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This Week You Need To Know

We Need a New Bretton Woods To Defeat the Evil of Globalization

Here is the keynote address of Lyndon LaRouche to the June 27 EIR seminar in Berlin.

In this period of time, we're in a world crisis without parallel. There's no comparison to this in European history, since the 14th-Century New Dark Age, to what we're facing now. All the things since then, in terms of crises in European experience, have been less crucial than was the case in the 14th-Century New Dark Age.

But that New Dark Age is also a benchmark. Because, to understand the crisis we have today, and to understand how the solution must be designed, we must understand *why* a New Dark Age struck Europe in the 14th Century, to be prepared for the new dark age which is, right now, descending upon the entire world. There are solutions for this problem. But you have to understand the rules of the game, by which solutions work out.

So that, when people talk about "New Bretton Woods"—many people talk about it. But even the gentleman from Iran who recently wrote on this subject, and then asked, "Well, what do you mean by 'New Bretton Woods'?"—that is a very good question. Because, New Bretton Woods signifies that, at the end of World War II, the President of the United States, Franklin Roosevelt, established a monetary system, a fixed-exchange-rate monetary system, without which the world would not have recovered from the effects of World War II. This monetary system was crucial.

Now, the intention of the original Bretton Woods system, by Roosevelt, and the conduct of the Bretton Woods policy by his successor Truman, were *two opposite conceptions*, united by one common feature, a temporary, fixed-exchange-rate monetary system.

Roosevelt was an American; Truman was really not. He was born in the United States, but it was like a disease that infected us—he was not really a good American.

Roosevelt was committed to overturning the policies of the United States from the assassination of one President [McKinley]; the inauguration of Teddy Roosevelt; the inauguration of another fascist, Woodrow Wilson; the inauguration of fools—Coolidge was an evil fool; Hoover who was not a fool, but who was corrupt. So, the United States from 1901-1902 until 1933 was run by a policy entirely contrary to the Constitutional prescription of the United States....

[...complete Article, PDF](#)

Latest From The Worldwide LaRouche Youth Movement

FEDERALIST SOCIETY-LINKED JUSTICES RUBBER STAMP — CORRUPT DELAY'S

UNCONSTITUTIONAL POWER GRAB

by **Lakesha Rogers**
LaRouche Youth Movement

No one should be surprised that the U.S. Supreme Court upheld the power grab run by former U.S. Rep. Tom DeLay in Texas. DeLay—who resigned due to his indictment over money-laundering charges directly related to his power grab—organized a redistricting bill in the Texas legislature which gave Republicans an additional five seats in the U.S. Congress.

At least four of those Justices who voted to back DeLay's power grab are tied to the Federalist Society, including Associate Justice Samuel Alito, who replaced retired Justice Sandra Day O'Connor. Lyndon LaRouche warned that, if the Democrats in the U.S. Senate failed to defeat the Alito nomination, there would be a potential majority on the Court which was loyal not to the principles of the U.S. Constitution, but to the Nazi legal doctrines of Hitler's jurist Carl Schmitt.

In a Webcast given Jan. 11, 2006, titled, "Save our Republic from Fascism! Keep Fascist Alito Off the Supreme Court," physical economist Lyndon LaRouche made clear that the Democrats foolish decision to turn away from the fight that was waged in 2005, and allowing for the nomination and seating of Federalist Society member Samuel Alito on the Supreme Court would give Federalist Society members a near majority on the courts. He stated, "The Federalist Society can be put in the same category, for purposes of this Congressional proceeding on confirmation, as a member of the Ku Klux Klan. Someone says to a member of the Klan: How do you vote on civil rights? It's no different!"

This Supreme Court case grew out of Tom DeLay's strong-arm tactics in 2002 to force a redistricting in Texas from the 1993 rulings of the district courts. To avoid DeLay's strong-arm tactics, in 2002, Texas Democrats fled to Albuquerque, New Mexico in an effort to prevent a quorum in the State Senate, which was being convened to ram through the Congressional redistricting plan. The first attempt at shutting down DeLay's unconstitutional gerrymandering, was when 50 Democratic members of the Texas House fled to Oklahoma, killing the redistricting bill for the regular session. As a result of this, as House Majority Leader, Tom DeLay pushed absurd fines for the missing Democrats of \$1,000 a day, with the fine doubling for every skipped session to a maximum of \$5,000 a day. DeLay went as far as, calling out the U.S. Department of Homeland Security, through a fraudulent maneuver, to track down legislators.

As a result of Tom DeLay's illegal devices to tear apart the Constitution, over 8 million Texans were redistricted. At that time, the Democrats failed to take up the real issue behind the redistricting tactic—the Bush-Cheney assault on the Constitution—and refused to go after the source of the problem: the need for the impeachment and removal of President of Vice, Dick Cheney.

It has been the fight of the Houston LYM, under the leadership of Lyndon LaRouche, to expose the dirty operation of Tom DeLay and Dick Cheney in Texas, in their efforts to destroy the U.S. Constitution, and the rotten links to the Pat Robertson-driven fundamentalist grouping called the "Family." As bad as the Supreme Court rulings are, it is clear that many Democrats have not yet learned the lesson, as some are saying that this decision constitutes a victory for the party, because it protects the Latino vote in one district.

The idea that some Democrats would have the audacity to call this decision a victory is a slap in the face to Texans and the lower 80% of family-income brackets, who have been completely disenfranchised by the Democratic Party, showing that Democrats are still playing the game of, "Let's make a deal." If they continue down this road they are only paving the way for Felix Rohatyn and Wall Street to steal the victory from the Democratic Party.

The response to my candidacy for State Chairman of the Democratic Party of Texas, and to Charlie Urbina-Jones'

campaign, by Democrats at the Texas state convention was a sign that many Democrats are fed up and ready to fight.

The most profound irony in this situation is that, even when DeLay is convicted by Travis County District Attorney Ronnie Earle, for the corporate money laundering which paid for electing DeLay's pawns who pushed the redistricting through the Texas legislature, the constitutionally-flawed ruling by the Federalist-Society-tainted Supreme Court will still stand.

InDepth Coverage

Links to articles from

Executive Intelligence Review,
Vol. 33, No. 27

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Feature:

LAROCHE KEYNOTES BERLIN SEMINAR

Confronting A World Crisis Without Parallel

by Rainer Apel

Had Franklin D. Roosevelt lived after 1945, his original design for a global system of post-war economic and social development would have been turned into reality. That Bretton Woods design, which Roosevelt agreed on with the Soviet Union and China in 1944, would have replaced the colonial structures of the Anglo-Dutch alliance and the French Synarchists, that had led to two world wars and other international catastrophes. The revitalization of this FDR impulse today, in the context of a New Bretton Woods, is what will lead the world out of its present crisis, which is without parallel in human history. The enemy that Roosevelt faced, is the enemy faced also today, by the Rooseveltian tradition, with the LaRouche movement as its main catalyst. Today, FDR's enemies must finally be defeated. That was one of the crucial messages delivered by Lyndon H. LaRouche, Jr. at the international seminar held in Berlin by EIR on June 27.

Lyndon H. LaRouche, Jr.

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Clifford A. Kiracofe, Jr.

The U.S.A.: Fascism Past and Present

Here is the prepared address by Dr. Clifford A. Kiracofe, Jr. to the June 21 New Bretton Woods Seminar hosted by EIR in Berlin. Kiracofe is a former senior professional staff member of the U.S. Senate Committee on Foreign Relations. Extemporaneous comments Dr. Kiracofe made as he delivered his address, are included.

Jeffrey Steinberg

We Can Beat Rohatyn And the Synarchists

Jeffrey Steinberg, EIR Counterintelligence Editor, gave this speech to the Berlin seminar on June 27.

[*Lyndon H. LaRouche, Jr.*](#)

[The Key to History: Discover a Principle](#)

Here are Lyndon LaRouche's remarks following Jeffrey Steinberg's presentation, in the afternoon panel of EIR's Berlin Seminar, June 27.

[*Helga Zepp-LaRouche*](#)

[Stop the Synarchist Takeover in Berlin](#)

Helga Zepp-LaRouche is the chairwoman of the Civil Rights Movement Solidarity (Bu"So) party in Germany. Here is her speech to the Berlin seminar; it has been translated from German.

[*Lyndon H. LaRouche, Jr.*](#)

[An Address to the Youth Movement: On the Subject of Truth](#)

National:

[DEMAND EMERGENCY ECONOMIC PLAN](#)

[Congress Held Accountable By LaRouche PAC Drive](#)

[by Marcia Merry-Baker](#)

This year, the annual U.S. Congressional recess for the Fourth of July will be no break from politics, but instead, the occasion for still more pressure on Congress to initiate urgent emergency economic measures—the focus of an organizing drive by the Lyndon LaRouche Political Action Committee (LPAC) and bipartisan collaborators throughout the nation. Leading the charge are activists with the LaRouche Youth Movement (LYM), whose mobilization ranges from street organizing, to phone-call campaigns, to regional tours—for example, to west Texas and the Ohio Valley states, to engage citizens in forcing Federal action. In the course of this activity, the Democratic Party is gaining new life, as are whole ranks of traditional, anti-Cheney Republicans.

