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This Week You Need To Know

What Is an Economic 'System'?

Dynamics & Economy

by Lyndon H. LaRouche, Jr.

August 15, 2006

This piece is, if only by implication, a prologue for the LaRouche Political Action Committee (LPAC) web conference to be broadcast from Berlin, Germany as part of related events held there during the interval of Sept. 6-8, 2006. The present written piece here, serves both as an expanded summary of a particular, crucially pivotal point featured within the three-hour address and diplomatic form of discussion there, but is intended for publication separately.

Foreword: On the Subject of Riemannian Physical Economy

By the mid-1930s, the founder of what is now that crucially significant branch of modern physical science known as Biogeochemistry, Russia's Academician V.I. Vernadsky, had already reported the following: that living processes are distinguished, experimentally, from ordinary notions of chemistry, by recognizing the fact that living processes are organized as a *dynamic* process, and that in special ways, ways which defy the modern reductionist's stubborn faith in a mechanistic, "mathematical-statistical" domain. This use of the term *dynamic*, in the sense of Vernadsky's use of it for the chemistry of living processes, had been first introduced to modern science by Gottfried Leibniz's exposure of the intellectually fatal error of assumption which pervaded those Cartesian and related modes of modern empiricist reductionism. These errors permeate popular styles of academic teaching, the practice of most professional economists, and popular opinion, still today.

There could be no competent systematic comprehension of the nature of, or remedy for the presently onrushing great global economic crisis of mankind now in progress, without taking the implications of that usage of the term "dynamics" into account.

The deeper implications of this use of "dynamic" in the sense of that term as employed by both Vernadsky and Leibniz earlier, becomes clearer to the student and professional alike, when we take into account the deeper implications of the leading fact, that Leibniz's use of *dynamic* was explicitly traced by him from the use of the Greek term *dynamis* by those implicitly anti-Euclidean Pythagoreans and Plato, who represented the opposition to the relevant ancient reductionists and sophists of their time, and, also, implicitly, in opposition to the followers of the Sophist Euclid, later....

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

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Feature:

[The Treaty of Westphalia Approach to Mideast Peace](#)

This press release was issued by the LaRouche Political Action Committee on Aug. 13, titled 'LaRouche Gives Full Support to Yossi Beilin Proposal.'

[Peace of Westphalia Is a Model for Today](#)

[by Helga Zepp-LaRouche](#)

Editors' note: In the context of the Israel-Lebanon ceasefire and Yossi Beilin's call for a 'Madrid II' conference on Mideast peace, it is vital to emphasize the principles of the Treaty of Westphalia, which ended the Thirty Years' War of 1618-48—religious wars which had ravaged Europe. We therefore reprint excerpts here of a speech given by Mrs. LaRouche to an EIR seminar in Washington on May 5, 1999, entitled 'After the NATO Summit, What Next? The Post-Balkan War Perspective.'

[Westphalia Principle: From Madrid to Oslo](#)

[by Harley Schlanger](#)

The original Madrid peace conference, which convened Oct. 30, 1991, under U.S. direction, adjourned with little apparent progress in December of that year. It had been undermined by the intransigent behavior of Israeli Prime Minister Yitzhak Shamir, who made it clear, both in his defiant opening statement, and in his continuing effort to move more Jewish settlers into the occupied territories, that he had no intention of reaching an agreement with any of the participants at the conference.

[Lebanon Debacle Sends Israel Into Disarray](#)

[by Dean Andromidas](#)

The ceasefire between Israel and Hezbollah that ended four weeks of bloody conflict, has ignited a brutal political backlash in Israel, as the scope of the war's failures sinks into the Israeli consciousness. Commentators are comparing the backlash to that of the October 1973 Arab-Israeli war, in which Syria, and especially Egypt, delivered a military blow to an arrogant Israel, which many say led Israel in 1979 to return the Sinai Peninsula in exchange for a peace treaty with Egypt.

[LaRouche's 30-Year Efforts for Mideast Peace and Development](#)

This timeline emphasizes Lyndon LaRouche's programmatic efforts with regard to the Middle East, which have always been based upon the principle that economic development in the mutual interest of all parties in the conflict ('the benefit of the other') is the only foundation upon which peace can be achieved. Of course, LaRouche has also focussed his fire against those who have sabotaged such potential—most notably the British and synarchist bankers, plus now, the insane Bush-Cheney Administration.

- [The Promise of Oslo, And Today, Lies in LaRouche's Oasis Plan](#)

[by EIR Staff](#)

Adapted from EIR, Nov. 26, 2004.

From 1976 forward, economist Lyndon LaRouche had argued that the only possible route to a lasting, or developing, peace between the

Palestinians and the Israelis, would be through the adoption of an economic development plan that would demonstrate to both populations that the conditions of peace and cooperation were to the benefit of themselves, and their posterity.

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History:

Put Out the Flames of the Oligarchy's Thirty Years' War

by Helga Zepp-LaRouche

The following is an excerpt from Mrs. LaRouche's keynote speech to the Schiller Institute/International Caucus of Labor Committees Presidents' Day weekend conference on Feb. 19, 2005, in which she demonstrated that a new Thirty Years' War had already begun, and indicated the lessons we can learn from Schiller's Classical drama of the 1618-48 Thirty Years' War, and the Treaty of Westphalia which ended it, to deal with the present crisis situation in the world. The full text is in EIR, March 11, 2005.

- **A Brief Chronology of The Thirty Years' War**

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Science:

WHAT IS AN ECONOMIC 'SYSTEM'

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Economics:

NYC's Big MAC: Rohatyn's Model for Destroying Gov't

by Marcia Merry Baker

In March this year, an article in the American Journal of Public Health (AJPH) presented the results of a study showing specifics of the 'excess burden of disease' caused in New York City over 20 years, by the drastic austerity policies initiated by the 1975 Municipal Assistance Corporation ('Big MAC'), the private bankers' agency created and steered by Felix Rohatyn. The authors of the study, who are New York City-based health experts, warn: 'As city, state, and federal governments again face deficits and propose deep cuts in services, it seems particularly urgent to avoid a repetition of the 1975 decisions that so damaged New York City's health.'

- **Impact of NYC's 1975 Fiscal Crisis on TB, HIV, and Homicide**

by Nicholas Freudenberg, DrPH, Marianne Fahs, PhD, Sandro Galea, MD, DrPH, and Andrew Greenberg, MS

The following are excerpts from an article which appeared in the March 2006 issue of the American Journal of Public Health, reprinted with permission of the American Public Health Association. The full title is 'The Impact of New York City's 1975 Fiscal Crisis on the Tuberculosis, HIV, and Homicide Syndemic.'

