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This Week You Need To Know

Why the Senate's Intelligence Has Failed: Reanimating an Actual Economy

by Lyndon H. LaRouche, Jr.

July 22, 2006

Many important conclusions must be reached on the basis of the U.S. Senate's wretchedly negligent, even, as some would say, implicitly treasonous expression of cultural decadence, in permitting the Synarchist banker Felix Rohatyn's virtual destruction of the U.S.A.'s national automobile industry, with its associated, strategically crucial machine-tool capacity. While the pattern of sophistry involved in this wicked result is a reflection of the typical cultural flaws of the privileged strata from the so-called "Golden Generation," the Senate's capitulation to a known fascist enemy, its abandonment of the most essential concept of national sovereignty, in favor of the fascist Felix Rohatyn, has gone beyond folly, to, in effect, virtual, if apparently unwitting—or, should I say "witless"—treason.

As I have repeatedly emphasized, publicly, over the years, the victory which President Abraham Lincoln had led, established us as a continental power which could not be conquered by invaders, but only by corruption. Now, that treasonous corruption has ensconced itself, full blown, in the role of the circles of fascist Felix Rohatyn. The notion, on which Rohatyn insists, of subordinating the former sovereignty of the U.S.A. and other nations, to the caprices of what all leading U.S. political figures should have known, by now, as Rohatyn's stated intention to establish a new global, imperial, Venetian-style financier oligarchy. Rohatyn's action is nothing less than an act of betrayal of the sovereignty of the U.S.A.

That immoral form of intellectual performance on this account, in that chamber, was aggravated greatly by the February 2006 capitulation to the tradition of Nazi "Crown Jurist" Carl Schmitt, in the matter of the confirmation of Judge Samuel Alito. This same incompetence was carried to an extreme in the Senate's panicked endorsement of an utterly foolish Israeli attack on Lebanon, not only a potentially suicidal action by the current misleaders of Israel, but an attack which could be the "Balkan War-like" spark for the early emergence of world war, this time as a virtual World War III. This now threatens to become a new world war in a new, asymmetric mode, with implications even more menacing for future civilization than the two preceding instances....

[...full article, PDF](#)

InDepth Coverage

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Feature:

[*WHY THE SENATE'S INTELLIGENCE HAS FAILED*](#)

[Reanimating an Actual Economy](#)

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Many important conclusions must be reached on the basis of the U.S. Senate's wretchedly negligent, even, as some would say, implicitly treasonous expression of cultural decadence, in permitting the Synarchist banker Felix Rohatyn's virtual destruction of the U.S.A.'s national automobile industry, with its associated, strategically crucial machine-tool capacity. While the pattern of sophistry involved in this wicked result is a reflection of the typical cultural flaws of the privileged strata from the so-called 'Golden Generation,' the Senate's capitulation to a known fascist enemy, its abandonment of the most essential concept of national sovereignty, in favor of the fascist Felix Rohatyn, has gone beyond folly, to, in effect, virtual, if apparently unwitting—or, should I say 'witless'—treason.

Strategic Studies:

[*STOP BEING A DUPE!*](#)

[Know Your Actual Enemy](#)

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

July 23, 2006

Some foolish people believe that Israel is behind the war against Lebanon. Some other people think that the U.S.A. is behind Israel's role in the war. Some point to the British government's plotting behind the war. Meanwhile, actually well-informed people know that it is the international financier circles of which Felix Rohatyn is a part, which are the actual forces steering the current plunge toward what is fairly described as 'World War III.'

- [*Fact Sheet: The Enemy Is Oligarchism*](#)

[by Jeffrey Steinberg](#)

In November 1940, the Coordinator of Information (COI), the predecessor to the U.S. Office of Strategic Services (OSS), prepared a classified report titled 'Synarchie and the policy of the Banque Worms group.' The three-page confidential document began, 'In recent reports, there have been several references to the growing political power of the Banque Worms group in France, which includes amongst its members such ardent [Nazi] collaborationists as Pucheu, Benoist-Mechin, Leroy-Ladurie, Bouthillier, and representatives of the big French industrial organizations.' The report continued, 'The reactionary movement known as 'Synarchie' has been in existence in France for nearly a century. Its aim has always been to carry out a bloodless revolution, inspired by the upper classes, aimed at producing a form of government by 'technicians' (the founder of the movement was a 'polytechnician'), under which home and foreign policy would be subordinated to international economy.'

[*Who Owns the Israeli War Party?*](#)

[by Dean Andromidas and Steven Meyer](#)

The true architects of the new Middle East war between Israel and Lebanon, as Lyndon H. LaRouche has stated, are the international financial circles typified by Felix Rohatyn, his colleagues at Lazard Frères, and others who have created 'financier conglomerates more powerful financially than any government.'

[Lyndon LaRouche on Stockwell Show](#)

[Citizens Must Change the Congress, To Stop the Drive to World War III](#)

Lyndon LaRouche was interviewed by Jack Stockwell, morning radio host on K-TALK radio in Salt Lake City, Utah, on July 27.

International:

[Behind the Mumbai Bombings: Tracking the British Role](#)

[by Ramtanu Maitra](#)

The seven synchronized serial bombs that tore through suburban trains in Mumbai, India on July 11, taking at least 207 lives, and injuring more than 600 others, is an indication that the international Islamic jihadis have found a soft target in the country. So far, New Delhi's investigation has little to show, beyond indicating a Pakistani involvement in this dastardly act. No group has claimed responsibility, and the initial arrests carried out by the Mumbai police have revealed virtually nothing.

- [LaRouche: Hit on India Was Strategic Attack](#)

In an analysis entitled 'The Strategic Significance of the Hit on India,' which appeared in the July 21 EIR, Lyndon LaRouche identified the Mumbai bombings as a marker for a new phase of global crisis, being provoked by Synarchist financial forces. We quote from the opening paragraphs of that report: 'This was no ordinary sort of 'terrorist incident'; the characteristics of the attack themselves bespeak the hand of a leading strategic power.

[Regional Powers Key To Lebanon Peace](#)

[by Muriel Mirak-Weissbach](#)

When the conference of the Lebanon Group of 15 nations ended in Rome on July 26, without any agreement on an immediate cease-fire in the Israel-Lebanon war, Israeli Justice Minister Haim Ramon concluded—rightly—that this meant that Israel had been given 'authorization' to continue its two-week-long aggression against Lebanon. True enough: Thanks to the indomitable efforts of U.S. Secretary of State Condoleezza Rice and her British counterpart, Margaret Beckett, the other 13 governments, plus United Nations General Secretary Kofi Annan, were blocked from forcing through a resolution calling for an immediate truce. It was a green light for Israel.

[Investigation Proves Bush-Cheney Illegal Activities in Italy](#)

[by Claudio Celani](#)

Italian prosecutors in Milan have renewed an extradition request, blocked by the previous government of Prime Minister Silvio Berlusconi, for 26 CIA agents accused of having organized the kidnapping of Egyptian citizen Abu Omar on Feb. 17, 2003, on Italian soil. Abu Omar was seized in broad daylight on the streets of Milan, driven to the U.S. airbase in Aviano, Vicenza, and flown to the U.S. airbase in Ramstein, Germany, and thence to Cairo and delivered to Egyptian police. Eventually, Omar was able to contact his family in Milan and report that he had been imprisoned and tortured.

[Mexico Must Come to Grips With López Portillo's Legacy](#)

[by Dennis Small and Gretchen Small](#)

It is over a month since Mexico's July 2 Presidential election, and the country still has no President-elect. The announced leader of the vote count, by a minuscule 0.6% of the vote, is Felipe Calderón of the Synarchist-spawned PAN party. But André's Manuel López Obrador—universally known in Mexico as AMLO—the candidate of the For the Good of All coalition, has contested the election before the Federal Electoral Court, and is demanding a full vote-by-vote recount, charging that massive, documented fraud occurred. The court has yet to issue its ruling.

[Report From Germany](#)

[Barbed Wire and Barbecue](#)

[by Rainer Apel](#)

Bush's 'charm offensive' was facilitated by none other than John Kornblum, chairman of Lazard's German branch.

National:

The GOP's Trillion-Dollar Ripoff for the Super-Rich

by Jeffrey Steinberg

A group of Congressional Republicans, led by House Majority Leader John Boehner (Ohio), House Ways and Means Committee Chairman Bill Thomas (Calif.), and Senate Majority Leader Bill Frist (Tenn.), orchestrated a shameless taxpayers ripoff at 1:30 a.m. Saturday morning, July 29, giving America's wealthiest 7-8,000 families what could amount to a \$1 trillion tax cut over the next decades.

