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**LAROUCHE WEBCAST**  
**Still Not Too Late for You**

*Lyndon LaRouche delivered this address to an audience in Washington, D.C., on July 22.*

The first thing to settle, is that the present international monetary-financial system will die, and will never recover. This system is finished. The only possibility that exists now, is to create a replacement system, based on the principles of the founding of the U.S. economic system, with the founding of the actual Constitutional government, as defined under, particularly, Alexander Hamilton. And if you don't understand, and agree, with Alexander Hamilton, it's like saying, there is no future for you.

Now, last year, I proposed, in steps, three specific remedies, which are not cures to the problem, but are absolutely necessary to be put into place *immediately, then, and even more so, now....*

**In-Depth articles from EIR, Vol. 35, No. 30**

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## LaRouche Webcast

- **Still Not Too Late for You**

**Lyndon H. LaRouche, Jr.** declared, in a webcast one year ago, that the collapse of the global financial system was not 'about to occur,' but was, in fact, ongoing. Now, a year later, he told a Washington webcast audience on July 22 that we are not facing a depression, but a general breakdown crisis. He emphasized that 'the present international monetary-financial system will die, and will never recover. This system is finished,' and 'the only possibility that exists now, is to create a replacement system, based on the principles of the founding of the U.S. economic system, with the founding of the actual Constitutional government, as defined under, particularly, Alexander Hamilton.' LaRouche called for three specific remedies, which are not cures to the problem, but without which 'there's no future for the United States and no future for the world.' We publish the full text of the webcast, including the extensive discussion period.

## Economics

- **The U.S. Is Running Out of Time To Save Itself**

Bank stocks are plunging as the banks continue to report losses at rates which are both astonishingly high, and yet fall well short of the truth. While these stock declines do not directly impact the balance sheets of the banks, they do serve as a warning that the banks are severely wounded, with more trouble expected.

- **Geneva Trade Talks:**  
**WTO's 'Ship of Fools'**
- **UN Session on Food:**

## No Solutions Offered

- **Purdue Economists Detail World Food Shortages, Biofuels' Impact, High Prices**

*What's Driving Food Prices?*, a report by the Illinois-based Farm Foundation, was released on July 23. It was prepared by three economists from Purdue University.

- **Gore's Solar Proposal:**

### **How It Kills: Some Elementary Facts**

## International

- **British Unleash Ergenekon To Destroy Turkey and Its Peace Role**

The Ergenekon, a criminal network with links both to NATO and state security services and to terrorist, assassination, and criminal networks, had planned a 'strategy of tension,' aimed at paving the way for a military coup against the government of Prime Minister Recep Tayyip Erdogan. Behind these moves are British efforts to launch another Southwest Asian war.

- **PKK Terrorists Named 'Drug Kingpins'; Nations Move Against Narcoterrorism**

The Kurdistan Workers Party (PKK) is a British-protected separatist outfit based in Turkey, a drug-funded 'narcoterrorist' army, whose only purpose is to destroy the nation-states of Southwest Asia.

- **Obama the *Soufflé*—or the Gullibility of the German Masses**

Helga Zepp-LaRouche writes that Barack Obama's speech in Berlin showed him not only to be of little substance, but to have policies nearly indistinguishable from those of the Bush-Cheney Administration. But even more disquieting, is the German masses' continued susceptibility to 'charismatic leaders.'

- **Sanctions, Foreign Prosecutions Aimed To Sabotage African Crisis Resolution**

- **International Intelligence**

## National

- **Youth Regained:**

### **Democratic Party Begins To Come Alive**

Only by understanding the impact of the LaRouche Youth Movement on the Democratic Party at the July 2004 Democratic National Convention in Boston, can one account for the revolutionary ferment which is erupting in the Party today, in an insurgency against the British-backed attempt to impose an Obama Presidential nomination.

## Editorial

- **An Opportunity Not To Be Missed**

## U.S. Economic/Financial News

### **Small U.S. Banks Demand SEC Protection from Speculators**

### **State Budget Gaps Triple in One Year**

### **Bankers and Speculators: At Long Last, the Frog March?**

## **A Chicken in Nobody's Pot**

### **Small U.S. Banks Demand SEC Protection from Speculators**

July 22 (EIRNS)—Small U.S. banks, likely to be wiped out in the current financial meltdown, are demanding that the Securities and Exchange Commission include them on the list of financial institutions protected from the practice of abusive naked short-selling. The SEC order went into effect July 21, but protects only 19 large companies, including Freddie Mac and Fannie Mae, Goldman Sachs, and Lehman Brothers. It is set to expire on July 29 (!), although there is some talk of it being extended for another month.

Smaller banks not on the SEC list, represented by the American Banking Association or the Financial Services Roundtable, now fear that their stock will be targeted by speculative short-sellers. Not so with groups representing hedge funds, such as the Managed Funds Association and the Coalition of Private Investment Companies. These have written to SEC chairman Christopher Cox, arguing that any expansion of the SEC's emergency order to cover a broader list of stocks "will inflict catastrophic damage on the U.S. equity markets," threatening their status "as the world's equity markets of choice."

### **State Budget Gaps Triple in One Year**

July 23 (EIRNS)—The National Conference of State Legislatures (NCSL) has issued a "State Budget Update" report, which reveals that the size of states' budget deficits tripled from \$13 billion to \$40 billion, since July 2007. Economic sectors having the greatest negative impact on state budgets over the fiscal year were identified as "financial services," of concern to 20 states; "manufacturing," problematic for 22 states; and "housing," seriously impacting 17 states. Michigan has had its "eighth consecutive year of decline" in wages and salaries.

"As state lawmakers were enacting FY 2009 budgets, state fiscal conditions worsened," the NCSL press release states, indicating that the worst is not over yet. The report is based on a survey of state budget directors, which asked questions about the fiscal year that ended June 30 (FY 2008) and the new one that began July 1, for most states. It notes that most states "closed" their imbalances by "cutting spending." California, with the largest budget shortfall—15% of its budget—is still wrangling over how and what to cut.

### **Bankers and Speculators: At Long Last, the Frog March?**

July 25 (EIRNS)—Federal and state officials are finally cracking down on speculators, who have been behind the buildup of the hyperinflationary bubble, which is now blowing out.

The U.S. Commodities Futures Trading Commission (CFTC) has filed suit in the U.S. District Court in Manhattan, charging a Dutch company, Optiver Holdings, with manipulating oil prices; and New York State Attorney General Andrew Cuomo has filed civil action in New York State Court against Union Bank of Switzerland (UBS), charging the bank and top executives with fraud, in their efforts to prevent the collapse of the \$330 billion auction-rate securities market, which did collapse in February 2008. The action mirrors a similar suit filed against UBS by the Massachusetts Secretary of State.

The CFTC action charged Optiver with a price-manipulation scheme called "banging the close," which aims to manipulate the closing price of a commodity. Three company officials, including the CEO Bastiaan van Kempen, are named in the CFTC action, and two operating subsidiaries in Chicago and Amsterdam are also charged. The CFTC worked closely with the United Kingdom's Financial Services Authority and with NYMEX (New York Metals Exchange), where some of the alleged price manipulations took place.

Cuomo accused UBS of "multi-billion dollar consumer and securities fraud," in which top executives of the firm sold off \$21 million in their own holdings of auction-rate securities, while urging clients to pour money into the already collapsing market. UBS clients lost an estimated \$37 billion.

Lyndon LaRouche commented that the identification of specific individuals, as key players in the fraud schemes, opens the door for potential criminal actions, in the future. Such a frog march of speculators off to jail is long, long overdue, he noted.

## **A Chicken in Nobody's Pot**

July 26 (EIRNS)—The doubling of soybean and corn prices in the United States in the past two years—thanks to the biofuels fakery championed by Al Gore, and commodities speculation—has increased the price of raising chickens in poultry-producing centers of Virginia, Maryland, and Delaware. The cost of feed threatens to put poultry producers out of business and price chicken—the most affordable meat in the United States—out of the range of the Americans whose income is in the lower 80%.

Pilgrim's Pride, Tyson Foods, and Cargill run big poultry operations around Harrisonburg, Va. Pilgrim posted a loss of \$111.5 million in the first quarter of 2008. Chicken prices increased 2.8% from June 2007 to June 2008.

Poultry companies in Virginia's Shenandoah Valley support about 900 farmers, and employed 5,000 workers in 2007; on the Delmarva Peninsula (eastern shore of Delaware, Maryland, and Virginia), poultry operations supported about 1,900 farmers and nearly 15,000 workers, according to the Delmarva Poultry Association.

