

**EIR Online**  
**Online Almanac**  
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## **THIS WEEK YOU NEED TO KNOW**

### **IS GOEBBELS ON YOUR CAMPUS?**

## **Youth Vote Decisive in Defeating Joe Lieberman**

by Michele Steinberg and an EIR Research Team

When Lynne Cheney and her Dick want a dirty job done in Washington, they invariably have turned to "neo-con" Joe Lieberman. The 2006 midterm election, where the Cheneys are desperate to destroy the Democratic Party and hold on to their dictatorship, is no exception.

As the LaRouche Youth Movement organizers in Connecticut showed on Oct. 25 and 26, with their blitz of organizing on state campuses, the population, especially the youth, can be mobilized to defeat Cheney's Connecticut fascist. And there is every reason to push this campaign into high gear.

This report on Senator Lieberman is a lifeline to American voters, which documents:

- How Lieberman—along with Big Sister Lynne Cheney—is a key figure in the Nazi-style intimidation and repression on college campuses.
- How Lieberman was put into the Senate by the financial support of William F. Buckley, and Cuban exiles in Florida linked to terrorist networks, which have enjoyed the protection of the Bush Administration.
- How Lieberman served as Dick Cheney's "protection racket" in Congress throughout 2002, and with the 2004 founding of the Committee on the Present Danger (CPD), to keep the Democratic Party from investigating Cheney's crimes in launching the unjustified, and unjustifiable Iraq War.
- Lieberman's role as the right-wing puppet of organized crime/dirty money interests laundered through the notorious Democratic Leadership Council (DLC) to run a fascist penetration of the Democratic Party.
- How Lieberman's campaign is directly backed by the top ranks of the Republican Party and White House "inner circle," and through the GOP front group Vets for Freedom Action Fund, which is modelled on the Swift Boat Veterans' attack on John Kerry in 2004....

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

## Latest From LaRouche

### President George W. Bush, Jr. Attempts Our Species-Jump Down

by Lyndon H. LaRouche, Jr.

October 21, 2006

To sum it all up: on the surface of events so far, the principal fault of the current U.S. Administration of President George W. Bush, Jr., is, that the entire term of that President has been, from the start, an attempt at a species-jump down. Call him "Miniver Cheevy" Bush: "... child of scorn," and concede, that "he had reasons"; but, also say, that that child of scorn, is what he is, now, and in history to come.

That fault lies within the personality of the President himself; but, therefore, what should we say of his accomplices within government, as in the U.S. Congress, for example, who have failed, especially during this year to date, to hold that worse than reckless human failure, this Bozo, this President, in check?

Assume, for just a moment, for the sake of argument, that the world's problems today are chiefly a result of U.S. policy. That is not true, but, assume it were, just to set up the discussion of what is no mere assumption; the very real fact is, that the U.S., while scarcely the sole author of the present global crisis, now continues to play a leading role, in pushing the world as a whole, more and more, into virtual "Hell." No direction in policy-making presently adopted so far by this Bush government of the U.S.A., or those of western and central Europe of the same time, has really produced any good. This is, emphatically, so in economic policy, whether in the U.S.A., in western central Europe, or beyond. The world's economy, not only that of the U.S.A., is not only collapsing, but, under presently prevailing policy-making, is nearing the end-phase of a threatened, collective nose-dive into oblivion.

In the meantime, everything this wretched President Bush does, seem to turn into you-know-what; the bigger his wild-eyed claims of success, during this current year so far, in getting most of the Senators to crawl, and to lick his, or Felix Rohatyn's stinking political feet, the greater each of this President's successive failures becomes....

*...full article, PDF*

**InDepth Coverage**

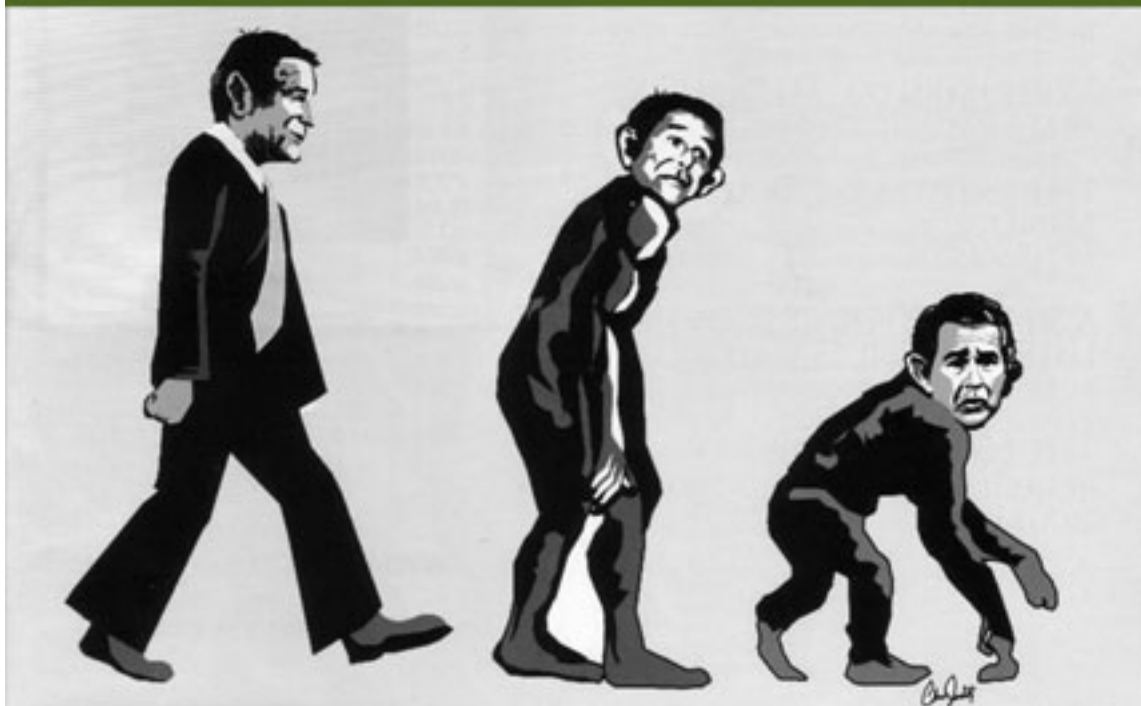
# EIR

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Dirty Tricks in Berlin: 'Flaming' Rose and the Democrats  
War Party Exposes Itself As the U.S. Campus Gestapo  
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**President George W. Bush, Jr.  
Attempts Our Species-Jump Down**



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## **Feature:**

### **ABOUT THIS MID-TERM ELECTION**

#### **President George W. Bush, Jr. Attempts Our Species-Jump Down**

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## **National:**

### **War Party Exposes Itself As the Campus Gestapo**

**by Aaron Yule, LaRouche Youth Movement**

In an Oct. 12 memo, Lyndon LaRouche wrote: 'In other words. the issue is not whether or not Cheney et al. will make use of the option of an 'October Surprise' sort of military assault on Iran. Nor is the issue whether Cheney might launch an attack some time after the election. The issue is not one or another possible incident; from the standpoint of Cheney and the forces behind him, the war is already in progress, and will not end until either one side or the other has won, or all succumb to the mutual destruction which the contending parties bring upon themselves.

### **Will Ayn Rand Disciple Greenspan Repudiate Genocidalist Brook?**

The ongoing speaking tour by Yaron Brook, head of the Ayn Rand Institute, in which he calls for the mass murder of hundreds of thousands of Muslims as a means of 'fighting extremism,' has raised the question of where the most prominent disciple of Ayn Rand in the United States stands on this issue. That disciple is Alan Greenspan, former head of the Federal Reserve, and the man increasingly excoriated internationally as responsible for the most destructive set of financial bubbles in history. Will Greenspan repudiate the openly genocidal calls of his fellow Ayn Randist, Yaron Brook?

### **LaRouche on WOR Talk Radio**

#### **Preparing the Young Generation To Take Over the Country**

WOR radio's Joey Reynolds Show in New York City interviewed Lyndon LaRouche on Oct. 25. With him on the program were Jeffrey Steinberg and Dennis Speed of EIR. Gen. Joseph Hoar (USMC, ret.) and Chuck de Caro were interviewed earlier in the program. Here are excerpts from the discussion with LaRouche...

### **Revolt of Generals On Eve of Elections**

**by Jeffrey Steinberg**

On Oct 26, several hundred active duty, reserve, and National Guard soldiers issued an Appeal for Redress to the U.S. Congress, calling for the withdrawal of U.S. troops from Iraq. The short petition-statement, initiated by active duty servicemen based in the Norfolk, Virginia area, and sponsored by Iraq Veterans Against the War, Veterans for Peace, and Military Families Speak Out, read: 'As a patriotic American proud to serve the nation in uniform, I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. It is time for U. S. troops to come home.'

