming to conclusions that were different from what I had believed before.... Getting to know the nuclear power sector was a revelation. This strictest of the Soviet Union's planned systems, the closed atomic energy sector, incorporated competition throughout. And I stopped thinking that market and planned management are incompatible. You can have a balance. Everything depends on what your goal is."

EurAsEC Holds First Meeting on Nuclear Energy Cooperation

Aug. 3 (EIRNS)—The Eurasian Economic Cooperation Community (EurAsEC) council on cooperation in the nuclear energy sector today completed its first-ever meeting in Angarsk, where Russia, Kazakhstan, and other Eurasian nations are in the process of turning the Angarsk chemical electrolysis plant into an international center for uranium enrichment. Members from Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan attended, Itar-Tass reported. The meeting set up a work plan for 2007-08 and discussed personnel training, before a visit to the Angarsk plant.

Eurasian Triangular Security Cooperation Advances

Aug. 2 (EIRNS)—Eurasian leaders are increasing security cooperation to unprecedented levels, as the unending wars in Afghanistan and Iraq threaten security from Southeast Asia to Europe. At the ASEAN (Association of Southeast Asian

Nations) Regional Forum in Manila, Russian Minister of Foreign Affairs Sergei Lavrov today proposed direct cooperation between the nations of ASEAN and the Shanghai Cooperation Organization (SCO), Itar-Tass reported. Two days earlier, it was announced that the SCO will sign a protocol of cooperation with the Collective Security Treaty Organization (CSTO), which is the military branch of the Commonwealth of Independent States (CIS), the association of the former republics of the Soviet Union. The first focus of CSTO-SCO cooperation will be the ever-worsening military disaster in Afghanistan.

The foreign ministers of Russia, China, and India, who met in Manila yesterday, agreed to hold another trilateral meeting in October, in Harbin, China. This meeting will be on the "Strategic Triangle" mechanism of cooperation among the three Eurasian giants, which has developed since the end of the 1990s.

Putin Pushes Kennebunkport Follow-Up

Aug. 1 (EIRNS)—At the July 30 Russian government meeting, President Putin received a report from Foreign Minister Sergei Lavrov on the status of talks between American and Russian experts on anti-missile cooperation, agreed upon during his visit with President George Bush and his father at Kennebunkport, Maine at the beginning of July. According to the Kremlin website, Lavrov said that the July 30-31 discussions were to be the first of "two or three" such sessions, before the 2+2 meeting of the two countries' foreign and defense ministers, which he said would take place in early October.

Lavrov said that the missile defense question was also discussed last week at the Russia-NATO Council, "where there was substantial interest in our proposals and readiness to discuss them." At Kennebunkport, Putin had proposed to broaden the discussion, bringing in more participants through the Russia-NATO Council. Putin added, "These two processes need to be combined," rather than there being separate missile defense talks with the USA and with NATO. Lavrov replied, "That is anticipated. The contacts between our interagency [Defense and Foreign Ministries] delegations, agreed on at Kennebunkport, will be completed in the next two months. In parallel, we are informing the Europeans about our approach, with the aim of bringing this whole process together in a single agreement."

U.S. State Department spokesman Tom Casey, answering a question from *EIR*, said Aug. 1, that the July 30-31 talks had been "a good preliminary exchange on the issues." A former official, who worked this issue in both the Clinton and the George H.W. Bush administrations, indicated that there is interest from the U.S. side in finding common ground with Russia. He thought that even if the U.S. went forward with deploying the interceptor missiles in Poland, this would not necessarily be a "deal-breaker" if the two sides could find common ground on a global joint system.

Southwest Asia News Digest

Mideast Officer: Cheney Pushing Hard for Iran Attack

Aug. 2 (EIRNS)—A senior military officer from a Middle Eastern country revealed to *EIR* today that Vice President Dick Cheney is still pushing for military action against Iran. "He's pushing hard," the officer said, "and the Pentagon and [Secretary of State Condoleezza] Rice are pushing back. But the President has not taken sides yet. Probably because of problems in Iraq. The last report from there was bad. We may see where he stands in September, when Petraeus gives his report."

Cheney's interview with CNN's Larry King on July 31, included a psychologically revealing moment when the V.P. was asked if "you would make an overt move on Iran." Cheney lost control of his facial expression, grimaced, tried to cover it with a smirk, and then, after an awkward pause, spit back: "For what reason?"