'Truman Project' Outed at DLC Confab

by Anton Chaitkin

The Democratic Leadership Conference (DLC) put on display, for a limited audience at its national convention, its pro-fascist initiative: Use Harry Truman's image to crush Franklin Roosevelt's legacy in the Democratic Party.

U.S Mayors Our Cities Are Not Prepared for Disaster

by Pat Salisbury

The official organization of mayors of the United States held a press conference July 26 to issue a chilling report documenting that America's cities are not prepared to survive upcoming disasters, be they natural or man-made. The mayors' conclusions, presented by a bipartisan panel, were released under the title: 'Five Years Post 9/11, One Year, Post Katrina: The State of America's Readiness. A 183-City Survey.'

Economics:

Power Outages Hit U.S. Grid; Utility Deregulation to Blame

by Mary Jane Freeman

More than 3 million Americans found themselves without electricity from July 16 to 29, some for hours, others for ten days. It was not only the intense heat wave across much of the nation that brought this harm and economic loss, but also the impact of deadly deregulation. Under deregulation, 'power pirates'—made up of formerly regulated utilities— have been looting the electrical infrastructure system, especially the distribution grid. The result is that more than 100 people died in the July heat wave, and there were billions of dollars of spoilage and interrupted business activity.

Not Much Time Left To Retool and Save Auto

by Paul Gallagher

The pace at which the U.S. auto industry, its machine-tool capacity, and its skilled workforce, are being lost, has undeniably accelerated during the second quarter of 2006. The quickening shutdowns bear out the warning first circulated by Lyndon LaRouche and EIR in early 2005, that without a Congressional intervention into the oncoming auto crisis to protect, retool, and diversify auto production, the United States could lose its most important and versatile industry to globalization, and become a 'Third World nation industrially.'

Mercosur Dumps U.S. Economic Lunacy

by Cynthia R. Rush

Contrary to twisted media reports and the howls emanating from various centers of world finance, the July 20-21 Presidents' summit of the Common Market of the South (Mercosur), in Córdoba, Argentina, was not some meeting of IberoAmerican leaders 'moving to the left,' supposedly evidenced by the presence of Cuban President Fidel Castro and Venezuela's Hugo Chávez.

Interview: Geronimo Z. Velasco

Globalization's Destruction Of the Philippines

When Marcos was deposed in 1986 in a U.S.-directed 'regime change,' Velasco was [also] thrown out, and the nuclear power plant, finished and ready to go, was mothballed. After 20 years, Velasco has finally published a powerful memoir, Trailblazing: The Quest for Energy Self-Reliance, telling the story of the lost potential, and of the role of the U.S. in that subversion. His book was reviewed in EIR, May 12, 2006. The following interview was conducted on July 23 in San Francisco, by Mike Billington.

Editorial:

Guns of August, One Year Later

It was approximately one year ago, on July 27, 2005, that American statesman and Democratic Party leader Lyndon LaRouche issued an international alert covering the period of August 2005, identifying it as the 'likely timeframe for Vice President Dick Cheney, with the full collusion of the circles of British Prime Minister Tony Blair, to unleash the recently exposed plans to stage a preemptive tactical nuclear strike against Iran.' LaRouche's warning spread like wildfire internationally. It was translated into Arabic, Russian, and many other major languages, and was reprinted widely in both Internet and print publications. LaRouche's Political Action Committee circulated hundreds of thousands of pamphlets, exposing Cheney's Hitler-like plans, and demanding that the Congress, and patriotic citizens, act to stop them. From one standpoint, you could say that this mobilization was extremely successful. Cheney was unable to activate his plans, due to opposition within the Bush Administration itself, as well as within the military and the broader institution of the Presidency. Yet, today, the danger of the wider war, with or without nuclear weapons, looms larger than ever. The fundamental point is this: Holding actions are not sufficient in periods of systemic breakdown.

Latest From The Worldwide LaRouche Youth Movement

HELGA ZEPP-LAROCHE NOW ON LYM RADIO

by Abdul-Aliy Muhammad
LaRouche Youth Movement

The governing institutions of Europe show blushing and despairing ignominy; while most 68ers show utter obstinance, as would make Denial himself bow his head in disgrace. Many deluded others would rather compose fantasia than deal with real crises on the plain. And lastly, the heads of state of Europe are running headlong into a mosh pit fitted by Rohatyn and his like, here in "Old Europe."

How do you deal with it? Well, here in Germany, that question is ever germane. The Grand-Coalition Regime of Germany, which is composed of the Christian Democrats and Social Democrats, is rewriting history; according to the health-care reforms recently passed in the German Parliament, they would posit that Bismarck was a socialist. Through dismantling the very thing that defined Germany as a nation, namely the concept of the "social state," they would fling Germany back into feudalism as if a fly caught on one's shirt.

Chancellor Angela Merkel in sooth, said Germany was a "readjustment case," a polite way of saying Germany is bankrupt. But, of course, Merkel failed to state the fact that not only is Germany in dire straits, but also the whole world. Merkel's claim of Germany's bankruptcy is also a double *entendre*, if one reflects on the utter bankruptcy of institutions in Germany. The raising of the value-added tax by about 3%, and the fact that the European Central Bank plans to meet in August, as had never been the case before (since in August, everyone heads for vacation), shows that the relevant substance has hit the fan.

So, mundane and redundant thinking in these times is not only wrong, but can be the cause of civilization's downfall. I may have been once on the midnight train to Georgia, but I'd never willingly buy a train ticket to Hell.

The Leadership of Helga Zepp-LaRouche

The only stateswoman in Germany is Helga Zepp-LaRouche, chairwoman of BueSo (the Civil Rights Solidarity Movement) and president of the Schiller Institute. Zepp-LaRouche, who has shown in her many campaigns for Chancellor, the quality of leadership necessary for Germany in these times, must be heard here in Germany, now. If you recall, in the

2002 German Parliamentary elections, Zepp-LaRouche's opposition to the policy of war, was taken up by the SPD's Gerhard Schröder. As today, when the euro shows itself completely ill, Zepp-LaRouche stood, the only public figure defending Germany's national sovereignty, and the only one fighting for a return to the D-mark, Germany's national currency.

It was therefore necessary for our Party and movement here in Germany to up the ante to ensure that Zepp-LaRouche's voice resonates louder than those among the rogues. With this in mind, we have inaugurated a new radio show on our German LaRouche Youth Movement website so as to give people an "uplifting experience" on a weekly basis. The German-language radio program will be streamed live, every Tuesday at 5 p.m. in Germany, and will be hosted by members of the LYM. Our main objective is to recruit as many people as possible to our efforts worldwide, as our movement is playing a decisive role in the world strategic situation. Questions can be e-mailed via the German LYM website (www.wlym.de). Let's use this show to its fullest potential!

'There's Room for Many-a-More'

Once, in a meeting with former Mexican President Jose Lopez Portillo, Helga Zepp-LaRouche, among others, heard Lopez Portillo state that now is the time to listen to "the wise words of Lyndon LaRouche." Now, I think it's time for Germany to pay the same homage to their only stateswoman, Helga Zepp-LaRouche. As the saying goes, "We are being the change we want to see," and hopefully those frightened creatures, sometimes referred to as chronic European Boomers, will get on board "'cause there's room for many-a-more."

Our Mayoral campaign in Berlin for the September elections, has caused some explosive breakthroughs, and is of great import for our overall political flank here in Germany. Over the past months we have distributed at least 200,000 pamphlets in Berlin. Daniel Buchmann, our Mayoral candidate, has awakened a sleeping giant here in the German capital city, activating youth and others in a way that no other party has the ideas or the gumption to do. Our biweekly "Town Hall" meetings have become an open door for those who are passionate about saving Berlin and Germany more broadly. With Zepp-LaRouche's radio show now able to reach "many-a-more," we are set to accomplish great things.

U.S. Economic/Financial News

Private Funds Extolled for Gigantic Corporate Rip-Offs

A front-page piece in the *Wall Street Journal* July 25 heralds the superiority of today's private funds as the greatest thieves in history. Entitled, "New Owners Extract Stream of Charges and Dividends, Running Up Company Debt," the article begins with an amazing, if typical, case study—Burger King—which was losing money in 2002 when it was taken over by Goldman Sachs, Texas Pacific Group, and Bain Capital. The three vultures immediately paid themselves \$22 million for "professional fees," an annual figure which reached \$29 million by 2006. In February 2006, they announced they were selling the company, but first extracted \$367 million as a special dividend to the owners, by having "their" company borrow the money. Altogether, they extracted \$448 million from Burger King, the equivalent of their total investment, *before* they sold. The sale then netted \$1.8 billion, triple their investment, leaving the company massively indebted. "These are the rules of the private-equity game, part of a growing wave of private money reshaping global financial markets," crowed the *Journal*.

