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Lyndon LaRouche:
Putin Was Right, He Acted To Prevent World War III

By acting to defend Russian citizens against a terrorist-type attack by the George Soros and British intelligence-owned government of Georgia, Russian Prime Minister Vladimir Putin has delivered a decisive defeat to the British Empire, Lyndon LaRouche declared on Aug. 12. Any capitulation by Russia to the criminal aggression by the Soros puppet government of Mikheil Saakashvili would have been tragic for civilization.

Putin's action was objectively required, LaRouche continued; it was absolutely correct. He and President Medvedev could see that the British Empire, with its U.S. appendages, and its tool George Soros, was heading to consolidate its world empire. The British, and Putin, knew that the only obstacle to their plan at this time is Russia, with its thermonuclear capability. If Russia had submitted to the terms being dictated by the British, we would have been on the road to World War III....

In-Depth articles from EIR, *Vol. 35, No. 33*

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Feature

- **Lyndon LaRouche:**
  Putin Was Right, He Acted To Prevent World War III
  LaRouche said that the decisive Russian action against the provocation by the Georgian puppet government delivers a message to the entire world. It reverses almost 20 years of history, during which the British empire, through George Soros and other agencies, moved to take advantage of the collapse of the Soviet Union, to consolidate a world empire.
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Economics

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- **Mobilize 25 Million Tons of Food Aid for Africa Now!**
  Today's food crisis in Africa results from the food control policy of the last three decades of globalization. This problem is now compounded by the speculation-driven soaring prices of food and the drop in world reserves to record low levels.
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World News Analysis

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- **Al Gore:**
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Science & Technology

- **Windmills for Suckers:**
  Pickens' Genocidal Plan
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Interviews

- **Teodros Kiros**
  Dr. Kiros is an Ethiopian-American scholar who has written extensively on moral economy and philosophy, and other topics, including six books. He is currently a DuBois Fellow at Harvard University, and is active with the African Community Economic Development of New England (ACEDONE).

Editorial

- **LaRouche:**
  Childish Bluff Can Lead to War

U.S. Economic/Financial News

The Guns of August for U.S. Banks

Soros Deployed for Bailout of Lehman Brothers

Home Prices and Sales Continue To Plunge

New Sinkhole in Financial Crash: College Loans Disappearing

The Guns of August for U.S. Banks

Aug. 12 (EIRNS)—Of the latest round of severe losses reported by big money-center banks, most significant is the report to the Federal Reserve made by JP Morgan Chase. The financial collapse is deepening, right up to this moment, is the message of that report.

Wachovia Bank had the largest loss in the latest round, $9.11 billion in the second quarter, an increase over its preliminary report just two weeks ago. Wachovia is having to buy back so-called auction-rate securities it sold to investors, laying off another 7,000 employees, and has acknowledged that it is now under investigation by the SEC and multiple state attorneys general for sales of exploding default swap derivatives to municipalities. UBS wrote off another $5 billion in worthless securities it holds, bringing its total writeoffs to $43 billion, and acknowledged an investor "run" which has reduced its investments under management by $41 billion.

But notably, JP Morgan Chase reported to the Fed that it lost $1.5 billion just in the month of July; that the prices of bank securities are still dropping; interest rate spreads increasing; that banking conditions are "substantially deteriorated" since July 1. Merrill Lynch's bizarre fire sale of its debt securities at 22 cents on the dollar, in which Merrill had to lend the buyer most of even that price, is having consequences hitting JP Morgan Chase and banks worldwide.

The head of the Federal Deposit Insurance Corporation announced July 30 that the FDIC will have to raise its premiums to banks, because just the eight bank failures so far this year will cost it about $9 billion for deposit insurance, or 17% of the FDIC's total fund, putting it below the legal requirement of funds with which to insure the nation's bank deposits.

Soros Deployed for Bailout of Lehman Brothers

Aug. 16 (EIRNS)—George Soros hiked his stake in Lehman Brothers to 9.5 million shares, equivalent to a 1.4% stake, Reuters reported yesterday. This is more evidence of a serious liquidity crisis, indicated also by reports that Lehman is negotiating the sale of its entire $40 billion real estate portfolio (i.e., assets and securities) in order to cover losses. The question is who will buy it, and at what price? Britain's TimesOnline reports that, in the event that Lehman finds no private equity or fund manager to buy it, it is considering whether to float its real estate portfolio. This will be the first time that unpriceable assets would be put on the market, with unforeseen (or better, foreseeable) universal consequences for financial

balance sheets.

Home Prices and Sales Continue To Plunge

Aug. 15 (EIRNS)—The number of sales of existing single-family homes fell to a ten-year low in the second quarter of this year, and home prices dropped another 7.6%, on average, across the country. One-third of the home sales so far this year have been foreclosures. There were 4.49 million U.S. homes for sale at the end of June, the highest in a year, according to the National Association of Realtors (NAR). At the current sales pace, that represents 11.1 months' worth, up from 10.8 months' worth at the end of May.

The NAR reported yesterday that the median price fell to $206,500 from $223,500 a year earlier. Sales of single-family houses and condominiums fell 16% to 4.913 million at an annualized pace.

The biggest declines reported were in Sacramento, with a 36% drop, followed by the metropolitan areas around Cape Coral and Ft. Myers, Florida, down 33%.

Riverside and San Bernardino, Calif. prices dropped just under 33%, and Los Angeles dropped 30%, according to the report. The metropolitan New York area, including parts of northern New Jersey and Long Island, fell over 5%, and Boston dropped 11%.

"It's getting worse," RealtyTrac's executive vice president for marketing astutely noted. "The number of properties that have been foreclosed on by the banks and still haven't sold is the highest we've ever seen."

New Sinkhole in Financial Crash: College Loans Disappearing

Aug. 12 (EIRNS)—Student loans for the 2008-09 college year are disappearing around the country, as a fresh casualty of the deepening financial collapse. The Chronicle of Higher Education cites estimates that 200,000-300,000 students, or about 3% of college undergrads, have lost the loans they had lined up for the coming year, and some fraction of that number will have to drop out. The private market for student lending had grown to $17 billion annually as college tuitions skyrocketed and Federal support fell; but now, that private market is disappearing.

As the U.S. banking system becomes more and more unable to provide or arrange credit and loans, the college loan crisis is worsening. The Massachusetts Educational Financing Authority on Aug. 1 suspended loans entirely to 32,000 students' families, because the Authority could not issue bonds as it does every year. Gov. Deval Patrick (D) tried to get state pension funds to buy $50 million in these bonds as an emergency measure, but the state treasurer refused to authorize the investment. CBS-TV reported on families of students going to Massachusetts colleges using credit cards, or trying to line up home equity loans—giving the college student his or her own mortgage to pay on leaving school. Some succeed, but banks are also cancelling home equity credit lines around the country.

The Michigan Student Loan Finance Agency suspended its lending a month ago (23,000 loans lost). The New Hampshire Higher Education Lending Agency did the same on July 31 (6,000 loans lost). These are considered "private," though state-supported, lenders.

