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LaRouche:

Invoke the 25th Amendment To Remove Obama

by Jeffrey Steinberg

Oct. 9—Speaking on LPAC-TV's Oct. 6 Weekly Report, Lyndon LaRouche announced that he has called for President Barack Obama's immediate removal from office, because he is clearly no longer mentally competent to remain in the Presidency. LaRouche demanded the invocation of the 25th Amendment, which provides for the orderly removal of a President, and his replacement by the Vice President, due to physical or mental impairment. LaRouche explained his motives for taking this very serious initiative: ``Last night, on the basis of information received, I moved for the 25th Amendment for the ouster of the President, on those grounds. The reason of the timing was the general situation, the manifest state of the President's mind, or at least behavior: that he is actually in the kind of mental condition, which warrants his ouster on this. Which means that there should be an initiative by certain people, in the White House itself, including the Vice President, who should motivate this. And, once he does that, then the Congress is called back from recess, immediately, to consider an impeachment, in this form of impeachment...

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This Week's Cover

- **LaRouche:**
Invoke the 25th Amendment To Remove Obama
by Jeffrey Steinberg.

Eyewitness accounts by a White House insider present a frightening picture of a President undergoing a psychological meltdown. The source noted that Obama was 'completely unprepared for the job,' and that he 'is suffering from severe depression.' Lyndon LaRouche called it on April 11, 2009: 'He is exactly the mental type, described in detail, the narcissist syndrome, and there is no question about it. . . I was right then, and I'm more right than ever today. So, this man has to go.' The U.S. Constitution provides the measures that must be taken.

- **The 25th Amendment to the U.S. Constitution**

Economics

- **Foreclosure Scandal Exposes Systemic Derivatives Fraud**

The recent headlines reporting on the suspension of home foreclosures across the United States, reveal only the tip of the iceberg that is now in meltdown: The horror show playing out before our eyes in the foreclosure markets, is the continuing collapse of perhaps the greatest financial swindle in the history of mankind: the derivatives bubble.

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The Serpent Eggs Are Hatched, and London's Snakes Are Out
Pakistan is becoming increasingly unstable, with large parts virtually ungovernable, a process, which, if not stopped, will engulf the entire region. The principal cause, writes Rantanu Maitra, is Islamabad's unwillingness to get out of the colonial mindset, learned from the rulers of the British Raj, and move quickly to integrate the nation.
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How Poor Are Americans?

Oct. 6 (EIRNS)—For the first time since the government-defined "poverty line" for Americans' income was developed in 1958, it was *lowered* by the Bureau of the Census in 2009, by about \$500/year to \$22,000 for a family of four, reflecting the outrageous claim by Obama Administration economists of "deflation" in household costs. The median income of U.S. households fell—also for the first time in the history of the statistics—from \$50,112 to \$49,777.

Despite the Administration's attempt to mute the big increase in impoverishment of Americans in 2009, "official" poverty jumped to 9% for seniors, 15% for working-age people, and 21% for children—an average rate of 14.3% or 43 million people. Both are records for as long as the statistic has been kept.

Although their numbers rose by nearly 4 million in the year, the total income share of "officially poor" Americans fell to 3.4%. The top 5% of income earners—15 million people—earned 9 times as much as all 43 million officially in "poverty" combined. That and other ratios of inequality of wealth were at the highest levels ever seen in America.

Some 20 million Americans were designated by the Census as now in "deep poverty"—an income below \$10,500 income for a family of four! The sane description would be "complete destitution"—20 million in households which cannot own cars, homes, rent their own apartments, afford medicines which require any kind of payments, afford new clothes for children, computers, etc.—or pay anything toward their children's education.

But the Census Bureau has another "official" poverty definition, which it will not publish until next year—after the Nov. 2 general election—which integrates the real weight of medical and housing costs in the standard of living. This measure would put the official "poverty line" at \$27,000 (not \$22,000) for a family of four; 54 million Americans, or 17%, would be below it.

Even that level is completely inadequate. A comprehensive study by *EIR's* economics staff *15 years ago* determined the minimum income standard for a family of four to be \$28,000/year at that time. Today that standard would be considerably higher.

'State' Bankruptcies No Substitute for Glass-Steagall

Oct. 5 (EIRNS)—A growing number of financially stretched towns, cities, and other local governments are seeking refuge in programs that many states provide as alternatives to Federal bankruptcy court. In Pennsylvania, the widely publicized bankruptcy of the capital city of Harrisburg will make it the 20th city in its program, if it receives approval. Michigan now has 37 in its program; New Jersey has 7; Illinois, Rhode Island, and California each have at least one. The large municipalities of Detroit, Mich., and Toledo, Ohio, while not in their respective state's programs, are each said to be considering the move.

The *New York Times* today notes the "worries" of some state officials that these "faux" bankruptcy programs could boomerang on the states, and drag them into bankruptcy "from below." This exact situation confronted Arkansas during the Great Depression, causing the only default on state bonds in the country's history. Showing that this is no substitute for a Glass-Steagall reorganization of the nation's financial system, Harrisburg comptroller Daniel Miller told the *Times* that these programs are like "giving you a life preserver, but never pulling you into the boat"; he thinks the city's chances might be better in Federal bankruptcy court.

Obama's Mass Layoffs: 'It's Not Just Census Workers Anymore'

Oct. 8 (EIRNS)—The mass layoffs of government workers at all levels under the "anti-FDR," Barack Obama, got much worse in September, and point to a rapidly worsening collapse of U.S. employment as a whole during the Fall.

The Bureau of Labor Statistics (BLS) reported that the Federal government dropped 83,000 workers, net, in September; *and* that increasingly bankrupt state and local governments eliminated 76,000 jobs, an explosion after the slow fuse of 8-10,000 layoffs/month since the July 1 start of states' and cities' fiscal year. This job loss will get much worse in October, when 150-200,000 Federally funded local jobs are eliminated with the end of the Stimulus/TANF program alone.

These government employment loss figures, as BLS reports them every month, are relatively complete and accurate—the private-sector job figures Obama has been touting lately, are not; there is new evidence out today, that they are faked.

Despite that, the overall September employment report is another pre-election blow to the Obama White House and the Democratic Party leadership: 25 million officially unemployed and part-time/underemployed Americans were chasing 3.2 million job openings! Six million others had given up. Another 95,000 jobs were eliminated in September, the BLS said, and 128,000 more Americans dropped out of the labor force.

