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This Week You Need To Know

Chicago Boys' Bloody Hand Behind Cheney Campus Gestapo

by Anton Chaitkin

Strategists for a Nazi takeover of America's colleges met at the Harvard Faculty Club on Oct. 6. The American Council of Trustees and Alumni (ACTA), Mrs. Lynne Cheney's own squad, convened to plan the next step in their attempt to crush campus opposition to the Bush-Cheney regime.

As this report will show, Lynne Cheney's ACTA strategists are a gang bred at the University of Chicago around Leo Strauss, a project far deadlier than the street-variety Mafia killers that blackened Chicago's reputation.

- The War Is On -

The Harvard ACTA event occurred just as *EIR* was assembling its Oct. 13 special issue, headlined "John Train's Press Sewer: Is Goebbels on Your Campus?" *EIR* x-rayed the wildly anti-constitutional unified apparatus of government, private financiers, and rightist publishing units with ACTA, the David Horowitz/Daniel Pipes "Campus Watch," and other fronts.

This single apparatus is pushing for Federal and state laws for witch-hunts against dissident teachers, circulating lists of teachers to be purged, seeking to impose universally a fascist "core curriculum," and putting out campus newspapers promoting war and police-state policies.

The Harvard session was unsettled by members of the LaRouche Youth Movement, who skewered participants with questions, and flooded the hall with literature exposing John Train and the financier sponsors of the gathering. A young organizer asked George Washington University President Joel Trachtenberg, how Campus Watch would try to prevent teachers and students from working to defeat the Cheneyacs in next month's national elections. Trachtenberg and other participants responded with the big lie: We seek only to protect students from the intrusion of teachers' politics into their otherwise neutral education. But the Cheney-Train-Horowitz initiative actually means that only supporters of the Bush-Cheney lunacies are to be allowed on campuses....

...full article , PDF

Latest From LaRouche

How Not To Play Chess

by Lyndon H. LaRouche, Jr.

October 9, 2006

Out of the lesser true-to-life legends from the U.S.A. of World War II, came the story of the security guards at a war-time defense plant, who were perplexed by their failed attempts to discover what might be buried in that sand conveyed out through the plant gate by employees regularly pushing relevant wheelbarrows through the exit check-points.

The story runs: years later a former guard asked one of those employees: "Tell me, between you and me, what were you guys stealing?"

The answer came: "Wheelbarrows."

Déjà vu!

For me, who knew that generation of war-time defense-industry employees, and the rationing system of that time, the story of "wheelbarrows" had verisimilitude. But, consider another story with a similar point, for which I can account of my own direct knowledge, a story of my experience with the game of chess.

Anyone who knows the secret of the game of chess, would understand why the game became, eventually, too boring for me to play with zest any longer, He or she will therefore also understand what I see as the failing in strategic intelligence-skills shown in an otherwise worthwhile piece of current journalism by Michael Isikoff and David Corn, the co-authors of *Hubris*.

I had been introduced to the game of chess by a memorably generous teacher, Lew Thistle, during my Junior year at Lynn English High School. My notorious lack of competitive spirit, then as now, meant that I was never the best across the board, but was able to excel on a relatively higher scale of performance in other ways, as in blindfold chess games, with fair performance at the Prussian game of *Schachspiel*, and with great success, relatively speaking, in dealing with up to eight tyros simultaneously, while I was blindfolded, but highly amused, in the course of a return voyage from abroad, on shipboard, at the close of my military service....

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

InDepth Coverage

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Feature:

How Not To Play Chess

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Investigation:

Chicago Boys' Bloody Hand Behind Cheney Campus Gestapo

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- The British Pedigree Of Lynne Cheney

The following article appeared in LaRouche PAC's pamphlet, 'Is Joseph Goebbels on Your Campus? John Train and the Bankers' Secret Government.'

From Train to Trash, Top Down & Dirty

by Lyndon H. LaRouche, Jr.

The following is the introduction to a pamphlet by the LaRouche Political Action Committee, titled 'Is Joseph Goebbels on Your Campus? John Train and the Bankers' Secret Government.' Information on the full pamphlet can be found at www.larouchepac.com.

College Papers Controlled by the Buckley/Cheney/Straussian 'Collegiate Network'

The Collegiate Network describes itself as 'The Home of Conservative College Journalism Since 1979.' As 'independent' newspapers, these are not officially affiliated with the colleges named.

- Appendix

...David Horowitz' book, *The Professors: The 101 Most Dangerous Academics in America*, profiles the following college and university professors. EIR is not judging any of these people, who are quite diverse. They all share, in one way or another, opposition to Bush-Cheney policies.

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International:

Russians See 'Permanent War' Escalation as Aimed at Them

by Rachel Douglas

Upon being informed that Russia's state-owned Gazprom firm had dropped U.S. interests from its giant Shtokman offshore natural gas project, both as potential co-developers and as future customers, Lyndon LaRouche observed on Oct. 10, 'Russia is not reacting to the targetting of Iran or North Korea, but to the targetting of Russia—and China.'

Can Genocide in Iraq Be Stopped?

by Muriel Mirak-Weissbach

When President Bush was confronted with the results of a study showing that 655,000 Iraqis had died since the war began in 2003, he went into characteristic denial, insisting that 'only' 30,000 had died. U.S. Commander in Iraq Gen. George Casey seconded him, saying, 'I have not seen a number higher than 50,000, and so I don't give it that much credibility at all.'

Economics:

Globalization's Policy of Famine: Wheat Supplies Plunge

by Marcia Merry Baker

Each year, the October world harvest report issued by the U.S. Department of Agriculture provides an occasion to review the crop-by-crop status of global production, stocks, trade, and consumption. This year, alarm bells are ringing. The statistics in the Oct. 12 USDA's 'World Agriculture Supply and Demand Estimates' show that the 2006 world production level for what's called, 'total grains'—wheat and all other grains combined—is below the average annual level of world grain consumption, for the sixth year, out of the last seven.

IMF/World Bank-Imposed Globalization Leading Bangladesh Further Into Hell

by Ramtanu Maitra

On Oct. 10, several thousand angry textile workers in Bangladesh torched a factory in Dhaka and attacked several other factories with stones. The outburst of anger by the textile workers has been building over months. It finally spilled over when the Bangladesh government's minimum wage board commission fixed the minimum monthly wage at 1662.50 taka (the equivalent of U.S. \$25) after four months of protracted negotiations.

Putin Offers Germany Industrial Cooperation

by Rainer Apel

On Oct. 10, Russian President Vladimir Putin and German Chancellor Angela Merkel had their fifth meeting this year, this time in the context of the 'Petersburg Dialogue' in Dresden. The Dialogue's meetings alternate between Germany and Russia, with a focus on culture, science, and 'civil society'; but discussion also increasingly deals with questions of economic and technological cooperation.

Reality Bursts Mortgage Bubble And Greenspan's Fantasies

by Richard Freeman

On Oct. 6, U.S. Federal Reserve Board chairman Ben Bernanke warned that the U.S. housing market was presently undergoing a 'substantial correction,' which would be 'going into next year as well.' This minuscule acknowledgement of the slightest glimmer of reality was too much for certain financial circles.

National:

Bipartisan Briefing Focuses on Cheney's October Surprise

by Carl Osgood

On Oct. 11, Rep. Dennis Kucinich (D-Ohio) left the campaign trail to return to Washington to do something which the U.S. Congress has so far refused to do, that is, conduct oversight of Vice President Dick Cheney's planned 'October Surprise' attack on Iran. The five witnesses gathered by Kucinich largely agreed that Iran is not a threat, that it is the Bush Administration that is making moves towards war, and that the war danger is aggravated, not by Iran, but by the Administration's own policy.

Science and Technology:

Fusion Torch Can Create New Raw Materials

The fusion torch can create new mineral resources from ordinary dirt and rock, and get rid of waste by reducing it to its constituent elements. **Marjorie Mazel Hecht** reports.

Editorial:

Whose War Is This?

