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Why Paulson Blundered
by Lyndon H. LaRouche, Jr.

August 8, 2008

Let us be very fair about U.S. Treasury Secretary Paulson. His chief fault is that he was virtually a certifiable ``Baby Boomer," who came into government circles during the administration of Richard Nixon, but soon left, in a gesture of prudence, to assume a safer career-opportunity in the so-called ``financial community." That is to emphasize, that he, like most Wall Street professionals of his age and younger, has had virtually no experience with a real economy. He is, essentially, like the rest of the Wall Street crowd, a gambler, not an economist.

In fact, the beliefs of the entire Wall Street and London financial community with whose defective, British ideology he and many others, especially the Baby-Boomers, are infected, are both insane, and also, implicitly unlawful under the specifications of the original intention of the U.S. Federal Constitution. Thus, notables such as Paulson and Bernanke ``just don't get it;" they are, as Alice said, ``just a pack of cards," or, if you prefer to say it, ``just monopoly-money bureaucrats."

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Feature

- **Why Paulson Blundered**
by Lyndon H. LaRouche, Jr.

Henry Paulson is not an economist, but just a gambler, so he just doesn't understand that his beliefs are unlawful under the specifications of the original intention of the U.S. Federal Constitution. He and his colleagues are not actually competent specialists in the field of national economy as such, and without the required competence, the United States will become a mere British colony, of the type which is known to all competent economists as a 'free trade 'system.' LaRouche calls for a two-tier credit system, similar to that enacted by President Franklin D. Roosevelt, under similar conditions of danger to the nation.

- **Editorial Statement:**

- **We Need a Doctor, Not That Undertaker**
by Lyndon H. LaRouche, Jr.

- **LaRouche:**
The Fed Must Raise Interest Rates Now!

A national emergency statement dated Aug. 6.

Strategic Studies

- **In the Face of Global Collapse:**
British, EU Target Russia with Shooting War in the Caucasus

Helga Zepp-LaRouche writes that City of London and allied forces are fueling the blowup of regional conflicts. The Georgia-Ossetia crisis is only the latest conflict which follows from the recognition last February of the independence of Kosovo by the European Union. The Western nations can either treat each country as an antagonist, 'or, they can heed the proposal which LaRouche has been making for some time, that a new international financial and economic order, in the tradition of Roosevelt and his New Deal, and Bretton Woods, be put onto the agenda.'

- **The Shadows of 1914:**
Holbrooke, Karadzic, and British Geopolitics
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British Moves Against U.S.-Russia Cooperation

International

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How To Triple Food Production by Developing High-Speed Rail

The real story behind the freeing of 15 hostages in Colombia is that

1) this success was buttressed by cooperation from U.S. and French institutional forces, and
2) the launching of cooperative ventures by Venezuela and Colombia to build railroad corridors between the two countries in order to promote their joint economic development, with the intention of extending that development across all of South America.

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- **Billionaire's Movie 'IOUSA':**
You Must Die So I Can Collect

Peter G. Peterson, one of the vultures who played a role, during the Nixon Administration, in wrecking the Bretton Woods system, is now proposing killer cutbacks in health care and pensions for the lower ranks of society, to bail out himself and like-minded financiers who are now threatened by the collapse which they themselves brought about.
- **Schwarzenegger's Budget Plan:**
'Starve the Beast' Kills Californians
- **National News**

EIR Seminar

- **Zepp-LaRouche:**

Last Chance for a New Bretton Woods

In her presentation to an EIR seminar in Wiesbaden, Germany, Helga Zepp-LaRouche declared that after the collapse of the housing and mortgage bubble, speculators moved into food, biofuel, and oil speculation, creating another bubble, which will also collapse. She said that only Lyndon LaRouche's three-point emergency solution to replace the bankrupt system can succeed. She reiterated her call to double world production to deal with the crisis created by the food speculators.

- **LaRouche:**

The U.S.A. Must Take the Lead

Lyndon LaRouche, in a telephone address to the Wiesbaden seminar, underlined that the United States is looking at a situation like the Autumn of 1923 in Germany, when hyperinflation broke out. We are 'at a point of a general breakdown crisis,' he said. In the question period, he said that no part of the world can survive without 'a new international monetaryfinancial system.'

Editorial

- **George Soros and London's World War III**

U.S. Economic/Financial News

Morgan Stanley Freezes Withdrawals from Home Equity Lines

Transatlantic Business Losses, Fire Sales, Flea Markets

Morgan Stanley Freezes Withdrawals from Home Equity Lines

Aug. 6 (EIRNS)—Morgan Stanley, the second-largest securities firm in the U.S., has notified thousands of its clients that they won't be allowed to withdraw money on their home-equity credit line, since most of their properties have lost value. "Morgan Stanley periodically reassesses client property values and risk profiles," said Christine Pollak, a Morgan Stanley spokeswoman. "A segment of clients was recently notified of a change in the status of their home-equity line of credit, or HELOC, due to a change in the value of their property and/or their credit profile."

Lyndon LaRouche commented: "What is this? Another Northern Rock?" referring to the British bank which went belly-up in February 2008.

Bloomberg reports that JP Morgan Chase has notified 150,000 customers about modifications in their home-equity lines of credit, in some cases reducing the credit lines and in some cases suspending them. Bank of America and Washington Mutual, among others, have also frozen home-equity credit lines this year.

Transatlantic Business Losses, Fire Sales, Flea Markets

Aug. 5 (EIRNS)—This Summer's announcements of second-quarter profits, is, instead, a deluge of announcements of losses, bankruptcies, and attempted fire sales, as shown in the list below of selected Transatlantic examples from retail, construction, restaurants, and, of course, banking. Overall, in the United States, the U.S. commercial loan market is at its lowest level in two years—presently \$1.728 trillion, and on the way down. The U.S. ACBP market—Asset Backed Commercial Paper—once at a \$1.3 trillion level, now stands at \$743.9 billion and falling.

* WCI Communities, the U.S. luxury home builder chaired by Carl Icahn, filed Chapter 11 bankruptcy yesterday after failing to get financing. The next in line for bankruptcy may be another biggie, Beazer Homes USA. WCI operated in the Virginia and Florida, formerly "prime" residential markets.

* Merrill Lynch CEO John Thain said the reason he recently sold Merrill's mortgage investments at fire sale prices, was to bolster employee morale! A week ago, he sold billions of toxic mortgages for pennies on the dollar, explaining he needed to take decisive action: "We have over 60,000 people working every day. All the efforts of these people are overwhelmed by the write-downs in the mortgage-related assets." Also, Thain said he sold because, "the buyer might have gone away."