Bush Sees Katrina as Pretext for Reducing Health-Care Infrastructure

by Patricia Salisbury

At an Aug. 7 press conference, officers and physicians associated with the National Association of Community Health Centers (NACHC)

presented a devastating picture of the failure to rebuild the most basic health infrastructure along the U.S. Gulf Coast, and its consequences for the health of the devastated survivors, almost a year after the Hurricane Katrina disaster. They also pointed to maneuvers on the part of the Bush Administration to use the catastrophe to accelerate the takedown of the nation's hospitals and other parts of the high-technology medical base...

German Court Ruling Is Setback to Privatizers

by Rainer Apel

On July 27, the district court in Konstanz, Germany, made an important ruling in the case of the July 1, 2002 air crash that occurred over U"berlingen, and killed 69 children aboard a Russian-Bashkirian airliner and the two pilots of a colliding FedEx freight plane. The court determined that Germany must pay compensation to the relatives of the victims, as well as to the airlines affected. Even more important in its implications, the court ruled out the German government's argument that the Swiss Skyguide control was to blame, because it was in charge of that section of airspace in the SwissGerman border region. Air control, the court stated, belongs to the 'genuine sovereignty tasks of the state.'

International:

Russian TV Airs LaRouche Warnings on Mideast War

On the evening of Aug. 16, Russia's biggest prime-time TV news show featured warnings from Lyndon LaRouche, and his magazine, Executive Intelligence Review. LaRouche, who had been interviewed that morning by Russia's First Channel (1TV), was shown on the 9:00 p.m. Vremya program. He was quoted, along with other experts, including former Russian Prime Minister Yevgeni Primakov, on the previous weekend's truce in Lebanon.

National:

Retired Military, Diplomats Demand Policy Change on Iran

by Jeff Steinberg

A prestigious group of 22 retired generals, admirals, and ambassadors has released an open letter to President Bush on Aug. 17, demanding a fundamental policy change towards Iran and Iraq.

Interview: Gen. Joseph Hoar

It Is Diplomacy or A No-Win Situation

Jeffrey Steinberg interviewed General Hoar on Aug. 17, 2006, after a conference call by General Hoar and others to announce the release of an open letter signed by him and 21 other former military and government officials urging President Bush to change his failed policy toward Iran and in the war in Iraq.

Science and Technology:

Exploring the Moon Through International Cooperation

An international conference in Beijing at the end of July mapped out how to coordinate the global campaign that is under way for exploring the Moon. **Marsha Freeman** reports.

- **Interview: Dr. Zhang Wei and Xu Yansong**

An Opportunity for U.S.-China Cooperation in Space

Three years ago, when China became the third country in the world to launch a man into space, other spacefaring nations took notice of its ambitious and meticulously executed space program. Now China is readying its first deep-space mission, to the Moon, and plans a three-phase program for lunar development.

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Editorial:

The Mad Hatter's War Party

President George W. Bush interrupted his conversations with burning shrubs at his Crawford, Texas ranch the week of Aug. 14, long enough to return to Washington for a series of high-profile Cabinet meetings and thoroughly scripted public appearances. His brief sojourn back to the White House demonstrated—in living color—that the President has truly gone stark-raving mad.

U.S. Economic/Financial News

U.S. Corporations Piling on Debt as Economy Contracts

The Aug. 17 *Wall Street Journal* ran a warning report on the way in which U.S.-based corporations are now piling on debt as mergers and acquisitions accelerate, often using the borrowed money for stock dividend payouts, stock buybacks, and other ways to pump up their stock prices in the context of mergers and acquisitions. U.S. corporate debt growth was 2.7% in 2004, the *Journal* reported; 5.1% in 2005; 6.3% (annual rate) in the first quarter of 2006; 7.3% in the second quarter. The "potential" problem, they hope, is that non-financial companies are doing this "in preparation for profit gains in a contracting economy," a recipe for extreme danger.

Lazard Crew's Scandalous 'Delphi Two' Plan for Dana Corp.

A scandal has erupted over the outrageous pay and bonuses promised to top executives of the bankrupt auto supplier Dana Corporation, in a bankruptcy plan developed by Lazard and Rothschild Inc. The Dana creditors' committee, and the United Auto Workers, have asked the bankruptcy court to throw the executive pay plan out, according to the *Toledo Blade* Aug. 15. The plan would perversely increase the pay of CEO Michael Burns, the more his management was able to cut the retiree pension and health-care benefits of Dana employees! Already last year, Burns' pay and bonuses, \$11.7 million total, was equal to more than 10% of what the company paid in pension and health-care benefits to all 27,000 of its retirees. But this year, the Lazard consultants' plan was to raise Burns' compensation to \$18 million; and it had announced in June that it also wants to *cut* the retiree benefits due to its bankruptcy.

A Dana spokesman tried to defend the plan by saying that it "was devised by outside compensation experts." The bankruptcy consultants of Dana are Lazard, Rothschild Inc., the Kirkland and Ellis law firm, and for debtor-in-possession financing, JP Morgan Chase—the same "team" advising the other big auto supply companies in bankruptcy, including Delphi, Tower Automotive, and Collins and Aikman.

Homes Sales Crash; Prices Plummet; Foreclosures Soar

Home sales crashed in more than half the U.S. states during the second quarter; and home prices fell in 26 metro areas, as foreclosures soared.

The National Association of Realtors reported Aug. 15, that 28 states and the District of Columbia saw home sales decline in the April-June quarter of this year compared with the same period in 2005. Nationally, sales were down 7% for April-June of this year, compared to the same period of last year.

The Realtors' survey showed that the biggest declines occurred in states that had enjoyed red-hot sales during the five-year housing boom. The five biggest declines were: Arizona, down 26.9%; Florida, down 26.7%; California, down 25.3%;

Virginia, down 23.9%; and Nevada, down 23.5%.

In a separate survey of price changes in 151 metropolitan areas, NAR reported that in the April-June 2006 period compared to the same period last year, 37 metro areas experienced double-digit price increases.

Residential Foreclosures Climb in July

Foreclosure.com, a home-foreclosure monitoring service, reported Aug. 14, that there were 28,130 new residential home foreclosures nationwide in July of this year, a 5.0% increase over June, and a 10% increase over July of 2005. "New residential foreclosures across the nation are up this year, driven in large part by increases in adjustable-rate mortgages," said Brad Geisen, CEO of Foreclosure.com

The largest monthly increases in new residential foreclosures occurred in: Illinois, 11.6%; Colorado, 12.9%; Ohio, 14.3%; Alabama, 21.3%; Minnesota, 31.1%; Michigan, 38%; and Missouri, 48.2%. In Michigan, nearly one out of every 1,000 homes is in foreclosure.

Risky Mortgage Loans Place Trap Door Under Market

The riskiest form of mortgage loans increased during the first months of 2006, putting a trap door under the home-mortgage market. LoanPerformance, a loan-monitoring unit, reported that from January through May 2006, the "Option Adjustable Rate Mortgages" constituted 12.3% of all mortgage loan originations, versus 8.4% for all mortgage loan originations during 2005. The danger is that the Option variety of ARM loans is the leading edge of the \$2 trillion in ARMs of all kinds that are scheduled to reset during the next two years. A collapse of the ARM loans will blow out the nearly \$15 trillion U.S. home real-estate market.