Those who are sitting on the sidelines, nervously waiting for war to break out in North Korea or Iran, or hoping that it will not and Democrats will win the November elections, are sorely, perhaps disastrously, missing the point. As Lyndon LaRouche stressed in a memorandum issued Oct. 12, the war is already on. And unless the forces behind the puppet-Vice-President Cheney are defeated now, through efforts before the elections, there will soon be no civilization on this planet, for a rather long time to come.

U.S. Economic/Financial News

BLS Issues Fraudulent Jobs Report for White House

The statistical fraud perpetrated around the September payroll employment report by the Bureau of Labor Statistics (BLS), was worse than previously reported; yet, it has been accepted by every media outlet of every stripe in this country, though strongly doubted by the *Financial Times* and economists in both Germany and Argentina. Following a lead from one of those, the patent fraud became evident on the BLS site.

Every January, the BLS revises ("benchmarks") the 12 months of job-creation reports, using certain tax-return formulae, through the previous March. During the 1990s, these revisions moved in both directions; but during the Bush Administrations, each revision has been downward, by a total of 1.6 million jobs, up through the January 2006 revision. But having made all of those downward "benchmarks," it was a simple matter for the January 2007 revision (already "leaked" by BLS) to show a large upward revision based on payroll tax records. Whereas the previous downward revisions had gone without fanfare, this compensating upward revision—by 830,000 jobs for the period March 2005-March 2006—was put out as an "expectation" on Oct. 6, just a month before the national election. President Bush immediately flew to Pennsylvania to make a speech about the grand revision, and how it supposedly validated his entire tax-cut "economic policy" and showed an economy of incredible strength and vitality.

At the same time, the Social Security Agency (also an agency of professionals—and with a history of commitment to a crucial FDR legacy program) corrupted in 2004-05 into issuing standard letters to recipients lying that Social Security was running out of funds.

Economists Call for Increased Minimum Wage

Six hundred fifty-nine U.S. economists, including five Nobel Prize winners, have called for an increase in the Federal minimum wage. In their statement, released last week, they note that the real value of today's minimum wage is less than it was in 1951, and that 22 states and the District of Columbia, now have minimum wage levels above the Federal level.

"The Federal minimum wage has been at \$5.15 an hour since 1997, which puts a working American earning that wage, even laboring 50 hours a week, at below the national poverty line," the economists wrote, adding that a Democratic plan to phase in a minimum wage increase to \$7.25 "falls well within the range of options where the benefits to the labor market, workers, and the overall economy would be positive."

Wilbur Ross To Make 'Bigger Footprint' in U.S.

Corporate predator Wilbur Ross wants to make a bigger "footprint in the U.S." with his international automotive components group, "in the next several months," according to an interview he gave to Bloomberg News Oct. 9. Ross

reported that he is in negotiations for the purchase of eight U.S.-based companies and two in other markets. In a strategy that Bloomberg News identifies as the same he has used in buying up steel, textile, and coal industries, Ross is planning to consolidate under his umbrella more and more of the U.S., and international, auto-parts industries. Among the eight U.S.-based companies are, likely, Collins & Aikman (U.S.), Lear Corp. (U.S.), and Tower Automotive. And also, Delphi is being stalked by two hedge funds which have past political and/or takeover ties to Ross. This is exactly what *EIR* said a year ago would happen. (See *EIR*, Oct. 21, 2005, "Delphi Bankruptcy: Congress Must Stop Global Vultures From Destroying Auto.")

Delta Wage Cuts May Provoke Strike by Flight Attendants

Delta Air Lines' Comair subsidiary will impose wage cuts and work-rule changes for its flight attendants, who are threatening to strike, the *New York Times* reported Oct. 8. This follows a ruling two months ago by the bankruptcy court, permitting Comair to tear up its contract with the flight attendants.

World Economic News

Forbes on Credit Derivatives: 'Will They Blow?'

"A Dangerous Game: Hedge Funds Have Gotten Rich from Credit Derivatives. Will They Blow?" is the title of an Oct. 10 article in *Forbes* magazine by Daniel Fisher. Fisher claims that what happened with Amaranth was minor compared with what may be in store with credit derivatives. "If you want to fret over the next financial catastrophe, ... focus on something far more obscure: credit default swaps." The danger is that hedge funds have so much tied up in credit default swaps. When something goes wrong, "the pain will be widespread."

Fisher writes that, "The notional amount—the aggregate of bonds, loans and other debt covered by credit default swaps—is now \$26 trillion. This is ... twice the annual economic output of the U.S."

The danger is that hedge funds now account for 58% of all trading in credit default swap derivatives. The mega-hedge funds D.E. Shaw and Citadel are two of the primary funds in this credit derivatives business. A failure of credit default swaps will collapse the \$1.3 trillion hedge-fund business.

Hedge Funds: 'A Spectre Is Haunting Finance'

"Hedge Funds: Casino Capitalism" is the title of the second editorial in the London *Guardian* Oct. 10, which talks of a "spectre haunting finance—the spectre of hedge funds." No one knows how big they are, but there are estimates that "their value is now equivalent to the UK's annual national income." The high risks are noted, but no matter, since only the rich are speculating here, says the paper. Then, it adds: "Unfortunately, the effects go wider. For one thing, pension funds are increasingly investing, on behalf of members who often have modest incomes, and no awareness of the risks involved. For another, the interconnectedness of finance means that a crash in one part of the system can easily produce calamity in another. And with investment banks reportedly falling over one another to offer fashionable hedge funds all the borrowing that they want, a downturn in fortunes could hit the banking system hard. True, colossal losses at the fund Amaranth last month did not produce wider disaster, but there can be no guarantee of such luck next time. When it comes to systemic financial stability, we all bear the consequences, so the precautionary approach is normally the wisest."

The *Guardian* is running two days of reports on hedge funds.

Financial Times: Hedge Funds Pose Systemic Threat

Writing in the London *Financial Times* Oct. 13, commentator John Plender warned that the big danger is not just the hedge funds, but the systemic risk that will soon become a systemic crisis.

"If the real worry is systemic risk, a more fundamental threat comes from the change in the structure of banking whereby credit risk is packaged into tradeable IOUs or hedged via credit derivatives and shunted off bank balance sheets."

Plender explains how banks and financial institutions no longer consider risk when lending money because of this system. "In fact, the new financial system is increasingly a game of pass the parcel. At some point the music will stop, because in finance it always does. The interesting question then will be whether a coordinated bailout of the kind mounted for the Long Term Capital Management hedge fund in 1998, or a lifeboat operation such as the secondary banking rescue in Britain in the 1970s, would be possible any more.

"The answer is probably not." The next "banking crises will be messy," he concludes.

Locust Funds Target German Industry

The locust funds have launched their autumn offensive for massive takeovers in German industry, news wires reported Oct. 9. Equity and other locust funds are going for a wild takeover drive around the globe, notably in Germany, where Bain Capital has already tried to buy up shares of Continental Tires—which was repudiated. Other prominent funds like Permira and CVC (UK), or Fortress (U.S.), plan raids on leading German industrial firms such as MAN, Siemens, DaimlerChrysler.

Texas Pacific Group alone has a war chest of \$15 billion for such offensives, all funds together have collected \$300 billion for takeover attacks which operate under extreme debt repayment pressure, because the funds are mostly using borrowed short-term capital from other banks, insurance companies, pension funds, and private investors.

There is tremendous, highly speculative bubble-building activity involved, for example in Fortress's plan to offer its real estate in Germany on the stock market at a value of more than Eu5 billion, whereas experts say it is not even worth Eu3 billion, altogether, and the difference cannot be compensated by increasing the rent of tenants such as those in the 48,000 flats in Dresden that Fortress purchased in March.