The private loans available, increasingly, are adjustable-rate credits, with no interest rate cap. Federal loan-support programs are available, but their interest rates have risen to the 8-9% level. More than 120 lenders have dropped out of the Federal student loan program. On Aug. 11, the sinking Wachovia Bank Corp., the sixth-largest student lender, suspended its undergraduate loan program. Since June, Citicorp (Student Loan Corp.), Bank of America, and JP Morgan Chase had

already suspended theirs.

Global Economic News

Crisis Hits Japan as Real Estate Developer Collapses

China's Producer Price Index Rises by 10%

Saudi Nuclear Plan Gets Green Light

Crisis Hits Japan as Real Estate Developer Collapses

Aug. 14 (EIRNS)—The widening financial collapse is beginning to cause major problems in Japan, the world's second-largest economy. Yesterday, Japanese property developer Urban Corp. filed for bankruptcy with 255.83 billion yen ($2.34 billion) owed. This is Japan's biggest corporate failure so far this year.

The company was unable to pay off loans with due dates in mid-August and after.

Urban was caught in the slowing market and falling prices for real estate in Japan, and the increasing wariness of the Japanese banking sector to invest in any real estate related debt.

In June, Suruga Corp., a construction company, went down with debts at 62 billion yen, and in July, condominium developer Zephry Co. failed with 95 billion yen owed.

China's Producer Price Index Rises by 10%

Aug. 11 (EIRNS)—The producer price index (PPI) for China's industrial products rose 10% year-on-year in July, the National Bureau of Statistics said today. The rise was driven by hyperinflation in imported fuel and other commodities. The year-on-year 85.8% price hike for crude oil and 60% price rise for iron ore in the international markets this year inevitably imposed greater pressure on the country's PPI.

Chinese stock markets continued their sharp drop, reaching an 18-month low today.

Saudi Nuclear Plan Gets Green Light

Aug. 13, (EIRNS)—The Saudi Arabian Cabinet has approve an agreement with the International Atomic Energy Agency (IAEA) on the protocols and application of safeguards under the Nuclear Non-Proliferation Treaty, the Saudi newspaper *Arab News* reported, according to the *Jerusalem Post*.

The Saudis established their Atomic Energy Research Institute in 1988 to conduct research for peaceful purposes. In December 2006 Saudi Arabia, together with the five other members of the Gulf Cooperation Council (GCC)—Kuwait, Qatar, Bahrain, the UAE and Oman—announced that they were setting up a commission to study the peaceful uses of nuclear energy.

United States News Digest

Calif. Dems Rejects Arnie's Fascist Budget

General Scraps Revolution in Military Affairs

Saudis Again Ruled Not Prosecutable for 9/11

N.J. Lawmaker: Repeal Global Warming Act

Calif. Dems Rejects Arnie's Fascist Budget

LOS ANGELES, Aug. 14 (EIRNS)—Hopes for a compromise in the California budget crisis collapsed today, as Democrats refused to give fascist Gov. Arnold Schwarzenegger the power to make midyear budget cuts if revenues continue to fall. With the budget now 45 days overdue, Schwarzenegger's strategy, if there is one, appears to be little more than a chicken game, hoping that he can get the Democrats to blink. His insistence that he be given the power to cut spending in midyear, without any requirement of legislative oversight, is an effort to get Democrats to hand him new powers, which voters rejected in a ballot initiative he pushed in 2005. The LaRouche Youth Movement played a leading role in defeating that initiative, which they called the "Make Arnie a Dictator Act."

The continued failure to reach an agreement sets up a confrontation between Schwarzenegger and State Controller John Chiang, over whether the courts will order Chiang to abide by Arnie's executive order to reduce the wages of state employees to the Federal minimum wage, $6.55 per hour. Chiang has made clear that he will not issue checks at the lower wages, as demanded by Schwarzenegger, who responded by threatening to go to court. In the meantime, cuts in MediCal payments to doctors have already gone into effect, further reducing health care to more than 6.6 million Californians who have no health insurance.

General Scraps Revolution in Military Affairs

Aug. 15 (EIRNS)—The Pentagon's Revolution in Military Affairs (RMA) suffered a stinging setback this week, when Gen. James Mattis, commander of U.S. Joint Forces Command (JFCom), directed that the command "will no longer use, sponsor or export the terms and concepts" related to the effects-based operations (EBO), operational net assessment, and systems analysis in training, doctrine development, and support of joint military education—i.e., the operations associated with the RMA. In a memo dated Aug. 14, and posted on the website smallwarsjournal.com, Mattis wrote that these concepts "have not delivered on their advertised benefits," and that "a clear understanding of these concepts has proven problematic and elusive for U.S. and multinational personnel."

Mattis cited, in particular, analyses of the 2006 Israeli war against Lebanon, in which Israeli forces went to war with a doctrine that was largely inspired by these concepts. One analysis reports that "EBO proponents within the IDF [Israeli Defense Forces] came to believe that an enemy could be completely immobilized by precision air attacks against critical military systems," and that "little or no land forces would be required since it would not be necessary to destroy the enemy." Mattis notes that, "This type of thinking runs contrary to historical lessons and the fundamental nature of war." In fact, "EBO thinking is an intellectual 'Maginot Line' around which the enemy maneuvered."

Mattis's memo and directive are a complete turnaround from one year ago, when, during a visit by *EIR* to JFCom's Joint Experimentation Directorate, EBO was sold as a "different approach to operations," that takes into account economic,

social, and behavioral effects. A thorough reading of the relevant literature shows EBO to be an attempt at behavior modification of not only adversary armies, but entire populations, using methods of analysis more appropriate to machines than human beings. (See "Behavior Modification Is No Strategy for War," *EIR*, July 18, 2008.)

Saudis Again Ruled Not Prosecutable for 9/11

Aug. 15 (EIRNS)—A lawyer for the Saudi plaintiffs says they will appeal a ruling by the U.S. Court of Appeals for the Second Circuit on Aug. 14, which holds that Saudi nationals cannot be prosecuted in the United States for material support of the perpetrators of the 9/11 attacks. The ruling upholds a 2006 lower court decision on a suit brought by families of the 9/11 victims against the Kingdom of Saudi Arabia, Osama bin Laden, four Saudi princes, a Saudi banker, and the Saudi commission responsible for disbursing funds to charities.

The three-judge panel ruled that the Foreign Sovereign Immunities Act of 1976 granted the Saudi defendants immunity from prosecution on U.S. soil. It also ruled that a charity named in the suit, the Saudi High Commission for Relief to Bosnia and Herzegovina (SHC), was immune under the same law, as it was "an agency or instrumentality of the Kingdom."

Last year, *EIR* reported that Saudi Prince Bandar bin-Sultan, ambassador to the U.S. at the time of the 9/11 attacks, received an estimated $2 billion for his role as broker of the BAE Systems "Al-Yamamah" deal between Britain and Saudi Arabia, a potential violation of the strict U.S. Foreign Corrupt Practices Act. The deal created an off-the-books slush fund used to finance irregular warfare operations.