Hedge Fund Specializes in Stealing Potential Capital Investments

The Paulson & Co. hedge fund, headquartered in New York, is making itself a leading exemplar of industrial destruction by financial locusts. Though not large (an estimated \$800 million under its management), Paulson specializes in teaming with other hedge funds to quickly buy stock of companies with significant earned capital, and then tries to force the company to cough it up to its stockholders.

Paulson, along with Centauris hedge fund of London, was trying to force Royal Ahold Corp. to sell off its Giant and Stop & Shop grocery stores in the United States, calculating that this would raise the stock price and dividend by 25%, the *Washington Post* reported Aug. 15. Two months ago, the same two funds forced the Dutch industrial company Stork to put pieces of itself up for sale. In April, Paulson organized a successful stockholder blackmail of Algoma Steel of Canada, forcing Algoma to cancel building a new integrated steel mill in Manitoba, and instead to pay out \$220 million in extra dividends to the looters. Late last year, Paulson did precisely the same thing to U.S.-based Mirant Energy, cancelling a planned capital investment to pay out an increased dividend instead.

Dura Automotive Hires Restructuring Firm

Auto parts supplier Dura Automotive Systems, a maker of pedals, parking brakes, and shift systems, with about 16,000 employees worldwide, has hired New York restructuring firm Miller Buckfire Lewis & Co. LLC to come up with a way to reduce its debt, the *Wall Street Journal* reported Aug. 16. Dura joins auto-parts maker Dana Corp, which in February had hired Miller Buckfire less than a month before filing for Chapter 11 bankruptcy protection. Already in 2006, hit by production cuts at automakers, heavy debt burden, and zooming commodities prices, Dura announced it will close up to ten

plants.

Miller Buckfire, formed by 43 former employees of Dresdner Kleinwort Wasserstein and its predecessor firm Wasserstein Perella Group, is reportedly one of the four biggest in the restructuring business—along with The Blackstone Group and Lazard LLC.

Boeing Workers Brace for End of C-17 Production

Workers at the Boeing plant in Long Beach, California are bracing themselves for the end of production of the C-17 transport plane—one of the company's biggest programs. The Pentagon has been spending about \$3 billion a year to purchase the plane. According to media reports Aug. 17, Boeing says that it has enough orders to keep building until 2008, but the Pentagon is saying that it will not be buying many more of them. Long lead times to get supplies and parts to build the C-17 have forced Boeing to possibly wind down operations. Barring any last minute deals, Boeing is expected notify their suppliers that they will have to shut down their lines. The shutdown will affect 25,000 workers, 6,500 of whom work for Boeing, the rest for Boeing's suppliers.

As a note on the increasing shutdown of the aerospace industry, Boeing earlier this year stopped production of the 717 passenger plane, also made at the Long Beach plant, which at one time was the main center for the aerospace industry on the West Coast.

World Economic News

Hedge Funds Tanking in Japan: End of Yen Carry Trade?

One of Japan's biggest hedge funds, run by U.S.-based Whitney & Co., has lost about 23% so far in 2006, while another Whitney fund has dropped about 29%, as rumors that interest rates may rise of zero percent spelled the end of the yen carry trade. According to the *Wall Street Journal* Aug. 16, EurekaHedge Pte. Ltd., a Singapore firm that monitors hedge-fund financial results, reported that of 104 hedge funds speculating only in Japanese shares, 62 that have reported financial results, and 47 have lost money through July.

Locust Funds' Summer Offensive

The Houston Investment Group is making a grab for a leading German supplier of municipal water-technology, according to news wires Aug. 15. The HIG private equity fund, based in New York and Tel Aviv, plans to buy Lurgi Lentjes, a firm specializing in design and development of equipment for water, waste water, and waste management, notably in municipalities. One of the HIG bosses is Walter Kuna, long-time Lazard banker, who built up Lazard's Germany operation in 1999.

At the same time, Westdeutsche Landesbank (West LB) wants to sell its 27% share in HSH Nordbank, the central bank of the two northern states, Hamburg and Schleswig-Holstein—it would be the first privatization of state bank shares. The Cerberus fund has been a favorite candidate for the takeover, but there is opposition in Hamburg and Schleswig-Holstein to the fund, which has a bad name for its aggressive investment conduct. Cerberus has been a favorite also, because West LB chairman Thomas Fischer was among the consultants who helped to establish the German operation of Cerberus, in 2002.

Is the "alternate candidate," Corsair Capital, any better? Corsair, which runs the same portfolio of takeovers as Cerberus, was originally groomed at JP Morgan Chase, one of the core synarchist banking houses. "Corsair", by the way, is just another name for "pirate."

United States News Digest

Federal Judge Rules NSA Spy Program Unconstitutional

A veteran Federal judge in Detroit issued a permanent injunction Aug. 17 against the Bush-Cheney Administration's domestic wiretap program, declaring it to be in violation of the Constitution's Separation of Powers doctrine, and its First and Fourth Amendments, as well as the FISA statute and other laws. The Justice Department immediately filed an appeal with the Sixth Circuit Court of Appeals, and is asking to have the injunction stayed, pending the outcome of the appeal.

The case was brought by the ACLU on behalf of Islamic organizations, and a group of American journalists, scholars, and lawyers, who say that their ability to communicate with persons overseas has been impaired by the surveillance program, and that in many cases, their sources or clients have refused to talk to them by telephone, since the disclosure of the spying program.

In a thorough 44-page opinion, Judge Anna Diggs Taylor, who has been on the Federal bench for 27 years, rejected the government's argument that the state-secrets privilege bars litigation of the case, since, she noted, the President and other officials have officially acknowledged the existence of the surveillance program; therefore, litigation of the case does not depend upon any classified information. (She did dismiss a claim involving the government's data-mining program, since that would require the use of secret information.)

In her discussion of the Fourth Amendment violation, Judge Taylor emphasized that the Framers of the Constitution and the Bill of Rights specifically banned the use of general warrants as had been common under King George III—that is, warrants that were not specific as to places to be searched, or persons and things to be seized. Taylor cited the ruling of an English judge who denounced this practice under George III as "worse than the Spanish Inquisition."

In each section of her ruling, one after another, Judge Taylor pointed out that the Presidency was created by the same Constitution which established the Separation of Powers and the First and Fourth Amendments. And in castigating the Administration for asserting that the President has been granted the "inherent power" to violate the laws of Congress and the First and Fourth Amendment, Taylor wrote:

"We must first note that the Office of the Chief Executive has been created, with its powers, by the Constitution. There are no hereditary Kings in America and no powers not created by the Constitution."

Seventeen other lawsuits against AT&T and other telecommunications companies cooperating in the NSA spy program, have been consolidated under a Federal judge in San Francisco, who has also rejected the administration's effort to dismiss the AT&T case on the basis of the state-secrets privilege.

