

[return to home page](#)

This Week You Need To Know

The Presently Oncoming Strategic Crisis **The Strategic Significance of the Hit on India**

by Lyndon H. LaRouche, Jr.

Friday, July 14, 2006

I bring no "good news." Only fools march to battle because the news is good; wise men march with grim and resolute determination, because they know the news is very bad.

Lately, while most of the U.S. Congress has been virtually sleeping through a months-long, lulling delusion, like that which Neville Chamberlain carried back to London from Munich, the world has been lurching toward the brink of a crisis which must be compared, at the very least, to the brink of outbreak of each of two so-called "world wars" of the last century. Actually, what is presently threatened for the immediate future, unless we act now to prevent it, would soon be something much worse than either of those wars. Do not look for the image of troops marching to battle; what is coming down the road now, is something most nearly comparable, in known history, to a nuclear-age version of the Hellish nightmare-scenes of the so-called "New Dark Age" which erupted in the Fourteenth Century, when the King of England repudiated his debts to the Lombard League's House of Bardi.

While the gathering for the G-8 summit brings the world into a great global crisis which has been already over-ripe for eruption, certain events of the past week to date, in Southwest Asia and in the Asian subcontinent, respectively, taken together with escalating issues of the immediate G-8 meeting, have lit the fuse of a simmering force of global strategic explosion like nothing which has happened in history before this time....

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InDepth Coverage

Links to articles from
[Executive Intelligence Review,](#)
[Vol. 33, No. 29](#)

To navigate the content of the [entire issue,](#)
please begin by clicking anywhere on [Page 1.](#)

[...Requires Adobe Reader®.](#)

Feature:

THE ONCOMING STRATEGIC CRISIS

The Strategic Significance of The Hit on India

by Lyndon H. LaRouche, Jr.

Friday, July 14, 2006

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Israel-Palestine

Cheney Unleashes The Dogs of War

by Dean Andromidas

Vice President Dick Cheney has ignited a new Middle East war that threatens to spread from Israel and Lebanon, to Syria and Iran. As EIR recently exposed, (EIR June 30, 'Cheney and Netanyahu Conspiring for War'), this latest war was planned at a secret meeting between Cheney, Donald Rumsfeld, and Likud chairman Benjamin Netanyahu, during a conference organized by the American Enterprise Institute in June at Beaver Creek, Colorado.

- **Synarchist Bankers' Deep Hooks in Israel**

by Allen Douglas

The private financier oligarchy, known as the Synarchist International, has its hooks deep into the Israeli economy and banking system, and they use this leverage to run Israel as a 'marcher-lord state,' serving the interests of their London-Paris-Amsterdam nexus, frequently in stark contrast to the genuine sovereign interests of the Israeli people. One of their key operatives is Bechtel's and JP Morgan Chase's 'economic hit man,' George Shultz, since his tenure as U.S. Secretary of State in the mid-1980s.

Afghanistan War Is Raging Out of Control

by Muriel Mirak-Weissbach

If the international military operation in Afghanistan has been such a smashing success, why do the British need to send in yet more reinforcements? The decision to do so was announced on July 11. Defence Secretary Des Browne told members of Parliament that the U.K. forces would be beefed up in southern Afghanistan, from 3,600 to 4,500 by autumn. To give the reason for the build-up, Browne cited military officials: 'The Taliban was putting up resistance 'in some places more virulent than expected,' and 'had drawn [the British] in sooner than we might have liked.'

Lyndon H. LaRouche, Jr., 2004

Southwest Asia: The LaRouche Doctrine

This statement by Lyndon H. LaRouche, Jr. was released by the LaRouche in 2004 Presidential campaign committee on April 17, 2004, and appeared in EIR on April 30. Following the Democratic Convention in Boston in July, Democratic candidate Sen. John Kerry shifted to a more aggressive campaign, which he continued up to the November election. Unfortunately, his abandonment of what LaRouche here calls 'me, too' campaign postures, occurred very late in the electoral process.

Scientific Method:

'I Don't Believe in Signs'

by Lyndon H. LaRouche, Jr.

June 22, 2006

The world as a whole is currently impelled toward threatened, early, general, physical breakdown-crisis of the trans-Atlantic monetary-financial system. The breakdown itself could be averted by methods which amount to a return to the outlook expressed in the great reforms made by President Franklin Delano Roosevelt.

Economics:

Rohatyn Steals Public Property Coast to Coast

by Marcia Merry Baker

As of this Summer, 22 out of 50 states have made changes in their laws to permit the sell-off of various of their public works to private parties. At least 43 such sell-off deals are up before state legislatures for consideration—from city or state-owned real estate (parks, housing, hospital sites, museums), to ports, airports, and especially highways. The City of Chicago recently sold a 90-year lease on its Skyway for merely \$1.3 billion in upfront cash. On June 30, Indiana signed off on a 75-year private lease to its northern Indiana Turnpike for \$3.85 billion. A 50-year lease on the 8.8-mile Pocahontas Parkway in Richmond, Virginia was let earlier this year for \$522 million.

- Documentation

The LaRouche Record on 'Science and Infrastructure'

Lyndon LaRouche, as the most accurate economic forecaster, and among history's leading economists, has repeatedly, explicitly located the significance of infrastructure in the real economy.

Transatlantic Initiative

Rohatyn Courts Mayors For Urban Looting

by Elke Fimmen

Lazard's Felix Rohatyn has been working, since at least 1999, to put together a forum for selected mayors from cities around the world, to convince them that globalization is here to stay, and they have to learn how to live with it. A big part of this organizing effort, is to sell U.S. and international mayors on the idea of privatizing large chunks of their taxpayer-funded urban infrastructure. Rohatyn's other goal, which he shares with all synarchist bankers, is to strip away the powers of the sovereign nation-state.

- Macquarie Bank Ltd's Imperialist Family Tree

Today's foremost owner of once-public infrastructure— toll roads, ports, power services—is the Australia-based Macquarie Bank Ltd, also operating through various subsidiaries including its Macquarie Infrastructure Group, Macquarie Airports, and Macquarie Communications Infrastructure Group. Macquarie also has three investment partnerships with Lazard: Macquarie Lazard Master Global Equities Fund; Macquarie Lazard Asia Pacific Share Trust; and Macquarie Lazard International Share Trust.

Renault Bid for GM Steps Up Cartelization

by Richard Freeman

The maneuvering of the Lazard-connected Renault-Nissan Motors to acquire a 20% share, or greater, of General Motors, represents an accelerated push to create a synarchist-directed world auto cartel, placing the advanced machinetool capacity of the auto sector in the hands of financiers, and above the control of sovereign nation-states.