Iraq's Maliki Wants Petraeus Out

July 28 (EIRNS)—According to today's *Daily Telegraph* of London, relations between Iraqi Prime Minister Nouri al-Maliki and U.S. military commander Gen. David Petraeus are so bad—the two reportedly engage in regular shouting matches—that Maliki appealed directly to President Bush for Petraeus's removal. One Iraqi source told the *Telegraph* that Maliki told Bush that "if Petraeus continues, he [Maliki] would arm the Shi'a militias." Petraeus has admitted that the relationship is stormy, saying, "We have not pulled any punches with each other." The substance of their dispute is not reported, however, though it may have something to do with Maliki's alleged ties to Shi'a militias involved in sectarian violence.

The Human Cost of Cheney's War

July 30—"Eight million people are in urgent need of emergency aid; that figure includes over 2 million who are displaced within the country, and more than 2 million refugees." An additional 4 million people are "food insecure and in dire need of different types of humanitarian assistance." This stark assessment of humanitarian destruction in Iraq is presented at the opening of a report, "Rising to the Humanitarian Challenge in Iraq," by the British organization Oxfam, and a network of aid agencies called NGO Coordination Committee in Iraq (NCCI).

Some 43% of Iraqis now suffer from "absolute poverty," and possibly as much as 50% of the workforce is now unemployed. The situation is worse for children. Of the "displaced," 32% have no access to food rations, and an additional 51% report getting food only sporadically. Those with access to "adequate" water supplies had dropped from 50% in 2003, to 30% today, and only 20% having "effective" sanitation.

"The people of Iraq have a right, enshrined in international law," the report says, to humanitarian conditions, and to aid if necessary.

Saudi Money-Laundering Under New Scrutiny

July 28 (EIRNS)—A Saudi bank that has been linked to terrorist financing has, up till now, never been acted against by the Bush Administration, which has always chosen to bring its concerns about the bank to the Saudis privately. U.S. intelligence reports acquired by the *Wall Street Journal* describe how the al-Rajhi Bank has maintained accounts for Saudi charities that the United States and other countries have designated as supporters of terrorist groups, including al-Qaeda.

One CIA report from November 2002 cited by the *Journal* says that the Saudi government "has made little independent effort to uncover terrorist financiers, investigate individual donors and tighten regulation of Islamic charities," largely because of "domestic political considerations." The *Journal* doesn't say so, but this was the time that the CIA was investigating the networks behind the 9/11 attacks. It was also the same time period when it became public that the wife of then-Saudi Ambassador to the U.S., Prince Bandar bin Sultan, had given financial support to two of the 9/11 hijackers in the months prior to the attacks.

EIR will be investigating whether this apparent money-laundering operation is part of Prince Bandar's operations in the U.S. using money supplied by the British defense firm BAE Systems.

Congressional Resolution vs. Saudi Arms Deal

July 30 (EIRNS)—Nine Congressional Democrats have signed a statement in support of a "Joint Resolution of Disapproval" blocking the Cheney-Bush Administration's plan for a multi-billion-dollar arms deal with Saudi Arabia, on the grounds that the arms deal "could allow weapons to slip into terrorist hands." Two of those Congressmen, generally

known as friends of the Israeli Lobby, and representing districts in New York City, Reps. Anthony Weiner and Jerrold Nadler, went to the Saudi Consulate on July 29, to release a statement opposing the deal, because they say the Saudis support terrorism all over the world, including in Iraq. Nadler brought up the hot issue of 9/11, saying, "it is no accident that 15 of the 19 terrorists on 9/11 were Saudi."

No such opposition has come from the Israeli government, however. Prime Minister Ehud Olmert endorsed the aid package heartily: "We understand the United States' need to assist the moderate Arab states, which are standing in one front with the United States and us in the struggle against Iran."

The Saudi deal, accompanied by a 25% hike in U.S. military aid to Israel, and a \$13 billion package for Egypt, was announced today by Secretary of State Condoleezza Rice. She justified the deals as an effort to build a regional alliance to counter Iran and Syria, Hezbollah and al-Qaeda—a formulation, like Olmert's, conforming precisely to Dick Cheney's drive to create a "Sunni and Israel vs. Shia" war across Southwest Asia, which he kicked off in his November 2006 visit to the region.