Last September, sources close to the Justice Department told *EIR* investigators that the $2 billion in payoffs to Prince Bandar also involved money laundering—through the Bank of England to the Saudi accounts at the now-defunct Riggs National Bank in Washington, D.C. The 9/11 Commission found that at least $70,000 in Saudi Embassy funds went to a Saudi national, Osama Basnan, who, in turn, provided material support to two of the Sept. 11 hijackers. Other recipients of Bandar cash, during the period he was receiving regular wire-transfers via BAE and British Ministry of Defense accounts at the Bank of England, included the George H.W. Bush Presidential Library.

While the Bandar role in the BAE affair has drawn much media attention, the most significant feature of the "Al-Yamamah" Anglo-Saudi scheme is that the British arms firm, along with other Anglo-Dutch "crown jewels" such as British Petroleum and Royal Dutch Shell, accumulated at least $100 billion in net gains from the barter scheme, between 1985-2007. These funds, according to a recent "authorized biography" of Prince Bandar, bankrolled covert arms deals around the globe, and bypassed U.S. Congressional oversight over major Pentagon arms deals.

While Bandar was not named in the suit, the four princes listed by the court are:

* Salman bin Abdulaziz al-Saud (Prince Salman), president of the SHC, and governor of Riyadh Province.

* Sultan bin Abdulaziz al-Saud (Prince Sultan), chairman of the Supreme Council, and First Deputy President of the Council of Ministers. He has been designated as the successor to King Abdullah

* Turki al-Faisal bin Abdulaziz al-Saud (Prince Turki), the former director general of the Saudi General Intelligence Directorate, the kingdom's main foreign intelligence organization, and former ambassador to both the U.K. and U.S.

* Naif bin Abdulaziz al-Saud (Prince Naif). Along with Sultan and Turki, he sits on the Kingdom's Supreme Council of Islamic Affairs, which monitors and approves Islamic charitable giving both within and outside the Kingdom.

N.J. Lawmaker: Repeal Global Warming Act

Aug. 15 (EIRNS)—New Jersey Assemblyman Michael Doherty yesterday urged the state legislature to repeal the state's Global Warming Response Act as soon as the body returns from recess, after Labor Day. He cited termed new evidence of global cooling.

In November 1997, *EIR* published a special report entitled *The Coming Ice Age*. The physical evidence that the planet is cooling, as a result of decreased sunspot activity, has since been corroborated. Since 1998, the Earth's temperatures have leveled off, and are now decreasing.

New Jersey's Global Warming Response Act requires the state to reduce its greenhouse gases by 20% by 2020, and by 80% by 2050. Gov. Jon Corzine (D) signed the act into law last year.

"There are many credible members of the scientific community who have questioned the theory of global warming, and now we have some scientists actually suggesting the earth's temperatures may be entering a period of dramatic cooling," said Doherty (R). "With this growing level of scientific uncertainty, it makes no sense to enact a new set of economically damaging regulations prompted by the global warming hysteria of recent years."

He added, "New Jersey's tax and regulatory climate is already chasing jobs from this state left and right, and these new regulations will make matters worse. Rather than conforming our policies to questionable scientific theories, we should be looking at the concrete economic indicators that show our state's economy is in trouble. And we should be taking steps to help people who are losing jobs and being forced out of their homes by this state's anti-economic growth agenda, not making matters worse."

Doherty's call for sanity was reported on PolitickerNJ.com.

Ibero-American News Digest

Webcast with Zepp-LaRouche: Do You Want To Eat?

Bolivia Vote Keeps Opportunities Open in South America

Soros Strikes Again: Pushes Dope in the Americas

Brits Want Argentine President Out of the Way, Now!

Cuba Announces Doubling of Rice Production in Five Years

Webcast with Zepp-LaRouche: Do You Want To Eat?

Aug. 13 (EIRNS)—"Do You Want to Eat? Join LaRouche's New Bretton Woods." Helga Zepp-LaRouche will hold a videoconference on Aug. 19 with live audiences gathered in three Ibero-American countries on that topic (6 P.M. EDT, at www.larouchepub.com/spanish).

The Argentine gathering is being co-sponsored by the LaRouche Youth Movement and "Compromiso K," a youth group in

that country that supports President Cristina Fernández de Kirchner. The Mexican meeting will be held in an auditorium of the federal Congress, and the Colombian event will be held at the auditorium of the Trade Union of Employees of the Bank of the Republic.

Bolivia Vote Keeps Opportunities Open in South America

Aug. 11 (EIRNS)—The large majority won by Bolivian President Evo Morales in yesterday's referendum on whether he, and the prefects of the country's nine departments, should stay in office, buys South America space to continue battling for continent-wide development, against British plans for balkanization and genocide.

Morales received 67.4% support, including votes of 30-40%, variously, in the opposition-controlled departments.

The magnitude of the vote demonstrates that two-thirds of the people do not want anything to do with the British strategy of regime change, whatever they may think of their current President.

Lyndon LaRouche noted that Morales' victory gives him some respite from British attacks, along with backup from some of the other South American Presidents. If there was any consuming ambition to get Morales out, that just got shot down.

The country remains highly polarized, with six of the prefects receiving similarly strong majorities, including most of the five provinces pressing for autonomy from the national government. The British-controlled leadership of the Santa Cruz department, rabid free-trade ideologues who are de facto gunning to bust up Bolivia, announced that Santa Cruz and four other eastern departments will go on strike against the government on Aug. 19, while raving that no member of the national government is welcome in "their" departments.

While the Union of South American Nations (UNASUR) as a bloc, and the member-states individually, welcomed the potential to establish calm in Bolivia, Venezuelan President Hugo Chávez, whose meddling in Bolivian affairs has fueled polarization, issued a statement promoting the Morales government as a project for ethnic Indian nationalism.

Soros Strikes Again: Pushes Dope in the Americas

Aug. 15 (EIRNS)—George Soros has added to his holdings in Brazil in recent months, purchasing one ex-President, along with major stock positions in the oil and mineral giants Petrobras and Vale.

Former Brazilian President Fernando Henrique Cardoso (1995-2003), backed by Soros's money and key players in his international drug-legalization apparatus, has organized a "Latin American Drug and Democracy Commission" to campaign for Soros's drug legalization. The 18-member commission, founded last April 30 in Rio de Janeiro, argues that controlling production of drugs has failed; combatting drugs is too expensive, anyway; so society should give up the idea of getting rid of narcotics, and opt for "harm reduction" measures and "decriminalization."

The new commission, in short, is a new instrument for Britain's Opium War against the Americas.

With Cardoso, Soros purchased two other former Presidents to co-chair this Latin American Drug and Democracy commission with him: Colombia's César Gaviria (1990-94), infamous for having knowingly permitted the drug mafia to control a Constituent Assembly which rewrote the Constitution during his term; and Mexico's Ernesto Zedillo (1994-2000).

Leading funders of the new commission are Soros's Open Society Institute, the Fernando Henrique Cardoso Institute, and

the Soros-funded Viva Rio NGO.

