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## **This Week You Need To Know**

### **A Design for Legislation**

## **Saving the U.S. Economy**

**by Lyndon H. LaRouche, Jr.**

November 10, 2006

The saying goes: "Do not speak of the rope in the house of the hanged."

It might also be said: "Do not speak of the onrushing, global, financial breakdown in the presence of members of the Houses of Congress."

Nevertheless, the time has come to speak, urgently, of what had been often treated, until now, as unspeakable truths.

Now, the most recent equivalent of the 1929 "Hoover Crash" had already occurred nearly two decades ago, as the October 1987 Wall Street stock-market crash. The doses of hyperinflationary floods of financial derivatives' bubbling, under the predatory reign of Federal Reserve Chairman Alan Greenspan, as combined with the gains from picking the bones of the former Soviet bloc chicken, put off both the official and popular reckoning with the financial reality of the 1987 crash, but only temporarily. Greenspan's reign transformed what had been a "cyclical" form of economic depression within customary former investment markets, into what has now become the rumble of the global breakdown-crisis which looms immediately ahead today. The time of reckoning has arrived. This presently onrushing global monetary breakdown-crisis can not be reformed on its own terms; the present global system must be quickly, entirely replaced. As long as the attempt were made to save that infinitely unpayable mass of the fraudulent financial derivatives associated with the global "carry trade," efforts which might seek to do no more than reform the present system in its own terms, would ensure the planet's collapse into a prolonged, genocidal "new dark age." This would be a collapse comparable to Europe's Fourteenth-Century "New Dark Age," but, this time, on a global scale....

**...full article, PDF**

## **Latest From LaRouche**

### **LaRouche Webcast**

**Organizing the Recovery From the Great Crash of 2007**

Here is Lyndon LaRouche's address to a LaRouche PAC webcast on Nov. 16, 2006....

... As you will understand better, I think, in the course of the next three hours, the subject we have to address now, is of momentous world importance, and you will appreciate better, later, as we get into the discussion, that the moments which in past history, in past history of European civilization, correspond to what we're going through now, should remind us of 1648, the Treaty of Westphalia: Where, as over a period from 1492 with the beginning of the expulsion of Jews from Spain, through the Treaty of Westphalia, the question of European civilization's existence as civilization, was in doubt, as today. Similarly in the middle of the 14th Century, Europe was plunged into a dark age, after centuries of cruelty under the Norman/Venetian tyranny.

So, in 1648 and immediately afterward, Germany in particular, as the center of the great conflict of the Thirty Years' War, rejoiced in liberation from religious warfare through the Treaty of Westphalia. This is comparable to the great terror which threatens us today, a monetary crisis like that of the middle of the 14th Century, the so-called "new dark age crisis." Today, at this time, as will become clearer not only from today's discussion, but from the events which are about to occur on a global scale, you're living in one of the *most terrifying periods of history* known to you. Now, right now.

In this circumstance, in the rejoicing in the liberation from religious warfare, in Germany, around Lutherans, of all things, a hymn was developed, called *Jesu, meine Freude*. Later, in the course of the early 18th Century, Johann Sebastian Bach re-set and treated this as the greatest of his several motets. Today, we're going to have a performance of it, to begin this, in celebration of the kind of the great moment of history which we're trying to bring forth again on this planet, in this time of great danger....

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

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The saying goes: 'Do not speak of the rope in the house of the hanged.' It might also be said: 'Do not speak of the onrushing, global, financial breakdown in the presence of members of the Houses of Congress.' Nevertheless, the time has come to speak, urgently, of what had been often treated, until now, as unspeakable truths.

## Webcast:

# **Organizing the Recovery From the Great Crash of 2007**

Here is Lyndon LaRouche's address to a LaRouche PAC webcast on Nov. 16, 2006. About 220 people attended the event in Washington. In addition, there were many 'satellite' showings, among them: one group in Paris; five locations in the Mexican Congress and environs; one university in Mexico; four universities in Bolivia; five universities in Peru; two universities in Argentina, and one additional site in Cordoba; and in Colombia, the CUT labor federation invited all members to watch and participate in the dialogue.

## **Economics:**

### **U.S. Bankers Herald Financial Breakdown**

**by Nancy Spannaus**

President George W. Bush, and most of the financial pages of the U.S. press, may still be touting the 'wonderful economy' in the United States, but over recent days, warnings of a systemic crisis, and impending financial blowout, have been issued by leading representatives of major U.S. financial institutions. All are talking of the risk of out-of-control financial chaos, as a result of the massive, unpayable debt bubble created by Alan 'Derivatives' Greenspan. There is not a hint of a solution to the onrushing crisis in any of these alarms, but, as Lyndon LaRouche noted in his Nov. 16 webcast, if they serve to wake people up to the danger ahead, they will be useful indeed.

### **Eurasian Land-Bridge Passes New Mile Post**

**by Mary Burdman**

Eighteen nations of Eurasia signed the International Agreement on the Trans-Asian Railway Network (TAR) during the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Ministerial Transport conference in the South Korean port city of Busan Nov. 10. Asian nations have been discussing the Trans-Asian Railway project, to build the 'missing links' among Asian nations' rail systems, and ultimately link them to those of Europe, for over 50 years.

## **National:**

### **LYM Mobilizes Washington For 'Double Impeachment'**

**by Niko Paulson, LaRouche Youth Movement**

During the week of Nov. 13 in Washington, D.C., in the immediate aftermath of the dramatic Nov. 7 shift in Congressional power, Lyndon LaRouche and his youth movement made the first bold moves in the battle to establish the ideas which will govern the actions of the incoming Congress; the first front of that battle was waged over the issue of impeachment of Bush and Cheney.

### **Oversight Hearings Can Lead Straight to Impeachment**

**by Nancy Spannaus**

While most Democrats, even those with a record of demanding the removal of President George W. Bush and Vice-President Dick Cheney from office, are currently repeating the mantra that 'impeachment is off the table,' there is no reason to necessarily take them at their word.

## **International:**

### **U.S. Diplomats Revolt Over Policy Toward North Korea**

**by Mike Billington**

Dr. C. Kenneth Quinones, who played a leading role as a State Department official in the successful negotiations which resulted in the 'Agreed Framework' with North Korea in 1994, held an extraordinary forum on Nov. 2 in Washington, D.C., sponsored by the newly created U.S.-Korea Institute at the School for Advanced International Studies (SAIS) at Johns Hopkins University. Quinones said that it was necessary for him to 'go public' at this time, following the North Korean test of a nuclear device, with his role as a civilian 'back channel' between the North Korean government and leading officials at the State Department from 2004 until very recently. He reported that during these past two years, he had succeeded, not just once, but three times, in finding a basis for agreement between the governments of these two nations to re-launch negotiations

toward a peaceful solution to the crisis over the North Korean nuclear weapons program. In each of these cases, Quinones said, actions by the Bush/Cheney/Rumsfeld leadership sabotaged the efforts by others within the Administration...

## **Italian Press Exposes Cheney-Authored Kidnapping and Torture of Abu Omar**

**by Claudio Celani**

Dramatic new evidence has been published, exposing the Nazi-like practices authorized by Vice President Dick Cheney's legal counsel, involving the kidnapping and torture of foreign citizens.

## **Germans Grapple With U.S. Political Shift**

**by Rainer Apel**

Given the tight mind-control that Anglo-Dutch oligarchs maintain over the media, it did not come as a surprise that press coverage in Germany of the U.S. midterm elections was grossly distorted. The dominant line was that voiced by John Kornblum, former U.S. Ambassador to Germany, now chairman of Lazard bank's Germany operations, in an interview with German public radio on Nov. 8: The 'only reasonable' approach for the Democrats, he said, was not to go for 'revenge strategies' but to 'cooperate with the President.' In other words: no impeachment.

## **Uri Avnery: Peace Is Made With Enemies**

**by Dean Andromidas**

Veteran Israeli peace activist and leader of the Gush Shalom peace movement, Uri Avnery, authored an important comment on the speech by Israeli poet and author David Grossman delivered at the Nov. 4 memorial rally commemorating the 11th anniversary of the death of Prime Minister Yitzhak Rabin (see last week's EIR, 'The Poet and the Slain Statesman'). Entitled 'Grossman's Dilemma' and released on Nov. 18, Avnery's article praised the speech as 'brilliant' and uplifting for all those present, but leveled some important criticism of Grossman's own refusal to talk to Hamas, but only to the 'moderates' among the Palestinians.