Industry Gets Ready to Build New Nuclear Power Plants

by Marsha Freeman

In anticipation of orders from electric utilities for new power plants, the nuclear industry is beginning to make the investments necessary for this coming nuclear renaissance. Although a U.S. utility has yet to order a new power plant, the industry recognizes it must be ready to hit the ground running when orders come in.

Prof. Stanislav Menshikov

Russia Needs LaRouche's New Bretton Woods

A report on the June 27 EIR seminar in Berlin, written by Prof. Stanislav Menshikov, appeared in the July 7 issue of the Moscow newspaper Slovo, under the headline 'The Dollar and Russia.' The Russian economist, whose own remarks to the seminar were printed in last week's EIR, reported especially about the keynote speeches, delivered by 'the well-known American politician and theoretician of physical economy Lyndon LaRouche,' and Prof. Wilhelm Hankel of the Frankfurt Currency and Development Institute, with respect to the status of the dollar, which continues to serve as

an international unit of account, despite its fluctuations and the underlying weakness of the debtstrapped U.S. economy.

International:

Mexico Is On the Move; What's Wrong With U.S. Democrats?

by Gretchen Small

Since Mexico's July 2 Presidential elections, candidate Andrés Manuel López Obrador has provided a lesson in the kind of leadership required, if a world suitable for human beings is to emerge out of the ongoing collapse of the international financial system. Declared the loser in Mexico's highly contested Presidential elections, painted as an authoritarian demagogue who refuses to play by the rules of today's system.

- **López Obrador**

- **Mexicans Are Told: 'We Shall Overcome'**

- Here is the July 8 speech Mexican Presidential candidate Andrés Manuel López Obrador, delivered to a crowd of up to a half-million people in Mexico City's central plaza.

- **LaRouche Says 'Stop Rape of Mexico,' Back López Obrador** This press release was issued by the LaRouche Political Action Committee on July 10, under the title 'Mexico's López Obrador Is Right To Say That the Calderón Gang Intends To Rape Mexico and Its People.'

Kirchner: Fight With Ideas, for the Future

by Cynthia R. Rush

On the occasion of Venezuela's official entry into the Common Market of the South (Mercosur) as its fifth permanent member—Brazil, Argentina, Uruguay, and Paraguay are the other four—Argentine President Néstor Kirchner urged six Presidents gathered in Caracas, Venezuela on July 4 to fight 'audaciously' for a regional integration process that will lift their populations out of poverty.

National:

DLC Neo-Cons Spit on Franklin Roosevelt's Grave

by Jeffrey Steinberg

In 1946, barely a year after the death of Franklin Delano Roosevelt, his son and wartime aide, Elliott Roosevelt, published a stirring account of the late President, with a Foreword by his mother, Eleanor Roosevelt. In his own introduction to *As He Saw It* (New York: Duell, Sloan, and Pearce), Elliott Roosevelt explained why he was compelled—indeed, driven—to write the book.

Senate Judiciary Hearings Expose Hedge Fund Perfidy

by John Hoefle

In a rare burst of public service, the Senate Judiciary Committee held a hearing on June 28, shedding some badly needed light on the deliberately murky world of hedge funds. The stated reason for the hearing was to examine the problem of collaboration between the hedge funds and so-called independent stock analysts, to drive down the stock-prices of companies in which the hedge funds have taken short positions, an activity which committee chairman Arlen Specter (R-Pa.) said 'has enormous potential for very major impact on the markets.'

Editorial:

From the Associate Editor

The events in Southwest Asia and the Asian subcontinent during the second week of July seem almost too terrible to comprehend. I for one, lived many of my childhood years in an apartment building in the shadow of the beautiful Beirut lighthouse, which was bombed by the Israelis yesterday, July 15. I can almost hear a child's voice asking, 'Why did they have to bomb my lighthouse?' The question reflects the emotional reaction (despair) felt by most Baby Boomers—and perhaps not a few others as well—as we view the horrific events of the day on our TV screens and in our newspapers...

U.S. Economic/Financial News

Will Wall Street Synarchists Bankrupt Another Utility?

Moody's Investor Services has downgraded the credit ratings of Pepco, Baltimore Gas and Electric, and Delmarva Power to close to junk status, due to the continuing fight over how to deal with the wreckage caused by electricity deregulation, the *McClatchy-Tribune News* reported July 12. In Maryland, the cap on rates that can be charged customers expired on July 1. BGE had planned to impose a drastic 72% increase on its customers, which provoked outrage, and legislation was passed to stop it.

The legislature passed a proposal last month to phase in rate increases, starting with 15% this year, while deferring additional increases, which will be paid over the next ten years. But the 15% increase does not cover the rise in production costs to BGE, especially with the tripling of natural gas rates over the past two years. BGE is projected to go about \$600 million into debt to finance the rate-referral plan, Moody's estimates. In response, Moody's has lowered BGE's credit rating, which will drive it *deeper* into debt by raising the interest rate it will have to pay financiers for the borrowing cost, and eliminates traditional sources of financing, such as pension funds.

Hedge Funds Transform Energy Into a Financial Market

The hedge funds, with their ability to pour huge amounts of money into markets in a short time, are increasingly using computers to spot opportunities and make trades, repeating with energy markets what they did with the foreign-exchange markets of the 1990s, the *Wall Street Journal* reported July 10. By 2005, the funds had poured \$90 billion into the energy market, up from about \$3 billion in 2000, according to the International Energy Agency. The average daily value of global crude-oil trading was \$39.2 billion in May, up from \$16.45 billion a year earlier, according to the Nymex and ICE exchanges. The number of funds operating in the energy markets stand at about 500, up from about 180 in late 2004, according to the Energy Hedge Fund Center.

"OPEC has become an audience watching from a distance," Qatar's oil minister, Abdullah al-Attiyah, said recently. "Now the market is completely controlled by geopolitics and speculators."

Corporate Debt Soars in First Half of 2006

During the first half of 2006, U.S. non-financial companies issued \$84 billion in investment-grade debt—up 72% from a year earlier—and \$47 billion in junk bonds—up 25%, according to Thomson Financial. Part of this can be attributed to companies borrowing at lower interest rates in anticipation of further rate hikes, but some companies are using the money to buy back their own stock or pay shareholder dividends, the *Wall Street Journal* said July 11. Bank lending also soared, especially to companies looking for financing to back acquisitions and pay special dividends.