* U.S. retail and restaurant commerce is tanking. On Aug. 4, the Baltimore-based Boscov's Inc., a department store chain, declared Chapter 11 bankruptcy. On July 29, a division of the Metromedia conglomerate owned by billionaire John Kluge, Bennigan's Pubs, of S&A Restaurant Group, announced intent to declare Chapter 7 bankruptcy for its 170-outlets. For 2008 overall, U.S. restaurant sales will decline, for the first time since 1990.

* European retail sales (in the 15-nation eurozone) in June fell by 3.1% from a year earlier, and the most since 1995. Sales of food products dropped 4.4% from June 2007; sales of non-food goods dropped 2.2%. Unilever, the Anglo-Dutch cartel company, second-biggest in the world for consumer products, announced a net income drop of 20% for the first half of this year.

* Northern Rock, the British home lender, nationalized in February, reported a £585 million (nearly \$1 billion) loss for the first half of this year, way up from the loss level of £199 million for all of 2007. The number of those defaulting on their loans is increasing rapidly.

* HSBC Holdings, the biggest European Bank, reported a 29% profit drop for the first six months of '08, with net profit dropping from \$10.9 billion in 2007 to \$7.7 billion in 2008.

Global Economic News

Transportation Costs Spur De-Globalization

Shipbuilding Can't Buoy South Korean Economy Amid Rising Cancellations

Japan Declares Economic Emergency, Prepares Special Budget

Malaysia Forms Emergency Economic Council

Transportation Costs Spur De-Globalization

Aug. 3 (EIRNS)—After 20 years of closing down U.S. industry to "take advantage" of cheap labor, especially in Asia, companies are now finding that it is "cheaper" to produce at home, rather than cart materials around the world. Over the last few years, the cost of shipping a standard industrial container of cargo has gone from \$3,000 to \$8,000. This is spurring a new movement, called "the neighborhood effect." Furniture manufacturers are moving production from China back to the Carolinas and Virginia. Items which used to use raw materials from one country, manufactured in another, assembled in a third, and then shipped to the consumer (the U.S.), are now being moved onshore. Even Swedish home furnisher Ikea is building its first U.S. plant, in Danville, Va., rather than ship from Europe.

Another manifestation of insanity—just-in-time production, in which companies keep no inventory—is also in trouble. Oceangoing ships are slowing their speed to conserve fuel, and companies are finding that they must build up inventory on site, since transportation is taking longer and becoming less reliable.

One problem that manufacturers are finding in this "move home," is that the American workers who used to man the factories, and had the skills, no longer exist.

Shipbuilding Can't Buoy South Korean Economy Amid Rising Cancellations

Aug. 6 (EIRNS)—Just three weeks ago, Bloomberg reported that "[s]hipyards in South Korea, the world's biggest shipbuilding nation, are winning orders to build vessels at record prices for a fifth year as shipping lines bet on a rebound in global trade. Shipbuilders are also charging more as they pass on some of the costs arising from record steel prices to their customers." Shipbuilding was regarded as one of the strong points in an economy with most exports—especially autos and electronics to the U.S. and Europe—falling rapidly and import prices inflating.

However, cancellations and even worse, payment defaults are now being reported at major South Korean shipyards.

Daewoo Shipbuilding & Marine Engineering and Hyundai Mipo Dockyard Co. said Aug. 1 that they had cancelled container-ship orders worth more than US\$800 million combined.

In addition, Daewoo said on Aug. 5 that Germany's Niederelbe Schiffahrtsgesellschaft GmbH & Co. had failed to make timely payments for eight container carriers worth 619 billion won (US\$608.4 million).

Hyundai Mipo said a Spanish company, whose name it didn't disclose, hadn't made an initial payment for a US\$208 million order for four product carriers.

International shipping is being hurt both by the decline in international trade and the very high costs that shippers are incurring for fuel oil. A trend to "in-sourcing" is being reported, because the rise in shipping rate hikes the cost of imported goods, even manufactured with cheap labor, over local products.

Japan Declares Economic Emergency, Prepares Special Budget

Aug. 6 (EIRNS)—Japan's government declared that the economy is "deteriorating," and announced an emergency stimulus package and a supplementary budget, to be released at the end of the week. This comes just a week after Prime Minister Yasuo Fukuda replaced 13 of his 17 cabinet ministers, bringing in established (and more popular) figures from all the factions of the ruling Liberal Democratic Party (LDP). The move has improved his sagging popularity in the polls.

The stimulus will target sectors being hit the hardest by fuel costs. *Yomiuri Shimbun* reported that this will likely include: subsidies for fertilizers, which have doubled or tripled in price over the past year; lowering of highway tolls; support for ferries between the islands; and the extension of tax breaks for mortgage holders.

Malaysia Forms Emergency Economic Council

Aug. 6 (EIRNS)—Finally dropping the "I'm all right, Jack" mentality about the global economic crash, the Malaysian government formed an emergency Economic Council, comprising both government and private sector leaders, to "take on the role of an advisory body to tackle inflationary issues and a weak global economy that has had dire consequences on the

country," according to a statement released by Prime Minister Abdullah Badawi's office. Until now, the government has insisted that the strong "fundamentals" in Malaysia would get the country through the global economic crisis.

The leading economic ministers, business executives from industry, banking, and services sectors, as well as think-tank economists, will all participate. They are assigned to devise policies to "spur economic growth and overcome uncertainties."

United States News Digest

Brits Comment on 'Obama Fatigue'

Massive Security Planned for Democratic Convention

Paulson Blames China for WTO Failure; Eyes Chinese Savings

Bloomberg Boosted; Invokes FDR for Fascist Policy

Brits Comment on 'Obama Fatigue'

Aug. 9 (EIRNS)—Numerous polls taken over the past ten days or so continue to show Democrat Barack Obama with a slim lead over Republican John McCain. A new Gallup poll released today, gives Obama a 47-42 lead over McCain, whereas a Rassmussen Tracking poll actually gives McCain a 47-46 lead over Obama. Other polls going back to Aug. 4 put Obama 5 or 6 points ahead of McCain. Of note: There seems to be more commentary in the British press on the close poll results than in the U.S. press.

The lead editorial in the London *Economist* of Aug. 7, the mouthpiece of the British financier oligarchy, suggests that, while Obama would seem to have everything going for him, and with Democrats preparing for landslide victories in most races across the country, Obama is in a statistical tie with McCain. The theme is echoed in the London *Guardian* and the Canberra (Australia) *Times*. The *Guardian* quotes Peter Brown, of the Quinnipiac University Polling Institute, declaring that "Obama's bubble has not burst, but it is leaking."