(For more on this, see InDepth: "War on Iran Will Trigger 'Hundred Years' Conflict," by Michele Steinberg.)

Russia Steps Forward To Broker Palestinian Unity

July 30 (EIRNS)—Palestinian National Authority President Mahmoud Abbas met in Moscow with Russian Foreign Minister Sergei Lavrov today, following which the Russian Foreign Ministry issued a statement offering to help restore Palestinian unity. "In no way can the division of Palestine into two separate entities be tolerated, given the current situation," the Foreign Ministry stated, pressing for "a dialogue involving all political forces."

Abbas's three-day visit, which includes a meeting with President Vladimir Putin on July 31, appears to be making progress on precisely that point.

Before Abbas arrived, Lavrov spoke by telephone on July 26 with Hamas Political Bureau chairman Khaled Mashaal, and discussed the necessity of restoring Palestinian unity under the leadership of the PNA President. Mashaal assured Lavrov that Hamas stands firmly for Palestinian unity under the leadership of Abbas, a point reiterated by Hamas spokesman Sami Abu Zuhri from Gaza today, as Abbas began his visit. For his part, Hamas leader Ismail Haniya told reporters in Gaza today, that Hamas welcomes any initiative, and particularly that of Russia, "to fill the gap between us and Fatah, to put an end to the crisis."

From Moscow, Abbas emphasized that "Russia is a friendly state.... Therefore, the support of Moscow is of great importance to us."

Bandar Visits Russia To Promote Saudi-Russian Ties

Aug. 2 (EIRNS)—Prince Bandar bin Sultan, Secretary General of the Saudi National Security Council, is in Moscow, meeting with President Putin and other officials. Prince Bandar, the former ambassador to Washington, has been exposed as the key Saudi player in the huge British-Saudi BAE/Al-Yamamah arms-oil-financial scandal. Bandar is representing Saudi King Abdullah, who had Bandar deliver the message that the King "considers our relations [with Russia] as strategic," Itar Tass reported today. Putin visited Saudi Arabia in February.

Bandar met Valentin Sobolev, the acting secretary of the Russian Security Council, and First Deputy Prime Minister Sergei Ivanov. The Kremlin website showed Bandar shaking hands with Putin, who emphasized that there are large

prospective economic projects between the two countries.

The Israeli Peace with Syria Movement Calls for Talks

July 31 (EIRNS)—The Peace with Syria movement held a conference July 30, calling on the Israeli government to open negotiations with Syria immediately. Former Foreign Ministry director General Alon Liel, the founder and head of the movement, called on the government to begin negotiations with Syrian President Bashar al-Assad, and urged U.S. President George W. Bush to allow such a move. Liel had held informal talks with Syrian intermediaries up until 18 months ago.

The conference included residents of the Golan Heights, both Jewish and Arab, who agreed that the Israeli-occupied territory, seized in the 1967 Arab-Israeli war, should be returned to Syria in exchange for peace.

Asia News Digest

Indian Naval Exercises in the Gulf; Iran Will Abstain

Aug. 1 (EIRNS)—In a rather quickly set up operation, the Indian Navy, with a six-ship-strong flotilla of India's Western Naval fleet, will leave for the Persian Gulf on Aug. 9 for a 48-day tour.

During this period, the Indian naval flotilla with its Russian Kashin-class missile destroyer INS Rajput; its indigenous Delhi-class frigates; and warships Beas and Betwa with tanker Jyoti, will carry out exercises with the navies of Kuwait, Oman, Bahrain, and Saudi Arabia, but not with Iran. The flotilla will also take part in war-games off Djibouti on the Red Sea coast with the French naval fleet, and off the Gulf of Oman with the British Royal Navy, according to Rear Adm. Pradeep Chauhan, assistant chief of the naval staff.

Asked why Iran was not involved, Chauhan said the Iranian Navy had expressed its inability to undertake any joint exercise at this juncture. Last March, Iran's Naval Chief, Rear Adm. Sajjad Kouchaki, was in Delhi signing a protocol whereby an expert team was formed by the two to work out deployment of naval forces in the Oman Sea and Indian Ocean, cooperation to check threats and terrorism, and exchange of experiences, expertise, and technology between the naval forces of India and Iran.