Given the consistent, years-long faking of the BLS employment reports, the Gallup polling organization has started publishing a competing survey, its "Underemployment Index," which came out on Oct. 7 for September. Gallup has been making 400 household calls every night since January 2010, and publishes a 30-day running average, with no seasonal or "virtual" adjustments. Gallup found that national unemployment among Americans in the workforce, actively looking for work, was rising sharply during September, going from 9.6% in mid-September to 10.1% as of Sept. 30, with "underemployment" rising to 18.8%.

FDIC's Bair: Zero Interest Rate Creating Bond Bubble

Oct. 5 (EIRNS)—Federal Deposit Insurance Corp. chair Sheila Bair has warned that the continuation of 0% interest rates is creating new bubbles in the economy. "Eventually [rates are] going to start going up, and what happens?" Bair said on CNBC on today. While speaking guardedly, and without a solution, Bair clearly sees the hyperinflation ahead: "A bit of a bond bubble it appears—and so how do we deal with that? I think there's a lot of liquidity out there, a lot of money looking for return to chase, and so trying to stay ahead of that and look at where it's going and what type of new risk that might present, I think is something we need to be very aware of."

Global Economic News

German Energy Prices Are Soaring, Thanks to the Renewable Hoax

Hyperinflation Demands from the IMF, Chicago Fed

German Energy Prices Are Soaring, Thanks to the Renewable Hoax

Oct. 7 (EIRNS)—The high price of "Green energy" in Germany is costing the consumers close to an extra 10% in their energy bills. The *Frankfurter Allgemeine Zeitung* reports that the actual cost of electricity is only 35% of the bill, while another 24% is related to the electrical grid in one way or another. The rest of the bill comes from taxes, including the value-added tax (VAT) which is 19%; the so-called tax for Kraft-Wärme-Kopplung (KWK, combined heat and power generation), which is close to 10%; and the tax under the Erneuerbare-Energien-Gesetz (EEG, Renewable Energy Law), which has gone sky high, because it is devoted to development and expansion of renewable energy production, including wind turbines and photovoltaic panels.

The newspaper reports that, looking at the average cost per household, the biggest jump was from 2009, when the percentage rise in the monthly energy bill was 5.6%, and so far in 2010 it has been 8.6%. In real numbers, they show EU5.3 billion for 2009 and an estimated EU8.2 billion for 2010. (The average household this year pays EU6 per month for the "revolution" in energy, and the price is constantly rising.)

The increase is due to the expansion the electricity grid to bring in the huge parks of wind turbines and solar panels. The "grid companies" are regulated by the Federal Network Agency, which said that the "grid companies" had been overpaid in the last years by EU1.5 billion, which is an outcome of privatization. On the other side, energy associations are saying that there has been too little investment in the energy grids, and because of the investment in renewables, the distribution networks are not large enough. They say that for Germany alone, it will require 3,500 km of a new "smart grid" in order to bring online the wind turbines and solar panel parks—guess who will pay for this. The EEG law compels Germany to prioritize putting the renewable energy onto the network.

Meantime, one interesting element is that the green *Maschinenstürmer*—luddite saboteurs—are also blocking the development of the power grids in Germany, which are needed to bring the renewable energy online.

Hyperinflation Demands from the IMF, Chicago Fed

Oct. 5 (EIRNS)—As Japan announced a gigantic, \$418 billion Quantitative Easing this morning, the IMF issued an hysterical cry for hyperinflationary money-pumping, with cheerleading from Chicago Fed chairman Charles Evans, among others.

The IMF's Global Financial Stability Report was also released today, screaming for more money printing, as the Fund

prepares for its annual meeting in D.C. this weekend. The report warns that "Progress toward global financial stability has experienced a setback since April ... [due to] the recent turmoil in sovereign debt markets," and that "Planned exit strategies from unconventional monetary and financial support may need to be delayed until the situation is more robust, especially in Europe.... With the situation still fragile, some of the public support that has been given to banks in recent years will have to be continued." The greatest threat to the "recovery," it states, is the global financial system!

The Fed's Evans was more blatant—drive up inflation, he said, in order to "bring down the real cost of credit." Like New York Fed chairman William Dudley, Evans said that for the Fed to buy (worthless) assets is fine, but it must also "overshoot its informal 2% inflation target for a time." This is the suicidal trick to get a negative borrowing rate through forced inflation.

United States News Digest

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Donilon Helped Set Up Mortgage Crash as Fannie Mae Lobbyist

Oct. 9 (EIRNS)—Not mentioned by President Obama, yesterday, when he announced that Tom Donilon would replace Gen. James Jones (ret.) as his National Security Advisor, is Donilon's role as the top lobbyist for mortgage giant Fannie Mae. According to the Associated Press and Politico, Donilon was a senior official at Fannie from 1999 to 2005, precisely during the period when some members of Congress were trying to tighten the regulatory reins on Fannie Mae and downsize it. Donilon's job was to resist those efforts to the greatest extent possible. His success might be attested to by the fact that, three years after he left, Fannie Mae collapsed and was taken over by the Federal government.

So far, the government bailout of Fannie Mae, and its smaller cousin Freddie Mac, has cost taxpayers \$148 billion. "Mr. Donilon's actions at Fannie Mae to undercut meaningful reform precipitated the largest taxpayer-funded bailout in American history," Sen. Richard Shelby (R-Ala.) said last night. "Now President Obama is entrusting him with America's security."

Donilon was not implicated by any of the investigations that followed Fannie Mae's collapse, but investigators consider him an enabler of the firm's behavior. "He was in charge of the lobbyists.... That process involved using the Hill to rein in the regulators," Stephen Blumenthal, former acting director of the Office of Federal Housing Enterprise Oversight, told Politico. "That was always Fannie Mae's approach. And there's no question that Congress played a major role in enabling Fannie Mae to escape regulation and avoid increasing their capital, which is what eventually killed the company." Politico suggests that his involvement in Fannie Mae is why Donilon has never been named to any position, such as in the State Department, requiring Senate confirmation.

Donilon is otherwise a Democratic Party campaign operative, who developed his foreign policy and national security credentials as a spokesman for Secretary of State Warren Christopher in the early days of the Clinton Presidency, and is reportedly disliked by Secretary of Defense Robert Gates, but has developed a personal relationship with President Obama.