### **The Nuremberg Precedent: When Lawyers Are War Criminals**

**by Nancy and Ed Spannaus**

With the current intensification of popular sentiment favoring the impeachment of President George Bush and Vice President Dick Cheney, it is crucial to focus on their most serious crimes and offenses against the U.S. Constitution. Certainly at the top of any such bill of impeachment, should be the waging of aggressive war, and conspiring to commit war crimes, offenses for which top German military and civilian officials were tried and convicted at Nuremberg in 1946, with the United States taking the leading role in establishing such crimes as offenses against humanity and international law which require the the perpetrators be brought to justice.

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## **Investigation:**

### **IS GOEBBELS ON YOUR CAMPUS?**

#### **Youth Vote Decisive in Defeating Joe Lieberman**

**by Michele Steinberg and an EIR Research Team**

When Lynne Cheney and her Dick want a dirty job done in Washington, they invariably have turned to 'neo-con' Joe Lieberman. The 2006 midterm election, where the Cheney's are desperate to destroy the Democratic Party and hold on to their dictatorship, is no exception.

### **Does 'Big Sister' Cheney Own Joe Lieberman Too?**

**by Mark Bender and Michele Steinberg**

On Oct. 24, the Connecticut media unexpectedly exploded with joyful song, in the form of coverage of the previous night's three-way Senatorial debate among Democrat Ned Lamont, 'Republican' Joe Lieberman (officially an Independent), and 'Footnote' Alan Schlesinger.

### **Lieberman Founded Shultz's Cttee. on Present Danger**

**by Michele Steinberg**

In a June 25, 2004 article, EIR asked the question in the headline, 'Did Lieberman Resign from the Democratic Party?' Today, Sen. Joe Lieberman is honorary co-chairman of the warmongering Committee on the Present Danger, which is headed by George Pratt Shultz, Synarchist string-puller and controller of the Bush Administration, and James Woolsey, former advisor to Donald Rumsfeld on the hoked-up pre-war Iraq intelligence.

### **GOP Megabucks Flood Lieberman Campaign**

**by Michele Steinberg and George Canning**

Is it legal for the Republican Party to run two candidates for Senate in the same state and the same election? That's what voters, and enforcement agencies like the Federal Election Commission and the Department of Justice should be investigating.

### **Fascist Buckley Put Lieberman in the Senate**

**by Scott Thompson**

*Reprinted from EIR, July 26, 2002.*

It is a bizarre truth, but one that American voters need to know, that National Review founder and 'Catholic' fascist William F. Buckley made the Senate career of Democratic Presidential threat Joseph Lieberman. The leading intellectual spokesman for McCarthyism as long ago as the 1950s, Buckley was responsible for putting then-Connecticut Attorney General Joe Lieberman in the U.S. Senate, in the 1988 election against liberal Republican incumbent Sen. Lowell Weicker.

### **Lieberman's Cuban Money-Bags Linked To Terrorism**

As of Oct. 24, 2006, Luis Posada Carriles, deputy to CIA 'black ops' specialist Felix Rodriguez in the infamous Ollie North/George H. W. Bush 'secret government,' is on his way to being a free man. Convicted in Venezuela for crimes related to the terrorist blowing up—in midair—of a Cuban passenger plane in 1976, which killed 73 people, Posada then escaped in 1985, through the work of Felix

Rodriguez, with bribe money provided by Joe Lieberman's Florida money-bags, Jorge Mas Canosa.

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## **International:**

### **DIRTY TRICKS IN BERLIN**

#### **'Flaming' Rose and The Burned Democrats**

On Oct. 31, at one of the conferences jointly organized the United States Embassy in Berlin and the Friedrich Ebert Foundation, on the coming American Congressional election, a key operative in the fascist network which, in the United States, has called for the mass murder of Muslims, will featured.

### **Only a New Combination in Washington Can Stop a Deadly Partition of Iraq**

#### **by Muriel Mirak-Weissbach**

If you think that the Bush Administration has adopted a 'new' strategy for Iraq, as hinted over the past days by the President and members of his Administration, you'd best think again. What grabbed headlines last week, as the pathetic George W. Bush stuttered about 'changing tactics' and 'adapting' to new realities, was nothing but a last-ditch public relations job launched by a desperate White House, in hopes of hanging on to power in upcoming mid-term elections.

### **Cheney Pushing Israel Towards Fascism**

#### **by Dean Andromidas**

Israeli Prime Minister Ehud Olmert has sealed an agreement to bring into his government Israel's answer to Benito Mussolini. This new partner, Avigdor Lieberman, chairman of the right-wing Yisrael Beiteinu (Israel Is Our Home) Party, has called for 'transferring' Arab Israelis out of Israel, and bombing both Cairo and Tehran.

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## **Economics:**

### **'Leveraged Debt' Crisis Menaces Banks, Pensions, Auto Plants**

#### **by Paul Gallagher**

October was filled with a steady drumbeat of warnings—in muted form from various regulatory agencies, and openly in the financial press—about rapidly increasing 'leveraged debt takeovers' by hedge funds and private equity funds, and the potential for 'leveraged defaults'—that is, financial blowouts—resulting from the failure of these funds and their takeover targets.

### **China Maps Out Next Five Years in Space**

#### **by Marsha Freeman**

The most closely watched space program in the world today is that being carried out by the People's Republic of China. For decades, China's activities were largely an internal project, with little information available outside the country, leaving ample room for speculation.

### **Pennsylvania Train Is Electrified, But Congress Stalls**

#### **by Mary Jane Freeman**

Electrified high-speed rail service, travelling between 90 and 110 mph, begins on Oct. 30 in the 104-mile Philadelphia-to-Harrisburg Keystone (rail) Corridor. Not yet at 150 or 300 mph, as in Europe or Asia, this will be the first electrified high-speed rail service

established outside of the Northeast Corridor's Boston to Washington, D.C. route. This milestone, however, should have been realized decades ago, just as ten other designated high-speed corridors in the United States also should have been upgraded and built out.

## **Court Tells Berlin: 'Hold a Yard Sale'**

**by Rainer Apel**

On Oct. 19, the Federal Constitutional Court of Germany ruled against the Berlin city-state administration's request for extra governmental funding, denying that there was a 'budget emergency' in the city, and pointing, instead, to 'untapped potential for extra revenues from additional privatizations,' particularly in the culture budget and in the municipal housing sector.

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## **Editorial:**

### **The Lynne and Dick Show**

In the week leading up to Halloween, Lynne Cheney and her Dick certainly let it all hang out. In a combination of media appearances, the President's immediate controller, and the latter's controller (his wife), made it abundantly clear that they are going to pursue their policy of war and dictatorship, no matter what the cost to the country, and the criticism sent their way.

## **U.S. Economic/Financial News**

### **Paulson To Monitor Markets Worldwide; Fears Crisis**

Treasury Secretary "Hjalmar Hank" Paulson is looking to make American financial markets more "competitive" and "has said the regulatory pendulum 'may have swung too far' in response to corporate scandals, according to the *Wall Street Journal* Oct. 23. The Journal said that Paulson, head of the President's Working Group on Financial Markets (aka the Plunge Protection Team), has "reinvigorated" that body by holding more meetings, and has ordered his chief of staff Jim Wilkinson to oversee the creation of a Treasury command center to monitor markets worldwide and serve as an operations base in case of a crisis. The former Goldman Sachs chief has asked the private Committee on Capital Markets for recommendations on regulatory changes, calling the group "important to the future of the American economy and a priority for me."

The Committee on Capital Markets Regulation was created in September; it is co-chaired by former Bush Council of Economics Advisers chairman Glenn Hubbard and former Goldman Sachs president and Paulson subordinate John Thornton. Among the committee members are former Commerce Secretary Donald L. Evans, now the CEO of the Financial Services Forum, a lobbying group for major insurers, banks, and investment banks; Paulson is a former chairman of the FSF.

### **Paulson's Plunge Protection Team in High Gear**

*New York Post* writer John Crudele's Oct. 26 "Taking Stock" column, titled, "Treasury's Paulson Plays With the Plunge Protectors," noted that, "Someone—and I don't know who—wants us all to know that since July, Henry Paulson, the new Secretary of the Treasury, has spent a lot of time on a little known

Washington operation called the President's Working Group on Financial Markets." Referring to the Oct. 23 *Wall Street Journal* report on this group (aka the Plunge Protection Team, or PPT), Crudele notes that since Paulson became involved, stocks have been moving steadily upward—and "there is less risk in stocks if the government is providing a safety net. Less risk, that is, until something bad happens."

Other commentaries are raunchier. The freemarketnews.com website wrote Oct. 25: "One would have to be brain dead, or more naive than a kindergarten child, or politically corrupted to the core not to observe clear pervasive patterns of PPT effects. Some call it the '10 am lift,' or '3 pm lift' at work. Critical support and stimulation has been delivered routinely to the stock market via S&P 500 futures contracts, major stock index options, US Treasury Bonds, gold, euro currency, yen currency and probably even crude oil...."

"It gets deeper, as hedge funds are under intense attack in some corners by key Wall Street players. Their agenda is to bring down the energy costs nationwide, perhaps regardless of the littered dead casualties among hedge funds.... They are unregulated. They are toys of the very wealthy. Their unbridled leverage at times puts the entire financial system at risk. So who cares if some of them are killed? Not the public. For every dead hedge fund humiliated with press coverage, my guess is 10 to 20 died a quiet death without publicity. There is a problem though. Most hedge funds set up their financial structure with 20% ownership by the managers of the fund. Their principal credit and equity partners tend to be Wall Street firms...."