[LPAC Testimony](#)

[Rebuild All of Ohio's Locks and Dams](#)

The following document was submitted to the U.S. Army Corps of Engineers (USACE), Pittsburgh District, by the Lyndon LaRouche Political Action Committee, on June 29, 2006, for the official public comment period on their new report on the Ohio River Mainstem System Study. The report was released in May 2006, by the Great Lakes and Ohio River Division of the USACE. This document was prepared by Marcia Merry Baker.

[Cheney's Halliburton Paradigm for Fraud](#)

[by Carl Osgood](#)

The evidence that the Office of the Vice President was directly involved in arranging government contracts with his former company, Halliburton, is now undeniable: A new report issued by Rep. Henry Waxman (Calif.), the ranking Democrat on the House Government Reform Committee, 'Dollars, Not Sense: Government Contracting Under the Bush Administration,' documents that Halliburton, the company run by Dick Cheney before he appointed himself Vice President, is, in fact, the paradigm for the wholesale privatizing, by government contract, of entire chunks of what are properly the activities of the U.S. government itself.

- [Wilkerson Testimony](#)

[Cheney Insisted: Iraq Has WMD](#)

Here are excerpts of the testimony of Col. Lawrence Wilkerson (ret.) to the Senate Democratic Policy Committee on June 26...

[From Inside the Bush Administration](#)

[It Was Cheney Behind Iraq Disinformation](#)

[by Michele Steinberg](#)

The manipulation of the intelligence given to the U.S. Congress and the American population to get the war in Iraq, could be summed up with three words, 'The Vice President,' stated Col. Lawrence Wilkerson (ret.), to a packed hearing room at the U.S. Senate on June 26. As Wilkerson made the statement, in response to a question from Republican Congressman Walter Jones of North Carolina, total silence fell over the hearing room, broken only by Representative Jones' next question to a panel of former Bush-Cheney Administration officials.

U.S.-Mexico Border Conference

A 'Perfect Storm' of Health-Care Collapse

by Patricia Salisbury

At a conference on the health-care situation along the U.S.Mexican border, held in Washington, D.C. on June 22, speaker after speaker, many of them doctors and community and public health workers, presented data from studies and their daily medical practice that showed staggering rates of disease, particularly tuberculosis, diabetes, and obesity, among the 12 million people living on both sides of the U.S.Mexican border.

Economics:

'LAZARD FACTOR' AT WORK

Massive 'Worker Buyouts' Show Auto Shrinkage Accelerating

by Paul Gallagher

The revelation in EIR's June 9 issue, that the whole Delphi Corporation strategic bankruptcy/outsourcing was planned by Felix Rohatyn, has begun to sink in on Capitol Hill, among those concerned with the disappearance of American industry and the auto crisis in particular. Members of Congress who had been decrying Delphi CEO Steve Miller's wholesale shutdown and 'export' of the biggest U.S. autoparts maker, tearing up its union contracts in bankruptcy court, are confronting the fact that an influential 'Democratic Party' power broker devised the strategy and reached for Miller to execute it.

- **Lunatics Launch 'Steel Futures' Speculation**

by Judy Feingold

You've seen the ever-wilder wild surges and gyrations in petroleum prices and those of other 'primary commodities' such as precious and base metals, and even industrial chemicals and plastics. Now, prepare yourself for just the same thing to happen to steel prices, if some insane financiers get their way, and if they still have the time to pull it off before their system collapses.

Nuclear Power: The Key To Bolivian Development

by Luis Va'squez Medina

The economic development of Bolivia, the poorest nation in South America, is urgently necessary to bring peace and development to the entire South American continent. To bring about this South American great project, this country in the Andean highlands must acquire the most advanced science and technology. Bolivia must enter the age of nuclear energy now.

First U.S. Nuclear License in 30 Years

by Marsha Freeman

After a two-and-a-half-year technical, economic, and environmental review by the Nuclear Regulatory Commission (NRC), on June 23, Louisiana Energy Systems was issued a license to build and operate a new uranium-enrichment plant, the National Enrichment Facility, to be located in New Mexico. It is the first nuclear facility to be licensed in the U.S. in 30 years.

International:

ARGENTINA'S KIRCHNER SPEAKS OUT

Only the 'Activist State' Can Defend General Welfare

by Cynthia R. Rush

In a series of speeches over the past month, including during his trip to Spain, Argentine President Néstor Kirchner has forcefully identified the

same fundamental point that American statesman Lyndon LaRouche has made repeatedly: Only the 'activist state,' which promotes and supports industrial development and public investment in vital infrastructure, is capable of defending the General Welfare of the population.

Cheney and Netanyahu In New War Lunge

by Dean Andromidas

The dangerous escalation of the Israeli-Palestinian conflict has to be laid directly on the doorstep of Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld. As of this writing, and as EIR had warned June 30, Israeli Prime Minister Ehud Olmert has opted to follow Cheney and Rumsfeld and their agent in Israel, Likud Party chairman Benjamin Netanyahu, into a new regional war.

Open Letter: Daniel Buchmann

Berlin's Future As The Hub of Eurasia

Daniel Buchmann is the lead candidate of the Civil Rights Movement Solidarity party (Bu"so) for the Berlin House of Deputies, which also makes him candidate for mayor. Parliamentary and borough elections will be held on Sept. 17. The Bu"so is the party of the LaRouche movement in Germany, and its national chairwoman is Helga Zepp-LaRouche.

Editorial:

Fascist Felix and the DLC

Investigations by the LaRouche Political Action Committee and EIR have determined, without a shadow of a doubt, that Felix Rohatyn is a fascist front-man for the Synarchist International, the group of bankers which brought us Hitler in the 1930s, and is eager to take global power today.

U.S. Economic/Financial News

Fed's Soft-Pedalling on Interest Rates Sets Commodities Inflation Jumping

After significant "guessing" in the banking community that the Federal Reserve would accelerate its interest rate hiking this week, the Fed instead on June 29 raised interest rates one-quarter point to a 5.25% overnight loan rate, and 6.26% discount rate. Whereas JP Morgan Chase and other "analysts" had worried that the Fed would raise its 2006 target for interest rates to 6%, its statement after its meeting does not appear to be a change from Fed chairman Ben Bernanke's earlier statements:

"Readings on core inflation have been elevated in recent months. Ongoing productivity gains have held down the rise in unit labor costs, and inflation expectations remain contained. However, the high levels of resource utilization and of the prices of energy and other commodities have the potential to sustain inflation pressures.... Inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

The impact of the non-action was that commodity and stock prices jumped up in the afternoon; gold was up 2%; copper jumped 5%; oil almost reached \$74/barrel; and so on.

The central banks remain in the jam Lyndon LaRouche defined: wanting to damp down hyperinflationary markets, but afraid of crashing the housing bubbles overnight, and ruining the (already bankrupt) banks.

Slide in U.S. Auto Sales Accelerates

In another sign of the downward plunge of the economy, Edmunds.com forecast June 28 that total U.S. auto sales through the end of the month would be down 2% from the first-half 2005, and that "Big Three" sales would be down 8%. But sales

for June alone are forecast at a much larger 8% drop from June 2005—for all automakers. So the drop is accelerating. Not surprisingly, Standard & Poors has cut both GM's and Ford's credit ratings again in the past week, to six levels deep in junk, days after it cut GM's rating to seven. There is only one level worse than that. But on June 28, it was William Ford III's turn to deny that his company would be going into bankruptcy.

The elementary fact is that both companies are shrinking rapidly, and their U.S. sales are slipping more and more sharply, while their debt burdens remain at least in the \$300-billion range combined.

Will Arcelor-Mittal Cartel Shut Down More U.S. Steelmaking?

There are a number of indications that the Arcelor-Mittal merger—should it go through—would result in the shutdown of still more U.S. steel operations as part of its global "consolidation," which would constitute a further threat to U.S. national security.

* On Public Radio International's Marketplace June 26, Stephen Beard reported from London that steel customers won't be celebrating, because, "Arcelor-Mittal meanwhile might sell off some American steelmaking operations to cut its exposure to the troubled U.S. auto industry."

* Mittal currently has a commitment to sell its Canadian Dofasco steel-producer to Germany's ThyssenKrupp, to which Arcelor is objecting, since Arcelor wants to keep it. Dofasco also has plants in the U.S.

* Under the terms of an agreement reached with the U.S. Justice Department in May, Mittal is required either to sell Dofasco, in the event of a merger with Arcelor, or to divest other U.S. assets. "The [Justice] Department will continue to investigate the competitive implications of the combination of Mittal and Arcelor—the world's two largest steel producers," the DOJ said on May 12.

* According to the *Baltimore Sun* June 26, the Sparrows Point steel mill in Baltimore (formerly Bethlehem Steel), is one of the facilities that Mittal may have to divest for anti-trust reasons.

Inventory of Unsold Homes Rose in May to Nine-Year High

Sales of existing homes slid 1.2% in May, the second consecutive monthly drop, according to the National Association of Realtors. Also, *USA Today* reported June 28 that sales declined 6% from January to May, with single-family homes posting the biggest drop in 11 years. There were a record 3.6 million homes for sale at the end of May, representing a six-and-a-half-month supply, the highest level since May 1997. Mortgage interest rates rose to an average of 6.86%, the highest level since April 2002, creating a "ticking time bomb" for borrowers with adjustable-rate mortgages.

Meanwhile, contract-cancellation rates are increasing, warned the chief executive of luxury-home builder Toll Brothers, who pointed to a "retreat" by speculators in Washington, D.C. and Northern Virginia.