The *Economist* describes Obama as "strikingly self-obsessed even by the standards of politicians," and notes that he has already written two autobiographies. The editorial mockingly asks, "How many times can Americans hear the phrase 'Yes, we can,' without wondering if they really want to?" and suggests that he may be "ill-served" by some of his over-the-top supporters, who treat him like a rock star, rather than a statesman. The polls, the *Economist* warns, are worrying signs "that Obama fatigue is beginning to set in." The editorial concludes by advising Obama to make the campaign less about himself and more about the issues, which itself is a little over-the-top, coming from a publication which represents the interests that are preparing to dump him.

Massive Security Planned for Democratic Convention

Aug. 5 (EIRNS)—Denver will be put under massive security for the Democratic Convention Aug. 25-28. Federal and local authorities are preparing for huge protests, civil disturbances, and traffic gridlock, from 30,000 potential "disrupters." The Secret Service, FBI, Pentagon, and scores of police departments are moving thousands of agents to the city.

Presumptive Democratic candidate Barack Obama's decision to give his speech at Invesco Stadium, which holds 75,000 people, will require extensive security, and nearby Interstate Route 25 may be shut down during his appearance. Northern Command chief Guy Swan III told the *New York Times*, "There won't be a visible military presence," but the National Guard will be on call. Meanwhile, James H. Davis, FBI agent in charge of the Denver office, said, "We just aren't seeing a credible threat."

U.S. District Judge Marcia Krieger in Denver is expected to rule this week on a lawsuit filed by the American Civil Liberties Union to ease the draconian security at the convention. The ACLU claims that the police have exaggerated the risks, to crack down on dissent, citing the huge "security zone" around Invesco Stadium, and a "parade route" for marches and rallies which is far from the convention site.

White House Homeland Security advisor Kenneth Wainstein recently visited Denver and St. Paul, site of the Republican Convention Sept. 1-4, where huge increases in security have also been planned.

Paulson Blames China for WTO Failure; Eyes Chinese Savings

Aug. 5 (EIRNS)—Treasury Secretary Henry Paulson, in the September/October issue of the New York Council on Foreign Relations' journal *Foreign Affairs*, blames China for the rise of protectionism and the failure of the WTO Doha Round. He attacks China's investments in Sudan and Angola as "at odds with international norms," and as having "undermined the World Bank's efforts to promote transparency." Paulson also salivates over China's huge savings.

In a long piece, "The Right Way To Engage China, Strengthening U.S.-Chinese Ties," Paulson writes: "Given its substantial impact on the global economy, China must accept greater responsibilities. If it does not, other countries are likely to blame it for many of their own economic problems. China is already cited as an example of the ills of globalization, such as unsafe products and job losses in other countries. It risks further endangering its reputation, which could hurt its economic growth in the long term. As a country deeply invested in the global economic system, China would benefit from playing an increasingly proactive role in global economic decision-making.

"And yet, it seems to be doing the opposite in the Doha Round of international trade negotiations. Its insistence on protecting its own industrial development is driving other countries to do the same and has been a major factor in the growing anti-globalization and protectionist sentiment around the world."

In reality, Paulson and his former Goldman Sachs colleagues have wet dreams about China's vast savings, which they obviously would like to inject into their hopelessly bankrupt system. "One of the most notable indications of China's imbalanced growth, writes Paulson, "is its large current account surplus, which last year amounted to over 11% of the country's GDP.... On the other hand, household savings are high, as individual Chinese try to compensate for the country's thin social safety net, limited options to finance major expenditures such as education, and few investment options other than bank deposits. Demographics will only exacerbate these trends: as China's population ages, the traditional source of support in retirement—children will become increasingly scarce."

Therefore, says Paulson, "China must further develop its financial sector to help reduce this excessive personal savings rate and boost personal consumption."

Bloomberg Boosted; Invokes FDR for Fascist Policy

Aug. 4 (EIRNS)—The *New York Daily News* brought in New York's billionaire Mayor Michael Bloomberg for an Aug. 2 guest column on the need for a "new New Deal." Bloomberg used Franklin Roosevelt's name to demand budget cutbacks,

belt-tightening, the end of "pork," and doling out money—the London-New York financiers' phraseology *against* FDR-style government. Without citing a single accomplishment of the actual Roosevelt New Deal, Bloomberg calls for his own "infrastructure program," by which he means turning the country's projects and existing assets over to the lords of finance.

In a *New York Times* op-ed Aug. 4, neoconservative mouthpiece William Kristol suggests, "In his convention speech, McCain could say ... I will give you a reform administration that will put politics aside to work for all Americans." Among the "unconventional" vice presidential possibilities for McCain would be "someone with economic or domestic policy expertise like New York Mayor Michael Bloomberg.... McCain himself ... is intrigued by the bolder possibilities of youth or bipartisanship."

Playing into the Bloomberg scenario, the National Conference of Mayors will be holding a Mayoral Action Forum on Infrastructure in New York, Aug. 13-14, two weeks before the Republican Convention.

Ibero-American News Digest

British Attempt To Balkanize South America

LaRouche Youth Defang Mexico's WWF Vampire Bat-Lover

Colombia Completes Second Tunnel Through the Andes

How Many Games Is Chávez Going To Play?

British Attempt To Balkanize South America

Aug. 6 (EIRNS)—Even as South American nations begin to discuss building a transcontinental railroad, dubbed by some the "Southern Express," British agents are attempting once again to unleash chaos in the region, this time targetting Bolivia.

Despite tensions among them, Argentine President Cristina Fernández de Kirchner, Venezuelan President Hugo Chávez, and Brazilian President Lula da Silva, met briefly in Buenos Aires on Aug. 4 to discuss how to advance regional integration. Fernández and Chávez were then scheduled to travel together to Tarija, Bolivia, to join Bolivian President Evo Morales in inaugurating a liquified gas plant in a show of support for Bolivian national unity.

Their trip had to be cancelled, however, when separatist demonstrators rampaged throughout the city, barricaded roads, and were heading towards the airport where the Presidents were to land.

Although not on the same scale as seen in Bolivia, the unleashing of fascist thugs to impose British policy was also critical in the congressional defeat of the Argentine government's export tax bill last month. Pro-government legislators were physically harassed—their homes even sprayed with anti-government graffiti—and they and their families received death threats.