An attack on the levels of ethanol production for gasoline required by the Federal government, at a highly subsidized price, has been made by Texas Gov. Rick Perry (R), on behalf of the cattle raisers, with no success in the U.S. Congress.

## **Global Economic News**

### **Food Hyperinflation Is Murdering East Africans**

### **China Begins World's Largest Pipeline Project**

### **IMF Conditionalities Kill People**

### **Did the British Banking System Nearly Disintegrate?**

## **Food Hyperinflation Is Murdering East Africans**

July 24 (EIRNS)—Genocide by starvation continues to unfold across Africa. British-directed Malthusian policies have put over 15 million East Africans at risk of "severe hunger and destitution" within months, an Oxfam press release states today. Cost of food has risen "500% in some places," causing "utter destitution," said Oxfam's Rob McNeil, who just returned from Somalia. Drought, spiralling food costs, and fuel shortages have added to the fragile existence of Africans who have been denied the technology and infrastructure to make their nations food self-sufficient.

This preventable disaster underscores the need for all concerned to support Helga Zepp-LaRouche's call to double world

food production, issued in May 2008. "Humanity is in mortal danger!" she warned.

McNeil found that the cost of imported rice to Somalia soared 350% between January 2007 and May 2008. All the Horn of Africa countries—Kenya, Ethiopia, Somalia, Eritrea, and Djibouti—are desperate. Incredibly, however, McNeil called it a "catastrophe in the making," which if acted on could be prevented from becoming "a reality." But, the catastrophe is already here: He belies his own statement describing a road "littered with dead livestock" and people grinding "food pellets intended for their animals" to make "porridge to feed their families," SkyNews.com reports.

A few examples suffice to show the extent of the genocide:

**Ethiopia:** More than 10 million people, 12% of its population, need food aid—a doubling since January. Of these, 4.6 million people require emergency food aid, while 5.7 million who are in safety-net programs need additional food to survive until the November harvest. Among the 10 million are 75,000 children with acute malnutrition. The country has already used up its emergency cereal reserves to feed its urban poor. The price of wheat *doubled* here in six months.

Extreme drought has made survival worse: "Ethiopians are waiting for rain—or death," a BBC correspondent said.

**Somalia:** 2.6-3.5 million people, 35% of its population, require food aid. The price of rice has *tripled* in one year, since May 2007. Acute malnutrition of children has risen between 18% and 24% in some areas, well above the 15% deemed an emergency. Desperation has led to five food aid workers being killed, as militias maraud for food supplies in recent months.

"Disaster similar to the 1992-1993 famine when hundreds of thousands of people perished," could engulf areas of the country in months, Peter Goossens of the World Food Program (WFP) told a news conference on July 23.

**Kenya:** Between 2 and 6 million Kenyans are at risk of hunger and will require emergency food aid by September, the World Food Program's July 15 "Hunger's global hotspots" report states. Food prices have soared by 30-50% this year, as inflation is at 26.6%. Fertilizers costs doubled since 2007, preventing their use. The result: "Right now we [expect] four bags of maize per acre instead of the usual 20, as we could not afford to use any fertilizer," a Kenyan farmer told IRIN news, a UN news service.

## **China Begins World's Largest Pipeline Project**

July 23 (EIRNS)—Construction was started July 22 on the first gas compressor station in Khorghos, in China's northwestern Xinjiang Uygur Autonomous Region. This marks the start of the second West-to-East gas pipeline project in China.

With a designed gas transmission capacity of 30 billion cubic meters annually, and a total length of 9,100 kilometers, the pipeline begins in Xinjiang, and traverses 14 provinces before reaching East China's Shanghai, South China's Guangdong Province, and Hong Kong.

At the end of 2009, it will carry natural gas from Turkmenistan.

## **IMF Conditionalities Kill People**

July 22 (EIRNS)—In a just-completed study, British and U.S. researchers have charged that the imposition in recent years of the International Monetary Fund's loan conditionalities on 21 nations of Eastern Europe, played a major role in resurgence of tuberculosis in those countries, particularly of the drug-resistant strains.

According to analysts at Cambridge and Yale universities, efforts in these nations to meet the IMF's strict economic targets resulted in an 8% decline in government spending, a 7% drop in the number of doctors per capita, and a decline in the method of TB treatment known as "directly observed therapy," which the World Health Organization recommends.

The researchers argued that there was a direct relationship between the start of an IMF program and the rise in TB incidence, which they said resulted in a 16.6% increase in deaths in all 21 countries—a total of 100,000 dead. Without the IMF program, rates would have fallen by up to 10%.

As Cambridge University analyst David Stuckler commented, "the IMF has its priorities backwards."

## **Did the British Banking System Nearly Disintegrate?**

July 20 (EIRNS)—On July 11, as the meltdown of U.S. mortgage giants Fannie Mae and Freddie Mac impelled U.S. Treasury Secretary Henry Paulson to announce desperate, foolish measures to try to bail them out, the entire British banking system was undergoing a near-death experience of its own.

Spain's Banco Santander—which is a controlled asset of the British monarchy's Royal Bank of Scotland—swooped down on Friday afternoon July 18, with a buy-out offer for the failing British mortgage bank Alliance and Leicester (A&L). According to the Britain's *Daily Mail*, Santander's move "had already gained the backing of the Financial Services Authority [FSA] and even of the Bank of England," before Santander even spoke with A&L. The FSA armtwisted A&L to accept Santander's offer of a mere 300 pence per share (in December, Santander had offered twice that amount), fearing "a run on the bank like the one that forced Northern Rock into nationalization" in late 2007, in the words of the *Guardian*. A&L was told: "Think of the consequences of refusing."

The FSA and the Bank of England are clearly panicked. "Frantic efforts by the FSA underline the fragile nature of the banking and building society sectors where fears of another collapse along the lines of Northern Rock could have unthinkable consequences," wrote the *Daily Mail*. The paper quotes a seasoned banking veteran saying: "We have never seen anything like this before.... This is the worst financial crisis that most of us have ever seen."

The July 11 Santander bailout of A&L on British orders—Santander head Emilio Botin "is a close friend of Royal Bank of Scotland boss Sir Fred Goodwin," according to the *Guardian*—was pulled off with capital that Santander came up with by selling off its holdings in the Spanish mortgage giant Martinsa-Fadesa, which led to Martinsa's explosive bankruptcy three days later, on July 14.

Through its 2004 purchase of Britain's Abbey Bank, and now A&L, Santander is today the proud owner of 13% of all the mortgage debt garbage in Great Britain.

The Santander buyout of A&L solved nothing: the British financial system continues to disintegrate. Barclay's Bank (#3 in the country) and HBOS (the #1 mortgage lender) both attempted to hustle up urgently needed capital with a so-called "rights call" on July 18—selling additional stock to their existing stockholders. Both flopped miserably, with offers made for only 20-30% of the total offered. As the *Financial Times* put it: "The poor response is ignominious."

## **United States News Digest**

### **Belatedly, Conyers Holds (Non-)Impeachment Hearing**

## [Double Disaster: Congress's Response to Midwest Floods](#)

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### **Belatedly, Conyers Holds (Non-)Impeachment Hearing**

July 25 (EIRNS)—"A day late and a dollar short," as the saying goes, the House Judiciary Committee conducted a six-hour hearing today on the impeachment of the President and the Vice President. Originally billed as a hearing on "The Imperial Presidency of George W. Bush," then changed to "Executive Power and Its Constitutional Limitations," Committee chairman John Conyers (D-Mich.) denied that it was an impeachment hearing, after GOP committee members charged that this is exactly what it was but boasted that it wouldn't get anywhere, because the Democratic leadership of the House (i.e., House Speaker Nancy Pelosi [D-Calif.]) has taken impeachment off the table.

Among the witnesses were former Republican Congressmen Walter Jones (N.C.) and Bob Barr (Ga.); Reagan Administration Justice Department official Bruce Fein; Democratic Reps. Dennis Kucinich (Ohio) and Maurice Hinchey (N.Y.), who said that Bush and Cheney lead "the most impeachable administration in the history of our country"; and former Rep. Liz Holtzman (N.Y.), who brings to bear her experience from serving on the Judiciary Committee during the Nixon impeachment proceedings.

Fein declared that the Bush-Cheney Administration has clearly committed impeachable offenses; Jones did not call for impeachment, but discussed his bill to curb Presidential signing statements.

Bob Barr cited a number of instances of abuse of power, which he noted, "began before the current administration, but have been taken to new and unprecedented levels," and he warned that the next administration, regardless of party, could take these abuses "to even higher and higher levels."

A number of Committee members warned of a possible attack on Iran as a reason to initiate impeachment proceedings now. Rep. Hank Johnson (D-Ga.) stated that "if this administration during the last six months decides to attack the sovereign nation of Iran, then Americans will look back and think and rethink whether or not it would have been worth pursuing impeachment at this time to deter any further misdoing by this Administration."