Other firms looted in this way were Warner Music, Simmons Bedding, and Remington Arms. Since 2003, some \$69 billion has been borrowed to pay dividends to equity funds, according to S&P. Hertz, bought by Carlyle, Merrill Lynch, and others in December as a profitable company, borrowed so much to pay the locusts that the interest payments alone put them in the red for the first quarter of this year. This, writes the *Journal*, shows "the ascendancy of private money ... with limited scrutiny from public regulators." Average annual return on locust buyouts was 24% in 2004 and 2005. Two thirds of the

debt assumed for pay-offs to private equity funds is "speculative"—single B or lower, at the lower realms of junk.

LaRouche Right Again: 'Ground Zero' Housing Bubble Pops

The *Washington Post* July 26 provided more evidence of the collapse of the mortgage bubble in Loudoun County and the surrounding Northern Virginia region, which Lyndon LaRouche identified almost a year ago as "ground zero" for the "thermonuclear imposition" of the nationwide real-estate collapse.

The median price of homes sold in Loudoun County dropped by 1.2% in June, compared to June a year ago. In June of 2005, there were 1,800 homes for sale in Loudoun; today there are 5,000 on the market. Where it took an average of 21 days to sell a house a year ago, it now takes 75 days. In Fairfax County and Washington, D.C., the number of unsold homes and time on the market have also increased substantially, with a particularly large supply of condos for sale.

With the market in the Washington metro area overflowing with houses for sale, the desperation of some homeowners is seen in the case of a Woodbridge, Virginia man who offered to throw in his brand new 2006 Toyota Corolla free to anyone who would buy his house. He figured that it would give him an advantage over those neighbors who are also trying to sell their homes.

Big Dig Tunnel: 'But, the Emperor Has No Clothes'

A safety inspector for the relevant company on the Boston Big Dig tunnel project wrote a memo in 1999 warning about the ceiling-bolt system which failed last month, falling on a car and killing one occupant. John Keaveney, a safety officer for the tunnel builder, Modern Continental Construction, said he became concerned after a third-grader on a class trip asked if the bolts were strong enough to support concrete. "I said, 'Yes, it would hold,' but then I thought about it," he told the *Boston Globe*.

Keaveney wrote in a 1999 document that he "could not comprehend how this structure could withhold the test of time." In the system design, multi-ton concrete ceiling slabs were fastened to the tunnel interior with bolts, held in place by epoxy. In a 2000 memorandum, officials of the construction company, which was subcontracting for George Shultz's Bechtel, noted an "apparent failure of the epoxy," which led to additional testing and repairs, the *Boston Herald* reported. Someone mailed the internal company memoranda to the *Boston Globe*.

World Economic News

Equity Fund Signals New Round of Housing Speculation

Warnings by insiders in March that the spectacular purchase of the entire Dresden municipal housing sector by the Fortress equity fund would be only the prelude to a "new big round of speculation" later this year, were on the mark: The fund has now announced it will sell on the stock market 40%, about 64,000, of the 160,000 flats it owns, beginning in October, the *Financial Times* reported July 24.

Other funds, like Cerberus, Terra Firma, Morgan Stanley, have not made similar announcements yet, but are widely expected to do so soon, using money from the sale of flats to pay off old debt on the one hand, and to buy more flats on the other hand. Prices of flats (and rents) can be expected to go up after this mass sale, because the buyers will have to refinance the money they needed to borrow to make the purchases.

Some 600,000 formerly publicly owned German flats are already in the hands of private funds, which are eyeing the other 2.1 million for takeover.

Voracious Hedge Fund Wants To Devour German Public Banking

The monster hedge fund Cerberus Capital Management wants a share of Nordbank as a foot in the door to the German public banking sector, according to wire reports July 25. The notorious U.S. hedge fund with the fitting name (in Greek mythology, Cerberus was the terrifying three-headed dog who guarded the gate to the Underworld) is prominently positioned, it seems, for the takeover of West LB's 27% share in HSH Nordbank. Other funds are rivals for that deal, for example, Christopher Flowers (U.S.)—who failed in a takeover of the Bankgesellschaft Berlin three years ago, but is still interested in entering the public banking sector of Germany.

HSH (Hamburg/Schleswig-Holstein) Nordbank, if the West LB share were sold to a private hedge or equity fund, would be the first state-level bank in Germany to be partially privatized. The prospect of HSH Nordbank falling entirely into the hands of privateers, is increased, as the Schleswig-Holstein state government wants to sell its own share of about 20%, as well.

World Trade Talks Founder: Farm Subsidies Retained

Talks in Geneva on July 24 between six "key" nations and regions in the World Trade Organization collapsed over the issue of farm subsidies. Major finger-pointing among the six—Japan, Brazil, India, Australia, the U.S., and the EU—has now begun, but it was the U.S. which prevented the cuts in subsidies, which have been pushed by supporters of globalization, from going through. Dubbed the "Doha Round" after the "fourth Ministerial Conference of the WTO" in Doha, Qatar in 2001, the talks had the goal of producing a worldwide agreement on trade involving \$800 billion in cuts to subsidies for agricultural products, by 2004. Three subsequent meetings at locations scattered around the world have failed to accomplish this.

Now, in the words of Indian Commerce Minister Kamal Nath, the Doha Round "is not dead, but it's definitely between intensive care and the crematorium."

United States News Digest

Specter NSA Bill 'Worse Than Nothing at All'

At the request of all the Democratic members of the Senate Judiciary Committee, a hearing was held July 26 on the new bill drafted by Committee chairman Arlen Specter (R-Pa) in collaboration with White House. Despite Specter's earlier outspokenness against the Administration's domestic surveillance program, his new bill is justifiably being attacked by Democrats and by civil liberties and constitutional-rights organizations as a complete capitulation to the Bush Administration.

One giveaway is that the new Specter bill is supported by the Administration, despite the White House's previous opposition to *any* legislation on the spying program. In the Tuesday hearing, attended by only one other Republican besides Specter, right-winger John Cornyn of Texas also voiced his support of the Specter bill.

All the Democrats on the Committee who spoke, attacked Specter's bill. Ranking member Patrick Leahy (D-Vt) called it more of a concession than a compromise, and said it would "permit vast new amounts of warrantless surveillance of telephone calls involving American citizens." Edward Kennedy (D-Mass) called it "a sham proposal" whose purpose is "to

codify the breathtakingly broad and erroneous view of executive power asserted by the Bush Administration and rejected by the Supreme Court."

Two of the four non-government witnesses, Jim Dempsey of the Center for Democracy and Technology, and Mary DeRosa of CSIS, said that it would be better to have no bill at all, than Specter's bill—which merely legalizes what the Administration has already been doing, illegally. "Your bill would endorse the radical concept of the imperial Presidency," Dempsey told Specter.

While questioning Dempsey, Sen. Leahy characterized what has happened as: "The President said here, 'I'll stop breaking the law if you'll pass a law saying that I'm pardoned for breaking the law, and I don't have to follow the law any more,'" adding that, "It's sort of Alice-in-Wonderland."

GOP Members Boycott Hearing on Military Commissions

The House Armed Services Committee held its second hearing on military commissions and the implications of the Supreme Court's *Hamdan* ruling on July 26, and the whole effort can only be described as pathetic. The four witnesses were experts on international tribunals, including two judges who had served on the international tribunals for Rwanda and the former Yugoslavia. As one witness testified, and elaborated to *EIR*, the hearing was important because Administration representatives have made extravagant claims about the procedures used by these tribunals, claiming falsely that they permit the exclusion of defendants, widespread use of hearsay evidence, use of anonymous witnesses, and admission of evidence obtained through coercion and torture.

In contrast to the Committee's first hearing two weeks ago, in which a handful of Republicans asked useful questions, the GOP side was completely unserious; most didn't attend or participate, and only one Republican member other than Committee chairman Duncan Hunter asked any questions (although there are 34 Republican members of Committee). At the previous hearing, Hunter made it clear that he fundamentally disagrees with the Supreme Court's ruling; this time, he made a fool out of himself by harping on ridiculous claims (such as that U.S. troops would have to read Miranda rights to "terrorists" captured on the battlefield) which had been discredited in the previous hearing.