"Enter the Counterparty Risk Mgmt Policy Group (PPT2), designed to preserve the stability of the hedge fund community.... The PPT2 probably draws ample supply of green water liquidity from profoundly deep funds...."

## **Roach Predicts Hard Landing for World Economy**

Morgan Stanley chief economist Stephen Roach, who was in South Africa on Oct. 25, warned that a hard landing was coming for the global economy, *South Africa Business Day* reported Oct. 26. Roach cited two causes for his forecast: a drop in U.S. consumption ("This consumption is not supported by income," but was fueled by the "wealth effect" of the assets markets, first in equities and then in property); and secondly, as a result of the first, the cooling of the Chinese economy due to the consumption slowdown in the United States.

Roach said, "If you travel to the United States today and get off the aeroplane, the first noise you will hear will be a hissing sound—the air coming out of the housing bubble." He asserted that the home-building sector plunge would knock a large chunk out of U.S. economic growth.

## **NY Fed Summons Bond Dealers To Meet on Trading Practices**

The New York Fed has asked the 22 "primary dealers" in the U.S. Treasury bond market to each send a compliance officer and the head of trading to a meeting Nov. 6, to deal with concerns of questionable

trading practices in the Treasury market, according to the *Wall Street Journal* Oct. 21. The Treasury Department has suggested that firms have been gaming the market, acquiring control over certain high-demand Treasury issues to squeeze buyers into paying higher prices.

## **Mortgage Securities Traders Admit: Housing About To Crash**

Traders of mortgage-backed securities, and the financial derivatives on which they are based, have finally acknowledged that the U.S. housing market is about to get a lot worse, Bloomberg reported Oct. 23. The ABX index, which measures the risk of owning bonds backed by home loans to people with poor credit, rose 30% since Aug. 9, to its highest level since January. There are more than \$500 billion of such notes outstanding.

Bloomberg notes that the increase in the index shows traders expect mortgage delinquencies and foreclosures to increase at a time when the number of homes for sale, as measured by the National Association of Realtors, is at a 13-year high. The percentage of home-loan payments more than 60 days delinquent rose to 7.23% in July from 5.9% a year earlier, the fastest rate of increase since 1998, Moody's Investors Service said Oct. 17.

The ABX index, created by London-based Markit Group Ltd., measures prices of credit-default swaps based on the \$565 billion of bonds secured by so-called subprime mortgages and home-equity loans. Credit-default swaps are financial instruments based on bonds and loans that are used to speculate on the ability of borrowers to repay debt. An increase in price indicates deterioration in the perception of credit quality; a decline suggests improvement.

"The unequivocally bad housing data we've seen" is prompting investors to seek to profit from potential declines in mortgage-backed securities, said Greg Lippmann, the head of asset-backed trading at Deutsche Bank AG in New York who helped create the ABX indexes in January.

Most credit-default swap trading is in securities rated BBB or BBB-. Subprime mortgages with those credit ratings historically have had losses of about 5% of the loan value, an analyst said. Some investors are betting that losses may increase to 12 to 14% in the next three years, which could exponentially increase value of credit-default swaps, he said. "In effect, it's a lottery ticket," he said.

## **A Desperate Way To Sell Houses: Slash Prices Like Crazy**

The Commerce Department reported Oct. 26 that nationwide sales of new homes rose 5.3% during September, compared to the same month one year ago. Does this mean the housing crisis is over? Hardly: The price of a new home in September was cut to \$217,000 from \$240,000 in September one year earlier, a fall of 11.2%, the steepest home-price fall since 1970. Taking everything into account, the total expenditures on new home purchases fell nearly 6% during September.

At the same time, the inventory of unsold existing homes grown. In September 2005, nationwide, the

inventory of unsold homes in the U.S. was 4.6 months' worth; this September, it jumped to 7.3 months. However, consider the inventory in specific regions, most of which had been sizzling markets due to speculation: San Diego, 8.5 months; Boston, 8.6 months; Cincinnati, 9.4 months; New York City, 10.8 months; Las Vegas, 12 months; Atlanta, 12.6 months; and Miami, 14.6 months

Economy.com has a new study reporting 21 cities in which home prices are projected to decline by 10% or more during the next two years, led by Cape Coral, Florida, with a projected fall in home prices of 18.6%.

## **'Non-Traditional' Loans Rise, First Half of 2006**

Despite the myriad public warnings, non-traditional or exotic loans increased to 39% of all mortgage loan originations made during the first half of 2006, compared to the level of 33% of all mortgage originations during the last half of 2005, the Mortgage Bankers Association reported Oct. 23. Until 2000, less than 2% of home-buyers took out the risky non-traditional loans.

## **A Desperate Ford To Use Factories as Loan Securities**

Ford Motor Co. is considering offering its factories as security to borrow from lenders and thereby bolster cash reserves in the face of massive losses, the *Financial Times* reported Oct. 24. It referenced the thinking of new Ford CEO Alan Mullaly.

During the third quarter of 2006, Ford suffered a \$5.8 billion loss, of which more than three-quarters was due to the cost of shrinkage, plant closings, and buying out workers. Highlighting present and future problems, Ford's worldwide revenues collapsed to \$32.6 billion during the third quarter of 2006, from a level of \$40.9 billion during the same period one year earlier, a 20% drop.

The losses caused Ford to hemorrhage \$3.1 billion in cash during the third quarter; it offset that by siphoning an equal amount out of its employees' pension funds. Ford currently has \$23.6 billion in cash, but anticipates that it will lose billions during the next nine months, and therefore expects to draw down a considerable amount from its cash pile. Ford is already implementing a 21% production cut for the fourth quarter, as it works to buy out 30,000 of its remaining 82,000 production worker workforce.

Lyndon LaRouche observed that, "Stockholder greed, including that of the Ford family, has wrecked their own interests. They are losing their own interests because of greed." LaRouche added, "Bill Ford had a partial realization of this, and organized a trip to Washington, one year after I raised a proposal showing what should be done." Nothing came of this. LaRouche said the real problem is the Senate: "The Congress—particularly the Senate—in their infinite lack of wisdom, listened to another agenda, the agenda of free trade." The plants that Ford is now talking about mortgaging are the same ones that could have been saved through LaRouche's proposal for retooling.

## **Ford To Double Parts Production in China**

Ford Motor Co. chairman William C. Ford, Jr., now in Beijing, said that the company plans to nearly double its purchasing of parts made in China this year to cut production costs, according to news accounts Oct. 27. The company will buy \$2.5 billion to \$3 billion worth of auto parts in China. Ford is finishing work on two new factories in the Beijing area, one to make engines, the other to assemble cars. Production is set to start next year. Ford also has plants in western China and in Thailand. The company is opening a new research-and-development center in Australia and is considering expanded production in India.

## **Energy Dereg Brings in Billions for Wall Street**

Billions of dollars have been raked in by Wall Street firms such as Goldman Sachs, the Blackstone Group, Kohlberg Kravis Roberts, et al., through electricity deregulation, according to an expose in the *New York Times* Oct. 23. As states passed dereg laws in the late 1990s, requiring utilities to sell their generating plants, Wall Street brokerage houses, financial pirates, and other thieves and crooks bought up the plants for 20 cents on the dollar of what they were worth. The utilities had to meet deadlines for divesting of the plants, and seeming "overcapacity" of supply led to bargain basement power plant prices.

Many of the plants were then resold, sometimes to unregulated subsidiaries of the same regulated companies that had built and then sold them. In Texas, 60 plants were bought by four investment firms, and sold soon after for a profit of \$5 billion. Goldman Sachs and its partners bought power plants in other states in 1998, and made a profit of more than \$1 billion, selling them three years later. Consumers are then saddled with surcharges on their bills, to pay for these profits.

In some cases, the inflated prices paid by the sucker utility for the overvalued plants could not be sustained, and bankruptcies swept the unregulated power sector over the past couple of years. The situation has caused a revolt among regulators in some states, where there is an effort to clip the wings of the financial vultures.

## **Consumers in Texas, Pa. Hit with Soaring Electricity Rate**

In Houston—the "sin city" of electricity deregulation—consumers are now paying among the highest rates in the country. The Texas Public Utility Commission revealed Oct. 20 that the wholesale arm of TXU Corp., the unregulated conglomerate servicing Houston, is under investigation for manipulating wholesale power markets to constrain supply and boost prices.

Pennsylvanians are joining Baltimore- and Chicago-area residents, in facing double-digit electricity rate increases, as caps on prices expire at the end of this year, and unfettered deregulation goes into effect. Pennsylvania Power Co. customers, in the western part of the state, could see their bills rise by 33% on January 1.