Execs' Pensions Eat Up 8-10% of Pension Funds

While Congressional negotiations on a so-called "pension reform" bill have broken down again, probably for the remainder of the summer, a new light is thrown on the so-called pensions crisis by a study published, oddly enough, by the *Wall Street Journal* June 23. The reporters thoroughly studied the long-term pension obligations of scores of large companies that offer "defined-benefit pension plans," the kind that are being cancelled right and left because of their supposed underfunding, burden on corporate investment, etc., etc. What they found was shocking.

Some 8%-10% of the "pension burden" at most of these large employers, consists of the obligations of the company for the pensions of a few top executives! It is literally the case that these few, at most companies, equal the pensions of many hundreds or even thousands of employees combined.

These executive pension obligations alone total from \$1-4 billion each in the cases of GE, GM, AT&T, Exxon Mobil, IBM, Bank of America Corp., Pfizer, and other big employers. A company's obligation for a single executive's pension sometimes reaches the range of \$100 million.

The companies "hide" these huge pensions by just including them in their general pension fund obligations, so that when they trim their employee pension benefits "to bring costs in line," they're often fattening up the executive pensions at the same time.

And, unlike the employee pensions, the executives' pensions are often not actuarially funded at all—in other words, they often constitute the "unfunded liabilities" of pension funds which Congress and the PBGC pontificate about. But, though unfunded, the executives' pensions do get paid out, come bankruptcy, hell, or high water—at the expense of the employees.

Most of the companies wouldn't comment to the friendly *Journal* on this issue.

World Economic News

Japan Moves To Loosen Restrictions on Cartelization

As the financial locusts are welcomed into Prime Minister Junichiro Koizumi's Japan, the Trade Ministry is trying to loosen restrictions against cartelization. The current law on mergers and acquisitions (M&A) restricts post-merger companies to 35% of market share in any industry, but the Trade Ministry is pushing to up that to 50%, "to respond to global competition," according to Ministry director Keisuke Sadamori. Such cartelization, described as necessary to "respond to global competition," recalls the *zaibatsu* of pre-war Japan, broken up under MacArthur.

The context today, however, is the invasion of the hedge funds. Thompson Financial reports that private equity funds put \$4.9 billion into Japanese M&A's in the first half of 2006—far below the figures in the U.S. and Europe, but huge by Japanese standards, and growing. Writes Nikkei on July 11: "With the economy returning to normalcy, as shown in the Bank of Japan's expected termination of its zero interest rate policy, private equity funds anticipate corporate M&A activity comparable to those in the U.S. and Europe." Nikkei also notes, however, that "with interest rates being hiked globally, concerns are growing that the investment fund bubble may burst in the near future."

United States News Digest

'Gang of 14' Meets on Haynes Nomination

The Gang of 14, the bipartisan group of Senators who headed off Cheney's "nuclear option" showdown last year, met on July 14, to discuss whether the nomination of DOD general counsel William Haynes to the Federal bench warrants a filibuster. However, a filibuster may not even be necessary, since a number of Republican Senators, including Lindsey Graham (SC), John McCain (Ariz), and Susan Collins (Maine), have expressed reservations about Haynes' nomination. Even Senate Armed Services Committee chairman John Warner, in introducing fellow Virginian Haynes to the Judiciary Committee, failed to actually endorse his nomination.

Twenty retired senior military officers sent a letter to the Judiciary Committee on July 7, expressing their "profound concern" about the nomination, because of "the role Mr. Haynes played in establishing—over the objections of uniformed military lawyers—detention and interrogation policies in Iraq, Afghanistan, and Guantanamo, which led not only to the abuse of detainees in U.S. custody but to a dangerous abrogation of the military's long-standing commitment to the rule of law." They noted that Haynes was warned by all four service JAGs about the consequences for military personnel of the Justice Department's views which Haynes approved.

Specter Reaches Agreement with White House on NSA Spying

Senate Judiciary Committee chairman Arlen Specter (R-Pa) said July 13 that he has an agreement with President Bush to give the FISA Court jurisdiction to decide on the constitutionality of the Administration's domestic NSA spying program. Specter said the agreement is with the President, and that he has not discussed it with Vice President Cheney. Details of the Specter bill and his agreement with the White House are still unclear.

Senator Dianne Feinstein (D-Calif), the only member of the Judiciary Committee who has been fully briefed on the program, wants a closed committee session to discuss Specter's bill; she says that the Administration should have to seek warrants on a case-by-case basis.

Army Fires Halliburton ... Sort of

The Army has decided that giving Halliburton an exclusive contract to provide logistical support to the Army has become too much of a political hot potato, so it has decided to open the contract bidding, and to split it among three companies, with a fourth to help monitor the other three, the *Washington Post* reported July 12. Halliburton won the contract, known as LOGCAP, for Logistics Civil Augmentation Program, in 2001, after its former CEO Dick Cheney appointed himself Vice President. Since then, Halliburton's performance under the contract has become synonymous with scandal, yet that apparently had nothing to do with the Army's decision. When the bidding is opened later this month, Halliburton will be eligible to participate.

Representative Henry Waxman (D-Calif), who has been the leader in exposing Halliburton's crimes, praised the Army's decision. "When you have a single contractor, that company has the government over a barrel," Waxman said. "One needs multiple contractors in order to have real price competition. Real competition saves the taxpayer money."

If the Army were to make the truly right decision, it would follow the program of Lyndon LaRouche and end privatization of military logistics altogether.

Is There a Coverup of Iraqi Rape/Murder Case?

In a July 9 Internet posting, Col. W. Patrick Lang (U.S. Army, ret.), a well-known military commentator, said about the recent charges against five Army soldiers in the rape, murders, and burning of the bodies of an Iraqi family near Mahmoudiya, south of Baghdad March 23, that, "The possibility of a 'cover-up' at platoon, company, battalion and higher seems more and more likely," citing an Internet message he received from a reader. Lang also said former soldier Steven D. Green, the first person charged for the crime, should be returned to trial under a military jurisdiction, tried by the U.S. Army, in Iraq, and punished in Iraq, because Green and his friends "have greatly injured not only this poor woman and her family, but also the honor of the Army and the United States. The Army should deal with them."