A couple of knowledgeable sources told *EIR* that they suspect that behind this lack of seriousness, is the intention is for the House to simply rubber-stamp whatever the Administration proposes—although it is thought that the Senate is much less likely to do so.

Democrats Present Fascist Energy Plan

"Rohatyn's Fascist Energy Plan" should be the name of the "energy security" strategy presented by Democratic Center for American Progress think-tankers John Podesta, Madeleine Albright, and Carol Browner in a conference call press briefing on July 26. These Truman Democrats devised a "biomass-based" plan that is actually *worse* than the 2005 Energy Policy of the Bush Administration, and follows the anti-nuclear energy policy of the late Albert Wohlstetter, mentor of neo-cons like Richard Perle and Paul Wolfowitz, and James Woolsey.

The report's nuclear program is basically not to tear down existing nuclear plants! In answer to a question from *21st Century Science & Technology* magazine about nuclear, Podesta said, "There may be a future for new nuclear [plants] ... but that will not come without restraining, through a cap-and-trade mechanism, or another vehicle, the production of carbon dioxide." In other words, mandatory emission limits on power plants, with participation in crazy trading of emission credits, or no possibility of nuclear. Other elements are: no U.S. reprocessing; fuel enrichment only by "select countries"; strengthened inspections and multinational controls on nuclear programs; non-approval of the India-U.S. nuclear deal, unless India agrees to U.S.-imposed safeguards; and so on.

Other components of the program are full backing for the insane global-warming hoax and proposals of Al Gore, including mandatory "cap-and-trade" carbon emissions; 10-25% of energy to come from renewables under a "Renewable Portfolio Standard," or RPS, which would also apply to liquid fuel; a "smart grid" electrical system; new international transit routes and pipelines outside of the Mideast, including military and security measures to protect them. The main criticism of the Bush Administration is that it isn't tough enough on Iran and North Korea, and other security threats!

As for advanced technologies like thermonuclear fusion, Podesta commented that he'd be "long dead" before fusion power produced electricity.

21st Century submitted several follow-up questions in writing.

Pension Proposals Would Worsen Pension Crisis

All three GOP proposals for pension reform now before the Congress would worsen the private pension crisis, reports Rep. George Miller (D-Calif), the ranking member of the Committee on Education and the Workforce. On July 24, Miller released an analysis prepared by the Pension Benefit Guaranty Corporation (PBGC) that "shows that all of the Republican proposals now being discussed by negotiators would actually *reduce* the contributions that companies must pay into their pension plans and *increase* the PBGC's deficit," ... and would also "encourage more companies to dump their [traditional, non-401(k)] pension plans faster." Says Miller, "This pension reform is the worst of every possible world. By driving up the PBGC's deficit, it will increase the risk of an eventual taxpayer bailout of that agency." He claims that the PBGC analysis shows that it would be better if the Congress did nothing to reform pensions than if Congress adopts any of the proposals under consideration.

Can Bolton Overcome a Filibuster?

The White House may be short of votes to overcome a filibuster against U.S. representative to the UN John Bolton, according to a story in the July 25 *Roll Call*, which quotes both Democratic and Republican Senators saying there may not be the 60 votes needed to overcome a filibuster, despite the about-face by Sen. George Voinovich (R-Ohio). Senator Chris Dodd (D-Conn) said on CNN's Late Edition July 23 that he expects a "bruising fight" if the Administration goes ahead with seeking a permanent appointment for Bolton as UN Ambassador. Dodd said that Bolton has polarized the situation at the UN, and that the National Security Agency wiretap transcripts obtained by Bolton are still an issue, as are Bolton's efforts to fire two intelligence analysts.

Senator Mark Dayton (D-Minn) said on July 25 that he is undecided about Bolton, and he said he is concerned about a recent *New York Times* story which reported on foreign diplomats saying that Bolton had alienated traditional allies with his combative style.

The Senate Foreign Relations Committee held a hearing on Bolton's nomination on July 27, at which Democrats went to great pains to try to prove that Bolton has been an ineffective representative of the U.S. at the United Nations.

ABA Blasts Bush/Cheney Signing Statements

The American Bar Association Task Force on Presidential Signing Statements and the Separation of Powers Doctrine issued a report July 24 which warns that the Bush-Cheney Administration's unprecedented use of signing statements to override laws passed by Congress, and to announce the intent not to enforce those laws, is a serious challenge to the Constitution's framework of checks and balances, and to the separation of powers.

"The original intent of the framers was to require the President to either sign or veto a bill presented by Congress in its entirety," the report says. "A line-item veto is not a constitutionally permissible alternative, even when the President believes that some provisions of a bill are unconstitutional."

The ABA cites reports that, in this Administration, all bills are routed through Vice President Cheney's office, so that they can be reviewed by David Addington for any perceived threats to the "Unitary Executive"—i.e., Nazi jurist Carl Schmitt's theory of the *Führerprinzip* being used to justify the Cheney-Bush dictatorial power grab.

Senator Arlen Specter (R-Pa), the chairman of the Senate Judiciary Committee, said on July 24, in a Senate Floor speech, that former Reagan Justice Department official Bruce Fein and his own staff are preparing a bill which would give Congress standing to sue the President in Federal court, to obtain judicial review of Presidential signing statements and have them declared unconstitutional.

Ibero-American News Digest

Mexico: 'Six Days of Counting, for Six Years of Stability'

Under that war cry, Andres Manuel Lopez Obrador's Coalition for the Good of the All has escalated its drive to force a vote-by-vote recount of the entire July 2 Presidential election, according to media reports July 27. The campaign website has posted a PowerPoint presentation summarizing the case that a full recount is absolutely legal—despite the PAN's feverish insistence that it's not—and that there's plenty of time to carry it out. After all, there are only 130,477 "electoral packets" (one packet per polling station) which must be opened, and granting 20 minutes on average to count them, it would only take six days of counting, to ensure six years of stability.

At a July 24 press conference, Lopez Obrador's team summarized the evidence of fraud which they filed before the electoral court, making the point, however, that they are addressing just the fraud which occurred in the counting of the ballots, per se, and not the violations of campaign laws which occurred *before* the vote took place.

Various kinds of what they called "arithmetic errors" have been documented in 72,197 of the 130,477 polling places. For example, in 56,507 polling places, the tally of total vote (valid and invalid ballots) plus unused ballots does not equal the number of ballots delivered to the polling station. This results in 740,451 votes for which there are no ballots to back them up, and another 363,925 votes missing from the tally sheets, for a total of 1.1 million votes affected. Other "arithmetic errors" include polling places where the sum of the votes cast, valid and invalid, does not equal the number of ballots listed as deposited in that station; etc.

Adding up all the various "arithmetic errors" found on the tally sheets, a total of 1.6 million votes, or 3.88% of the total vote, are called into question—in an election "won" by only 0.58% of the vote.

A second cut on the fraud was found, where the totals listed on the tally sheets do not match the totals reported for the relevant district. The campaign identified such discrepancies in 828 polling stations. They have as yet only been able to examine a sampling of the actual tally sheets from these polling stations, but in that sampling found more than 25,000 votes which were either added to the PAN's vote or subtracted from Lopez Obrador's vote, when recorded at the district level.

Then, there is the issue of those polling stations where voter participation ran as high as 77%, way over the national average of 58.55%, at the same time that the PAN vote was 24 times higher than the national average.

It is such glaring, extensive discrepancies and "errors" throughout the vote, that makes urgent a recount of the entire vote, the campaign argues.

Brazil, Argentina Discuss 'De-Dollarizing' Trade

On July 24, Argentine Finance Minister Felisa Miceli and her Brazilian counterpart Guido Mantega met in Buenos Aires to discuss creating mechanisms to "de-dollarize" bilateral trade, dumping the dollar and using only local currencies—either the peso or the real. The attractiveness of "de-dollarization," Mantega said in a press conference after meeting, is that it will reduce costs and alleviate pressure on their exchange rates.

There is some indication that Venezuela is interested in participating in this arrangement as well. Studies on the technical aspects of de-dollarized bilateral trade are expected to be completed by Aug. 8, when the Presidents of the Mercosur (Common Market of the South) central banks will be meeting.

The Brazilian Finance Minister also defended the proposal to create a regional development bank, as discussed at the recent July 20-21 Mercosur summit, underscoring that "existing institutions are inadequate for the region's level of growth ... what is lacking is a more agile financing mechanism."