## **Editorial:**

## **The Winners and Losers on Nov. 7**

It is now clear that the decisive margin of victory for the Democratic Party on Nov. 7 was a surge of votes from two categories of Americans: Youth between the ages of 18-25 and 'young Tweeners' between the ages of 25-35. The significance of the youth vote, which increased from 8 million in the last midterm elections in 2002, to over 10 million this year, as the decisive margin of 'landslide victory' for the Democrats, particularly in the House of Representatives, has not been missed.

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

### **GM and Ford Start Hocking Assets To Secure Loans**

In what could be seen as the direct result of Congress refusing to act on Lyndon LaRouche's plans to save the auto section in 2005, the Nov. 16 issue of the *Wall St. Journal* featured a story, "GM and Ford, Hungry for Cash, Pledge Assets To Secure Loans," in which it described the automakers' desperate fire-sale of their plant and equipment. "Facing a deep financial crisis, Detroit's two top automakers have had to pledge some of their most essential assets—factories and equipment as collateral to win badly needed new loans." For example, "On Monday, GM used equipment in some of its U.S. plants to secure a \$1.5 billion loan to be arranged by J.P. Morgan Securities Inc. and Credit Suisse Securities." GM has total debt of \$32.8 billion, the majority of it unsecured.

In Ford's case, in a conference call on restatement of its earnings, CFO Don Leclair said Ford aims to put together a loan deal that is likely to be secured "by a significant portion of the assets of the company." Ford's losses amount to about \$7 billion so far this year, and the company is on track to approach GM's \$10.6 billion 2005 loss.

Both companies continue to complain about their pension liabilities. Ford expects its "accounting change" to leave it with negative shareholder equity. Ford has roughly \$23 billion in cash and expects to end the year with about \$20 billion, a figure supplemented by \$3.4 billion taken out of a fund employers set up to pay retiree health-care costs! GM expects to bolster its cash position with the sale of GMAC to Cerberus—expecting a \$10 billion infusion. GM will hold on to \$20 billion of GMAC automotive leases, which it plans to sell at a discount to raise another \$4 billion in cash over three years.

## **Junk Debt, Hedge Funds Rule in Wrecked Economy**

An international wire-service story called "Bad Credit Shines" on Nov. 16 reported the extraordinary fact that junk-rated debt has become the investment of choice of hedge funds (controlling 5% of capital worldwide) and private equity funds; and that over 60% of U.S. corporations now have junk, or "high-yield," credit ratings. The wire story, reporting assessments just published by the Chicago firm Hedge Fund Research, Inc., reports that hedge funds are massively buying junk bonds for high yields—even *non-performing* corporate bond debt, speculating on its future yield. For one example, bonds of Delphi (bankrupt since October 2005, and in default on its bonded debt) are up 58% in value in the past six weeks. Credit is so easily available—there is so much loan capital in the hedge funds, private equity funds, and banks—that defaults are alleged to be at a multi-year low. Wilbur Ross was just given \$685 million by Goldman Sachs's hedge fund to invest exclusively in bankrupt, junk companies.

"We're having a big boom in dreck. For anyone to say this isn't overdone, I think is insane," commented the president of Envision Capital Management, in Los Angeles.

But this boom also suggests that the raters—Standard & Poors, Moody's, and Fitch—are continually lowering most firms' credit into junk simply to give the predatory lenders higher yields—as Italy's consumer federation has charged.

The Nov. 17 announcement of recently bankrupt U.S. Airways' beginning a hostile takeover of bankrupt Delta Airlines, shows the vulture character of all of this flood of "leveraged" lending. The merger would begin by cutting 10% of the combined airline's flights, getting rid of an equivalent ratio of its workers, and throwing out their contracts in bankruptcy court—USAir's CEO Michael Parker says that's exactly why the takeover has to occur while, not after, Delta is bankrupt. But of the nearly \$9 billion USAir is offering to buy Delta—nearly half of which it would borrow on the junk-bond market—\$4 billion will go to pay off unsecured creditors of Delta with cash and stock, who might otherwise get close to nothing in Delta's bankruptcy. So the "leveraged" lending for the takeover, if it goes through, would pay \$4 billion to other "high-yield" lenders, and probably loot an equivalent amount out of Delta's and USAir's capital and employees.

## **Major Homebuilder Hit by Rising Cancellations**

According to wires released Nov. 14, D.R. Horton, the second-biggest U.S. homebuilder, posted a 51% drop in fourth-quarter profit as cancellations rose for the third quarter in a row. The cancellation rate rose to 40%, up from 29% in the third quarter. Sales orders were down 25%, falling in all regions of the nation, the worst drops being in Alabama, Florida, and Georgia. Horton also wrote off \$142 million in inventory and \$57 million in deposits for land-options that it no longer intends to purchase.

## **Hedge Funds Warned About Illegal Conduct**

The enforcement director of the Securities and Exchange Commission, Linda Thomsen, and the enforcement chief of the New York Stock Exchange, Susan L. Merrill, issued warnings to hedge funds Nov. 13 at a securities conference in Manhattan.

Thomsen said the SEC expects to file more lawsuits aimed at hedge funds accused of illegal trading and violating their clients' trust. She said that regulators have repeatedly learned to "follow the money," and that, "these days, the money is in hedge funds, so the potential for abuse, the potential for securities law violations is there, because there is so much money there."

Merrill said that prime brokers might be held accountable if they failed to detect signs that hedge funds were conducting improper trades, like selling a company's stock short and intending to cover the transaction with shares to be purchased in the company's secondary stock offering. If the prime broker is among banks underwriting the offering, Merrill said, then it has enough information to detect that the hedge fund is intending to cover the short sale illegally.

Thomsen's and Merrill's warnings echoed concerns expressed among congressmen of both parties recently.

## **World Economic News**

### **LBOs Turn Euro Companies into 'Headless Chickens'**

"These companies could be left for dead," said Jon Moulton, head of Alchemy Partners, at the Super Investor conference in Paris, referring to a rash of leveraged buyouts in Europe, adding that this painted a "terrible political picture" for private equity. Moulton estimates there are \$768 billion worth of outstanding leveraged loans in Europe that have financed about 2,500 private equity-backed companies. Some 200 have undergone "leveraged recapitalizations," in which private equity backers repay themselves their entire "investment" while at the same time loading the companies with extra debt. There likely will be "a large number of defaults next year," he warned, citing "irresponsible leverage", as some of these companies now have as many as 11 layers of debt.

His comments were reported in the *Financial Times* of Nov. 15.

### **40% Collapse in British Home Prices Expected**

In a speech to the British Bankers Association Nov. 15, Clive Briault, the Financial Services Administration (FSA)'s managing director for retail markets, reported that after a review of British banks' "stress-testing" models for a collapse in house prices, he found the tests not serious enough.

To correct this, the FSA issued an instruction which orders the banks run a test that assumes a 40% collapse in home prices, and that 35% of home mortgages now in default would end with homes being repossessed. In a letter last month to British bank chief executives, the FSA stated that some CEOs failed to—or more appropriately, refused to—consider scenarios in which they might be forced into losses, dividend cuts, and capital shortfalls.

In 1989-92, British home prices fell by 15%; in parts of East Anglia, home prices tumbled by 40%, leading to repossession of homes, mortgage write-downs, and bank losses, a mere foretaste of what will happen today.

### **Italian Consumers Group Scores Rating Agencies**

Adusbef, an Italian consumers organization, has published a report signed by Adusbef chairman Elio Lannutti and Paolo Raimondi, chairman of the International Civil Rights Movement Solidarity, exposing international rating agencies as a tool of financial speculation, and calling for a New Bretton Woods-like reorganization of the financial system. The report includes a passage on the resolution for a new financial architecture, voted by the Italian Parliament in 2005, and the

Adusbef website version adds a box mentioning Lyndon LaRouche as initiator of the NBW.

A statistical survey by Adusbef found that of 1,000 reports issued by Moody's, Standard & Poor's, and Fitch, 910 proved to be wrong.

The Adusbef report was motivated by the recent downgrading of the Italian public debt. The report states that "the Three Sisters [the major rating agencies] ... are an integral part of the problem that is driving the economic world towards the crash and systemic crisis, with devastating consequences for the entire economic, social and political life of our planet."

