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

September 30, 2006

During the recent weeks, the break in the U.S. economy which I had forecast as likely, had already struck the world system. This change was expressed as a phase-shift, sharply down, in not only the U.S. economy, but the world economy generally. The Amaranth case, but, more importantly, sharp downshifts in the already ongoing real-estate collapse, were only acknowledged markers of a broader pattern. At this moment, in the higher echelons of trans-Atlantic ruling circles, desperation tactics, going beyond the scope of early "plunge-protection team" operations, are in motion.

There are no signs of any action from relevant powers, inside or outside the U.S.A. itself, which could actually reverse, or even halt the collapse now in progress. All that is being attempted are efforts to delay the popular perception of the reality of the situation. It is this state of affairs which drives the U.S. side of the trans-Atlantic Anglo-Dutch Liberal financier interests to the state of desperation in which a massive U.S. aerial attack on Iran is an immediate prospect for a time as early as a short week or weeks before the U.S. mid-term election, during this present October.

More and more of the U.S. population has the smell of the foregoing situation in their nose. They do not see the particular danger, as much as they sense the ominous change in the political-economic weather. One thing which really scares a growing portion of the thinking part of the lower eighty percentile of family-income brackets, and others, right now, is the dread of the smell the population is getting from the U.S. Congress, the smell of the leadership of the Senate's Democratic fraction, in particular....

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

InDepth Coverage

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Feature:

TO READ IN PREPARATION

Like JFK's Manned Moon Landing!

by Lyndon H. LaRouche, Jr.

September 27, 2006

The publication of Dr. Jonathan Tennenbaum's 'The Isotope Economy,' in this Vol. 33, No. 40 edition of the Executive Intelligence Review, is intended to assist governments of Eurasia and others in their preparations for the discussions to occur in oncoming Washington-Berlin international webcast of October 31. Although many statesmen and other relevant influentials may not be specialists in the relevant areas of nuclear physics, the policy outlined by Dr. Tennenbaum is one which must be put on the international agenda for immediate adoption and action.

- **The Isotope Economy**
by Dr. Jonathan Tennenbaum

Prologue

The subject of this essay is a crucial component of the economic mobilization which must be launched in the immediate future, if the world is to be saved from a physical and socio-political collapse of a severity comparable only, on a global scale, to what occurred in Europe in the period leading to the outbreak of the 'Black Death' of the 14th Century.

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Strategic Overview:

IN THIS MATTER OF DYNAMICS

What's Wrong With Congress

by Lyndon H. LaRouche, Jr.

September 30, 2006

During the recent weeks, the break in the U.S. economy which I had forecast as likely, had already struck the world system. This change was expressed as a phaseshift, sharply down, in not only the U.S. economy, but the world economy generally. The Amaranth case, but, more importantly, sharp downshifts in the already ongoing real-estate collapse, were only acknowledged markers of a broader pattern. At this moment, in the higher echelons of trans-Atlantic ruling circles, desperation tactics, going beyond the scope of early 'plunge-protection team' operations, are in motion.

National:

Is Desperate Cheney Scheming Nuclear Sneak Attack on Iran?

by Jeffrey Steinberg

Senior U.S. military and intelligence sources canvassed by EIR do not rule out the possibility of a White House-ordered 'Global Strike' unprovoked sneak attack against sites inside Iran before the Nov. 7 midterm U.S. elections. In fact, a number of particularly well-placed military and intelligence professionals identified the period from Oct. 4-18 as a possible window for just such a pre-election 'preventive strike.'

- **Documentation**
Congressmen, Military Experts Speak Out

The following reflect the concern of certain Members of Congress from both political parties, and qualified military experts, about the danger of an imminent Bush Administration attack on Iran.

Bill Clinton Snares the Fox

Fox TV-News got a come-uppance it did not expect on Sept. 22, when its prime interviewer Chris Wallace held an interview with former President Bill Clinton.

Infrastructure Jobs Act Is Introduced in House

by Nancy Spannaus

Democratic Reps. William Lacy Clay (Mo.) and Major Owens (N.Y.), on Sept. 26, introduced a serious infrastructure employment initiative, unique in this 'do-nothing' Congress, and modelled on Franklin Roosevelt's Civilian Conservation Corps. The new bill is the 'National Infrastructure Corps Act of 2006.' The Congressmen are circulating the bill for bipartisan sponsorship.

Investigation:

Cheney Uses Hard-Core Fascists For Illegal CIA Operations

by Claudio Celani

Two parallel investigations in Milan have produced the broadest documentation and evidence so far of a case of CIA 'extraordinary rendition,' i.e., the practice of kidnapping foreign citizens on foreign soil and 'outsourcing' their imprisonment, interrogation, and torture.

- **Cheney-Addington Set Up Rendition Policy**

Five days after the Sept. 11, 2001 attacks, Vice President Dick Cheney publicly announced the outlaw regime that he was already instituting for U.S. military and intelligence operations. In an interview on NBC's 'Meet the Press,' Cheney declared that 'lawyers always have a role to play, but . . . this is war.' He elaborated in this chilling manner...

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International:

Syria and Israel Wait for A Signal from Washington

by Dean Andromidas

It would only take a positive signal from the Bush Administration to get the Syrian and Israeli governments into a dialogue, if not serious peace negotiations. But, as leading circles in both U.S. political parties know, the state of mind at the White House under the mentally unfit George W. Bush is locked into Dick Cheney's fanatical obsession with war and regime change against the Arab nations identified in his neo-conservatives' war plan, 'Clean Break.'

Berlin-Washington Webcast

LaRouche E-Mail Dialogue Continues On Eurasian Peace, Development

On Sept. 6, Lyndon LaRouche held a webcast in Berlin, with a videoconference link to a Washington, D.C. audience, and many 'satellite' viewing sites around the world. LaRouche's speech and a portion of the conference dialogue appeared in EIR of Sept. 15, and papers and e-mails submitted by international dignitaries were featured in last week's issue. Here, we publish more e-mailed questions and comments, along with LaRouche's answers, as he makes his way through the hundreds of responses his webcast provoked. **LaRouche's next Berlin-Washington webcast will be on Oct. 31 at 10:00 Eastern Standard Time.**

A Child Of Two Augusts: Russian Central Banker Kozlov Assassinated

by Roman Bessonov

In June-July 2006, when the St. Petersburg International Economic Forum and the G-8 summit demonstrated a qualitative increase of Russia's economic and political weight, the defeated critics of the Russian leadership turned towards mysticism. They predicted new problems for the country in August. Why? Because August is known as a 'month of surprises.'

Economics:

It's Not the Homes, But the Bubble Loans That Won't Sell

by Richard Freeman

The era of 'exotic' or 'non-traditional' mortgage loans is coming to an end with a vengeance. On Sept. 26, the National Association of Realtors reported that in August, expressed on an annualized basis, total existing homes sales fell to 6.30 million units, compared to a 7.21-million rate in August 2005, a collapse of 12.1%.

CDC Call for Mass HIV Testing Echoes LaRouche 1980s Anti-AIDS Program

by Mary Jane Freeman

The Centers for Disease Control and Prevention issued new guidelines Sept. 21 for mass testing for HIV (human immunodeficiency virus) in the United States. Not a program for universal testing, the agency's plan is that HIV screening should be offered to everyone ages 13 to 64 in every hospital, doctor's office, and clinic—especially in pre-natal care for all pregnant women, to help in diagnosis and control of the AIDS epidemic (acquired immunodeficiency syndrome). In a radical revision of previous guidelines, pre-test written consent forms and counselling are no longer required.

Documentation

LaRouche's Three-Point Battle Plan To Stop AIDS

Excerpted from a July 1991 pamphlet, 'LaRouche Was Right About AIDS,' issued by the LaRouche in '92 campaign for the Democratic Presidential nomination.