Mantega reported that Brazil and Argentina will be formulating joint initiatives to be presented at the IMF's next annual meeting in Shanghai. Among these is a proposal to create a special IMF contingency credit line to be used in the event of a financial emergency, but without requiring a letter of intent, nor conditionalities. Mantega suggested that the Fund could spend its time more productively by more closely monitoring countries like the U.S. which has a huge deficit and other financial problems, rather than pressuring nations like Argentina and Brazil which have paid off their debts to the Fund and enjoy large surpluses.

Chile No Longer a Doormat for Foreign Interests

In the aftermath of the Mercosur summit, Synarchists attempting to yank Chile out of the developing Ibero-American integration were told "no." On July 25, U.S. Defense Secretary Donald Rumsfeld called Chile's Defense Minister Vivianne Blanlot to request that the Bachelet government back Guatemala, the U.S. choice to become a non-permanent member of the UN Security Council, instead of Venezuela. At the recent Mercosur summit in Cordoba on July 20-21, the final communiqué issued by participants endorsed Venezuela's candidacy for the post. Rumsfeld also communicated the U.S. desire that Chile not ratify the International Criminal Court without a clause exempting U.S. troops or personnel from any prosecution in the event they are charged with crimes.

President Michele Bachelet responded immediately one day later, stating unequivocally that Chile accepts pressures "from no country." It has had, and will continue to have, a totally independent foreign policy, she said. Defense Minister Blanlot simultaneously sent an official reply to Rumsfeld, informing him that Chile would ratify the International Criminal Court, with no exemptions for any nation.

Since threats aren't working, former Brazilian President and globalization spokesman Fernando Henrique Cardoso showed up in Chile this week to try to soften it up by other means. Cardoso's message was: Why do you want to associate with that riffraff in the rest of South America? Chile is a serious, respected nation with a "modern left," he gushed, just like Uruguay and Brazil. It's not like Argentina, whose President Kirchner suffers from excessive "personalism" (i.e., he's power-hungry). While Cardoso railed against Venezuela and Bolivia for their excessive "statism" and "nationalism," it was clear that Argentina was his primary target, obviously due to Kirchner's leadership role in the region. The Argentine President, Cardoso warned, is not a reliable ally for Chile.

Anti-Nation-State Plotters Meet Spain's Synarchists

The head of Mexico's National Action Party (PAN), Manuel Espino, has been traipsing around Spain recently, where he reportedly went on a pilgrimage to pay homage to that country's patron saint in thanks for the PAN's alleged electoral victory—and to thank fascist Jose Maria Aznar, the former Spanish Prime Minister, and the head of his Popular Party (PP), Mariano Rajoy.

Likewise, former Argentine Finance Minister Roberto Lavagna, who is positioning himself as a Presidential candidate for the 2007 elections, has been in Spain, speaking at a conference sponsored by none other than Banco Santander, the fascist bank tied to the Royal Bank of Scotland. Lavagna used the July 12 conference and a lengthy interview in the daily *El Pais* July 25, to attack President Nestor Kirchner for allowing excessive state intervention in the economy, and for "concentrating power."

Lavagna was particularly incensed at Kirchner's organizing in Ibero-America—the Presidents' Club bothers him—which he called a "shift in [Argentina's] foreign policy." Allowing Venezuela to join Mercosur was a grave mistake, he said. The Argentine President should pay more attention to improving the quality of his country's institutions, Lavagna said, and less time interfering with privatizations to increase state control over utility companies and airlines.

Calls for Nuclear Energy Grow in Chile

Sergio Bitar, president of the PPD party, which is part of the governing Concertacion coalition, told Radio Agricultura July 17 that he has asked the government, in the name of his party, to study nuclear energy as a solution to the country's energy crisis. Chile has the ability to make the necessary investments, he said, and cannot continue to be dependent on Argentina to supply the natural gas it needs, as that government must meet its own growing internal demand.

Independent sources report that 30 energy companies have sent requests to Chile's Nuclear Energy Commission expressing interest in the development of nuclear energy.

LaRouche Webcast Causes Stir in Cochabamba, Bolivia

Over 120 people listened to Lyndon LaRouche's July 20 webcast at the Universidad San Simon in Cochabamba, Bolivia, the first showing ever at that important university. The reaction was generally one of shock at what they heard: Most people, for example, had no idea the U.S. auto industry was shutting down. Discussion of the ideas presented went on for a long while after the webcast, and continues still today.

The day of the webcast, Cochabamba daily *Los Tiempos* published an announcement which explained that "LaRouche is the founder in the United States and in various countries of the Americas and Europe of a movement against the financial oligarchies, who use mechanisms of international usury. On this occasion, he will speak about the role of certain bankers who, he says, are the cause of financial instability in the United States, and its repercussions worldwide.... LaRouche has identified the exceptional historic importance of the American Revolution and of the U.S. Federal Constitution. Recently, he has come out internationally in favor of the nationalization of hydrocarbons in Bolivia, and says that the privatizing force 'castrates' nations."

Western European News Digest

British Protest Stopover of U.S. Planes Bound for Israel

Margaret Beckett, the British Foreign Secretary, protested to the American government after two cargo planes loaded with 5,000-pound "bunker-buster" bombs bound for Israel had stopped over at Prestwick airport near Glasgow. She stated to Channel Four News: "I am not happy about it. Not least because it appears that insofar as there are procedures for handling of that kind of cargo—hazardous cargoes, irrespective of what they are—it does appear that they were not followed. I have already let the United States know that this is an issue that appears to be seriously at fault; that we will be making a formal protest if it appears that that is what has happened."

Beckett was criticized because of the lack of appropriate monitoring of British military components exported to Israel. Under British rules, military equipment should not be used for internal oppression or external aggression.

Privateers Active as Europe's Leaders Escape to Vacation Fantasy

With most European policy-makers on summer vacation these days, and with anti-private-takeover legislation still lacking, hedge and equity funds are pushing ahead aggressively with takeovers and pirate-style expropriations.

The latest incident in this pattern has been the forcing by the British equity fund, Terra Firma, of new debt on its German motorway services operator Tank & Rast, with the aim of collecting 400 million extra euros to please its shareholders. The debt is financed by downsizing of the grid of 340 motorway service stations, reducing the number of lessors, and increasing the leasing rates—in many cases *doubling* them between 2005 and 2007.

Among other such funds, Cerberus is getting ready for the purchase of about 8,000 publicly owned flats in the city of Freiburg, a cash-strapped municipality whose Green Party Mayor has lured the majority of the city parliament into the sales deal.

Veolia Transport, again, is looking forward to entering the medium-distance train service in Bavaria, with at least three routes envisaged for takeover for private operation between Ingolstadt, Augsburg, and Schongau. Veolia's transport division (formerly Connex; renamed this past April) is the biggest private train operator in Germany.

Otherwise, an alert has been put out by insiders that hedge and equity takeover attacks can be expected, in the coming weeks and months, on the following 10 big firms in Germany: E.on; SAP; Daimler-Chrysler; BASF; Deutsche Post; Adidas; MAN; Altana; Stada; Rheinmetall.

Rohatyn's PPP Model Comes Under Attack in London

Public-private partnerships (PPPs) were harshly denounced July 25 by the transport workers union of Britain, RMT, for having ruined underground transport (the "Tube") in London. Calling for "an end to Tube privatization," RMT chairman Bob Crow charged that the PPP approach not only "unacceptably failed to deliver on key targets," but proved to be one big disaster that must be brought to an end, now.

"This isn't about companies needing to pull their socks up or try harder, this is about the need to end an expensive scam that has lined the privateers' pockets with 2 million pounds sterling of public money every week," Crow said. "The PPP remains a means for doling out guaranteed, risk-free profits to the lucky contractors, and Londoners and Tube workers are suffering as a result.

"Taxpayers' and Tube users' money that should be invested in improvements is being taken out at the rate of 100 million pounds sterling a year, and it has to stop. The PPP needs to be brought to a speedy end.... All our experience, and report after report have shown us that privatization has failed by every measure," Crow said.

British MP Casts Doubt on Kelly Suicide

An opposition member of Parliament told the London *Daily Mail* July 23 that British scientist David Kelly, who cast doubt on intelligence about Iraqi weapons of mass destruction, may not have taken his own life in July 2003. Liberal Democrat MP Norman Baker said he is challenging the official inquest. "I do so on the basis that the medical evidence available simply cannot sustain it, that Dr. Kelly's own behavior and character argue against it, and that there were serious shortcomings in the way the legal and investigative processes set up to consider his death were followed," he wrote.