## **Service Records Show Soldiers Felled by Debt**

The burden of personal and household debt is disqualifying a growing number of U.S. military volunteers from serving overseas, according to service reports compiled by the *Washington Post* and published Oct. 24. "We are seeing an alarming trend in degrading financial health" of the troops, Capt. Mark D. Patton, commander of the San Diego Naval Base told the *Post*. When soldiers reach the point that 30-40% of their income is consumed by debt service, they face the loss of their security clearance, and can be confined to stateside duty. Soldiers in those financial circumstances are considered vulnerable to bribery, blackmail, and distraction by financial worries.

While the Army refuses to release any figures, the records of the other three services—Navy, Air Force, and Marines—show that revocation of security classifications for financial reasons grew tenfold, from only 284 in 2002, to 2,654 in 2005, and are running much higher than that this year so far, into the range of 2% of all service members.

## World Economic News

### German Banker: Financial System Has 'Cancer'

Volker Hellmeyer, chief economist of the state-run Bremer Landesbank, in an interview with the German daily *Die Welt* Oct. 24, was asked about his expectations concerning the commodity price bubble. The first point he makes, is that central banks around the globe have recently become very reluctant to further reduce their gold reserves. According to the Washington agreement on gold a few years ago, central banks will not sell more than 500 tons a year. However, in the meantime, they have been selling much less. Bundesbank President Axel Weber even announced a policy of selling no more gold in the near future. Germany now has 3,300 tons of gold reserves, the second-highest figure worldwide. The Russian and Chinese central banks have mooted increasing their gold reserves in order to lower their dependency on the U.S. dollar.

Hellmeyer then emphasized a particular aspect of the commodity price boom. Here we are dealing, he said, with "real assets. And in view of the fragile situation of our financial system it makes a lot of sense to invest in real assets, like corporate stocks or commodities." Asked whether people are buying gold and silver as a preparation for a "financial crash," Hellmeyer responded that he can fully understand such forms of "precautionary action, because our financial system is not healthy, it has cancer. In the past, gold was always used as a protection against a financial crash."

The "cancer" is the "growing imbalance between the center of the financial system, the U.S., and the rest of the world." The U.S. is running a current account deficit of \$800 billion per year. This capital is not being used for investments, which at some point would translate into the "generation of new products and values, but [instead] just finances private consumption. This is the problem. A weakening of the dollar is therefore just a matter of time," and this will drive up commodity prices. In the future, he says, there will no longer be a dominance of the U.S. dollar in the financial system. Other currencies, including the Russian ruble and the Chinese renminbi, will become more important.

## United States News Digest

## Murtha Takes Anti-War Campaign to Democratic Races

Rep. John Murtha (D-Pa.) is touring the country and addressing town meetings in support of other Democratic candidates, but there is an almost total national media blackout on his national appearances.

- On Oct. 23, Murtha spoke at Montclair State University in Paterson, New Jersey, along with Rep. Bill Pascrell, Jr., who is running for his sixth term. Murtha said, "When we're elected in January, we'll find out what the facts are and hold people accountable," referring to Bush Administration officials and the war in Iraq. Pascrell said, as reported in the *Herald News*, "that instead of resorting to warfare, diplomatic and political means must be used to normalize relations with the world's Muslim nations." "We must engage in a global strategy for an exchange of ideas," he said.
- On Oct. 22, Murtha addressed a 400-person meeting, at Hempfield Township in western Pennsylvania, where he received a standing ovation. He described the "vote intensity" today, as like that after Watergate, recalling his personal experience of the time. He said that his own first election to Congress was in 1974, before the Watergate scandal, and he won by only a 122-vote margin. But in 1975, he won a second term by 24,000 votes in an anti-Republican sweep. "Travelling around the country this year, I see the same intensity as I did then. This country has to change direction and if you turn out [to vote], George W. Bush will have to change direction too."

## Hysterical GOP Attack Ad in Tennessee

An RNC ad attacking Democratic U.S. Senate candidate Harold Ford Jr. in Tennessee for attending a Playboy Club party during the 2005 Super Bowl, provoked an appropriate response from the candidate. The ad features a bare-shouldered blonde, who says she met Ford (who is black) at a Playboy party. At the end of the ad, she looks into the camera and says with a wink, "Harold, call me." Ford responded to a reporter's question about the ad, "Yes, I am a heterosexual. Shame on me," and then added, "And I also like football." Lyndon LaRouche noted that this is an excellent response to the kind of bully boy operations being run by House Speaker Dennis Hastert and his crew.

McGovern: 'Democrats Intimidated into Silence'

Interviewed by the *Washington Post* Oct. 25 on his new book, *Out of Iraq*, former Senator and 1972 Democratic Presidential candidate George McGovern stated that the Democrats "have to be more assertive." They "can't lay down and go along with policies that many of them know are mistaken."

McGovern says he's disappointed in many of his old colleagues in the Senate. "By and large, the Democrats seem to have been intimidated into silence, or kind of a mushy policy on foreign questions."

## **Lamont Files FEC Complaint Against Lieberman**

Ned Lamont, the Democratic candidate for Senate in Connecticut who defeated Sen. Joe Lieberman in the Democratic primary, has filed a complaint with the Federal Election Commission, asking it to investigate \$387,000 in "petty cash" expenses which Lieberman reported having spent in the 14 days around the Aug. 8 primary.

"Given that these expenditures were made at the same time massive quantities of Lieberman 'volunteers' were showing up to disrupt our events and engage in dirty tactics, an explanation is definitely necessary," said a Lamont spokesman. "Whenever this much cash is floating around it certainly raises suspicions of possible vote buying and other potentially illegal activities," the spokesman added.

The Lamont campaign notes that the unitemized Lieberman slush fund accounted for \$1 out of every \$12 spent by the Lieberman campaign in the relevant reporting period, and that it amounted to \$32,000 a day in unaccounted-for cash. Under FEC law, any expenditure of more than \$100 to a person, per purchase or transaction, must be itemized and reported separately.

The Lamont campaign blog raises the possibility that the slush fund "paid for the thugs they sent out to disrupt our events and pick fights with the candidate, campaign manager and volunteers."

## **U.S. Elder Statesman Opposes Iraq Partition Schemes**

Former Secretary of State Brent Scowcroft, who was in Berlin last week, said in an interview with *Die Welt* Oct. 25 that there is "deep frustration" and "deep disappointment" among Americans that what the Administration keeps telling them about Iraq, is not the truth. Unfortunately, said Scowcroft, the Democrats have no alternative to offer. For the U.S. troops in Iraq, Scowcroft recommends that they pull out of the big cities and concentrate on guarding the borders, to make sure that rebel groups inside Iraq get no reinforcements from abroad.

A partition of Iraq, which some in the U.S. are pushing, would be disastrous for Iraq and for the region, Scowcroft says: Turkey would never accept an independent Kurdistan; a Shi'ite entity would come under the influence of Iran; and the Sunni part would have no oil resources to live on, but would be entirely dependent on charity from the other Arab states. The USA should enter direct talks with Iran, anyway, but there are people in Washington who say they would never talk with enemies, only work to destroy them. But talks with Iran worked well, when the Iranians cooperated in the war against the Taliban in Afghanistan, Scowcroft pointed out.

## **EI Baradei Says Dialogue Is Essential**

Speaking at Georgetown University Oct. 23, Mohammed ElBaradei, the director general of the International Atomic Energy Agency, declared, "Dialogue is essential" with both North Korea and Iran. "Without dialogue, you end up stereotyping. You have to go step by step; sequencing is key," he said.

EI Baradei characterized North Korea's recent nuclear test as a "cry for help." He said North Korea feels isolated, it feels it doesn't have security assurance, and their concern is regime survival. "At the end of the day, we have to find a way to talk—otherwise, it becomes a more dangerous world," he said.

On Iran, EI Baradei said that the key for the Iranians is to have normalized relations with the U.S. "It's been tough going" for U.S.-Iranian relations for more than 50 years, he said. He refused to draw any conclusions about Iran's future intentions because, "those can change overnight." He also said, however, that the jury's still out on Iran's nuclear program. "They have the knowledge, but we haven't seen them develop the industrial capacity" required to produce nuclear weapons. EI Baradei also said that while Iran has not reported many activities that it is supposed to report, under the terms of the Nuclear Non-Proliferation Treaty (NPT), "this is different from saying they've developed a nuclear weapon." He added that "Iraq is a good lesson that we shouldn't jump the gun."

EI Baradei was speaking on the occasion of receiving an award from Georgetown's School of Foreign Service, and made his remarks in response to questions from Amb. Robert Galluci, dean of the school.

## **Professor Forced To Resign After Questioning 9/11**

Brigham Young University Prof. Steven E. Young is resigning, effective Jan. 1, after the university stripped him of two classes, put him on leave, and launched an investigation into his research into the politics and physics of 9/11, the *Washington Post* reported Oct. 22. Jones is a founder of Scholars for 9/11 Truth, and has advanced theories that contradict the official version of events. In a statement released by the school, Jones said he was "electing to retire so that I can spend more time speaking and conducting research of my own choosing." He has been at BYU, which is owned by the Mormon church, since 1985.