Editorial:

A Matter of Survival

On Friday, Sept. 29, 2006, American statesman Lyndon LaRouche issued the following statement: "The calamitous failure on Thursday, by the leadership of the Democratic Party fraction in the U.S. Senate, on the matter of the torture policy, although not the Democratic fraction as a whole, has occurred at a time when the issues foremost in the life-experience of the lower eighty percentile of the U.S. citizenry as a whole show that the popular trend going into the November mid-term elections is a policy directly opposite to that expressed over the period from the Alito confirmation to yesterday's Senate vote which has been, and is still required today.

U.S. Economic/Financial News

Hedge-Fund Crash Threatens To Pull Down Banks

The collapse of the Greenwich, Connecticut-based hedge fund Amaranth in mid-September is now hitting commercial and investment banks, according to recent financial press reports. Amaranth had leveraged its \$9.2 billion in paid-in capital into \$41 billion in borrowings from commercial and investment banks, which are not all accounted for. "Amaranth borrowed \$4.50 for every dollar of its own equity at stake, according to documents it distributed to investors," *Bloomberg* reported Sept. 25. In June, Amaranth Advisors LLC had \$9.2 billion in paid-in capital, that is, its own money, plus money given to it by investors. Amaranth then borrowed an additional \$41.4 billion to with which to speculate. Now, in the space of the first two weeks of September, Amaranth's paid-in capital fell to \$3.2 billion, a loss of \$6 billion, but it still owes its \$41.4 billion in debt, the vast majority borrowed from commercial banks and investment banks like Goldman Sachs and Morgan Stanley.

Despite reports to the contrary, Amaranth is braindead; it is only being maintained as a fiction, to give time to the largest banks to attempt to find a way to pay off Amaranth's large debts, and extricate it from multiple-layered derivatives bets in natural gas and commodities. This is only part of the picture: Amaranth was also a "big prime-brokerage client to a lot of firms," according to a top trader, meaning it lent money to other firms. At the same time, there are several other hedge funds in trouble. The Sept. 24 London *Observer* reported on hedge funds' losses in Britain, in a story, subtitled, "The \$130

billion [British] sector is hemorrhaging cash." The *Observer* focused on GLG, representative of hedge funds which are headquartered in London or the Isle of Man.

A Washington-based source reported that at the Sept. 27 meeting of 13 international banks at the New York Fed, on the subject of derivatives, "the Fed will discuss ways for the private banks to pick up the losses, and establish responsibility and self-regulation to absorb bailouts of hedge funds." Lyndon LaRouche commented that as the bankers "try to manage the situation and spread out the losses of each hedge fund, they accelerate the crash."

Hemorrhaging Hedge Funds Face Investigations

As more and more hedge funds lose money or blow out entirely as a result of the housing and commodities bubbles bursting, and falling interest rates, calls for investigation and even regulation are growing louder. The *London Guardian* on Sept. 25 reported that the entire British-based "\$130 billion [hedge-fund] sector is haemorrhaging cash," and simultaneously being audited and investigated more aggressively by the British Inland Revenue (tax agency). The *Wall Street Journal* on Sept. 26 reported that another class of hedge funds which is losing money as a whole, is "activist funds" which try to force management changes, dividend payouts, etc.—the well-known Kerkorian/Icahn/Robert Paulson type of funds which are somewhat under 10% of the estimated capital of hedge funds overall. And one of them, aptly named Pirate Capital LLC, is under SEC investigation for failing to disclose holdings of more than 5% in companies' stock. Many of the energy-derivatives-based hedge funds, of which Amaranth is the spectacular case, are also losing money in recent months.

"Rages at Crooked Hedge Funds" headlined *Investment News* Sept. 26, recounting Sen. Arlen Specter's (R-Pa) Judiciary Committee hearing that morning, at which he angrily lectured the SEC's enforcement division director, Linda Thomsen. Specter said he was "interested in indictments, even more interested in convictions, and most interested in jail sentences."

Ex Fed Head Warns vs. Hedge Funds, Derivatives

Unregulated hedge funds and derivatives may cause "a crisis that is truly a mess." So stated former New York Fed President William McDonough, who led the LTCM bailout operation in 1998, according to Bloomberg Sept. 26. McDonough, now Merrill Lynch vice chairman, said that while the SEC is leaving hedge funds largely unregulated, it "invariably demands now that the Federal Reserve interest itself in institutions other than the banks more than it had to in the past." He added: "One would hope that we would not wait for a crisis that is truly a mess for the Congress and the President to look at the structural issues and decide to put in place a supervisory system that is more appropriate."

Current New York Fed President Timothy Geithner, at a panel discussion in New York Sept. 26, also said the U.S. Federal Reserve may have to extend its supervisory authority to securities firms and hedge funds, as they are playing a growing role in the financial system. "We have capital-base supervision over a diminished and smaller share of the system as a whole." He was responding to a question from J.P. Morgan executive vice president Heidi Miller.

The same Bloomberg wire reporting on McDonough and Geithner, emphasized that Chip Burrus, assistant director of the FBI, identified hedge funds as "an emerging threat" in an Bloomberg interview.

More Painful Auto Cartelization Coming

A New York auto analyst warned Sept. 25 that there may be a "fall surprise" coming in the auto industry, whose sales and financial problems are becoming more acute. There could even be a combination of Ford and GM, forced from the outside by hedge funds led by a combination of the Kerkorian interests, and ESL, a \$15 billion or so New York-based hedge fund. These hedge funds could soon attempt to get outright shareholder control of GM, and try to force a combination with Ford.

If this cartel were formed, it would mean "a totally painful restructuring," the analyst said. But so would any combination of either GM or Ford with Carlos Ghosn's companies; Ghosn and GM's Rick Wagoner will meet again in Paris this week on this. Meanwhile, Chrysler CEO Tom LaSorda has joined the bloodbath, announcing at an Automotive Press Association lunch in Detroit Sept. 25 that Chrysler is planning "structural changes"—the code for plant closings and permanent job cuts. It has already "temporarily" closed three plants.

Illustrating the reason: U.S. auto sales will fall further down to 16.3 million units for 2006, according to estimates by industry executives and analysts at a Reuters-sponsored "Autos Summit" in Detroit. This is down from 16.9 million in 2005 and 17.1 million in 2004. European-wide sales are expected to fall to about 14 million in 2006 (about 3% lower than last year), and Japanese sales about 9% down from 2005. These executives also acknowledge sales will keep falling in 2007, though trying to convince themselves that that collapse will be a "slight further drop."

World Economic News

New Warnings About the Danger of a Derivatives Blowout

Under the headline "More Scrutiny for Derivatives" the *Financial Times* reported on plans for a Sept. 27 meeting of U.S. and European bankers in New York, to address back-office logjams and other risks in their privately negotiated or over-the-counter derivatives operations. "Regulators' growing scrutiny of the increasingly important global derivatives markets underlines concerns that operational shortcomings at dealers or their trading partners—often hedge funds—could heighten the risk of widespread market failures and fraud," the *FT* wrote. "At a meeting with leading derivatives dealer banks, the Federal Reserve Bank of New York and other national regulators will broaden discussions with the dealers—a group now expanded from 14 to 16—beyond credit derivatives into other products including equity derivatives, according to bankers." The *Times* reports that recently Jerry Corrigan and New York Federal Reserve Bank chairman Timothy Geithner have expressed concern about derivatives dealers', i.e., banks' lending practices for hedge funds.

Similarly, the German weekly *Der Spiegel* comments, in "The Trillion Bomb," that the collapse of the Amaranth hedge fund "is only one among many since the 1998 spectacular collapse of LTCM." According *Spiegel*, hedge fund and derivatives speculation has increased more and more dramatically since then, while anxiety at the IMF and European Central Bank is growing. What is happening right now, writes *Spiegel*, is a threat to the world financial system. The danger goes beyond Amaranth. In May 2005, after GM's credit rating was downgraded, the credit derivatives market almost underwent a meltdown.