Also alluded to in today's hearing was a proposal being circulated in Washington, reportedly written by a former senior member of the 1970s Church Committee (on domestic CIA spying and related matters), advocating Congressional establishment of a Church Committee-style investigation of abuses of power by this, and previous administrations. According to *Salon* online magazine, such a bipartisan panel would investigate widespread illegal surveillance conducted inside the United States by the National Security Agency and other agencies, plus torture, rendition, and secret prisons, and the use of military assets for spying on U.S. citizens.

### **Double Disaster: Congress's Response to Midwest Floods**

July 23 (EIRNS)—The Senate Environment and Public Works Committee hearing on the Midwest floods of 2008—the response and what to do in the future—appears to have been a pep rally for the "greening of the Corps," which emphatically includes Assistant Secretary of the Army for Civil Works John Paul Woodley. Woodley repeatedly spoke of the need for "non-structural" approaches to flood management, as he emphasized the "misperception" that "the Federal government is responsible for providing fail-safe protection from flooding." The bulk of his prepared testimony discussed the numerous efforts by the Corps to coordinate with state and local governments and private groups. He said a "key challenge" is to make sure "public and government leaders" make flood risk management decisions which "integrate environmental, social, and economic factors...."

Committee chair Barbara Boxer (D-Calif.), along with Richard Durbin (D-Ill.), provided a few facts on what occurred and the losses. Boxer said that "precipitation across the Upper Mississippi Basin from December 2007 through May 2008 was the second-wettest since 1895," and that current estimates are that the floods caused \$8 billion in losses to crop production, and that this number will go up, as livestock, farm machinery, buildings, and infrastructure losses are accounted for. Ranking Republican Sen. James Inhofe (Okla.) gave the only opening statement that spoke of promoting "national interests in the use of the waterways."

### **Lieberman Lauds Hagee's Christian Zionist Loonies**

July 23 (EIRNS)—"Sen. Joe Lieberman praises pastor who said Holocaust was God's work," is the headline on the website of the Israeli daily *Ha'aretz's* today, over a story reporting that Lieberman addressed a meeting of Rev. John Hagee's Christians United for Israel (CUFI), a group that hopes for an imminent Apocalypse in the Holy Land. This was despite the fact that GOP Presidential candidate John McCain, whose candidacy Lieberman supports, was earlier compelled to reject Hagee's endorsement, after Hagee was quoted as saying that God allowed the Holocaust to happen because it led to the creation of Israel.

Lieberman said that Hagee's support for Israel is more important than the controversy over Hagee's comments. "The bond that I feel with Pastor Hagee and each and every one of you is so much stronger than that, and so I am proud to stand with you tonight."

Lieberman appeared before Hagee's mob in spite of the delivery of over 40,000 petition signatures urging him not to speak there. The signatures were organized by the pro-peace "J Street" group, whose head Jeremy Ben-Ami said: "The purportedly 'pro-Israel' views of Hagee and his supporters bear little to no resemblance to the consensus of the vast majority of American Jews, who strongly support a negotiated, two-state resolution of the Israeli-Palestinian conflict and active engagement by the United States to facilitate it."

### **Gore Upstages Pelosi in Texas with His Anti-Carbon Genocide**

July 21 (EIRNS)—At the NetRoots Nation blogger convention July 19, in Austin, Texas, House Speaker Nancy Pelosi (D-Calif.) ended her 40-minute exchange with the 2,000-person audience, with a grand entrance by Al Gore, complete with a staged embrace.

Gore's Austin speech was the second of three national pitches he gave last week for his protect-the-climate, kill-the-people program—July 17 in Washington, D.C., and July 20 on NBC's "Meet the Press." His message: In ten years, all U.S. electricity must come from carbon-free, "renewable sources"—solar, wind power, and geothermal—to prevent the meltdown of the Earth. Since some 70% of U.S. electricity comes from coal at present, this amounts to calling for the economy to shut down.

Internationally, coal is likewise the predominant mode of electricity, because nuclear was blocked 40 years ago. Among Gore's many lying assertions, is that the world has almost run out of coal. In truth, there are still significant coal deposits—e.g., in Alaska—that could be a bridge to nuclear. Gore gave dire predictions, including that the North Polar ice cap—millions of years old—will melt in five years.

On July 18, in Washington, Pelosi defended Gore as a "visionary," when reporters at the Democratic Congressional Policy press conference asked her what she thought of his radical statements.

In Austin, she laid it on thicker, saying that it was because of Al Gore's legislative work in Washington for telecommunications, that there was the Internet revolution. "Without him, there would be no Netroots Nation," she said.

## **Soros Is Buying Up the New York State Democratic Party**

July 21 (EIRNS)—George Soros's extended family has given over \$1 million to local Democrats since 2000, with \$199,000 just this year, according to an article in the July 18 *New York Observer*. Recipients have included State Senators Eric Schneiderman, David Valesky, and Craig Johnson; former Senator Rick Dollinger; and New York City Councilmember Joe Addabbo, Jr. New York State Democratic Campaign Committee chair Bill Samuels says, "it's an honor" to get Soros's cash, and that it's not just George, rather "it's the [whole] family." Figures from the New York State Board of Elections confirm that Soros money has come primarily from George (\$441,000), but also from his wife Susan (\$26,000), son Robert (\$279,223.27) and Robert's wife Melissa (\$198,000), son Jonathan (\$113,750) and Jonathan's wife Jennifer (\$4,000).

The effort began, says the *Observer*, in 2000, with \$125,000 going for a drug legalization "lobbying group," trying to "change the state's drug sentencing law." An additional \$85,000 went into "legislative candidates in Manhattan, Queens and Long Island," but (the National Democratic Party should take note), they all *lost*.

Note that in 2006, New York Mayor Michael Bloomberg began buying into the New York *Republican* Party, with contributions of over \$1 million in that year alone.

## **Arnie's Plan To Kill Poor Patients Gets Court Approval**

July 20 (EIRNS)—California Gov. Arnold Schwarzenegger's plan to "balance" the state's budget on the backs of the poor and the sick got the go ahead, July 16, when the Ninth Circuit Court of Appeals reversed itself and approved a 10% cut on Medi-Cal drug payments that Schwarzenegger had ordered last February. Lynn Rolston, the chief executive officer of the California Pharmacists Association, told the *Oakland Tribune* that, after the appellate court decision, many pharmacists had called to tell her, "This puts me in a terrible moral dilemma. I have no choice but to turn people away." The pharmacists say that the 10% cut means that they will lose between a few dollars and a few hundred dollars on every prescription, and that Medi-Cal patients with chronic diseases requiring expensive medications for treatment will be hit especially hard. Rolston emphasized that if their care is interrupted, the additional medical costs will outstrip the savings in drug costs, "because people will flock to emergency rooms and higher-cost care"—or even die, she might have added.

Toby Douglas, the deputy director of health-care policy for the state Department of Health Care Services, said that Medi-Cal takes up a substantial portion of the state budget and therefore, "Medi-Cal has to be part of the solution."

## **Ibero-American News Digest**

### **Ibero-American 'Presidents' Club' Is Back in Action**

## Colombians Use Beethoven To Call for Freedom

## Mexico: Specter of López Portillo Haunts Financial Predators

## Inspection of the PLHINO Route Begins in Mexico

## Financial Vultures Threaten Argentina with Economic Upheaval

## Food Aid Fails To Reach Starving Haiti

### **Ibero-American 'Presidents' Club' Is Back in Action**

July 22 (EIRNS)—Brazilian President Lula da Silva traveled to Bolivia and Colombia last week, reviving the informal Presidents' Club's drive for integration, and against the British "opium war" assault on the nation-states of the region.

On July 18, Lula teamed up with Venezuela's President Hugo Chávez in Bolivia to announce \$600 million in financing for a transcontinental highway project. The intervention by the two heads of state was a particularly important counterweight to the efforts by British Empire interests to destabilize the government of President Evo Morales, and bring about Bolivia's physical dismemberment.

The following day in Bogota, Lula met with Colombia's President Alvaro Uribe and with a large group of Colombian and Brazilian businessmen. They reached a number of agreements furthering the economic and physical integration of South America, as well as regional security. These included Brazilian financial and engineering aid in building a railroad from the center of Colombia to the Caribbean; a joint project to design and build a new transport plane suited for Colombian terrain; a joint tanker-ship construction program; and Brazilian agronomists advising Colombia on how to transform its eastern plain states into productive agricultural lands.