## United States News Digest

### Congressional Panels Get Sober View of Iraq

In contrast to the incessant claims of "victory" and "we are winning" coming from the insane-asylum known as the White House, military and intelligence officials presented a much more pessimistic view of the situation on the ground in Iraq (and also in Afghanistan) in back-to-back hearings in the Senate and House Armed Services Committees on Nov. 15.

The lead-off witnesses in both hearings were Central Command chief Gen. John Abizaid, and State Department advisor David Satterfield. Both seem to be giving the appearance that the Administration is "tilting" toward the Sunnis, by cracking down hard on the Shi'a militias. They frequently referred to the "death squads," or "the Mahdi-armed death squads." Both said that the sectarian violence is the biggest problem now in Iraq, not al-Qaeda. Both also emphasized that there is not much more that U.S. troops can do, except in training Iraqi security and police forces, and that it is Prime Minister Maliki and the Iraq government who must bring the increasing sectarian violence under control. Abizaid said that if such control is not exerted, "it can destroy our plans for a stable Iraq."

Defense Intelligence Agency head Gen. Michael D. Maples also said that the conflict in Iraq is increasingly a sectarian struggle for power, and that "the perception of unchecked violence is creating an atmosphere of fear and hardening sectarianism, which is empowering militias and vigilante groups." He noted that "violence in Iraq continues to increase in scope, complexity, and lethality," and he particularly cited the infiltration of the Ministry of the Interior and the police by Shi'a militias, and that the militias operate under the protection of the police to attack suspected Sunni insurgents and civilians.

In the House hearing, Satterfield said there are discussions ongoing with Jordan, Saudi Arabia, and Kuwait, which are all concerned about the situation in Iraq and the danger from Iran.

However, the "Sunni tilt" was most blatantly expressed by Sen. Joe Lieberman (DLC-Conn), who warned against talking to Iran—arguing that Iran would not want "a unified, democratic, presumably pro-American Iraq"—in contrast to talking to "the other Sunni Arab countries ... the Saudis, the Egyptians, or Jordanians, or Gulf countries, because they have similar, and in fact anti-Iranian views."

At the end of the House hearing, Rep. Ike Skelton (D-Mo) asked Satterfield: "Are we winning the hearts and minds of the Iraqi people." Satterfield answered bluntly, "No, we are not."

### Bush Resubmits Loser Judge Nominations to Senate

In a move widely seen as a sop to their right-wing base, Bush (and Cheney) have resubmitted the nominations of six

judges who have already been rejected by the Senate this term. These include William Haynes, the Pentagon General Counsel who was instrumental in developing and implementing the torture policy, and five others who are regarded as unqualified or too right-wing. Additionally, Bush submitted four new nominations, including California Judge James Rogan, who was one of the House managers in the impeachment of President Bill Clinton.

Bush's submissions are purely a provocation, as the chairman of the Senate Judiciary Committee, Sen. Arlen Specter (R-Pa), has already announced that he will not act on them during the lame-duck session. This means Bush will have to resubmit them, if he's crazy enough, to the new Congress next year, where they stand even less of a chance than now.

## **Haass Demands Serious Offers to Iran and North Korea**

In an interview with the Nov. 13 edition of the German weekly *Der Spiegel*, Richard Haass, the chairman of the Council on Foreign Relations, said that, "We need to get away from the idea that diplomatic interaction is a value judgment. History teaches that isolation reinforces hardliners." As for North Korea and Iran, he said we should "offer them whatever mix of political and economic and security benefits, in exchange for demanding a package of behavior changes."

On the Iraq War, Haass described it as "not winnable in any meaningful sense of the word 'winnable.' We need now to look for a way to limit the losses and costs, try to advance on other fronts in the region, and try to limit the fallout of Iraq."

## **Levin To Probe Secret Prisons**

Sen. Carl Levin (D-Mich), who will chair the Senate Armed Services Committee in the 110th Congress, said Nov. 12 that he will investigate the renditions and secret prison program, including what has happened to those who are apparently still being secretly held. "I'm not comfortable with the system," he said. "I think that there's been some significant abuses which have not made us more secure but have made us less secure, and have also, perhaps, cost us some real allies, as well as not producing particularly useful information. So I think the system needs a thorough review and, as the military would say, a thorough scrubbing."

## **Denial of Habeas Corpus Is Broadened**

The denial of habeas corpus extends to immigrants arrested inside the U.S. who are accused of aiding terrorism, the Bush Administration is now asserting—confirming the warnings made by some Senators during the debate on the torture bill, when defenders of the Administration said it would only apply to aliens held outside the United States. This unconstitutional action has emerged in the case of Ali Saleh Kahlal al-Marri, a Qatar citizen who was a graduate student in Illinois, and was arrested in the post-9/11 dragnet; Al-Marri is still being held in a military brig in South Carolina. This is the first time that the DOJ has tried to apply the new law to someone being held inside the U.S.

A number of Democratic Senators, including Patrick Leahy (Vt) and Chris Dodd (Conn) have indicated that they will introduce legislation to change the habeas provision.

## **Chafee Singles Out Cheney for Republican Fall**

In a guest column titled, "After the Republican Fall; Holding to the Center, Losing My Seat," published in the *New York Times* on Nov. 12, GOP Sen. Lincoln Chafee (RI) gave an account of a December 2000 meeting with Dick Cheney, and printed excerpts from a letter he sent Cheney immediately following the meeting, because he was so dissatisfied. Chafee first noted that, "Despite my having voted against the Iraq war resolution, my reputation for independence, the editorial endorsement of virtually every newspaper in my state, and a job approval rating of 63 percent, I did not win. Why?"

"Back in December 2000, after one of the closest elections in our nation's history, Vice President-elect Dick Cheney was the guest at a weekly lunch meeting of a small group of centrist Republicans. Senators Susan Collins and Olympia Snowe of Maine, Senator Jim Jeffords of Vermont, Senator Arlen Specter....

"As we sat in Senator Specter's cozy hideaway office and discussed the coming session, I was startled to hear the vice president dismiss suggestions of compromise and instead emphasize an aggressively partisan agenda that included significant tax cuts, the abandonment of international agreements and a muscular, unilateral foreign policy.

"I was incredulous. Instead of a new atmosphere of cooperation and civility which, after all, had been the promise of the Bush-Cheney campaign, we seemed ready to return to the poisonous partisanship...." of the Republican-Democratic loggerheads of the Clinton years.

## Ibero-American News Digest

### Another Firm 'No!' to Left-Right Polarization of Region

"Let's not continue trying to inflame the continent with artificial divisions," Colombian President Alvaro Uribe answered sharply, when journalists sought to get him to go after the election of "leftist" governments in Ibero-America, at a joint press conference with Salvadoran President 'Tony' Saca on Nov. 15. There is no reason to "continue inciting polarization in the continent.... What we have to do is unite the continent in the interest of progress, of overcoming poverty, of equity, transparency, respect for democratic rules."

El Salvador's Saca, like Uribe, usually found on the free-trade/"right-wing" side of debates, agreed. "We should stop discussing things on the basis of the Cold War. The Cold War is over." Saca reported that he had called Nicaragua's President-elect Daniel Ortega (a left-wing Sandinista leader) to congratulate him on his victory.

Thus was shot down the latest attempt by former Spanish Prime Minister and Dick Cheney-ally Jose Maria Aznar, international co-chair of George Shultz's warmongering Committee on the Present Danger, to get some Ibero-American government to take up the right-wing crusade his masters want in the region. Fresh from being exposed as a fascist by the LaRouche Youth Movement in front of President Uribe at a seminar in Colombia, Aznar had gone to Guatemala Nov. 9-12, where he gave several speeches and interviews calling for a mobilization against the "Castro-Chavez axis" which, he rants, is implanting "populist leftist" governments everywhere.

Aznar was hosted in Guatemala by the Mont Pelerin Society (MPS), the economists' association founded by the late advocate of feudalism Friedrich von Hayek. The MPS celebrated its 2006 General Assembly at the Universidad Francisco Marroquin, the Guatemalan university founded by the MPS in 1971. Aznar addressed the MPS Assembly, and was awarded a Doctor Honoris Causa by the Francisco Marroquin University during his visit.