Cheney Ally Abe Crushed in Japanese Election

July 29 (EIRNS)—The preliminary results from the election in Japan's upper house of Parliament indicate a crushing defeat for the Liberal Democratic Party (LDP) of Prime Minister Shinzo Abe, leaving the body in the hands of the opposition Democratic Party, headed by Ichiro Ozawa. The election was a rejection of Abe's "Cheney-lite" posture, centered on rewriting the Constitution to allow militarization, and a hard-line approach to North Korea. Abe's visits to China and South Korea immediately after his September 2006 election helped improve relations with Japan's neighbors, which had been undermined by former Prime Minister Junichiro Koizumi, and gained Abe wide domestic support. However, his failure to address economic issues, and several scandals (two ministers resigned and one committed suicide over corruption issues), have lowered his approval ratings to about 30%. A last-ditch effort to regain support by campaigning with the right-wing populist mayor of Tokyo, Shintaro Ishihara, gained him nothing.

Since it is the lower house that elects the Prime Minister, Abe is not required to step down after losing the upper house, and he has sworn to remain in office. However, tradition dictates that he resign after losing the upper house, and his own

party is likely to demand it, so that new leadership can take over before lower house elections.

Democratic leader Ozawa split from the LDP in 1993, forming an opposition alliance that defeated the LDP for the first time since the party was created in 1955—but only for 11 months. He campaigned on economic issues. The question of interest rates, and thus the critical role of the yen carry trade, in feeding the global financial bubble, were not major issues in the campaign, but the matter is being closely watched by the speculators in London and New York.

"This will be a crisis for the White House now," said Lyndon LaRouche.

Coalition Troops Killing of Afghans Continues

Aug. 3 (EIRNS)—Air strikes by NATO forces in the southern Afghan province of Helmand on Aug. 2 have killed 200-300 civilians, residents in the remote district of Baghran claim. The Afghan authorities said they are checking this report.

A statement issued by NATO said that coalition forces had conducted a precision air strike against two "notorious Taliban commanders" who were holding a meeting in a remote area of the Baghran district. It said the fate of the pair was unknown.

Particularly since early Spring, when the U.S.-led Coalition forces and NATO were anticipating a major surge by the pro-Taliban, anti-U.S., and anti-Kabul Afghans to occupy territories in southern and central Afghanistan, U.S. and NATO troops were involved in carrying out air strikes, which may, or may not have, killed many insurgents, but surely killed a large number of civilians, including women and children. Prior to this incident, official reports indicate as many as 350 civilians were killed by air strikes this year alone.

This action of foreign troops has not only weakened the U.S.-backed Kabul government, but has enabled the pro-Taliban forces to recruit heavily from among the families of these Afghan victims.

Independent Kashmir Crowd Finds a New Bedfellow

Aug. 3 (EIRNS)—The Kashmir independence movement, which has its roots in Britain, a presence in Brussels, and some support in the United States, has made a move to come out of its moribund state at a time when Pakistan is already in turmoil. On Aug. 1, the first-ever Kashmir Conference in Latin America was held in the Uruguayan capital Montevideo, bringing together scholars, experts on conflict management, and researchers to discuss ways and means to resolve the 60-year-old dispute. The highlight of the conference was the presence of 17 Uruguayan army officers who has served with the UN peacekeeping force (UNMOGIP) that oversees the Line of Control and monitors the ceasefire between India and Pakistan in the disputed state of Jammu and Kashmir.

Diego Escuder of Uruguay's Oriental and Catholic University welcomed the participants, stressing that it was a tradition among the Uruguayan people to support human rights, international freedoms, democratic international law, and the inalienable right to self-determination, and that Kashmiri independence fits in these principles.

Eurasian Cooperation against Afghan Chaos

Aug. 2 (ERINS)—Nikolai Bordyuzha, the general secretary of the Collective Security Treaty Organization (CSTO) called on the CSTO and Shanghai Cooperation Organization (SCO) to join forces on the Afghanistan crisis. He said, during a video conference July 31, between RIA Novosti and the Russian information center in Beijing, that, "We together—including China, which makes part of the SCO—should assist in preventing the Taliban from coming to power,

otherwise we will get serious problems in Afghanistan, problems for many years. Work should be conducted in all spheres, political, and economic, and assistance in the formation of armed forces, law enforcement, and the fight against illegal drug trafficking."