Blowing More Debt Bubbles in the Steel Industry

Another highly debt-leveraged takeover is in the works in the steel industry. According to sources cited by the *Wall Street Journal* Oct. 7, the Indian Tata Group, including steel and other industries, will try a takeover of the much larger British steelmaker Corus, which is one of the top ten in the world. Tata will offer \$10 billion: Not only is this 50% more than Corus's current stock valuation; it is ten times greater than any investment which the Tata group has previously made. "Tata Steel would have to load up on debt to make a bid for Corus, according to analysts."

United States News Digest

White House Dissed Evangelicals Behind Their Backs

David Kuo, former #2 at the White House Office of Faith-Based Initiatives, and a self-described conservative Christian,

has a book coming out on Oct. 16, *Tempting Faith*, which reveals the Bush-Cheney Administration's true attitude toward the GOP base among evangelicals, while exposing the OFBI as a fraud. He says that some prominent evangelical leaders were known around Karl Rove's office as "the nuts." MSNBC quotes Kuo to the effect that "National Christian leaders received hugs and smiles in person and then were dismissed behind their backs and described as 'ridiculous,' 'out of control,' and just plain 'goofy.'"

Kuo also describes how, in MSNBC's words, "then-White House political affairs director [now Republican National Committee chairman—ed.] Ken Mehlman knowingly participated in a scheme to use the office, and taxpayer funds, to mount ostensibly nonpartisan events that were, in reality, designed with the intent of mobilizing religious voters in 20 targeted races." Republicans won 19 of those races. The ostensible purpose of the OFBI was to provide financial support to charities that serve the poor; Kuo discovered, regarding spending on "compassion" social programs, that "we were actually spending about \$20 million a year less on them than before he had taken office."

Senate Democrats Hold Hearing on Iraqi Security Forces

On Oct. 12, the Senate Democratic Policy Committee held the second oversight hearing (the first was held Sept. 25 in Washington) on the war in Iraq, this time in Chicago; the purpose was to highlight the failures of the Republican leadership, and the Congress generally, to exercise oversight of the Bush Administration's Iraq war policy. Entitled, "When Will Iraqi Security Forces Be Able To Stand Up, So American Troops Can Begin To Stand Down?" the meeting heard opening statements from Senate Democratic Leader Harry Reid (Nev); Chairman of the Democratic Policy Committee Byron Dorgan (ND); Assistant Democratic Leader Dick Durbin (Ill); and Sen. Tom Harkin (Iowa). Testimony from three Iraq veterans and a former National Security Advisor to the Iraqi Ministry of the Interior was also presented.

The witnesses cited the Administration's failure to provide sufficient resources to train and equip the Iraqi Police Service, a failure which has allowed the insurgency to take root and give rise to corrupt special police units that function as "death squads." To illustrate the point, former Army Staff Sgt. Stephen Pierson, who trained more than 1,500 Iraqi police officers in Al Hillan, said, "My frustration increased when I learned that the fifth day of the academy would be a graduation ceremony. This, in effect, left only 16 hours of class time to teach up to 200 students."

A Show-Trial Indictment for Treason; But no Trial

In an obvious pre-election stunt, the Justice Department on Oct. 12 issued an indictment for treason against Southern California native Adam Pearlman, now known as Adam Ghadan. This is the first time that a treason charge has been brought against a U.S. citizen since World War II. Ghadan, whose family is Jewish, converted to Islam in 1995, and went to Pakistan in 1998; his current whereabouts are unknown, and it is highly unlikely that this pathetic character will ever be tried in the United States. Deputy Attorney General Paul McNulty, in a press conference Oct. 11, said that Ghadan "chose to join our enemy and provide it with aid and comfort by acting as a propagandist for Al Qaida."

New Polls Show GOP Hold on Power Slipping

A spate of new public opinion polls appeared over the past week, testing the political waters in the wake of the "Pagegate" scandal over disgraced Florida GOP Rep. Mark Foley. The numbers vary, but all bode ill for Republican candidates in the upcoming elections, and all are getting wide play in the media. A *New York Times*/CBS poll shows anti-Congress, anti-GOP, and anti-Bush sentiment all rising. The Gallup Poll, featured in *USA Today* Oct. 10, shows voters now give Democrats a 59% to 36% preference over Republican candidates, where they were dead-even at 47% a month ago. Voters told Gallup that they think Democrats would do a better job on all eight issues they were questioned on, even immigration and terrorism. The *Washington Post* says that Republicans are "bracing for a loss of 7-30 seats."

The *Los Angeles Times* reviews the status of the races for governor across the country. Thirty-six governorships are up for grabs; if the Democrats gain four, they will have a majority. New York and Ohio are almost sure bets to move into the Democratic column, with Massachusetts, Arkansas, Colorado, and Maryland in the "likely" column. On the other hand, the Midwestern states of Minnesota, Wisconsin, Iowa, and Michigan, all currently with Democratic Governors, could shift to Republican, as voters express anger over the economic collapse in the region. Statehouses in California and Texas are likely to remain in GOP hands as well.

Hamdam Lawyer Forced Out of the Navy

Navy Lt. Cmdr. Charles Swift, the military lawyer who initiated the aggressive defense of Guantanamo detainee Salim Hamdam which led to a Supreme Court victory in June, has been passed over for promotion by the Navy, and under the "up-or-out" promotion system, he will have to retire. Gene Fidell of the National Institute of Military Justice says Swift is part of a long line of Navy defense lawyers "of tremendous distinction" who have "had their careers terminated prematurely." Swift's supervisor says that Swift has done "an exceptional job, a really extraordinary job," and that it's "quite a coincidence" that he was passed over for promotion within two weeks of the Supreme Court's decision.

Military Planning Must Cover the Consequences, Too

"Consequence management" has to be part of the operational military planning, insisted Gen. William Wallace, the commander of the Army's Training and Doctrine Command, during a panel on army transformation at the annual conference on Oct. 9 of the Association of the U.S. Army. Wallace, who was famously quoted during the Iraq invasion, telling a reporter, "The enemy we're fighting is not the enemy we war-gamed against," noted earlier during the discussion that a military campaign is no longer just about "seizing the objective." "When you seize the objective, you own it," he said, and all the problems associated with it, and that has to be part of the planning of the campaign.

After the panel, *EIR* noted to Wallace that when he made those comments, it sounded like he was talking about Iraq in 2003. "I was talking about Iraq in 2006," he said. He added, "In my judgment, if you're very thoughtful about understanding the environment, you can do something about predicting what the next step ought to be and that next step ought to be part of the operational planning."

That type of planning is exactly what was stamped out by Defense Secretary Donald Rumsfeld during the run-up to the 2003 Iraq invasion, and while Wallace may have learned the right lesson from that experience, there's no indication that Rumsfeld has.

Minnesota Dem Candidate Comes Out Swinging

Amy Klobuchar is the Democratic candidate for U.S. Senate in Minnesota, one of the few states where the Republicans hope to gain a seat from retiring Democrat Mark Dayton. Therefore, she has been hit by the best "swiftboaters" Karl Rove can muster. However, she has immediately taken on every attack ad, with the result that she has built a 53% to 36% lead over her Republican opponent. Klobuchar, the former prosecutor from Hennepin County (Minneapolis), says the Democrats "waited too long" to respond in 2000, and "by that time, it was too late. I don't believe you sit back on your heels when someone is attacking you," she told AP Oct. 9.

Cheney's Stump Speeches: Fear, Fear, and More Fear

Vice President Dick Cheney's campaign events are all secret or semi-secret, and every speech is about "mass death in the United States" and the "danger to civilization," to be carried out by a determined terrorist enemy, according to the Oct. 8

Washington Post. After the fear-mongering, he attacks Democrats—by name—which thrills the hard-core right. Harry Reid, Howard Dean, John Conyers, Henry Waxman, Joe Biden, Jay Rockefeller, and John Murtha are among his favorite targets. In Milwaukee last week, the cowardly chickenhawk went after war hero Murtha: "If we follow Congressman Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983, and from Somalia in 1993, all we do is validate the al-Qaeda strategy and invite even more terrorist attacks."