In a discussion about the case, Lyndon LaRouche agreed that Green, who had been *honorably* discharged from the military after the incident of March 12, should indeed be tried by the military. The crimes occurred while he was in service, and

under military jurisdiction; therefore, the trial should also be held under military jurisdiction. The military proceedings could be later examined by a civilian court. LaRouche noted that there are several levels of problems with the military in the Iraq war. First of all, people are being recruited who should have been rejected for psychological reasons, but under Bush-Cheney-Rumsfeld, the U.S. is desperate for killers to send over to Iraq. (In fact, Green was reportedly discharged with a "personality disorder.") The bigger problem is that the military service has to be an honorable service—and that principle has been destroyed under this Administration and its Nazi doctrine of warfare.

Hoekstra Demands Bush End Coverup of Spy Programs

Representative Peter Hoekstra (R-Mich), the chairman of the House Select Committee on Intelligence, wrote a letter to President Bush on May 18, which was made public by the *New York Times* on Sunday, July 9, assailing the Administration for failing to inform Congress about additional illegal spying programs. According to the *Times*, Hoekstra learned of additional spying programs from whistle-blowers who came forward to the committee. The letter was written to the President at the time that Gen. Michael Hayden was being confirmed as the new CIA Director. Hoekstra had initially opposed the idea of a military officer taking over the CIA, and he voiced these concerns in the letter, as well as worries that the John Negroponte Director of National Intelligence office was creating a further bureaucratization of the intelligence community, to the detriment of U.S. national security. But the most damning part of Hoekstra's three-page letter to the President dealt with the illegal spy programs. Hoekstra, a longstanding ally of the Bush White House, who defended the NSA spying program, minced no words:

"Finally, Mr. President, but perhaps most importantly, I want to re-emphasize that the Administration has the legal responsibility to 'fully and currently' inform the House and Senate Intelligence Committees of its intelligence and intelligence-related activities. Although the law gives you and the committees flexibility on how we accomplish that (I have been fully supportive of your concerns in this respect), it is clear that we, the Congress, are to be provided all information about such activities. I have learned of some alleged Intelligence Community activities about which our committee has not been briefed. In the next few days I will be formally requesting information on these activities. If these allegations are true, they may represent a breach of responsibility by the Administration, a violation of the law, and, just as importantly, a direct affront to me and the Members of this committee who have so ardently supported efforts to collect information on our enemies. I strongly encourage you to direct all elements of the Intelligence Community to fulfill their legal responsibilities to keep the Intelligence Committees fully briefed on their activities. The U.S. Congress simply should not have to play 'Twenty Questions' to get the information that it deserves under our Constitution.

"I've shared these thoughts with the Speaker, and he concurs with my concerns."

According to the *Times* report, the Committee was subsequently briefed on several intelligence programs that had been kept secret from the Congress. The Hoekstra letter represents another significant rift between the White House and leading members of Congress who had previously been ardent backers of the Bush-Cheney agenda and the war on terror.

Kentucky Democrat Targets Cheney for Profiteering

On July 12, the same day that Cheney arrived in Owensboro, Ky., to attend a fundraiser for incumbent Republican Rep. Ron Lewis, Lewis's Democratic opponent, Vietnam veteran Mike Weaver went on the offensive, charging that Cheney "has some explaining to do." Weaver demanded Cheney release the papers on his secret energy task force, which met in 2001, after which gas prices in the U.S. skyrocketed.

Even more pointedly, Weaver demanded that Cheney say what he is going to do about companies that have profited in the Iraq war, noting that Halliburton, of which Cheney was CEO, has reaped huge profits. The Halliburton issue was also raised by Virginia Democratic Senate candidate James Webb on July 9, in a televised exchange with his incumbent

opponent, Republican Sen. George Allen.

Ibero-American News Digest

See this week's InDepth International section for Ibero-American coverage:

[Mexico Is on the Move; What's Wrong With U.S. Democrats?](#)

[by Gretchen Small](#)

[LaRouche Says 'Stop Rape of Mexico,' Back López Obrador](#)

[López Obrador Tells Mexicans, 'We Shall Overcome'](#)

[Kirchner: Fight With Ideas, for the Future](#)

[by Cynthia R. Rush](#)

Western European News Digest

Blair's Lord 'Cashpoint' Levy Finally Arrested

Scotland Yard said July 12 they were holding a man in custody under the 1925 Honours (Prevention of Abuses) Act. It did not take long for sources to confirm that the man under arrest was Lord Levy of Mill Hill, who is otherwise known as "Lord Cashpoint," being Tony Blair's chief bagman and personal Middle East envoy.

Lord Levy's arrest follows charges by one of those denied a peerage, "Curry King" Sir Gulam Noon, that he had declared his 250,000-pound secret loan to the Labour Party only to be told by Lord Levy that the loan was "not reportable" and he should remove it from his nominating form.

Sir Gulam Noon later had his peerage blocked when the loan became public. Sir Gulam was one of four men nominated by the Labour Party for peerages, who had loaned a total of 4 million of the 14 million pounds in secret loans raised by the party before the 2005 general election. Sources have revealed to the *Daily Mail* that a letter which set out the terms and conditions of the loans made clear that they did not have to declare the money.

Commenting on the day's developments, Alex Salmond, the leader of the Scottish National Party, said, "The water is [gathering] round the ankles of the Prime Minister," adding about the arrest of Lord Levy this afternoon: "This is Tony Blair's personal friend, bagman, and fundraiser. I think we can say that Tony Blair's personal pack of cards is starting to tumble down." The Scottish National Party was the first to report its concerns about the "cash-for-honours" scandal to the police.

Police To Interrogate Tony Blair Under Caution

The *Daily Mail* tabloid reported July 12 that following the questioning of Lord Levy of Mill Hill, that the Prime Minister himself will be "interrogated under caution" by Scotland Yard within the next month or two as a target in the cash-for-peerages scandal. Interrogation under caution means that anything a person says can be used against him or her if the

person is subsequently prosecuted, and anything that the person refrains from saying can draw adverse implications. This suggests that the scandal will drag on in a most humiliating fashion for Tony Blair into the autumn Labour Party conference, obviously raising once again the happy thought of Blair's early resignation.

A *Daily Mail* Populus Poll is showing that 75% of British voters (and 59% of Labour's) want Deputy Prime Minister John Prescott to resign. Also, the number of people who want Blair to resign this year has risen from 41% in January to 49%, while an additional 24% want him to leave by next year.

Czech Parliament Fails To Elect Chief Speaker

In its second round of voting on July 7, the votes for Chief Speaker of the Czech Parliament are still equally divided between the Conservative-Green and the Socialist blocs. As long as there is no new speaker, the new Parliament cannot work, nor can it elect a new Prime Minister; therefore, the "constituting session" of the new Parliament could not take place.