Baker questioned that Kelly supposedly cut the ulnar artery in his wrist, a more difficult and painful option than cutting the radial artery. Despite the stress Kelly was under, Baker said contacts with friends and relatives showed no sign that Kelly had suicidal thoughts. Baker also faulted the inquiry, saying the pathologist was one of the least experienced in Britain, and that Lord Brian Hutton, who conducted the judicial inquiry, had never conducted such a public inquiry before.

Court Ruling Strengthens Critics of Privatization

The district court in Konstanz, Germany ruled July 28 in the case of the air crash over Ueberlingen that killed 69 children aboard a Russian-Bashkirian airliner and two pilots of a FedEx freight plane on July 1, 2002, that Germany must pay compensation to the relatives of the victims, as well as to the airlines affected.

Although the Swiss flight control agency Skyguide is to blame in the first case, for giving faulty guidance to the two planes and thus setting them on a collision course, the German government is responsible, as the incident occurred over German air space, the court found.

The 2001 letter of agreement signed between the German Flight Control and the Swiss Skyguide, outsourcing and assigning part of the southwest German airspace to the Swiss controllers, is not relevant, the ruling said, because "the sovereign task of securing airspace has never been effectively transferred to Switzerland." The air sovereignty remains with Germany, therefore.

The ruling is relevant also in view of German government plans to privatize 75% of its flight control system, in line with EU Commission guidelines for privatization and deregulation of air-flight sector operations.

Note to Dutch Elderly: Move to Belgium and Live

It is far more dangerous to get old in the Netherlands—where euthanasia policies recently became fully operational—than in Belgium or France. The Dutch government legalized euthanasia recently in order to "reduce" previous abuses. Now, at least, a written authorization from the victim is needed, whereas before, Baby Boomers bribed and pressured the doctors to brutally "reduce the suffering" of their parents in order to get their hands on their inheritance. Some semblance of legality was introduced into this hideous practice, which had already become rampant.

Between 1990 and 2000, the number of centenarians roughly doubled in Belgium (917) and France (6,000), while the Dutch tried to "stabilize" the total and "succeeded" in limiting the increase: The number only rose from 800 to 1,100. Their "success" is directly attributable to legalized euthanasia. While the centenarian population has risen elsewhere at a fairly constant rate, in the Netherlands their numbers regularly fall.... In 2001, they dropped below the 1,100 level of the previous year. The same pattern occurred again in January 2006, when the number was 1,371 compared to 1,381 centenarians in January 2005.

Europe's previous experience with legalized euthanasia occurred when Adolf Hitler in the fall of 1939 signed a secret order designating certain doctors to perform euthanasia, and legalizing the practice by fiat.

Rohatyn Unleashed Locusts on European Defense Industry

In a speech delivered on April 15, 1999 at Les Echos Defense Industry Conference in Paris, Felix Rohatyn signalled the start of an onslaught of locust capital firms on the European defense industry. The Cold War has been over for 10 years, said Felix (then Ambassador to France under President Clinton), and during that time, the American defense industry has undergone a "painful" consolidation, paring itself down to 250 companies. Europe, however, still has 750 defense-related industries, and "to many [here]," he said, "the consolidation and restructuring of European defense industries is the next big step in building a unified Europe."

At the time, Rohatyn was not sure if Europe would end up with a single monster (British) defense contractor, or if others, like Germany's Daimler-Benz, would be part of the mix, but he was sure that consolidation was necessary to keep Europe on a technological par with the United States. The one thing he urgently wanted to prevent, he said, was Europe's developing a "Fortress Europe" attitude and closing its markets to outsiders.

Russia and the CIS News Digest

Chavez Signs Arms, Energy Deals in Moscow

Moscow rolled out the red carpet for a July 27 summit between President Vladimir Putin and visiting President Hugo Chavez of Venezuela. A release on the Kremlin website said that contracts signed for Russian arms sales to Venezuela exceed \$3 billion in value. In addition, Chavez and his delegation had talks with executives of Lukoil, Russia's largest oil company, and the state-owned natural gas monopoly, Gazprom, concerning Russian participation in joint infrastructure and energy projects. Both of those companies are already active in Venezuela. In remarks today after his talks with Putin, Chavez especially welcomed Russian support for the projected 8,000-km gas pipeline, under Mercosur auspices, from Venezuela to the south of Argentina. President Putin also welcomed the scope of the arms sales and other agreements, while stating that such cooperation is not directed against any third party.

Before coming to Moscow, Chavez met with representatives of the energy companies, in Volgograd. He also toured Russian defense plants in the Volga region. The visit to Russia was preceded by Chavez's talks in Minsk with Belarus President Alexander Lukashenka, at the conclusion of which, the two Presidents proclaimed a strategic partnership.

Elements of LaRouche Analysis Publicized in Russia

The Russian weekly *Zavtra*, which has ties to various intelligence and military circles, came out July 26 with a featured article titled, "The U.S. at a Crossroads," based on a recent dialogue between LaRouche representative Jonathan Tennenbaum and the author, a Russian commentator who writes under the name "Maxim Kalashnikov." Leading with reference to LaRouche's forecast for an economic collapse this autumn, which was widely circulated in Russia in April, the write-up contains extensive discussion by Tennenbaum of Synarchist banker Felix Rohatyn; of the destruction of the U.S. economy by globalization; and of the real United States tradition, as against the Synarchist financiers.

Unfortunately, some sections of the "transcript" were twisted to suit *Zavtra*'s own preconceptions (often wildly hostile and very confused about the U.S.A.), and not all of the corrections supplied by Tennenbaum were used in the publication. Nonetheless, it is useful that a prominent author in this customarily *totally* anti-American paper concluded the article by saying that the conversation with Tennenbaum left him haunted by the thought, that there are real American patriots,

around LaRouche, who are natural allies of Russia against globalization.

The same issue of *Zavtra* carried an interview with an anonymous source, on the role of neo-con Michael Ledeen—the self-confessed "universal fascist," now at the American Enterprise Institute—in the current crisis (i.e., in shaping U.S. policy). It's attributed to an unnamed Italian intelligence officer, but appears to be largely borrowed from *EIR*, which is cited by name.

Southwest Asia News Digest

Lahoud: The Lebanese Army Will Fight Israeli Invasion

Lebanese President Emile Lahoud told the U.S.-based CNN network on July 22 that Israel had a plan to invade Lebanon, and was just waiting for a pretext to unleash the kind of invasion that Israel carried out in 1982. He noted that Israel has always been willing to negotiate for the release of its soldiers imprisoned or held hostage in Lebanon, with a prisoner exchange, this time they launched an unprecedented wave of retaliation and destruction of children, women, and civilian infrastructure. The reason, Lahoud said, is because "I believe all was planned from before and, unfortunately, they were waiting for the moment. And when the moment came and these two soldiers were taken, they had the plan of attack. It's not for the reason that the soldiers were taken, it's for other reasons. Because since 2000, they have wanted to take their revenge because they had to leave Lebanon." He added that the Israelis may be thinking "they will do what they did in '82. But things have changed since '82."

Asked what the difference is, Lahoud warned, "Because it's not like '82 that they can come in Lebanon and make a promenade until they reach Beirut. These people, underground Lebanese, are ready to die for their land." And, Lahoud added, it is not only Hezbollah, but "the Lebanese army as well. We're not going to let anyone take our land. We've done it in the past, we liberated our land. We're not going to let them come back and take it from us."

Israeli Spy Ring Uncovered in Lebanon

Lebanese army intelligence has uncovered an Israeli spy ring, the Lebanese daily *As Safir* reported July 22. The arrests of Israeli agents who were aiding Israeli warplanes to hit Hezbollah targets follows the recent arrests of Mossad hit squads, exposed in a dossier prepared in June by the Lebanese government. The dossier had been prepared for presentation to the UN Security Council, but blocked by the U.S. and France.

The newly exposed Israeli ring represents a highly sophisticated operation that used technologically advanced communications gear to help the Israeli warplanes.

French Gov't: No Purely Military Solution to Lebanon Conflict

French Foreign Minister Philippe Douste-Blazy gave an interview to French national TV Channel 1, July 25, following his four-day tour of Israel and Lebanon. He clarified the French policy thrust, saying: 1) "there is no purely military solution to the conflict and against the Hezbollah, whom we condemn but, I do not see how a purely military solution can lead us to a solution"; 2) "the only objective of the international community and of France in particular must be to guarantee the sovereignty of Lebanon"; 3) "France will only act in the context of a United Nations framework."