Guiding the commission is Amsterdam's Soros-funded Transnational Institute, otherwise active in the British government-linked project to legalize the opium trade in Afghanistan. The Transnational Institute, with Soros's Open Society Institute, ran the Coca 90's project which organized the coca-growers in the Andes region of South America as a battering ram for legalization. Another key agent in that Coca 90's project, Peru's Diego García-Sayan, also Soros-financed, is a member of the commission.

Among the other members of the commission are such British agents as Brazil's João Roberto Marinho, the former head of Prince Philip's genocidal Worldwide Fund for Nature in Brazil, and Peru's perverse liberal, Mario Vargas Llosa, whose 1990 Presidential campaign was run by Soros's *compadre*, Lord Mark Malloch-Brown, now, U.K. Minister for Africa, Asia, and the United Nations, and reportedly a leading British conduit to U.S. Presidential candidate Barack Obama.

Transnational Institute's Martin Jelsma told the founding meeting of this new commission that "there is not going to be a world rid of drugs." Their job is to get a turn internationally, away from the "U.S. approach" of a war on drugs, to the "European approach," of harm reduction, in the upcoming ten-year assessment of the UN General Assembly Special Assembly (UNGASS) on drugs. The commission will meet in September in Bogota, and in February 2009, in Mexico City.

Brits Want Argentine President Out of the Way, Now!

Aug. 12 (EIRNS)—As the global financial crash accelerates, so too does the political warfare directed by London and Wall Street against Argentine President Cristina Fernández and her husband, former President Néstor Kirchner, who currently heads the Peronist Party.

The argument coming from various of the British Empire's most unsavory quarters is that the Kirchners have "mismanaged" the economy, applied the wrong policies, brought the country to the brink of another debt default, and refuse to fire key personnel disliked by London and Wall Street. The vultures' real concern, however, is that the Kirchners don't find it necessary to crawl for the British, and are moving back into the reactivated Ibero-American Presidents' Club. Therefore, they have to be removed.

Walter Molano of BCP Securities demands exactly that, in an article in the Aug. 11 *Latin Business Chronicle*. He uses the Aug. 8 plunge in Argentine bonds as evidence that the Kirchners are incompetent and must be ousted because they no longer have any "credibility" or political "clout." The debate taking place in Buenos Aires, Molano claims, is whether the President and her husband will last for more than another three or four months. "It's not a question of 'if' but 'when' the Kirchners will be ousted," he insists.

Cuba Announces Doubling of Rice Production in Five Years

Aug. 10 (EIRNS)—According to Cuba's Deputy Agriculture Minister Juan Pérez Lamas, the Cuban government plans to double rice production in the next five years. The effort will involve state-owned enterprises, cooperatives, individual farmers, and family plots and farms run by the Revolutionary Armed Forces and the Ministry of the Interior, Cuban News Agency reported.

The announcement follows a fierce food security campaign undertaken by the Cuban government. Earlier this year, President Raúl Castro had announced agrarian reforms aimed at stimulating food production. The moves include the planting of idle lands around the cities, while also making arable land more available in the countryside.

Marcio Porto, the UN Food and Agriculture Organization representative in Cuba, noted the determination of the Cuban government to tackle the food crisis, and praised the technical cooperation the government has always offered to other Caribbean countries through the FAO.

Western European News Digest

Letter to German daily: LaRouche Provides Alternative to British War

London's Telegraph Foresees U.S.-Russia Clash

Danish Media: Georgian Government Untrustworthy

Pope-Tremonti: Meeting of Minds on the 'Markets'?

Le Monde Fears 'Recession,' Blasts Greenspan

Brits Build Up World War III Slush Fund

Letter to German daily: LaRouche Provides Alternative to British War

Aug. 11 (EIRNS)—The website of the Germany daily *Frankfurter Allgemeine Zeitung* today publishes a letter on Lyndon LaRouche. The newspaper is generally hostile to LaRouche and his wife, Helga.

The author of the letter writes:

"As the Western financial and economic system is sliding ever-deeper into the crisis, the 'geostrategists' in London and Washington are trying to push the world into chaos. Besides China it is Russia, which most directly comes under attack. Whereas the leaders of the Chechen terrorists can prepare their terrorist actions in London, unchecked, Saakashvili was created by George Soros's Open Society Foundation, so that Russia could also be destabilized from Georgian ground. The question for us Germans and Europeans is whether we take the side of the British-American war gamers, or do we support the project of Lyndon LaRouche for a peaceful development of the Eurasian landmass."

London's Telegraph Foresees U.S.-Russia Clash

Aug. 11 (EIRNS)—An editorial in the *Daily Telegraph* today invokes the image of Lord Balfour, one of the architects of World War I, for guidance in the current Russian-Georgian crisis:

"There is no purpose in deceiving ourselves. The West is in no position, practically or morally, to go to war with Russia. At the same time, we cannot afford to allow Russia unilaterally to redraw its borders, nor to place its heel upon the only oil pipeline in the former U.S.S.R. outside its control. In 1918, Balfour declared, 'The only thing that interests me in the Caucasus is the railway line which delivers oil from Baku to Batumi; the natives can cut each other to pieces, for all I care.'" Since the *Telegraph* has to appear a little more civilized, it adds, "These days, we have to care about both."

After writing about how the West has mishandled Russia since the collapse of the Soviet Union, the *Telegraph* concludes,

"We cannot expect a UN, rendered impotent by Russia's veto, to settle this problem. France's EU presidency has the ambition to halt the fighting, but not the means. John McCain is making the defense of Georgia a campaign issue. As of old, the issue may yet come down to a face-off between Russia and America."

Danish Media: Georgian Government Untrustworthy

COPENHAGEN, Aug. 12 (EIRNS)—Although Danish neocon Prime Minister Anders Fogh Rasmussen blames Russia for the South Ossetia crisis, overall the Danish media has been differentiated. Unlike much of the European, and especially the U.S. media, it has been universally acknowledged that the conflict was provoked by the Georgian President, and that heavy bombardment by Georgia of civilians in South Ossetia took place before the Russians intervened.

While Danish Radio's TV-news reported claims by the Georgian government that Russia was moving for an attack on the capital, Tbilisi, for example, it also showed a reporter standing in the capital, saying no such movements were to be seen.

Russian charges that Georgia was committing genocide in South Ossetia have been reported, along with charges that the Georgian President is a war criminal and that the Georgians were breaking the Geneva conventions and international law by attacking civilians in South Ossetia. The daily *Politiken* interviewed South Ossetian refugees on how they were shot at even as they fled, and also reports on the internal divisions in Europe on the issue of Georgia: that Germany, France, and Italy are not expected to join in the Russia-bashing that other countries have started.

The correspondent of the newspaper *Berlingske Tidende* in Brussels writes that Georgian President Mikheil Saakashvili should have understood the message, when NATO in April turned down Georgian membership. According to sources in both the EU and NATO, he didn't listen, and instead jumped into a trap, providing Russia with the pretext it had allegedly been expecting.

Pope-Tremonti: Meeting of Minds on the 'Markets'?