### Will Uribe Learn the Lesson that Free Trade Is Dead?

Colombian President Alvaro Uribe stopped in El Salvador for a brief visit on Nov. 15, on his return from a failed lobbying trip to Washington, where he had sought to gain assurances that the bilateral Free Trade Accord negotiated with the Bush Administration would be approved by the U.S. Congress. Uribe was reported to be visibly shaken after his meeting with Rep. Charles Rangel (D-NY), who informed him that the new Democratic-led Congress would "review" the accord, and no approval was guaranteed.

## **Regional Integration Top Priority of Lula's Second Term**

Governments in South America must work as never before for integration, including scientific and technological integration, if they are to secure the rights of full citizenship which have been denied their peoples for centuries, Brazilian President Lula da Silva urged, at the Nov. 13 ceremonies inaugurating Venezuela's second bridge over the Orinoco River, which had been built by a Brazilian company. Lula put aside his written speech, and spoke extemporaneously, ripping into the bankers who make a lot of money in Brazil and Venezuela, but who prefer governments like those that ruled for centuries, and did nothing to take care of the people. Lula, who hasn't criticized the bankers for some time, is still stinging from the financiers' nasty campaign run against his re-election.

The people are going to demand a lot more of those of us who are re-elected to a second term, he told Chavez, who is up for re-election on Dec. 3. We have greater responsibilities to the poor. They want to have the right to work, to study, to have access to health care and housing. In other words, they want the most elemental right, which has been denied to them for centuries: the right to be citizens of our continent, he said.

One thing the people of Brazil and Venezuela must understand, is that "there is no solution for any Latin American country by itself," he said. We must work for integration—not just talk of integration—integration of our scientific and technological development, cultural integration, political integration. "In our second term, all of us Presidents of the countries of South America and Latin America must work for integration as we never have before. We need to link up our highways; we have to build the railroads which need to be built, the oil companies which our countries need to work on together.... Our businessmen ... can help with the transfer of technology to Venezuela. Venezuela cannot remain eternally an exporter of oil and gas. There has to be industry here. You have to have scientific and technological knowledge, so that the youth have somewhere to work.... "

## **Will Argentina Be Dragged into Cheney's War Against Iran?**

Synarchist interests are maneuvering to manipulate Argentina's Kirchner government into helping facilitate Cheney, et al's unprovoked war drive against Iran. On Nov. 9, Federal Argentine judge Canicoba Corral announced that he was issuing arrest warrants for former Iranian President Ali Rafsanjani and eight former members of his government, in connection with the 1994 bombing of the AMIA Jewish social welfare agency. On Oct. 23, Federal prosecutor Alberto Nisman had officially blamed Iran and Hezbollah for that incident, and urged Canicoba Corral to issue the warrants.

Over the weekend of Nov. 11-12, the American Jewish Committee and the State Department offered their "strong support" for President Kirchner's "courageous" actions against Iran, and State has even offered to "help" Interpol track down the nine Iranians. The Bush Administration, however, views President Nestor Kirchner as a principal threat in the region, for his leadership in facing down the IMF and organizing the South American "Presidents' Club" against globalization, and would like to overthrow him. In fact, they are using the orchestrated Iran incident to try to foster anti-Kirchner terrorism inside Argentina, which would then be blamed on Iran.

Kirchner himself has not spoken on the issue. But following an exchange of tense messages between the two governments this past week, the Kirchner government placed national security forces on alert, and stepped up security along borders and in airports, reportedly in anticipation that Iran or its allies might attempt terrorist attacks on the country in response to the announced arrest warrants.

## **Presidential Showdown Looms in Mexico**

In Mexico, each side is lining up its troops for the looming battle over whether Felipe Calderon will be able to be

inaugurated as President of Mexico on Dec. 1. The National Council of Lopez Obrador's PRD party resolved on Nov. 11 to carry through on the commitment to block the inauguration of Calderon, come what may. PAN legislators responded that they will "take the security measures necessary" to ensure the inauguration comes off, and if that means deploying military and police forces inside Congress, so be it.

The spectacle of armed force being deployed in the Congress to restrain us, so the "illegitimate President" can be inaugurated, would be international news indeed, the spokesman for the PRD fraction in the Chamber of Deputies, Luis Sanchez Jimenez, pointed out. PRD Senate coordinator Carlos Navarrete added that should the PAN attempt to hold the inauguration anywhere outside the Congress, as has been rumored, that, too, will meet a mass mobilization. The nation's capital isn't Guadalajara or Guanajuato, but territory sympathetic to the PRD, he recalled. He suggested, with only a touch of irony, that Calderon's novices may decide to hold the inauguration in Campo Militar #1, Mexico City's big military base.

Before that battle is reached, comes the Nov. 20 inauguration of Andres Manuel Lopez Obrador as the legitimate President, in Mexico City's Zocalo. Organizers expect over a million people to be there. Lopez Obrador continues to address rallies in two-three cities a day, repeating his message that people must help build a network of citizens who are prepared to engage in civil disobedience when the illegitimate government attempts to sell off the national patrimony, or tax basic necessities.

The situation overall in Mexico is explosive. As the newly elected head of the National Peasant Federation (CNC), Cruz Lopez Aguilar, warned on Nov. 11, Calderon should not live in a world of fantasies; if the needs of the peasants—and others—are not met, there will be a social revolution in Mexico.

## **Colombian LYM Addresses National Labor Mobilization**

A march of more than 7,000 state workers who were protesting neoliberal economic policies in Colombia (President Uribe's Free-Trade Agreement, President Bush, and privatizations) led into the Plaza de Bolivar, the central plaza in the capital city of Bogota. LYM member Pedro Rubio, Jr., representing the international LaRouche movement, heated up the mobilization when he was asked to address the marchers, and told them: "we have a friend in the United States, LaRouche, who is mobilizing the Democrats to oust Bush and Cheney. The mandate of the American people was clear—immediate withdrawal of the troops from Iraq and an end to the genocide against the Iraqi people, and getting the fascists out of the White House!" The 7,000 workers applauded and shouted the slogan, "Fascists out of the White House!"

Everyone there turned to the LYM, who were distributing leaflets which announced LaRouche's webcast, and outlined the LaRouche movement's proposal for development corridors and nuclear energy for Colombia.

## **Western European News Digest**

### **Italian Economist: Risk of '1929-Style Crisis' in U.S.**

Guilio Tremonti, who is a leading figure in the current center-right opposition, gave an interview to the (Corriere Della Sera) Nov. 12, in which he questioned the economic "development" in the U.S. from 2001-06. While this boom was caused by such factors as lower interest rates and the explosion of real estate values, "the real estate crisis is now very deep: in the third quarter, foreclosures increased by 43%. It went from boom to bust, although this has been partially compensated for by the fall in the price of oil."

Tremonti also questions the official version of the situation, and says there are two hypotheses: "The first is that the end of

the boom did not cause the collapse [in growth], because the financial system is well-balanced, it absorbed the crisis, and now it can start growing again. The second is suggested by many economic websites, which include predictions of a structural crisis, like that of 1929. I hope the first hypothesis is correct, but I fear the second may be."

Despite losing his bearings on various other issues, Tremonti's remarks inject an element of reality into the increasingly hysterical political and economic debate in Italy.

## **Germans Urge Syria, Iran Talks; Brits Want Concessions**

Interviewed on the public radio station DLRadio Nov. 10, Ruprecht Polenz (Christian Democrat) said that a pacification and stabilization of Iraq can only be achieved through direct talks among the United States, Syria, and Iran. Granted, talks which have not been held for many years, are difficult to reopen, said Polenz, but a new start is possible now, after the midterm U.S. election.

Polenz added that the Germans, who have good relations with the Syrians and the Iranians, could help establish an opportunity for the Americans to begin talks on the sidelines of a broader forum—for example, a Mideast-Persian Gulf regional security conference with all states of the region taking part.

Three days later, Prime Minister Tony Blair, speaking at the Lord Mayor's Guildhall, held out the vague promise of a "new partnership," but only if Iran and Syria would stop promoting terrorism in Iraq, in Lebanon, and with Hamas, in the Occupied Territories. Otherwise, said Blair, they face "isolation."

Blair, who has the credibility of a poisonous snake, said that a new Middle East strategy should start with efforts to pursue the "Road Map" between Israel and Palestine.

## **Spanish Peace Center Is Origin of New Mideast Proposal**

Spanish Prime Minister Jose Luis Rodriguez Zapatero announced a new Middle East peace initiative after a summit meeting with French President Jacques Chirac, the *Jerusalem Post* reported Nov. 16. Chirac and Zapatero were participating in the first meeting of the French-Spanish Security and Defense Council.