The lame-duck Social Democratic Prime Minister Jiri Paroubek will stay in office for the time being, and it cannot even be ruled out that new elections will have to be held, should the 60-day deadline pass for constituting a new Parliament and government after the elections.

Polish PM Marcinkiewicz Tenders Resignation

The resignation of Polish Prime Minister Kazimierz Marcinkiewicz July 7 triggered the first major crisis since the new government came into power last October. While no official reasons have been given for Marcinkiewicz's resignation, the press commented that there have been frictions between Marcinkiewicz and President Lech Kaczynski. Marcinkiewicz reportedly had a recent meeting with opposition party leader Donald Tusk, probably to sound out possibilities for new coalition combinations.

The new designated Prime Minister will be Jaroslaw Kaczynski, the twin brother of President Lech Kaczynski, and the chairman of the Solidarity and Justice party (PiS). The lower house of parliament, the Sejm, will take a vote of confidence next week.

Political observers have underlined that what is fueling the crisis is the question of Poland's future foreign policy orientation, specifically, toward Germany. The Polish press is continuing to play up a German satire piece ridiculing Kaczynski as a potato, which was published by *Tageszeitung*, a left-wing/greenie daily (see last week's Europe Digest).

Sources report that there is unease about the current orientation of the government. Foreign Minister Wladislaw Bartoszewski sent a letter to the President complaining about his cancellation of the important summit with Jacques Chirac and Angela Merkel. The President, he said, for reasons of state should absolutely have been there to coordinate Poland's policy toward the G-8.

As Bartoszewski put it, a satire can not be a reason to produce a state crisis.

Lazard CEO Kornblum Likely Key to New Merkel 'Impulse'

The former U.S. Ambassador to Germany, John Kornblum, not only served as a chief interpreter of Bush's "new ideas" for the German media, but also as a guide for the President during his sight-seeing tour of Stralsund, along with Chancellor Angela Merkel July 13. Kornblum knows Stralsund from several years ago, for example, when his Lazard bank tried to

arrange the sale of the savings bank there to private banks.

The special mission indicates that Kornblum most likely did play a key role in forging the "new partnership impulse" between Bush and Merkel. That partnership includes business, naturally: Kornblum's Lazard has a leading role also in the American Chamber of Commerce, which just two days ago, preceding Bush's arrival in Germany, had an "American investors conference" in Dresden, on the theme of "increased U.S. investments in eastern Germany."

Rather than industrial investments (which are welcome), the kind of businesses promoted by Lazard and other investment banks and funds, is the Fortress purchase of Dresden's municipal housing sector, several months ago.

Enron-Linked Banker Found Dead in London

The body of Neil Coulbeck, a former executive of Royal Bank of Scotland Group PLC, was found in a wooded area near his home. British police reportedly described the death as "unexplained." Coulbeck had given a statement to the FBI in the Enron fraud case, involving the extradition of three other bankers who were scheduled to be sent to the U.S. on July 13, to face fraud charges. The latter concerns the bankers (David Bermingham, Gary Mulgrew, and Giles Darby) advising their employer, National Westminster Bank, a unit of the Royal Bank of Scotland, to sell part of a company owned by Enron for less than it was worth, later purchasing and selling a stake in the sale for their own profit. A further odd twist in the story, is that the three bankers have been extradited under a U.S.-U.K. 2003 treaty—not ratified by the U.S. Senate—under the rubric of counter-terrorism.

Hungarian Unions Demonstrate Against Budget Cuts

There have been mass demonstrations against austerity organized by the labor unions in Hungary in recent days. The demonstrations involved 200,000 in protest against the government's draconian cuts: plans to lay off 12,000 public employees, including thousands of teachers, and to increase the VAT from 15 to 20%. The government is also threatening to close down railway lines.

Russia and the CIS News Digest

IMF, World Bank Not Invited to St. Petersburg

According to unidentified senior U.S. administration officials who informed reporters about the schedule of the July 15-17 Group of 8 summit in St. Petersburg, Russia, the host country decided not to invite the IMF, the World Bank, and the World Trade Organization, all of which usually attend such meetings. Present at the summit are the heads of the United Nations, IAEA, the WHO, and UNESCO. According to the U.S. officials, the agencies invited indicate Russia's priorities for issues to be featured at the summit: energy, health, and education.

Basayev Killed by Russian Special Forces

The most wanted man in Russia, Shamil Basayev, who took responsibility for the Beslan school massacre in which scores of Russian schoolchildren were murdered by terrorists, was killed on June 10. Russian special forces killed Basayev in an overnight operation in the southern Russian province of Ingushetia bordering Chechnya. Russian Federal Security Service (FSB) chief Nikolai Patrushev reported to President Putin the same day, telling him that Basayev was among a group of 12 militants killed as they prepared to carry out an unspecified "terrorist act" in Ingushetia just prior to the G-8 summit.

Putin congratulated "all members of the special services who planned and executed this operation." "This is a just punishment of the bandits for our children in Beslan and Budyonnovsk, for all the terrorist attacks that they carried out in Moscow and other regions of Russia including Ingushetia and the republic of Chechnya," Interfax quoted Putin as saying.

The President of Chechnya, Alu Alkhanov, said the slaying of Basayev was a decisive turning point in the battle of Russian forces against the Chechen rebels. "I think today can be considered the logical conclusion of the heavy struggle that the special services, the Federal forces and law enforcement bodies have been waging against illegal armed groups" in Chechnya, Interfax quoted Alkhanov as saying.

Bush Will Offer Russia Cooperation in Civilian Nuclear Energy—with Strings

In a bilateral meeting ahead of the St. Petersburg G-8 summit, President Bush will offer Russian President Putin cooperation in civilian nuclear energy, according to the *Washington Post* July 6. Such cooperation has been strained for a decade, due to the U.S. insistence that Russia give up its participation in Iran's Bushehr nuclear reactor project.

Russia has been anxious to gain unfettered access to the U.S. market in enriched uranium to supply nuclear fuel to American electric utilities, to participate in advanced nuclear technology research and development, and to establish an international center for the production and sale of enriched uranium, and reprocessing of spent nuclear fuel.

Finally having given up on bullying Russia into cancelling its civilian nuclear cooperation with Iran, and hoping for Russian support for increasingly harsh policies toward Iran, the carrot of potentially lucrative cooperation is being offered. The tactic is similar to that regarding the U.S.-India nuclear deal: Offer India access to U.S. nuclear technology, in exchange for support for the U.S. policy on Iran.