National foreclosures jumped 28% in May compared to a year ago, and up 2% from April, said RealtyTrac.

Michigan: Former Industrial State Faces Economic Extinction

Here are some telling economic statistics for the once-great industrial state of Michigan, home to the Big Three auto companies, as reported in the *Detroit News* June 27:

- * Michigan lost 17,000 jobs in 2005; some 290,000 since 2000.
- * Over 33,500 foreclosures were initiated in 2005. Its foreclosure rate was 2.5%, while that for the nation was 1.6%.
- * Jobless rate fell to 6% from 7.2% because 66,000 people left the labor pool.
- * Family income growth—3.2%—was higher than only two other states: Washington State and Louisiana. Median income has declined 8.2% in Michigan, while the nation's has increased 9.1%.
- * Only North Dakota has lost more residents than Michigan.
- * Bankruptcy filings are 1.14% for the state, compared with .88% for the nation, while house values have appreciated more slowly than in any other state, at 3.8%. The national average was 13%.

Senate Committee Blames Speculation for Rising Oil, Gas Prices

The Senate Subcommittee on Investigations issued a bipartisan report blaming speculation for rising oil and gas prices, according to a press release from the office of Sen. Carl Levin (D-Mich). The report, released by Sens. Levin and Norm Coleman (R-Minn), concluded that "market speculation has contributed to rising oil and gas prices, and that too many energy trades are occurring without regulatory oversight." The study "recommends that Congress enact legislation to close a major loophole in Federal oversight of oil and gas traders, slipped into law in 2000 at the behest of Enron and other large energy traders."

Levin, the panel's top Democrat, insisted, "It's time to put the cop back on the beat in our major energy markets. More and more trading is being conducted by large oil and gas traders on electronic markets where there is no oversight."

Subcommittee chairman Coleman, breaking ranks with fellow conservative Republicans, said, "The question is whether we have allowed this sector to play by the beat of their own drum—going virtually unchecked and unregulated. We need to take a hard look at whether we have enough regulatory tools."

The report demolished the "supply and demand" myth often given as the reason for high prices, noting that oil inventories recently hit an eight-year high. Rather, speculators have poured tens of billions of dollars into the energy commodity markets; this speculation has "significantly" raised the price of oil futures, by as much as \$20-25 per barrel.

World Economic News

Credit Risk Threatens a New LTCM-Like Systemic Crisis

So warns Benedikt Fehr in a prominent article in the economic section of the *Frankfurter Allgemeine Zeitung* June 28. Headlined "Risky Transfer of Risk," the article reports that, from the end of 2005, the volume of credit default swaps contracts rose from \$1 trillion to \$17 trillion. How does the CDS mechanism work? It all goes fine, explains Fehr, if the conjuncture is good, and there are no bankruptcies. But "what happens if the conjuncture cools down and credit defaults begin to add up? Nobody knows." Also, "CDSs are the kernel of an entire family of financial instruments, which have a so-far-unknown complexity, and which hide possible risks of so-far-unimaginable dimensions." The problem is, that most "institutional investors," such as pension funds and hedge funds, have massively traded in CDSs. More than that, "you can insure yourself against credit insolvency by buying CDSs, even if you have extended no credit," writes the *FAZ*, describing

how the derivative market on CDSs works, and many CDS-buyers in reality speculate on firms going bankruptcies, so that the prices of CDSs go up, and they can make a gain by selling their contracts on the secondary market. In order to help this industry, negative rumors about firms are circulated on purpose. It is believed, for instance, that Commerzbank was a victim of such an attack in September 2001.

In case of insolvency of a few insurers, "given the interconnections of the financial markets, a crisis could quickly develop, similar to 1998, as the near bankruptcy of LTCM led the financial system to the brink of a collapse."

United States News Digest

Supreme Court Upholds DeLay's Texas Gerrymandering

The 2003 gerrymandering of Texas's election redistricts, orchestrated by indicted former Rep. Tom DeLay (R-Tex), was almost entirely upheld by the U.S. Supreme Court in a 5-4 vote on June 28. The Court upheld the constitutionality of the Texas Legislature's redistricting, for what nearly all agreed was done solely to give the advantage to the state's Republicans; it also upheld most of the specific redistricting from Voting Rights Act claims, but the design of one district was rejected under the VRA as diluting Latino voting power.

The case stems from a redistricting plan rammed through the state legislature in 2003 after the Republicans took control of the state legislature in 2002, despite several attempts by Democrats to block a quorum by leaving the state. (Not at issue in the case, but worth remembering, is that the GOP seizure of the legislature was the object of money-laundering operations with major corporations and the Republican National Committee, for which both Tom DeLay and his political action committee stand criminally charged.)

Justice Anthony Kennedy, writing for the majority, ruled that, absent the challenge to the redistricting showing that voters had *actually* had their rights to representation impaired as a result of the effect of redistricting on elections, the redistricting was constitutional. Six other Justices agreed with Kennedy's conclusion, but for differing reasons.

The dissenting opinion was written by Justice John Paul Stevens, who argued that redistricting solely for partisan purposes is unconstitutional: "The equal protection component of the Fourteenth Amendment requires actions taken by the sovereign to be supported by some legitimate interest, and further establishes that a bare desire to harm a politically disfavored group is not a legitimate interest.... Similarly, the freedom of political belief and association guaranteed by the First Amendment prevents the State, absent a compelling interest, from penalizing citizens because of their participation in the electoral process, ... their association with a political party, or their expression of political views.'... These protections embodied in the First and Fourteenth Amendments reflect the fundamental duty of the sovereign to govern impartially." The Texas legislature had failed in that duty, he concluded.

The *Washington Post* June 29 noted that the decision may prompt majority parties in other states to redraw political maps to their advantage. Rep. Tom Davis (R-Va), the chairman of the House Government Reform Committee, was quoted saying that although mid-decade redistricting has been ruled legal, it is not a good idea, because it interferes with citizens' relationship with the officials they elected.

Hillary Clinton Confronted by LaRouche Youth on Rohatyn

Senator Hillary Clinton (R-NY) spoke at a meeting of the Senate Manufacturing Caucus on June 28, saying, "There are people in New York who think we no longer need industry; they think you can run an economy on money." Interesting. Members of the LaRouche Youth Movement in the audience wouldn't accept any half-truths, however. One LYM member

stood up to say, "You say these things, but you need to start naming the names," and proceeded to develop the polemic on Felix Rohatyn and how he has been destroying U.S. manufacturing. Clinton immediately shot back: "Are you with LaRouche?" LYM: "Of course. Who else has the guts to go after Rohatyn?" The Senator then asked us to e-mail a memo on the Rohatyn material to her office.

Clinton's office had already received the Rohatyn material, prior to her endorsing Rohatyn's "infrastructure" plan. But, perhaps she's coming around.

Webb Shoots Down Allen Attack on Flag Burning

After Sen. George Allen's (R-Va) campaign manager, Dick Wadhams, accused James Webb, Allen's Democratic challenger in the November election, of being " beholden to liberal Washington Senators," because he was against the Allen-supported anti-flag-burning amendment, a Webb spokesman responded: "George Felix Allen, Jr. and his Bush-league lapdog, Dick Wadhams, have not earned the right to challenge Jim Webb's position on free speech and flag-burning." Webb is a highly decorated Marine veteran of the Vietnam War, and was Navy Secretary under President Reagan.

Webb's spokesman continued, "Jim Webb served and fought for our flag and what it stands for, while George Felix Allen, Jr. chose to cut and run. While Jim Webb and others of George Felix Allen, Jr.'s generation were fighting for our freedoms and for our symbols of freedom in Vietnam, George Felix Allen, Jr. was playing cowboy at a dude ranch in Nevada. People who live in glass dude ranches should not question the patriotism of real soldiers who fought and bled for this country on a real battlefield."

All Electronic Voting Machines Vulnerable to Hacking

New York University's Brennan Center for Justice has concluded that all electronic voting machines are vulnerable to hacking that could change the outcome of a statewide or national election. All three systems—electronic machines ("DREs"), with or without a voter-verified paper trail, and precinct-counted optical scan systems ("PCOS")—have "significant security and reliability vulnerabilities," according to a report issued June 27 by the Center's Task Force on Voting System Security. All are "equally vulnerable" to a software attack, especially machines with wireless components. These could be attacked by "virtually any member of the public with some knowledge of software and a simple device with wireless capabilities, such as a PDA."

The study called for such countermeasures as automatic routine audits comparing voter-verified paper trails to the electronic record, and bans on wireless components in voting machines.

Specter Charges Bush Administration with Abuse of Power

Senator Arlen Specter (R-Pa), the only committee chairman who is conducting any oversight at all on national security matters in the U.S. Senate, held a Judiciary Committee hearing on June 27, on the Administration's use of Presidential "signing statements," which he considers an abuse of power. "It's a challenge to the plain language of the Constitution," he told AP before the hearing. "I'm interested to hear from the Administration just what research they've done to lead them to the conclusion that they can cherry-pick." Specter was particularly focussed on Bush's signing statements on the Patriot Act, and the Anti-Torture Amendment.