"We cannot remain impassive in the face of the horror that continues to unfold before our eyes," Zapatero said in reference to the recent massacre of 19 Palestinians in the Gaza Strip. He said the situation "has reached a level of deterioration that requires determined, urgent action by the international community."

The initiative was, in part, developed at the Toledo International Center for Peace. In the tradition of the pre-Inquisition civilization of Spanish toleration, the Center brings together notable sane Israelis and like-thinking Europeans.

The peace plan will be presented at a European Union summit in December.

## **German Parliament Votes To Extend Afghanistan Mission**

The mandate for the German share in "Operation Enduring Freedom" was approved for another year, by two-thirds of the Parliament members. Willy Wimmer, dissident Christian Democrat, who spoke for the opposition, said in an interview with the DLRadio station Nov. 10, that the mandate cannot be kept, because military operations in southern Afghanistan no longer target al-Qaeda, as was their original mandate, but now are deployed against a people's insurrection, a Pashtun

uprising against the foreign troops. NATO troops are not there to fight against the people of Afghanistan, nor must German soldiers take part in military operations, which lead to a transfer of prisoners, then, to Guantanamo, Wimmer insisted, calling for a pull-out of German troops from Afghanistan.

### **Freiburg Votes Against Public Housing Sell-Off**

In a referendum on Nov. 11, the citizens of Freiburg, Germany voted 70.5 to 29.5%, against the plans of Mayor Dieter Salomon (Greens) to sell off 7,900 flats (apartments) that are municipal property, to locust funds. The Fortress fund was already named, as among the most hopeful candidates for the takeover. The Fortress deal with Dresden also was supposed to be the model for Freiburg, which would have received more than 500 million euros—not to invest, but to pay its debt (and please the creditor banks).

The referendum, which followed several weeks of heated public debate, mobilized 64,000 of Freiburg's 150,000 voters, and the "no to privatization" front received way above the required quorum of 25% of the electorate. For the coming three years at least, the sell-off of Freiburg's municipal housing is off the agenda.

### **Labour Party Moneybags Bails Out of Blair Government**

Lord Sainsbury, the billionaire former chairman of the Sainsbury supermarket chain, and British Labour Party moneybags, was questioned in the cash-for-honors criminal investigation in July, *The Times* reported Nov. 11. He claims his resignation has nothing to do with that case, although few believe him. Sainsbury has given 6.5 million pounds to the Labour Party since 2002, including a 2 million pound loan.

Chancellor of the Exchequer Gordon Brown denied that Sainsbury was leaving a "sinking ship." Nonetheless, now that he has left government, he is less likely to be caught in the storm which is brewing over the investigation.

He will be replaced by Energy Minister Malcolm Wicks. Alistair Darling, the Trade and Industry Minister, will take over responsibility for energy policy. This could be a positive move since Darling, who is said to be pro-nuclear, will now be, in part, responsible for deciding whether the U.K. expands its nuclear energy capacity.

### **Berlin's Tempelhof Targetted as Oasis for Jet-Setters**

Leaks about behind-the-scenes discussions on a new privatization round in Berlin, reveal the latest monstrosity in this sphere: Locust funds plan to purchase the Tempelhof airport from Berlin, for future use as an international "wellness compound" for the jet set. This may be combined with a clinic complex for wealthy patients, who would secure a profitable revenue for this entire operation.

New rumors had it, that Estee Lauder, the global cosmetics firm based in New York, plans to join a Tempelhof makeover, as well. Thus, almost 60 years after the famous Western allies' "Berlin Airlift," the German capital is threatened by an ominous Operation "Berlin Facelift."

The Tempelhof issue was also on the agenda of closed-door talks Nov. 13 between Berlin Mayor Klaus Wowereit and Chancellor Angela Merkel, Wowereit's office made public. Whether cosmetics were discussed, too, has not been revealed.

### **Troubled Austrian Bank Target of Locust Takeover**

The Austrian bank BAWAG, ruined through high-risk speculative dealings in the Bahamas, in the wake of the post-LTCM turbulence at the end of the 1990s, is about to be sold off to private investors.

It is said that three prominent locust funds have signalled interest in the bank: Apollo, Cerberus, and Lone Star. The funds are cooperating with big banks and insurance companies: Cerberus is ganging up with Assicurazione Generali, Apollo with Talanx, Lone Star with Bayern LB (state bank of Bavaria). The sale is organized by the investment bankers at Morgan Stanley.

## **Conservative Cameron Answers Annual Queen's Speech**

Queen Elizabeth II delivered the Queen's Speech (somewhat like the State of the Union in the U.S.) Nov. 15 to the assembled Lords and Commons on the legislative agenda for the next year. The theme this year was "security in a changing world," and it was more of the same failed policies, with 29 bills addressed in the proceeding debate, two in draft form. David Cameron led the debate in the afternoon, and said: "The tragedy of this Queen's Speech is that all his [Prime Minister Tony Blair's] successor [Gordon Brown] offers is more of the same. More laws on crime—yet violent crime is up. More laws on health—yet hospitals closed. More laws on immigration—yet our borders are completely out of control."

Cameron also had critical words about U.K. foreign policy, and called for various 'support our troops' proposals. The key to Middle East peace, he said, demanded a "fresh and unremitting push to resolve the Israel-Palestine conflict." These steps are necessary to provide the right background to bringing our troops home, he said, "but we should not set an artificial timetable."

## **Russia and the CIS News Digest**

### **Kremlin Rebuffs NATO Hubbub Over 'Gas Cartel'**

The *Financial Times* of London reported on Nov. 14 about a leaked NATO warning against Russian gas blackmail, then editorialized the next day that nobody should overblow Russia's export activity into a "Gasfinger" plot to take Europe hostage. The leaked document is allegedly "a confidential study by NATO economics experts," circulated to all NATO members, which "warned that Russia may be seeking to build a gas cartel including Algeria, Qatar, Libya, the countries of Central Asia and perhaps Iran." The first *FT* article quoted Kremlin spokesman Dmitri Peskov, saying that "only a madman could think that Russia would start to blackmail Europe using gas, because we depend to the same extent on European customers." Itar-TASS also published a lengthy denial from unnamed Kremlin sources.

From the Russian side, a recent speech by the chairman of the State Duma Committee on Energy, Transport and Communications, Valeri Yazev (known as a mouthpiece for Gazprom), fed into the scare. Regnum.ru reported Oct. 31 that Yazev spoke before the Russian Gas Society, which he also chairs, and proposed to "establish a gas alliance, which could be joined by Turkmenistan, Kazakstan, Uzbekistan, Russia, Ukraine, and Belarus. In case the issues on Iran's nuclear program are successfully solved, I believe Iran could be also invited to this alliance." The group has over half the world's natural gas reserves, and "in such an alliance, Russia's Gazprom could play a role of an integrator." Yazev explained, "Such an alliance is necessary in order to coordinate the policies of gas-exporting countries in the face of pressure, imposed by the cartel of consumer states of the European Union. This cartel is trying to force Russia to sign the Energy Charter, which contradicts the interests of Russia."

Gazprom has been pushing through a series of price hikes to Near Abroad customers like Georgia and Belarus, while, inside Russia, another leaked report—this time, from the Russian Energy Ministry on Russian gas output beginning to decline, for lack of investment—sets the stage to press for higher domestic prices, as well.

## **Polish Government Opposes New EU-Russia Talks**

On Nov. 10, RFE/RL *Newsline* reports, Polish Economics Minister Piotr Wozniak announced Poland's opposition to beginning talks on a new European Union-Russia cooperation agreement (for after 2007), unless Russia first ratifies the Energy Charter. Russia has refused to do that (it was signed by the Yeltsin regime in 1994), since it would break Gazprom's control of the Russian pipeline network. Wozniak also advised Germany to "forget" the North European Gas Pipeline project with Russia. On Nov. 13 at the EU foreign ministers' meeting in Brussels, Polish Foreign Minister Anna Fotyga made good on the threat, blocking a decision on launching the talks. Russian Ambassador to the EU Vladimir Chizhov rejoined, "We warned our partners in the EU of the possible difficulties they might face after the EU's expansion two years ago," when Poland, the Baltic states, and other former members of the Comecon joined.