The next big flashpoint on the continent, is the Aug. 10 referendum in Bolivia, which will determine whether Morales and nine provincial governors should remain in office. Bolivia is strategically located in the center of the South American continent, and its dismemberment is a central feature of Britain's New Opium War against the Americas. British

gamemasters are counting on the separatist forces in eastern Bolivia to split the country into two parts, one based on coca, the other on gas and oil. Should a majority support Morales continuing in office, as appears likely, provocateurs in the opposition promise to unleash a "civil" uprising.

LaRouche Youth Defang Mexico's WWF Vampire Bat-Lover

Aug. 6 (EIRNS)—At Congressional hearings held today in Mexico City, José Luis Luege Tamargo, head of the National Water Commission (CONAGUA) appeared before the Housing and Public Credit Committee, to explain what happened to the funds allocated by Congress to finance a feasibility study on the Northwest Hydraulic Plan (PLHINO).

Luege is an asset of Prince Philip's World Wide Fund for Nature's (WWF), which argues that vampire bats are more important than human beings. He has used his clout as CONAGUA Director to sabotage the PLHINO, a major engineering project which, if built, could remedy the acute water shortages in northern Mexico, and vastly increase land under cultivation. Lyndon LaRouche has backed the project for years, and political forces in Sonora are now demanding that President Felipe Calderón commit to starting the project during his term in office.

Shortly before the hearing, major dailies of Northwest Mexico prominently featured an ad put out by the Pro-PLHINO Committee of the 21st Century, demanding that the project be built. The ad's publication coincided with Calderón's visit to Sonora, accompanied by Luege.

Members of the LaRouche Youth Movement (LYM) who attended the hearing reported that most of the legislators demanded that Luege Tamargo answer the question, "Where are the approved funds for our states? Why are you so late in making the expenditures that have been approved for projects?" One irate Congressman confronted him with the fact that he subjects proposed projects to a cost-benefit analysis, asking pointedly, "And what is the cost-benefit of a human life? Do we have to wait until a natural disaster occurs to free up funding?"

Luege Tamargo's answers were evasive, at best. But at the end of the hearing, three LYM organizers confronted the CONAGUA director, while media cameras rolled. The organizers handed Luege his own personal copy of their hard-hitting leaflet, boldly entitled "José Luis Luege Tamargo: Do You Save Vampires at the Cost of Killing People?" Luege and his crew are out to sabotage the PLHINO, the leaflet charges, noting that the WWF states that agriculture is one of the biggest threats to the environment.

Videos of the LYM intervention can be viewed at <http://www.youtube.com/watch?v=yfDeNRzugcA> and <http://www.youtube.com/watch?v=ZjNT9zLOT4M>

Colombia Completes Second Tunnel Through the Andes

Aug. 4 (EIRNS)—With pickaxe in hand, this morning Colombian President Alvaro Uribe officially completed the 8.6-kilometer pilot tunnel for the "Tunnel of the Line," cutting through the steepest part of the central mountain range through which the Quindío-Tolima highway runs. The completion of this infrastructure project not only shortens the trip to the Pacific Coast, but also cuts traffic accidents by an estimated 75% along a stretch of road with one of the highest accident rates in the country.

The only other tunnel through Colombia's central mountain range, 3.7 kilometers long, was built in 1930. Today's project is a small proof of principle, both technologically and politically, for the much bigger things that must be done: long-abandoned proposals for building 15 tunnels across the Andes, through which high-speed electric railways must run.

The Line Tunnel project had been on the books for 70 years, Uribe said, in an enthusiastic speech after its opening. He proposed this be renamed the "Tunnel of the Second Centennial," which Colombia will celebrate on July 20, 2010, "so that when new generations cross it, they will reflect on the sufferings of the Nation, on the periods of stagnation, the slowness of prosperity, the cruel violence, ... and in seeing the light at either of its ends, they'll have hopes for the present and future of the country.... This country can advance."

When the teams excavating the tunnel from either end finally met, 44 months after their start and without any loss of life, the engineers and miners began singing the national anthem, one of the project leaders proudly reported.

The "pilot" tunnel established the feasibility of the main tunnel now to be built, in particular solving the problems of various geological fault-lines along the route.

How Many Games Is Chávez Going To Play?

Aug. 6 (EIRNS)—In the aftermath of several smashing defeats delivered to Colombia's narcoterrorist FARC, Venezuelan President Hugo Chávez began working again with the informal Ibero-American "Presidents Club" to build regional unity around the urgent needs of physical economic development.

However, during his brief Aug. 4 visit to Buenos Aires, he also reverted to his Cuban-cued attack on the U.S. dollar, including calling for depositors to pull out of the U.S. currency—a view actively promoted by London, as Lyndon LaRouche has repeatedly explained.

In a TV interview in Buenos Aires, Chávez called for creating a new world financial order without the dollar, saying: "I don't advise anybody to deposit money in American banks. Look what is happening: Every month at least one of them closes their doors."

Of particular note is the fact that this feature of Chávez's remarks was reported prominently and favorably by the Russian *RIA Novosti* agency today. Chávez visited Russia last month, where he met with both President Dmitri Medvedev and Prime Minister Vladimir Putin. British interests have been systematically working to drive a wedge between Russia and a United States reorganized around FDR principles.

Western European News Digest

[Soros's European CFR Prepares Continent for Imperial War](#)

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[EU Countries Start To Destroy Vineyards](#)

Soros's European CFR Prepares Continent for Imperial War

Aug. 5 (EIRNS)—The Brussels-based European Council on Foreign Relations (ECFR), created by Obama-backer and London imperial financier George Soros, has issued a report calling for Britain and France to lead continental Europe in creating expeditionary military forces for conflicts abroad, irrespective of the fate of the Lisbon Treaty after the Irish "No" vote.

Report author and ECFR senior fellow Nick Witney, a career British diplomat who used to supervise the Al-Yamamah-BAE contract for the U.K. Ministry of Defense, calls for a shrinkage of the number of Europeans in uniform, a shrinkage of "useless" military equipment like tanks, and cartelization of streamlined defense industries, all which are too focused on sovereign national priorities. Witney, the first head of the EU's mini-Pentagon, the European Defense Agency (EDA), demands that "pioneer groups" of countries, with their expeditionary force capabilities, pool together around the EDA. EU countries not willing to participate don't have to, but then, they have no right to interfere with EU "pioneer group" decisions on sending troops abroad. Witney and ECFR co-director, former Green party German foreign minister Joschka Fischer, complain that the EU, with 2 million citizens in uniform—500,000 more than the "superpower USA"—only a minuscule percentage of whom are available for foreign intervention—specifically against Russia.