If there is any humor in this Grim Reaper spectacle, it is the fact that *none* of these speeches is put out in public, and photos with the local candidates are rarely taken. The *Post* says Cheney's act is "for the base," and not the general public, and that when the photographs are taken, local candidates usually step off the podium so that there will be no images of them appearing with Cheney. Cheney's influence in the Administration is "waning," and since he is not going to run for re-election, he is effectively sidelined, but he still brings in a lot of money for the party, and is the magnet for the ultra-right, who are very unhappy with Bush, the *Post* says.

Ibero-American News Digest

Pinochetistas Seek Confrontation with Bolivia, Venezuela

Chile's unrepentant Pinochetistas are gunning to break up South American unity, by demanding that the U.S. declare Chile a "non-NATO ally" to confront an alleged security threat stemming from Venezuela's military treaty with Bolivia signed last May. The Chilean daily *El Mercurio* kicked off the NATO campaign with a daily propaganda barrage that Bolivia's plan to build 20 military bases in the region, as stipulated in the treaty and with financing from Venezuela, is a threat to the entire region, and to Chile in particular. *El Mercurio's* owner and editor, British asset Agustín Edwards, was one of the key organizers of the 1973 coup against Salvador Allende that put fascist Augusto Pinochet in power,

This coincides with the Bush Administration's frantic efforts to prevent Chilean President Michelle Bachelet from backing Venezuela's bid for a UN Security Council seat, as she has indicated she may do, when the issue is voted on Oct. 16. Paraguay and Peru have also jumped on the bandwagon, with Peruvian President Alan García warning from Washington about possible Venezuelan "military aggression" against other countries in the region. Three Chilean intelligence agencies are reportedly investigating the matter, and warning that Bolivia is crawling with Venezuelan soldiers, and that President Hugo Chávez will be providing massive amounts of military equipment to the Bolivian Armed Forces. One of the bases will be near the Silala River, jurisdiction over which is a matter of dispute between Chile and Bolivia.

Never subtle, *Mercurio* points out that this situation could "complicate" Chile's UN vote, and in its Oct. 11 editorial, noted that with a "convulsed regional panorama," and "Bolivia's institutional precariousness," it would make sense for the U.S. to declare Chile a "non-NATO ally," as occurred some years ago with Argentina, when IMF toady Carlos Menem was President.

President Bachelet, however, played down any concern over the Venezuelan-Bolivian military treaty, noting on Oct. 10 that Chile has made decisions to modernize its Armed Forces, and therefore Bolivia certainly has the right to make a "sovereign" decision to do the same. "We assume," she said, "that any decision of this kind does not go against anyone else's interests.... This kind of defense cooperation between two countries seems quite normal." Asked whether the treaty would affect Chile's vote at the UN, she responded, "We will make a decision that adequately considers all of our country's interests, in the world and in the region."

Kirchner Warns: The Past Has Not Been Defeated

A new "disappearance" has hit Argentina. On Sept. 28, President Néstor Kirchner addressed the turmoil created by the

Sept. 18 disappearance of 77-year old Julio López, whose testimony in the trial of an operative in the regional kidnap-and-terror Operation Condor, Miguel Etchecolatz, was key in securing the latter's conviction and life sentence. Referring to the 1976-83 dictatorship, and the fascist repression that accompanied it, Kirchner added, "We can't allow that past to repeat itself ... but we will not be intimidated.... We have no right to be afraid."

A day before Etchecolatz was to be sentenced, López disappeared without a trace, raising public fears that the presumed kidnapping reflects a reemergence of the same fascist networks that operated with impunity in the 1970s and 1980s under the aegis of Operation Condor. A series of provocations from both the left and the right have occurred in the weeks since López disappeared, creating an environment of extreme tension. The judge who presided over the Etchecolatz trial has received death threats, as have other judges involved in trials of former military officers accused of human rights violations.

Noteworthy was a letter written by the last head of the military junta, Gen. Reynaldo Bignone (ret.), in which he urged the country's youth to "finish the job that my generation couldn't, or didn't know how to finish." The implicit message is that subversion has to be wiped out. The letter appeared on the website of the "Complete Memory" organization, just prior to its Oct. 5 demonstration at the Plaza San Martín to commemorate the "victims of subversion." Leader Cecilia Pando, a well-known right-wing provocateur, gathered between 5,000-7,000 retired and active-duty military, as well as civilian sympathizers, for the event. The same day, just two blocks away, a Trotskyist group held a counter-demonstration against those who "committed genocide" under the military dictatorship.

Calderón Promises Chile Model for Mexico

Chile's coalition government is a good model for Mexico to follow, said Mexico's dubious President-elect Felipe Calderón during his Oct. 5-6 visit to that country. "I'm interested in forming a coalition government in Mexico," he told Chilean legislators Oct. 5, and "I think that the road taken by Chile under the Concertación's leadership ... is the road that we have to explore."

The structure of Chile's "Concertación" government was set up by dictator Augusto Pinochet before he left office in 1990, to ensure the continuation of the murderous "Chicago Boy" economic model, even after the return of "democracy." Of the four parties making up Chile's government, the Socialist and Christian Democratic parties are often at loggerheads with each other; the two remaining parties are relatively weak. The right-wing Pinochetista "opposition" meanwhile enjoys significant leverage, due to the electoral system that Pinochet rigged.

President Michelle Bachelet, who is not from Chile's elites, was elected in December 2005 by going around the Concertación's constraints, and appealing directly to the population. The simultaneous visit to Santiago of Calderón and Spanish synarchist (and former Prime Minister) José María Aznar, served to whip up Chile's right wing, which is determined to keep Bachelet from breaking with the free-market model and working more closely with the informal Ibero-American Presidents' Club.

Energy Privatization Battle Off and Running in Mexico

Mexico's Energy Ministry declared Oct. 9 that the only way Mexico can guarantee sufficient levels of oil production in coming years is through a constitutional amendment allowing a foreign takeover—uh, investment—in the state oil company Pemex. Undersecretary Hector Moreira told an interviewer that there was more oil to be discovered and exploited in Mexico, but that changes needed to be made to the Constitution to allow "alliances" between foreign companies and Pemex. Next, the president of the Senate energy commission, PRI legislator Francisco Labastida Ochoa, after meeting with President-elect Felipe Calderón, declared that he, too, believes Mexico will face an oil crisis, unless an energy "reform" is carried out, and claimed favorable conditions now exist to carry out such a "reform." However,

Labastida did admit that certain PRI party statutes prohibiting such treason would have to be "modified" first.

National resistance leader Andrés Manuel López Obrador, addressing 80,000 people marking the close of the hotly contested gubernatorial campaign in López Obrador's home state of Tabasco on Oct. 10, reminded people that he will form an "itinerant government" on Nov. 20, which will not allow the looting of the budget to continue. Those who stole the Presidential election will not be allowed their privatizations, to hand over national assets to foreigners, nor greater sacrifice on the part of the population. Let me be clear, he said. "We are going to keep the jerk [Calderón] on a very short leash." We will not allow him to continue with the privatizations of the electrical and oil industries, nor to make education available only to the privileged.

Ecuador's 'Citizen Revolution To Have a Nation Once Again'

Under that slogan, former Finance Minister Rafael Correa has become the frontrunner in Ecuador's Presidential race, where 13 candidates are contending in the first round of voting on Sunday, Oct. 15. Correa has warned that the IMF/World Bank are "part of the problem, not the solution," and is vowing to restructure the country's foreign debt a la Argentina. He has denounced interest payments on the foreign debt as "usurious" and is promising an investigation into debt that is "illegitimate."

If elected, he has promised to cancel a longstanding contract with Washington to provide the U.S. with the Manta military base, and has promised to undo the dollarization which has wreaked havoc with Ecuador's economy, and to abandon negotiations for a Free Trade Pact with the Bush Administration.