Donilon's wife is chief of staff to Jill Biden, and Donilon's brother is Counsel to the Vice President.

More Unitary Executive Dictatorial Moves Coming from Obama

Oct. 8 (EIRNS)—If he is not removed from office under the 25th Amendment or otherwise, President Obama is planning to out-do George W. Bush in wielding arbitrary Executive power during the remainder of this term.

The *Los Angeles Times* reported on Oct. 7 that Obama is "shaping a new approach for the second half of his term: to advance his agenda through executive actions he can take on his own, rather than pushing plans through an increasingly hostile Congress." According to the *Times*, this will involve more executive orders, use of his regulatory powers and his Cabinet's rule-making authority. Areas where executive powers will be exercised, are likely to be those involving so-called environmental matters, especially reducing "greenhouse" gas emissions, and in implementing the nazi health-care law and the Dodd-Frank financial reform bill.

Obama's Latest Insanity: Solar Panels on Public Lands

Oct. 6 (EIRNS)—The Oct. 5 decision by Interior Secretary Ken Salazar, to open up the first public lands ever to be leased for solar panels, is an act of insanity, charged Lyndon LaRouche in discussion with LPAC-TV today. The California projects amount to a contribution to the further desertification of that state, as well as a corrupt subsidy to the companies that run the solar projects.

Worse yet, the largest of the two projects approved will be built in the Imperial Valley, which is potentially a key part of the North American Water and Power Alliance (NAWAPA).

Nearly 7,000 acres of California public land is being allocated for the solar panels, 60 times the amount of space needed to create a reliable nuclear plant. The leases will run for 30 years. The larger project, run by Tessera Solar, will allegedly produce 707 megawatts with 28,000 solar discs, and create fewer than 1,000 jobs (these jobs will be temporary). The smaller project, near San Bernardino, will be comprised of over 40,000 panels.

On top of this dangerous waste, the Obama Administration has promised to *pay out \$300 million* to the two companies, as long as they start the projects before the end of the year, according to a provision in the "Recovery" Act. The deadline for this rip-off means that there are likely to be four other major projects approved by the Interior Department soon.

U.S. Hospital System Crumbling—Record Staff Losses and Closings

Oct. 5 (EIRNS)—U.S. hospitals are on pace this year to carry out more mass layoffs than they did in 2009, and more employees are being affected. In 2009, 11,757 hospital employees lost their jobs through mass layoffs—defined as a loss of 50 more jobs by one employer—according to the Bureau of Labor Statistics. But this year is running ahead. As of Aug., 8, 233 employees had been hit by mass layoffs at hospitals.

Entire hospitals, as well as specialty wings—natal, psychiatric in-patient, medical equipment support units, and others—are being shut down. Details were released this week by the *American Medical Association News*.

However, the Obama health-care Nazi "reformers" of U.S. medical treatment, are conducting meetings in Washington, D.C. this week, to decree that their cost- and care-reduction schemes are going to be bulled through no matter what, because some lives are not worthy of receiving treatment anyway. This is a specialty of Donald M. Berwick, the new director of the Centers for Medicare and Medicaid Services, a recess appointment by President Obama in June, who issued

his decrees at yesterday's Health and Human Services event on Capitol Hill, the "2010 National Summit On Health Care Quality and Value." Former Office of Management and Budget director Peter Orszag, now at the *New York Times*, did his part yesterday, with an article ("Health Care's Lost Weekend"), blaming hospitals for slacking off on weekends and "keeping people in the hospital longer than necessary."

In August alone, hospitals initiated 12 mass layoffs leading to 1,027 hospital personnel filing for unemployment benefits, according to Bureau of Labor Statistics data released Sept. 23. It was the second consecutive month with more than 10 mass layoffs affecting more than 1,000 employees. July recorded 14 such events and 1,357 affected workers.

The case is similar for the mentally ill. State and local hospitals, under the economic breakdown crisis, lack the resources to provide the mentally ill with even minimum care. Many states are downsizing their psychiatric in-patient wards, or closing them altogether. Some are trying to save funds, by contracting out with care centers. Protests by medical associations, local citizen groups, and police are taking place, for example, in Massachusetts, where Burbank Hospital is set to shut down its inpatient psychiatric unit, of 15 beds, no later than Dec. 31.

In Germany, in September 1939, under Hitler's new executive order for doctors to decide who would get treatment, and who would not, the mentally ill became the first category of lives considered not worth the resources to treat.

Berwick gave an address, yesterday, to the National Summit on Health Care Quality and Value, in Hitlerian jargon about how there is "geographical" and "statistical" variation in "costs and value" in the U.S. medical system, which means costs can be driven down. He asserted that all life falls into "statistical distributions," and we must make use of the "laws of variation" in thinking about which treatments have value, and which do not. He announced that there are new Institutes of Medicine studies underway to provide "geographic information" on where cuts can be made, While keeping up value. Translated, this means: lives considered less valuable—too mentally deranged, too old, too poor, etc.—will not be allowed to waste money getting treated.

Ibero-American News Digest

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California's Prop 19 Would Create 'Contradiction' in U.S. Drug Policy

Oct. 11 (EIRNS)—The possibility that California's Proposition 19 may be voted up by referendum in the Nov. 2 elections, thus legalizing marijuana sales and distribution in that state, is provoking negative reactions from the two Presidents whose countries would be most adversely affected by it—Colombia and Mexico.

In Colombia, President Juan Manuel Santos pointed to the "tremendous contradiction and paradox" that approval of Proposition 19 would imply. "Can you imagine what I am going to say to peasants in Colombia who grow marijuana if the referendum in California is approved?" he asked a *Time* magazine interviewer recently. "It'd be very difficult for you, the U.S., to continue saying that the war on drugs is marvellous, 'but for my richest state, it's legal to produce and consume.' If

you can explain that to me, I will bow."

In several interviews over the past week, Mexican President Felipe Calderón made the same point, warning that passage of Prop 19 would put his country in a "huge bind." How could the government penalize impoverished Mexican peasants who sow marijuana to supply the "insatiable" U.S. market, he asked a *Los Angeles Times* interviewer. This is a "terrible inconsistency" in U.S. anti-drug policy, he said, adding that it is "absurd" to say that marijuana has medical benefits.