Aug. 12 (EIRNS)—Pope Benedict XVI met with Italian Minister of Economy and Finance Giulio Tremonti on Aug. 11, in his holiday resort in Bressanone (Brixen), before going back to Rome. According to a journalist close to Tremonti, they discussed Tremonti's book, *Fear and Hope* (2008) which the Pope reportedly read and liked.

"It was already made clear on July 6, if my strong expression is allowed, on which side the Pope stands," wrote Oscar Giannino in today's *Libero Mercato*. "Of course, I do not mean politically, either at a global or at an Italian level.... No, I am speaking about the dispute about what causes the economic crisis that has bounced from the U.S.A. to Europe in the course of the last year." Giannino then quotes the Pope's statement against financial speculation as the driving force of commodity price inflation.

"The Pope, on this, thinks like Tremonti," said Giannino, "not like the standard-bearers of the market...."

Le Monde Fears 'Recession,' Blasts Greenspan

PARIS, Aug. 9 (EIRNS)—"Financial Crisis Still Threatening World Economy" is the headline of the French daily *Le Monde* today. The newspaper has four articles detailing that the crisis is getting worse, and will continue to do so, since "one year later, the real economy is being caught up by the financial crisis. Recession is threatening the United States, Japan, and Europe."

The lead editorial attributes the crisis to the lax monetary policy of the Federal Reserve, "notably in the Alan Greenspan

era," which led to an "orgy" of indebtedness. "The best way to avoid a new catastrophe," the paper concludes, "seems to be to make the bankers pay for their own madness. Let the current crisis hurt them enough, that the memory of the pain should dissuade them from doing it again."

Brits Build Up World War III Slush Fund

Aug. 10 (EIRNS)—The British-Saudi "Al-Yamamah" weapons-for-oil deals, which provided the Brits with a huge slush fund to pay for terrorists provocations such as 9/11, are being expanded at the very point the British are launching World War III with simultaneous provocations against Russia and China. The British government is in talks with Saudi Arabia for the sale of 48-70 Eurofighter Typhoon warplanes, in addition to the 72 Saudi Arabia has already purchased. The Al-Yamamah agreement between the British and Saudi governments called for the Saudis to pay for arms with shipments of discounted oil, which the Brits then sold at market price, generating a huge pool of funds for covert intelligence operations. An investigation into this sleazy deal conducted by Britain's Serious Fraud Office was shut down by the House of Lords last month, paving the way for the deal now in the works. The *Sunday Times* reports today that the contract would be of similar size to the previous Eurofighter deal, which is likely to grow to some $40 billion once support and maintenance are included. That's a lot of slush.

Russia and the CIS News Digest

First Time Ever: LaRouche Webcast Released in Russian

Poland-U.S. BMD Agreement: Another Provocation vs. Russia

Medvedev, Sarkozy Release Plan for South Ossetia

Turkish Caucasus Federation Denounces Georgia

Russian War Busts Myth of Revolution in Military Affairs

First Time Ever: LaRouche Webcast Released in Russian

Aug. 15 (EIRNS)—For the first time ever, the LaRouche Political Action Committee has made available a Russian-language voiceover of a webcast speech, given by Lyndon H. LaRouche, Jr., in Washington on July 22, 2008, titled "One Year Later: But Still Not Too Late for You." The Russian version can be accessed, along with voiceovers in four other languages, in the video archive at www.larouchepac.com.

In this speech, LaRouche called for three specific remedies for the current strategic crisis, which are not cures to the problem, but without which "there's no future for the United States and no future for the world." The third of those points is that, "The United States must propose to the governments of Russia, China, and India, that these four major countries will agree to sponsor a committee, an alliance of powers, including other powers, to establish a fixed-exchange-rate financial-credit system internationally, of the type that Roosevelt intended in 1944, not what Truman did in 1945!"

LaRouche's forecasts and policy solutions command a high degree of interest and support in Russia and other nations in the former Soviet area where Russian is spoken.

Poland-U.S. BMD Agreement: Another Provocation vs. Russia

Aug. 15 (EIRNS)—Polish Prime Minister Donald Tusk and U.S. State Department official John Rood signed an agreement in Warsaw today for emplacement of ten American anti-missile missiles in Poland. The 18 months of negotiations had reached an impasse, when Poland upped the ante on the military and security guarantees and hardware it was demanding from the United States. The anti-Russian campaign surrounding South Ossetia apparently propelled the United States to meet Poland's demands. Regardless of the frequent U.S. insistence that its ballistic missile defense European deployment was meant to counter a threat from Iran, the Polish government never hid the fact from the very beginning that it wanted the system and U.S. military guarantees, to deal with Russia.

Tusk stated: "We would start with a battery under U.S. command, but made available to the Polish army. Then there would be a second phase, involving equipping the Polish army with missiles." Tusk said this would mean that the United States is obliged to defend Poland in case of an attack, more quickly than NATO would. The Patriot missiles which would be moved from Germany to Poland are a defense only short-range missile attack.

Kazimierz Kiki, sociology professor at Swietokrzyska Academy, observed: "This agreement can be seen as a purely anti-Russian Agreement. It's making Poland part of the U.S. defense system and, in my view, pushes Poland along a well-worn road of mistakes—looking for allies afar and enemies nearby."

Medvedev, Sarkozy Release Plan for South Ossetia

Aug. 12 (EIRNS)—After announcing his order to cease the military operation around South Ossetia, Russian President Dmitri Medvedev today received President Nicholas Sarkozy of France, the current chair of the European Union. Appearing together afterwards, each President read aloud, in Russian and French, respectively, principles agreed on by the two sides. Medvedev said he "would like to emphasize that our meeting is taking place within a new status quo"—the declared success and end of the Russian military operation, which had come in response to Georgia's attack on the provincial government and Russian peacekeepers in South Ossetia.

The principles, according to the Kremlin's transcript of Medvedev's remarks, are six:

1) Do not resort to the use of force.

2) The absolute cessation of all hostilities.

3) Free access to humanitarian assistance.

4) The Armed Forces of Georgia must withdraw to their permanent positions.

5) The Armed Forces of the Russian Federation must withdraw to the line where they were stationed, prior to the beginning of hostilities. Prior to the establishment of international mechanisms, the Russian peacekeeping forces will take additional security measures.

6) An international debate on the future status of South Ossetia and Abkhazia and ways to ensure their lasting security will take place.

The version later negotiated by Sarkozy with Georgian President Mikheil Saakashvili, and signed by the latter during the

visit to Georgia of U.S. Secretary of State Condoleezza Rice, omitted explicit reference to future "status" talks.

Sarkozy said, "I would like to say in the presence of Russian President Dmitri Medvedev, that we do see Russia striving to guarantee the sovereignty, and respect the sovereignty, of Georgia. And he can confirm that we have no ambiguity on that."