Descriptions of Correa as a Hugo Chávez-wannabe abound in the international and financial press, with U.S. "analysts" claiming Bush Administration nervousness over a possible addition to the "Chavez axis" with a Correa victory at the polls. Anti-Correa forces inside Ecuador have taken this a step further; Correa's campaign staff has issued an alert that posters are appearing across Ecuador showing Chávez and Correa together. Calling it a dirty trick by his enemies, Correa's staff is calling on supporters to take down the posters where they find them. Correa's leading opponent is Alvaro Noboa, a billionaire banana magnate who has declared that, as "the leading investor in the country," he pledges to create hundreds of thousands of new jobs. This is Noboa's third run for the Presidency.

Should one be necessary, a runoff election between the two top contenders in the Oct. 15 vote, will be held Nov. 26.

Western European News Digest

EU Crisis Scenarios Anticipate Financial Collapse

A major piece in the German edition of the *Financial Times* Oct. 10 reports on how the European Union is studying ways to deal with the economic-financial collapse. An accompanying picture caption says: "A fire extinguisher will not be enough for supervisory authorities and finance ministers to prevent the spread of a brush fire, in the event of an EU banking or financial crisis."

The article reports that the Finns, who now hold the rotating EU presidency, planned to propose to the EU finance ministers' meeting in Luxembourg Oct. 10 setting up a high-level task force to make proposals on how national supervisory agencies can best work together in the event of a European banking collapse. It should also study burden sharing.

This, the *FT* wrote, comes in response to the results of an April simulation of a European financial crisis by the European Central Bank. The results questioned whether national supervisory agencies could in any way control a cross-border financial crisis, and concluded that they are not prepared for such a "crash."

The paper also cites a confidential September report of the EU's Economic and Financial Committee, which said that risks have increased as a result of the "consolidation and integration of European financial branches. European financial diplomats say they are particularly concerned about crises in which cross-border institutions, like the Italian Unicredit, or the Nordea Bank, were to go into a downslide." Therefore, the finance ministers want to commission the EU Economic and Finance Committee to "further develop procedures and, if necessary, general principles for the solution of cross-border financial crises in the EU."

The Finns are planning, according to an internal memo, to set up an Ad Hoc Working Group, "made up of a dozen high-level officials of the finance ministries, national Central Banks, the ECB and the Commission. The working group is supposed to work out proposals for a 'tool box' with which the national supervisory agencies can quickly and efficiently stem the effects of a cross-border collapse. The group should also study the financial burden sharing involved in a European financial crisis, and whether money should be made available through public funds."

The working group is supposed to present its first report in March 2007, and another in the second half of the year.

Poland a Pawn in Geopolitical Brinkmanship

Events in Poland this past week underscore its strategic significance to international relations. The current instability in the governing coalition was heightened as protests spread to the streets Oct. 7-8, with thousands demonstrating in Warsaw. In this climate, the Polish leadership held bilateral talks with Russian diplomats, notably including Defense Minister Sergei Lavrov. These talks are complicated both by Poland's past relations with Russia, and by current efforts by some in the U.S., to use Poland for geostrategic advantage.

Lavrov told the press afterward that the talks proceeded "constructively, and in a business-like manner." Topics discussed included the need to arrive at large-scale economic projects; inter-regional cooperation, with special attention given to the Kaliningrad region; and cooperation in the cultural and humanitarian spheres.

Most sensitive were those concerning plans by the U.S. to deploy an anti-ballistic missile defense network on Polish territory. Lavrov was clear in his statement that he sees this as part of "a reconfiguration of the military presence in Europe as a whole," including the expansion of NATO. He made it clear that the Russians understand that any such system could easily be used against them.

Italians Intend To Prosecute in Rendition Case

Prosecutors in Rome have completed their investigation into the alleged CIA kidnapping of an Egyptian cleric in Italy, and were preparing to ask that more than two dozen Americans and several Italian intelligence officials be ordered to stand trial, lawyers said Oct. 7, according to Associated Press.

It has been discovered that one private security firm involved in the scandal was based in Montecarlo, located in the Principality of Monaco, at the private address of the daughter-in-law of the old spymaster Licio Gelli. It was Gelli who, in 1976, moved the core of his P-2 Lodge to Montecarlo, founding the "Freemasonic Executive Committee," also known as the "Montecarlo Lodge." According to some experts, the Montecarlo Lodge has never ceased to be active, continuing to cooperate with neocon circles.

Airbus Whiz-Kid Sacked, Replaced with Aerospace Veteran

Airbus "Whiz-Kid" Christian Streiff stepped down as head of Airbus on Oct. 9 after less than 100 days on the job, and was replaced by aerospace veteran and EADS CEO Louis Gallois, who had run the French state-owned National Railway Company (SNCF) for a decade, and later the state-owned Aerospatiale, SA. Wire reports commented that this was a "battle between the public and private sectors."

The crisis at EADS had reached the point where major industrial suppliers were beginning to suffer badly. With the schedule for the serial production of the Airbus A-380 super airliner thrown into uncertainty, Britain's Rolls Royce announced Oct. 6 that it will take the Trent-900 engine off production for the time being. The engine has been specifically designed for the A-380.

Other major suppliers for Airbus are also hit, facing losses in expected profits, and having already invested engineering and capital in the production of components that Airbus will not buy in 2007 or in most of 2008. Among suppliers affected are Finmeccanica (Italy), Safran (France), Thales (France), and GKN Smiths Group (Britain).

Sensitive Comment by Putin Censored by German Press

Speaking with the German daily *Sueddeutsche Zeitung* about "press freedom" in the West—what the Russian President said about the murder several years ago of John Train's son-in-law Paul Klebnikov simply got cut out (like numerous other passages of the original text) of the interview that *Sueddeutsche Zeitung* published Oct. 11.

Putin's remark came in the context of discussing the recent assassination of journalist Anna Politovskaya: "You know that several years ago, an American journalist of Russian origin, Paul Klebnikov, was killed in Russia. He also dealt with problems in the Chechen Republic and wrote a book entitled *Conversation with a Barbarian*. According to the investigation, the protagonists of this book were not happy with how Klebnikov portrayed them, and they destroyed him."

Die Welt Story on Al-Qaeda Threat Is Doubtful

An article by Torsten Krauel of the German newspaper *Die Welt* Oct. 8 quotes one Jamal Ismail of the al-Quds Media Center (formerly with al-Jazeera), who says he received a call from the former Taliban Ambassador to Pakistan, Mullah Massoud Afghani, from inside Afghanistan, warning Muslims to flee the U.S. with haste, because "divine punishment will hit the U.S., sparing no spot," during the month of Ramadan.

The article referenced several historic dates in Islamic history, which Krauel then interpreted as dates that will be "celebrated" with an attack on the United States.

In a memo to *EIR* the same day, Lyndon LaRouche noted that Krauel's claim of credibility is itself not credible, and the report must be seen in the context of Vice President Dick Cheney's "October Surprise," as supposed justification for an attack on Iran. The appearance of the story itself is adding to the strategic tension, and could be used to further justify the "preventive war" attack on Iran that Cheney is pushing.

Cheney Made David Blunkett Clinically Depressed

Former British Home Secretary David Blunkett, who resigned last year from the Blair government over a sex scandal, has just released his memoirs, which are now being serialized in the London *Guardian*. In the Oct. 7 edition, Plunkett reveals

that the troubles he experienced while serving in the government had made him "clinically depressed." One contributing episode involved Tony Blair's decision to back the Cheney-Rumsfeld's decision to forge ahead with the Iraqi de-Ba'athification campaign: Blunkett claims the British government "battled" with Cheney and Rumsfeld not to press ahead with "dismantling the whole of the security, policing, administrative system on the basis of the de-Ba'athification of Iraq," according to the *Guardian*. Plunkett complained, "All we could do as a nation of 60 million off the coast of mainland Europe was to seek to influence the most powerful nation in the world."

Kohl, Bush on Hand for Reunification Events in U.S.