All well and good. But Calderón last year buckled to blackmail and signed off on Mexican marijuana decriminalization legislation, after the pro-drug Obama White House refused to back up an ongoing serious fight against drugs. Then a few months back, Calderón said he would be willing to consider legalization in Mexico, were it adopted in the U.S. and other nations. In contrast, former Colombian President Alvaro Uribe never caved in to London's drug lobby, a "crime" for which the British Empire will never forgive him. So far, current President Santos has followed the same policy.

It is useful that Robert C. Bonner, former head of the U.S. Drug Enforcement Administration (DEA), sharply attacked drug legalization, while speaking Oct. 5 at a drug policy forum in Mexico City, sponsored by London's pro-legalization *Economist* magazine. Marijuana legalization will do nothing to stop cartel violence, he said, because these criminals will simply step up their trafficking in other drugs, such as cocaine, heroin, and methamphetamines.

Britain's '19th-Century Colonialism' Targets Argentina

Oct. 11 (EIRNS)—"This is pure 19th-Century colonialism, an anachronistic use of force which violates international law," said Argentine President Cristina Fernández de Kirchner Oct. 10, responding to British plans to hold military maneuvers on the Malvinas (Falkland) Islands, including firing missiles aimed at the Argentine mainland.

Scheduled to take place before Oct. 22, the maneuvers constitute an "unacceptable provocation, likely to generate an arms race in the region," a government statement charged. "This is totally contrary to Argentina's policy of seeking a peaceful solution to the controversy," it added.

"Controversy" refers to Argentina's assertion of sovereignty over the islands, which it possessed until 1833, when Great Britain illegally seized them; Britain has held them ever since. President Fernández ordered her foreign minister to summon British Ambassador Shan Morgan, to lodge an official protest, and to demand the cancellation of the war games. The Argentine President will also protest the United Kingdom's violation of United Nations resolutions, before the UN, the Organization of American States, and the Union of South American Nations (UNASUR).

The British didn't even bother to inform the Argentine government that the maneuvers were scheduled, instead, advising the Argentine Naval Hydrographic Service, which in turn advised the government. In a series of Twitter statements on Oct. 11, Fernández asserted that the British are seeking the "militarization of the South Atlantic ... this is serious, very serious. Royal Navy, pirates forever?"

London's 'Bolivarian' Operation Dealt Setback in Venezuelan Elections

Sept. 29, (EIRNS)—Although Venezuela's ruling United Socialist Party (PSUV) won 97 out of 165 National Assembly seats in the Sept. 26 elections, it lost the two-thirds absolute majority it has enjoyed for the last three years, which President Hugo Chávez has relied on to ram through policy decisions.

Against the backdrop of a disintegrating economy, characterized by severe energy, water, and food shortages, and soaring inflation, Chávez was forced to accept the fact that the opposition, while hampered by a chaotic districting system, still

garnered 49.5% of the vote, winning 97 seats with 5.3 million votes—just 100,000 less than the PSUV's 5.4 million.

While both sides claimed victory, these results are a notable setback for the British Empire's "Bolivarian" project, of which Chávez is the most visible tool. He has mobilized pro-terrorist, pro-drug-legalization forces continentally—he protects Colombia's narcoterrorist FARC, the world's largest cocaine cartel—on behalf of London's "new Opium War" against the Americas, designed to crush nation-states and sow chaos.

Chávez's opposition, meanwhile, clings to the illusion that it can return to power and continue imposing the same neoliberal globalization policies that have failed worldwide.

Commenting on the implications of the electoral outcome for Chávez, on Sept. 27, former Argentine President Néstor Kirchner, now Secretary General of UNASUR (Union of South American Nations), suggested that this would be a good time for the Venezuelan President to "reflect." Kirchner noted with some irony that the election was important, because in Venezuela, "there was no electricity or water; economic growth had sharply declined, and there is a really significant inflationary process." Even so, he added, the government still got 94 or 95 Congressmen. Had similar conditions existed in Argentina during an election, he said, "we'd have gotten 4% and be out on the streets running."

Nonetheless, Kirchner added, any election "leads one to reflect on what has to be done, what should be done better, and what issues are still pending." Chávez, he stated, has shown a "willingness to correct himself."

Venezuela's \$10 Billion Sovereign Fund Offer Rejected by India

Sept. 27 (EIRNS)—India's government has rejected Venezuela's offer to set up a \$10 billion dedicated binational sovereign fund to pick up energy assets in Ibero-America. Instead, India will team up with Chinese and Russian firms to develop energy assets in Venezuela, and elsewhere in the region.

Speaking on condition of anonymity, an Indian External Affairs Ministry official told the *Financial Chronicle* that, "given the political risks in Venezuela, it would be advisable to take a consortium financing and energy assets development with Chinese and Russian firms to spread political risks."

The Indian Finance Ministry agrees with this strategy, the official added.

Western European News Digest

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Italian Textbook Contrasts LaRouche-Riemann Method to Club of Rome Model

Support for Glass-Steagall in Europe

PARIS, Oct. 6 (EIRNS)—On the economic radio network BFM, Edouard Tétreau, a financial insider who advises major French industrial corporations and a French Senate committee, today said that "the immediate re-enactment of Glass-Steagall, separating investment banks, which are allowed to speculate in equities, from 'normal' deposit banks, is of utmost urgency." Tétreau made his comments in the context of the conviction of Jérôme Kerviel, the derivatives trader who caused a EU4.9 billion loss to the French bank Société Générale, and who lost his criminal case the day before.

In Austria, the financial spokesman for the nation's largest opposition party, the Freedom Party of Austria (FPÖ) parliamentary group, Lutz Weinzinger, called for a Glass-Steagall system, at a session of the Financial Committee of the Austrian Parliament.

In Switzerland, Konrad Haedener, a Thun city council member, posted a call for Glass-Steagall on his blog on Oct. 3. Headlined as a rhyme, "When Banks Fail and City Finances Ail."

Exposed: The 'Germany Pays for Everyone' Clause in the EU Bailout Scheme

Oct. 5 (EIRNS)—A clause in the European Financial Stability Fund (the EU440 billion bailout scheme set up by the European Union to "solve" the Greek financial crisis) has been discovered, which puts Germany in the position of paying the bill for all members of the EFSF.

The EFSF framework agreement was signed on June 7 by the 16 member-states of the Eurozone; each committed to play the guarantor for loans to EU member-states, proportional to their quota in the European Central Bank. Thus, Germany puts up guarantees for EU119.3 billion (27%), France EU89.6 billion (20.3%), Italy EU78.7 billion (17.9%), Spain EU52.3 billion (11.8%), and so on, down to the Republic of Malta with EU0.39 billion (0.09%).