The ranking Democrat on the committee, Sen. Patrick Leahy (D-Vt), said at the beginning of the hearing that, "We are at a pivotal moment in our nation's history, where Americans are faced with a President who makes sweeping claims for almost unchecked Executive power." Leahy called the Administration's use of signing statements "a grave threat to our

constitutional system of checks and balances." Referring to "the low regard with which this Administration holds the Congress, the Senate, and, in particular, this Committee," Leahy cited Vice President Cheney's intervening "to instruct witnesses not to testify, and telling Republican Senators what oversight he will allow," and the fact that the Administration sent to the June 27 hearing, "a young deputy to parrot the Administration's line," rather than a senior Justice Department official.

Specter asked the DOJ representative, why the President couldn't come to the Congress, and say that he'd like this or that changed, rather than declaring he can ignore legislation, or interpret it any way he wants? When the DOJ representative said she couldn't answer the question, Specter told her to go back and get an answer in writing.

Everyone But LaRouche Is 'Cutting and Running'

"Everyone but LaRouche is 'cutting and running,'" LaRouche Western States spokesman Harley Schlanger told the Jack Stockwell show on KTKK in Salt Lake City on June 26, where the central topic was Lyndon LaRouche's leadership at the moment of existential crisis for civilization. When Stockwell asked about the charges from Rove and Cheney that the Democrats are prepared to "cut and run" from Iraq, Harley said that "everyone but LaRouche is 'cutting and running' from the only two issues that matter: getting rid of Cheney, and stopping the destruction of the U.S. machine-tool sector." This shaped the hour-and-a-half interview, which focussed on the role of Rohatyn and the DLC in attacking the FDR tradition in the Democratic Party.

Schlanger asked listeners what they would have thought if, during the 1950s and '60s, at the height of the Cold War, our auto factories were being sold off and blown up. Obviously, the conclusion would have been that only the worst enemies of the U.S. would do such things; it must be a Communist plot! Yet, that is what is being done today by Rohatyn and Lazard, the fifth column of fascist "globalizers" who are out to wreck the nation-state!

Stockwell kept coming back to this, and urged his listeners to call in for copies of the upcoming *EIR* special report on who is destroying U.S. industry (see *EIR* Online #26, InDepth).

New York Times Leaks Casey Plan for Troop Cuts in Iraq

General George Casey, the top U.S. military commander in Iraq, outlined a draft plan for reduction of U.S. troops in Iraq in classified briefings at the Pentagon, last week, according to the *New York Times* June 25. The *Times*' account says that Casey's plan envisions a reduction in the number of U.S. combat brigades from the current 14 to five or six by the end of 2007, a reduction of about 30,000 troops.

The plan assumes "continued progress" in Iraq, including the development of the Iraqi security forces, a reduction in Sunni Arab hostility toward the new government, and the assumption that the insurgency will not spread beyond Iraq's six central provinces. It also assumes growing stability and authority of the Iraqi government over the period from the present to the summer of 2009.

A White House official told the *Times* that the plan is not a formal plan for withdrawal, but rather a concept of how the U.S. might move forward, after consulting with the Iraqi government.

The first reductions would take place before the 2006 U.S. midterm elections with the scheduled rotating-out of two brigades. Under the plan, those brigades would not be replaced.

Ibero-American News Digest

Rohatyn's Suez Booted Out of Bolivia

The French company Suez Lyonnaise des Eaux "must leave" Bolivia by July, Bolivian Water Minister Abel Mamani announced on June 28, while attending an international conference in Brussels on water management. Suez, on whose board Lazard Frères' Felix Rohatyn sat when the company was looting Argentina (see InDepth this issue, "Argentina's Kirchner Speaks Out: Only the 'Activist State' Can Defend General Welfare"), bought up the former state-run water companies in the 1990s.

Mamani was to visit France next, where he was to present the French government with the results of the Bolivian government's audit, proving that Suez never complied with its contract. Suez currently owns Aguas de Illimani, which got the water-management concession for Bolivia's capital, La Paz, and the neighboring suburban region of El Alto. The Bolivian government will make the audits public, since its negotiations with Suez to resolve matters through dialogue did not succeed.

A new public facility will take charge, to do what Suez didn't do: Secure the fresh water supply and lower the fees on the service, Mamani explained. Neither the French government nor the French people are responsible, he said, "but just a private company" that failed in its obligations with the Bolivian public.

Brazil Still a Sitting Duck for Capital Flight

Brazilian Securities Exchange data on the stock of foreign portfolio investment in Brazil, cited in a June 16 article posted by "Power and Interest News Report," exposes the fraud of Brazil's supposed "improvement" in its foreign debt dependency. The statistics show that all Brazil's Central Bank has done in reducing its foreign and dollar-denominated debt, is to swap medium- and short-term dollar liabilities for an equal amount of short-term, real-denominated liabilities owned by foreign investors, from which investors can pull out at the drop of a hat, demanding dollars for their reals as they leave.

Brazil's vulnerability jumps out, when the stock of foreign portfolio investment is compared to its foreign reserves: In 2004, Brazil's foreign-exchange reserves were \$52 billion vs. a \$35 billion stock of foreign portfolio investment. At the end of 2005, reserves were \$54 billion vs. \$65 billion in foreign portfolio investment. As of April 2006, reserves were \$57 billion against some \$100 billion in short-term foreign portfolio investment.

Brazil Could Triple Uranium Production

According to the Brazilian Nuclear Industry (INB), with the opening of a new uranium mine in the state of Ceara within the next few months, Brazil's uranium production could jump from its current 400 tons to 1,200 tons annually, within three years, making Brazil the fifth-largest uranium producer in the world, after Australia, Kazakhstan, Russia, and Canada.

With that production increase, Brazil could not only supply the uranium needed for its two existing nuclear plants, and the third which was started and then stopped two decades ago, but the National Nuclear Energy Committee (CNEN) has reportedly proposed that Brazil could also begin exporting yellow cake, processed in its newly-initiated uranium enrichment plant.

Nervous Nellies are already arguing that such plans are too controversial to be adopted, given the international crisis over Iran's enrichment program, and domestic opposition from the environmentalists and bean-counters, as *Gazeta Mercantil* argued in its June 22 editorial. Any export of yellow cake would require approval by the IAEA.

The Brazilian Nuclear Program—a global review of where Brazil's nuclear industry stands and where it must go from here—is now in the hands of the executive branch, which is expected to decide the industry's future.

Nuclear Plans Discussed Across the Continent

Across Ibero-America, nuclear energy is back on the agenda:

"Peru shouldn't turn its back on a subject" as important as nuclear energy, "particularly when it is being studied in the strategic policies of other nations," nuclear physicist Rolando Paucar Jauregui, director of Peru's Energy Research Institute, argued in a June 16 article in the official daily, *El Peruano* and a similar interview June 25 in *Expreso*. At the Energy Research Institute, "we are committed to placing nuclear energy at the service of fighting poverty through projects that can be carried out in the short and medium term," Paucar said. Peru was a pioneer in the nuclear field, but today its one reactor has no fuel and the government won't spend money for it. He called for upgrading the Peruvian Nuclear Energy Institute (IPEN) and providing it with adequate financial, scientific and government support. Unlike other alternative energy sources, nuclear offers the possibility of much greater technological and scientific development for the country. "Nuclear technology is the central component in the world's scientific and technological development."

In neighboring Chile, the Senate's Mining and Energy Commission has established a 90-day deadline to produce a report on the viability of nuclear energy. Chilean and foreign academics, scientists, seismologists, experts in the field, as well as environmentalists, will be invited to address the Commission in a series of hearings, after which a comprehensive report will be presented to the full Senate, the Bachelet government, and public opinion. Commission President, Sen. Jaime Orpis, told *Diario Financiero* that "Chile cannot close itself off from nuclear energy, given the shortages of energy resources, and [supply] problems with neighboring countries." There is particular interest in the use of state-of-the-art "micro-reactors" to meet short-term energy needs.

Mexico's Federal Electricity Commission (CFE) has initiated studies for the construction of a nuclear plant in the state of Sonora, which would begin production by 2015, *La Jornada* reported June 21. The Sonora plant would be built in parallel with the expansion of the existing Laguna Verde plant in Veracruz. The Sonora site was proposed last December by the National Nuclear Research Institute (ININ), in a study proposing two other new nuclear plants also be built in Laguna Verde. Sonora is said to have been chosen because of the energy shortage in the north of the country, and because the state is viewed as having the elements needed to operate a plant of this sort.

In this issue, *EIR* reports on the little-known studies done in the early 1960s, on the development potential of nuclear energy in Bolivia (see InDepth, "Nuclear Power: The Key to Bolivian Development").

Kirchner's Enemies Hail Spain's Fascist Leader, Blas Piñar

Argentine synarchist Antonio Caponnetto, key ideologue of the infamous, failed Spanish-Argentine magazine *Maritornes*, was one of the most prominent speakers at the 40th anniversary bash of the founding of Spain's Fuerza Nueva, led by the unrepentant Franco-ite official Blas Piñar. "Cristo Rey" Caponnetto, who figured in the 1990s' fascist penetration operation against Lyndon LaRouche's organization centered around Fernando Quijano, hailed Blas Piñar in his address to the 2,000-person celebration, and then embarked on a several-day speaking tour in Spain to pontificate on such topics as "The Lies About the Inquisition."