Former President George H.W. Bush sounded a high note at events celebrating the reunification of Germany in 1990, praising the peaceful rejoining of East and West Germany—while getting in some digs at former French President François Mitterrand, the *Washington Times* reported Oct. 6. "We rose above the recriminations of the past and broke a chain of human discontent and resolved our affairs not with rifles, but with reason," Bush, Sr. told the ceremonies at the German Embassy. "For once, mankind did not fall back on a primeval reflex for violence, but instead asserted the 'better angels' of human nature."

Both he and former German Chancellor Helmut Kohl reportedly noted the difficulties they faced in persuading then-British Prime Minister Margaret Thatcher and Mitterrand to accept reunification. Bush recalled that Mitterrand once jokingly said, "I like Germany so much, I think there should be two of them."

Russia and the CIS News Digest

Russia, China Try Diplomacy in North Korea Crisis

Russian Deputy Foreign Minister Alexander Alekseyev travelled to North Korea Oct. 13 to examine ways to defuse the nuclear test-related crisis. Alekseyev handles activity related to the Shanghai Cooperation Organization (SCO) in which China and Russia, along with the Central Asian nations are involved in promoting peace and stability in the region. In addition, Russian Prime Minister Mikhail Fradkov announced he would visit South Korea the week of Oct. 23, for talks focusing on North Korea's nuclear test, as well as Russian-South Korean bilateral ties. South Korean President Roh Moo-Hyun was in Beijing on Oct. 13 to discuss the North Korea crisis with his Chinese counterpart, Hu Jintao.

At the United Nations, U.S. Ambassador John Bolton circulated a revised draft resolution on North Korea at the Security Council, and pressed for a vote. Russian Ambassador Vitali Churkin urged Bolton to hold off. Russia and China both moved to soften the proposed U.S. resolution for sanctions against North Korea.

Russia Seeks Unmanned Lunar Base By 2011

Vladimir Shevchenko of the Astronomy Institute of Moscow State University said at an Oct. 5 conference in Moscow, that if the mission of the Russian Lunar satellite Luna-Glob is successful, there will be a series of projects for new landing modules and Lunar research vehicles. Russia might be able to establish an unmanned base on the Moon by 2011, Shevchenko said.

Yanukovych Moves To Change 'Orange Revolution' Policies

At an expanded session of the Ukrainian government Sept. 28, Prime Minister Victor Yanukovych raised the issue of government efficiency in the country's regions. Citing figures on an economic decline in a number of regions, he called for

replacing the governors of Poltava, Kharkov, Ternopol, Kherson, and Chernigov regions. These five had all been selected by President Victor Yushchenko from the ranks of Orange Revolution activists. Since the Ukrainian constitution requires the nomination of governors by the President, Yanukovych could not himself remove the officials. He did, however, establish a special executive body, the Central Operational Staff, with representatives in every region. Taras Chornovil, speaking on behalf of Yanukovych's Party of the Regions, declared that the staff's mission is "to establish order in the country."

Members of Yushchenko's Our Ukraine party, as well as the opposition Bloc of Yulia Tymoshenko, accused Yanukovych of exploiting the economic crisis "to establish his own pyramid of power." Yushchenko refused to take part in the cabinet meeting. In the Supreme Rada, the parliament, Our Ukraine chairman Roman Bessmertny announced disagreement with other members of the government coalition (the Party of the Regions, Socialist Party, and Communist Party) and urged government ministers who are Our Ukraine members, to abandon the cabinet.

Southwest Asia News Digest

New Study Puts Iraqi Deaths at Over 600,000

A report published in the latest edition of the British medical journal *Lancet* estimates that more than 600,000 Iraqis have died since the onset of the U.S.-led war there. Columnist Paul Craig Roberts, writing for antiwar.com Oct. 12, summed up the significance of this figure: "Bush's illegal invasion raised Iraq's mortality rate from 5.5 deaths per 1,000 people per year to 13.3 deaths per 1,000 people per year." The report estimates, according to Roberts, that "Violence accounted for 601,000 deaths, and disease and destruction of civilian infrastructure accounted for 54,000 deaths. The violent deaths are attributed to gunshot wounds, coalition air strikes, and car bombs."

The study was conducted by doctors on the ground in Iraq, who conducted door-to-door surveys in 47 randomly selected areas of Iraq—encompassing 1,849 households and 12,801 people—to calculate the change in death rates over the years since the U.S. invasion. Roberts reports that, "In 87 percent of the deaths, the researchers requested death certificates, and more than 90 percent of the surveyed households produced the death certificates." Researchers extrapolated their results to the entire country, with a population of about 26 million.

One of the report's authors, Les Roberts, now at Columbia University, defended the extrapolation method: "Almost every statistic you've ever heard about health in America comes from a sample. It may not be extremely precise, but at least it gets us in the right ballpark."

The architects of the war, including President Bush, branded the study, conducted by Johns Hopkins University's Bloomberg School of Public Health in conjunction with an Iraqi university, not credible. Iraq commander Gen. George Casey said, "I have not seen a number higher than 50,000, and so I don't give it that much credibility at all."

In contrast, professionals in the field of public polling and public health have given the research methods broad support. These include:

* Pollster John Zogby told CNN, "The methodology, from what I've seen of the survey, is quite good, following all the rules of random sampling to a degree that it's possible in a country like Iraq, and cluster sampling, zeroing in on sampling points that are representative." Zogby noted that the difference with earlier studies which reported much lower figures, is that the Hopkins study included "clusters of areas that are not within the daily purview of where the media are and where many public officials are who report those body counts.... [T]he media [is] clustered in about five or six cities, and that's where much of the body count comes from. There is so much more to Iraq than just five or six cities. I don't think that

there's anybody in my business who responsibly believes that [only] 30,000 to 40,000 or 45,000 Iraqis have been killed since March of 2003."

* Paul Bolton, a Boston University School of Public Health researcher who has conducted surveys throughout the world, said the methodology appears sound. "The president mainly relies on figures that come from passive surveillance, where you have institutions like hospitals that collect data as bodies are brought to them," Bolton told the *Boston Globe* Oct. 12. "When the President says these studies are different, they are different. But the passive method is the flawed one."

* Barbara Bodine, a former U.S. Ambassador to Yemen, who is a visiting scholar at MIT's Center for International Studies, said the science is sound and the conclusions deserve prompt, serious attention.

Carter: Lift Siege on Hamas; Begin Real Peace Process

Former President Jimmy Carter issued a strong statement Oct. 7 calling for restarting a serious peace process between Israel and the Palestinians.

"The attempt to coerce Hamas leaders by starving the Palestinian people has failed, and it is time for the international community to alleviate their suffering and resort to diplomacy," the former President urged.

"Since elected Hamas members assumed a major role in the Palestinian National Authority, Israel and the United States (with uncomfortable acquiescence from the European Union) have deprived the people of humanitarian aid and have even withheld taxes and customs that belong to the Palestinian government," creating a situation where the PNA "has not been able to pay its debts, or to compensate police, teachers, nurses, or other public servants."

Carter writes that, "inevitably, violence has broken out in Gaza among protesting citizens whose families are suffering" because of Israel's stranglehold over the region. "It is doubtful that the Palestinian leaders will seek a reconciliation with Israel as long as the Palestinians are subjected to this kind of debasement and personal suffering," Carter said.

In conclusion, the former President called for lifting the siege, adding, "A strong peace effort has been absent for the past five years. It is long overdue."

Arab Group Rejects Anti-Hamas Bush Money

The Bush Administration is spending \$42 million to build up an opposition to the Hamas in the Palestinian National Authority, Project Democracy's National Democratic Institute and the International Republican Institute taking the lead, Reuters reported Oct. 14. As usual, this money is going to private "contractors" who are supposedly advising organizations such as Fatah in preparation for new elections which the Bush Administration has been pressuring Palestinian President Abu Mazen to call. Because the money comes with the provision that the organizations work against the democratically elected Hamas, many organizations have refused to accept it.

One such organization, the Arab Thought Forum, refused the offer: "We couldn't be in a position not to recognize a government elected by the people," said director general Abdel Rahman Abu Arafah. "So we are not receiving any U.S. money."