## **Olberman Blasts RNC TV Ad**

Keith Olberman of MSNBC'S Countdown on Oct. 23 blasted a Republican National Committee TV ad that shows Osama bin Laden and Al Zawahiri threatening the U.S. in speeches, with a clock ticking, and the warning, "These are the stakes," so vote Republican. Olberman commented: "There is a cheap 'Texas Chainsaw Massacre' quality to the whole thing.... [and] frankly a lot of people seeing that commercial for the first time, have laughed out loud." But not everyone is laughing, he admitted, and attacked the White House for preferring to manipulate the "fear of terrorism" rather than wanting to eliminate it.

## **Ibero-American News Digest**

### **No Big Industry for Mexico Under Calderón**

Agustín Carstens, the University of Chicago-trained former IMF official who is likely to become Finance Minister under a Felipe Calderón Administration, told the Mexican daily *El Universal* (Oct. 21) that the

Calderón government's job creation plan doesn't include industrial complexes, but will focus on tourism and "small businesses." Does that mean government support for informal street corner operations? he was asked. Grinning, he answered that the goal is to turn them into "micro-businesses."

Carstens was just appointed to draft Felipe Calderón's economic program and 2007 budget.

State promotion of such informal mom-and-pop street operations (known as *changarros*) by the Fox government, which proudly said it was implementing the fascist "self-help" theories of the just-named Nobel Peace Prize winner Dr. Muhammad Yunus, provoked ridicule in Mexico. But Carstens insisted, "We don't believe in magic bullets nor miracles.... We won't commit the errors of the past, when Mexico tried to do things "very fast on false premises," and things turned out badly. What he meant was that no large development projects of the kind advocated by former nationalist President José López Portillo, will be permitted.

## **London Financiers Fear Lula Will Follow Kirchner**

The London *Financial Times* lead editorial Oct. 23 attacked Argentine President Nestor Kirchner for his refusal to accept that the days of a strong state role in the economy are over. A "news" article in the same issue worried that Brazil's President Lula da Silva might win in the Oct. 29 run-off election by a margin as wide as 20%. (In fact, Lula did win, and apparently, according to early reports, by approximately such a margin.)

What scares London's financiers is that support for Lula zoomed when he began to define the election as battle against privatizations and the neoliberal model, by charging that his opponent Geraldo Alckmin would privatize the state-owned Banco do Brasil and the oil firm Petrobras. Alckmin is from former President Fernando Henrique Cardoso's PSDB party, and is advised by many of the top financier agents who ran Cardoso's disastrous eight years of government. The *Financial Times* can't understand why even Brazilian middle class voters don't want anything to do with those policies of the past. Should Lula be reelected, IMF "reforms" might be out the window in the next administration, the *FT* lamented.

In recent weeks, Brazilian university professors and intellectuals have mobilized on behalf of Lula's reelection. At least four manifestos signed by prominent figures are circulating, bringing together people from diverse political projects. One, signed by Carlos Lessa, former president of the National Economic and Social Development Bank (BNDES), sums up their case:

"Brazil runs the serious risk of an enormous historic reversal. Those who privatized important resources of the public patrimony, who extended private sector education like never before, who turned our country into a docile and subordinate ally of the U.S., who criminalized and repressed the social movements, who aggravated inequality, injustice, and social exclusion even more—seek to return to power. In the face of this threat, Brazilians have to put aside their differences, and join up, to keep those dark times for our country from returning...."

## **Nuclear Energy on the Agenda for Second Lula Term**

Lula da Silva's Chief of Staff Dilma Rousseff announced on Oct. 12 that should the Brazilian President be reelected, his government will take up the plan to build multiple nuclear power plants "in order to reach a level of economic efficiency." Brazil's Science and Technology Minister Sergio Rezende announced last March that Brazil would build seven plants by no later than 2025, but President Lula stalled the project.

At that time, Rousseff, considered one of the most powerful ministers in Lula's cabinet, opposed the plan. *Valor Economico* reported on Oct. 23, however, that the President's civil cabinet, which Rousseff heads, had just received the final version of a plan to expand Brazil's aging nuclear sector, and this time she told *Valor* that the National Council on Energy Policy would discuss it the week after the Oct. 29 election. She added that the government intended to finish construction on the Angra 3 plant (started more than 20 years ago), and build a group of nuclear plants along with it.

The plan was prepared by a multi-agency taskforce led by the National Commission on Nuclear Energy (CNPE). CNPE head Odair Dias Goncalves told *Valor* that they propose that Brazil "attack" its energy shortage, by aiming to meet 5.6% of its power from nuclear plants by 2023 or 2025. Where the other new plants would be built is not decided, he said, but at least one would surely be built in the impoverished Northeast, along the Sao Francisco river. Nuclear power remains controversial in some layers of Lula's base, as seen by the fact that the word "nuclear" was not mentioned once in Lula's electoral program.

## **Kirchner Pledges 'To End Suffering of Argentine People'**

In an Oct. 22 speech before members of the SUTERH trade union in Buenos Aires, the Argentine President reiterated his commitment to defending the general welfare of his population. Although this principle enrages City of London and Wall Street bankers, Argentines have acknowledged the economic progress made over the past three years, by giving Kirchner a 75% popularity rating.

These facts indicate why.

The growth in consumption resulting from higher wages and greater credit availability produced a 53% growth in "productive expansion" in the first half of 2006, according to the Abeceb consulting firm. Over the past year, the number of registered workers—those working on the books rather than in the informal economy—has increased by 34%, while payment of pension benefits increased by 24% for the same period. Unemployment is now estimated at 9%, down from 26% when Kirchner took office in May of 2003. Analysts are hiking their 2006 growth estimates to well above 8%.

The CCR consulting firm reported in a recent study that supermarket sales for September jumped by 12.2%, compared to September of 2005, the largest inter-annual increase since 2002. This figure is almost triple the 3.8% *average* increase in sales for *all* of 2005. Revenue for large supermarket chains

increased by 20% in the third quarter. CCR notes that growth is not limited to supermarkets, but extends across all retail sectors.

## **U.S. Pressure Behind Argentine Charges Against Iran**

On Oct. 25, Argentine special prosecutor Alberto Nisman announced in a splashy press conference in Buenos Aires that he had conclusive evidence that the government of Iran was responsible for the July 1994 bombing of the AMIA Jewish social welfare center in that city. The bombing killed 85 people and wounded hundreds more.

Nisman and his collaborator Martinez Burgos presented an 800-page dossier which they said proved that the AMIA bombing was planned "at the highest levels of the Iranian government" during an August 1993 meeting, and that Lebanon's Hezbollah was assigned to carry it out. He then called on Federal Judge Canicoba Corral to issue international arrest warrants for former Iranian President Akbar Hashemi Rafsanjani and several of his former cabinet ministers and military commanders.

The AMIA case has been fraught with irregularities for years, including conflicting hypotheses, perjured testimony, evidence tampering, and charges by some independent investigators that this was a "false flag" bombing with possible Mossad involvement. Nisman's Oct. 25 statements have divided Argentina's Jewish community, some of whose leaders argue that he has only rehashed old, discredited evidence.

Foreign pressure on President Kirchner has been intense. According to the March 17, 2006 edition of *The Forward*, the U.S. began putting the screws on Argentina early this year, when Bush Administration officials and Congressional aides met with top Argentine political and judicial officials to pressure them to charge Iran with the crime. When a violent leftist group prevented young Jewish activists from demonstrating in front of the Iranian embassy in Buenos Aires some weeks ago, the media screamed that the government was tolerating "anti-Semitism." And, during her most recent trip to New York, First Lady Cristina Kirchner got an earful from the ADL, B'nai B'rith, American Jewish Committee, and World Jewish Congress, all wanting to know why the government was "foot-dragging" on the AMIA case.

## **Chilean Uproar Over Pinochet's Gold Fortune**

Chile was rocked this week by reports that former dictator Augusto Pinochet had stashed 9,000 kilos of gold ingots at the infamous Hong Kong †Shanghai Banking Corporation, on top of the multiple secret accounts he had set up at Washington, D.C.'s Riggs Bank, and numerous other foreign banks. The gold, discovered recently, is worth \$160 million.

Although there is now a controversy over the validity of the certificates documenting Pinochet's ownership of the gold, the report is coherent both with Pinochet's sordid history of illegal financial operations, and with his relationship with the synarchist bankers who backed his fascist

dictatorship—"economic hit-man" John Train and George P. Shultz. Nor should anyone forget that the Hong Shang Bank has a long association historically with the international drug-trafficking cartel, which was documented in *EIR's* bestseller, *Dope, Inc.*

## **Western European News Digest**

### **Did Italy Give Green Light to CIA Renditions?**

At least one Italian newspaper, the Turin daily *La Stampa*, charged Oct. 26 that Italian government sources were aware of the CIA "extraordinary renditions" program. SISMI (Military Intelligence) director Nicolò Pollari, instead, gave a negative opinion. "The fact is," *La Stampa* wrote, that "the [former] Berlusconi government had been preemptively informed by the Bush Administration that the latter wanted to implement, on Italian national territory, extraordinary renditions operations, and gave its consent."