Clinton Counters Lieberman's Ploy To Use Him as Cover

Interviewed on ABC's "Good Morning America" on Aug. 15, former President Bill Clinton was asked about Sen. Joe Lieberman's claim that moderates were being purged by Democratic Party liberals for taking a stance on the war, which is similar to Clinton's. Clinton responded: "Well, if I were Joe and I were running as an independent, that's what I'd say too. But that's not quite right. That is, there were almost no Democrats who agreed with his position, which was: 'I want to attack Iraq whether or not they have weapons of mass destruction.' His position was the Bush-Cheney-Rumsfeld position."

Clinton also ridiculed the political use of terror threats by the Republicans. He said that "Republicans should be very careful

in trying to play politics with this London airport thing, because they are going to have a hard time with the facts." He said the effort to tie this to al-Qaeda raises the question: "How come we've got seven times as many troops in Iraq as in Afghanistan?"

Several commentators, echoing Clinton, also warned against those "crying wolf" with threats of terrorism. Molly Ivins' column in truthout.com is titled: "The Pols Who Cried Wolf," noting that "we have nothing to fear but fear itself, especially since fear is now being fomented and manipulated for political purposes."

Keith Olbermann of MSNBC listed the top ten cases in which the administration claimed there were terrorist threats—all of which turned out to be duds—just when they are needed politically. Olbermann also claims that "we now know" that the arrests in Britain "were carried out on a timeline requested not by the British, nor necessitated by the evidence, but requested by this [U.S.] government." Although there has been no confirmation of this charge, Attorney General Alberto Gonzales, in a press conference in Pittsburgh, defensively offered that, "It wasn't because of pressure placed by the U.S.—I'm not aware of any pressure placed by the U.S."

Hedge Funds Finance Democrats for Congress

An informal survey released Aug. 14 by Bloomberg wire service, of FEC records of Congressional contributions 2005-2006 by hedge funds and their employees, found the majority of those contributions from the "Rohatyn set" going to Democrats. Bloomberg's survey found \$7.4 million in total hedge-fund contributions, and of that, \$5 million, or nearly 70%, went to Democratic Congressmen and Senators. The three top recipients of hedge-fund money, according to this survey, are Senators Hillary Clinton and Chuck Schumer of New York, and Rep. Rahm Emmanuel of Illinois, each with well over \$100,000 during the 109th Congress.

Ahmadinejad Interviewed for U.S. Television

Iranian President Mahmoud Ahmadinejad was interviewed by CBS's Mike Wallace, his first interview with any U.S. news media for six months. CBS "60 Minutes" ran about 30 minutes of the interview on Aug. 13, Sunday night, and the full 90-minute interview is scheduled to be run Aug. 21 on C-SPAN.

The raving lunatic in the interview was Wallace, who, perhaps out of fear of the Israeli lobby, felt compelled to interrupt Ahmadinejad frequently, yelling at him to answer the questions as if Wallace were a police interrogator. Ahmadinejad wore a steady smile, and was basically unflappable.

Much of what the Iranian President said, in the edited CBS portion, was familiar to anyone who has followed the Iran situation. Toward the end of the segment, Wallace quoted from the President's 18-page letter to President Bush, in which Ahmadinejad asked Bush how he could be a follower of Jesus Christ and still attack and occupy other countries, and spend billions on wars. Asked what he expected to hear back from Bush, Ahmadinejad said he was expecting Bush "to change his behavior," adding, "I was hoping to open a new window for the gentleman."

When asked if he wanted Iran to resume relations with the United States, Ahmadinejad said that "conducive conditions" for this would need to be present. Asked what these might be, he responded, with more than a little touch of irony: "Well, please look at ... the behavior of the American administration. See how they talk down to my nation. They want to build an empire, and they don't want to live side by side in peace with other nations.... It is very clear to me they have to change their behavior, and everything will be resolved."

Israeli General Denied Room on Capitol Hill

General Moshe Ya'alon (ret.), the chief of the Israeli Defense Forces, came to Capitol Hill, on Aug. 14, under the sponsorship of the newly created Endowment for Middle East Truth, to bring right-wing anti-Arab propaganda to Capitol Hill, in an event that was supposed to be held in a meeting room in the Russell Senate Office Building. However, in a strange turn of events, the room was locked, apparently deliberately, and the group went upstairs to the office of Sen. Kit Bond (R-Mo), whose office was apparently the sponsor.

Ya'alon was prepared to speak in the corridor, but the Capitol Police would not allow that. The meeting ended up outside in the park across the street, where Ya'alon was flanked by about a dozen radical anti-war protesters, a couple dozen Congressional staffers and press, four members of the LaRouche Youth Movement, and half a dozen Capitol Police officers, who escorted him away when the event concluded, in order to save him from the protesters, who repeatedly accused him of being a war criminal. The rumor explaining why the room was locked was that the Senate Rules Committee decided that the event couldn't take place there because the press was invited. This doesn't make a lot of sense, since such events take place in Congressional office buildings all the time with press there.

Ya'alon is a Fellow at the AIPAC-linked Washington Institute for Near East Policy, and this is the first time in the LaRouche movement's recollection that this gang has been denied a chance to spew lies on Capitol Hill. Usually they do it in hearings.

Congressional GOP Incumbents Facing Tough Races

Since 1992, throughout the Southern states, House Republicans have gained seats over Democrats. But in the Northeast, Democrats are ready to consolidate and expand gains acquired over that time, the *Washington Post* reported Aug. 14. Republicans are attempting to put plenty of distance between themselves and the unpopular President Bush. For example, State Senator Raymond Meier, running for an open House seat in Upstate New York speaking about his constituents, said, "As a Republican candidate, the challenge is to show you have even a clue about what their lives are like."

Democrats need to pick up six seats to take control of the Senate, and 15 seats to take control of the House.

Ibero-American News Digest

López Obrador Launches Next Phase of Resistance

With the recount of 9% of the Presidential vote concluded Aug. 13, and a decision by the Mexican electoral court in favor of Felipe Calderón considered likely, despite the systematic irregularities uncovered in that recount, Mexican Presidential contender Andrés Manuel López Obrador told the fifth "Informational Assembly" in Mexico City's Zocalo that they should be prepared to resist for as long as it takes—and it could be "years," he said—to achieve their goals. This new movement which came together to defend the vote will not disband if that battle is lost, but intends, "here and now," to bring about the profound transformation that Mexico requires.

López Obrador called for the movement to focus on five primary goals. The first, he said, is "to fight poverty and the monstrous inequality which reigns in our country." The second must be to defend the nation's patrimony. "We will not permit national assets to be sold off. We will not permit the privatization, under any modality, of the electrical industry, of oil, of public education, of social security, and of natural resources," he proclaimed.

Efforts to further cartelize the media in the hands of the privileged must likewise be crushed, in order to uphold the public's right to information. Nor can the corruption of having the government "be a committee at the service of a minority" be tolerated; "those who have committed abuses when in power and robbed Mexicans of their patrimony must be punished."