## **Nuclear Power for Siberia, Floating Plants on Russian Agenda**

A round table on an Economic Development Strategy for the Urals and Western Siberia, held at the Russian State Duma on Nov. 8, put forward major economic initiatives. It discussed proposals to construct two new nuclear plants in the region: the South Ural Nuclear Plant in Ozersk, Chelyabinsk Region, and another in Seversk, Tomsk Region, as well as a new (fifth) reactor at the Beloyarsk Nuclear Plant. These are already major industrial areas, West Siberia being a center of oil and gas production, and Chelyabinsk a large manufacturing city, especially since the World War II evacuation of industry to the Urals, but they face a power shortage.

A report distributed at the event by the nuclear power agency Rosenergoatom's press service, noted that the Ural Federal District produces 92% of Russia's natural gas, 68.1% of oil, 40% of steel and other rolled ferrous metals, 45% of refined copper and 40% of rolled aluminum, and almost 10% of the output of Russia's machine-building industry. This scale of industrial production is based on the unique natural resources of the District, which include over 26% of the world's natural gas reserves, and 10% of the world's timber.

The proposal was supported by Valery Rachkov, head of the Energy Generation Department of the Federal Nuclear Energy Agency. In his speech, he emphasized that the Ural Region, with its huge industrial potential, lacks energy-generating facilities for its further development. "By 2020, this deficiency is going to increase by 30 GW," he said. Valery Rachkov also focussed on the vital importance of nuclear energy for the revival and development of such crucial industrial facilities as Siberian Chemical Works, Mayak, and Chelyabinsk Electrochemical Plant.

Also during the week of Nov. 13, Rosenergoatom announced that it would complete the world's first floating nuclear power plant, located near Severodvinsk in Russia's far northwest region, in May 2010. The plant will have two reactors, with a combined capacity of 70MW, and will be the first of this type of set of reactors, which are planned for six Russian regions.

## **LaRouche Release on Bush's 'Swan Song' Out in Russia**

Hours after its release in Russian translation Nov. 16, Lyndon LaRouche's Nov. 9 report on the U.S. interim elections, "Bush Sings His Swan Song," was posted on the Russian economics web site worldcrisis.ru, with a recommendation from economist Mikhail Khazin, the site's owner, to pay attention to it. A lively debate over how LaRouche dare say Americans are poor, whether "the Democrats" aren't bigger stooges for the international financiers than Bush is (a widely held belief in Russia), why not use a unit of account linked to a barrel of oil instead of the dollar, and what the Bardi bankruptcy of the 14th century was, had unfolded on the site forum by the evening of Nov. 16.

## **Primakov: Iran Is an Area Russian Diplomacy Knows**

As part of a continuing campaign by the Russian information agency Novosti to bring Russian views to Western readers, the *Washington Post* Nov. 15 carried an RIA Novosti advertising supplement, featuring an interview with former foreign minister and prime minister, Middle East expert Yevgeni Primakov, who now heads the Russian Chamber of Commerce and Industry. Primakov started by stating that "there are serious differences between Russia and the United States, and we shouldn't conceal this fact." After referring to "the mistake the U.S. made when invading Iraq," Primakov was asked about the Iranian nuclear program. "Moscow believes that the language of force and ultimatums will not compel Iran to renounce its nuclear program," he stated, adding, "We know the situation in Iran better than the Americans do, and we are convinced that excessive pressure will unite the forces in Iranian society which are still hesitant about nuclear weapons, with those who'd like to possess them."

## **Georgian Prime Minister Says Russia Preparing for War**

In a provocative Nov. 14 interview with Reuters, Georgian Prime Minister Zurab Nogadeli accused Russia of preparing for war in his country, by sponsoring separatist referendums and stepping up the level of rhetoric. The comments followed an overwhelming victory of the independence referendum in South Ossetia. More than 90% of voters, most of whom have taken out Russian citizenship, backed independence from Georgia, as expected, in the Nov. 12 vote. Minority ethnic Georgians largely abstained, according to the BBC.

Georgian President Mikhail Saakashvili transferred his outspoken anti-Russian Defense Minister, Irakli Okruashvili, to the Economics Ministry on Nov. 10 (only to see Okruashvili resign from the government altogether, one week later). Nogadeli told Reuters the switch did not reflect Western pressure and would not change his country's military posture. "We will continue the process of NATO integration, and we will continue to remain faithful to the peaceful resolution of the conflicts," he said.

## **Southwest Asia News Digest**

### **UN General Assembly Condemns Massacre of Palestinians**

On Nov. 17, the UN General Assembly voted up a proposal calling for an investigation of the massacre of 20 Palestinians who fell victim to an Israeli artillery attack in the Gaza Strip on Nov. 8. The massacre—and the wide condemnation of it—was reported in last week's Southwest Asia Digest.

Meeting at the request of Arab delegations and the Non-Aligned Movement, the General Assembly resumed its tenth emergency special session to consider illegal Israeli actions in Occupied East Jerusalem and the rest of the Occupied Palestinian Territory.

A Security Council statement said: "In similar letters to the Assembly President (UN documents A/ES-10/366 and A/ES-10/367) the representatives of Qatar, on behalf of the Arab Group, and Cuba, on behalf of the Movement, respectively, called the emergency session, so the Assembly could specifically consider Israeli attacks in the Gaza Strip, particularly the killing of Palestinian civilians in Beit Hanoun on 8 November 2006."

The UNGA action came on the heels of the adoption by the Geneva-based UN Human Rights Council of a resolution that also condemned the killings and dispatched a fact-finding mission to the region.

In opening the debate at the General Assembly, the president of that body, Sheikha Haya Al Khalifa of Bahrain, stated, "We must condemn the assassination of Palestinian and Israeli civilians without distinction, because such arbitrary killings are contrary to the rules of international humanitarian law." Over 20 speakers participated in the debate.

The resolution, however, considerably softer than the one that U.S. Ambassador John Bolton vetoed in the UN Security Council, calls for Secretary General Kofi Annan to establish an investigative commission to look into the incident. It is reported in the Israeli newspaper *Ha'aretz*, that former President Jimmy Carter is ready to lead such a commission.

Despite the fact that the governments representing the vast majority on this planet supported the resolution, U.S. Ambassador Bolton claimed the vote confirmed "widespread doubts" about the United Nations' fairness. The resolution was voted up by 156 of the 192 member-nations of the UN. The only ones to vote against it were the U.S., Israel, Australia, the Marshall Islands, Micronesia, Nauru, and Palau. Those abstaining were Canada, Ivory Coast, Papua New Guinea, Tonga, Tuvalu, and Vanuatu. All the European nations supported the resolution.

### **U.S. Flubs in Iraq Again—Sunni Scholar Targetted for Arrest**

After the Iraqi arrest warrant was issued for one of the top Sunni clerics, Sheik Harith al-Dhari, of the Muslim Scholars Association, al-Dhari said on Nov. 17 that the Iraqi government's bid to arrest him was illegal, and his spokesman, Abdul-Salam al-Kubaisi, urged Sunni politicians to quit the Parliament and government. Al-Kubaisi said the arrest warrant was a cover for "acts of the government's security agencies that kill dozens of Iraqis every day." He called for Sunni "political groups to withdraw from Parliament and the government, which has proven that it is not a national government." He also called on Arab League Secretary General Amr Mousa to condemn "this cowardly act." Al-Dhari has been living outside Iraq for months.

Speaking in Amman, Jordan, al-Dhari responded to Iraqi President Jalal Talabani, who had defended the government action: "I do not consider Talabani as Iraq's President, and he doesn't represent the Iraqis. Talabani is part of the government. He feels as they feel and he fears what they fear." Sunni Vice President Tariq al-Hashimi described the warrant as "destructive to the national reconciliation plan" and urged the government to cancel it immediately. The Iraqi People's Conference of Adnan al-Dulaimi, head of the largest Sunni bloc in Parliament, said the "government should have chased the death squads and militia leaders instead of allowing them to control the country." Sunni groups hold 55 seats in the country's 275-member Parliament, as well as 9 seats in the 36-member cabinet.

### **Olmert, Netanyahu Seek U.S. Backing for Strikes on Iran**

In a background discussion with *EIR* on Nov. 13, a retired high-level military and intelligence official warned that the allies of Dick Cheney in the Israeli political arena—most notably Benjamin Netanyahu and fellow Jabotinskyites—could completely overturn the efforts of the Baker-Hamilton Commission, and other U.S. institutions that are trying to fend off a U.S. military attack on Iran, and at the same time stabilize Iraq. The comments were made as leading Israelis were arriving in the United States.