Three *EIR* representatives distributed literature to the delegations, including to Lula and two Colombian cabinet ministers, insisting on the more audacious vision required to actually save the region. The two Presidents did report that they had discussed the "dream" of establishing transcontinental waterways from the Atlantic to the Pacific, both by connecting the Amazon and Putumayo river basins of their two countries, and by linking Colombia's Meta River with Venezuela's Orinoco basin, and from there to the Amazon River.

On July 20, Lula accompanied Uribe to the Amazonian town of Leticia, where they celebrated Colombia's Independence Day and were joined by Peru's President Alan García. The three signed an anti-drug agreement, pivoted on policing their common rivers. At the end of Lula's visit, Colombia also announced that it would join the new South American Defense Council (the last country to agree to do so).

### **Colombians Use Beethoven To Call for Freedom**

July 21 (EIRNS)—Colombia celebrated its 198th Independence Day yesterday, with marches by Colombians across the world, demanding that the narcoterrorist FARC release all of its hostages (at least 700 are still in their jungle camps), under the cry, "Free Them Now!" At least 1 million marched in Colombia, with an estimated quarter-million overflowing the central plaza in Bogota, where the National Symphony and Philharmonic Orchestra together performed the "Ode to Joy" choral movement of Beethoven's Ninth Symphony.

## Mexico: Specter of López Portillo Haunts Financial Predators

July 25 (EIRNS)—How the financial lackeys panicked, when one of former President José López Portillo's closest collaborators appeared in Congress to testify against the privatization of Mexico's national oil company, PEMEX, on July 1!

Carlos Tello Macías was one of only three men who, in strict secrecy, prepared López Portillo's bank nationalization on Sept. 1, 1982. The Mexican President then placed Macías Tello at the helm of the Central Bank that day, while preparing to implement Lyndon LaRouche's *Operation Juárez* to defend Mexico, and all of Central and South America, from the brutal financial warfare being waged against them by Wall Street and London.

Supporters of PEMEX's privatization in the PAN and PRI parties met Macías Tello at the hearings with a leaflet, attacking him with the lying smears used for 25 years to try and bury López Portillo's legacy, and the nationalist culture he embodied. PAN Senators derided Macías Tello, now a university professor, as a representative of the "voracious statism" they thought they had crushed.

Well might they worry. The faster the system disintegrates, the more López Portillo's name is appearing, pro and con, in the national debate, and the "old guard" is stepping forward. Today, *La Jornada* published an interview with the 82-year-old historic leader of the oil worker's union, Joaquín Hernández Galicia, "La Quina," warning President Felipe Calderón that the Mexican people were not stupid, and are saying "No, no, and no" to PEMEX's privatization. The people want a return to the ideas of Mexican Presidents Lázaro Cárdenas and López Mateos, he said. "And, like it or not, neither Luís Echeverría nor José López Portillo sold out the country."

La Quina was one of the people who had to be moved out of the way in order for NAFTA to be imposed. The gutsy oil workers' leader, who collaborated with the LaRouche movement in Mexico, was jailed at gunpoint on trumped-up charges by George H.W. Bush's buddy Carlos Salinas in January 1989, two weeks before Lyndon LaRouche was packed off for his five years in prison.

La Quina told *La Jornada* that he is sure that Calderón has been threatened with invasion, should he fail to sell off PEMEX. We may not have weapons, La Quina said, "but we have balls!" La Quina recounted that he had told President Miguél de la Madrid, who took office in 1982, when the Reagan Administration threatened the U.S. would invade, because it objected to his policies, that the oil workers were prepared to defend the refineries, if the President would give the order.

## Inspection of the PLHINO Route Begins in Mexico

July 25 (EIRNS)—A team sent by the Pro-PLHINO of the XXI Century Committee set out on July 24 to carry out a firsthand evaluation of the topography, geology, hydrometry, and hydro-agriculture of the entire projected 900-kilometer route of the Northwest Hydraulic Plan (PLHINO). The team is traveling in a double-traction pick-up capable of traversing all but the most rugged of the terrain from the Santiago River in the state of Nayarit, north to Sonora's Yaqui River in which the PLHINO canals, dams and tunnels are to be built. Over the course of their eight-day trip, Pro-PLHINO Committee technical advisor Manuel Frías Alcaraz, accompanied by Committee members Alberto Viscarra and Jesús María Martínez (who also lead the LaRouche movement in the state of Sonora), intend to gather the material required to produce an elaborated report on the PLHINO, within a month and half.

The Sonoran daily *El Imparcial* today reported that the inspection trip had begun, just the latest in the near-daily press coverage in Sonora on the fight over whether this much-needed great engineering project is going to be built.

## **Financial Vultures Threaten Argentina with Economic Upheaval**

July 21 (EIRNS)—Lehman Brothers, Merrill Lynch, J.P. Morgan-Chase, and BNP Paribas, among other bankrupt financial vultures, are squeezing the Argentine government, threatening President Cristina Fernández de Kirchner, that unless she changes her economic policies, she'll see a repeat of the 2001 financial crisis which brought down then-President Fernando de la Rúa, and led Argentina to default on its foreign debt.

Lehman and J.P. Morgan-Chase demand that the government "correct" its economic indices, such as inflation, which they claim is much higher than the government admits. They also want subsidies eliminated, and interest rates and public utility rates increased, for starters. "There's still time for a soft landing," Morgan Stanley warns ridiculously, if the President shows "leadership" and abandons unworkable policies. The bank fails to note that they are only unworkable for Wall Street and the City of London.

In the aftermath of the July 17 Senate vote which defeated Fernández's export tax bill, the *Financial Times* demanded on July 21 that the President not only reshuffle her cabinet, but also begin "proper policy changes," including eliminating subsidies, and settling Argentina's \$6 billion debt with the Paris Club of creditors, as well as with the "holdout" bondholders who refused to participate in the 2005 debt restructuring. Only then, the London daily smugly asserts, "will Argentina look like a more reassuring place to do business."

## **Food Aid Fails To Reach Starving Haiti**

July 22 (EIRNS)—Only a tiny fraction of food assistance promised to Haiti three months ago has arrived, leaving people to starve, and auguring more food riots. Of promised U.S. aid, only 2% has arrived on the island.

A riot already occurred on July 17, when hungry demonstrators threw rocks at police and UN peacekeepers in the town of Les Cayes. What food has arrived is stuck in port, or in warehouses, because Haiti's precarious transportation infrastructure makes it almost impossible to get food to its interior regions. "Families that were once just vulnerable, are now in crisis," said an official at the Albert Schweitzer Hospital in Deschapelles. More Haitians are attempting to leave the island aboard unsafe boats, and are routinely picked up by the U.S. Coast Guard and returned to Haiti.

## **Western European News Digest**

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**Italians Move Against Globalization of Agriculture**

July 19 (EIRNS)—Sergio Marini, head of the Italian national farmers' association, Coldiretti, says that increasing energy prices are challenging the concept of globalization, and that outsourcing production to cheap-labor countries will end. Food must be produced near the point of consumption, he said, both in rich and poor countries. Lyndon LaRouche demanded this in 2005, when he commissioned an *EIR* study entitled, "Where Is Your Food Coming From?" Marini cited a current study which shows that food travels about 1,600 kilometers, or 1,200 miles on average, before landing on the dinner table. (*EIR* had estimated about 1,500 miles.) A "zero-kilometer plan" is being pushed in Italy, to promote use of local food products, thus fighting inflation. The government of the Veneto region has restricted much of its own food purchases to food grown in that region.

A study by Coldiretti shows that Italy has only a six-month stock of wheat for bread, and only seven months of durum wheat supplies to make pasta. After that, wheat will have to be bought on international markets, at market prices. Marini said that Italy must invest in agriculture, to increase food supplies and create a strategic food reserve to stabilize prices.

## **French Plan To Leash ECB Causes Sharp Reaction**

July 21 (EIRNS)—The London *Financial Times* and other media today leaked a plan by French President Nicolas Sarkozy—this semester's EU president—allegedly to put the European Central Bank under political control. Sarkozy's plan has two pillars: 1) the publication of regular minutes of the ECB governing council meetings, where, among other things, interest rates are set; 2) a permanent secretariat for the Eurogroup, comprised of the finance ministers of Eurozone countries, in order to strengthen policy coordination and ensure closer contact between the ECB and the Eurogroup.

The idea of publishing minutes is especially upsetting to the ECB. According to the *Financial Times*, the ECB "argues that national central bank governors would be under pressure to explain their position to national audiences—undermining the principle that the ECB acts in the interests of the eurozone as a whole."

The French assault on the ECB has been centered around the issue of interest rates. Unfortunately, the Germans are not yet ready to join the challenge. According to a July 21 Reuters wire, when asked if Germany supported the French proposal, German Finance Ministry spokesman Torsten Albig responded with a flat, "No."