Lastly, our civic institutions must be cleaned out, he said, because the institutions that are supposed to protect our constitutional rights have been "kidnapped by a cabal," who run the nation's tax and treasury policies, "solely for the benefit of bankers and influence traffickers," while the Supreme Court functions "at the service of tycoons and to protect white-collar criminals."

Should the electoral court proceed with the decision to impose PAN candidate Felipe Calderón as President, López Obrador announced that the movement will protest, in force, President Vicente Fox's State of the Union message on Sept. 1, and hold a "National Democratic Convention" in the Zocalo on Independence Day, Sept. 16, to discuss how the movement can organize to achieve these five goals, under the current, increasingly difficult circumstances.

The call for that convention, issued two days later, repeats that the movement must meet those five goals, and goes straight to the issue underlying the wrongs suffered in the country: Mexican institutions are not fulfilling their constitutional obligation to uphold the "general interest."

Repression Provokes Institutional Crisis in Mexico

The new political movement which has come into being in opposition to the theft of the Mexican election intends to defend nothing less than the principle of the general welfare; this has sent the Synarchists and their lackeys into outer orbit. They had pre-discounted that there could be weeks of protest against election fraud, but Andrés Manuel López Obrador trumped them, by going beyond mere protest, to mobilize Mexico's poor to demand changes in the economic system. Demands that López Obrador's movement be smashed and divided, poured out of the *Economist*, *Financial Times*, the *Washington Post*, and Washington's Center for Strategic and International Studies (CSIS) last week. The line was primitive: López Obrador's PRD party and the Coalition have a few days to decide whether they will be "mature," and play by the rules of the current system, or continue this dangerous "radicalization." If they opt for the latter, once the electoral court issues its decision, President Vicente Fox "will have to restore order."

The first head-on repression against the civic resistance movement came on Aug. 14, when President Fox ordered Federal police and troops of the Presidential General Staff (a branch of the military) to forcibly remove the encampment of protesters which had set up outside the Mexican Congress that day. Using clubs and tear gas, the troops and police left some ten people injured, including several of the 20 Congressmen and Senators from López Obrador's PRD party who were participating in the encampment.

Not only were over 1,000 Federal police then deployed around the Congress outside, but some 200 commandos from the General Staff were installed inside the Congress, a move which has opened an institutional crisis in the country. The unprecedented deployment—involving more troops than have been used in any operation against narcos, as one PRD Congressman pointed out—following the use of brute force against a group of Congressmen and Senators, has provoked outrage from PRI members of Congress, as well as the PRD. Senator Dulce Maria Sauri (PRI) warned that the attack is reminiscent of the repression in the days of Victoriano Huerta—which led into the Mexican Revolution of 1917.

The Acting Mayor of Mexico City, Alejandro Encinas (PRD) warned that with the Executive branch's use of force, Mexico is being driven from a post-electoral crisis, into an institutional crisis.

Remittances from Abroad Sustain Mexican Economy

A Bank of Mexico official revealed on Aug. 10 that Mexico will receive almost \$24 billion in remittances from abroad in 2006, a dramatic 20% increase over 2005 figures. And these increases will continue over the coming years, he predicted, because of how "attractive" it is to Mexicans to emigrate to the U.S. Credit Suisse economist Alonso Cervera hailed the inflow of these billions in remittances, which he said, is "driving consumption growth" in Mexico, as if it were joyous news

that Mexicans must leave their country to survive economically.

In fact, virtually all of the money coming in from abroad is going to the immediate purchase of food, clothing, and basic needs, and none of it into savings. Rather than a reflection of economic growth, the "consumption demand" being fueled by remittances is painful evidence of how desperate the situation inside Mexico is. Without that money from abroad, a vast portion of the Mexican population would, in fact, be starving.

Argentina's Radical Party Splits Over Kirchner Support

Argentina's opposition Radical Party (UCR) is splitting over internal factional support for President Nestor Kirchner's mobilization to rebuild the country. On Aug. 12, three thousand UCR officials, including five governors and many mayors, met in Buenos Aires to state their support for Kirchner's idea of a broad national political coalition, in which politicians who agree with the government's stated goals and programmatic direction can participate, without abandoning their party affiliations. Immediately, this threw a monkey wrench into the Presidential ambitions of former Finance Minister Roberto Lavagna—nominally a Perónist—whose 2007 bid is being aggressively promoted by UCR leader and former President Raul Alfonsín (1983-1989).

The UCR Mayor of Mar del Plata, Daniel Katz, warned Aug. 14 that when one faction is backing a non-Radical for President (Lavagna), "something is not right." Should Lavagna gravitate toward right-wingers Mauricio Macri and Ricardo López Murphy, neo-con free-marketeers who have just consolidated their own political alliance for 2007, there is no reason for any UCR member to back him, the mayor said. He contrasted the 52% of the vote that Alfonsín received in the 1982 Presidential elections, with the 2% the UCR received in the 2003 Presidential elections, to underscore the party's dwindling appeal.

In a statement issued after their Aug. 12 meeting, the UCR officials recalled that had Perónists and Radicals in 1973 placed national interests above their party bickering, then, "perhaps the bloodiest chapter in our recent history [the 1976 coup] might never have been written."

Bachelet Proposes Plebiscite on Electoral Reform

During her Socialist Party's Aug. 12 national congress, Chilean President Michelle Bachelet proposed that a national non-binding plebiscite be held on the issue of reforming the "binomial" electoral system. This mechanism, devised by former dictator Augusto Pinochet, rigged the electoral system to prevent any minority political party from obtaining congressional representation, and perpetuated the structure of a coalition government too weak to challenge the synarchist right wing in Congress. It is through this system that the "Chicago Boy" free-marketeers have maintained their control in the country, even after the return of "democracy."

The right-wing Alliance for Chile is blocking the constitutional amendment needed to proceed with the reform in Congress. There is overwhelming popular sentiment in favor of changing the rigged binomial system, universally viewed as unjust, and the mere suggestion of a referendum, albeit a non-binding one, has sent right-wing legislators scrambling to come up with a response. Although Bachelet subsequently indicated she would try to reach an agreement through dialogue with the right wing, many local and national organizations, including the CUT labor federation, the Medical College, and Municipal Healthworkers Federation, are urging her to move forward with the plebiscite.

Western European News Digest

Sweden Opens Baltic Pipeline Dispute to Anglo-Dutch

Sweden has asked the European Union to start an environmental review of the North European Gas Pipeline (NEGP), which goes beneath the Baltic Sea. This sounds innocent enough, but it is a break with a centuries-long policy to keep the Baltic Sea issues a matter only for the states that border its shores. The Swedish decision invites the entire EU, including the British and the Dutch and their oil/gas companies to have a say on the pipeline project.