Thus, like the period leading up to what became World War II, the Anglo-Dutch empire prepares continental Europe for the geopolitical trap.

EU Secret Security Report: Lisbon Treaty in Disguise

Aug. 7 (EIRNS)—The so-called Future Group of European Interior Ministers, including those from France, Germany, Sweden, Portugal, the Czech Republic, and Slovenia, released its report on European security cooperation, which is clearly another effort to get this program into the EU without the Lisbon Treaty. Great Britain sent an observer, Attorney General Baroness Scotland.

The report, which has not been made public but was seen by the *Guardian*, calls for the creation of a "Euro-Atlantic area of cooperation" to include the sharing of information on European citizens. It contains other controversial proposals, including the creation of an expeditionary corps of armed gendarmerie for paramilitary interventions overseas.

The report states, "The EU should make up its mind with regard to the political objective of achieving a Euro-Atlantic area of cooperation with the United States in the field of freedom, security and justice."

The group expects to finalize the pact in 2014.

The American Civil Liberties Union has sent letters of warning to the Members of the European Parliament, because such a plan would in fact strengthen the "lawless" privacy laws in the U.S.

European Social Democracies Disintegrate

Aug. 7 (EIRNS)—As the global economy continues to disintegrate, the splits in the seams of ruling parliamentary coalitions of European countries are widening, contributing to a general paralysis of leadership across the region.

The Italian Democratic Party (DP) is in a deep crisis, one year after its founding. Polls indicate that in the next European elections, it may not break through the 30% level, which means the party will disintegrate. The DP is already torn by

internecine fights, with the leadership of Walter Veltroni being questioned. The party is seen as not addressing the "lower 80%," and is instead drowning under pro-globalization policies pushed by its Baby-Boomer leadership. Meanwhile, the left-wing PRC party split at its recent congress, and the leadership was taken over by the most radical wing.

In a similar, albeit less advanced process, in Germany, the Social Democratic Party is torn by the split between right-wing and left-wing factions. The SPD rank-and-file watch their leaders slaughtering each other, as the party is going down. An SPD contact told *EIR* that he wishes someone in the leadership would intervene with authority and bring the party back to the "old values, as in the times of Schmidt and Brandt."

Italian Austerity: Military Deployed in Major Cities

Aug. 5 (EIRNS)—The Italian government has had to deliver on its electoral promises to impose law and order, but, having no money to hire more police, it chose the cheap way: 3,000 armed soldiers are now deployed in major Italian cities, to provide "security." The government says this is temporary, and after a few months a review will be made.

The police are angry, and the military have no police training. Therefore, military patrols are mostly deployed to guard offices, such as embassies, consulates, missions, and government offices. But some of them also go on patrols commanded by police officers.

Rome Mayor Gianni Alemanno, a former neo-fascist, as is the minister of defense, was opposed to the plan, but struck a compromise, so that the Army will not be deployed in the center of Rome, but only on the periphery.

Sarkozy Gives China 'Gold Medal'; Drops Dalai Lama Meet

PARIS, Aug. 7 (EIRNS)—Some French institutional forces seemed to have again taken command over President Sarkozy's vocal apparatus yesterday, indicated by a sharp reversal on his public position regarding China. The French President, before leaving for the opening of the Olympic Games, told the New China press agency that, "To China, which every day succeeds more and more, I send a warm message of friendship, an historical, unfailing and unwavering friendship, which unites the French people with the Chinese people."

At the same time, Sarkozy announced that he will not meet the Dalai Lama, who will be in France during the games, allegedly for "religious teachings." Sarcastically, the Elysée Palace confirmed the information circulated by the Dalai Lama's advisor that the latter never requested a meeting with the French President. Only First Lady Carla Bruni will be with the Dalai Lama during the opening of a Buddhist temple in southern France on Aug. 22.

EU Countries Start To Destroy Vineyards

Aug. 1 (EIRNS)—Starting today, EU member-nations will start destroying 425,000 acres of vineyards, to be completed over the next three years, according to a law approved by the EU Council April 19. More than Eu1 billion have been allocated to provide incentives for the operation.

Destruction of European vineyards is motivated by "overproduction." In reality, wine consumption is decreasing because of 1) collapse of incomes 2) lack of interest among the younger generation. Strong wine consumers, such as the Italians, today consume 47 liters per capita per year, as against 60 liters in 1996. Italy alone will destroy 58,435 hectares (about 143,000 acres), more than half of the entire vineyards of Germany.

Southwest Asia News Digest

Peres to Hu: Israel Does Not Want Destruction of Iran

Israel Petition Urges No Attack on Iran

Anglo-Saudi 'BAE' Factor in the Syria Assassination

Arrests Made in Turkish Attack

Peres to Hu: Israel Does Not Want Destruction of Iran

Aug. 9 (EIRNS)—China can play a key role in preventing Iran from acquiring nuclear weapons, not unlike the role it has played vis-à-vis North Korea, Israeli President Shimon Peres told Chinese President Hu Jintao on Aug. 8 in Beijing, according to the Israeli Foreign Ministry. Peres, in Beijing for the opening of the Olympics, also told Hu that Israel does not want to see the destruction of Iran, but is interested in seeking peace and stability in the region.

Hu told Peres, according to the foreign ministry statement: "We are interested in increasing our contribution to peace and stability in the Middle East. We are following every regional development in the Middle East and Iran and we are acting constructively to bolster China's involvement in and contribution to peace and stability." Hu thanked Israel for its support following the Szechuan earthquake a few months ago, and recalled the deep ties that already exist between the two countries. The meeting apparently ended with Peres extending an invitation to Hu to visit Israel.

Israel Petition Urges No Attack on Iran

Aug. 7 (EIRNS)—Over 100 academics and peace activists have signed a petition calling on the Israeli government not to attack Iran, and calling for more diplomatic efforts to resolve the Iranian nuclear crisis.

The petition, while stating the significance of the Iranian threat, warns that Israel is moving toward an attack on Iran and that "all the arguments for such an attack are without any security, political or moral justification," according to a report in the Aug. 7 *Jerusalem Post*. It calls on Israel to show more patience with the ongoing negotiations that United States and the European Union are undertaking with Iran. The signers warn that a military strike would constitute "an act of adventurism that could endanger our very existence."