## **Italy: Is Tremonti's Power Threatening Berlusconi?**

July 18 (EIRNS)—Italian Finance Minister Giulio Tremonti's international offensive against globalization, financial speculation, and in favor of a New Bretton Woods system, has generated tremendous popular support; however, if he does not implement an FDR-style emergency plan domestically, that support is going to disappear quickly.

Since the onset of the Fannie Mae and Freddie Mac crises in the United States, Tremonti has intensified his warnings on the systemic collapse, pushing a defensive line: We must freeze all spending, in order not to be caught off-guard when the storm explodes. Apparently Tremonti is afraid of frontally challenging the oligarchy, or he thinks he does not have enough political backing for that.

At a meeting with regional governors two days ago, Tremonti presented his budget. He started the meeting saying: "The world has changed. We are approaching a crisis that is similar to the 1929 crisis. Somebody had said and written that. When you leave of here, switch the TV on, and you will see images of American citizens in lines in front of the banks to withdraw their savings. We are at the beginning of the collapse, and while the collapse is coming, we are discussing 1 billion euros for the health system."

Italian media are now ominously raising the question whether Tremonti is becoming too powerful for Italian Prime Minister Silvio Berlusconi, and whether he has a "hidden" political design.

## **EU Reverses Stand on Aid to Fishermen**

July 21 (EIRNS)—After one month of intense pressure, EU Commissioner Joe Borg announced, on July 15, an allocation of 600 million euros (\$943 million) in aid to struggling fishermen. But today, French Agriculture Minister Michel Barnier announced that he was forced by the EU in Brussels to revise his aid plan to the French fishing industry. The EU accepted all of Barnier's 15 measures, he said, except the measure that allows lower-cost diesel fuel for fishermen; this angered Brussels, which saw it as a distortion of unbridled competition, because it allegedly gives an "unfair" advantage to French fishermen.

## **Bosnian Serb War Crimes Fugitive Karadzic Arrested**

July 21 (EIRNS)— After 13 years in which he evaded capture, fugitive war criminal Bosnian Serb Radovan Karadzic was arrested today by the Serbian government. According to Reuters, the Serbian police had received "a tip-off from a foreign intelligence service," several weeks ago, and, the British news service noted, the arrest came "on the eve of a meeting of EU Foreign Ministers" at which the issue of Serbian membership was to be discussed. Until now, the failure to arrest Karadzic and other accused war criminals, was used to argue against allowing Serbia into the European Union. The discussions of Serbia's EU status was scheduled, following the formation, in Serbia, of a new government, led by Boris Tadic's Democratic Party.

In 1995, Lyndon LaRouche and *EIR* identified the British hand in the Serbian gangs that carried out the ethnic-cleansing genocide during the Balkan wars of the 1990s. LaRouche noted that the British have been manipulating ethnic conflicts since before the finalization of the Sykes-Picot Treaty in 1916.

It is likely that the arrest of this longtime British asset was timed to help put "teeth" into the indictment of Sudanese President Omar al-Bashir, by the International Criminal Court last week (even though Karadzic was indicted by a different court).

## **Explosives Theft in France: Is a 'Hot Autumn' Ahead?**

July 19 (EIRNS)—Twenty-eight kilos of the powerful plastic explosive Semtex, along with detonating devices, were yesterday discovered to have been stolen from a depot of the security services near Lyon, France. The theft is being taken very seriously by French authorities, and the Interior Ministry immediately suspended the official in charge of the site, for lax security. The explosives at the depot were used by bomb disposal experts to destroy munitions from former battlefields. The anti-terrorist section has also opened an investigation. The odorless, powerful explosive is undetectable by dogs or by x-ray scanning, and 10 kilos are sufficient to blow up an airplane. Semtex was often used in the past by the Red Brigades, Action Directe, and other terrorist outfits.

Last month, Jean-Marc Rouillan, a founder of Action Directe, who recently completed a 30-year prison sentence, attended the founding of the "new" anti-capitalist party pushed by Olivier Besancenot of the Trotskyite Revolutionary Communist League (LCR).

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

**[China, Russia Sign Final Border Agreements, Reaffirm Strategic Partnership](#)**

## [Russia Says It Will Host Grain Summit](#)

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### **China, Russia Sign Final Border Agreements, Reaffirm Strategic Partnership**

July 21 (EIRNS)—Russian Foreign Minister Sergei Lavrov met with Chinese President Hu Jintao and Prime Minister Wen Jiabao today, at the beginning of a two-day visit to Beijing. He signed, with Chinese Foreign Minister Wang Jiechi, a protocol regarding two islands at the westernmost edge of China, at the confluence of the Amur and Ussuri Rivers, the final step in determining the 4,300-km border between the two countries.

The two also discussed the further development of their mutual relationship. The Chinese foreign minister said at a press briefing, after his talks with Lavrov, that they had reached a wide-ranging consensus and that their talks were "positive and fruitful." He said the two sides exchanged views on how to further promote the Sino-Russian strategic partnership of cooperation, and enhance bilateral cooperation on international and regional issues.

Lavrov said the talks were "fruitful" and concentrated on how to carry out bilateral agreements and the new tasks raised during Russian President Dmitri Medvedev's China visit in May, and contacts between Hu and Medvedev in Japan earlier this month. Lavrov also announced that Russian Prime Minister Vladimir Putin would be attending the opening of the Beijing Olympics on Aug. 8. Both ministers were to attend the Association of Southeast Asian Nations (ASEAN) Regional Forum in Singapore, occurring just after their Beijing meeting. After this, the two will travel to Dushanbe for a meeting of the Shanghai Cooperation Organization's foreign ministers. There will first be a meeting of the SCO countries, and then meetings that include the SCO observer nations. The SCO will also discuss the possibility of lifting the present moratorium on the expansion of membership in the organization.

### **Russia Says It Will Host Grain Summit**

July 20 (EIRNS)—On July 14, Russian Deputy Minister of Agriculture Vladimir Izmailov told the Novosti news agency that Russia seeks to host the "grain summit," proposed by President Dmitri Medvedev at the recent G-8 meeting in Japan. At the same press conference, a ministry spokesman said the meeting might take place in June 2009 and be attended by representatives from 50 to 70 countries. Izmailov, as well as Deputy Finance Minister Dmitri Pankin in a separate statement, said that Russia wants to investigate grain pricing, including how to limit speculation, and to discuss increasing production.

The same day, Agriculture Minister Alexei Gordeyev, First Deputy Prime Minister Victor Zubkov, and other officials held a conference in the Tambov Region, addressing measures to boost agricultural output in Central Russia. This area, sometimes called the non-black-earth zone, is responsible for one-fourth of Russian food production. Gordeyev said that a package of land-use laws, designed to bring more arable land back into cultivation, will be readied for action by the State Duma this September, along with housing programs for young agriculture specialists.

Moscow Mayor Yuri Luzhkov, attending the Tambov meeting, called for action against price-fixing by large retail chains

within Russia.

## **Russian Official: U.S. Policy Is Heritage of British Empire**

July 20 (EIRNS)—Dmitri Rogozin, a former leader of the Rodina (Homeland) political movement and current Russian Ambassador to NATO, was in Washington earlier this month. He spoke July 7 at the Nixon Center, explaining the unacceptability of placing U.S. anti-missile systems near Russia's borders. Then, according to [www.nationalinterest.org](http://www.nationalinterest.org), Rogozin took up the often overlooked deeper historical problem, the same one Lyndon LaRouche writes about in his article "Free Trade vs. the National Interest: The Economics Debate About Russia" (*EIR*, July 4, 2008), namely, the influence of British imperial thinking and practice, inside the United States.

According to the summary, "To make a broader point about the thrust of U.S. foreign policy, Rogozin brought up what he called the 'common pain' of the White House and the Kremlin: Afghanistan. That country, the Ambassador argued, 'will always burn,' due to the 'artificial borders' imposed by the British Empire, which he asserted sought to separate the region's ethnic groups into distinct administrative units, to ensure that they could never unite in rebellion. He went so far as to say that elements of this imperial divide-and-conquer strategy are alive and well in American policy today, especially on three issues of major concern to Russia: missile defense, NATO expansion, and the Conventional Forces in Europe (CFE) Treaty."

## **Medvedev: Economy Depends on Physical Infrastructure**

July 20 (EIRNS)—Russian President Dmitri Medvedev, meeting July 11 with Presidential Representative for the Ural Federal District Pyotr Latyshev, came down squarely in favor of implementing the large infrastructure projects charted during the Presidency of his predecessor, Vladimir Putin. "As you know," Medvedev said, "we consider infrastructure today to be the key factor in the development of the Russian economy until 2020. Such big projects, really great projects like Industrial Ural-Polar Ural, should be the backbone of this work in the years ahead."