This policy was made clear in a briefing by National Security Advisor Steve Hadley on July 10. In response to a question from *EIR* Washington bureau chief Bill Jones, Hadley said: "We have also made it very clear to Russia that if those negotiations are going to be successfully concluded, and if an agreement is going to pass muster with the Congress, we will have to continue to be knit up on Iran, it's such an important issue."

One carrot mentioned is to offer Russia permission to reprocess American-origin spent fuel from foreign reactors, which could, the *Post* estimates, bring Russia \$20 billion in fees.

A diplomat involved in nuclear policy at the Russian Embassy in Washington insisted on July 10 that Russia will never support sanctions against Iran, no matter what the U.S. offers in return. Russia does not need the \$20 billion the U.S. is dangling as a carrot. "This is not like the early 1990s," he said. Today Russia has sufficient money from its oil revenues to support its industry.

According to diplomatic sources, it would take up to a year to negotiate an agreement. Such an agreement is already encountering opposition in the Congress.

Ukrainian Parties Seek Coalition That Can Govern

Following the sudden political shift in the Ukrainian Supreme Rada (parliament), whereby the Party of Regions (POR), Socialist, and Communist Parties joined to form a parliamentary coalition, and elected Socialist leader Alexander Moroz as speaker, POR leader Viktor Yanukovich announced he was rethinking relations with Russia, in the sense of intending to improve them. "An independent Ukraine means an independent foreign policy," he stated at the All-Ukraine Deputies' forum in Kiev. "We must return to a calm, reasonable and self-assured tone in Ukrainian foreign policy, especially in our

relations with Russia."

"Ukraine has never been so close to the edge of an economic abyss as it is today, and we are facing a national catastrophe," Yanukovich said, adding that his party was urgently developing an action plan to lead the country out of the current crisis.

On July 10, the POR was officially declared part of a new parliamentary coalition with the Socialists and the Communists, and Yanukovich's name was put forward as a candidate for Prime Minister. Chairman of the Supreme Rada Alexander Moroz, the Socialist Party leader, then attempted to preside over a session of the Rada, which was interrupted repeatedly by brawling in the aisles and the cacophony of sirens, which the Deputies from the Bloc of Yulia Tymoshenko were sounding in order to prevent the body from doing business.

The same evening Tymoshenko claimed to have spent two hours meeting Yushchenko, demanding that he dissolve the Rada and call new elections. Hence Yanukovich's request that Yushchenko clarify his position: "If we hear the head of state's position, we will understand what is happening. Either this is a pre-planned scenario and the President will not tolerate any political force but his own, or we will see that the current confrontation in parliament can still be overcome." Yanukovich reiterated his invitation to Yushchenko's Our Ukraine to join in a grand coalition.

During a four-hour recess on July 11, called by Moroz amid the din, Moroz and Yushchenko conferred. Yushchenko then said he does not want to call early elections, since that would not resolve the crisis, but that he would do so as a last resort.

Southwest Asia News Digest

Mideast Violence Recalls Outbreak of Thirty Years War

"It looks like the outbreak of the Thirty Years War," commented a senior retired U.S. military intelligence expert concerning the unfolding events in Lebanon and Gaza since July 10. Briefed on Lyndon LaRouche's assessment (see EIR InDepth) of the links between the Bombay bombings and the unfolding Israeli actions in Lebanon and the Palestinian territory, the source confirmed that the crisis has just begun.

He said that the Bush Administration, especially the Cheney-Rumsfeld faction, had been pressing the Israelis to take dramatic action against terrorism at the first pretext. This was to pull the U.S. chestnuts out of the fire in Iraq and Afghanistan. "It is easy to see Lebanon collapse into total chaos," he said. Expect the attacks to expand next to Syria. Then, he warned, look for a big upsurge in insurgent operations against the U.S. troops in Iraq. "This is unlike the start of World War I for one basic reason. Then, you had the Central European powers. Here there is no clear-cut enemy to fight a war against. It is just chaos." The source said he expected to see Islamic volunteers flooding into Lebanon. Israel, he warned, could self-destruct, as the result of this blunder. Whenever Israel does a call-up of the reserves, the source said, it devastates the Israeli economy. This is likely to be a long conflict, which will likely spill over into the Americas and Europe. "This is like the Thirty Years' War."

Commenting on this assessment, LaRouche said, "This is exactly right. 'Repeal of the Treaty of Westphalia' is the name of this game."

Lebanese Government Dossier on Mossad Assassins Blocked by U.S.

The Lebanese government has a dossier on Israeli hit squads operating inside Lebanon, which it wants to present to the UN Security Council, but the U.S. and France put enormous pressure on the Lebanese to keep this out of the UN. Since about June 15, Lebanese media have been reporting on this dossier, but the story was blacked out internationally until the

German-language *Junge Welt* published a lengthy article on July 15, days after the Israelis began an air campaign to destroy Lebanon.

Citing the Lebanese news outlet *Al Manar*, the July 15 report says that Beirut would like to have a resolution, or at least a statement from the UNSC, which denounces Israeli assassinations of figures in Lebanon, as in violation of international law.

According to the dispatch by *Junge Welt*, the Lebanese say in their dossier that Mossad chief Meier Dagan personally recruited teams to conduct car bombings and assassinations in Lebanon. The cases cited by the dossier include the liquidation of Ali Hassan Diebs on Aug. 16, 1999, the killing of Jihad Ahmad Jibril (son of Ahmad Jibril, head of the PFLP), on May 20, 2002, the killing of Hisbollah politician Ali Saleh on Aug. 2, 2003, and the execution of Jihad leader Mahmoud Majzoub on May 26, 2006. Lebanese Prime Minister Fuad Siniora had characterized these as "acts of aggression," and had promised that, as soon as the summary were complete, Lebanon would lodge a complaint at the UNSC.

On July 11, the Lebanese foreign ministry confirmed that among those who were pressuring Beirut not to present a complaint, was U.S. Ambassador Jeffrey Feltman, who threatened it would damage U.S. relations and affect military aid to Lebanon. In the foreign ministry this was "regretted as the double standard policy of Western powers...."

Lebanon President Emil Lahoud wants to also present the results of the investigation to UN investigator Serge Brammertz, who is on the case of the murder of ex-Prime Minister Rafiq Hariri.