And *Frankfurter Allgemeine Zeitung*, Germany's financial center daily, warns of the debacle which the collapse of Amaranth could yet have on the world financial system.

Bloomberg Sept. 25 reported that the major losers known so far in the Amaranth collapse are Geneva-based Union Bancaire Privée, San Diego County's retirement fund, Bermuda-based insurer Max Re Capital Ltd., Arden Asset Management in New York, and the pension fund of 3M Co. headquartered in St. Paul, Minnesota. Funds managed by Goldman Sachs, Morgan Stanley, Credit Suisse Group and Deutsche Bank AG, also had money with Amaranth.

United States News Digest

GOP Blocks Drought Relief Legislation

Farmers who have been suffering from drought and flood-related disasters over the past couple of years are unlikely to see

any help from the Federal government this year, because of opposition from both the Congressional Republican leadership and the Bush Administration. The Republican leadership claimed that the \$6.5 billion proposed in House and Senate bills is too high, although that amount is approximately the same as what the Bush Administration spends in Iraq each month. Agriculture Secretary Mike Johanns also complained that farmers not in drought-affected areas would get payments under the legislation. "They're raising those issues just to muddy up the waters," said Rep. Collin Peterson (D-Minn), the ranking Democrat on the House Agriculture Committee.

On Sept. 12, the House Democratic Caucus had sent a letter to House Republican leadership asking for time to be scheduled in the current session, "to debate and vote on emergency agricultural disaster assistance for 2005 and 2006," before the October recess. The letter points out that "Democrats have sought to provide relief several times in the House. Last Fall ... [measures were] defeated by party-line votes.... The Senate included agriculture disaster assistance [for \$4 billion] in both of their emergency supplemental bills. Unfortunately, earlier this year, under pressure from President Bush's veto threat, House Republicans failed to stand up for disaster assistance, House Republicans failed to stand up for disaster assistance," and it was eliminated.

Then, on Sept. 25, Rep. John Barrow (D-Ga) began circulating a discharge petition which, if it gains the required 218 signatures, would force drought relief legislation out of the committee of jurisdiction directly to the House floor, bypassing the House Rules Committee. "[T]he effects of this year's drought are putting the squeeze on farmers' bottom lines in my district, and devastating rural communities across the nation," Barrow said. "Congress needs to pass this emergency agricultural disaster assistance bill before we adjourn this week. We can't afford to ignore this crisis." Within three days, the petition had 160 signatures.

House Holds Hearing on Paper Trails for Electronic Voting

On Sept. 28, the House Administration Committee held a hearing on legislation to require auditable, voter-verified paper trails for electronic voting machines, such as those manufactured by Diebold. The hearing featured a demonstration by Princeton University professor Dr. Edward Felten, showing how easily such machines can be tampered with. Felten, along with two graduate students, wrote a paper, earlier this year, for the Center for Information Technology Policy, that details how easy it was to hack the Diebold machine and change the outcome of an election.

Rather than prohibit the use of such machines altogether, Rep. Rush Holt (D-N.J.), along with 215 co-sponsors, is supporting legislation that would provide voters with the opportunity to verify the accuracy of their recorded vote, require that all voting systems produce a voter-verified paper record, ban the use of undisclosed software and wireless devices in voting systems, and require random unannounced, hand-count audits, among other measures. "Voters need to be confident of the central act of their democracy, and voter confidence is unraveling," he said. The last six years have brought us example after example, in state after state, of the problems caused by unverifiable voting machines."

In addition to the voting machines bill, Holt in the House and Senators Barbara Boxer (D-Calif), Russ Feingold (D-Wisc) and Christopher Dodd (D-Conn) introduced emergency legislation on Sept. 26 to authorize Federal funding to the states for the printing of paper ballots to be available for voters in case of problems with the electronic voting machines. Boxer told the *New York Times* that, "If someone asks for a paper ballot they ought to be able to have it." Neither Holt's voting machine bill, nor the Boxer bill appear to have much chance of enactment, this year, however.

Retired Military Testify vs. Iraq War

On Sept. 24, the Senate Democratic Policy Committee, chaired by Sen. Byron Dorgan (D-N.D.) held a hearing on the conduct of the war in Iraq. While Dorgan has held numerous hearings on the Bush Administration's policy in Iraq, with a heavy focus on contracting, this is the first time that there's been a hearing on the conduct of military operations. The

committee witnesses, retired Army Maj. Gen. John Batiste, retired Army Maj. Gen. Paul Eaton, and retired Marine Col. Thomas X. Hammes, as was expected, were all highly critical of the leadership of Secretary of Defense Donald Rumsfeld.

Aside from Dorgan, Minority Leader Harry Reid (D-Nev), and five other Democratic Senators, Rep. Walter Jones (R-N.C.) also participated. "The American people have a right to know how and why we got into Iraq, the truth," Jones said. "I don't want the history to show that I didn't do my job to help the American people know the truth..." When it was his turn to ask questions, he proceeded to ask the witnesses about the Office of Special Plans. General Batiste was the only one of the three witnesses who had a perspective on it, because he was in the Pentagon until June of 2002, when he left to take command of the 1st Infantry Division in Germany. He said about the OSP, "There was a fixation to find some connection between al-Qaeda and Saddam Hussein," that he found "disturbing," adding, "It went on relentlessly." Batiste added that it's dangerous when you have a system for centralizing, and analyzing intelligence and then making judgments and suddenly it's bypassed a whole bunch of people who are cherry-picking whatever they want. "That, in my judgement, is what happened," he said.

All three witnesses also agreed that Rumsfeld's war plan for Iraq "allowed the insurgency to take root and metastasize to where it is today." He added that Rumsfeld's "dismal strategic decisions resulted in unnecessary deaths of American servicemen and women, our allies, and the good people of Iraq." He said that Rumsfeld "violated fundamental principles of war, dismissed deliberate military planning, ignored the hard work to build the peace after the fall of Saddam Hussein, set the conditions for Abu Ghraib and other atrocities that further ignited the insurgency, disbanded Iraqi security force institutions when we needed them most, constrained our commanders with an overly restrictive de-ba'athification policy and failed to seriously resource the training and equipping of the Iraqi security forces as our main effort."

Army Chief Protests Inadequate Army Budget

Army Chief of Staff Gen. Peter Schoomaker has withheld an important budget document from the Office of the Secretary of Defense, after protesting that the budget proposed for the Army in 2008 is too small for it to continue to maintain its commitments in Iraq, Afghanistan, and the rest of the world. Schoomaker is seeking about \$25 billion more than the \$114 billion limit set by Defense Secretary Rumsfeld, and he is reportedly being backed by Secretary of the Army Francis Harvey. According to the *Los Angeles Times* Sept. 25, Schoomaker confronted Rumsfeld on the budget guidelines, telling him that the \$114 billion limit would require cutting one division headquarters and four brigades. Schoomaker has told Congressional committees that the Army needs \$17.1 billion next year for repair and replacement of war-damaged equipment. The Army is already facing a situation in which many of its non-deployed units are unable to train for future deployments, because they lack so much equipment.

The Army expects the National Guard to help it relieve some of the strain of repeated extended deployments, but the Guard is under stress, too. Sen. Richard Durbin (D-Ill) said at the Senate Democratic Policy Committee on Sept. 25, that the Illinois National Guard has one-third of the equipment it had when the Iraq War started in 2003. Lt. Gen. Steven Blum, the chief of the National Guard Bureau, recently told NBC News, "If you want the Guard to do a mission three years from now, no one should be surprised that they're ill-equipped or under-equipped to do the job."