The northern Ural project, known by its acronym UP-UP, was designed by a team from the Council for the Study of Productive Forces (SOPS) under Academician Alexander Granberg. It involves rail, power, and processing facilities near large raw materials deposits. In the July 11 meeting, Latyshev reported to Medvedev that German specialists are working with Russia on designing one of the main railroads. State financing is being supplemented by pledged private investment from Russian companies.

## **Russia-Italian Declaration Echoes LaRouche—in Part**

July 24 (EIRNS)—Under the headline "Life After the Death of the Financial System," Russian analyst Mikhail Khazin yesterday reported in the Russian publication *Profil.ru* about a conference that took place July 9-10 in Modena, Italy, on potential solutions to the world financial crisis. The meeting called for a set of measures, including a fixed-exchange-rate monetary system, big infrastructure projects, and a two-tier credit system that would prioritize productive investment to the detriment of speculation. Reviewing the Modena Declaration, adopted at the meeting, Khazin wrote: "Theoretically, there is nothing new here, in each specific point. Such measures hitherto could be found in the interventions of individual experts, whose influence might be rather large in certain delimited sectors, but who have been marginalized by the so-called expert community. Suffice it to mention the best known of them, the American Lyndon LaRouche."

Indeed, the Modena Declaration closely copies the program presented by LaRouche over the past decade and a half, and especially the sequence of international appeals for a New Bretton Woods system, initiated by Schiller Institute founder Helga Zepp-LaRouche and Ukrainian political figure Natalia Vitrenko in 1997. These include the identification of the Aug. 15, 1971 end of the gold-reserve Bretton Woods fixed-exchange-rate system, as the launch point for the greatest speculative

bubble of fictitious capital in history; the need for a return to fixed exchange rates; pegging of currencies to some kind of real value; capital and exchange controls; a two-tier credit system—with low, long-term interest rates for investment in production, and high, punitive interest rates on purely financial operations; a freeze on all derivatives contracts; abolition of offshore financial centers; banning hedge funds; reconsideration of the World Trade Organization's function, in light of the damage it has done to national economies; and the promotion of big infrastructure investment projects on a continental scale, in transport, the power industry, communications, and scientific R&D.

Khazin reported that a lead author from the Russian side was Prof. Yuri Gromyko, who has participated with LaRouche in numerous Schiller Institute deliberations on replacement of the current, murderous financial system over the past 15 years.

Other Russian sponsors included Moscow's Millennium Bank and other organizations linked with Vladimir Yakunin, CEO of the state-owned Russian Railways and co-initiator of the International Public Forum-Dialogue of Civilizations, also known as the Rhodes Forum. Yakunin took part in the meeting, as did Anatoli Aksakov, president of the Russian Association of Regional Banks. Other Russian participants were Gromyko, Academicians Sergei Rogov, Nodari Simoniya, and Ruslan Grinberg, and several leading journalists. One of them, Mikhail Leontyev, last week published a call for a New Bretton Woods system, without mentioning the Modena event. The main Italian sponsor was the Fondazione Cassa di Risparmio of Modena, and there were northern Italian businessmen in attendance.

The Modena Declaration is not an adequate copy of LaRouche's ideas, however. Drafted under the auspices of the "West-East Dialogue: Integration and Development," it downplays the potential of United States participation in an overhaul of the world financial system. Several of the specific proposals, citing former EU official Jacques Delors' projects and certain bond financing schemes, are unworkable half-way measures, under current conditions. Russian banking official Aksakov, in particular, talked in terms of the global crisis stabilizing somewhat after the U.S. Presidential elections, whereupon "new rules of the game" could be introduced.

Upon hearing the content of the Modena Declaration, LaRouche today warned, "You cannot save the world economic system by excluding the U.S.A. Attempting to do that would be a disaster." He warned against the temptation to fall for a "rotten compromise," when what is needed is what he himself outlined in his July 22 webcast: an initiating group of the U.S.A., Russia, China, and India, to launch a new economic system, based on U.S. Constitutional principles of credit for real development.

The Modena Declaration proposes that its listed measures could be taken up at a conference, held after next year's Group of Eight meeting. Beware, LaRouche warned: That could be about as effective as the Socialist International's Zimmerwald Conference, attempting to stop World War I in 1915, when it was already too late—"a waste of time."

## **Southwest Asia News Digest**

**[Scowcroft, Brzezinski Warn of Loose Talk About Bombing Iran](#)**

**[Joint Chiefs Head Mullen 'Encouraged' by Iran Talks](#)**

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## **Scowcroft, Brzezinski Warn of Loose Talk About Bombing Iran**

July 23 (EIRNS)—While putative U.S. Presidential candidates John McCain and Barack Obama try to outdo each other in threatening Iran, two former National Security Advisors warned against loose talk about bombing Iran, during a discussion at the Center for Strategic and International Studies (CSIS) in Washington on July 22.

"Don't talk about, 'Do we bomb them now or do we bomb them after they get the weapon.' That's not the point," said Brent Scowcroft, who served in the Ford and the Bush 41 Administrations. Scowcroft said that talk of bombing "puts it in the wrong context," and is "militarizing the problem."

Zbigniew Brzezinski, who essentially ran the Carter Administration, said that he doesn't want the public to get the idea that a pre-emptive attack on Iran is justified, "because I think a pre-emptive attack on Iran would produce a calamity for sure." Brzezinski added that he is against the notion of "keeping all options on the table," because it obstructs the negotiating process—both by convincing the Iranians that they are being threatened, and by pushing them into a more nationalistic, dogmatic stance, and uniting them against us. Brzezinski also said that by casually talking about bombing Iran, we are legitimizing the use of military force, and this may "tempt the Israelis even more to use force, because we are in effect saying it's a legitimate option."

If we get into a war with Iran, Brzezinski said, "there will be a disaster," and the U.S. will be involved in a four-front war, probably for two decades, mentioning Iran, Iraq, Afghanistan, and Pakistan.

## **Joint Chiefs Head Mullen 'Encouraged' by Iran Talks**

July 20 (EIRNS)—Chairman of the Joint Chiefs of Staff Adm. Michael Mullen said, during an appearance on "Fox News Sunday," that he was "encouraged" by the talks that took place in Geneva the previous day, concerning Iran's nuclear program, with the participation of U.S. Undersecretary of State William Burns. "A few weeks ago, I wouldn't have thought those were possible," he said, calling for further economic, diplomatic, financial, and political pressure, to bring Iran to the point where the nuclear issue can be dealt with. When asked by the interviewer about the risk of military strikes on Iran, Mullen replied that "it would be significant. I worry about it a lot.... I'm fighting two wars, and I don't need a third one.... I worry about the instability in that part of the world and, in fact, the possible unintended consequences of a strike like that and, in fact, having an impact throughout the region that would be difficult to both predict exactly what it would be and then the actions that we would have to take to contain it." Instead, he said, other types of pressure have to be brought to bear on Iran not to proceed with any nuclear weapons program. "I believe they're headed in that direction," he said.

There were no immediate results from the Geneva talks. EU foreign policy chief Javier Solana was quoted saying that the talks were "constructive," but "we didn't get the answer we were hoping for. I hope very much we will get an answer to our question presented five weeks ago and we hope we will get it in two weeks."

## **Turkey Plays Mediating Role in Iran Nuclear Talks**

July 21 (EIRNS)—The Geneva 5 plus 1 talks between Iran and the EU, U.S., Germany, France, China, and Russia ended with Iran being given a two-week deadline, to say yes or no to a new proposal. While some media say Iran would have to "suspend" enrichment, South Africa's *Mail & Guardian* reports that the issue is a "freeze for freeze," in which "Iran would not expand its uranium enrichment program, while the international community refrained from imposing further sanctions." This phase would last six weeks, "possibly paving the way for suspension of enrichment and more comprehensive talks."

Iran's nuclear negotiator, Saeed Jalili, traveled from Geneva directly to Turkey, where he met with Turkish Foreign Minister Ali Babacan. His visit follows a trip to Ankara on July 18 by Iranian Foreign Minister Manouchehr Mottaki, when Babacan announced that Turkey would be prepared to act as a mediator between Iran and the West, if it were asked to do so. One day before Mottaki's arrival in Turkey, U.S. National Security Advisor Stephen Hadley was in Ankara.

While in Turkey, Mottaki announced that next year will be "Iranian-Turkish Cultural Year," when the two countries will hold a series of events celebrating the 50th anniversary of signing a cultural agreement.