Meanwhile, the government of Prime Minister Romano Prodi has decided to cover for Torturer-in-Chief Dick Cheney, by refusing to lift the state-secret prohibition against releasing evidence favorable to Pollari. The Undersecretary of State Enrico Micheli, who is also coordinator of intelligence, testified for two hours Oct. 25 before the Parliamentary Intelligence Supervision Committee on the CIA kidnapping in Italy of Egyptian citizen Abu Omar. Micheli confirmed what the Berlusconi government had established, namely, that the records of U.S.-Italian relations on the issue of CIA illegal activities in Italy are covered by state secret strictures "as pertains to U.S.-Italian agreements."

Justice Minister Clemente Mastella returned from a meeting with U.S. Secretary of State Condoleezza Rice in Washington, and said that he did not discuss the extradition issue of the CIA agents involved in the kidnapping of Abu Omar. "It is such a high-profile issue, that dealing with it cannot be only my responsibility," Mastella said.

### **Hungarians Celebrate 1956 Revolt; Clashes Erupt, Again**

On the occasion of the commemoration of the Hungarian Revolt of Oct. 22, 1956 in Budapest—a commemoration which brought together 18 heads of state—major clashes broke out again, as they did four weeks ago, between hooligans and the police. What happened, according to eyewitness accounts, was that the police, shortly before the celebrations were to start, cleared an area in the vicinity of the Parliament, last time, several thousand citizens were camping to protest against the Socialist liberal Gurszany government.

Clashes began in the morning and continued into the afternoon in downtown Budapest, where in late afternoon the opposition Fidesz Party held a rally with 100,000 people joining. Opposition leader Victor Orbán again accused the Gurszany government of being "illegitimate" and called for a popular referendum to vote it out of office. As happened four weeks ago a group of ultra-nationalist and hooligan provocateurs started street fights, shouting "Victor will lie to you as Gurszany did." The day ended with major clashes with the police being very brutal, leaving several people wounded. The

influential Swiss daily *Neue Zuercher Zeitung* Oct. 24 warned of an attempt to "balkanize" Hungarian society.

## **British Campus Gestapo Program Run by Security 'Expert'**

There is a campus Gestapo effort at work on British campuses, a companion to efforts by circles of Lynne Cheney in the U.S. (see *EIR* Oct. 27). This week, the City of London-linked *Economist* writes, "The leading academic proponent of a crackdown is Anthony Glee, an expert in security studies at Brunel University. Last year he named 13 young Muslims who had both studied and allegedly been involved in terrorist plots. He also identified 21 institutions where there seemed to be evidence of Islamist activity..."

The *Economist* also noted that "The National Union of Students accuses the Government of fomenting 'McCarthy-like suspicion between students and lecturers.'"

## **Gonzales Tours Europe in Damage-Control Effort**

U.S. Attorney General Alberto Gonzales, a leading advocate for the pro-torture policies of the Bush-Cheney Administration, toured Europe (the Netherlands, Germany, and Spain) last week to carry out preemptive damage control against potential charges of war crimes against the administration. What some are calling "The Don't Put the U.S. on Trial for War Crimes Tour," was, according to the *New York Times* Oct. 26, arranged in order to address the growing rift between the U.S. and its European allies over the torture issue. Speaking to an invitation-only audience, Gonzales said, "We are partly to blame for the friction in the trans-Atlantic relationship. We didn't do as good a job as we should have from the outset in explaining ourselves." He then launched into a defense of the Bush Administration's policies, including its dismissal of the Geneva Conventions, rehashing Administration arguments that the Conventions are out of date, etc. This, lying that the U.S. is committed to the Conventions.

## **Swedish Purge May Signal Shift from Neo-Liberal Program**

Two Neo-Liberal ministers have resigned from the Swedish New Alliance government, made up of four non-Socialist parties—Moderates, Peoples Party, Center Party, and Christian Democrats. Their election strategy was to turn to the center, à la Tony Blair, under the leadership of the new Moderate leader Fredrik Reinfeldt. However, the neo-liberal Moderate faction was included in the government, notably in the Foreign Affairs and Culture ministries, where the the purged ministers were posted. Their arrogance made it possible for the opposition, and especially the state-controlled media (that was to be dismantled), to take revenge. Still the neo-liberals are very strong in the government, especially with Foreign Minister Carl Bildt coming back directly from the Italian palace of his wife Anna-Maria Corazza.

## **Banks Sabotage Bulgarian**

## **Nuclear Power Project**

The media mantra of "energy security" as being the main interest of the European Union, which was again referred to at the EU-Russia talks in Lahti, Finland Oct. 20, is a hoax. Real energy security would be provided by massive development of nuclear power—which is not what the European Commission wants, because it is not what the big banks want.

Illustrative is the refusal of major German and Italian banks to fund the Bulgarian nuclear power project at Belene. Unicredito, via its German daughter HypoVereinsbank, Deutsche Bank, Commerzbank, and Bayerische Landesbank have stated they will not fund their majority share of a EU2.5 billion loan which Bulgaria needs for the project. Their decision was allegedly made on grounds of environmental concerns (which points to the activity of the new "KGB"—Komitee der Gruenen Banker).

What the most likely outcome will be, is that unless France steps in, Russia will build Belene for the Bulgarians. Putin already made an offer in this direction, during his visit to Sofia several months ago.

The conduct of the German banks is according to profile with respect to nuclear development in Germany, where the banks are behind the red-green orchestrated exit from nuclear, based on the power industry's phony argument that the country can live without nuclear, for the time being.

## **German President Rejects Air Control Privatization Plan**

The planned privatization of 74.9% of the German air-traffic-control system was stopped by President Horst Koehler, who declined to sign the required legislation Oct. 24, explaining that it is "evidently unconstitutional." Koehler argued that air control is a genuine mandate of the state, that any privatization can only lead to a decrease in safety in an area that is crucial for the functioning of a modern society. The state, Koehler said, cannot abandon its genuine constitutional mandate, which does include control of the air space and guarding of its safety.

## **Trilateral Commission To Meet in Italy**

The Trilateral Commission is holding its 30th European meeting in Turin, Italy over the Oct. 27-29 weekend, preparatory to the world annual meeting to take place next March in Brussels. Special attention will be paid to Italy, but discussion will also include European policy and the energy issue.

Italian Premier Romano Prodi will give the opening speech, and inaugurate the session on the Italian political and economic situation. Former EU commissioner Mario Monti will chair the session on the "difficulties of the European internal market. On Saturday evening, Peter Sutherland, chairman of Trilateral Europe and British Petroleum, will speak on immigration and development. On Sunday, there will be a panel on Europe, the Persian Gulf and European and international energy strategies, with ENI Ceo Paolo Scaroni and Grigory Yavlinski, leader of the Russian neoliberal Yabloko Party.

## Russia and the CIS News Digest

### Russian Anti-Globalists Cite LaRouche: 'It's Anglo-Dutch Liberalism'!

In a posting on the site [www.anti-glob.ru](http://www.anti-glob.ru), Russian anti-globalist activists give their own Russian-language precis of the editorial, "The Disintegration of Iraq," appearing in *EIR* of Oct. 27, 2006. The short summary does well in undercutting the knee-jerk anti-Americanism that is prevalent among opponents of globalization. "*EIR* magazine, which reflects the views of U.S. anti-globalists, particularly the associates of the well-known economist and political figure Lyndon LaRouche," writes [anti-glob.ru](http://anti-glob.ru), "has published material, linking the provocations around the proclamation of a Sunni state in Iraq, with the activity of globalizers who want 'managed chaos' in the Middle East." Under the headline, "The Dismemberment of Iraq is the Work of Anglo-Dutch Forces," [anti-glob.ru](http://anti-glob.ru) comments: "While most people in the world think that the Americans are to blame for everything, the correlation of forces looks somewhat different, from inside the USA." In particular, "The authors of the Oct. 27 [*EIR*] editorial believe that the Anglo-Dutch Liberal establishment is behind the disintegration of Iraq." These are the forces, that pushed the USA and the UK to invade Iraq as a first stage of the "war among civilizations," and "the USA—the most powerful nation on the planet—is both a tool, and a target of the globalizers." The summary notes the timing of escalated tension in Iraq with the U.S. mid-term elections, quotes *EIR* on the horrific civilian casualty figures in Iraq, and concludes, "The author of the editorial expresses the hope, that the U.S. leadership will return to the sane policy of the times of F.D. Roosevelt."

### Russian 'Party of Development' Founded

A founding conference was held Oct. 14 in Moscow, for the Party of Development. It elected its initiator, educator and political activist Yuri Krupnov, as chairman, and adopted a program called A Five-Year Plan for Development. *EIR* of Sept. 22, 2006, in the feature "A Eurasian Dialogue With LaRouche on Economic Progress," published Krupnov's exchange with LaRouche on the preconditions for world development, which took place in the wake of LaRouche's Sept. 6 "Turning Point in World History" webcast. The Party of Development congress was attended by 244 people, representing 61 of Russia's over 80 constituent territories. The major wire service, RIA Novosti, carried a report on the conference, quoting Krupnov as saying, "The idea of development can unite the country, regardless of ideology." More extensive coverage on the websites [KM.ru](http://KM.ru) and [Rosbalt.ru](http://Rosbalt.ru) highlighted the movement's ideas on reversing Russia's demographic decline, and launching new infrastructure and city-building projects, as well as its desire either to move the capital of Russia from Moscow to the Far East, or to organize a second national capital in the East.