An op-ed by a former Swedish ambassador, Prof. Krister Wahlbeck, in Sweden's *Dagens Nyheter* July 31, reveals that this is a full-scale attack to stop the project. The insider Wahlbeck—a security expert and no ecologist—only uses superficial ecological arguments to call for a halt of the project. He argues that the pipeline will unsettle sea-bottom sediments which are full of old, dumped ammunition, including mustard-gas containers, from the two World Wars. He adds that the planned 70-meter pumping station just outside the Swedish island of Gotland would impede Sweden's future plans for sea-based windmill constructions.

Actually, the reason the pipeline is to be built under the Baltic is that Sweden had rejected an offer by then-Russian President Boris Yeltsin to build the transit pipeline, for free, between Russia and Germany, via Finland and Sweden. The controversy has also blocked the construction of Norwegian gas pipelines through Sweden. Now, Wahlbeck calls on Sweden to invoke the right to also block the NEGP, as it will cross the Swedish economic zone in the Baltic Sea. Wahlbeck writes that an agreement between Russia and Germany make him "shiver," an allusion to the Hitler-Stalin Pact, and he calls on the Swedes "not to lie down for the superpowers."

Günter Grass: I Volunteered for Hitler's Waffen SS

Günter Grass, a leading Congress for Cultural Freedom figure, admitted Aug. 12 that was he a member of Hitler's elite Waffen SS, having volunteered for it. In what has become a leading news story, almost pushing aside the coverage of the Lebanon war, the *Frankfurter Allgemeine Zeitung* ran a front-page article, with a full-page inside jump, of Grass' confession that, unlike many other German teens who were conscripted into the Waffen SS—condemned at Nuremberg for war crimes—towards the end of the war, Grass was a "believer" in Hitler's ideology.

The confession comes as a big shock; for the past 50 years, the sophist Grass has played a key role as a supposed anti-fascist, including in the attack on President Ronald Reagan's 1985 visit, with then-Chancellor Helmut Kohl, to the military cemetery in Bitburg. Their visit came under heavy attack, because those buried there include several dozen Waffen SS soldiers, most of them teenage draftees who at the end of the war were sacrificed by Hitler. It was alleged that Reagan and Kohl's visit to honor the war dead, also honored the murderous SS.

The Grass case also sheds some additional light on the entire phony postwar political-correctness campaign, run prominently by the Congress for Cultural Freedom.

Grass' autobiography, which includes this confession, is to be released in September.

London Endorses Incumbent Post-Industrialist as Berlin Mayor

The City of London's *Financial Times* Aug. 14 endorsed its post-industrial darling Klaus Wowereit for another term as Mayor of Berlin. The daily pulled the Berlin Mayor from his summer haunt, to say: "Berlin must move on from its industrial past... Berlin must embrace its future as a post-industrial city and abandon aspirations to revive its traditional manufacturing base."

The mouthpiece of the Anglo-Dutch bankers is full of praise for the Mayor: "Germany's politicians usually pride themselves on the country's industrial roots, so the comments by Klaus Wowereit, one of Germany's most influential Social Democrat

politicians, are unusual, and could signal a shift in economic thinking on the future of Germany's less vibrant regions."

Wowereit told the *FT*, "Berlin is Germany's only metropolis and a magnet for young people.... Our future-oriented business areas focus on services, on tourism, fashion, young creative industries and many other areas. We still have 90,000 industrial jobs that are relatively stable, but industrial investors are not queuing up to enter. I no longer believe we'll get anywhere near the 300,000 industry jobs we had at the beginning of the 1990s. I'm realistic about this."

Then, incredibly, Wowereit adds, "I really wonder, why people see the value of a job in tourism as being inferior to a job in industry." Could it be that in an industrial job, workers are paid a living wage with benefits, and that entertainment jobs are unskilled, and paid at subsistence levels?

Needless to say, the *FT* fails to mention the campaign of BüSo candidate Daniel Buchmann, a leader of the LaRouche Youth Movement in Germany, who is running for Mayor of Berlin on a program to restore Berlin as an industrial and scientific powerhouse. The election will be held Sept. 17.

City of London Sees Berlin as Future Entertainment Mecca

Financial Times Deutschland, the German edition of the London daily, is also pushing a non-industrial future for Berlin. Under the headline, "Berlin, Metropolis on the Infusion Tube," the *FTD* wrote Aug. 14 that, with the exception of the Adlershof research-and-development center, where people work on "re-inventing industry for Berlin," industrial employment is a thing of the past.

One of Berlin's few advantages, according to the *FTD*, is the fact that scientists there are 30% cheaper than in Munich, therefore, there might be a future in low-paid jobs in science. The *FTD* sees the really big future for Berlin, however, in the city's trend as "a boom town for fashion, media, and music," and that, in these fields as well, "the low living standard" there makes Berlin "competitive." And, according to the *FTD*, pop music is big trend: Two round-the-clock music television networks, MTV and VIVA, are already in the city, and 60% of the annual turnover of German-language pop music is produced in Berlin, where "global players like Universal Music" work next door to "small labels." This is what creates "new jobs" in Berlin, the *FTD* claims.

Hypocrite Blair Hires, Then Rails Against Islamists

The duplicity of "Perfidious Albion," recently addressed by Indian Prime Minister Manmohan Singh in discussions on the sidelines of the G-8 Summit in St. Petersburg, has been confirmed by a leak from the Foreign Office to the media, in Britain.

At the same time that Prime Minister Tony Blair was giving his big speech to the Los Angeles World Affairs Council Aug. 1, putting forward a Manichean vision for the Middle East, Martin Bright of the *New Statesman* magazine received a dossier from someone at the Foreign Office, according to which former Foreign Secretary Jack Straw employed a certain Moqbul Ali, an extremist Islamist, whom he authorized to build up a special department for contacts with the Islamic world. Ali maintains contacts with the Muslim Brotherhood, as well as with Jamaat al-Islami, among others, representatives of which he repeatedly arranged to get official invitations by the Foreign Office for travels to the West.

Martin Bright, who did more research on the affair, publicized a dossier for the think tank Policy Exchange, and contributed to a special expose on Channel Four television. The Foreign Office tried in vain to block the TV program; however, it located the source of the leak as Bright, and wants to put that source on trial. Moqbul Ali, however, still has a free hand to carry on as before.

Russia and the CIS News Digest

U.S. Officers', Diplomats' Letter Publicized in Russia

An Aug. 18 RIA Novosti wire, headlined "Retired Military Men and Diplomats Call on Bush Not to Attack Iran," brought broad publicity in Russia, to the open letter of Gen. Joseph Hoar and others, released the previous day. The wire quoted the letter's authors on the "catastrophic" consequences of attacking Iran, and noted their call for direct negotiations. An analysis by Alexander Tumanov on the KM.ru site linked the letter with Seymour Hersh's article, "Watching Lebanon: Washington's interests in Israel's war," in the Aug. 21 *New Yorker* magazine, as part of a pattern of growing opposition inside leading U.S. circles, to the Bush-Cheney war policy. Such Russian coverage of U.S. factions is quite unusual, and it comes in the week when First Channel TV featured Lyndon LaRouche's warnings about plans to spread the war.