"There is a terrible deterioration of the situation," stated Douste-Blazy. "The Hezbollah is launching rockets every day, as never seen since 1973, and Israel does not discriminate between the Hezbollah guerrillas and the population." Douste-Blazy added that, at the Rome conference of the Lebanon contact group, a "ceasefire must be demanded.... To do nothing would

be not only frightening but unjustifiable." However, the U.S. has refused to back a ceasefire (see InDepth: "Regional Powers Key to Lebanon Peace," by Muriel Mirak-Weissbach).

Germans Could Mediate Prisoner Exchange

The idea that Germany could mediate a prisoner exchange between Israeli and the Hezbollah in Lebanon has been raised in the context of calls for a ceasefire and prisoner exchange; the suggestion is coming from various quarters. The *Frankfurter Allgemeine Zeitung* wrote July 27 that the Israeli Foreign Ministry last week said "It is now time" for Germany to mediate an exchange. Germany has done it twice in the past. In 2004, Ernst Uhrlau, then secret service coordinator, and now head of the BND, organized an exchange, dealing with Hezbollah, Iran, and Syria. And in 1996, Bernd Schmidbauer, who was secret service coordinator for the Chancellor's office, made a similar deal between Israel and Hezbollah. He has just declared his readiness to provide his services again, if requested.

Tel Aviv Peace Rallies Resist Fighting 'Bush's War'

Up to 5,000 Israelis demonstrated in Tel Aviv July 22, against the Lebanon war, declaring that Israelis should not fight the Bush Administration's war. Unlike previous peace demos, this included the entire spectrum of the peace movement, from center to far left, and for the first time, Arab-Israelis participated. Although small, it was larger and broader than those held after weeks of fighting in the 1982 Lebanon war, which led to the founding of Peace Now. The organizers are planning future rallies in the hope that they can create a snowballing effect.

The weakness in the Israel peace protest is the leadership's failure to "know the enemy" and recognize the Synarchist interests that are using figures like Bibi Netanyahu and Dick Cheney to achieve perpetual war and the end of national sovereignty. (See InDepth: "Stop Being a Dupe! Know Your Actual Enemy," by Lyndon H. LaRouche, Jr.)

Among those present at the demonstrations were former Meretz Party leader Shulamit Aloni and former Knesset Member and peace activist Uri Avneri of Gush Shalom. Other organizations represented included the draft resisters Yesh Gvul, Anarchists Against the Wall, Coalition of Women for Peace, and Taayush. Among the Israeli Arabs were Issam Makhoul of the Arab and Jewish Israeli Haddash party, and Abd-al-Fatah for the Balad party.

"Protest veterans noted that in the Lebanon War of 1982, it took more than ten days of warfare to bring out this many protesters, marking the first crack in the consensus," *Ha'aretz* wrote July 23. Slogans included, "We will not kill, we will not die in the name of Zionism." "We will not die and not kill in the service of the United States." One of the organizers of the demo told *EIR* that the aim is to organize tens of thousands in order to "break the concept that the country is united behind the army and the government."

Asia News Digest

Legal Opium, Anyone?

Senior British Tory members of Parliament have urged their party supremo, David Cameron, to push for the licensing of legal opium-farming in Afghanistan, *Guardian Unlimited* reported July 26. For unstated reasons, Cameron paid a surprise visit to Afghanistan, where thousands of British soldiers are part of a U.S.-led coalition force fighting the resurgent Taliban. Six British soldiers were killed in the last six weeks in the drug-infested southern Helmand province.

Tory whip Tobias Ellwood, justifying the legalization of Afghan opium, told the *Guardian* that "the poppy crops are the elephant in the room of the Afghan problem." "We are in complete denial of the power that the crops have on the nation as

a whole, and the tactics of eradication are simply not working.... Last year we spent 600 million British pounds on eradication and all that resulted was the biggest-ever export of opium from the country," Ellwood said.

Explaining the plan, Ellwood said opium-farming should be licensed so that the harvest could be sold legally on the open market, bringing in income for Afghan farmers and helping to plug a global shortage of opiate-based medicines. Ellwood pointed out the plan has the support of several Tory MPs and senior military figures in Afghanistan. Last week, Lt. Gen. David Richards, a Briton and head of the International Security Assistance Forces, had said eradicating poppies will have to take a back seat to development work and infrastructure improvement in Helmand province.

U.S. Congress 'Shifts Goalposts' in India Nuclear Deal

Despite joyous shouts from the Indian and American backers of the July 2005 Bush-Manmohan Singh accord, widely known as the U.S.-India nuclear deal, it is evident that since July 18, 2005, when the agreement between the two heads of states was signed, the U.S. Congress has shifted the goalposts, and demanded changes in the agreement. India's nuclear scientific community, and the political opposition to the present Congress Party-led United Progressive Alliance (UPA), have now seized upon these changes and are questioning the Prime Minister's intention. Singh, who considers the deal to be the jewel on his turban, is under immense pressure to abandon it. If that happens, he will be history.

On July 26, the U.S. House of Representatives voted 359-68 to approve the bill. But, in the process, the House has added clauses which change the bill significantly. For instance, the bill introduces a "cap, rollback and eliminate" goal which calls on the parties to seek to "halt the increase of nuclear weapons arsenal in South Asia, and to promote their reduction and eventual elimination." The bill has also asks the U.S. President to report to Congress on the steps he is taking to "encourage India to identify and declare a date by which India would be willing to stop production of fissile materials."

India is being required to join new U.S.-led cartels not identified in the July 18 accord, including the Proliferation Security Initiative (PSI), the Australia Group and Wassenaar Arrangement (the last two are international agreements on nuclear fissile material production). Interestingly, PSI is not yet an international law.

ASEAN 'Deeply Shocked' by Israel's Hit on UN Workers

Participants in the ASEAN+3 Foreign Ministers meeting in Kuala Lumpur July 27 declared that they were "deeply shocked and distressed by the apparently deliberate targetting" of the UN post in Lebanon by Israel in which four UN peacekeepers were killed. ASEAN on July 25 had denounced the "indiscriminant and excessive use of force by Israel" in both the occupied territories and in Lebanon.

EIR Intervenes at D.C. Conference on Philippines

An *EIR* intervention at a Washington conference on the Philippines July 26 drew attention to U.S. subversion in that region, past and present. The conference, at the Wilson Center, attended by several State Department officials including former Ambassador to the Philippines Thomas Hubbard, was dominated by references to the fact that the 1986 "People's Power" revolt (the U.S.-run military coup in the guise of a popular revolt) has brought no improvements in the nation, but only the current unfolding disaster. A question from *EIR* noted the emerging recognition that the nation has been duped, 20 years later, and that those who ran the U.S. role in the 1986 regime change, with George Shultz in charge, are the same team now in power in Washington.

EIR also asked if the current effort to court martial Gen. Danny Lim, who threatened to withdraw support from President Arroyo in February, did not in fact put Gen. Fidel Ramos on trial as well, since Ramos did the same thing in 1986 to

overthrow Marcos—the only difference being that Ramos had U.S. support.

The leading speaker at the event, Joel Rocamora of the Institute for Popular Democracy (an NED-linked NGO, formed in 1986, which grew out of the "people's power" revolt), conceded that people are rethinking the political and social realities of the 1986 events. He also noted that the vast majority of the officer corps in the Armed Forces, especially in the special forces units (which Lim headed), are strongly opposed to President Arroyo and support Lim.

China To Build Maglev Based on New Technology

China will build a 3-kilometer-long "permanent magnetic levitation" train in Dalian, in northeast China. The project, according to the *People's Daily* July 24, represents a new technology, developed by a Chinese research team, over many years of work. This technology is not the same as the Japanese or German ones, the *Daily* said.

Research on developing a Chinese magnetic engine began in 1998; by December 2004, the train was successfully tested on a 70-meter track. The Chinese scientists have developed two types of magnetic engines: One is capable of driving a train at 140 km to maximum 218 km/hour, which is suitable for urban transport, and a second, with a 268 km to maximum of 536 km, could be used in passenger and cargo trains. The Chinese project leaders say that their technology has a much more powerful levitation force than the German or Japanese maglevs, but will cost China far less. It also consumes less energy; in fact, operating costs for a permanent maglev train are less than those for wheel-on-rail trains.