Turkish Caucasus Federation Denounces Georgia

Aug. 11 (EIRNS)—The Ankara, Turkey based Federation of Caucasian Associations criticized Georgia's attack on South Ossetia, accusing Georgia of ethnic cleansing. In a statement published in today's *Zaman*, they declared:

"As the Federation of Caucasian Associations, we stress that South Ossetia and Abkhazia are not breakaway regions; they are independent republics. Their invasion by Georgia cannot be accepted just as no invasion in the world can. Decisions of independence by the people of these countries cannot be rendered null and void through wars. South Ossetia is currently under invasion by Georgia. Babies are heartlessly being killed there, and innocent mothers, fathers and elderly are being lynched."

Calling on Turkey to recognize the republics' independence, they write, "We want Turkey and the rest of the world to recognize these two countries' independence as they did for Kosovo. We call on international democracy and human rights organizations to call for an end to the barbarity in South Ossetia."

There have been calls for Turkey not to take sides on the Georgia-Russia conflict. One reason is the fact that Turkey has a ethnic Caucasian community of its own, to which it has to show consideration. It has been suggested that Turkey play a mediating role similar to the one it is playing between Syria and Israel.

Russian War Busts Myth of Revolution in Military Affairs

Aug. 11 (EIRNS)—One consequence of the Russian military operations in South Ossetia may be the busting of the myth that future warfare will be characterized by what is called "fourth generation warfare," or the notion that modern history has moved beyond the point where conventional heavy forces would ever be useful in future wars. Retired Col. Patrick Lang, a former U.S. Defense Intelligence Agency (DIA) officer, wrote of the fourth generation notion on his website a few days ago, that, "It seems to me that what has happened in Georgia, South Ossetia, and the Russian Federation belies that idea." Lang notes that, the television evidence shows that tanks, self-propelled artillery, armored personnel carriers, fighter jets, conventional infantry, and so forth abounded in this war.

A currently serving Army officer, with two tours in Iraq under his belt, and who is a critic of the Army's singular focus on counterinsurgency doctrine, in response to an e-mail inquiry from *EIR*, commented that this war should be a "wake-up call" for the U.S. Army, "since many of its senior leaders have been of the mind that fighting between large armies in the open are things of the past."

Southwest Asia News Digest

Pentagon Denies Blockade Plans for Iran

U.S. Puts Brakes on Israeli Plan for Iran Strike

UN's Graziani Lauds Hezbollah, Scores Israel

EU and U.S. Impose New Sanctions on Iran

'Surgical Strike' Will Not Stop Iran Nuclear Program

Pentagon Denies Blockade Plans for Iran

Aug. 13 (EIRNS)—The U.S. Department of Defense, in response to a query from *EIR*, today denied media reports that Naval forces were being deployed to impose a blockade on Iran. Lt. Col. Patrick Ryder, a Pentagon press officer, wrote, in an e-mail reply, that, "As a matter of policy we do not discuss current or future ship's movements. However, I can tell you that reports of an alleged naval blockade of Iran are false." In addition to the Pentagon denial, evidence from the Navy's Status of the Fleet webpage and the intelligence website Stratfor reports that the aircraft carrier *USS Theodore Roosevelt*, one of the ships named as being on its way to the Persian Gulf, is actually in port in Norfolk, which has also been confirmed to *EIR* by other sources.

Beginning on Aug. 7, a series of press reports, primarily from Middle Eastern outlets, including the Israeli-intelligence linked *Debkafile*, claimed that the navies of the U.S., Britain, and France are preparing to impose a blockade on Iran to cripple its economy. These reports began when the *Kuwait Times* reported that the government of Kuwait was finalizing its emergency plans, after learning that two U.S. aircraft carrier groups (the other being the *USS Ronald Reagan*, according to the *Jerusalem Post*) were on their way to the Persian Gulf.

U.S. Puts Brakes on Israeli Plan for Iran Strike

Aug. 13 (EIRNS)—The U.S. has been working to prevent an Israeli strike on Iran, according to an article by Aluf Benn in today's *Ha'aretz*. The article also reveals that the Israeli security establishment appears to be assessing the Georgia crisis as endangering U.S.-Russian cooperation in ending Iran's nuclear weapons program.

Benn states, "The American administration has rejected an Israeli request for military equipment and support that would improve Israel's ability to attack Iran's nuclear facilities."

This request was made while President George W. Bush was in Jerusalem last May, during meetings with Prime Minister Ehud Olmert and Defense Minister Ehud Barak. When they were reviewed back in Washington, they set off alarm bells and were rejected, and instead, the administration offered the Israelis better air defense systems. U.S. National Intelligence Director Mike McConnell and Chairman of the Joint Chiefs of Staff Mike Mullen both visited Israel in June, "to tell Israeli defense officials that Iran is still far from obtaining nuclear weapons, and that an attack on Iran would undermine American interests. Therefore, they said, the U.S. would not allow Israeli planes to overfly Iraq en route to Iran."

Benn writes that while senior Israeli officials had originally hoped that Bush would order an American strike on Iran's nuclear facilities before leaving office, as an American strike would be more successful than an Israeli one, Jerusalem fears that an Israeli strike, would give Iran international legitimacy for its program, which it currently lacks. Israel would then be portrayed as an aggressor, and would be forced to contend alone with Iran's retaliation, which would probably include thousands of missile strikes by Iranian allies Hezbollah, Hamas, and perhaps even Syria." Now Israel realizes that the U.S. is unlikely to attack, but instead, wants to use diplomatic means.

Then, at the end of July, Barak was in Washington for talks with his American counterpart, Robert Gates, and Vice President Dick Cheney. "Both conversations focussed on Iran, but the two Americans presented conflicting views: Gates vehemently opposes an attack on Iran, while Cheney is the administration's leading hawk."

Benn then writes that while Barak warned that endless deliberations about sanctions have produced little. "He also acknowledged that effective sanctions would require cooperation from Russia, China and India.... Russia, however, is considered key to efforts to isolate Iran, and Israeli officials have therefore urged their American counterparts in recent months to tone down Washington's other disputes with Moscow to focus all its efforts on obtaining Russia's backing against Iran. For instance, they suggested that Washington offer to drop its plan to station a missile defense system in Poland and the Czech Republic—a proposal Russia views as a threat, though Washington insists the system is aimed solely at Iran—in exchange for Russia agreeing to stiffer sanctions against Iran. However, the administration rejected this idea."

UN's Graziani Lauds Hezbollah, Scores Israel

Aug. 16 (EIRNS)—Israeli government officials are going ballistic over remarks by Italian Maj. Gen. Claudio Graziani, the commander of the UN Interim Force in Lebanon (UNIFIL), who accused Israel of a "permanent violation" of UN Security Council Resolution 1701, which ended the 2006 Israeli war in Lebanon. Graziani, speaking at a press conference in New York Aug. 14, cited regular violations of Lebanese airspace by Israeli military jets, and Israel's continued refusal to provide maps of areas it covered with cluster bombs during the 34-day war in 2006. The UN Mine Action Coordination Center reported on Aug. 14 that it has cleared about half of all the cluster bombs that Israel dropped, but warned that the remaining ordnance continues to pose a threat to the local population.