Left unsaid, is the widespread view, that if the Bush Administration wants to undermine Hamas, it should end the occupation by Israel and stop the massive suffering in the Palestinian territories.

Assad Expects Israeli Attack on Syria

On Oct. 7, President Bashar Assad said that the Syrian military is preparing for war with Israel, because they expect that Syria will be attacked, *Ha'aretz* reported Oct. 7. Syrian Information Minister Muhsen Bilal made similar comments to Al Jazeera, saying, "Syria is taking into account the possibility that Israel will embark on a military adventure against Syria," because of the July-August failure in Lebanon. "We are preparing for every possibility," he added.

In discussions with a well-informed Israel-connected source, *EIR* was told that many Israelis believe that Prime Minister Ehud Olmert may attempt another attack on Lebanon in order to try to survive politically—providing the IDF could do better than last time. The adventure could well spill over to include an attack on Syria.

Bilal told al-Jazeera TV that Syria wants peace, but that peace must be based on UN resolutions calling for Israel to withdraw from the Golan Heights, southern Lebanon, the Palestinian Territories, and the recognition of the right of return for Palestinian refugees.

James Baker: U.S. Must Talk to 'Enemies'

Former Secretary of State (Bush, Sr.) James A. Baker III co-chair of the Iraq Study Group (ISG), told ABC's "This Week" that the U.S. must talk to nations it considers "enemies," and that he has already met with representatives of Syria and Iran. Baker said that the ISG's report will not be ready before the November election, and perhaps not until next year. Baker agreed with Sen. John Warner's (R-Va) statement that if the Iraq government cannot stop the violence and disarm the militias in the next two-three months, the U.S. must change course, and that the ISG is "taking a look at other alternatives." An immediate pullout, he said, would bring Turkey, Iran, Syria, and others into the crisis.

World Leaders Call for Mideast Peace Conference

More than 130 retired world leaders have called for an international conference on Mideast peace. "We believe the time has come for a new international conference, held as soon as possible and attended by all relevant players, at which all the elements of a comprehensive peace agreement would be mapped, and momentum generated for detailed negotiations," say the signatories to a statement now circulating. The premise of the conference would include a Palestinian Authority unity government that includes Hamas representation, an end to the PA's isolation, and the inclusion of Syria and Lebanon in the talks, JTA reports.

Prominent American signatories include former President Jimmy Carter, Gen. Wesley Clark (ret.), and Stephen Solarz, former Democratic Congressman from New York.

Asia News Digest

Iran Responds to North Korea Nuclear Test

Iran's response to the North Korean nuclear test was to announce the event and call for a non-nuclear-weapons world. At first, the Iranian press agency IRIB merely stated the fact that North Korea had announced its test, and published the Koran nuclear agency's text. Later in the day, Iran's Foreign Ministry spokesman Mohammad Ali Hosseini made a statement: "Iran's position is clear and Iran on principle believes in a world free of nuclear weapons." The spokesman added: "Iran is hopeful that negotiations on North Korea's nuclear activities can go ahead in the interest of both North Korea and the international community."

South Koreans Blame U.S. Neocons for North's Nuke Test

Former South Korean President Kim Dae Jung and members of the government Uri party are blaming North Korea's nuclear test on the U.S. neocons, *Chosun Ilbo* reported Oct. 12. These responses include:

Korean Unification Minister Lee Jong Seok: Seoul "recommended that if at all possible, the U.S should hold direct talks with the North, but they refused to accommodate us."

Uri party representative Chun Jung Bae: "The neocon-led U.S policy on North Korea has not stopped the nuclear proliferation and is a clear failure."

Kim Geun Tae, the chairman of the Uri party: "The final result was the North Korean test, so the Bush Administration's hostile attitude and policy of not recognizing North Korea are clearly not working."

Former President Kim Dae Jung: "Under the Sunshine Policy, was North Korea engaged in nuclear development? With the U.S refusing to even talk, while bullying North Korea, isn't nuclear development the only option left [to North Korea] to ensure its survival?"

U.S. Senator: Approach North Korea with Caution

Senator Jay Rockefeller (D-WV) said the U.S. and other nations must approach North Korea with caution and rethink imposing sanctions against them, the *Charleston Daily Mail* reported Oct. 12. Rockefeller believes that if China, or even the United States, imposes strict sanctions against them, the North Koreans would respond quickly with military strikes against South Korea. Attacking North Korea militarily would likely incite the country to use its deadliest weapons. "You can attack them militarily, but if you do that, South Korea disappears. They have thousands of tunnels and caves filled with launching devices all aimed at South Korea, and Seoul in particular. The damage they can do is incalculable, and they can destroy it in a day." Rockefeller said sanctions will not halt bomb production in North Korea.

South Korea Leader in China To Discuss Crisis in North

While the U.S. Ambassador to the United Nations John Bolton pushed to get members of the Security Council to vote for a draft resolution which would impose more economic sanctions on North Korea, South Korean President Roh Moo-Hyun travelled to Beijing Oct. 13 to discuss matters with his Chinese counterpart Hu Jintao. According to a South Korean Foreign Ministry spokesman, President Roh was invited by the Chinese President.

According to a senior Chinese official, the two leaders "agreed to make joint efforts to come up with diplomatic solutions to resolve the crisis centering around North Korean nuclear weapons development at an early date and to strengthen cooperation at a higher working level." The same official pointed out that "joint diplomatic efforts" meant "more than just taking joint steps," in a broad hint which suggests that concrete steps—not yet revealed—have been agreed upon during the summit.

India, Israel To Develop Joint Electronic Warfare System

India's Defence Avionics Research establishment (DARE), in Bangalore and the Elisra Group, Bene Beraq, Israel, have signed contracts whereby India and Israel would set up a joint venture to develop advanced electronic warfare (EW)

systems for their air forces' fighter aircraft. The system, to be called the "Mayawi," is developed for India's Tejas Light-Combat Aircraft and the F-35 Joint Strike Fighters that Israel plans to buy from the United States.

Seventy percent of the venture will be funded by the DARE, which is part of the state-run Defence and Research Development Organization (DRDO), with the Elisra Group paying the rest. A senior Indian Defense Ministry official said India wants to forge alliances with Israeli companies to develop a variety of high-end defense technologies as a continuation of the growing India-Israel defense cooperation.

Elisra has helped DARE in the past to develop an EW system, called "Tempest" for the MiG 21 Bison fighter upgrade program. India is also going to install the "Tempest" EW system in the 140 Sukhoi-30MK1 India is manufacturing under license from Russia.

Indian Prime Minister Concerned About Globalization

Having promoted globalization and privatization in India since he became the late Prime Minister Narasimha Rao's finance minister in 1991, Indian Prime Minister Manmohan Singh, speaking at his *alma mater*, Cambridge University, Oct. 11, said that, although globalization is cited for many successes, it has "brought new anxieties in its wake." "The evidence suggests the process has not removed personal and regional income disparities. In many developing countries, growth is bypassing the rural areas. Also, in the face of stagnation in their real pay, the working classes in the industrialized countries are becoming fearful of opening of markets. The gap between rich and the poor is widening. This coupled with the inability of the public sector to provide adequate and quality services in health and education, and cater to the needs of the poor, is causing resentment and alienation. This is nurturing divisive forces and putting pressure on the practice of democracy," the Indian Premier said.

This is the first time Manmohan Singh expressed, in so many words, the difficulty he is facing in pushing his economic plan. One reason behind this change of tone is perhaps because in India, the political forces within have become active and are demanding an end to the mindless liberalization. Congress Party head Sonia Gandhi, whose political base is the rural poor, has made it clear that she is not happy with the Singh-led government's economic policies.

Iron Silk Road Treaty Signals New Era for Cooperation

An international agreement on the Trans-Asian Railway Network is to be signed during the Ministerial Conference on Transport on Nov. 10 in Busan, South Korea, reported UNESCAP (UN Economic and Social Commission for Asia and the Pacific) on Oct. 6 from Bangkok. "The Trans-Asian Railway (TAR) Network Agreement constitutes another step towards the identification of a trans-continental, integrated, international, intermodal network to facilitate international trade and tourism," says UNESCAP. A similar agreement under UNESCAP's auspices on the Asian Highway Network came into force in July 2005.