However, a member-state that needs to borrow, becomes a "Stepping-Out Guarantor" and is exempted from paying its quota, e.g., Greece has become a "Stepping-Out Guarantor" since signing the agreement.

And here comes the "Germany pays for all" clause, under Chapter 8, Paragraph 2:

"In the event that a Guarantor experiences severe financial difficulties and requests a stability support loan or benefits from financial support under a similar program, it [the Stepping-Out Guarantor] may request the other Guarantors to suspend its commitment to provide further Guarantees under this Agreement. The remaining Guarantors, acting unanimously and meeting via the Eurogroup Working Group, may decide to accept such a request and in this event, the Stepping-Out Guarantor shall not be required to issue its Guarantee in respect of any further issues of or entry into Funding Instruments by EFSF and *any further Guarantees to be issued under this Agreement shall be issued by the remaining Guarantors and the Adjusted Contribution Key percentage for the issuance of further Guarantees shall be adjusted accordingly*" (emphasis added).

Now, take the (not unlikely) case that the next Stepping-Out Guarantor is not tiny Ireland, nor even Portugal, but Belgium, Spain, or even Italy—or all of them. In the worst case, the other "Guarantors" should step in with up to EU164 billion.

Germany would then, according to the "Adjusted Contribution Key percentage," probably shoulder more than half of it.

The EFSF is an offshore "vehicle" based in Luxembourg, not subjected to EU Law, chaired by hedge fund specialist Klaus Regling.

2-3 Million Demonstrate Again in France

PARIS, Oct. 5 (EIRNS)—The French trade unions organized their third demonstration and day of action on Oct. 2, mobilizing 2-3 million people nationwide against President Nicolas Sarkozy's bill to force people to work two years longer before they can draw pensions. Since early September, this is the third time the unions have succeeded in mobilizing so many people, in a confrontation with the government, whose pension reform is now going through the National Assembly for a vote. The government so far has not given up the policy, but compromises are likely to occur as the discussion goes through the Senate, where the government does not have a majority. While it is not expected that the bill will be withdrawn, as the main unions are demanding, there has been a process of radicalization of the population around these demonstrations, which could lead to a replay of the 1995 general strike against the Juppé reform of the health system, which the government then had to junk. Following the last demo, the CGT union federation, the most radical at this point, is pushing for a strike on Oct. 12, which opens the possibility of a general strike.

British-Spawed Greenies Launch Direct Action in France

PARIS, Oct. 5 (EIRNS)—Camp for Climate Action (CCA) is organizing an operation against the French oil multinational Total at its production site in Le Havre on Oct. 16, among other actions they call "Crude Awakening" against the oil industry. CCA is a green autonomist-fascist operation launched in Britain in 2006; its growth has skyrocketed ever since, not only in Britain, but internationally. CCA chooses a target and organizes a week's action against it.

Their models are movements such as "Reclaim the Streets" and "Rising Tide." Their tactics come also from the Pink Blocs. What makes them particularly dangerous, is their "direct action" mode of operations, so-called "non-violent" obstruction and sabotage actions. They are attractive to disaffected youths in the same way the proto-Nazi *Wandervögel* back-to-nature freaks did in Germany in the 1920s and early 1930s.

Italy: Water Infrastructure Must Be Upgraded

Oct. 5 (EIRNS)—A report published by a national think-tank, Censis, shows that one-third of Italy's drinking water is lost through obsolete pipes. In order for 100 liters of water to reach households, 147 liters must be put into the pipes. If one adds the water that is consumed but not paid for (stolen), the rate is 165 to 100. This high loss can be reduced only through investments in new facilities and maintenance. The last large investments in water infrastructure were undertaken about 50 years ago by the TVA-modeled Cassa per il Mezzogiorno. Privateers are using this situation as an argument against state ownership of the water-supply network. The issue will be at the center of a conference of local governments tomorrow, organized by Dexia Crediop bank.

U.K. To Begin Slave Labor Program in Prisons

Oct. 5 (EIRNS)—In the tradition of Jeremy Bentham's Panopticon plan for mind control in the prisons, British Justice Secretary and Lord Chancellor Ken Clarke announced plans to invite private companies to set up factories in the prisons, and even to build new prisons centered on factory complexes. Clarke said: "We will make it easier for prison governors to bring more private companies into their jails to create well-run businesses, employing prisoners in 9-to-5 jobs."

Showing that Clarke believes in the famous Nazi dictum at the entrances of Auschwitz and other concentration camps that "*Arbeit Macht Frei*," Clarke added: "Most prisoners lead a life of enforced, bored idleness, where even getting out of bed is optional. We need to instill in our jails a regime of hard work."

Italian Textbook Contrasts LaRouche-Riemann Method to Club of Rome Model

Oct. 5 (EIRNS)—A physics textbook used in Italian high schools dedicates a section to the "LaRouche-Riemann method," at the end of the chapter on the second law of thermodynamics, entropy, and degradation of energy: The consequences on human development according to the Malthusians.

Another document on the subject was taken from Pope Paul VI's 1967 encyclical *Populorum Progressio*. The book, *Fenomeni e Fisica*, Vol. 2, is written by Paolantonio Marazzini, Maria Elisa Bergamaschini, and Lorenzo Mazzoni, and published by the leading publishing house Mondadori.

Russia and the CIS News Digest

Russia's Anti-Drug Czar Ridicules U.S. Actions Against Afghan Opium

Russia To Sign Contracts To Supply Nuclear Services

Russia's Anti-Drug Czar Ridicules U.S. Actions Against Afghan Opium

Oct. 8 (EIRNS)—In an interview with the Russian online news channel Russia Today, the head of Russia's Federal Drug Control Service, Victor Ivanov, ridiculed the U.S. explanation of why opium cannot be eradicated in Afghanistan, saying it was an "excuse." "When the U.S. says you can't deprive farmers of their livelihood, it actually sends a message to the Afghan leadership as well, saying they shouldn't do it because, first, this will destroy people's livelihoods and, second, you push farmers into the hands of the Taliban. I think this is merely an excuse."