But, what has Israeli officials most upset, is Graziani's praise of Hezbollah. According to *Ha'aretz*, Graziani said that cooperation with Hezbollah has been excellent, and that, apart from UN and Lebanese soldiers, and local hunters, no one is armed in the area south of the Litani River. Unnamed Israeli officials responded by accusing Graziani and the UN of intentionally concealing information about Hezbollah's activities south of the Litani River in order to avoid conflict with the group. They cited an incident back in March, which UNIFIL was forced to admit to, about an encounter between five armed men and UNIFIL soldiers, that was not reported at the time. A security source told *Ha'aretz* that there have been many such incidents in the past.

EU and U.S. Impose New Sanctions on Iran

Aug. 12 (EIRNS)—The European Union imposed new financial sanctions against Iran on Aug. 8, including restrictions on public loans and tougher cargo inspections, that go beyond those of the United Nations. The EU called upon member-states to "exercise restraint" when granting new public loans for trade with Iran, particularly export credits, guarantees, and insurance, and "to exercise vigilance over activities taken by financial institutions with banks based in Iran." It asks member-states to inspect the cargoes of airplanes and ships travelling to and from Iran if they have reason to believe that they are carrying contraband goods. France said it would focus on Iran Air Cargo and the Islamic Republic of Iran Shipping Line. This is a prelude to discussion that the U.S. and Britain are pushing at the UN Security Council.

Today, the U.S. Treasury imposed new sanctions against five more Iranian entities it said had provided support or materials to Iran's nuclear and missile programs. This bans Americans from doing business with the firms, and freezes any assets they may have under U.S. jurisdiction. "Responsible financial institutions and businesses worldwide are taking steps to avoid doing business with Iranian nuclear and missile entities, as well as with the front companies and cut-outs the Iranian regime uses to disguise its activities," said Stuart Levey, the Treasury's Undersecretary for Terrorism and Financial Intelligence.

'Surgical Strike' Will Not Stop Iran Nuclear Program

Aug. 13 (EIRNS)—A new study has revealed that a surgical strike at Iran's nuclear enrichment facilities is not possible. The study was done by the Washington-based Institute for Science and International Security; authors David Albright, Paul

Brannan, and Jacqueline Shire argue that because Iran's nuclear enrichment program is based on the gas centrifuge system, it is, by its nature, decentralized, and therefore a bombing campaign is unlikely to end the program.

The report details that Iran is not just operating centrifuges, but has developed the capacity to manufacture them in widely dispersed locations.

The report argues that if attacked, Iran would be prompted to "hasten its efforts to acquire nuclear weapons," expel IAEA weapons inspectors, and withdraw from the Nuclear Non-Proliferation Treaty. Since the facilities are small and dispersed, they are easier to replace at secret locations.

The report concludes, that threats of military strikes might serve to pressure Iran, but if carried out, they are not likely to deliver their promise and "risk leading to a general war that could spill over throughout the region.

Asia News Digest

India Erects a Brick Wall Against WTO Revival

LaRouche: Musharraf's Removal Threatens Pakistan, India Security

Philippines Near Explosion; What Is Role of U.S. Ambassador

India Erects a Brick Wall Against WTO Revival

Aug. 12 (EIRNS)—World Trade Organization Chief Pascal Lamy's ongoing visit to New Delhi to attempt to "soften" the Indian stance on the WTO-recommended free-trade policies for agriculture, met with stiff resistance from India's Trade and Commerce Minister, Kamal Nath. Addressing a business seminar while Lamy was meeting the Indian Prime Minister, Nath said: "I can't negotiate attitude, I can't negotiate mindset."

Praising Lamy's having taken the talks to the "last mile," Nath pointed out that "it is for everybody to run this last mile." Critical of Washington, he told the audience that during the Geneva WTO talks early this month, Washington had insisted that extra duties should be allowed only if imports rose by 40%. "By the time imports reach that level, my farmers would have committed suicide," the Indian trade minister said.

"But 'revival of the weakest' and 'not survival of the fittest' must be at the heart of the talks," Nath said, adding that it was in developed nations' interests to have "healthy" developing economies, to give them new markets.

Nath was singled out at the failed Geneva talks as the reason for the collapse of the Doha Round.

The WTO chief told reporters in New Delhi that he would leave India on Aug. 13 with a sense of "the political will" in New Delhi to resume talks, and he would conduct the "same exercise" next week in Washington to gauge the political mood. "I will play the role of a midwife if the negotiating parties want delivery of the baby," he said.

Analysts in New Delhi say it is unlikely that India's government will soften its tariff stance much, because 60% of its more than 1.1 billion people rely on farming for a living.

LaRouche: Musharraf's Removal Threatens Pakistan, India Security

Aug. 15 (EIRNS)—The removal of Pakistani President Pervez Musharraf to serve British and Saudi interests will not only endanger Pakistan's security situation further, but it will pose a serious security threat to India, Lyndon LaRouche warned today.

"If Washington, under London pressure and manipulation, does go ahead and sanction the ouster of President Musharraf, this will lead to increased instability and overall disaster, that will soon spread from South Asia into Southwest and Central Asia as well," LaRouche elaborated. "I strongly urge that cooler heads prevail, and that, before President Musharraf is kicked out the door, the consequences of such an ouster be fully considered."

The presence of Mark Lyall Grant, Director-General, Political Directorate, Foreign and Commonwealth Office of Britain, and a delegation from Saudi Arabia during the talks to remove Musharraf, indicates that the longstanding "Al-Yamamah" covert operations between Britain and Saudi Arabia, is very much in play now in Pakistan. A semi-official biography of Al-Yamamah principal, Saudi Prince Bandar bin-Sultan, acknowledged that the slush fund created by Al-Yamamah was used to bankroll the Afghan mujahideen forces who battled the Soviet Army in Afghanistan throughout the 1980s, and later evolved into the Taliban and al-Qaeda.

There are indications that Pakistani terrorists, aided by British intelligence (MI6) and Pakistani intelligence (ISI), who were earlier based in Pakistan's tribal areas training the Pakistani Taliban, are being shifted steadily in recent days to the disputed state of Jammu and Kashmir, to commit violence. The current problem in the India part of Jammu and Kashmir, which has already claimed as many as 40 lives, was provoked to a large extent by these terrorists.

The removal of Musharraf will strengthen the Al-Yamamah operators in Pakistan, further weakening the U.S. position there. Washington has given the green light to remove Musharraf, hoping it will bring about a consensus in Islamabad, which would help the United States and NATO to maintain the valuable supply line from the Port of Karachi to Afghanistan, serving the 65,000 foreign troops there.

However, such a hope is simply "incompetent diplomacy," LaRouche warned. "It is precisely because of the Al-Yamamah complication, that I urge a halt in the drive to remove President Musharraf from power. The Bandar crowd in Saudi Arabia should not be allowed to control the destiny of Pakistan, and that is exactly where we are headed if Musharraf's removal is allowed. There is a serious narco-terrorist factor to deal with, centered around the Taliban and al-Qaeda nexus, which enjoys continuing support from the relevant British and Saudi factions. Given half a chance, they will wreck havoc on the entire region, and that does not serve U.S. or regional interests in the least."