The CSTO and SCO will soon sign a protocol of cooperation, Bordyuzha said. On Aug. 9-17, the six SCO nations—China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan, and Uzbekistan—will stage their first-ever military exercises, including military forces from all six nations. The exercises are called "Peace Mission 2007," and will involve some 6,000 troops and about 100 aircraft. The maneuvers are designed as what Russian Lt.-Gen. Vladimir Moltenskoy, who is deputy commander of Russian's Ground Force, said "is, in essence, a prototype of an anti-terrorist operation, the major task of which is to neutralize resistance and destroy terrorists." The exercises will begin with the nations' general staffs in Urumqi, in Xinjiang, China, and be carried out at the Russian Army facilities near Chebarkul, in the Volga-Urals Military District.

The exercises will coincide with the Aug. 16 summit meeting of the SCO nations in Bishkek, Kyrgyzstan. On Aug. 17, the leaders—Russian President Vladimir Putin, Chinese President Hu Jintao, Kazak President Nursultan Nazarbayev, Kyrgyz President Kurmanbek Bakiyev, Tajik President Emomali Rakhmonov, and Uzbek President Islam Karimov—will view the Urals maneuvers, along with the military attachés of the four SCO observer nations, India, Iran, Mongolia, and Pakistan.

Indonesia, East Timor Tell UN To Stop Imperial Dictates

July 30 (EIRNS)—The governments of Indonesia and East Timor have issued statements to the United Nations and the human-rights mafia to stop trying to provoke a crisis between them. The two countries' leaders have formed a Commission of Truth and Friendship in order to discover the truth, but without any prosecutions on either side, regarding the riots and killings before and after the vote on the independence of East Timor from Indonesia in 1999. The Commission was modelled on the South African "Truth and Reconciliation Commission" which convened after the defeat of Apartheid.

But justice means vengeance to the human-rights mafia, and apparently also to UN Secretary General Ban Ki-Moon. Ban's spokesman issued a statement dictating to the Commission that it "cannot endorse or condone amnesties for genocide, crimes against humanity, war crimes or gross violations of human rights, nor should it do anything that might foster them. It is the firm intention of the secretary general to uphold this position of principle."

In response, East Timor's President Ramos Horta said: "The important thing is that we do not allow ourselves to be held hostage by the past. It will set a precedent for other countries to deal with similar situations." Indonesia's Foreign Ministry stated: "The international community should respect and support efforts by Indonesia and Timor Leste as sovereign nations to solve their past problems with a future-oriented approach."

The barbarous approach demanded by the UN was referred to as "international standards." Secretary General Ban said that he would forbid UN officials to testify at the Commission unless the "terms of reference are revised to comply with international standards."

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Sudan Accepts UN Resolution for Peacekeeping Force

Aug. 1 (EIRNS)—Sudan Foreign Minister Lam Akol today announced that Sudan has accepted UN resolution 1769, which specifies procedures for the implementation of a joint 26,000-man Africa Union-United Nations peacekeeping force in Darfur. Sudan agreed to the idea of a "hybrid" peacekeeping force in negotiations with the AU and the UN in Addis Abeba, Ethiopia June 12. Akol said that the resolution "only permits the use of force in self-defense" and to "protect

civilians in conflict zones without damaging Sudan's sovereignty."

Rebels began attacks against the government in 2003, targeting police forces, hospitals, schools, and other government institutions in the Darfur region of Sudan. Darfur is roughly the size of France.

Germany Declines Troops for Darfur 'Peacekeeping' Force

Aug. 2 (EIRNS)—*Spiegel* online reported Aug. 1 that the relevant German ministries and Chancellor Angela Merkel's office have agreed that their government welcomes the formation of a UN "peacekeeping" mission to Darfur, but that it would itself be unable to provide any troops. A German government spokesman made clear that the country's foreign military deployments could not expand beyond Kosovo and Afghanistan. Germany currently has 200 soldiers providing logistical support for the African Union peacekeepers in Darfur, and has 38 military observers with the UN Mission in Sudan, and they will remain there.

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