Back in June, two individuals had been identified by Lebanese police and security officials as operating for the Israeli Mossad in carrying out the car bombing assassinations. One, a Druze, has been arrested and, under interrogation, confessed to involvement in the May 2006 murder and others. He remains in custody, whereas a second man, a Palestinian named Al Khatib, has "disappeared." Rumors have it that he has fled to Israel, or been killed. It is mooted that this Israeli hit operation could also have been responsible for the spate of killings of journalists and political figures over the past year, like Hrawi, Twaeni, and others, following the death of Hariri.

Marine Commanders Negligent in Haditha Killings

Marine commanders were negligent in failing to follow up more aggressively on the killings of 24 civilians in Haditha, Iraq, last November, the *New York Times* reported July 8. That is reportedly the conclusion of Lt. Gen. Peter Chiarelli, the second-ranking U.S. commander in Iraq, after receiving an investigative report on the response of the chain of command to the incident. According to anonymous sources, Chiarelli faulted the senior staff of the 2nd Marine Division and has recommended disciplinary action against some officers. "He concludes that some officers were derelict in their duties," one official told the *Times*. If action is taken against the Marine commanders in Iraq at the time of the incident, among whom are Maj. Gen. Richard A. Huck, division commander, and Maj. Gen. Stephen T. Johnson, who was the senior Marine officer in Iraq at the time, they would be the highest-ranking officers punished in Iraq. This would contrast with the Abu Ghraib scandal for which, so far, only low-ranking enlisted soldiers have been punished.

Meeting of Iraq and Neighbors Echoes LaRouche Doctrine

The Foreign Ministers of Iraq, Iran, Jordan, Kuwait, Saudi Arabia, Syria, Turkey, Egypt, and Bahrain, the Secretary-General of the Organization of the Islamic Conference (OIC), and the Arab League Secretary-General met in Iran over the weekend of July 8-9.

It was the ninth such meeting of the Foreign Ministers of Iraq's neighboring countries, providing a framework within which the U.S. could easily deal for peace in the region, if the U.S. government were so disposed.

Welcoming "the establishment of permanent government and a national assembly in Iraq, the ministers stressed their full support for the constitutionally-based elected government and National Assembly of Iraq and for the realization of the priorities of the new government toward a prosperous, free, independent, democratic, and unified Federal Iraq, living in peace and tranquility with its neighbors, based on good neighborly relations, non-interference in each others' internal affairs and respect for international and bilateral treaties and agreements."

They called for "the participation of all segments of the Iraqi population in ... [the] new political structure of the country," and praised "the national reconciliation plan of Iraqi Prime Minister Nouri al-Maliki..."

They condemned "the continued escalation of violence and terrorist attacks against citizens and political and religious leaders of Iraq, members of diplomatic corps, foreign nationals engaged in economic, reconstruction and humanitarian activities in Iraq, mosques and sacred religious places," and called for "a meeting of the religious leaders of Iraq, aimed at reaching consensus on strengthening Iraqi national unity," in line with "the initiatives [of] King Abdullah of Jordan, OIC secretary-general, and the government of the Islamic Republic of Iran."

They pledged their "effective cooperation with the Iraqi government to enhance security and stability in Iraq and the region" and strong cooperation of the region's governments to "combat terrorism and to consider ways and means of enhancing security, and expressing concern over the continued presence and activities of certain recognized terrorist groups operating in Iraq and the resulting implications and threats for the security and stability of Iraq and its neighbors."

They called for "a fair and transparent trial of Saddam and other criminal leaders of former Iraqi regime for war crimes, particularly use of weapons of mass destruction, crimes against humanity, genocide and aggressions against the Iraqi people, the Islamic Republic of Iran, and the State of Kuwait...."

The ministers thanked "the Islamic Republic of Iran for hosting of this meeting.... They decided to hold a ministerial meeting in New York during the 61st session of the UN General Assembly."

Tehran Conference on Iraq 'Productive and Constructive'

Leading participants at the Tehran conference on Iraq said that it was productive and constructive, according to the *Tehran Times* July 10. All voiced their concern about the security situation. The Organization of the Islamic Conference (OIC) Secretary General Ekmeleddin Ihsanoglu described the meeting as successful. "The Tehran meeting is taking place at a sensitive juncture, and we hope the decisions made in the meeting will help resolve Iraq's problems," he told the Mehr News Agency. Arab League Secretary General Amr Moussa and UN Secretary General Kofi Annan's special representative for Iraq, Ashraf Qazi, also attended the meeting. Ihsanoglu said the OIC offered proposals to solve ethnic and religious differences and to promote the reconciliation plan in Iraq.

Iraqi Foreign Minister Hoshiyar Zebari said that the meeting was constructive and fruitful. He expressed his hope that the foreign forces could leave Iraq by year's end. He said that the next meeting between foreign ministers from Iraq and its neighbors would be held in Baghdad, but without any details on the date. A meeting of the Interior Ministers of the same countries will be held in Riyadh. The next meeting, in the context of the UNGSA in September is supposed to discuss implementation of the measures discussed in Tehran.

Egyptian Foreign Minister Ahmad Abu al-Gheit said that the Middle East's security is closely tied to the security of Iraq.

Egypt places special importance on Iraq's security and stability and the country's reconciliation plan, he told MNA.

One Arab source reached by *EIR* said the reports on the meeting had been positive, but that it had been largely overshadowed by the increasing violence in Gaza.

This Week in American History

July 18 — 24, 1775

Benjamin Franklin Submits His Articles of Confederation and Perpetual Union

On July 21, 1775, Benjamin Franklin began circulating a document in the Second Continental Congress which he hoped would start the delegates thinking about the present and future needs of America. He stated that it was only a draft, and that Congress could probably come up with a more perfect instrument. This proposal for an American republic was partially based on the Albany Plan of Union which Franklin had developed in June of 1754.

At that time, French troops and their Indian allies were moving from Canada to claim the Ohio Valley, and had defeated a small colonial force under George Washington at the Great Meadows. Franklin and his allies were eager to forge a union of the colonies to provide for self-defense and some form of representative body for the Americans, but the plan was rejected.

Now, in 1775, a much larger threat to America came from the British Empire, which was controlled by the rapacious East India Company. The Company was dead set on trampling American liberties in order to loot the continent dry, and didn't appreciate the fact that the freedoms enjoyed by the colonial Americans encouraged population growth and the beginnings of industrial development. Franklin had been doing battle in London against this anti-development policy since he arrived in Britain in 1757 as the agent of several of the Colonies.