Iraq, Afghanistan Veterans Reporting Stress

One-third of Iraq and Afghanistan war veterans seeking medical care at VA facilities are reporting stress or other mental-health problems, a tenfold increase in the last 18 months, says a new report by the Department of Veterans Affairs. Veterans groups are concerned that the huge jump means that the VA won't be able to meet the skyrocketing demand. "This is a very ominous trend, indicating a tidal wave of new patients coming in, and the numbers could go up," said Paul Sullivan, director of programs for the Vietnam Veterans of American Foundation.

Not surprisingly, the VA and the Defense Department are downplaying the significance of the new numbers, saying that the higher numbers might just indicate that the stigma associated with such problems has been reduced. Dr. Michael Kussman, Undersecretary of Veterans Affairs for Health also added, "We're not aware that people are having trouble getting services from us in any consistent way or pattern around the country."

DHS Privatizes Border Security

The Bush team handed off rights to establish high-tech surveillance technology along the U.S. borders to a private consortium headed by Boeing, Homeland Security Secretary Michael Chertoff announced Sept. 21. Chertoff called this scheme a plan to build "a 21st-Century, virtual fence" to keep out illegals. Various private companies submitted plans, but Boeing's proposal to build a network of 1,800 towers equipped with sensors, cameras, and heat and motion detectors, plus unmanned drones, along first the border with Mexico, and later the border with Canada, won out.

Not only are private interests to run this plan, but *foreign* private interests are involved. Included in the Boeing consortium is the Israeli defense contractor Elbit Systems (the latter through its U.S. subsidiary, Kollsman Inc.).

Ibero-American News Digest

Guess Who's Making an Oil Grab in Mexico?

The Nazi duo who brought you Augusto Pinochet—Felix Rohatyn and George Shultz—are now out for Mexico's oil. Scarcely had Felipe Calderón been proclaimed President-elect of Mexico on Sept. 5, than his International Affairs Coordinator, Arturo Sarukhan, was hustled off to a hush-hush private meeting on Sept. 12-14 at the plush Fairmont Banff Springs Hotel in Banff, Alberta, Canada, to discuss "Continental Prosperity in the New Security Environment." The co-chairmen of the event were Pinochet-patron George Shultz; Pedro Aspe (Mexican Finance Minister under Carlos Salinas de Gortari, and currently a member of the top-level bankers' network PlaNet Finance—along with none other than Felix Rohatyn); and former Alberta Prime Minister Peter Lougheed.

Present for the panel on "A North American Energy Strategy," which discussed "deep integration" (ouch!), were top Pemex official Vinicio Suro, representatives of Chevron and other international energy groups, top Council on Foreign Relations (CFR) specialists, and various members of the Bush-Cheney Administration. According to press accounts, the meeting focussed on the interrelationship between North American defense systems, militarization, national security, borders, immigration, military production, and the control over North America's energy reserves. That's pretty much a thumbnail sketch of the energy policy which Dick Cheney drafted when the Bush Administration took office.

A week later, on Sept. 21, *Forbes* magazine pulled together a closed-door meeting in Mexico City of international bankers, businessmen, and Mexican government officials and politicians, who discussed "Designing the New Mexico" and drooled over "the future of Mexico's oil"—i.e., its privatization.

Not So Fast, George

News of the Forbes and Shultz meetings leaked out to the Mexican press provoked a firestorm of opposition inside Mexico. Andrés Manuel López Obrador, touring his home state of Tabasco (which is in the heart of the country's oil belt), issued a statement warning foreign and national investors that "the oil industry of the country is not for sale," and that Mexicans "will not allow the national patrimony to continue to be handed over." Those who fraudulently named Calderón as President-elect, he said, are now "circling like buzzards" over the oil and electricity sectors.

On Sept. 27, a National Front for the Defense of Energy Sovereignty was formed, on the 46th anniversary of the nationalization of the electrical industry, with the stated purpose of stopping the private takeover of all aspects of Mexico's energy resources. Organizers from the Mexican Electrical Workers (SME) warned that should any government attempt to put through energy "structural reforms," they would organize a national strike.

Joining the SME and leaders of López Obrador's movement from the PRD party at the founding meeting, were former PRI Sen. Manuel Bartlett, and leaders of the Social Security workers, National Autonomous University of Mexico (UNAM), and trolley workers' unions.

Cárdenas Joins Wall Street in Attacking López Obrador

Having failed to stop Andrés Manuel López Obrador otherwise, the international Synarchists are now trying to fracture his PRD party, and pull it out from under him. Cuauhtemoc Cárdenas—whose political weight within the PRD and Mexico stemmed from the fact that he is the son of the fiercely nationalist Mexican President who nationalized its oil industry, Gen. Lázaro Cárdenas—broke with his father's tradition, and stepped forward to launch a frontal attack on López Obrador for daring to lead a resistance movement to save Mexico.

In an interview published Sept. 18 in Spain's *La Vanguardia* newspaper, Cuauhtemoc denounced López Obrador for breaking with the "institutions," a move he charged "damages all the Mexican left." He declared it a "grave error" for López Obrador to have been named "the legitimate President of Mexico." The PRD party has yet to question what López Obrador is doing, "but many are going to do so shortly," he promised; "many people who have remained silent until now" will be forced to speak out.

Ten days later, only one Federal PRD Deputy, newcomer Francisco Santos Arreola, has joined Cárdenas in walking into the dustbin of history by attacking López Obrador.

Thus, it is not surprising to find that among the Mexican participants at Shultz's North American "oil grab" confab was the top international advisor to Lázaro Cardenas, Cuauhtemoc's son. Lázaro, the PRD Governor of the state of Michoacan, like his father, opposes López Obrador's decision to break with the dying system. His International Affairs Advisor is Carlos Heredia, a professional "leftist" whose career has been backed by the financiers. Heredia, who spoke at the Shultz conference, is vice president of the CFR's partner institution, the Consejo Mexicano de Asuntos Internacionales (COMEXI), and participated in the CFR taskforce in 2005 on how to establish a supranational "North American" government by the year 2010.

Dangerous Fanning of Divisions in Bolivia

Individuals in the oil-rich province of Santa Cruz, a hotbed of free-marketeer separatism, are reportedly walking around with cellphones showing images of President Evo Morales with a gunshot wound, over which appears the slogan "*Viva Santa Cruz!*" These threats occur in the context of an increasingly unstable and dangerous political situation, orchestrated by synarchist financial interests inside and outside Bolivia, that have sabotaged the hydrocarbon nationalization plan announced by Morales earlier this year, which is the cornerstone of the government's program and supported by the majority of the Bolivian population.

Under rapidly-deteriorating conditions, mouthpieces of the "left" and the "right" are heightening regional tensions. Denouncing proposed voting procedures in the new Constituent Assembly, the head of the fascist "Nacion Camba" in Santa Cruz accused Morales of seeking "national dissolution," allegedly because voting procedures will undercut Santa Cruz's political power. Then, after Vice President Álvaro García Linera made an uncharacteristically provocative speech last week, urging an indigenous group to take up arms to defend the nation's patrimony, retired Army Gen. Marcelo Antezana

charged that Morales is turning Bolivia into a satrapy of Venezuela and Cuba, and leading the country toward "civil war." The military is prepared to act, he warned, should politicians act illegally against the constitutional order.

Concern over a possible civil war is such that Pope Benedict has called on all Bolivians to unite and "work for the common good" and find peace and justice in respect for human dignity, rather than seeking to widen existing divisions.

Argentine Financial Predators Charged with Fraud

Key officials of Argentina's 1999-2001 Presidency, including former President Fernando de la Rúa, were indicted Sept. 27 by federal judge Jorge Ballesteros for committing "fraud against the state" in the June 2001 "mega-swap" of \$20 billion in foreign debt. Aside from De la Rúa, former Finance Minister Domingo Cavallo, and former debt negotiator Daniel Marx were also charged, accused among other things of knowing ahead of time that the swap would "harm the state" but ramming it through anyway.