He also pointed out the insincerity of the suggestion by the U.S. special representative for Afghanistan-Pakistan, Richard Holbrooke, that instead of eradicating drug crops, the United States should target drug labs and traffickers. Ivanov said that this statement was made almost a year ago, yet the number of labs producing drugs for the Russian market has tripled. "A year ago, we knew of about 170 labs in Afghanistan; today, we know of more than 400 labs producing drugs for Russia," Ivanov said.

As a result of these excuses and false promises, Afghan stocks of opium have are so high that, even if drug production in Afghanistan stops, "Afghanistan will be able to supply the international market with heroin for another 20-30 years from existing stocks. Afghanistan produced about 7,000 tons of opium last year, which is equivalent to 700 tons of heroin. We believe that about 36 tons of this goes to Russia. This is a lot. It's about 5 billion doses," Ivanov said.

Russia To Sign Contracts To Supply Nuclear Services

Oct. 8 (EIRNS)—The director general of Russia's state nuclear energy company Rosatom, Sergei Kiriyyenko, has promised Prime Minister Vladimir Putin that Russia is set to have contracts to supply foreign countries with nuclear fuel and uranium-enrichment services worth \$20 billion by the end of 2010. This could be of immense benefit to the nuclear-power programs of countries that do not manufacture nuclear fuel or do not enrich uranium for making fuel for nuclear reactors.

Speaking at a meeting of the Presidium of the Russian government, Kiriyenko told Putin that Russia has entered into markets where it previously had little or no representation. He noted that a 15-year supply contract has been signed by Rosatom with a Swiss company for the supply of enriched uranium, while a 10-year contract was signed with Eskom of South Africa for a significant part of its needs. A contract for the supply of enriched uranium to meet the full needs of Mexico's sole nuclear power plant, Laguna Verde, has just come into force.

In accordance with the government-approved program, Kiriyenko said that Rosatom, together with the Ministry of Natural Resources, had increased the uranium reserves in Russia. He said that the acquisition of Canada-based Uranium One by Russia's AtomRedMetZoloto (ARMZ) had "allowed us to significantly increment reserves."

Southwest Asia News Digest

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Ha'aretz, Livni Call Netanyahu's Bluff on Peace Talks

Oct. 7 (EIRNS)—On Oct. 3, Kadima Party head and former Israeli Foreign Minister Tzipi Livni announced that she and Kadima would be prepared to join a secular national unity government with Likud and Labor, in order to complete a two-state peace deal with the Palestinians. The next day, the daily *Ha'aretz* published an editorial demanding that Netanyahu take the deal. Under the headline "Netanyahu's decision: Lieberman or peace," *Ha'aretz* called on Netanyahu to appoint Livni as foreign minister in a unity government, dump the current foreign minister, right-winger Avigdor Lieberman and the religious parties, and freeze settlement expansion. "As long as Netanyahu sticks with Lieberman and [Interior Minister Eli] Yishai, his emotional calls to the Palestinians to return to negotiations ring hollow. If it is the coalition that is preventing him from continuing with the freeze and progressing with the diplomatic process, he must replace his partners. Kadima should join the government and wants to do so. Opposition leader Tzipi Livni, who declared her support for Netanyahu's diplomatic steps, must promote them as foreign minister. Only a centrist government, in which there is a clear majority of supporters of compromise, will be able to promote an agreement with the Palestinians and extricate Israel from its international isolation. The formation of such a government is crucial at this point in time."

Senior U.S. and Israeli intelligence sources confirm that both U.S. Secretary of State Hillary Clinton and special peace envoy George Mitchell, have been in quiet talks with Livni and Defense Minister and Labor Party head Ehud Barak for months, about just such a unity option. Netanyahu has been, for the moment, boxed into a corner. He can no longer justify intransigence on settlements and other key issues on the grounds that his government would fall, were he to genuinely work out a just peace deal, involving the crackdown on the settlers. The Arab League are to meet on Oct. 8 in Libya to advise Palestine Authority chairman Mahmoud Abbas on how to proceed.

Israeli Jews Compare Loyalty Law to Nazi Laws of 1935

Oct. 10 (EIRNS)—The Israeli Cabinet's enactment of a "loyalty oath" law for non-Jews becoming citizens has been met with a storm of criticism from Israeli Jews comparing this move to "fascism" and apartheid, reports *Ha'aretz* today. Prof. Gavriel Solomon, an educational psychologist, is quoted: "The idea of *Judenrein* (Jew-free zone), or *Arab-rein* is not new.... Some might say 'how can you compare us to Nazis?' I am not talking about the death camps, but about the year 1935. There were no camps yet but there were racist laws. And we are heading forward towards these kinds of laws. The government is clearly declaring our incapacity for democracy."

The law demands an oath of allegiance to Israel as "a Jewish and democratic state."

Other Jewish writers, professors, and artists are speaking out against the law. On Oct. 10, one hundred of these intellectuals demonstrated at the Hall of Independence in Tel Aviv. One demonstrator was Israeli author Sefi Rachlevsky, who read from a document titled "The Declaration of Independence from Fascism," and said: "A country that invades the sacred space of the citizen's conscience, and punishes him for opinions and beliefs that are not in line with the authorities, ceases to be a democracy and becomes a fascist state."

Haaretz's Gideon Levy, a supporter of an independent Palestinian state alongside Israel, wrote a commentary, "The Jewish Republic of Israel." "Remember this day," he wrote. "It's the day Israel changes its character. As a result, it can also change its name to the Jewish Republic of Israel, like the Islamic Republic of Iran. Granted, the loyalty oath bill that Prime Minister Benjamin Netanyahu is seeking to have passed purportedly only deals with new citizens who are not Jewish, but it affects the fate of all of us.

"From now on, we will be living in a new, officially approved, ethnocratic, theocratic, nationalistic and racist country. Anyone who thinks it doesn't affect him is mistaken.... Anyone who thinks the world will continue to relate to Israel as a democracy after this law doesn't understand what it is about."

Tzipi Livni, head of the Kadima Party (which holds one more seat in parliament than does Netanyahu's Likud), on Oct. 10, attacked this bill—which both Kadima and the Labor Party consider to be a "sop" to the far right racists of the Yisrael Beiteinu party of Foreign Minister Avigdor Lieberman. Livni also gave an interview on Israeli radio attacking Netanyahu's refusal to extend the freeze on building new settlements on Palestinian territory.