Benjamin Franklin had followed a dual policy in trying to develop an American republic. On the one hand, America and Britain could remain one country if Britain itself followed a development policy for both. Toward that end, Franklin had worked with Matthew Boulton, Josiah Wedgwood, and other English inventors and mechanics to spark an industrial revolution in Britain itself. On the other hand, if Britain ultimately failed to allow technological progress in America, Franklin would back independence for America, based on the depth of republican citizenry and institutions which he himself had played the crucial role in developing.

As 1774 approached, East India Company control over the British government became so complete that a new set of laws for America explicitly took away the colonies' republican institutions and made all royal appointees and colonists alike legally responsible to the East India Company. The result was the Boston Tea Party, and when news of the protest reached London on January 20, 1774, the Empire wreaked its revenge on Benjamin Franklin, who was then residing in that city.

On January 29, he was summoned to appear before the privy council at the Cockpit, where Solicitor General Alexander Wedderburn railed at him for an hour with scurrilous accusations of thievery in the case of the Hutchinson letters. The letters, which were reports to Britain's Foreign Secretary from royal governors in America, put the Empire in a very bad light indeed, and had been given to Franklin by a member of Parliament who favored the American cause.

Despite the horrendous attack by Wedderburn, delivered before an aristocratic audience that hooted and laughed, Franklin refused to bend. Two days later, he was dismissed from his post as Deputy Postmaster General for America, but he stayed in London to try to defeat or modify the Boston Port Bill, which closed Boston to ships and put the city under martial law.

To stop the bill, which would cause starvation and disease in Boston, Franklin even personally guaranteed the payment, from his own funds. for the tea dumped into Boston Harbor, for the tea dumped into Boston Harbor, but British Empire revenge carried the day.

During this period Franklin published biting satires on British policy, but he still tried to effect a reconciliation which would give America representation in Parliament. Although he could have been arrested and jailed at any time, Franklin continued to work for the colonies, and he was approached by Admiral Richard Howe and William Pitt, the Earl of Chatham, who were trying to work out a compromise. However, Howe and Pitt's idea of a compromise was the status quo before the Tea Party, not a development policy.

Franklin spent his last day in London with his good friend, the scientist Joseph Priestley, and then left for America on March 20, 1775. While he was at sea, the Americans drubbed the British Army at the Battle of Lexington and Concord. Franklin reached Philadelphia on May 5, while back in London, the British government had filed a court suit against him. On May 13, the court ordered the Sheriff of Middlesex to arrest him.

Franklin had not been back in Philadelphia for even twenty-four hours before the Pennsylvania Assembly unanimously elected him as a delegate to the Second Continental Congress, which opened in Philadelphia on May 10. A few days after he landed, Franklin wrote to his friend Joseph Priestley: "You will have heard, before this reaches you, of a march stolen by the regulars into the country by night, and of their *expedition* back again. They retreated twenty miles in six hours. The governor had called the Assembly to propose Lord North's pacific plan, but, before the time of their meeting, began cutting of throats.

"You know it was said he carried the sword in one hand, and the olive branch in the other; and it seems he chose to give them a taste of the sword first. He is doubling his fortifications at Boston, and hopes to secure his troops till succour arrives. The place indeed is naturally so defensible, that I think them in no danger. All America is exasperated by his conduct, and more firmly united than ever. The breach between the two countries is grown wider, and in danger of becoming irreparable."

The Continental Congress resolved that the colonies should immediately be put in a state of defense, and thus Congress adopted as an army the New England militias which were laying siege to the British Army in Boston. It was obvious to Franklin, therefore, that America also needed a new form of government, and he drafted a proposal called the Articles of Confederation and Perpetual Union.

Thomas Jefferson and others were enthusiastic, but the group of delegates centered around John Dickinson saw the proposal as proof that Franklin had closed his mind to any possible reconciliation with Britain. Therefore, Franklin added a paragraph which stated that, "the Union thereby establish'd is to continue firm till the Terms of Reconciliation proposed in the Petition of the last Congress to the King are agreed to; till the Acts since made restraining the American Commerce and Fisheries are repeal'd; till Reparation is made for the Injury done to Boston by shutting up its Port; for the Burning of Charlestown; and for the Expencc of this unjust War; and till all the British Troops are withdrawn from America." There was very little probability, in fact none at all, that the British Empire would ever admit to having injured America.

Although he spoke very little at first in the Continental Congress sessions, Franklin took his Confederation proposal to all the delegates and also presented it orally to a committee of the full Congress. The plan gave broad powers to an elected assembly from all the colonies, with the delegates based on their colony's population of male citizens between 16 and 60. The assembly could declare war and set the terms for peace, conduct foreign affairs, and operate a postal system. The expenses for the central government would be apportioned among the states according to their population.

Franklin was always concerned that the American Indians be treated fairly and he inserted two paragraphs which forbade

any colony to engage in an offensive war against the Indians without the consent of Congress, which was to "consider the Justice and Necessity of such War." The boundaries of Indian lands were to be mapped, and no private or colony purchases made hereafter were valid. Trade with the Indians was to be regulated in order to prevent injustices, and the general government was to provide them with supplies if they were in want.

Then came a paragraph which must have sent off alarm bells in London: "Any and every Colony from Great Britain upon the Continent of North America not at present engag'd in our Association, may upon Application and joining the said Association, be receiv'd into this Confederation, viz. Ireland, the West India Islands, Quebec, St. Johns, Nova Scotia, Bermudas, and the East and West Floridas; and shall thereupon be entitled to all the Advantages of our Union, mutual Assistance and Commerce."

On July 23, John Adams wrote in his diary that Franklin "does not hesitate at our boldest Measures, but rather seems to think us, too irresolute, and backward." Franklin did not formally submit his Articles of Confederation as legislation, but by the spring of 1776, Congress was ready to declare independence, and they turned to Franklin's draft as the basis for the new government.

In the interval, Franklin, now turning 70, was incredibly busy. He was appointed Postmaster General of America, and served on the Secret Committee which was to obtain arms and ammunition for the Continental Army. He was also sent as part of a delegation to Canada to try to convince that British colony to join America's struggle. And on September 11, 1776, Franklin and John Adams, at the behest of Congress, met on Staten Island with Lord Howe, who was now the commander of all British forces in America. Howe had been sent to offer a worthless plan for reconciliation, which Franklin suspected provided time for the British Army to complete its plans and positions.

John Adams wrote in his diary that at the end of the meeting, Howe said that he "felt for America and would lament her fall as a brother would." With a smile and a bow, Ben Franklin answered, "My Lord, We will do our Utmost Endeavours, to save your Lordship that mortification."

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[top of page](#)

[home page](#)