## **Obama in Israel: A Man for All Wars**

July 23 (EIRNS)—Before arriving in Israel on July 22 to threaten war against Iran, Barack Obama gave an interview to CBS-TV, calling for an escalation of the war in Afghanistan, and claiming that the troops and the money that the Bush Administration has put into Iraq, should have gone into Afghanistan instead. Obama also pointed out that he's been calling for more troops for Afghanistan for over a year.

Obama was in Jordan where he met King Abdullah II, who told him that the United States should adopt an "even-handed" policy on Israel-Palestine. However, Obama said that he doesn't intend to change the current U.S. approach.

Upon arriving in Israel, Obama made a statement supporting Israel's attack on the alleged nuclear site in Syria—something about which the Israeli government itself has been very circumspect. "I think that there was sufficient evidence that the [Syrians] were developing a site using a nuclear blueprint that was similar to the North Korean model." Then, according to Ynet, he used a line that was coined by Israeli Likud party right-winger Benjamin Netanyahu: "The Israelis live in a very tough neighborhood where a lot of folks publicly proclaim Israel as an enemy and then act on those proclamations."

On July 23, Obama visited the town of Sderot, where he gave a press conference stressing his "unshakeable commitment to Israel's security," and said that "the world must prevent Iran from obtaining a nuclear weapon."

"I will take no options off the table in dealing with this potential Iranian threat," Obama said, adding that "a nuclear Iran would be a game-changing situation not just in the Middle East, but around the world."

Besides meeting with top Israeli and Palestinian officials, Obama also met with Likud chairman Netanyahu. "The Senator and I agreed that the primacy of preventing Iran from becoming a nuclear power is clear, and this should guide our mutual policies," Netanyahu said in a statement.

## **Sweeping Arrests of Fatah in Gaza**

July 26 (EIRNS)—In the wake of a Gaza Strip car-bombing which killed four military leaders of Hamas yesterday, the Hamas government of Gaza has reportedly arrested up to 200 leaders of the Fatah faction there. The Israeli daily *Ha'aretz* reports that Hamas blames exiled Fatah security chief Mahmoud Dahlan for the bombing. The head of Fatah's parliamentary caucus says that Hamas knows the identity of the assassin, and that he is not under control of Fatah.

# **Asia News Digest**

## **Trouble Along Iran-Pakistan Borders**

## **Military Action Mooted in Pakistan's Tribal Areas**

## Pakistani Prime Minister Faces a Tough Washington

## Bangladesh Meets with Success in Chinese Hybrid Rice

## Thai Prime Minister Counters Dictatorship Threats

## Vietnam Puts Stiff Export Taxes on Rice and Fertilizer

### **Trouble Along Iran-Pakistan Borders**

July 21 (EIRNS)—Fierce clashes between Pakistani forces and separatist insurgents in Pakistan's southwestern Balochistan province, bordering Afghanistan and Iran, have left 6 paramilitary troops and 30 rebels dead, officials said. Impoverished Balochistan is a major territory for transshipment of heroin and opium from Afghanistan to the Arabian Sea.

No group has claimed responsibility for the attack. Pakistani officials have previously accused India of sponsoring the separatist rebels from its consulates in southern and eastern Afghanistan, a charge that New Delhi denies. Besides the British assets within Balochistan, Washington has developed a group called Jundullah, to trouble the Tehran regime.

### **Military Action Mooted in Pakistan's Tribal Areas**

July 22 (EIRNS)—In a disturbing report presented to Pakistani Prime Minister Yousuf Raza Gilani, days before he travels to the United States, the latest estimate of foreign fighters present in the tribal areas of Pakistan is more than 8,000, but the government is reluctant to officially confirm this number. The fighters are from Morocco, Algeria, Chechnya, Uzbekistan, Tajikistan, Azerbaijan, and from Western countries; they like to stay in the eastern Afghanistan provinces of Kunar, Nuristan, Paktia, Paktika, and Khost, and in Pakistani tribal areas bordering these provinces. Some of these foreigners have married into the tribes of Kunar, Nuristan, North Waziristan, and South Waziristan. German-born Turkish fighter Saad Abu Furqan is known in the Pakistani tribal areas for attracting young Turks to organize Jihad against what he calls the Crusaders in Afghanistan.

There is growing pressure from the NATO countries, and a section of Islamabad's power structure, to engage in military action in the tribal areas, to ease pressure on the Karzai government in Kabul. Reports from Islamabad indicate that at a special cabinet briefing on July 20, attended by Pakistan People's Party leader and Prime Minister Asif Ali Zardari, and Rehman Malik, an advisor to the Interior Ministry, all agreed that the government will have to use force if the dialogue does not produce results. Their view was opposed by the minister from Pakistan's tribal areas, Hamidullah Jan.

On July 22, the *New York Times* reported comments by a senior Pakistan government official familiar with the recent meetings between U.S. Joint Chiefs of Staff chairman Adm. Michael Mullen and Pakistani President Pervez Musharraf, Prime Minister Yousuf Raza Gilani, and Chief of Army Staff Gen. Ashfaq Pervez Kiyani. Mullen was told that unilateral action by the United States would be "counterproductive" and would result in "chaos," said the unnamed official.

What is not openly said, but perhaps is the most immediate concern of the U.S./NATO troops, is the increasing threat that the insurgents in Pakistan pose to the supply line that feeds and arms the foreign troops in Afghanistan. As both the United States and NATO are planning to increase their troop strength, the supply route between Karachi and the Khyber Pass that brings in 70% of all supplies to Afghanistan, is becoming increasingly unsafe.

## **Pakistani Prime Minister Faces a Tough Washington**

July 25 (EIRNS)—Scheduled to visit Washington next week, Pakistani Prime Minister Yusuf Raza Gilani is gearing up to face a very tough stand in the Bush Administration, demanding troop action within Pakistan's tribal areas and Northern areas to eliminate the militants operating inside Afghanistan, who are based in these areas. The urgency on the U.S. side was reflected in statements issued from Perth, Australia, by the visiting U.S. Secretary of State Condoleezza Rice: "There's an uptick in the terrorism, not just against forces but against the Afghan people. And in that regard, everybody needs to do more. But Pakistan does need to do more. We understand that it's difficult, we understand the North West Frontier area is difficult. But militants cannot be allowed to organize there and to plan there and to engage across the borders."

Sources report that Gilani will try to buy time. Beleaguered Pakistan is weak and has developed four weak power centers: the Pakistan People's Party-led coalition government, President Musharraf, Army Chief of Staff Kiyani, and the Punjab-based former Prime Minister Nawaz Sharif. There is no consensus among these four groups on any of the important issues that involve the nation's well-being. At the same time, Islamabad cannot act without a consensus, particularly on such an important issue as deploying troops in the tribal areas to eliminate militants on behalf of Washington and Brussels.

It is anticipated that the Pakistani prime minister will seek President Bush's help in reaching a consensus among the four power groups, as a precondition for carrying out operations which the United States and NATO want.

## **Bangladesh Meets with Success in Chinese Hybrid Rice**

July 23 (EIRNS)—A.W. Julfiqar, director of the Bangladesh Rice Research Institute under the Agriculture Ministry, told Xinhua on July 22, that the yield of Chinese hybrid rice field in Bangladesh is 1,000 kg more than the conventional rice field. "So promoting the plantation of hybrid rice is very necessary," he said. Julfiqar pointed out that the Bangladeshi government supported the hybrid rice project in the research and encouragement of importing some hybrid rice seeds.

Bangladesh had carried out a comparative study to evaluate four imported hybrid rice cultivars (one from China and three from India), with a high-yielding variety (BRRI Dhan-29) as a control, in 33 locations in Bangladesh. Yield and yield-contributing characteristics, physicochemical properties, and cost-return benefits of hybrid rice were analyzed. The Chinese cultivar Sonarbangla-1 performed best on all the parameters considered. The other three Indian cultivars (Amarsiri-1, Aalok and Loknath) had lower performance than the control. Sonarbangla-1 produced a 20% higher rice yield (7.55 tons per hectare) than the control variety (6.26 tons/hectare).

Despite the higher yield provided by the hybrid, farmers are unwilling to use it, since they would have to depend on seeds imported from abroad. Julfiqar said they are breeding the local hybrid rice seeds; if they are successful, the farmers will be able to reduce their dependency on imported seeds.