Pictures of the May 21 event show groups of men giving what Fuerza Nueva coyly calls "the Roman salute"—right arm outstretched à la Hitler, Franco, and Mussolini. Caponnetto, who spends his time back home defending the 1970s "dirty war" and Operation Condor repression through his *Cabildo* magazine, was one of several foreign representatives who attended the fascist festivities. France's Le Pen was present, along with co-thinkers from Portugal, Italy, and Chile.

Not to be left out, Antonio's brother, Mario, sent a message of support, calling the anniversary "a true miracle in today's Spain. It gives me joy to know that the spirit of the Crusade hasn't died," a message posted on the website, "Generalissimo Francisco Franco—at the Service of Spain."

A few days later, on June 3, Mario's wife, Maria Lilia Genta, daughter of the fascist ideologue Jordan Bruno Genta, posted a diatribe against President Nestor Kirchner on the right-wing Argentine website, Seprin. She denounced the President as a Marxist terrorist who is out to destroy the Armed Forces with his "Montanero hawks who are now Ministers and deputies." (The Montoneros were the leftist terrorist group that operated in the 1970s, and assassinated Jordan Bruno Genta in 1974). Genta threatened: "You cannot defeat us."

'Tropical Stonehenge' Uncovered

Ruins of what may be South America's oldest astronomical observatory have been located in Amapa, Brazil, in the Amazon region near the French Guyana border. AP reported June 28. This "tropical Stonehenge," as locals call it, consists of 127 granite blocks, some as high as nine feet tall, spaced at regular intervals on the top of a hill, looking like a crown 100 feet in diameter. At the winter solstice, the shadow of one of the blocks which is set at an angle, disappears. While precise dating remains to be done, archeologists and anthropologists working at the site say pottery shards near the site may be as much as 2,000 years old.

Once again, "theories" that the Amazon is a pristine jungle never occupied by more than a few people living in a miserable pre-Stone Age culture, is shown to be a lie.

Western European News Digest

Constitutional Reform Rejected in Italian Referendum

On June 25-26, Italians rejected by an almost 2:1 majority a proposal for more than 50 Constitutional reforms pushed by the former Berlusconi government; the vote was 61.3% against, 38.7% in favor. The reforms concerned a reform of the Premiership and the Parliament.

The trade unions claimed credit for the result, because of their mobilization especially against a decentralization of the health and school system, which would have created social imbalances between the North and South. Voting participation was the highest in a decade for a referendum, at 52.9%.

Former Bundesbank Chief Describes Euro as a 'Time Bomb'

The Frankfurt-based Center for Financial Studies (CFS) had a public event on June 28, celebrating its new president Otmar Issing, until recently the chief economist of the European Central Bank (ECB). Outgoing CFS president and former Bundesbank president Karl Otto Poehl gave the keynote speech. After pointing to the growing economic disparities inside the eurozone, Poehl warned that the future of the euro is not yet fully guaranteed. We are rather dealing with a "time bomb," he said. In the original plan, he emphasized, the monetary union was supposed to follow only after a political union of European countries had been established. But, the monetary union was implemented first. Furthermore, the process of the political union has recently run into troubles, while at the same time, the economic development in the various eurozone members is going in different directions. This could lead to political tensions which then escalate into a crisis of the monetary union. Therefore, the "final decision on the fate of the euro is still to come." He added: "I am worried that this construction is fragile."

Issing admitted that economic disparities are indeed threatening the euro project. However, he does not believe that the eurozone will fall apart, simply for the reason that any country trying to do so would have to suffer such heavy political and economic consequences that exiting would be practically impossible.

German Officials Admit Systemic Crisis, Lack of Solutions

At a public event of the Manager circle of the SPD-linked Friedrich Ebert Foundation in Berlin June 24, two German officials admitted the existence of a systemic economic crisis. One was state secretary in the Finance Ministry Thomas Mirow, the other the President of BaFin (Federal Supervisory Commission on Financial Services), Jochen Sanio.

The official reason for the meeting was to hail the usefulness of hedge and private equity funds. But in his introductory statement, State Secretary Mirow said: "Apart from the usefulness of these funds, there are also systemic risks! What if one of the big hedge funds goes bust, and if this happens in the midst of a depression? I think we have to take the warnings of the European Central Bank in this respect very seriously."

In the discussion period, an *EIR* representative asked how they are prepared to react to the coming crash, and if they can understand the difference between the bankers' solution, which is to impoverish the people, and the solution based on the general welfare? The answer was shockingly true: They admit there is a breakdown crisis, and they also admit that they don't know what to do. Said BaFin President Sanio:

"For me the hedge funds are the black holes in the system; they brought us into an extremely dangerous situation, which can be called a potential destabilization of the world financial system. But nobody has an answer, what to do, if there is a real crash! And we had already the big crash, that was the case of LTCM in 1998.... Although we are all sitting together in the Financial Stability Forum, I can tell you, that so far, no one has come up with any answer for what to do in the case of a crash."

State Secretary Mirow even went further: "Yes, all the finance ministers, the central banks, and the regulatory commissions are sitting together in the Financial Stability Forum, and it is true: nobody knows what to do. *But*: If there is a crash, we will have telephone conferences, everybody will be calling his guys, and then I hope we will come up with something!"

Moves To Revive Nuclear Energy in Germany, Britain

The Innovation Minister for the state of North-Rhine-Westphalia, Andreas Pinkwart (FDP), has called for building a new HTR reactor in Juelich, the place where the pebble-bed reactor was first built—and then closed by the Greens. "I consider the thorium high-temperature reactor to be a future-oriented technology," Pinkwart said in an interview with the *Westfaelische Rundschau* June 25. "We shall talk about it," Pinkwart said. In Juelich, he said, "There is a lot of available know-how. It would be stupid not to use it."

Pinkwart characterized as "fatal" the Red-Green government decision to get out of nuclear energy. NRW, he said, will not follow this path.

In Britain, Industry Minister Aleistar Darling gave a statement and an interview to the *Guardian* June 28, saying that there has to be a move to revive nuclear energy in Britain, "otherwise the lights will go out." He said that 20%-30% of all electricity-generating plants, not only nuclear, will be replaced.

Blair Could Quit by Next Spring

Citing unnamed "senior Blairite" members of Parliament, the *Daily Telegraph* reported June 28 that British Prime Minister Tony Blair could resign by next spring. This could be announced just prior to the Labour Party Congress next September.

The *Guardian* has a similar story, only saying that Blair is seeking an agreement with Chancellor Gordon Brown on a timetable for his succession. Blair wants such an agreement prior to September so the party congress will not be dominated by a debate on when he will quit.

This was revealed following criticism of Blair by former Home Secretary Charles Clark, who was forced out as a result of the recent cabinet shuffle.

Russia and the CIS News Digest

Russia To Form 'Atomprom'

Speaking to the annual conference of the Nuclear Society of Russia on June 28, Sergei Kiriyenko, the head of Russia's national nuclear energy agency, Rosatom, confirmed plans to set up a vertically integrated holding company for the nuclear industry. Its provisional name, Kiriyenko announced, is Atomprom (analogous to Gazprom, "prom" being short for the Russian word for "industry"). Kiriyenko linked the move with Russia's already announced hopes to build 40 to 60 nuclear power plants in other countries, as well as a similar number inside Russia. (See Marsha Freeman's report on his recent press briefing, "Russian Official: Our Future Belongs to Nuclear Energy," EIR Online, June 6.) "Russia cannot continue to be active in that market through separate fragments," Kiriyenko told the meeting, "Russia ought to work in this international market as a single, integrated company."

Kiriyenko said, "A renaissance of nuclear energy is beginning in the world, and we face the task of breaking into it." According to Rosatom spokesman Sergei Novikov, Atomprom will unite organizations engaged in the extraction, enrichment, and disposal of nuclear fuel, in the construction, operation, and maintenance of nuclear reactors, and electricity transmission of the power. Nearly 100 separate companies are involved. Unlike Gazprom, which has some foreign shareholders, Atomprom will remain 100% state-owned.

Putin Addresses Russia's Diplomats

In his biannual meeting with ambassadors and permanent representatives of the Russian Federation, held June 27, President Vladimir Putin delivered a speech on Russia's foreign policy. After the collapse of "the bipolar world order, the potential for conflict in the world continues to grow," Putin said. One continues to hear talk of an unavoidable conflict of civilizations that could "become a long-term confrontation on the lines of the Cold War.... Russia does not want confrontation of any kind. And we will not take part in any kind of a 'holy alliance'. We support all initiatives to develop dialogue between civilizations. This is also the objective of the World Summit of Religious Leaders that will take place soon in Moscow."

Putin reiterated his rejection of current harping at Russia's handling of its energy exports: "To be honest, not everyone was ready to see Russia begin to restore its economic health and its position on the international stage so rapidly. Some still see us through the prism of past prejudices and, as I said before, see a strong and reinvigorated Russia as a threat. Some are ready to accuse us of reviving 'neo-imperialist' ambitions or, as we heard recently, have come up with the accusation of 'energy blackmail.' We propose a different road: that of evaluating the foreign policy of any country on the basis of international law and a common set of universal standards."

Concerning foreign policy, Putin followed the outline of his annual Message to the Federal Assembly, delivered in May. He emphasized the importance of Russia's relations with the CIS countries, then stressed the Russian-European and Russia-China relations, as well as the importance of the Shanghai Cooperation Organization, which, he said, "is effectively resolving important economic and counter terrorist issues."