Blair Boosts 'Special Relationship' Against Islamic Terrorism

Oct. 6 (EIRNS)—Former British Prime Minister Tony Blair was this year's recipient of the Washington Institute for Near East Policy's (WINEP) Scholar-Statesman Award. The award dinner began with the singing of "God Save the Queen," and the introductory remarks by the WINEP representative praised the U.S.-British "special relationship," and, especially how Blair expressed it after 9/11. WINEP is a top think-tank of the U.S. Zionist Lobby.

Blair said that recent threats of terrorism in Europe remind us that the threat of Islamic terrorism is still alive, and it cannot be managed "benignly." The terrorist "narrative" extends into the mainstream, he said, as the education system in Southwest Asia demonstrates. Children are taught that the West supports the Israelis because they're Jews, and rejects the Palestinians because they're Muslims. They are not taught "peaceful coexistence."

"We've been outspent, outmaneuvered, and outstrategized' by Islamic extremism, said Blair. "We must spend treasure and blood" to confront it. Iran thinks we're soft. We have to show greater will. War may happen.

Asked whether he thought peace between Israelis and Palestinians were possible in a year, Blair said he did.

Asked about the "special relationship," Blair said it's essential. On 9/11, more Britons died in a single act of terrorism, than any incident involving the IRA. We showed the "special relationship" in Kosovo, Iraq, and Afghanistan. We do it now. "I believe in it, said Blair. "If we give it up, it would be a big mistake."

Turkey, China Conclude Agreements on Trade and Rail

Oct. 9 (EIRNS)—Chinese Premier Wen Jiabao met in Ankara, Turkey, with President Abdullah Gul and Prime Minister Recep Tayyip Erdogan. The two sides decided to establish a "strategic cooperative relationship," Erdogan told reporters. Wen said that the two countries were opening "a new chapter" in their relationship. The two sides are determined to double bilateral trade within the next few years. The two leaders also witnessed the signing ceremony of eight agreements covering trade, transport, infrastructure, communications, and cultural exchanges. Most importantly, China will help Turkey develop its railway network. Turkey intends to build between 4,500 and 5,000 kilometers of new railroads, including the construction of a line connecting Ankara with Beijing.

Turkey Planning a New Bosphorus Strait

Oct. 9 (EIRNS)—The Turkish English-language daily *Today's Zaman* leaked this week the intention of Prime Minister Recep Tayyip Erdogan to create a second channel, parallel to the existing Bosphorus Strait, to connect the Black Sea with the Sea of Marmara. The aim would be to remove tanker and large ship traffic from the Bosphorus. The project would cost up to \$9 billion.

The Bosphorus, which passes through the city of Istanbul, is very narrow, and yet is the only link between the Black Sea and the Mediterranean, with 50,000 ships passing through it each year. This includes 150 large commercial vessels, 25 of which are large oil tankers. Erdogan is said to be concerned about potential disasters in the case of collisions between ships or fires.

Neither Erdogan nor any other government official has confirmed the intention yet, but a lively and mostly favorable discussion has been generated in *Today's Zaman* over the last few days.

Asia News Digest

Japan Is Developing Its Own Thorium Reactor

Zardari: Non-State Actors Are Destabilizing Pakistan

Nobel Peace Prize Winner Liu Xiaobo Is a Certified Nazi

China Warns West: Do Not Force China into Economic Crisis

Indonesia's President 'Opts Out' of Another Meeting with Obama

Japan Is Developing Its Own Thorium Reactor

Oct. 6 (EIRNS)—At a news conference in Tokyo on Oct. 5, Keidanren, the Japanese industry group with big-name members such as Toyota, Toshiba, and Hitachi, revealed that International Thorium Energy Molten-Salt Technology, Inc.

(IThEMS) plans to build the world's first commercial Thorium Molten-Salt Reactor (Th-MSR). It uses thorium fluoride which is dissolved in molten salt of lithium and beryllium fluoride. The Th-MSR uses liquid fuel. As a result, the fuel not only does not produce plutonium, but it acts as an incinerator, burning up fuel, and produces only a little high-level and low-level nuclear waste.

The principal reason that Japan is developing the Th-MSR is that these reactors will be under normal pressure, in a normal pressured container, unlike the high-pressure in a closed container used for the current solid fuel class of reactors. Japan is situated in a high-risk earthquake zone, and pressurized reactors were accepted reluctantly. In case of the Th-MSR, even if the thorium molten-salt were to be released from the container, it would glassify quickly, posing no danger to anyone.

Since the 1990s, long before the Indian nuclear program was opened up to the world, Japanese nuclear scientists were visiting India's institutions where the thorium fuel research work was being conducted. As of now, IThEMS, with start-up financing of US\$300 million, is planning to develop a micro-mini reactor rated at 10MW. The long-term plan is to seek funding for developing a 200MW Th-MSR.

Zardari: Non-State Actors Are Destabilizing Pakistan

Oct. 6 (EIRNS)—Under intense pressure at home and from abroad, Pakistani President Asif Ali Zardari, in a TV interview today, said it would be dangerous for the whole region, if "non-state actors" were to succeed in their plans. He said that the 2008 Mumbai attacks were carried out by "non-state elements" and called on democratic forces in Pakistan and India to strengthen their ties to "block such incidents in the future."

While Zardari was correct, he did not name the non-state actors, who are, in fact, the British-Saudi operatives that run terrorist operations inside Pakistan, with the help of a section of Pakistan's intelligence agency, the ISI. *EIR* has long identified the role of this network.

Zardari and his coalition government are facing increasingly aggressive U.S. and NATO troops, who, in addition to stepping up drone attacks which are killing Pakistanis and some militants, have been violating Pakistan's airspace to attack militants inside Pakistan. One such attack last week led to the death of three Pakistani soldiers, forcing Islamabad to stop one of the two supply lines to the more than 150,000 foreign troops inside Afghanistan. The supply line has remained closed since Oct. 2.

The all-powerful Pakistani Army chief Gen. Ashfaq Parvez Kayani, amid speculation of a military takeover in Pakistan, has "conveyed a plain message" to President Zardari and Premier Yousuf Raza Gilani, in a recent meeting, that the civilian leadership "must put its house in order," a senior Pakistani security official was quoted by the *Washington Post*.