The only beneficiaries of the deal were Argentina's foreign creditors. The longer-term bonds offered in exchange for short-term debt had *higher interest rates*—an average of 15.29%—than the old bonds, and the participating banks, led by Credit Suisse First Boston, were paid \$160 million in commissions. Former Deputy Treasury Secretary in the Bush 41 Administration, David Mulford, at the time the head of Credit Suisse First Boston's international division, personally handled every last detail of the deal. At the time of the transaction, it was estimated that for the duration of the "mega-swap," Argentina would have paid out \$52 billion more in interest and debt payments, than it would have without the swap!

It is fitting that Jorge Ballesteros is the judge who indicted these criminals, as he exhaustively investigated Argentina's foreign debt in the 1980s and concluded that a large portion of it was illegitimate. He handed the case over to Congress, and challenged it to use its constitutionally mandated authority to act accordingly, which unfortunately the Congress never did.

Rafael Correa to Chavez: Don't Insult the Devil!

The front-runner in Ecuador's Oct. 15 Presidential vote, Rafael Correa, begs to differ with Venezuelan President Hugo Chavez, over his recent comparison of George Bush with the devil. "Calling Bush the devil is offending the devil," Correa said in a Sept. 27 TV interview. Correa described Bush as a "tremendously dim-witted President who has done great damage to his country and to the world."

Correa gained front-runner status by campaigning to end the looting of Ecuador. When asked by investors during a mid-September visit to New York what he planned to do about Ecuador's \$10.37 billion foreign debt, Correa said, "We cannot dismiss an Argentine solution"—i.e. a writing-down of the debt. He insisted that no more than 3%-3.5% of a country's GNP should be spent on foreign debt service, while Ecuador currently pays 7%. "We have to pay Ecuadorans first, especially their social needs," he said. All debt would be reviewed, as most loan deals have proven "detrimental" to the country's interests.

Correa is a strong supporter of the current government's decision to oust Occidental Petroleum from Ecuador; opposes a free-trade agreement with the U.S.; says his government would break ties with the IMF and World Bank; and supports South American integration and a regional currency, which he says would enable Ecuador to pursue "an orderly exit" from dollarization.

Western European News Digest

Europeans Continue Iran Dialogue to Stall War Drive

"We are hoping that an agreement will come out of this dialogue [with Iran] as soon as possible," said French President Jacques Chirac Sept. 24, following his meeting with Russian President Vladimir Putin and German Chancellor Angela Merkel. The three expressed support for the meetings between EU foreign affairs representative Javier Solana and Iran's negotiator Ali Larijani. Chirac said he was "generally optimistic" that the talks would produce a solution, saying, "One must do everything to find a solution by dialogue, which is always the best way to settle problems. Only the international community can exercise the influence necessary on Iran to produce a political solution."

Putin was quoted by Ria Novosti saying, "The sides have demonstrated a joint commitment to a political and diplomatic resolution of the situation around the Iranian nuclear problem and the creation of conditions for long-term stability in other trouble spots in the world."

According to previews of an article to appear in *Der Spiegel*, the EU-3, France, Britain, and Germany would be willing to begin talks with Iran even if it has not suspended its nuclear enrichment program first, without Washington. Citing unnamed German diplomatic sources, *Spiegel* said the goal of this new strategy would be to bring Tehran to the negotiating table to discuss the 5+1 package of incentives. Talks could start if the Larijani-Solana discussions prove fruitful, *Spiegel* said. Secretary of State Condi Rice reportedly did not approve the idea, but did not or could not stop it.

Schäuble in U.S. Continues Criticism of Guantanamo

German Interior Minister Wolfgang Schäuble, who concluded three days of talks with U.S. officials in Washington, D.C. Sept. 26, commented on the military option in Iran, by saying: "there are none ... and that is wise, because you may throw the Iranian nuclear program back by two or three years only, and that is not efficient." The only way to solve the problem, Schäuble said, is dialogue and diplomacy, and there, the Russians play an "important role," he added.

Schäuble also criticized the prison at Guantanamo, again, saying that, "even if it is to prevent the notorious ticking time bomb from detonating, there must not be any compromise on values. We cannot defend our values, if we give them up." He added that his U.S. discussion partners assured him that Bush took the international criticism seriously, and that he wants U.S. practices at Guantanamo to change. Schäuble, on the other hand, said that the USA could count on Europe and Germany as reliable allies, that there would be no more Franco-German-Russian summitry as under former Chancellor Gerhard Schröder. German military engagement abroad, against terrorism, was dependent on an assessment of whether it really fit German interests, though, he added.

Bundestag Votes To Keep Troops in Afghanistan

Discarding public warnings, the German Bundestag voted 472 against 71, with 9 abstentions Sept. 28 to keep the German troop contingent in Afghanistan for another 12 months.

Indicative for the dangerous reality which the Bundestag chose not to heed, was a briefing given by the German Ambassador to Afghanistan, Hans-Ulrich Seidt, to the defense committee the previous day, in which he warned in no uncertain terms that, "the situation in Afghanistan is rapidly deteriorating," thereby eliminating the basis for a meaningful mission of the German troops there. Within 12-18 months, he said, the government in Kabul might lose control of the country, the South already being de facto under the control of the Taliban now. There is no chance for NATO to deliver a lasting defeat to the Taliban in the South, Seidt warned, calling for a change of strategy, away from military considerations to economic reconstruction policies. Seidt's remarks resembled aspects of the warnings put out repeatedly by *EIR* over the recent weeks.

German Defense Minister Franz Josef Jung called Seidt's assessment "too pessimistic," but he also hinted at certain changes that would have to occur in the Afghanistan strategy, so that the German and other foreign troops there would avoid being considered as "occupiers." That stated, Jung's endorsement of the 12-month extension of the mandate is inconsequential, a decision that Germany may soon regret.

Who Is Trying To Bring Down the Polish Coalition?

Several days after Prime Minister Jaroslaw Kaczynski dismissed Vice Premier Andrej Lepper, as result of which the government coalition collapsed, a new destabilization has hit Poland. In what looks like a sting operation, the Polish National TV transmitted a tape to the public which showed Adam Lipinsky, who is in charge of the Prime Minister's office, speaking in a hotel room to a deputy from Lepper's party Samoobrona. Lepper's deputy Renata Berger is said to have recorded herself in a discussion she had with Lipinsky. Lipinsky was shown on the tape offering her a cabinet post (and even money) if she would defect from Samoobrona and join the PiS.

After the Samoobrona left the government coalition, the ruling PiS needed 40 deputies to maintain a solid majority, and to remain in the government. If the PiS, which also recently began discussion with the Peasant Party, PSL, can find this majority, things will stabilize. If not, new elections will be called for Nov. 26.

Brown Attempts To Unify Labour, Continues Privatization

Chancellor of the Exchequer Gordon Brown opened his speech to the Labour Party conference Sept. 25 by apologizing to Tony Blair for occasionally letting disagreements get out of hand. His main theme was the parable of the talents in modern form as he learned it from his religious parents. Brown said that each person is given a talent, which, more than a program, it is the purpose of the "soul" of the Labour Party to encourage development and its expression. Otherwise, Brown tried to win labor backing by making the National Health Service independent, like the Bank of England, rather than "privatizing," it as is now slated to happen, starting with the outsourcing of part of NHS to the German firm DHL.

Three major items that were not debated at the Labour Party Conference, because they were removed by the rules committee from active debate, are: first, the leadership question was postponed; secondly, debate on "privatization" of the National Health Service was halted despite strong trade union opposition to this, and; thirdly, debate on rebuilding the 25 billion pound Trident nuclear submarine program, which comes up before the next Parliament, was killed.