Concerning U.S.-Russian relations, the Russian President said, "If we want these changes to be positive, politicians from both countries must realize the axiom that partnership between countries such as Russia and the USA can be built only on equal rights and mutual respect." He urged that work begin on a strategic arms treaty to replace START, which expires in 2009.

Putin also emphasized that the Asia-Pacific region in general is becoming increasingly important for Russia, and that Russia will take part in maximum regional integration through the region's institutions and forums including APEC, ASEAN, and other forums. And finally, that the countries of Latin America and Africa are playing an evermore active part in the global process.

Kissinger 'Not Happy With' SCO

Henry Kissinger sees the Shanghai Cooperation Organization (SCO) as all bad. He was interviewed June 21 on the "Charlie Rose Show" on PBS-TV in the United States, shortly after he visited Moscow and met President Vladimir Putin. Kissinger expressed the mad geopolitical perspective that "Central Asia now runs the risk or at least the prospect of becoming the Africa of the 21st Century,... as a scene of semi-colonial struggles, where everybody wants access to the energy reserves that are in Central Asia.... You can see why Russia might want to join China for tactical reasons, as a kind of way to reflect that the United States is hanging over both of them, and say 'superpower' with great self-assurance.... I mean, they will play with China."

Rose: "And play it close to the line."

Kissinger: "And they may try to get as close to the line—there are a number of things that I am not happy with at all, like the Shanghai Cooperation Council, which has the states of Central Asia, Russia, and China but excludes us.... So those blocs in which we are not invited to participate give me concern for the future."

Otherwise in the interview, Kissinger styled himself as more reasonable than Dick Cheney (who isn't?), evincing understanding of Russia's 300-year-old pride "in being defender of the Slavs." About Cheney's diatribe against Russia, delivered in April in Lithuania, Kissinger said, "If I had been asked, I would not have recommended that a speech like Cheney's be made.... I wouldn't in general recommend that we make public speeches about Russia in which we sound as if we were grading them for their fitness." Still, said Henry, "I think the Administration is trying to do the right thing."

Uzbekistan Joins Collective Security Group

Uzbekistan, which only a few years ago was seen by interested Western circles as the centerpiece of anti-Russia operations in Central Asia, has now officially joined the Collective Security Treaty Organization, of Russia, Belarus, and other Central Asian republics. The announcement was made June 23 in Minsk, Belarus, where summits of the CSTO and the Eurasian Economic Community (EurAsEC) were held.

Rice Caught as Nagging Harpy, in Moscow

U.S. Secretary of State Condoleezza Rice did a good imitation of Dick Cheney's anti-Russia beast-man while sitting next to

Russian Foreign Minister Sergei Lavrov at the G-8 Foreign Ministers' luncheon in Moscow on June 29. Unbeknownst to Condi and her staff, the conversation was taped, due to an audio feed that was "accidentally" left on. And reporters were treated to a full broadcast of Rice at her nagging best. Some reporter(s) then prepared a full transcript of the audio feed, and distributed it to the rest of the press, which set up Rice and her spokesperson to be caught in a lie. Just after Rice's aide told reporters that "there was absolutely no friction whatsoever" between her and Lavrov, the transcript was produced to the "flabberghasted" aide. Parts of it were published in the *Washington Post* June 30.

The tape heard a frustrated Rice nagging Lavrov, "in a hard voice," demanding that Russia drop reference to the need for more security in Iraq for diplomats, in the draft in the G-8 communique, and telling him that he was exaggerating the importance of the death of four Russia diplomats last week, when, "on a daily basis we [the U.S.] lose soldiers." She accused him of undermining the reputation of the Iraqi government. Lavrov wouldn't back down, telling her, "I don't believe security is fine in Iraq, and I don't believe in particular that security at foreign missions is okay." Condi let loose a diatribe: "There is a need for improvement of security in Iraq, period.... The problem isn't diplomats.... The problem is you have a terrorist insurgent population that is wreaking havoc on a hapless Iraqi civilian population that is trying to fight back.... I understand that in the wake of the brutal murder of your diplomats, that it is a sensitive time...." But, she told him, he should not imply "that it isn't being addressed."

Lavrov also opposed Rice's position that the G-8 should require Iraq to fulfill a series of goals—like the ones put on Afghanistan—in order to get international aid. Lavrov instead suggested the creation of a forum "of neighboring governments to oversee reconciliation in Iraq." This provoked Rice even further, and she accused Lavrov of inviting other countries to meddle in Iraq's affairs. The bickering went on and on, with other diplomats stepping in to offer compromise phrases to shut Condi up.

At the G-8 Foreign Ministers' collective press conference, later that day, Lavrov calmly ridiculed other of Rice's inane remarks, such as her statement that she had "noticed many changes" since her first visit to Russia in 1979.

Ukraine's Parliament Blockaded

During the week of June 26, members of the Supreme Rada from Ukraine's Party of Regions (POR), the top vote-getter in the March elections, prevented leaders of a would-be revived Orange Revolution coalition of Our Ukraine, the Bloc of Yulia Tymoshenko, and the Socialist Party, from reaching the rostrum and holding a vote on the formation of a new government, with Tymoshenko as Premier. The POR accuses them of "usurping power." President Yushchenko has declined to call new elections.

Southwest Asia News Digest

LaRouche Denounces Israeli Threat To Kill Palestinian Prime Minister

In a move described by Lyndon LaRouche as "pure Hell," Israel threatened on June 30 to assassinate Palestinian Prime Minister Ismael Haniyeh, if a captured Israeli soldier is not returned unharmed. The threat was delivered in a letter to Palestinian President Abu Mazen (Mahmoud Abbas) and follows by a day Israel's mass arrests of 64 Hamas officials in the West Bank, including several Cabinet ministers and members of the Palestinian Legislative Council. The detainees are to be tried under Israel's anti-terror laws.

According to the Lebanese daily *As-Safir*, negotiations are proceeding whereby Israel would release a significant number of Palestinian prisoners in exchange for the kidnapped soldier, but only after his release. Publicly, Israel is rejecting demands to free prisoners, but Hamas representative Osama Hamdan is quoted by the Norwegian paper *Aftenposten* saying, "Israel

has never freed Palestinian prisoners for any other reason," than to swap them for captured Israelis.

Israeli sources have told *EIR* that the prisoner release has both support and precedents in Israel.

Abu Mazen: Israeli Attack Is a Crime Against Humanity

Palestinian President Abu Mazen, in an official statement reported by *Ha'aretz* June 28, denounced the Israeli attack against the Gaza Strip. "The President considers the aggression that targetted civilian infrastructure as collective punishment and crimes against humanity" (see this week's InDepth: "Cheney and Netanyahu in New War Lunge," by Dean Andromidas, for full story).

***Ha'aretz*: 'The Government Has Lost Its Reason'**

"The Government Has Lost Its Reason," headlined the lead editorial of the Israeli daily *Ha'aretz* June 30. It writes that the attacks on Gaza, the arrest of Hamas parliamentarians, etc. are the same tactics Israel used in Lebanon—which were ultimately defeated.

The influential daily notes that slain Prime Minister Yitzhak Rabin learned, when he expelled 400 Palestinian prisoners into Southern Lebanon, that they all eventually returned to the West Bank and Gaza, as leaders. "Olmert should know that arresting leaders only strengthens them and their supporters." Moreover, arresting people as bargaining chips "is the act of a gang, not a state."

Ha'aretz concludes that Israel "must return to its senses at once, be satisfied with the threats it has made, free the detained Hamas politicians, and open negotiations. The issue is a soldier who must be brought home, not changing the face of the Middle East."

Bolton Blocks Security Council Action To Save Palestinian Civilians

On June 30, the Palestinian representative at the UN called on the Security Council to pressure Israel to withdraw from its incursion into Gaza. Palestinian UN Observer Riyad Mansour presented a picture of the dire conditions inside Gaza, where Israel has bombed water pipelines and the area's only power plant. "The Council cannot continue to remain passive in the face of such a military aggression against a defenseless civilian population," he said, calling for the approval of a resolution condemning the incursion and urging prompt withdrawal of Israeli forces as well as the release of detained Palestinian officials. Daniel Carmon, Israel's deputy UN ambassador, claimed, in response, that Israel was doing all it can to minimize harm to the civilian population of Gaza, and was planning immediate steps to ease the humanitarian situation there.

U.S. Ambassador John Bolton fully endorsed Israel's policy of collective punishment of the civilian population. Bolton said that a debate on the humanitarian crisis caused by the Israeli attacks on Gaza would "undermine the *limited credibility of the council* (emphasis added)." Then, advancing the Dick Cheney/neo-con policy of redrawing the map of Southwest Asia, Bolton added that, "a prerequisite for ending the conflict is that the governments of Syria and Iran cease their role as state sponsors of terrorism, and unequivocally condemn the actions of Hamas." He called on Syria to arrest Hamas leader and "known international terrorist" Khaled Meshaal and to close Hamas offices in Damascus.

None of these policies has been articulated—yet—by the White House or by Secretary of State Condoleezza Rice, but they are known to be the views of Cheney, Rumsfeld, and Benjamin Netanyahu.