North Korea Cuts Last Dialogue Channel with South

North Korea has withdrawn all officials from its facilities shared with South Korea in the key border town of Kaesong, cutting the last direct channel for communication, Seoul's Unification Ministry told Yonhap News July 22. "Therefore, we think we will face difficulties for a while in working-level negotiations between the governments, which have been conducted at the economic cooperation promotion committee office," Yang Chang Seok was quoted as telling reporters. North Korea's move was to express dissatisfaction with South Korea's refusal to discuss further aid to the North after the North test-fired seven missiles earlier this month. Pyongyang also said that it was suspending all cross-border reunions of families separated since the 1950-53 Korean War. Yonhap, quoting South Korean officials, said the recall of North Korean officials apparently will not include military liaison officers at the truce village, Panmunjom.

Japanese Minister Calls for Dialogue with North Korea

Japanese Cabinet Secretary Shinzo Abe on July 23 described North Korean leader Kim Jong Il as having a "rational" way of thinking, and hinted at the possibility of being able to resolve with Kim the abduction issue (many Japanese citizens were abducted from Japan by agents of the North Korean government during a period of six years from 1977 to 1983). "I got the impression that he is a leader who can talk logically and think rationally," Abe said of Kim, whom he met in Pyongyang in September 2002 while accompanying Prime Minister Junichiro Koizumi for the first-ever Japan-North Korea summit. Abe said the North's test-firing of ballistic missiles July 5, its receiving Koizumi on visits, and the Korean Peninsula nuclear crises since 1993, are all aimed at seeking an opportunity for direct negotiations with the United States. "Critics say it is difficult to predict what North Korea might do, but it is a predictable country," Abe said. "It launched the missiles for the purpose of negotiating bilaterally with the United States. We must take the approach of dialogue and pressure in inducing North Korea to think that its difficult problems will not be resolved unless it resolves the abduction issue."

This Week in American History

August 1 — 7, 1641

John Winthrop, Jr. Sets Sail for England To Finance Iron Production in the New World

On August 3, 1641, John Winthrop, Jr. left the shores of Massachusetts Bay on a mission to England. The younger Winthrop, son of the leader of the Massachusetts Bay republic, was a skilled physician and a scientist with a special interest in metallurgy. He was now taking on the task of establishing iron production in New England.

When discussions about the projected Massachusetts Bay settlement were held during the early 1620s, the Puritan leaders made extensive plans not only for the survival of the settlement during its first years, but also for a productive future. In addition to the food, clothing, tools, and medicine which were loaded onto the ships, there were also specialists in various productive trades which the expedition's leaders hoped could be established in New England. These included glass-making, the weaving of cotton, linen, and wool, lumbering, ship-building, mining, the building of gristmills, and salt-making.

There were also provisions made for iron production. Two men, Malbon and Graves, were hired for their experience in English iron works, and they arrived in Salem in 1629, a year ahead of the major settlement which founded Boston. But Malbon returned to England after a year, and Graves returned in 1623, leaving no one with actual iron-making experience among the settlers. During the first ten years, this was not a major problem, because the other industries which had been planned did develop, and it was possible to obtain iron utensils from England.

But, by 1641, a major change was taking place in England. The large waves of immigration into New England slowed to a trickle, and investments into New England projects from Old England almost stopped. Hard times hit the Massachusetts Bay, stemming from the disruptions caused by the impending English Civil War between the Royalists and the Parliamentarians.

King Charles I had taken more and more power into his hands, and when the Puritans' arch-enemy William Laud was named Bishop of London, he used the Star Chamber to prosecute nonconformists, even if they were within, as were the Puritans, the Church of England. By 1642, Laud's *quo warranto* ("by what authority") proceedings were threatening the existence of the Massachusetts Bay settlement itself.

In this worsening situation, the leadership of the Massachusetts Bay determined that they must speedily establish their own iron industry. The younger John Winthrop travelled throughout the area, following up on any claims by settlers that they had found mineral deposits. He carried the samples back to his laboratory and tested them, and in this way, he pinpointed many areas that contained the bog iron which could support forges and bloomeries (a type of furnace once widely used for smelting iron from its oxides).

Then, in June of 1641, the General Court of Massachusetts, which was its elected legislature, passed a measure entitled "Encouragement to Discovery of Mines, &c." The bill allowed the discoverer of any mine to have a 21-year lease, after which, "this Court shall have power to allot so much of the benefit thereof to public use as they shall think equal." Armed with the legislation and the samples of bog iron he had gathered, Winthrop sailed for England to find investors and the wherewithal to operate an iron manufacturing complex.

The mission took longer than Winthrop had anticipated—he was not able to sail home to New England until a year and a half had passed. During that time he succeeded in recruiting a number of investors, who formed themselves into the "Company of Undertakers of the Iron Works in New England." These investors were not only Puritan merchants of wealth, but included clergymen, brewers, drapers, merchant tailors, contractors for military supplies, two public officers, physicians, and three ironmakers. He also recruited several skilled workers, and ordered tools and materials.

In the late summer of 1642, Winthrop made a trip to the European continent. The horrific Thirty Years War was still raging, but he managed to visit Hamburg, Amsterdam, The Hague, and Brussels. All these locations served as safe havens for scholars who had fled the war, and Winthrop met with many of the refugees, receiving both political intelligence and news about the state of science in Europe. When Winthrop visited Brussels, it is very possible that he visited the Duchy of Brabant's famous ironworks, for the sophisticated Walloon process of "indirect" iron refining was introduced in Braintree and Saugus when he returned to New England.

While on the Continent, Winthrop also met with Johannes Amos Comenius, a refugee Czech scholar who was a Bishop of the Moravian Church. Comenius was known for his linguistic ability and his educational theories. He proposed that classes be taught in the vernacular, instead of Latin, and that languages should be learned by the conversational method. Comenius also favored a universal system of education that would give equal opportunity to women. John Winthrop, Jr. almost succeeded in recruiting Comenius for the faculty or even presidency of Harvard College, but the Chancellor of a Swedish university offered him overwhelming inducements to stay in Europe.

By the spring of 1643, Winthrop had gathered his men and materials and set sail for New England. The voyage was long and difficult and almost all of the passengers suffered from scurvy as a result. They landed in Massachusetts in the fall, and thus had to wait until spring before the preliminary steps toward building a furnace could be taken. Then, Winthrop made a complete survey of possible sites for the ironworks, travelling from Plymouth Colony northward to Cape Elizabeth in the present state of Maine. The survey looked at possible water power, means of transportation, the availability of worker housing, what supplies could be obtained in the area, and the accessibility to markets.

In the meantime, the General Court granted to the Company of Undertakers land, exemption from taxes and military service, and a monopoly on the production of iron within its jurisdiction. However, the government also imposed a ceiling price on what could be charged for bar iron, in order to guard the general welfare. The legislature also stated that iron could not be exported until the needs of the Massachusetts Bay residents were met.

Winthrop completed his survey and chose Braintree, just south of Boston, as the site for the ironworks. The expenses for building an iron foundry in the wilderness mounted quickly, and only a single furnace was ready by December of 1644. The investors were unhappy not only with the expenses, but with the General Court's provision that the needs of Massachusetts must be met first. They dismissed Winthrop in June of 1645 and appointed a successor named Richard Leader. Winthrop, now working on other things, maintained a keen interest in the success of the venture and occasionally gave Leader a helping hand when he asked for it.

Leader chose another site for a second ironworks, and this was at Saugus, north of Boston. Braintree worked with Saugus as an ancillary forge to convert Saugus cast iron into bar iron. Saugus itself was built as a state-of-the-art industrial complex, and its rolling and slitting mill, the first in America, was built when there were only about a dozen in the British Isles and European Continent. In addition, there was also a warehouse and factor's office at Boston, which handled the procurement of supplies for the ironworks as well as the sale and export of their products.

The managers and workers from Saugus and Braintree later fanned out to other colonies and trained several subsequent generations of skilled American ironmasters and ironworkers. John Winthrop, Jr., among his many other accomplishments, helped to found an ironworks at New Haven, and was elected Governor of Connecticut every year from 1657 until his death in 1676.

CORRECTION

In our last History Digest (EIR Online #30), due to an editorial error, the 1938 Munich Pact between Britain's Neville

Chamberlain and Adolf Hitler was identified as the agreement between Soviet Russia and Nazi Germany (the later "Hitler-Stalin Pact"). The correction has been made in the permanent archive. The editor apologizes for this error.

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