Bad News for Labour: Poll Shows Public Dissatisfaction

According to a recent IoS poll, a majority of Britons (59%) think the Labour Party will lose the next general election. A measure of the damage inflicted on the government's image by recent events is that 71% of those questioned agreed that "the Labour Party leadership is split into warring factions," a view held by 61% of Labour voters. The poll also reveals strong support for the idea that Gordon Brown should face a challenge for the top job. Sixty-four percent and 57% of Labour voters agreed that "if Brown takes over without a leadership contest, the British people will feel cheated."

Transrapid Collision Could Not Happen on Commercial System

A police investigation has begun of the crash Sept. 22 in Lathen, Germany, of a high-speed train on a test track, that killed 23 people, when it hit a maintenance car shortly after its start. ThyssenKrupp, the manufacturer of the maglev train, has issued a statement, saying that all they know so far, is that there was no technical malfunction of the maglev system as such. However, a spokesman for the company rejected as "far too early" the conclusion that the cause of disaster was human failure. This leaves the door open for a third conclusion, which would be sabotage, although no one dares to

pronounce that word.

Spiegel online has the best analysis so far, reporting that the maintenance vehicle on the track was performing its routine job. Every morning, the vehicle goes through the entire 30 km of track, to clean it of debris. Once it has finished, it transmits a radio signal to the control center, signalling that the track is cleared. The state attorney of the Oldenburg district said that all radio records have been seized, to find out whether there was a malfunction, a break-off, or interference with the radio communications, which would have accounted for the train's collision with the maintenance vehicle.

A former public affairs spokesman for Transrapid in the U.S., who has authored books about magnetically levitated systems and cofounded the International Maglev Board, explained that such an accident could not happen on the Shanghai-Pudong, or any commercial line, because there are sensors in the track that "lock down" the system if it detects any unusual weight on the tracks. But the Transrapid test track was considered to be a controlled-environment situation, and hence, that safety precaution was not taken. He recalled that this is the first fatality in 30 years the test track has been in operation, and that the accident was caused by operator error, and not the technology.

Japan has also reiterated its commitment to commercial development of maglev technology, despite the accident.

Strange French Claim Aids NeoCons

Are the French trying to "speed up" the U.S.-Pakistan hunt for Osama Bin Laden—by declaring him dead? French President Jacques Chirac refused to comment on a French intelligence document, leaked to the regional daily *L'Est Republicain*, that reports that Saudi Arabia is convinced that Osama bin Laden died of typhoid in late August. Chirac said on Sept. 23, at a press conference following a meeting with Russian President Vladimir Putin and German Chancellor Angela Merkel, that "This information is in no way whatsoever confirmed." He also said he has asked his Defense Minister Michele Alliot-Marie to investigate how the document was published.

Russia and the CIS News Digest

Lavrov Invokes FDR in Speech on Russian-American Relations

Addressing the Los Angeles World Affairs Council Sept. 26 on the topic of "Russia and the U.S.: Between Past and Future," Russian Foreign Minister Sergei Lavrov recalled the anti-fascist alliance during World War II as a better framework, than today's constant sparring. "According to a number of Russian historians," said Lavrov, "the tough confrontation between our countries in the 20th Century subsided at least twice, due to awareness of the common nature of our interests, and the general direction of development of our two countries. The first time occurred in the 1930s and early 1940s in connection with the processes of the formation of the [Soviet] state, and the fight against a common deadly enemy. This period was symbolized by the Presidency of Franklin D. Roosevelt. The second time it happened in the 1960s and early 1970s, on the basis of the 'advanced industrial society' and a renewed closeness of interests in maintaining international stability."

In the speech as a whole, Lavrov presented the image of a Russia which has become more pragmatic and self-conscious since the end of the Cold War, and wants to be viewed as an equal partner rather than as a challenge. A central pillar of Russia's foreign policy is Russian-American relations, which, according to Lavrov, if developed positively, will have a beneficial effect for the world as a whole. "When Russia and the United States succeed in working together, they manage as a rule, to generate viable solutions. We would like to see this practice of working together prevail in our relations with the American partners."

The unique role which Russia can play in world affairs Lavrov sees as connected to the historical tradition of Russia, which "has always lived at the crossroads of civilizations. For centuries, their coexistence in harmony and mutual influence were essential for our survival. Hence, the unique role that we could play in maintaining harmony between civilizations of this world, threatened not only by terrorists and extremists of all stripes, but also by ideology-driven approaches to the world affairs. Indeed, any political thought may mutate towards extremism. Political scientists do not exclude an emergence of liberal fundamentalism."

An example of such "fundamentalism," Lavrov said, is the rhetoric used by people like Dick Cheney, who in his speech in Vilnius (May 4) spoke about the establishment of a community of "sovereign democracies" in the region between the Baltic and Black Seas. Lavrov used the explicit reference to Cheney to underline that Russia, while being in favor of sovereign democracy, would want to develop this without "external interference." And that not every country mentioned by the U.S. Vice President, "is ready for that or can afford it."

The foreign minister noted that Russia's autonomy in its foreign affairs has become a complicating factor in U.S.-Russian relations. He hopes, however, that people will prevail in the United States, who understand that "the interest of the United States lies in having a strong, capable, and independent Russia, which is a partner."

Georgia-Russia Crisis Escalates

Tensions between Tbilisi and Moscow exploded with ferocious accusations and protests, after Georgian authorities Sept. 27 arrested four officers of the Group of Russian Troops in the Transcaucasus (GRTT). The three lieutenant colonels and one captain, two of them arrested in Tbilisi and two in Batumi, are accused of espionage. Russian TV reports that the GRTT staff building in Tbilisi has been surrounded by Georgian internal troops, presumably because a fifth targeted Russian officer is inside.

The Russian Foreign Ministry immediately demanded the release of the officers, charging the Georgian leadership with "constant provocations." On Sept. 28, Moscow recalled its ambassador from Tbilisi for consultations, announced plans to evacuate GRTT staff and their families for their own safety, and advised Russian citizens not to travel to Georgia. Defense Minister Sergei Ivanov, speaking at the Russia-NATO Council meeting in Slovenia, accused Georgia of practicing "banditry at the level of the state," with actions that were "completely wild and hysterical." Foreign Minister Lavrov said there was a basis to bring Georgia's "anti-Russian policy" before the UN Security Council.

Lavrov situated the latest events in the context of the Saakashvili government's push for closer ties with NATO. At a NATO meeting on Sept. 21, NATO Secretary General Jaap de Hoop Scheffer announced that the organization is set for "a more intensified dialogue" with Georgia. On Sept. 22, angry statements about South Ossetia passed between Georgia and Russia. The Russian Foreign Ministry accused Georgia of dilatory tactics in the Joint Control Commission on South Ossetia, while President Saakashvili accused Moscow of seeking to annex South Ossetia and Abkhazia through "gangster occupation" of the autonomous districts. Today, Russian state TV showed an Abkhazian official, who charged Tbilisi with staging provocations in order to drive Russian peacekeepers out of the country, clearing the way for full integration with NATO.

Southwest Asia News Digest

Just Weeks From War with Iran?

On Sept. 28, U.S. Secretary of State Condoleezza Rice publicly pronounced that Washington would give European diplomacy with Iran a few weeks, and then they would move for sanctions at the United Nations. "You know what this is,"

Lyndon LaRouche commented. "After two weeks the countdown to an attack will begin," and with that the countdown to World War III.

Over the last week in September, *EIR* has been engaged in a concerted effort to alert policymakers in Washington and throughout the world that an unannounced, preventive attack on Iran is the likely move by the Bush-Cheney Administration. Some immediate Congressional action is the best course to prevent such an unjustified "sneak attack." See this week's InDepth, where *EIR* lays out the evidence that such an attack is planned, quoting *EIR*'s own diplomatic and intelligence sources, along with published information from Col. Sam. Gardiner (ret.), former Reagan Administration official Paul Craig Roberts, Lt. Col. Karen Kwiatkowski (ret.), and others.