Feingold: Senate Democrats Are Listening to Consultants, Not The People

The White House has done a terrible job of running the war in Iraq, but "they've done a brilliant job of intimidating Democrats," said Sen. Russ Feingold (D-Wisc) on NBC's "Meet the Press" June 25. "I cannot understand why the structure of the Democratic Party, the consultants that are here in Washington, constantly advise Democrats not to take a strong stand," he said, adding that the 2006 elections and even the 2008 elections, could turn on the Iraq issue, and that the party that has a plan to bring the troops home, will win.

Asked if the majority of Senate Democrats are out of touch with the American people, Feingold answered, "Yes, it is at this point. Those who vote against bringing the troops home don't get it. They're not out there enough. They're not listening to the people."

"The Democratic Party of this country is the people of this country," Feingold said, pointing out that he's been travelling all over Wisconsin, and 12 other states. "I can tell you, the one thing I'm sure of, is the American people have had it with this intervention. They do want a timetable for bringing home the troops...."

Feingold also talked about his motion to censure the President, saying that Bush admits that his wiretapping program is against the FISA law, but he says he can do it anyway; he says that he can make up the law under Article II of the Constitution. That's unacceptable, Feingold declared, saying that he fears that, when the history is written, it will show a blank page, that in the face of an outrageous power grab by this President, we, in the Congress, did nothing.

Bush has committed a more clearly impeachable offense than even Richard Nixon, Feingold asserted. But even so, Feingold doesn't think that it's in the best interest of the country to actually impeach Bush and remove him from office, which would be disruptive to the country. That's why he is proposing censure.

Former CIA Analyst Says Cheney Would Be Found Guilty

"The evidence now on the public record is overwhelming, and, if we could have a jury, Vice President Dick Cheney would be found guilty of cooking the intelligence and lying us into war," wrote former CIA and State Department intelligence officer Larry Johnson, in a June 26 piece published on truthout.com. Johnson cites "three remarkable and compelling pieces of evidence" that have surfaced in the past two weeks. The first is the testimony of retired Col. Lawrence Wilkerson at the June 26 hearing of the Senate Democratic Policy Committee; the second is the PBS Frontline program aired June 20, called "The Dark Side"; and the third is from Ron Suskind's new book, *The One Percent Doctrine*, in which, Johnson says, Suskind provides an account of the hoked-up intelligence on al-Qaeda in Iraq, consistent with Wilkerson's view.

Here is the excerpt quoted directly from Suskind's book:

"Cheney's office claimed to have sources. And Rumsfeld's too. They kept throwing them at [Deputy Director for Intelligence Jami Miscik] and CIA. The same information, five different ways. They'd omit that a key piece that had been discounted, that the source had recanted. Sorry, our mistake. Then it would reappear, again, in a memo the next week. The CIA held firm: the meeting in Prague between Atta and the Iraqi agent didn't occur.

"Miscik was no fool. She understood what was going on. It wasn't about what was true, or verifiable. It was about a defensible position, or at least one that would hold up until the troops were marching through Baghdad, welcomed as liberators.

"A few days before, when she had sent the final draft [of a report about connections between Saddam and al-Qaeda] over to Libby and Hadley, she told them, emphatically, This is it. There would be no more drafts, no more meetings where her

analysts sat across from Hadley, or Feith, or the guys in Feith's office, while the opposing team tried to slip something by them. The report was not what they wanted. She knew that. No evidence meant no evidence.

"I'm not going back there, again, George [Tenet]," Miscik said. "If I have to go back to hear their crap and rewrite this [expletive] report I'm resigning, right now."

Tenet cancelled the further meetings, but Dick Cheney is *still* quoting the Feith/Libby neo-con report of Iraqi meetings with 9/11 conspirators as valid.

Asia News Digest

Indonesian President To Visit Two Koreas in July

President Susilo Bambang Yudhoyono will visit North and South Korea July 17-22, with the aim of strengthening Indonesia's relations with the two Korean states, *Antara* reported June 23. Hans Blix, the former chief UN arms negotiator, told reporters after meeting Yudhoyono: "It's very hopeful that your President is going to North Korea, and he may well have a mediating influence."

Yudhoyono will try to draw on the longstanding special relationship between Indonesia and North Korea, going back to President Sukarno's friendship with Kim Il-song in the 1950s.

Also important is a planned nuclear power development agreement that Yudhoyono will sign with the South Korean government. South Korea has agreed to build three nuclear power plants in Indonesia, the first in Southeast Asia (not counting the mothballed plant in the Philippines).

The two nations will establish a "strategic partnership," involving politics, security, defense, investment, trade, science, technology, social affairs, and culture.

Lugar Proposes One-on-One Talks with North Korea

Senator Richard Lugar (R-Ind) proposed one-on-one talks between the U.S. and North Korea, during an appearance "Face the Nation" June 25, where he appeared with Sen. Barbara Boxer (D-Calif). Lugar, who heads the Senate Foreign Relations Committee, directly dismissed the advisability of a U.S. strike on North Korea (as recommended by Bill Perry), and countered that a better approach would be to conduct talks, even one-on-one talks, given that the issue is whether North Korea has a missile that could hit the United States.

North Korea has long sought such direct recognition from the U.S.

While Boxer's emphasis was on the six-party talks, and on not "taking anything off the table," she went out of her way to interject at the end that she did not oppose direct talks, as Lugar had proposed.

China, South Africa Sign 13 Cooperation Agreements

China and South Africa signed 13 cooperation agreements, in political, economic, trade, defense and social fields, Chinese and Russian press reported June 22. This came in the context of Prime Minister Wen Jiabao's visit there. *Itar-tass* reported that "among the discussed issues was cooperation in the sphere of peaceful use of atomic energy. However, no details"

were given. Wen continues his Africa tour, with visits to Tanzania and Uganda.

China is also launching an initiative in the Middle East. The Foreign Ministry announced that special envoy Ambassador Sun Bigan will visit Egypt, Jordan, Israel, and Palestine between June 25 and July 2. China, ministry spokeswoman Jiang Yu said, is "very concerned about the situation in the Middle East." She said that "relevant parties" in the region had conveyed their desire that Ambassador Sun visit the region.

Russia-China Trade Can Be a 'Locomotive' for Eurasian Development

In an interview with Interfax China, published in *China Daily* June 15, the day of the Shanghai Cooperation Organization summit, Vneshekonombank (VEB) chief Vladimir Dmitriyev spoke of the formation of the SCO Interbank Association. "Acting on our proposal, Russia came up with an initiative to establish an association of authorized, state-owned specialized banks of SCO member-nations," Dmitriyev said. "An agreement on inter-bank cooperation was signed at a ceremony in Moscow on Oct. 26, 2005, in the presence of SCO Prime Ministers."

And the Chinese reaction to the VEB proposal?, the reporter asked. "Russia's initiative was supported by all SCO member nations, including China," Dmitriyev said. "I would like to add that China Development Bank is acting as VEB's principal partner in promoting the initiative." Dmitriyev goes on to explain that the banks have begun to create a combined database of potential investment projects. "We have also developed a mechanism to rapidly coordinate the activities of the SCO association's member banks and have held negotiations on a package of documents that will regulate the association's functioning, including credit facilities and the aforementioned database of potential investment projects," he said. (These were then ratified at the Shanghai summit.)

"As for avenues for investment within the SCO over the period until 2010, projects aimed at developing the organization's transportation infrastructure, energy sector, and telecommunications hold great promise," Dmitriyev said.

An increase in Russia-China trade would be key in this respect, Dmitriyev said. "The volume of Russian-Chinese trade amounted to U.S. \$29.1 billion last year. VEB, for its part, can play a crucial role in making these plans a reality, especially as it can become a kind of "locomotive" and spur the development of business cooperation with the SCO in general." The two parties hope to increase the trade to \$60-80 billion by 2010, he said. "Russia is strongly interested in expanding and diversifying its high-tech exports, because it sees such products as a key contributor to its sustainable economic growth. From this standpoint, China is one of the most lucrative markets for us. VEB gives top priority to providing state support for industrial exports, as Russia chiefly exports raw materials to China at this stage," he said. The collaboration will also include development projects in the Soviet Far East. "Projects to be implemented in Siberia and the Far East will soon dominate the agenda of Russian-Chinese business cooperation," Dmitriyev stated.

China Opens First Train to Tibet

The first trains on the Qinghai-Tibet rail line took off from their respective stations on July 1, to traverse the 1,956 km stretch, reaching an altitude of over 5,000 meters above sea level. The Qinghai-Tibet stretch, for the first time, assures rail connections between Beijing and the Tibetan capital, Lhasa. The project represents a new level of technology, with 960 km of the track located 4,000 meters above sea level. President Hu Jintao cut the ribbon at the Golmud Railway Station in Qinghai province.

The largest stretch of track is built on stilts above the Tibetan plateau so as not to disturb the natural habitat. It contains some of the longest railroad tunneling ever constructed. Some 550 kilometers of track is built on frozen tundra—the average annual temperature on the Qinghai-Tibet is 0 degrees Celsius, with minimum temperatures of minus 45 degrees C. Because of the rarefied atmosphere, the trains contain oxygen supplies which can be pumped into the cars as needed.

Mahathir: Bush, Blair Are 'War Criminals'

Speaking at a conference of his own foundation, called the Perdana Global Peace Forum, former Malaysian Prime Minister Mahathir Mohamad said that there must be trials of the heads of state of the U.S., Britain, and Australia for their crimes, showing slides of torture and murder in Iraq and Palestine. He said George W. Bush had "demonized Islam," and said: "We should simply call them 'War Criminal Bush' or 'War Criminal Blair' as casually as they would label the targets of their war of aggression," adding that war, as a means to deal with conflict, must be criminalized.