The member countries of the TAR Network are Armenia, Azerbaijan, Bangladesh, Cambodia, China, Democratic People's Republic of Korea, Georgia, India, Indonesia, Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Republic of Korea, Russian Federation, Singapore, Sri Lanka, Tajikistan, Thailand, Turkey, Turkmenistan, Uzbekistan, and Vietnam.

The new plan, says UNESCAP, will "give reality to the dream of connecting their capital cities, ports, and industrial centres by rail," and is of "crucial importance to landlocked countries whose access to world markets is heavily dependent on efficient connections to the region's main international ports. Twelve of the world's 30 landlocked countries are in Asia, and 10 of them are members of the Trans-Asian Railway Network."

As part of the development of the TAR Network, members have already begun to identify stations of international importance that will have similar functions as ports away from coastal areas, or dry ports.

This Week in American History

October 17—23, 1785

Henry Shreve Establishes Steamboat Transportation in the Mississippi Valley

On Oct. 21, 1785, Henry Shreve was born in New Jersey, the son of a Continental Army colonel who would soon move his family to the frontier of Western Pennsylvania. Colonel Shreve died when Henry was only 13, and the boy soon took a job loading cargo for the keelboats, flatboats, and barges which took westward-bound pioneers down the Ohio River. In 1806, the year that Henry turned 21, the Lewis and Clark Expedition returned by way of the Missouri River from its mission to the Pacific Coast.

Inspired by a newspaper account of the just-completed journey, Henry built a 35-ton keelboat and took it down the Ohio and up the Mississippi—a very difficult task against the river's strong current—to the small village of St. Louis. There, he traded for fur pelts from the upper Missouri and brought them back by water to Pittsburgh and then by land to Philadelphia.

The profits from this venture enabled him to build more boats and to bring the manufactured goods of Pittsburgh down the Mississippi to New Orleans. Shreve was also able to edge out the British traders up the Mississippi in Wisconsin, who were offering whiskey and rum to the Sac Indians for the lead from their mines. The Indians, however, soon rejected their British-designed role as simple primitives and preferred to trade for manufactured goods.

As Henry Shreve and his crew were coming back up the Ohio River late in 1811, they saw the first steamboat on the Western waters, the *New Orleans* piloted by Nicholas Roosevelt, waiting at Louisville for the water level to rise in order to run the Falls of the Ohio. Shreve had checked on the steamboat when it was being built at Pittsburgh, but he doubted that its low-pressure engine would be a match for the Mississippi, especially coming upstream. In the years to come, Shreve would adopt the theories of inventor Oliver Evans, who brought his experience at the Philadelphia Mars Works to bear on manufacturing high-pressure steam engines in Pittsburgh.

But in these early days of steamboating, Shreve joined with a group which included inventor Daniel French to build three low-pressure steamboats. When the War of 1812 broke out, Shreve piloted one of the steamboats, the *Enterprise*, to New Orleans, loaded with ordnance for the defense of the city against the British. Gen. Andrew Jackson pressed him into further service, and he evacuated women and children upstream, ferried supplies to Fort St. Philip below New Orleans, and returned in time to be on the breastworks when the British were defeated.

That same year—1815—Shreve had piloted the *Enterprise* northward up the Mississippi and eastward on the Ohio, reaching Louisville in 25 days. Nine days later, he was in Pittsburgh, having brought a steamboat up both rivers against the current for the first time. But this action ran up against the Livingston-Fulton monopoly on steamboat travel in Louisiana. Edward Livingston, the lawyer brother of Robert Livingston, is reported to have told Shreve: "You deserve well of your country, young man, but we shall be compelled to beat you in the courts if we can." After a long legal battle, the District Court of Louisiana declared in 1819, that the steamboat monopoly was illegal, thus freeing Shreve and others to design steamboats and run them on the Mississippi as well as its tributaries.

Shreve was convinced that the design of the successful Eastern steamboats, built for deep water, would not work on the Western rivers. His design involved mounting a powerful, but light, steam engine on a shallow hull and building the boat up to several stories. The first boat built on this design was the *Washington*, named by Henry for his father's friend, which made the trip from New Orleans to Louisville in 21 days, less than a quarter of the time taken by barges or keelboats. Almost immediately, the steamboats cut the keelboat rate from \$5 per hundred pounds to \$2 per hundred, and established a reliable two-way trade between the Midwest and the East. By 1824, one of Shreve's steamboats, the *President*, made the New Orleans-Louisville run in only ten days.

This breakthrough in transportation for people and goods brought in more settlers, and, in turn, farms multiplied and support industries grew up along the rivers. Pittsburgh, Cincinnati, Wheeling, and Louisville became industrial areas, producing not only steamboats, but rolling mills, foundries, engine shops, boiler works, cotton mills, glass factories, and farm implement plants.

Once the New Orleans-Louisville route had been successfully established, steamboats began to explore the tributaries of the Mississippi. After the Battle of New Orleans, Captain Shreve took the *Enterprise* a hundred miles up the Red River. In 1819, the steamboat *Independence* went up the Missouri, and its observations were used the next year by the steamboats of the U.S. government's Yellowstone expedition.

Although the development of the Western steamboat had positive effects, it was still hampered by the dangers that lurked in the rivers, making steamboating extremely hazardous. These river obstructions originated from currents that undermined the banks, causing thousands of trees to fall into the river. Some, called "planters," were anchored in the riverbed's mud, and were concealed beneath the surface like giant lances poised to pierce a steamboat's hull. Others, called "sawyers," bobbed up and down in the river channels. These hazards accounted for three-fifths of all steamboat accidents, and a total of 58,000 of these snags were identified in the lower Ohio, the Mississippi, and the Missouri, and Arkansas Rivers.

Fortunately, President John Quincy Adams was a proponent of the American System of Political Economy, and his administration did all it could to foster internal improvements. In 1826, Henry Shreve was appointed superintendent of Western river improvements, and he invented a snag boat which took on the job of river clearance. Shreve's first boat, the *Heliopolis*, was a steam-powered double-hulled boat with giant claws, cranes, and an iron-sheathed battering ram. Tree trunks were lifted up and fed into a powered sawmill on deck. This snag-eater became known as "Uncle Sam's Tooth-Puller."

Superintending hundreds of men for several years, Shreve succeeded in clearing 1,200 miles of the Mississippi. By 1832, not a single boat was lost to a snag on either the Ohio or Mississippi Rivers. But Shreve's greatest challenge was still to come. This was the "Great Raft" of the Red River, a tangled mass of wood and brush which extended from bank to bank for 160 miles. No boat, not even a canoe, had been able to penetrate it for 50 years, and it was so solid in places that many horsemen crossed it unaware that a major river was coursing underneath.

To accomplish the task of clearing the Red River, which many people thought was impossible, Shreve built an even more powerful snag boat, called the *Archimedes*. He then recruited 160 men and embarked on three steamers and a dozen flatboats. From 1833-1838, Shreve and his crew labored at their task, but now conditions in Washington were not as favorable. President Andrew Jackson had saved New Orleans, but he did everything he could to stop the government from sponsoring internal improvements. As a result, funding for Shreve's expedition was often cut off.

During the first season on the Red River, Shreve's crew was able to clear 70 miles, and new settlers literally followed in the wake of the snag boat. By the fifth year, the crew had cleared 300 miles, opening up a fertile valley for settlement. In April of 1838, when funding was again cut off, Shreve rode his horse into Washington, Arkansas and persuaded the local bank to give him \$7,147.50, so that the work could be finished. He had the river flowing freely by May 4. The steamboats

which passed his work camp going upriver saluted Shreve and his workers with celebratory whistles. That camp on Bennett's and Cane's Bluff became Shreveport, Louisiana.

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