Israeli Prime Minister Ehud Olmert threatened Iran, while speaking to the press corps accompanying him on the way to the United States for a visit with President Bush, on Nov. 13. After comparing Iranian President Mahmoud Ahmadinejad to Adolf Hitler, Olmert said, "My position is clear. If there can be a compromise that will stop Iran short of crossing the technological threshold that will lead them into nuclear capabilities, we will be for such a compromise. But I don't believe that Iran will accept such a compromise unless they have a very good reason to fear the consequences of not reaching it. In other words, Iran must start to fear." He continued that, "if they do not accept the request of the international community, they're going to pay dearly."

The actual policy of the Israeli right—which now controls the deputy prime minister's post in Olmert's government—towards Iran, was articulated by former prime minister, and Likud Party head, Netanyahu, who gave the appearance of being "bonkers in the bunker."

Speaking at the meeting of the United Jewish Communities General Assembly in Los Angeles, on Nov. 14, Netanyahu launched a raving attack on Iran:

"It's 1938—and Iran is Germany. When someone tells you he is going to exterminate you, believe him and stop him." Netanyahu said he has been for a decade trying to warn world leaders that Iran represented the greatest threat, not just to Israel but also to Europe and America, "but nobody seems to care very strongly." He raved that the real threat to the world is not Iraq or al-Qaeda, but Iran, which is building nuclear weapons in order to start a war. He said that making peace with the Palestinians would not stop Iran.

No fewer than six Israeli Cabinet members were at the assembly—more than attend a Knesset session at any given time, and certainly an unusual concentration of the foreign government to be in Los Angeles at one time.

Following Netanyahu, Foreign Minister Tzipi Livni, also in the United States, told the United Jewish Communities General Assembly, that Iran represents three threats: anti-Semitism, terror, and another holocaust if it is permitted to carry it out.

Not to be left behind, Deputy Prime Minister of Israel Shimon Peres, a former head of the Labor Party, proclaimed that "the Iranian president is a Persian version of Hitler. He is a half neurotic leader who has alienated the [world]." He went on to say that Israel should not do the job against Iran's nuclear program alone: "Israel cannot and should not wage war against Iran, because the nuclear threat Tehran is planning is global."

### **Baker Met with Syrians, Iranians in September**

The *New York Times* reported on Nov. 18 that Syrian Ambassador to the U.S. Imad Mustapha told the *Times* that James Baker III had asked Syria's Foreign Minister Walid Muallem, during a meeting in New York in September: "What would it take Syria to help on Iraq?" Mustapha said the meeting was "very promising." The ambassador has also met with Baker's Iraq Study Group, where he said, "We were very candid with each other. We explained to them why it is in our own national interest to try to help stabilize the situation in Iraq." According to the *Times*, Baker has also met with Iranian Ambassador to the United Nations Javad Zarif, with whom he had a three-hour dinner.

### **Spain, France Promote New Middle East Peace Initiative**

Spanish Prime Minister Jose Luis Rodriguez Zapatero announced a new Middle East peace initiative after a summit meeting with French President Jacques Chirac, reported various news media Nov. 16. Chirac and Zapatero were participating in the first meeting of the French-Spanish Security and Defense Council.

"We cannot remain impassive in the face of the horror that continues to unfold before our eyes," Zapatero said in reference to the recent massacre of 20 Palestinians in the Gaza Strip. He said the situation "has reached a level of deterioration that requires determined, urgent action by the international community." The peace plan will be presented at a European Union summit in December.

The plan includes an immediate cease-fire, formation of a national unity government by the Palestinians, an exchange of prisoners—including the Israeli soldiers captured in the war in Lebanon—talks between Israel's Prime Minister and the

Palestinian President, and an international mission in Gaza to monitor a cease-fire. Zapatero added that a major international conference on Middle East peace should be held.

Israeli Foreign Minister Tzipi Livni on Nov. 16 stated that Israel rejected out of hand the new peace initiative, in which Italy has joined Spain and France. She said that it was unacceptable for an initiative concerning Israel to be launched without coordination with Israel. But despite Livni's attack on the initiative, it comes out of the Toledo [Spain] International Centre for Peace, which has the participation of leading Israelis.

Among the Centre's directing staff can be found Shlomo Ben Ami, former Israeli Cabinet Minister and peace negotiator (Labor Party), who is currently the Centre's vice president. Another vice president is Nabil Shaath, former Foreign Minister of the Palestinian National Authority and former peace negotiator. One of the trustees is Miguel Morotinos, current Foreign Minister of Spain. Morotinos had been the European Union's chief envoy for the Middle East, and is deeply involved in efforts to promote peace between Israel and the Arab states, and to reach a diplomatic solution with Iran on its nuclear program.

## Asia News Digest

### Kissinger Demands Pressure, Not Diplomacy, on North Korea

Fully in keeping with his historic genocidal view of the "wogs," in a *Washington Post* op-ed of Nov. 12, Henry Kissinger denounced Mohamed ElBaradei of the IAEA and Russian Foreign Minister Sergei Lavrov for opposing sanctions in favor of diplomacy in both Iran and North Korea. Kissinger said: "But pressure—the attempt to induce a decision the other party had not chosen initially—is a necessary component of almost any negotiation. Diplomacy is not an academic seminar." (Perhaps he cribbed this from his friend Mao's famous "Revolution is not a tea party.")

However, Kissinger said that the demand for "regime change" has muddied the waters, and praises the Bush Administration for supposedly having "changed its priorities," and become more "practical." Nonetheless, he warned that Bush must not "repeat the mistake of the Korean and Vietnamese wars of suspending pressures as an entrance price into negotiations." This comes from the man who was responsible for dropping more bomb tonnage on Indochina than any other geographical area in history, all while the negotiations with North Vietnam (for which Kissinger won the Nobel Peace Prize!) were underway.

### Stanford Delegation Reports on Trip to North Korea

A delegation led by Stanford University's John Lewis reported back Nov. 15 from a visit to Pyongyang Oct. 31-Nov. 4, where they discussed the North Korean nuclear program with officials there. Jack Pritchard, a former Asia Director on the Clinton National Security Council, and Siegfried Hecker, the former director of Los Alamos, were part of the delegation. Pritchard indicated that, while it was unclear where the North Koreans wanted to go with their program, they were keenly interested in establishing relations with the U.S., and therefore might be amenable to sacrificing some of their nuclear ambitions to achieve that goal. One official even indicated that they might stop their program if there were full normalization with the U.S.

Hecker, who had visited the North Korean nuclear site on one previous visit, gave a technical evaluation of the North Korean program. It was the delegation's estimate that the North Koreans decided to rejoin the six-party talks after their only partially successful test, hoping thereby to be regarded at the talks as a nuclear power. There was also a concern that the North Koreans repair their somewhat frayed relations with China, given the rather unexpected nature of the nuclear tests (China was give a two-hour heads-up on the test.)

The North Korean officials also affirmed that North Korea would never be the first to use nuclear weapons in a conflict, nor would it provide plutonium to another party. Both Lewis and Hecker held talks with colleagues in the Chinese Foreign Ministry and the Chinese scientific establishment both before and after their visit to Pyongyang.

## **Congress Releases Annual Diatribe Against China**

The U.S. China Economic and Security Commission was set up in 2000 as a bipartisan commission of twelve, three from each party and three from each House of Congress. However, the commission has from the outset been dominated by the right-wing Heritage Foundation crowd, notably, commission chairman Larry Wortzel. This year is no exception. The 44 recommendations released on Nov. 16 include: demand currency revaluation; demand China stop North Korean ships on the high seas; expand sanctions against China's proliferation of WMD; investigate China's military expansion, etc.

## **Hu Jintao Expected To Offer Pakistan a Nuclear Deal**

On the first trip to Pakistan by a Chinese President in a decade, according to *Asia News* of Nov. 17, Hu Jintao is likely to announce that China will help Pakistan construct several nuclear plants in coming decades. President Hu will arrive in India on Nov. 18 on his way to Pakistan.

When Pakistani President Pervez Musharraf visited Beijing in February, the talk about such a deal began. The broad deal appears likely to leave the scale and specifics of cooperation for future talks. But even a vague agreement will remind the world that China values its friend Pakistan, even while Beijing is developing closer relations with India, sometimes a bitter rival of both countries.