Menshikov Cites LaRouche, *EIR* On World War Danger

An article titled "The Roots of the Mideast War," by Prof. Stanislav Menshikov in the Aug. 18 issue of the Moscow weekly *Slovo* newspaper, incorporated a translation into Russian of most of Jeffrey Steinberg's Aug. 11 *EIR* article, warning of a broader war. That is the same article that was featured on the Vremya TV show this week.

Menshikov compared the kidnapping incident that precipitated the fighting in Lebanon, with the assassination of the Austrian Archduke at Sarajevo in June 1914 that triggered World War I. "That is the way big wars often begin," when "elites try to continue their policies by military means." The persistent frictions in the region regularly generate sparks, wrote Menshikov, but the reason for the explosion of full-scale combat this summer lies rather with the string of geopolitical failures, experienced by the Bush team: in Iraq, in Afghanistan, and with its ongoing efforts to force Iran to back down on its nuclear program: "Put these three factors together, and it turns out that a Middle East war might seem to be a convenient way to create a situation, in which an American strike against Iran, and simultaneously against Syria, could be justified by the need to defend Israel from 'joint attack' by Hezbollah and its two allies. A victorious preemptive war might help establish U.S. dominance in the region, while shoring up the shaky position of the Republican Party, headed by Bush, in the November U.S. Congressional elections. Such intentions are being quite openly discussed in the American press."

As his main example of such discussion, Menshikov cited Steinberg's Aug. 11 *EIR* article, "Will Bush's 'October Surprise' Lead to World War III?" Included was the lead of that article, a quotation from Lyndon LaRouche's Jan. 11, 2006 Washington speech, about the scenario for the "discovery" of weapons of mass destruction in Syria.

In the remainder of his article, Menshikov cited Anatol Lieven on the inability of the United States in Vietnam, the United Kingdom in Northern Ireland, or Israel in relation to Hezbollah, to defeat an irregular military force. Lieven calls for Israel to negotiate with Hezbollah and Hamas.

Menshikov wrote that the West is trying to ignore the diplomatic capabilities of Russia in this situation: "Washington clearly fears the reestablishment of Russia's political influence in the Middle East. It will turn to Moscow for help, only when it is understood that its strategy has been defeated.... Just like in Vietnam. "Shall we see that at all?"

EurAsEc Leaders Discuss Economic Integration

The Presidents of the Eurasian Economic Community (EurAsEc) met Aug. 17 in Sochi, southern Russia. Addressing the assembled Presidents of Belarus, Kazakstan, Kyrgyzstan, Tajikistan, and Uzbekistan (Armenia and Ukraine are observers), Russian President Putin stressed their progress toward creating a customs union, and support for "a common energy market

within EurAsEc." Particular attention went to developing hydroelectric power in Central Asia, which had been discussed in the Central Asian Cooperation Organization, now merged with EurAsEc. Also on the agenda, Putin said, was the proposal for nuclear-fuel-cycle centers under IAEA supervision; and, ties between EurAsEc and the Collective Security Treaty Organization (which Uzbekistan has now rejoined).

Putin reported that Russia and Kazakstan have signed three memoranda on joint ventures in the nuclear sphere. They also signed freight transit agreements. At the public part of bilateral talks with Putin on Aug. 15, Kazakstan's President Nursultan Nazarbayev reported that 38 cooperation documents, prepared earlier for the Single Economic Space, "can be adapted for EurAsEc and used to launch real integration."

Russia, Ukraine Agree on Moderating Gas Price Hikes

Unlike what the defeated Prime-Ministerial candidate Yulia Tymoshenko intended, the new Prime Minister of Ukraine Victor Yanukovich will not move to tear up last January's agreement on natural gas prices and pipeline tariffs for gas shipped from Russia to, and across, Ukraine. Yanukovich met with his Russian counterpart, Mikhail Fradkov, on the sidelines of the Sochi summit of EurAsEc, Aug. 17. They agreed that there will be no price increase on Russian natural gas, sold to Ukraine, for the rest of 2006. They established a framework for working out price increases to be phased in during 2007, as opposed to one abrupt hike. The deal will allow Ukraine to fill its underground storage facilities before winter. Fradkov said that more detailed talks will follow soon.

Incident Near Kuriles Boosts Russia-Japan Tension

Harshly worded diplomatic notes were exchanged between Moscow and Tokyo Aug. 16, after a Japanese crab fisherman was shot dead by a Russian patrol boat near the southern Kurile Islands. The Russians were on an anti-poaching patrol. Moscow claimed violation of its territorial waters by the fishing ship, which Tokyo denies.

Recently announced Russian plans to step up Federal government investment in the four disputed Kurile Islands have angered Tokyo, as well.

On Aug. 17, Russian Navy exercises began off nearby Kamchatka Peninsula.

UK Unleashes Home-Brewed Islamic Militants in Central Asia

The London-headquartered Hezb ut-Tahrir organization has once again become very active in the Central Asia region, according to Tajik and Kyrgyz authorities, cited by Interfax Aug. 18. Hezb ut-Tahrir is identified by the British authorities as an Islamic proselytizing movement, which wants to establish an Islamic caliphate from the Caspian Sea to North Africa. The most active terrorist group operating in Central Asia today is the Islamic Movement of Uzbekistan (IMU), which recruits chiefly from the Hezb ut-Tahrir.

Southwest Asia News Digest

LaRouche: Bush a Catastrophic Failure in Afghanistan and Iraq

In an interview with Florida talk show-host Henry Raines of AmericaAM Aug. 18, Lyndon LaRouche blasted the U.S. media for its "good news" distortion of reality, which is nothing more than propaganda for a failed perpetual war policy.

In the following excerpt, where Raines noted that LaRouche, already in 2004, had said that Iraq was a "failed war," LaRouche responded:

"You get something like Iraq, which is already in the process of busting, its in the final stages of disintegration, at a point where nobody thinks that country can ever be put back together again, at least in the foreseeable future, and whole regions, like the Taliban are back in Afghanistan. Everything that Bush has done, in terms of U.S. foreign policy—and most of what his ally in London has done, Blair, and what's behind Blair—has been a catastrophic failure for them, as for the world. And that's what the situation is, and the problem is, people are responding to what they say. What's the news? They turn to the news media, the newspaper, television principally, websites. What do they get? They get the news, but it is not the reality, and those of us who are struggling with this business, are trying to get people to understand the reality, as opposed to the so-called the news.

Senior Israeli Strategist Calls for Madrid II Peace Conference

In a commentary published in the *Jerusalem Post* Aug. 19, David Kimche, former director general of the Israeli Foreign Ministry and long-time advisor to Labor Party chairman and Defense Minister Amir Peretz, called for a Madrid II peace conference as the only solution for preventing a new Middle East war.