Nobel Peace Prize Winner Liu Xiaobo Is a Certified Nazi

Oct. 9 (EIRNS)—Liu Xiaobo, the jailed Chinese "dissident" who was awarded this year's Nobel Peace Prize, is not just another Chinese human rights advocate, but a Columbia University-trained head of a "Nietzsche cult" in China, and an avowed Heideggerian. This Nazi ideologue was deployed from Columbia into the 1989 Tiananmen Square demonstrations (just as they were about to die out on their own), with the (successful) intention of provoking a bloodbath.

Liu was threatening to revive the anarchy of the Red Guards from the days of the Cultural Revolution—mindless student gangs deployed by the "Gang of Four" to smash all authority, all science, all technology, all intellectuals, and to destroy the remnants of Classical Chinese culture. In his book *Critique of China*, published in 1988, Liu linked the ideology of the Communist Party with Confucianism, calling for a violent break from both. He wrote: "Nietzsche was the smasher of idols,

the symbol of individual freedom.... In contemporary China ... extremism and ruthlessness is especially needed, especially in dialogue with traditional culture."

Lyndon LaRouche, watching the 1989 Tiananmen Square mass demonstrations from his jail cell in Alexandria, Va., noted that the youth were clearly searching for their souls, which had been ripped away from them during the Cultural Revolution. The Nietzsche revival in the mid-1980s helped to explain why the youth could not find those souls, since Nietzsche denied the soul's existence.

China Warns West: Do Not Force China into Economic Crisis

Oct. 7 (EIRNS)—The Washington and London-Brussels imperial crowd is trying to force China to commit economic suicide—but China will not give in. Yesterday, in the run-up to the IMF and World Bank meetings, both U.S. Treasury Secretary Timothy Geithner in Washington, and European Commission president José Barroso at the China-EU summit in Brussels, demanded that China end its policy of maintaining a stable exchange rate for its currency. China and India are the only nations in the world that insist on fixed exchange rates—a policy which is essential for all nations, to rebuild the world economy.

There is a lot more than fixed exchange rates at stake. China is now carrying out several crucial infrastructure programs, which would be wrecked if it were to yield to such demands. These include its space program and the only NAWAPA-scale water-transfer project being built in the world. Yesterday, China's Chang'e-2 lunar probe moved towards orbiting the Moon; in recognition of this achievement, space program official Qian Weiping told *China Daily* that the "most fundamental task for human beings' space exploration is to research human origins, and to find a sustainable way for mankind to live and develop."

Geithner et al. are demanding that China abandon its national economic security. At the Brookings Institution in Washington yesterday, Geithner ranted that the currency issue is the "central existential challenge" facing the world economy. China's exchange policy "sets off a dangerous dynamic." In Brussels, Barroso, speaking from the podium with Chinese Prime Minister Wen Jiabao, demanded an "orderly and broad-based appreciation" of the renminbi. The planned EU-China joint press conference was later cancelled.

Wen reacted strongly. The yuan has appreciated by 55% since exchange-rate reform in 1994, he said; the euro's exchange fluctuations are due to the dollar's instability.

"Should the yuan appreciate by 20-40%, as demanded by some people, a large number of Chinese export enterprises will go bankrupt, the workers will lose their jobs, and the migrant workers will have to go back to the rural land, making it hard for society to remain stable," Wen said. "The world will by no means benefit from a crisis in the Chinese economy.... If the yuan exchange rate is unstable, enterprises will also be unstable. So will be employment, and society in general. Should China have problems in economy and society, it will be disastrous for the world."

Indonesia's President 'Opts Out' of Another Meeting with Obama

Oct. 5 (EIRNS)—Indonesia's President Susilo Bambang Yudhoyono, who has been working to repair military relations with the U.S. and increase U.S. investments, skipped the U.S.-ASEAN Summit called by President Obama in New York in September, and is now also skipping the Asia-Europe Meeting (ASEM) in Brussels. The *Jakarta Post* reports that in addition to resentment that Obama has cancelled three planned trips to Indonesia, the Indonesian President is unhappy with U.S. efforts to lobby ASEAN countries to be tough against China over the South China Sea dispute. President Yudhoyono also announced that he planned to go to China before the end of the month.

The Southeast Asia nations have overwhelmingly refused to be turned against China. Territorial issues in the South China Sea had been placed on hold while they cooperated with China on issues of mutual interest, especially development.

Yudhoyono had also planned on a trip to the Netherlands, Indonesia's former colonial master, to visit with the Queen. At the last minute, at the Jakarta airport, he cancelled this trip, for fear that he would be subject to demonstrations by pro-Moluccan independence/human rights activists who had asked a Dutch court to order the President's arrest. The Netherlands does not officially recognize the Independence movement, which includes terrorist elements, but it does provide asylum.

Africa News Digest

- [Rice Steps Up Assault on Sudan's Sovereignty](#)

Rice Steps Up Assault on Sudan's Sovereignty

Oct. 11 (EIRNS)—U.S. Ambassador to the United Nations Susan Rice, coleader of the UN Security Council delegation that arrived in Juba, capital of South Sudan on Oct. 6 for a five-day tour of Sudan, continued her effort to be bring about the separation of Sudan into two warring states. Rice also insulted the Sudanese by refusing to following standard security procedures. *Inner City Press*, which accompanied the group on its trip, reported the following behavior by the anti-Africa Rice, who, unlike the other UN representatives, was accompanied by two policy staffers and "two close protection guards."

After arriving in Juba, flanked by officials from the South Sudan government, Rice gave a speech to a group of new police recruits, pumping them up by asking them: "Are you ready to protect your Country?" Yes, they shouted back. "Are you ready for independence?" Again they shouted back, yes. According to *Inner City Press*, another diplomat on the trip called it a "political rally" and deemed her behavior inappropriate.

In the VIP lounge at Khartoum Airport, Rice was heard screaming at a Sudanese official about the fact that she and her entourage were being required to pass through a metal detector and to pay a \$15 fee, according to *Inner city Press*. One of the other UN Security Council Permanent Five representatives had no problem passing through the security detector saying, "there are terrorists you know," which was interpreted as a dig to Rice. The fee was returned to Rice after her fit, though another ambassador said he no objection to the \$15 payment.

Inner City Press that the mood of the people they spoke to is one that expects "a delayed, or cancelled referendum [on secession of the South], or violence after one."

It is obvious from her past behavior towards Sudan that spans almost two decades and, her current behavior reported above, that Rice hates the nation of Sudan, and desires it dismemberment. She has become the modern-day "ugly American."

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