### Putin's Webcast Chiefly on Economy

While news media in the West, and many Russian wire dispatches, highlighted questions about the political succession in Russia, the recent high-profile murders in the country, and the crises around North Korea and the Transcaucasus, by far the greater part of Russian President Vladimir Putin's Oct. 25 webcast dealt with citizens' questions on the economy. The discussion included matters that are life-

and-death for Russians and for the country: the lack of modern infrastructure connections between the Far East and other parts of Russia, the increasingly dire shortage of teachers and doctors, not to mention airplane pilots (as Soviet-trained personnel age, and young professionals are not trained), the persistence of a minimum wage that is below the "subsistence minimum." Also: forest land privatization, the inability to break even in agriculture, the housing shortage (even with a shrinking population), unaffordable Moscow rents, and the need for economic diversification beyond oil and gas production. Also prominent in the discussion were social crisis issues, including recent ethnic clashes, the campaign to attract ethnic Russians to immigrate to the Russian Federation, and the dangerous spread of video slot machines to every street corner.

The next day, Prime Minister Mikhail Fradkov told the cabinet that, in case they hadn't realized it, Putin's critical remarks on these topics were addressed to them. "I want to say that there will be no additional reminders, and the delicate form of expression, which is common for the President, should be seen as a last warning for many of us," said Fradkov.

## **Russia-EU Energy Charter Stalled**

At talks with European Union leaders in Finland on Oct. 20, President Putin and his delegation again refused to promise ratification of the pro-liberalization Energy Charter that President Boris Yeltsin signed in 1994. Russia's two main objections are: 1) the Charter's demand for Russian domestic energy prices at European levels, a tenfold increase; and 2) the EU's insistence that Russia open its energy sector to Western shareholders, without enjoying reciprocal rights in the West.

A Voice of Russia radio commentary, the day of the meeting, said: "The question of mutual access of Russian and European energy companies to the markets becomes one of the most relevant. Russia is ready to provide access to its infrastructure. The question is whether Russian companies will be allowed to work abroad.... Moscow stands for the bilateral principle that could meet the demands of both energy importers and exporters, and it will not ratify the Charter till some of its wording is changed.

## **Renewed Economic Warfare Against Russian Gas Exports**

With the signing of a three-year agreement Oct. 24 between Russian Gazprom and Neftekhaz Ukrainy, it seemed that new problems for Europe, due to the complicated gas contracts between Russia and Ukraine, had been fended off. The agreement guarantees gas deliveries to Ukraine, both for Ukrainian consumption and for transit to Europe, and fixes the price at \$130/1000 cubic meters for 2007, a \$35 increase over the 2006 rate. Prime Ministers Mikhail Fradkov and Victor Yanukovych welcomed the agreement, as did President Vladimir Putin. But President Victor Yushchenko of Ukraine, whose Our Ukraine Party has left the parliamentary coalition and the cabinet that Yanukovych heads, expressed doubts about the prices and called for a review. His interference may delay the agreement, which would be in the interest of certain Anglo-Dutch circles that keep pushing the pipe(-line) dream of a European gas supply without Russia, and have already recruited the governments of Poland, Czechia, and the three Baltic republics to that idea. The Oct. 26 decision by the Fitch rating agency to downgrade Neftekhaz Ukrainy's credit rating to B+, which is the category of default warnings, has to be seen in that context. Fitch explicitly cited the Russian-Ukrainian gas deal, as allegedly bankrupting the

Ukrainian firm.

There are also complications on the Russian side. National electric power company (UES) chief Anatoli Chubais has been warning that Russia will have black-outs and brown-outs this winter, if Gazprom does not allocate more natural gas for domestic use and less for export. In the wild world of globalization, UES has contracted to important electric power, including about 6 billion kwh from Ukraine, to compensate for expected shortfalls in Russia.

## **Kazak Politician Blasts Mittal for Murder**

Dariga Nazarbayeva, a member of Parliament in Kazakistan and daughter of the country's President, has charged that London-based steel magnate Lakshmi Mittal is to blame for the deaths of over 80 coal miners in Kazakistan in the past three years. In September, 41 died in a methane gas explosion at a mine owned by Mittal, after which Nazarbayeva's party prepared legislation to impose stiffer penalties for labor safety violations. "Kazakistan should not act like an obedient colony that bows to yet another foreign master listed [as among the world's richest men] in *Forbes* magazine," Nazarbayeva said in an Oct. 20 interview.

## **Southwest Asia News Digest**

### **Only a New Combination in Washington Can Stop Iraq Fiasco**

Despite claims that there is rethinking in Iraq by the Bush Administration, it is not true. See this week's InDepth for analysis by Muriel Mirak-Weissbach, who writes:

"True, several top military brass made statements urging a shift in policy, the most dramatic being that of Gen. Sir Richard Dannatt, Chief of Staff of the British Army, who said his forces should prepare to withdraw from Iraq (see *EIR*, Oct. 27). There followed a spate of remarks, including those made at a joint press conference in Baghdad on Oct. 24, by U.S. Ambassador Zalmay Khalilzad and Gen. George Casey, to the effect that the U.S.A. (and Great Britain) were serving the battered Iraqi government of Nouri al-Maliki notice, that he must prepare for coalition forces' withdrawal, within the next 12-18 months.

"Such interventions were merely statements of fact: that the situation in Iraq is hopelessly lost, militarily. But as far as a change in *policy* or military *strategy* is concerned, there was none to be seen, and for a simple reason: the madmen currently occupying the White House and Pentagon *have no policy*, other than trying to hang on to power...."

### **Cheney Pushing Israel Towards Fascism**

Right-wing Avigdor Lieberman to enter Olmert government. Does this signal an imminent attack on Iran? For an analysis by Dean Andromidas (excerpt below), see this week's InDepth.

"Israeli Prime Minister Ehud Olmert has sealed an agreement to bring into his government Israel's answer to Benito Mussolini. This new partner, Avigdor Lieberman, chairman of the right-wing Yisrael Beitenu (Israel Is Our Home) Party, has called for "transferring" Arab Israelis out of Israel, and bombing both Cairo and Tehran. An emigré from Russian Moldavia in 1978, Lieberman also reputedly has ties to the Russian Mafia.

"Slated to become Israel's 'Minister in charge of strategic questions,' Lieberman will be responsible for 'coordinating' Israel's policy towards Iran. His entry into the government is widely seen as a signal that Israel would attack Iran, as Israel devolves into a full-fledged fascist state...."

## **Russia Wants To Delay UN Vote on Iran**

Russian Foreign Minister Sergei Lavrov's top deputy, Sergei Kislyak, indicated the Russians hope to stall any UN Security Council action on Iran until after the Nov. 7 U.S. elections, reported Agence France Presse on Oct. 26.

Kislyak said that Russia was "carefully studying" the draft resolution. However, a "*long negotiating process is required*" to find a mutually acceptable decision (emphasis added). Regarding the draft's exclusion of Bushehr from sanctions, Kislyak told the Russian news service Interfax: "There are much bigger problems there than the construction of the Bushehr station."

Lavrov stated, in comments quoted by RIA Novosti, that Russia was ready to discuss ways of preventing deliveries of "sensitive technologies connected to uranium enrichment and processing of spent fuel."

The Russians' principled rejection of this latest sophisticated draft should be seen in light of statements made by Lavrov Oct. 21, where he stated that Russia would insist that Iran respect international demands on its nuclear program, but added: "We cannot support, and will actively oppose, any attempt to use the Security Council to punish Iran or to use Iran's nuclear program *in order to promote the idea of regime change.*"

## **Asia News Digest**

### **Philippines High Court Upholds Presidential System**

The Philippines Supreme Court has ruled against an effort to scrap the current Presidential system and adopt a dictatorial parliamentary system, the *Philippines Inquirer* reported Oct. 25. President Gloria Arroyo, Speaker of the House Jose DeVenecia, and the old U.S. asset Fidel Ramos took one on their collective chin Oct. 25 when the Court ruled 8-7 that the "people's initiative" to change the Constitution was invalid. The threesome have made no secret of their hatred of the "checks and balances" of the Presidential system, in which the Senate and the Supreme Court have acted as a brake on the overtly illegal and dictatorial policies of the Executive branch.

The Court's decision rested on the deciding vote by Chief Justice Artemio Panganiban, who earlier this year led the Court in ruling against the Arroyo Administration on three issues which attempted to assert Executive powers over the checks and balances in the Constitution: denying Congress the right to call members of the government and the military to testify; forceful break-up of demonstrations; and the imposition of martial law conditions without the consent of the Congress

In the current ruling, the Court said that there was no basis in the law for a "people's initiative" to scrap the Constitution, and that the 6 million signatures on the petition were clearly gathered by government officials—hardly a "people's" initiative. They wrote: "No one can trivialize the Constitution by cavalierly amending or revising it in blatant violation of the clearly specified modes of amendment and revision laid out in the Constitution itself," or the nation would end up with a "revolving-door constitution."