Hans Blix: U.S. Should Talk to Iran

Hans Blix, the former chief of UN weapons inspections in Iraq, in testimony before the National Security Subcommittee of the House Government Reform Committee on Sept. 26, was asked by Rep. Dennis Kucinich (D-Ohio) whether or not it would be in the interests of the U.S. to talk to Iran. Blix said, "Yes."

Blix said the European talks with Iran point in the right direction. Iran could be get assured supplies of nuclear fuel, and the only thing that's missing is assurances of security. Kucinich echoed him that, "There have to be assurances that we're not going to attack," to which Blix replied "assurances of security are more effective than threats of attack."

Blix also said definitively that war could have been avoided with Iraq—citing the success of the inspections. He headed the inspections from November 2002, until the Bush regime began its preventive strike on March 17, 2003.

NIE: Global Jihadist Movement Is Expanding

The few declassified pages of April 2006 National Intelligence Estimate (NIE), entitled "Trends in Global Terrorism: Implications for the United States," are consistent with the leaked disclosures to the *New York Times* and other press outlets over the weekend of Sept. 23-24. The NIE report—which is the most authoritative report on national security issues produced by the U.S. government—says that "the global jihadist movement—which includes al-Qaeda, affiliated and independent terrorist groups, and emerging networks and cells—is spreading and adapting to counterterrorism efforts."

The report continues: "Although we cannot measure the extent of the spread with precision, a large body of all-source reporting indicates that activists identifying themselves as jihadists, although a small percentage of Muslims, are increasing in both number and geographic dispersion.

"We assess that the Iraq jihad is shaping a new generation of terrorist leaders and operatives; perceived jihadist success there would inspire more fighters to continue the struggle elsewhere.

"The Iraq conflict has become the 'cause celebre' for jihadists, breeding a deep resentment of US involvement in the Muslim world and cultivating supporters for the global jihadist movement. Should jihadists leaving Iraq perceive themselves, and be perceived, to have failed, we judge fewer fighters will be inspired to carry on the fight." [Emphasis added.]

Fifty-One Anti-War Dem Vets Running For Congress

"We're going to take that Hill in November," vowed military veterans running for Congress as Democrats, at a press conference on Sept. 27. The Veterans Alliance for Security and Democracy, also known as VETPAC, held a press

conference with Rep. John Murtha (D-Pa) and 11 military veteran candidates. Richard Klass, the executive director of VETPAC, reported that there are 51 candidates, 50 for the House and one for the Senate, who are veterans that VETPAC is supporting. Murtha denounced the "scurrilous attacks" that have been made against him because he disagrees with the war policy. "Everything I've said [about Iraq] since Nov. 17 of last year has been right," he said, and then he noted the signs of strain on the Army from the repeated deployments, and warned, "The lack of readiness of the forces means we have no Army ground force strategic reserve to meet the challenges that we have around the world."

Murtha was followed by Paul Bucha, chairman of VETPAC and a Congressional Medal of Honor winner, who vowed that in the face of attacks like that on Max Cleland in 2004, "never again will we be quiet." Then the 11 candidates each made brief remarks on why they were running, starting with Duane Burghardt, running in Missouri's 9th District, who noted, "[W]e once had a great administration that calmly reassured us that we have nothing to fear but fear itself. Now we have an administration that offers only fear itself."

UN Rights Council Slams Israel for Palestinians' Plight

South African attorney John Dugard, who is responsible for drafting a report on the conditions of the Palestinians for the United Nations Human Rights Council, slammed Israel for its responsibility for the "intolerable" conditions in which the Palestinians are forced to live. *Ha'aretz* reported Sept. 26.

"I hope that my portrayal of hardships experienced by such people will trouble the consciences of those accustomed to turning a blind eye and a deaf ear to the suffering of the Palestinian people," Dugard told the council. "Gaza is a prison, and Israel seems to have thrown away the key. What Israel chooses to describe as collateral damage to the civilian population is, in fact, indiscriminate killing prohibited by international law."

Dugard also criticized Western governments for cutting off aid to the Hamas-led Palestinian National Authority. "In effect, the Palestinian people have been subjected to economic sanctions—the first time an occupied people has been so treated. Palestinian people are punished for having democratically elected a regime unacceptable to Israel, the U.S., and the European Union."

Iran's Nuclear Plant To Go Online in November 2007

Iran's Bushehr plant should become operational in November of next year, said the president of Russia's Atom Stroi Export Company, Sergei Shmatko, on Sept. 26. Shmatko said that Russia would supply nuclear fuel for the plant in March 2007. An additional protocol was signed in his meeting with Iranian nuclear authorities setting September 2007 as the date for completion of Bushehr. Shmatko put the amount of nuclear fuel to be supplied at 163 fuel assemblies weighing approximately 80 tons.

The deputy head of Iran's Atomic Energy Organization, Mahmoud Jannatian, said that given the progress in the project over the past six months, the specified schedule is quite feasible. Iran has been critical of Russia's perceived delays in completing the plant and putting it on line. This has been going on for some time, actually years. The vice president and head of Iran's Atomic Energy Organization Gholam-Reza Aqazadeh, urged his Russian counterpart, Sergei Kiriyyenko, in talks in Moscow, to expedite work, by increasing the shifts to three at the plant. Iran now says that if Russia does not complete the plant on schedule, it will proceed to do so alone.

Leaked 'Signal' Tells Israelis About Back-Channel Talks with Saudis

Israeli Prime Minister Ehud Olmert denied having met with Saudi King Abdullah, as had been claimed in *Yediot Ahronot*.

This led to speculation that Olmert or one of his advisors met Saudi Prince Bandar, former Ambassador to the U.S., who was in Jordan ten days ago. Nonetheless, Olmert denied everything in an interview with *Yediot Ahronot* Sept. 25: "I neither met the Saudi King nor any other official who should touch off sensations in the press." All Olmert would say is that he made certain positive comments during the Lebanon war on Saudi Arabia's position, but nothing concerning the Saudi peace initiative.

The media speculation, followed by Olmert's interview, occurs in the context of a combination of peace overtures, especially the Arab peace initiative and pressure within Israel for diplomatic initiative.

Asia News Digest

Musharraf: CIA Paid Millions for Al-Qaeda Suspects

According to Pakistani President Pervez Musharraf, on his visit to the USA last week, the CIA has paid Islamabad millions of dollars for handing over more than 350 suspected al-Qaeda terrorists to the United States. Musharraf, however, did not reveal how much the U.S. taxpayers had paid to Pakistan.

The Pakistani President's statement caught the Bush Administration by surprise. The administration does not want the U.S. population to know that their best ally in the "war on terror" was getting paid like a common bounty hunter. As a result, Washington has come forward to refute Musharraf's statement.

An unnamed U.S. Department of Justice official was quoted by the *IndiaDaily* Sept. 26 as saying: "We didn't know about this. It should not happen. These bounty payments are for private individuals who help to trace terrorists on the FBI's most wanted list, not foreign governments."

Earlier, during his U.S. visit, Musharraf had said that former U.S. Deputy Secretary of State Richard Armitage had threatened to bomb Pakistan "back to the Stone Age," if it did not back the United States in the "war on terror," in the aftermath of 9/11. The statement surprised the White House, which tried to distance itself from the charge.

Domestic Opposition to Thai Coup Appears

Five schools were torched in the Kamphaengphet province, about 320 km north of Bangkok, a reported stronghold of the ousted Thai Premier Thaksin Shinawatra, MSN News reported from Bangkok Sept. 27. The incident has raised suspicion that the opposition to the Thai military, which led the coup, is now getting ready to make its appearance.

"The army has sent a team to investigate the incident and has not yet ruled out the possibility that this was an act of anger from people who lost power," said Col. Banyong Sirasunthorn, a spokesman for the Third Army region. There is some speculation that the act of burning down of the schools could be opposition to the closing down of some 400 community radio stations by Lt. Gen. Saprang Kanlayanimatr, one of the major players in the latest coup.