One petition signer was Reuven Kaminer, a peace activist and former provost for overseas students at Hebrew University, who told the *Post* that he signed because of the urgency with which Israel seems to be mobilizing for a strike against Iran. "Israel is doing this as a loose cannon," he said. "Israel is concerned that Obama will be President and there will not be the conditions for a first-strike policy: that if it has to be done, then it [had] better be done while George Bush is still around." He went on, "The average Israeli is so antagonistic regarding the Iranian regime that he has a tendency not to think logically. We don't condone any of the state policies or thinking out of Tehran, but we're against the statement that [Iranian President Mahmoud Ahmadinejad] is a new Hitler. We don't think war is inevitable." He pointed to the hawkish statements of Israeli Transportation Minister Shaul Mofaz, who has become a major advocate of an attack on Iran. "There's a strong trend in our country to solve these problems on a military basis, even though there are clearly no military solutions," Kaminer said.

Kaminer called for engaging in multilateral talks with Iran and a lot of patience. "These things take time," he said. "I don't

know how many years it took in North Korea, but the Iranians don't want to be talked down to. Given their official position that they don't want atomic weapons, that creates objective conditions for patient policies that can come out better than any war."

Coordinators of the petition include: Prof. Gadi Algazi; Judy Blanc; Prof. Rachel Giora; Prof. Anat Matar; Prof. Adi Ophir; Prof. Yoav Peled; Reuven Kaminer, Prof. Haggai Ram; Prof. Yehuda Shenhav; Prof. Oren Yiftachel.

Anglo-Saudi 'BAE' Factor in the Syria Assassination

Aug. 7 (EIRNS)—A senior U.S. intelligence source with decades of experience in Southwest Asia and the Eastern Mediterranean, reports that there is strong evidence that Saudi Arabia played a role in the recent assassination of a Syrian general. Gen. Mohammed Suleiman was killed in the port city of Tartous on Aug. 1, in what was described as a professional assassination.

According to the source, while some news accounts blamed Israel for the killing, he is convinced that Saudi Arabia provided critical information and funds for the murder, and that this is part of a larger Saudi effort against the Assad government, including the inciting of Sunni tribal confrontations, targeting Allawites in both Syria and Lebanon. The source encouraged exploring the Anglo-Saudi nexus of the BAE Systems "Al-Yamamah" off-the-books covert slush fund, as part of any serious investigation.

The recent Doha agreement, establishing a unity government in Lebanon, including Hezbollah and the Christian opposition faction of Michel Aoun, as well as the agreement between Damascus and Beirut to resume normal diplomatic relations, has greatly weakened the Saudi grip over Lebanon. The Turkish-mediated talks between Israel and Syria have also undermined the Saudi position, and these factors, the source emphasized, are part of the reason that the Saudis may have played a hand in the assassination of General Suleiman, a key ally of President Assad, who was not well known outside of Damascus.

The recent diplomatic efforts of Turkey and France have broken the isolation of Syria's Assad regime. The targeting of Syria for "regime change" has been a cornerstone policy of the Cheney/neocon apparatus since 2001, and is part of the British long-term strategy of "managed chaos" to prevent any peace agreement in Southwest Asia. According to the U.S. intelligence source, Turkish and French mediation have moved the Israel-Syria peace talks forward, and Israeli Prime Minister Ehud Olmert is in favor of a permanent treaty with Syria, and then Lebanon.

Since September 2007, Lyndon LaRouche has been promoting a Syria-Israel peace deal as a vital means of shifting the entire dynamic in the region, and moving the regional peace process forward.

Arrests Made in Turkish Attack

Aug. 4 (EIRNS)—Turkish authorities arrested eight suspects believed to have been responsible for last month's terror bombing in Istanbul, which may be linked to the suicide bombing in Kirkuk, Iraq, the next day.

Although officially, the Turkish government has not said what group was responsible for the Istanbul attack, Interior Minister Besir Atalay told reporters on Aug. 2 that the "attack is the work of a bloody and separatist terrorist organization." Most press are reporting that it was the work of the separatist Kurdish Labor Party (PKK).

Meanwhile the Turkish daily *Zaman* is reporting that the deadly bombings in Kirkuk and Istanbul, could have been the work of the same group, with the aim of inciting a Turkish-Iraqi Kurdish conflict that could have expanded into a regional war in the Kurdish regions of Turkey, Iraq, Syria, and Iran.

The daily *Zaman* notes that the Turkish Foreign Minister issued a statement after the Kirkuk suicide bombing, making clear, that it was a "provocation that targeted not only peace and stability in Kirkuk, but also that of Iraq and the overall region."

Kirkuk, which is in Iraq's northern Kurdish region but not part of the Kurdish regional government, has a mixed population of Kurds and Turkmen, and both Sunni and Shi'a Muslims. The suicide bombing touched off incidents between the Turkmen and Kurdish populations in the city. Certain Kurdish parties have begun calling for the city to be annexed to the Kurdish regional government, which would violate Iraqi government policy, and would also be opposed by Turkey.

Asia News Digest

South Korea Announces Ten More Nuclear Plants by 2030

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China Under Attack from British-Aided Terrorists

'Ground Realities' in Bangladesh Show Gore Is All Wet

South Korea Announces Ten More Nuclear Plants by 2030

Aug. 7 (EIRNS)—At least ten more nuclear power plants will be built in South Korea by 2030, to generate up to 41% of domestic electricity demand. South Korea operates 20 nuclear power plants which produce 17.72 million kilowatts of power, or 26% of current national electricity demand.

The Korean Ministry of Knowledge Economy unveiled these measures today, along with some plans for "alternative energy" to boost energy self-reliance and diversify energy sources, due to difficulty securing a stable supply of crude oil and other fossil fuels, amid tight global supply and soaring prices.

New York Times' Kristoff Threatens China

Aug. 7 (EIRNS)—Under the false pretense of offering Beijing an "Olive Branch from the Dalai Lama," columnist Nicholas Kristoff threatens the Chinese, in an op-ed in the *New York Times*, that it will be subjected to violence and terrorism unless the government accepts the existence of "Greater Tibet" (which covers more than one-fourth of China!) as an autonomous zone; agrees that no non-Tibetans shall be allowed to enter the region except on a temporary basis; and allows unrestricted entry of youth into monastery training in Tibet, rather than attending public schools.

Kristoff has been holding meetings with the Dalai Lama, and reports that the Nazi-loving monk authorized him to speak on his behalf, on these issues.

South Korea Hit with Capital Flight, Faces September Disaster

Aug. 5 (EIRNS)—South Korea is being warned of a severe liquidity crisis in September, as foreign investors are frantically pulling money out of Korean stocks and bonds. Foreigners sold about \$6.3 billion in stock in July alone, and another \$2.7 billion in bonds. About \$8.6 billion in foreign-held bonds are due to expire in September, which could provoke a run, just as Korean firms are trying to raise dollar loans to meet the hyperinflationary prices on fuel, food, and other commodities.