A Beijing observer pointed out that "the political intent is quite certain, but the specifics are less certain." He said this will be a political gesture above all.

## **China Eager To Advance Trans-Himalaya Pipeline**

China has once more expressed eagerness to move forward with Pakistan's proposal for a trans-Himalayan pipeline to carry Middle Eastern crude oil to western China, Naeem Khan, commercial and economic counsellor of the Pakistani Embassy in Beijing told the NDTV on Oct. 24. "At the moment, it is just an idea that we have brought forward, but the Chinese side said they are interested," said Naeem Khan.

The proposed pipeline would link Pakistan's deepwater port of Gwadar—developed with the help of the Chinese at a stone's throw from the Persian Gulf—to China. Pakistan, in return, expects to secure Chinese investment in a large refinery complex. During President Hu Jintao's upcoming visit to Pakistan, both the pipeline and the refinery will be items on the bilateral agenda, analysts point out.

Meanwhile, private and state-owned Chinese oil companies are already in talks with Pakistan about construction of a refinery at Gwadar Port where the pipeline would originate. Islamabad would like to build a refinery and petrochemical complex with an initial 200,000 barrels per day capacity, later expanding it to about 500,000 barrels per day, said Naeem Khan.

## **This Week in American History**

# November 21—27, 1939

## A Warm Springs Thanksgiving

On November 23, 1939, President Franklin Roosevelt gave an informal speech to the polio patients and staff gathered in Georgia Hall at the Warm Springs Foundation. He had first celebrated Thanksgiving at Warm Springs in 1925, and in 1928, he carved the turkey for the gala celebration which he dubbed "Founders Day." This double feast commemorated the first major addition to the old Warm Springs resort. Roosevelt's newly established Georgia Warm Springs Foundation had succeeded in building a glass-enclosed pool so that the polio patients could continue their water therapy during the cold months.

When Roosevelt was elected Governor of New York, and then four years later, President of the United States, many of his old acquaintances in Georgia felt they had to treat him more formally, but at Warm Springs the polio patients just called him "Doctor Rosey." He had come there, as they had, to find a cure, and he had ended up teaching himself all about the disease and developing a therapy regimen which was adopted by the professional medical staff which he assembled. To the patients, Roosevelt was a shining example of what they might accomplish to overcome polio's limitations. But there was no awe involved; they treated him as they treated each other—with consideration but large doses of humor.

Every Thanksgiving Day, also known as Founders Day, was a joyous occasion. The patients and staff sat at a very long table in long and narrow Georgia Hall, the wheelchairs drawn up so that the waiters could pass behind. When Roosevelt became President, reporters and Secret Service men were added to the diners. After the turkey was duly carved and eaten, and the pumpkin pie had been served, Roosevelt gave an informal speech, filled with jokes and reminiscences about the early days of Warm Springs. Then, the patients performed plays and skits, most of them with mischievous and humorous overtones. The celebrants also engaged in singing their favorite songs, and Roosevelt talked with everyone at the door as they left Georgia Hall. The day often ended with a water football game in the pool, with the patients playing the staff.

When Roosevelt came to Thanksgiving dinner in 1932, he had just been elected President, and he received his first 21-gun salute—a string of 21 giant firecrackers were set off by the Foundation's auditor. When he came in 1934, he told the celebrants that the Warm Springs center was to be a pioneer, an example for the rest of the country to follow in treating polio. "You must always remember," he said, "that you who are here ... only represent a tiny fraction of the people throughout the land ... who have infantile paralysis.... Even if we were to double in size or quadruple in size, we could treat only a small fraction in this country of the people who need treatment.

"We need to do everything we can," said the President, "to spread the knowledge we are gaining at Warm Springs ... so that, throughout the country, the facilities for taking care of grown-ups and children who have polio can be vastly improved."

When President Roosevelt came for Thanksgiving in 1939, war had officially broken out in Europe, and it was reflected in his speech. But he began with humorous reminiscences about the early days at Warm Springs. "You know," he said, "sometimes I think these parties have been going on all my life, and yet it is only just 15 years ago that I came down here, all alone, to have a perfectly good holiday and try out a thing called 'the public pool.'... And then, as time went on, our Thanksgiving dinners got to be something. I remember the first Thanksgiving Day dinner in 1925. It was in the old Inn, the old fire-trap which was about 200 feet from where we are now.... We were perfectly thrilled because we had, including all the people who worked on the place and the one doctor and the one physiotherapist, 50 people at that dinner.

"Then, as time went on, the problem of the old Inn and its dining hall got to be serious because—I don't know when it was—around 1928 or 1929, we had 200 people at our Thanksgiving dinner and we got awfully worried because there were

some ominous creaks in the middle of the dinner after the turkey had been eaten—not creaks from the people but creaks from the foundation of the building. It was a great question as to whether the timbers of the old Inn would stand the surfeit of food. That was one reason why we built Georgia Hall, because we were not quite sure if we got bigger and better Thanksgiving Day dinners that the old Inn would stand up....

"When I left here at the end of April or the beginning of May—I have forgotten when it was—I said to the people down at the train that I would be back this fall if we did not have a war. Well, we had a war; we have a war today. Of course there were columns written about just what I meant. I meant just what I said. We have a war, but I managed somehow to get down here this fall. I hope that next spring there won't be any war, but if the war should be still going on, I still hope to be able to get down here, even if it is for a very much shortened holiday, even for a few days, just to see how the Warm Springs family is getting on.

"You know, I am in favor of war. I am very much in favor of the kind of war that we are conducting here at Warm Springs, the kind of war that, aided and abetted by what we have been doing at Warm Springs now for 14 or 15 years, is spreading all over the country—the war against the crippling of men and women and, especially, of children. It is a comparatively new fight. Even the older people here will be perhaps surprised a little when I tell them that 50 years ago, when some of us who are here tonight were alive, there was practically nothing being done in all of the United States to help crippled people to use their arms and legs again.

"What did they do? Well, they were pushed off to the side; they were just unfortunate people. It was just what they used to call 'an act of God;' and there were a lot of very good religious people, people who belonged to churches, people who lived Christian lives, all over the United States who, when somebody in the family got infantile paralysis or something else in those days, would say that it was an act of God and they would do nothing more about it. The child or the grownup would be regarded as an unfortunate victim of something about which no human being could do anything. He was segregated; he was put up in the attic. It was one of the things you didn't talk about in the family or among the neighbors. And when was that? Half a century ago! And what a change there has been in those 50 years.

"In other words, I think our attitude toward religion, toward helping our neighbors has changed. We believe that there are certain forms of human endeavor that may be called, very properly, war—war against things that we understand about, things that can be improved, ameliorated, bettered in every way because of human endeavor.

"I do not have to tell all of you the tremendous strides that have been made in medicine and, incidentally, in the attitude of people in almost every community in this country toward certain types of human affliction. But it seems to me also that here at Warm Springs we have discovered something that has not yet been recognized as a fact all over the United States, and that is the fact of human relationships and their relation to science and medicine.

"Way back there, 14 or 15 years ago, when some of the first people came down here because of a Sunday newspaper story and nothing else, there came into being a thing called 'the Spirit of Warm Springs.' Well, of course everybody likes to think in local terms, but gradually, over those years, that thing that we here call 'the Spirit of Warm Springs' has, I think, developed into a major factor in medical science itself, something that is recognized by a great many doctors, but not by all....

"Down here at Warm Springs in the last few years, principally of course because of the tremendous national support that we have had, we have built up a mechanically perfect place. This new Infirmary, with all that modern science can possibly give, is all to the good—and yet I do hope to see Warm Springs go on in the position to give the spirit of Warm Springs, the human associations, the general feeling that we are all part of a family, that we are having a pretty good time out of it all, getting well not only in our legs and arms but also helping our minds in relationship to the minds of everybody around us, the other patients, the staff, the friends, and the families, all of whom make up Warm Springs...."

"It has been a good dinner. I have a flock of telegrams in my hand from members of the Cabinet, from members of the Senate, from members of the House of Representatives, from Governors of many states—the Governor of the state of Georgia in particular. Here is one from a girl who, I think, used to be here in the old days:

"Here's to our national birds, the eagle and the turkey, May the one give us peace in all our states and the other a piece for all our plates.'

"Now I understand that we are going to have one of those old-fashioned Warm Springs plays and then some songs from our Tuskegee friends."

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