On Sept. 26, coup leader Gen. Sondhi Boonyaratkalin announced that the military has written a temporary constitution appointing themselves advisers to any interim government. According to the U.S. private intelligence outfit Stratfor, Sondhi has indicated that the military would pick the Prime Minister for the interim government on Oct. 1, and that he will be a general. This has led some to speculate that Surayud Chulanont, a former commander and a close adviser to the Thai king, will receive the appointment.

Pakistan's ISI Helped al-Qaeda, Says MI6 Agent

A report issued by a British "think-tank linked to the MI6," has accused the Pakistani secret service ISI of indirectly supporting terrorist groups including al-Qaeda, and called on President Pervez Musharraf to dismantle it. The BBC announcement of the report Sept. 28 came out hours before Musharraf landed in London, following his trip to Washington, for his meeting with British Prime Minister Tony Blair.

While Musharraf reacted angrily, the British Ministry of Defense said the document was merely an academic one and did not represent the views of either the ministry or the Blair government.

There is no question that both MI6 and the ISI, as well as the CIA, were fully involved in building up al-Qaeda during the Soviet occupation of Afghanistan. After the Soviets left, the CIA pulled out, leaving al-Qaeda in the hands of the British and Pakistani services. The building up of the Taliban, strengthening of al-Qaeda, and making Afghanistan its headquarters, were a conscious Pakistani policy, led by its intelligence agencies. MI6 helped them all along and now since the Islamic fanatics have broken their vow and are going after the British as well, British "think tanks linked to the MI6" have become active in blaming Pakistan for all this.

Truce Contributes to Taliban Resurgence in Afghanistan

There has been a sharp increase in infiltration from Pakistan into Afghanistan since President Musharraf signed a truce with the tribal agencies. According to an unnamed American army officer in Afghanistan, American troops have seen a tripling of attacks since the truce between the Pakistani army and pro-Taliban tribesmen that was supposed to stop cross-border raids by militants. The U.S. officer said that the ceasefire, begun on June 25, cemented by the signing of a peace treaty on Sept. 5, has contributed to the Taliban's resurgence in Afghanistan. He said ethnic Pushtun insurgents are no longer fighting the Pakistani troops and are using Pakistan's North Waziristan border area as a command-and-control hub for attacks in Afghanistan.

Tasnim Aslam, a spokeswoman for the Foreign Ministry spokeswoman rejected the U.S. officer's claim, saying: "We don't agree with this. These are just excuses. Whatever is happening, it is deep inside Afghanistan and is not because of Pakistan."

In Washington, President Bush, lacking any capability to handle this complex situation, entertained both Afghan President Hamid Karzai and Pakistani President Musharraf at the White House on Sept. 27, urging them to cooperate in the U.S.-led abstract "war on terror." The two Presidents have engaged for months in accusing each other for the deteriorating situation in Afghanistan.

Africa News Digest

Egypt's Energy Council Approves Plans for Nuclear Energy

Egypt's Higher Council of Energy approved plans to use non-conventional energy sources, including nuclear energy, at its first meeting, according to the Egyptian State Information Service Sept. 25. Headed by Prime Minister Ahmed Nazif, the council decided that nuclear energy was a pressing need, since conventional energy sources are insufficient to meet Egypt's needs. The meeting, which included the ministers for defense, finance, petroleum, electricity, economic development, foreign affairs, environment, housing, and trade and transportation, decided to form a mini-cabinet of five ministers, which will meet after Ramadan, which began Sept. 23.

Meanwhile, the Egyptian Council of Foreign Affairs (ECFA) hailed the government's decision to build nuclear power plants. The ECFA's Abdel Ra'ouf el-Ridi said it has decided to form its own commission of experts to prepare a detailed report on means of supporting Egypt's development of peaceful nuclear technology.

Minister of Electricity and Energy Hassan Younes told Egypt's *Al Ahram* daily that within ten years of launching a nuclear energy program, Egypt would have an operational reactor. It has plans for a 1,000 MW reactor to be built at El Dabaa, on the Mediterranean coast. Younes said the construction would cost \$1.5 billion.

The independent daily *Al Masry Al Youm* reported that the government has plans to build three reactors for a total capacity of 1,800 MW. Quoting unnamed officials, the daily wrote that the three reactors could be built by 2020.

This Week in American History

October 1 - October 8, 1946

October 1 marked the 60th anniversary of the judgment at the Nuremberg Tribunal, the first of the trials of Nazi war criminals, which have defined for the ensuing period the nature of crimes against peace and crimes against humanity. Ironically, as pointed out by law professor David Luban in an article on the blog balkanization on Sept. 23, this anniversary occurs at virtually the same time that the Congress of the United States has ratified the evisceration of those principles, and those of the Geneva Conventions.

In arguing for the Cheney-Bush Administration's policies of torture and Presidential prerogative, as enshrined in the "compromise" military detainee legislation passed by the Congress last week, its adherents have been at pains to emphasize that the U.S. must assert its *national* interests, as against so-called *international* law. Yet, up until this vote, it was actually U.S. standards of conduct—established by President Abraham Lincoln's Lieber Code during the U.S. Civil War, and the insistence of U.S. Nuremberg Prosecutor Robert Jackson, especially—that defined the standards of international law in the area of war.

No one was more eloquent in asserting the Nuremberg principles than Justice Jackson, who insisted that the standards established thereby must apply not just to the "little people" who commit them, but to those men of great power who conspired to have those crimes carried out by their underlings. In his opening address to the Tribunal, which opened in November of 1945, he made this ringing charge:

"The real complaining party at your bar is Civilization.... The refuge of the defendants can only be their hope that International Law will lag so far behind the moral sense of mankind that conduct which is crime in the moral sense must be regarded as innocent in law. Civilization asks whether law is so laggard as to be utterly helpless to deal with crimes of this magnitude by criminals of this order of importance...."

Clearly, the Bush Administration would have opposed Justice Jackson's view, as well as the vote by the United Nations General Assembly on April 12, 1950, to enshrine the Nuremberg Principles in international law. The United States not only supported that vote, but championed it.

We include here the Principles of the Nuremberg Tribunal, in full:

Principle I

Any person who commits an act which constitute a crime under international law is responsible therefor and liable to punishment.

Principle II

The fact that internal law does not impose a penalty for an act which constitutes a crime under international law does not relieve the person who committed the act from responsibility under international law.

Principle III

The fact that a person who committed an act which constitutes a crime under international law acted as Head of State or responsible Government official does not relieve him from responsibility under international law.

Principle IV

The fact that a person acted pursuant to order of his Government or of a superior does not relieve him from responsibility under international law, provided a moral choice was in fact possible to him.

Principle V

Any person charged with a crime under international law has the right to a fair trial on the facts and law.

Principle VI

The crimes hereinafter set out are punishable as crimes under international law:

a. Crimes against peace:

i. Planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements, or assurances;

ii. Participation in a common plan or conspiracy for the accomplishment of any of the acts mentioned under (i).

b. War crimes:

Violations of the laws or customs of war which include, but are not limited to, murder, ill-treatment or deportation to slave-labor, or for any other purpose, of civilian population of or in occupied territory, murder or ill-treatment of prisoners of war, of persons on the seas, killing of hostages, plunder of public or private property, wanton destruction of cities, towns, or villages, or devastation not justified by military necessity.

c. Crimes against humanity:

Murder, extermination, enslavement deportation and other inhuman acts done against any civilian population, or persecutions on political, racial, or religious grounds, when such acts are done or such persecutions are carried on in

execution of or in connection with any crime against peace or any war crime.

Principle VII

Complicity in the commission of a crimes against peace, war crimes, or a crime against humanity as set forth in Principle VI is a crime under international law.

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