Foreign exchange reserves plunged \$10.6 billion last month, the biggest monthly fall in the country's history. Most of the money is believed to have been used to defend the Korean won against the dollar.

Philippines in Turmoil Over 'Peace' Deal with Moros

Aug. 5 (EIRNS)—The Philippines government of President Gloria Arroyo appears to be provoking a crisis between Muslims and Christians in the southern province of Mindanao, in order to force a Constitutional Convention, to change the Presidential system (with checks and balances against the Executive) to a parliamentary dictatorship. President Arroyo and her controller, Fidel Ramos (who, in turn, is run by George Shultz), have been trying for over ten years to dump the American-style Presidential system, with two intentions: to stop the pesky Senate from using its constitutional power to check the Executive's moves toward economic dictatorship and the use of police-state methods; and second, to eliminate constitutional restrictions on foreign ownership of mines and businesses. The Senate has thus far thwarted every effort to eliminate it in favor of British-style "parliamentarianism," or to sell out the country to speculators.

The agreement was secret and was not released to the Congress or the press, but an unofficial copy was leaked, showing that the government was practically granting the Moro Islamic Liberation Front (MILF) an independent state in part of Mindanao.

Philippines Sen. Richard Gordon, who heads the Committee on Revision of Codes and Laws, blew the whistle on this scheme, while a group of officials in Mindanao who oppose the extent of the deal with the MILF held a 10,000-strong demonstration, and took it to the Supreme Court, winning a Temporary Restraining Order on Aug. 4 against the signing of the deal.

SAARC Summit: Make South Asia 'The Granary of the World'

Aug. 4 (EIRNS)—The leaders of the eight member-nations of the South Asian Association of Regional Cooperation (SAARC), issued a "SAARC Statement on Food Security" yesterday, at the conclusion of the two-day 15th SAARC summit in Colombo, Sri Lanka. SAARC consists of Sri Lanka, India, Pakistan, Bangladesh, Nepal, Bhutan, Maldives, and Afghanistan. They represent 1.5 billion people.

At the end of July, nations of the Caribbean and of West Africa also met, laying plans for joint action on agriculture and food security. These efforts represent both the natural resort to multi-nation cooperation among neighbors, and also rearguard food defense measures, given the refusal of global institutions to take or allow any appropriate emergency measures on the collapsing world economy and food system, including the United Nations, World Food Program, UN Food and Agriculture Organization, World Bank, and others.

A resolution for the world food and economic breakdown crisis to be taken up at the UN General Assembly in September,

is now in worldwide circulation, issued July 26 by Helga Zepp-LaRouche, chairwoman of the Schiller Institute, at a meeting in Germany.

The SAARC statement from Colombo said: "We, the Heads of State or Government, participating in the Fifteenth SAARC Summit held in Colombo on 2/3 August 2008, affirm our resolve to ensure region-wide food security and make South Asia, once again, the granary of the world.

"In view of the emerging global situation of reduced food availability and worldwide rise in food prices, we direct that an Extraordinary Meeting of the Agriculture Ministers of the SAARC Member States be convened in New Delhi, India in November 2008, to evolve and implement a people-centred, short- to medium-term regional strategy, and collaborative projects that would, among others, lead to: increase in food production; investment in agriculture and agro-based industries; agriculture research and prevention of soil health degradation; development and sharing of agricultural technologies; sharing of best practices in procurement and distribution; and management of the climatic and disease-related risks in agriculture."

China Under Attack from British-Aided Terrorists

Aug. 4 (EIRNS)—British-aided terrorists have revved up the campaign to undermine the People's Republic of China, as identified by *EIR* ("Uighurs: Britain's Double-Edged Razor To Cut Up China" April 11, 2008). On Aug. 4, sixteen border police guards of China's Ministry of Public Security in near Kashgar, Xinjiang province, were killed and 16 others injured, when two unidentified terrorists drove a truck up to the barracks compound, jumped out, and threw hand-grenades at a group of police guards. The terrorists then took out knives and attacked some of the injured policemen. Fourteen police died on the spot and two others succumbed to their injuries subsequently.

A leading Indian intelligence analyst said the attacked border post in Kashgar (Kashi in Chinese) was near the border with Tajikistan. The two terrorists are suspected to have infiltrated into the area from Tajikistan. The Islamic Movement of East Turkistan (IMET), which is the main organization of the anti-Beijing Uighurs, the Islamic Movement of Uzbekistan (IMU), the Islamic Jihad Union (IJU), another Uzbek-led organization, and the Harkat-ul-Jihad-al-Islami (HUJI) of Pakistan, had operated in the bordering areas of Tajikistan in the past. Before 9/11, the HUJI had a training camp in Tajikistan for training recruits from Xinjiang and the Central Asian Republics.

The Uighurs are a potent edge of London's razor operating from the undefined borders of Pakistan and Afghanistan, and the rocky terrain of Central Asia. The head of various parts of this outfit is Hizb ut-Tehrir, which has a strong organizational presence in Birmingham, Liverpool, and Bradford, England.

While the IMU openly thrives on violence, the Hizb ut-Tehrir, banned in parts of Europe and in many Muslim countries, is promoted by the United Kingdom as peaceful. But the IMU and the Hizb ut-Tehrir actually work hand in hand. Most of the IMU recruits are from the Hizb ut-Tehrir, according to Rohan Gunaratna, an expert on world terrorist outfits.

'Ground Realities' in Bangladesh Show Gore Is All Wet

Aug. 5 (EIRNS)—New data shows that Bangladesh's landmass is increasing, contradicting forecasts by pseudo-scientists, such as Al Gore, that the South Asian nation will be under the waves by the end of the century, scientists from the Dhaka-based Center for Environment and Geographic Information Services (CEGIS) said. They have studied 32 years of satellite images and report that Bangladesh's landmass has increased by eight square miles annually.

Influenced by the Gore hoax, the United Nations Intergovernmental Panel on Climate Change (IPCC) has predicted that

impoverished Bangladesh, crisscrossed by more than 200 rivers, will lose 17% of its land by 2050 because of rising sea levels due to global warming. The panel also predicted that 20 million Bangladeshis will become environmental refugees by 2050 and that the country will lose some 30% of its food production.

However, the "ground realities" are quite different, says Maminul Haque Sarker, head of the department at the government-owned center that looks at boundary changes. Sarker said "satellite images dating back to 1973 and old maps earlier than that show some 1,000 square kilometers (400 square miles) of land have risen from the sea."