## **Thai Prime Minister Counters Dictatorship Threats**

July 21 (EIRNS)—The British "ring of chaos around China" was given an unexpected setback today, as Thailand's Prime Minister Samak Sundaravej launched an attack on the extrajudicial power of special courts set up under the previous military junta, while a prominent commentator exposed the dictatorial intentions of the "democratic" opposition which is trying to bring down the government. Samak, speaking on his weekly TV show yesterday, accused the Constitutional Court, the Election Commission, and the National Counter Corruption Commission of conspiring to bring down his government. There have been a number of decisions by these bodies recently which are intended to dismantle the government. These courts are like a Star Chamber, with judges appointed by the military junta, and they allow no appeal of their decisions.

Samak also accused the "democratic" opposition, the People's Alliance for Democracy (PAD), of trying to provoke the military to stage another coup. PAD provided the "warm bodies" on the streets in the demonstrations to bring down Prime Minister Thaksin Shinawatra, which brought on the military junta in 2006; they are now doing a re-run against Samak. PAD is run by Sonthi Linmongkul, the media mogul who founded the *Asia Times*, and by a fundamentalist Buddhist cult leader, former general Chamlong Srimuang. PAD is also sending people to the Thai-Cambodia border to try to stir up a war over contested territory around an Ankor-era temple.

At the same time, a columnist who uses the pseudonym Changnoi (Little Elephant), who is very knowledgeable, published an article in *The Nation*, which came close to declaring the PAD to be a front for a fascist force connected to the military and the monarchy—an extremely unusual action in Thailand, where *lèse majesté* is asserted at the drop of a hat. Changnoi accused PAD of intending to "disenfranchise the rural poor" (by ignoring the popular election of Thaksin and Samak), and of putting the military in a position of permanent power "to protect the monarchy." He concludes that this "democratic" opposition is actually "anti-democratic, supported by high investment and shadowy protection that exploits the fears of the privileged and a deliberately anti-rational nationalism, and flirts with militarism and violence."

## **Vietnam Puts Stiff Export Taxes on Rice and Fertilizer**

July 23 (EIRNS)—Vietnam is imposing, for the first time, an export tax on rice and fertilizer. The reason is the mass export of these items over the past few months. Some Vietnamese fertilizer enterprises are exporting fertilizer to take advantage of the much higher prices overseas, leading to domestic shortages and price increases.

Vietnam, earlier this year, had slapped export controls on rice to protect the domestic supply, and became the brunt of attacks by free-traders, accusing the government of causing the crisis. Even with the export controls, Vietnam exported more than 2.5 million tons of rice during the first six months of the year, an increase of 5.8% over the same period of 2007.

## **Africa News Digest**

### **Food, Energy Crises Set Up South Africa for Destabilization**

### **Zimbabwe Government Blasts IMF for Economic Warfare**

### **Mbeki, in France, Condemns ICC Sudan Destabilization**

## **Food, Energy Crises Set Up South Africa for Destabilization**

July 23 (EIRNS)—Traffic came to a standstill, and mining industries and essential services ground to a near-halt in four provinces in South Africa today, as the Congress of South African Trade Unions (COSATU) organized protests against the shortages and high cost of food and electricity. The protests are part of a series of rolling demonstrations by COSATU unions.

"Together we have formed a broad coalition of organisations prepared to register their disgust at the spiralling cost of living affecting people," COSATU general secretary Zwelinzima Vavi told about 25,000 workers at a Johannesburg march. COSATU is the largest umbrella organization of trade unions in South Africa. Vavi warned the government: "If you too don't listen to the voices of the majority, you will have to step aside." COSATU, which was the organizing force that prevented President Thabo Mbeki from being re-elected last December as president of the ruling African National Congress party, for a term that would have extended beyond the duration of his present term as President of the country, is using

legitimate grievances of people, to build a large, anti-government force.

The rolling demonstrations, which began earlier this year, are expected to continue. COSATU president S'dumo Dlamini said that on Aug. 6, "there will be a total shutdown. The economy of South Africa will come to a standstill as long as the government does not come to us and negotiate decreases [in prices]. That is why COSATU also supports mineworkers against retrenchments." Dlamini said that those responsible for high prices were greedy, and should be criminally charged.

Finance Minister Trevor Manuel came under attack for not ruling out further tax exemptions on basic food items. COSATU is calling for all food taxes to be eliminated.

In addition to the high cost of food, the protesters denounced plans to raise electricity rates by 27.5%.

This year, drastic food-price increases have sparked unrest and riots in at least five African countries: Ivory Coast, Niger, Cameroon, Senegal, and Burkina Faso.

### **Zimbabwe Government Blasts IMF for Economic Warfare**

July 23 (EIRNS)—The Zimbabwe *Sunday Mail* pointed out on July 19 that the suffering population, as well as businesses that can't get foreign exchange, blame Gideon Gono, governor of the Reserve Bank of Zimbabwe or President Robert Mugabe for their problems. The paper adds that people and businesses don't dare to put the blame on the sanctions imposed by the European Union and the United States, even though this would be the truth. Businesses in particular, don't dare to tell the truth, because they will then be labelled supporters of Mugabe's party, the Zanu-PF, and the fear their shareholders may be put on the sanctions list.

The article points out that those who imposed the U.S. version of the sanctions in December 2001 under the Zimbabwe Democracy and Economic Recovery Act (ZDERA), hide behind Section 6, which merely talks about travel bans of government officials. But the "real devil in ZDERA is from Section 3 to 5." In this section, the IMF and Multilateral Development Banks, meaning the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, the African Development Fund, the European Bank for Reconstruction and Development, and the Multilateral Investment Guaranty Agency, all suspended their pre-existing activities involving Zimbabwe, and suspended new lending.

As a result, of the three legs that any Third World country stands on—trade, special drawing rights, and foreign direct investment, according to the article—two were cut off, leaving only trade.

This economic warfare created enormous suffering for the Zimbabwe population, which was used to drive a wedge between the Zanu-PF and a significant part of the citizenry.

### **Mbeki, in France, Condemns ICC Sudan Destabilization**

July 27 (EIRNS)—South African President Thabo Mbeki moved to take on the London-orchestrated campaign to dismember Sudan, when he said yesterday that Sudanese President Omar al-Bashir must not be prosecuted for war crimes by the International Criminal Court (ICC), because that would block the peace process in Darfur. He said the peace process could not be implemented without the active engagement of President Bashir. Mbeki also said that Bashir's continued presence as head of state was necessary for Sudan's general post-civil war security. He made these comments in a South Africa television interview conducted in Bordeaux, France, after he had attended a EU-South Africa summit there.

"Both of them require the very active participation of President Bashir," Mbeki stated: "I don't know how they would do that if an International Criminal Court says here's a person who has been indicted, because they then must stop interacting with him because this is a wanted criminal, and I don't know how you then implement all of those things." Mbeki said he was ready to meet Bashir to discuss the ICC intervention into Sudan.

Today, Egyptian President Hosni Mubarak held talks with visiting Sudanese Vice President Ali Osman Taha, on how to deal with the ICC attack, according to Xinhua. Taha reiterated that the human rights courts that Bashir plans to set up, will be carried out, as was agreed to by Sudan with Arab league secretary General Amr Moussa, on his visit to Khartoum. Sudan has agreed to try those responsible for crimes in Darfur, and the proceedings will be under Arab League and African Union observation. Taha said the Sudan government still supports dialogue for reaching a political settlement in Darfur. During Bashir's trip to Darfur, he pledged to Rodolphe Adada, the joint special representative of the Darfur peacekeeping mission on July 23, to boost Sudan's efforts to provide better security for the United Nations-African Union peacekeeping mission there, according to the UN, as cited by Xinhua July 23. "You are our guests and our partners," said al-Bashir, "and we are ready to provide any assistance that will help you do your work."

Arab and African nations have uniformly denounced the ICC's naked political attempt to destabilize Sudan. The AU's Peace and Security Council has called on African countries at a July 17 meeting to boycott the ICC's intervention on Darfur issue. On July 24, the Organization of African Trade Union Unity (OATUU), which represents 25 million organized African workers of all trade union tendencies, said it was shocked that the ICC arrest warrant sought al-Bashir. The OATUU charged that the arrest warrant is unhelpful to the ongoing process of negotiations and peace in Darfur and it will contribute to the intransigence of the divided foreign-assisted Darfur rebels. The statement noted that a previous attempt to resolve the Darfur conflict "brokered by the African Union, was never respected by the rebels, who instead split into splinter groups, armed and financed by foreign powers." The statement added that any self-respecting government, including the government of Sudan, cannot fold its arms while rebels armed and financed by foreign powers cheaply exploit the mineral resources of Darfur, at the expense of the suffering Darfur people. OATUU called on the AU and the UN to stop this abuse of the international judicial process.

The daily *New Vision* in Uganda also saw the ICC move against Sudan as politically motivated. It pointed out on July 24 that when Khartoum was attacked by rebels earlier this year, the attackers were not condemned by the international community.

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