Mahathir also warned that Iran is likely to be attacked. "The bunkers are spread all over Iran, so they have to bomb the whole of Iran to get all the bunkers." He also called the U.S. a "bankrupt country." Mahathir's statements were reported in *Pravda* and the *China Daily* June 24.

Firing of Philippine Ambassador to the U.S. Protested

The Filipino community in the U.S. sent a scathing open letter to President Gloria Macapagal Arroyo June 22, denouncing the firing and shabby treatment of Philippine Ambassador to the U.S. Albert del Rosario. *EIR* has reported that Del Rosario, who has been in the position for five years, had recently allowed embassy spokespersons to openly side with those institutions of the Philippines, including the Supreme Court, which have increasingly accused Arroyo (and her controllers) of unconstitutional moves and dictatorial ambitions.

Ambassador Del Rosario confirmed the charges contained in the Open Letter by issuing a statement of his own, saying: "In truth, your Open Letter has welled up so much deep feelings within me. There is no way for me to thank you for your zeal in taking a position on my behalf. At the same time, I am most saddened that my situation has caused your expression of disappointment with our government. If you will, may I please urge us to move on."

The Open Letter, signed by over 100 Filipinos and Philippine Americans, reads in part: "We are deeply saddened and outraged that Ambassador Albert del Rosario has been unceremoniously dismissed from his post as the official representative of the Philippine Government to the United States.... What is utterly dismaying is the unceremonious manner in which his exemplary service has been abruptly terminated."

This Week in American History

July 4—10, 1861

July 4, 1861: Lincoln Addresses the Congress on the Eve of Civil War

On April 13, 1861, Major Robert Anderson and his Federal troops were forced to surrender to South Carolina troops after a 34-hour bombardment of Fort Sumter in Charleston Harbor. Two days later, President Abraham Lincoln issued a proclamation calling forth 75,000 members of the state militias to enforce United States law in the seceding states of South Carolina, Georgia, Alabama, Florida, Mississippi, Louisiana, and Texas. The President also called for a July 4th convening of both Houses of Congress, which had adjourned in confusion.

In the interim, President Lincoln was forced to combat the rebellion without a sitting Congress to pass legislation, and with a government bureaucracy which contained a large number of Confederate loyalists. In a later report to Congress, Lincoln described the situation thusly: "On the 12th day of April, 1861, the insurgents committed the flagrant act of civil war by the

bombardment and capture of Fort Sumter, which cut off the hope of immediate conciliation. Immediately afterwards all the roads and avenues to this city were obstructed, and the capital was put into the condition of a siege.

"The mails in every direction were stopped, and the lines of telegraph cut off by the insurgents, and military and naval forces, which had been called out by the government for the defence of Washington, were prevented from reaching the city by organized and combined treasonable resistance in the State of Maryland. There was no adequate and effective organization for the public defence. Congress had indefinitely adjourned. There was no time to convene them. It became necessary for me to choose whether, using only the existing means, agencies, and processes which Congress had provided, I should let the government fall at once into ruin, or whether, availing myself of the broader powers conferred by the Constitution in cases of insurrection, I would make an effort to save it with all its blessings for the present age and for posterity."

Once Federal troops had succeeded in breaking through to the capital city, and the scattered loyal Congressmen were able to return to the House and Senate, President Lincoln reported to them on the measures he had taken in their absence. Then he made the following legislative proposal: "It is now recommended that you give the legal means for making this contest a short, and a decisive one; that you place at the control of the government, for the work, at least four hundred thousand men, and four hundred millions of dollars. That number of men is about one tenth of those of proper ages within the regions where, apparently, *all* are willing to engage; and the sum is less than a twenty-third part of the money value owned by the men who seem ready to devote the whole. A debt of six hundred millions of dollars *now*, is a less sum per head, than was the debt of our revolution, when we came out of that struggle; and the money value in the country now, bears even a greater proportion to what it was *then*, than does the population. Surely each man has as strong a motive *now*, to *preserve* our liberties, as each had *then*, to *establish* them.

"A right result, at this time, will be worth more to the world, than ten times the men and ten times the money. The evidence reaching us from the country, leaves no doubt, that the material for the work is abundant; and that it needs only the hand of legislation to give it legal sanction, and the hand of the Executive to give it practical shape and efficiency. One of the greatest perplexities of the government, is to avoid receiving troops faster than it can provide for them. In a word, the people will save their government, if the government itself, will do its part, only indifferently well.

"It might seem, at first thought, to be of little difference whether the present movement at the South be called 'secession' or 'rebellion.' The movers, however, well understand the difference. At the beginning, they knew they could never raise their treason to any respectable magnitude, by any name which implies *violation* of law. They knew their people possessed as much of moral sense, as much of devotion to law and order, and as much pride in, and reverence for, the history, and government, of their common country, as any other civilized, and patriotic people. They knew they could make no advancement directly in the teeth of these strong and noble sentiments.

"Accordingly they commenced by an insidious debauching of the public mind. They invented an ingenious sophism, which, if conceded, was followed by perfectly logical steps, through all the incidents, to the complete destruction of the Union. The sophism itself is, that any state of the Union may, *consistently* with the national Constitution, and therefore *lawfully*, and *peacefully*, withdraw from the Union, without the consent of the Union, or of any other state. The little disguise that the supposed right is to be exercised only for just cause, themselves to be the sole judge of its justice, is too thin to merit any notice.

"With rebellion thus sugar-coated, they have been drugging the public mind of their section for more than thirty years; and, until at length, they have brought many good men to a willingness to take up arms against the government the day *after* some assemblage of men have enacted the farcical pretence of taking their State out of the Union, who could have been brought to no such thing the day *before*.

"It may be affirmed, without extravagance, that the free institutions we enjoy, have developed the powers, and improved the condition, of our whole people, beyond any example in the world. So large an army as the government has now on foot, was never before known, without a soldier in it, but who had taken his place there, of his own free choice. But more than this: there are many single Regiments whose members, one and another, possess full practical knowledge of all the arts, sciences, professions, and whatever else, whether useful or elegant, is known in the world; and there is scarcely one, from which there could not be selected, a President, a Cabinet, a Congress, and perhaps a Court, abundantly competent to administer the government itself.

"Nor do I say this is not true, also, in the army of our late friends, now adversaries, in this contest; but if it is, so much better the reason why the government, which has conferred such benefits on both them and us, should not be broken up. Whoever, in any section, proposes to abandon such a government, would do well to consider, in deference to what principle it is, that he does it—what better he is likely to get in its stead—whether the substitute will give, or be intended to give, so much of good to the people.

"There are some foreshadowings on this subject. Our adversaries have adopted some Declarations of Independence; in which, unlike the good old one, penned by Jefferson, they omit the words 'all men are created equal.' Why? They have adopted a temporary national constitution, in the preamble of which, unlike our good old one, signed by Washington, they omit 'We, the People,' and substitute 'We, the deputies of the sovereign and independent States.' Why? Why this deliberate pressing out of view, the rights of men, and the authority of the people?

"This is essentially a People's contest. On the side of the Union, it is a struggle for maintaining in the world, that form, and substance of government, whose leading object is, to elevate the condition of men—to lift artificial weights from all shoulders—to clear the paths of laudable pursuit for all—to afford all, an unfettered start, and a fair chance, in the race of life.

"I am most happy to believe that the plain people understand, and appreciate this. It is worthy of note, that while in this, the government's hour of trial, large numbers of those in the Army and Navy, who have been favored with the offices, have resigned, and proved false to the hand which had pampered them, not one common soldier, or common sailor is known to have deserted his flag."

"Lest there be some uneasiness in the minds of candid men, as to what is to be the course of the government, towards the Southern States, *after* the rebellion shall have been suppressed, the Executive deems it proper to say, it will be his purpose, then, as ever, to be guided by the Constitution, and the laws; and that he probably will have no different understanding of the powers, and duties of the Federal government, relatively to the rights of the States, and the people, under the Constitution, than that expressed in the inaugural address.

"The Constitution provides, and all the States have accepted the provision, that 'The United States shall guarantee to every State in this Union a republican form of government.' But, if a State may lawfully go out of the Union, having done so, it may also discard the republican form of government; so that to prevent its going out, is an indispensable *means*, to the *end*, of maintaining the guaranty mentioned; and when an end is lawful and obligatory, the indispensable means to it, are also lawful, and obligatory.

"It was with the deepest regret that the Executive found the duty of employing the war-power, in defence of the government, forced upon him. He could but perform this duty, or surrender the existence of the government. As a private citizen, the Executive could not have consented that these institutions shall perish; much less could he, in betrayal of so vast, and so sacred a trust, as these free people had confided to him. He felt that he had no moral right to shrink; nor even to count the chances of his own life, in what might follow. In full view of his great responsibility, he has, so far, done what he has deemed his duty. You will now, according to your own judgment, perform yours. He sincerely hopes that your views,

and your action, may so accord with his, as to assure all faithful citizens, who have been disturbed in their rights, of a certain, and speedy restoration to them, under the Constitution, and the laws.

"And, having thus chosen our course, without guile, and with pure purpose, let us renew our trust in God, and go forward without fear, and with manly hearts."

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