Mahfuzur Rahman, head of the Bangladesh Water Development Board's Coastal Study and Survey Department, has also been analyzing the buildup of land on the coast. "For almost a decade we have heard experts saying Bangladesh will be under water, but so far our data has shown nothing like this," he said. "Natural accretion has been going on here for hundreds of years along the estuaries, and all our models show it will go on for decades or centuries into the future."

Africa News Digest

London Attempts To Destroy African National Congress

MAN Ferrostaal Denies South Africa Payoffs

South Africa Hit by Sudden 15% Rise in Price of Rice

Rights Groups Threaten China with ICC Action vs. Sudan's Bashir

London Attempts To Destroy African National Congress

Aug. 4 (EIRNS)—The smear campaign about kickbacks and corruption that the *Sunday Times* of Johannesburg initiated yesterday, against South African President Thabo Mbeki and South Africa's governing party, the African National Congress (ANC), seeks to destroy South Africa's leading institutions, a goal which has previously been publicized by the *Economist*, mouthpiece of the City of London financial circles.

While the material being used by the *Times* for the attack on South Africa's institutions is hearsay, and has been reported before, the *Times* is pushing to get Mbeki out of office before his term is up in eight months. Editor Mondli Makhanya, says: "We at the *Sunday Times* believe Mbeki betrayed us and cannot stay on for the eight months until the election."

The *Times* smear is a retread of a claim that the British press has been spreading around for a few years, to the effect that Mbeki and the ANC took a \$5 million bribe from a German submarine builder, gave \$330,000 to his then-Vice President Jacob Zuma, and the ANC got the rest. An added twist from the *Times* is that Mbeki ignored warnings that South Africa could not afford the submarine deal.

Zuma is already facing a trial on unrelated charges of graft. Mbeki had fired Zuma as his deputy in 2005, over charges that Zuma's financial advisor tried to solicit a bribe for Zuma. The advisor was found guilty.

Today, a judge announced that Zuma's trial will be delayed until December, while Zuma tries to get the charges thrown out. This raises the possibility that the verdict may not be given until after the election early next year.

This conflict will tie the country up in knots over internal political/ethnic competition, instead of dealing with Africa-wide problems, as Mbeki has done. One of Zuma's backers, ANC Youth League leader Julius Malema, today said that the Zuma faction in the ANC has a legal problem "because of Thabo Mbeki and his people. For that reason, Mbeki must leave now and Zuma must be President now. The solution to this problem is an early election. We must go and vote and we must vote for Zuma."

London is feeding the protracted infighting to destroy the ANC as an institution. The *Times* is majority-owned by Hosken Consolidated Investments Limited, which invests in gambling, media and broadcasting, hotels and leisure, transport, industrial, food and beverages, and information technology. Tokyo Sexwale, a political opponent of Mbeki, who was once charged with being part of a planned coup attempt against the President, has a 30% share in the holding company that owns the *Times*.

MAN Ferrostaal Denies South Africa Payoffs

Aug. 10 (EIRNS)—German industrial giant MAN Ferrostaal announced today that it had never made any payments to President Thabo Mbeki, Jacob Zuma, or any other member of the African National Congress (ANC), or to any other South African public official, reports the South African daily *Mail & Guardian*. The statement was in response to reports in South Africa's *Sunday Times* and other newspapers. MAN Ferrostaal said in a statement from Essen, Germany: "These allegations are wrong and entirely unfounded," and pointed out that the articles contained a large number of factual errors and violated the basics of journalistic accuracy. "The company has requested the newspaper [*Sunday Times*] publish a rectification of the article," and is evaluating "the options of legal action are currently being evaluated."

President Mbeki's legal team is evaluating the possibility of a lawsuit against the *Times*.

South Africa Hit by Sudden 15% Rise in Price of Rice

Aug. 5 (EIRNS)—Although South Africa is not among the major rice-short nations, it is experiencing a steep rise in the price of rice. The price shot up this week by about 15%. According to reports, the four retailers that are part of South Africa's monthly "Shopping Trolley" survey, have raised the price of rice by an average of Rand 5.71 for a 2-kg packet.

Rice prices have been soaring in all the countries neighboring South Africa for months, and now the price rise has hit within the country. The UN Food and Agriculture Organization has issued a statement which says that the outlook for 2008 rice production is positive in Africa, where concerns about food import dependency in the region have led to a mobilization of resources into the rice sector, particularly in Egypt, Guinea, Nigeria, and Sierra Leone. However, until the next paddy crop is harvested in October-November, the continent will encounter an acute shortfall of rice.

South Africa imports rice from several major rice-producing countries, such as India, China, Vietnam, and Egypt, which have put on export restrictions in response to the world shortage.

Although prices rose sharply only this week, South African authorities had begun to warn the population as far back as April. At that time, South Africa's central bank governor, Tito Mboweni, warned consumers to "tighten their belts" as inflation reached a five-year high at 9.4% year-on-year in February, from 8.8% in January.

Rights Groups Threaten China with ICC Action vs. Sudan's Bashir

Aug. 7 (EIRNS)—Two George Soros-influenced organizations—the Save Darfur Coalition and Human Rights First—yesterday threatened China, on the basis of the limited action so far taken in the International Criminal Court (ICC)

against Sudan's President Omar al-Bashir. They told the press in a conference call that governments should put as much distance between themselves and Sudan as possible, to save themselves from being found guilty of complicity in genocide. Under the Genocide Convention, they claimed, states that become aware of even the *possibility* of genocide, are obligated to do everything in their power to prevent it, or else face the "serious risk" of being found guilty of complicity. The fact that the ICC prosecutor has presented his case against Bashir before the ICC judges, they claimed, triggers this obligation.

China is the real target of the threat. The groups said that China is the source of large quantities of Sudan's small arms, is training Sudanese fighter pilots, and is the single most influential government in Khartoum and is the key protector of Sudan in the UN Security Council. Human Rights First announced the publication of its "definitive study" of Sudan's acquisition of Chinese arms—on the eve of the Olympic Games in Beijing.

When *EIR* asked the spokesmen of the two organizations how they explained the high level of resistance to the prosecution of Bashir from the African Union (AU) as a body, from individual African governments, and from the Arab world, Betsy Apple of Human Rights First responded that South Africa was unduly influential in the AU, and this resistance was coming mainly from South Africa and Libya. African governments are just trying to cover for their own actions, she said, and they don't reflect the views of "civil society" and the victims. "Civil society" is a term used by Soros-allied organizations for the opposition groups they create.

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