Note: President Musharraf announced his resignation Aug. 18.

Philippines Near Explosion; What Is Role of U.S. Ambassador

Aug. 13 (EIRNS)—The aborted peace deal between the Philippines government of President Gloria Arroyo and the Moro Islamic Liberation Front (MILF) has set off a near-civil war in Mindanao, and a political explosion in Manila. The secretly negotiated deal was exposed, just before the government was to sign it, as unconstitutionally setting up a separate state for the MILF in a large section of the southern province. It is certain to be declared unconstitutional by the Supreme Court, which already stopped the signing with a restraining order. The government now admits that the deal was indeed unconstitutional—that it intended to sign the deal first, and *then* call for a constitutional change!

The question everyone is asking is: What was the role of U.S. Ambassador Kristie Kenney, in setting up this scam? In

February 2008, Kenney held a private meeting with the chairman of the MILF, Mohammad Murad, in his base camp in Mindanao. According to knowledgeable sources, this meeting was held entirely outside Philippine government procedures and approval. Then, Kenney flew to Malaysia, where the deal was to be signed, to be on hand for the event, only to hear that the Supreme Court had stopped it. Also on hand, were the ambassadors to the Philippines from Australia and Japan, as well as a representative of the Organization of Islamic Conference (OIC).

Africa News Digest

Tsvangirai Does London's Bidding, Refuses To Sign Deal

Algerian Press Cover LaRouche on British War Drive, Economic Crash

Tsvangirai Does London's Bidding, Refuses To Sign Deal

Aug. 18 (EIRNS)—Morgan Tsvangirai, leader of the London-controlled faction of the Zimbabwe opposition party MDC, yesterday rejected attempts by the Southern Africa Development Community (SADC), at its annual summit in Johannesburg, to resolve the deadlocked power-sharing negotiations with President Robert Mugabe, and another opposition faction, led by Arthur Mutambara. Tsvangirai's refusal prolongs the crisis; he has agreed to accept the position of prime minister, but wants the position to be recognized as the head of government. Tsvangirai's rejection sabotages efforts being spearheaded by South African President Thabo Mbeki to use SADC to lay the framework for SADC's 15 nations to ultimately become the industrial powerhouse of Africa, which the City of London-based financial cartel does not want, since it threatens London's plans to reimpose imperial control over the continent of Africa. London is also intent on preventing other nations, such as those of Asia, from having access to African resources.

South Africa began its rotation as chairman of the SADC at the summit Mbeki hopes to begin implementation of a Free Trade Area and a Customs Union for the member-nations, with the ultimate goal being a common currency for the SADC nations.

After the summit ended, SADC leaders continued talking about how to resolve the Zimbabwe standoff, and are now reported to be increasing the pressure on Tsvangirai to agree to a power-sharing agreement hammered out by the three negotiating partners, under the mediation of Mbeki. The South Africa *Sunday Times* today reports that SADC leaders are telling Tsvangirai to sign, or let the Zimbabwe pre-election parliament be called into session to form a government, which would work against Tsvangirai, since an alliance between Mugabe and Mutambara would provide a parliamentary majority.

Tsvangirai has the backing of the British government, and allied governments; the British have said they will only recognize a government led by Tsvangirai. The British government has promised, with the help of other nations, to provide $3.5 billion to begin rebuilding the Zimbabwe economy once an agreement is reached, and Tsvangirai is installed as prime minister.

A draft agreement of 44 pages has been agreed to by all three participants; the only question remaining is whether Mugabe or Tsvangirai has the authority to appoint the cabinet.

According to reports from South Africa, Mugabe, Mutambara, and Mbeki think that Tsvangirai is being manipulated by London, with the support of others in the West. Both London and the Bush Administration, according to this report, have been insisting that Mugabe should not be part of any new deal.

British Foreign Secretary David Miliband has precisely the same position as Tsvangirai, as to why the deal should not be accepted: "I understand why Morgan Tsvangirai and the MDC cannot accept an agreement that fails to reflect the democratic will of the Zimbabwean people."

Mutambara told the West to back off from the Zimbabwe crisis talks and allow Zimbabweans to find their own solution to their problems. He told online *City Press* in South Africa, Aug. 14, that undue interference from the U.S. and Britain had threatened the negotiations. "We are offended by the external influence on the dialogue. The West must back off and allow us to talk among ourselves," he said, and cited the sanctions meted out after the signing of the historic memorandum of understanding which allowed the talks to begin, as a case in point. "Why impose sanctions while we are talking? We see that as a vote of no confidence in us as Africans. You are insulting the intelligence of Mugabe, Tsvangirai and Mutambara. And that is a travesty of justice, [because] we are smart enough to make our own decisions...."

But *City Press* noted that "while Mutambara has joined Mugabe in attacking the West, Tsvangirai remains silent."

After the summit Mbeki organized a meeting of the SADC committee on politics, defense, and security cooperation to discuss plans for continuing the negotiations. Today Tsvangirai reportedly began a ten-day tour of the region to ask SADC leaders to back his drive to take over the government. His first stop was Botswana, whose President, Seretse Ian Khama, boycotted the SADC summit because Mugabe was attending. No other SADC heads of state boycotted.

Algerian Press Cover LaRouche on British War Drive, Economic Crash

PARIS, Aug. 15 (EIRNS)—Two major French-language Algerian newspapers gave top coverage to Lyndon LaRouche yesterday. This follows the June 23 installation of Algerian Prime Minister Ahmed Ouyahia, who recently decided to revoke the neoliberal economic reforms which have been destroying the country, and announced a freeze on all ongoing privatizations. The state will retake majority shares in a certain number of privatized companies, as a protectionist measure.

Ahmed Saber of the financial daily *Le Maghreb: Le Quotidien de l'Economie* ran an article yesterday composed of quotes from LaRouche's statement "The Hour of Denial," on the death of the financial system and the generational cultural paradigm that prevents the current experts, leaders, and decision makers to face up to the situation. The full article is at http://www.lemaghrebdz.com/lire.php?id=12450.

Also, one of Algeria's top seven dailies, *L'Expression*, a pro-government paper with circulation of over 60,000, ran a feature, "Georgia, the Third World War Has Begun" on Aug. 14, both on its website and in the print edition, giving extensive quotes from the LaRouche-associated French Solidarité et Progrès website, featuring LaRouche's devastating attacks on the British.

The article, written by a prominent professor of the Algiers Ecole Polytechnique, Eddine Chitour, starts his article with a quote: "When you live in a zoo [the Caucasus], you don't go into the bear cage to tickle him."

Known for his denunciations of the "clash of civilizations," Chitour describes the blatant Pearl Harbor-style sneak attack by Georgia against Ossetia, "deploying batteries of multiple Grad rocket launchers, the modern equivalent of the 'Stalin organs.'"

Chitour's complete article can be found at: http://www.lexpressiondz.com/article/8/2008-08-14/55331.html.

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