Arroyo and her controllers will appeal the decision, and hope to ram through the reorganization after the Chief Justice retires at the end of the year. Alternatively, they plan to rip up the Constitution first, ignore the Senate, and have the House, which is under the Administration's control, declare the charter change—an option that would likely blow the country apart.

## **Is U.S. Seventh Fleet Preparing To Blockade North Korea?**

The U.S. Seventh fleet is reported to be preparing a blockade of North Korea, which former South Korean President Kim Dae-jung warns will mean war. *The Age* of Australia reported from Japan Oct. 21 that the Seventh Fleet, based in Japan, "has already mobilized vessels. including the aircraft carrier *U.S.S. Kittyhawk* and its strike group, for exercises in the region." Guided missile carriers and destroyers are in the group, according to the U.S. Navy.

Kim Dae-Jung, in an interview with AP Oct. 21, warned that "North Korea could resist with force if its ships are inspected. We cannot know for sure now how this kind of small conflict could escalate in the future." He reminded President Bush that the original armistice in the Korean War, the rapprochement with China, and reconciliation with the Soviet Union, all happened under Republican Presidents. "Why can't Bush, a Republican, have a dialogue" with the North? Kim asked. "If the U.S. is to succeed, then the U.S. has to learn from the past failures and successes of history. It must not repeat the mistakes of history."

North Korea's leading negotiator, Kim Kye Gwan, told ABC-TV, "We believe that the nuclear test that we've already held gives us full deterrent, sufficient deterrent power, and we hope to return to six-party talks."

## **This Week in American History**

### **October 31 - November 6, 1940**

**On Eve of 1940 Elections, FDR Defends the General Welfare**

On Nov. 1, the Friday night before the 1940 Presidential election, President Franklin Roosevelt came to speak at the Brooklyn Academy of Music. War was already raging in Europe and Asia, and a determined group of American financiers was backing the Fascist powers and trying to stop any aid to their victims. The economic policy of these financiers was to destroy every part of the New Deal programs. President Roosevelt, never one to mince words when the general welfare was under attack, pulled no punches in this campaign speech.

He began by citing the strange mixture of viewpoints within the Republican Party, whose leadership contained fascist sympathizers, fiscal conservatives, isolationists, and others. As he would cite later in his speech, without naming names, some of the backing for the party came from people who were great admirers of Hitler and Mussolini. Addressing this "unholy alliance," Roosevelt said that "The only *common* philosophy and the only *common* purpose they have is to get wholly rid of all the New Deal—lock, stock and barrel—and to get control of Government in their own hands for their own purposes."

The President continued: "Just as they have not been able to foist their falsifications on the American people, they will never be able to foist this only common purpose of theirs upon the American people now. We will all see to that next Tuesday. We all know the story of the unfortunate chameleon which turned brown when placed on a brown rug, and turned red when placed on a red rug, but who died a tragic death when they put him on a Scotch plaid. We all know what would happen to Government if it tried to fulfill all the secret understandings and promises made between the conflicting groups which are now backing the Republican Party.

"There is something very ominous in this combination that has been forming within the Republican Party between the extreme reactionary and the extreme radical elements of this country. There is no common ground upon which they can unite—we know that—unless it be their common will to power, and their impatience with the normal democratic processes to produce overnight the inconsistent dictatorial ends that they, each of them, seek. I am certain that the rank and file of patriotic Republicans do not realize the nature of this threat.

"Something evil is happening in this country when vast quantities of Republican campaign literature are distributed by organizations that make no secret of their admiration for the dictatorship form of government. Those forces hate democracy and Christianity as two phases of the same civilization. They oppose democracy because it is Christian. They oppose Christianity because it preaches democracy."

Roosevelt then reviewed the decade after World War I, "when prosperity was measured only by the stock ticker," and the dark days of the Depression, when "the American Government did nothing to help." Then, in 1933, "the American people began to bestir themselves. Our economic system began again to function. Then came the suggestion from monopolistic finance that while the Government had done a good rescue job, the best thing it could do at that point was to forget all about it, and to turn the whole economic system back to Wall Street to run again.

"But they little knew the temper of the American people. The New Deal was no mere rescue party to

restore to a chosen few their old power over the people's savings, the people's labor, the people's lives.

"We had seen social unrest at home and abroad—the frustrated hopes of common men and women, the apathy which is the forerunner of cynicism, the despair which dissolves civilization. What this Administration was determined to do was to save America from that frustration and from that despair.

"You and I have seen nations great and small go down in ruin, or get backed up against the wall, because the reactionary men who led them could not see the real danger that threatened. They were afraid of losing their own selfish privilege and power. They feared the legitimate forward surge of their own common people, more than they feared the menacing might of foreign dictators.

"From them, we in the United States take warning.

"Most Republican leaders in our own country for the last seven years have bitterly fought and blocked that forward surge of average men and women in their pursuit of happiness. And let us not be deluded that overnight those leaders have suddenly become the real friends of these average men and women.

"Do you believe that the bulk of the money to finance this vast Republican campaign is being provided by people who have the interests of the common man at heart? You know, very few of us are that gullible.

"Oh, they may say at election time that they approve the social gains and social objectives of the last seven years. But I say that these men have not yet proven that they even understand what these social gains or social objectives have been."

"Do you want to abandon the protection of people's savings from fraudulent manipulators, the curbing of giant holding companies that despoiled investors and consumers alike, by delivering them into the hands of those who have fought those reforms?

"Do you want to abandon the responsibility for the well-being of those who live and work on the farms of the Nation to those who fought against the farm program every inch of the way?

"Do you want to abandon collective bargaining, the outlawing of child labor, the minimum wage, the time-and-a-half for overtime, the elimination of sweat-shop conditions, by turning them over to the proven enemies of labor?

"Do you want to hamstring the old-age pension system, or unemployment insurance, or aid for children, or maternity welfare, or vocational training for the physically handicapped, or financial aid to the blind by delivering them into the hands of those who have fought and misrepresented those reforms?"

President Roosevelt then reviewed the programs of the New Deal, and stated that "Monopoly does not like this program. Certain types of high finance do not like it. Most of the American plutocracy do not like it. But the vast majority of American business, the backbone of American business, continues to

grow and flourish under it. For that business is interested in reasonable profits, not in promoters' tribute."

"We are a nation of many nationalities, many races, many religions—bound together by a single unity, the unity of freedom and equality.

"Whoever seeks to set one nationality against another, seeks to degrade all nationalities.

"Whoever seeks to set one race against another seeks to enslave all races.

"Whoever seeks to set one religion against another, seeks to destroy all religion.

"So-called racial and religious voting blocs are the creation of designing politicians who profess to be able to deliver them on Election Day. But every American citizen—realizing how precious is his right to the sacred secret ballot—does scorn and will scorn such unpatriotic politicians. The vote of Americans will be American—and only American.

"The true attitude of some leaders of the Republican party toward the common man is not frequently revealed, but occasionally their true feelings break through the restraints which a political campaign places upon their tongues, and suddenly they misspeak themselves. We can then see their true sentiments in all their naked unloveliness.

"In a Republican campaign speech the other day, a prominent leader of the Philadelphia bar delivered himself in these words, quoted in the *New York Times*.

"'The President's only supporters,' he said, 'are paupers, those who earn less than \$1,200 a year and aren't worth *that*, and the Roosevelt family.'

"I think we might just as well forget the Roosevelt family, but these Americans whom this man calls 'paupers,' these Americans who, in his view, are not worth the income they receive, small though it is—who are they? They are only millions and millions of American families, constituting a very large part of the Nation! They are only the common men and women who have helped build this country, who have made it great, and who would defend it with their lives if the need arose.

"The demand for social and economic justice comes from those who receive less than \$1,200 a year, but not from them alone. For I believe that when Americans cross the dividing line of \$100 a month, they do not lose their devotion to social and economic justice.

"They do not suddenly become greedy and selfish. And I count among my supporters millions of other men and women who vote by the dictates of their hearts and minds, and not by the size of their bank accounts.

"'Paupers' who are not worth their salt—there speaks the true sentiment of the Republican leadership in this year of grace.

"Can the Republican leaders deny that all this all-too-prevailing Republican sentiment is a direct, vicious, unpatriotic appeal to class hatred and class contempt?"

"That, my friends, is just what I am fighting against with all my heart and soul.

"I am only fighting for a free America—for a country in which *all* men and women have equal rights to liberty and justice.

"I am fighting against the revival of Government by special privilege—Government by lobbyists—Government vested in the hands of those who favor and who would have us imitate the foreign dictatorships.

"I am fighting, as I always have fought, for the rights of the little man as well as the big man—for the weak as well as the strong, for those who are helpless as well as for those who can help themselves.

"I am fighting to keep this Nation prosperous and at peace. I am fighting to keep our people out of foreign wars, and to keep foreign conceptions of Government out of our own United States.

"I am fighting for these great and good causes. I am fighting to defend them against the power and might of those who now rise up to challenge them.

"And I will not stop fighting."

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