Kimche, who was also an official in the Israeli Mossad, and is considered a senior statesman and strategist among Israelis, writes: "Significantly, a leading Sunni politician observed, 'The only way to prevent a nightmare is to go for a comprehensive peace process.' A shrewd Lebanese politician with whom I have been speaking in the past few days is convinced that both Lebanese and Syrians would react favorably to the idea of a 'Madrid Two' peace conference sponsored by the U.S., Europe, and Russia. The Syrians are desperately keen to emerge from their international isolation and to repair their faltering economy.

"Such a peace conference is achievable. It would need American initiative and international backing. For 'Madrid One,' James Baker knocked the heads together of our region's leaders to such an extent that both Hafez Assad and Yitzhak Shamir, neither of whom wanted the conference, came running to Madrid. Could the Americans pull it off again? My guess is that this time it would be much easier. It could be a coup for American policy in the Middle East. It could be a life-saver for Lebanon. And for us, and that is what interests us the most, it could herald a whole new era in our checkered history with our neighbors.

"We should go for it, and do our utmost to persuade the Americans and others that 'Madrid Two' could be the ideal sequence to that ugly war in the north."

Kimche is an old-line Labor Party member in the tradition of Yitzak Rabin, and among a group of advisors who has been pushing Peretz to launch a diplomatic initiative, which has already resulted in Peretz issuing a call for diplomatic talks with Syria, Lebanon, and the Palestinians.

Syrian State Television Interviews LaRouche Rep

On Aug. 9, *EIR* Editorial Board member Muriel Mirak-Weissbach was interviewed by telephone hook-up from Berlin, by Syrian Satellite TV. The interview was part of a two-hour program which had political figures, intellectuals, and others, talking about the Lebanon war.

The questions were: Who organized this war? What exactly is the "New Middle East" that the Bush Administration is pushing? And what are its aims? Do you think Israel will reach its goal in the ongoing war?

Referring to recent exposes of scandals in which leading figures of the Israeli Cabinet are involved (Justice Minister Haim Ramon in a sex harassment case, another minister in a tax evasion case), and considering the barrage of criticism, even inside Israel, against Olmert, do you think this Israeli government will be around in 2007?

This interview is one of many interviews with LaRouche and his representatives that have been requested by the media, about the Lebanon crisis and the danger of World War III. Last week, LaRouche was interviewed for the Russian news show, *Vremya* (see *InDepth*), and by Dr. Hesham Tillawi, a Palestinian-American who broadcasts on www.currentissues.tv.

Mirak-Weissbach answered the questions with a briefing on the Synarchist financiers behind the attack—which is in the interest of *neither* Israel, nor the United States, the Cheney-Bush neo-conservative nexus, U.S. Vice President Dick Cheney's meeting with Likud head Benjamin Netanyahu, and their global strategic aims of imposing fascist dictatorship worldwide, in the onrushing financial blow-out crisis. Israel, as competent military experts have stated, has already lost the war from a military standpoint, and is "finished" as far as its former status is concerned.

Israel Breaks UNSC Ceasefire with Commando Attack

An Israeli commando raid Aug. 19, deep into the Bekaa Valley in eastern Lebanon, was the first major violation of the UN Security Council resolution that went into effect on Monday, Aug. 14, after the Israeli government adopted it.

No doubt reflecting the excruciating pressure on the Israeli government following its failure to live up to the utopian boasts that it would "crush" Hezbollah, the commando raid was an assassination attempt against one of Hezbollah leaders. According to *Ha'aretz* Aug. 19, Hezbollah claims that the Israeli target was Hezbollah official Sheikh Mohammed Yazbek. The attack failed when a Hezbollah patrol intercepted the Israelis, killing one officer and wounding two others, forcing the Israelis to withdraw. The Israelis were apparently disguised as Lebanese soldiers.

The attack was no anomaly—rather it is a coordinated strategy, along with the bombardment and ground attacks in Gaza, which began on June 26 under the codename "Operation Summer Rains." Hardliners in Israel insist that they will eliminate—by assassination or jailing—the leaders of Hamas, Hezbollah, and other Palestinian militant groups and sympathizers. In the Palestinian Authority areas this past week, the Israeli Defense Forces assassinated three members of the Islamic Jihad—one in Gaza, and two in Jenin in the West Bank. Two civilians were also killed in the Gaza air assault.

The Israelis admitted the raid in a statement: "Special forces carried out an operation to disrupt terror actions against Israel with an emphasis on the transfer of munitions from Syria and Iran to Hezbollah."

This is most likely a lie. Although Israel has said it would intercept such transfers, Boudai is on the west side of the Bekaa Valley. The reality was that they most likely fell into a trap. Last week, Israeli Prime Minister Olmert, despite the cease-fire, announced that Israel reserved the right to attack the Hezbollah leaders who are responsible for capturing the two Israeli soldiers, including Hezbollah leader Hassan Nasrallah. It seems Hezbollah was ready for such attacks.

Democracy Israeli-Style: IDF Arrests Hamas Deputy PM

On Aug. 19, the IDF arrested Palestinian Authority Deputy Prime Minister Nasser Shaer, a member of Hamas, in a raid on his home in the West Bank. On Aug. 5, a similar abduction took the Speaker of the Palestinian Legislative Assembly a prisoner. This means that Israel has now captured, and is holding in jail, 66 members of the Palestinian government. Such is the Bush-Cheney-Israeli drive to bring "democracy" to the region.

The abduction took place at a time when Palestinian President Mahmoud Abbas (Abu Mazen) is in discussions with Hamas

to form a Fatah-Hamas government of national unity in order to break the diplomatic and financial boycott of the Palestinian people, which has created a humanitarian disaster. Hamas had said it would support such a government, but only after Israel releases the Hamas ministers and parliamentarians it has arrested.

Fatah negotiator and lawmaker Saeb Erekat denounced the arrest as sabotaging these efforts.

Asia News Digest

Indian Scientists Oppose Nuclear Deal with U.S.

India's nuclear scientists made official their opposition to the U.S.-India nuclear deal, citing the U.S. legislation's infringement on India's nuclear research and development. In a joint statement signed by eminent scientists and nuclear program pioneers of India, they said: "India should continue to hold onto her nuclear option as a strategic requirement in the real world that we live in, and in the ever-changing complexity of the international political system."

They urged the members of Parliament to "discuss the deal and arrive at an unanimous decision, recognizing the fundamental facts of India's indigenous nuclear science and technology achievements to date, the efforts made to overcome the unfair restrictions placed on us and the imaginative policies and planning enunciated and followed in the years after independence.

"We find that the Indo-U.S. deal, in the form approved by the U.S. House of Representatives, infringes on our independence for carrying out indigenous research and development in nuclear science and technology. Our R&D cannot be hampered by external supervision or control, or by the need to satisfy any international body," the statement said.

Pakistani Envoy Escapes Assassination Attempt

The Pakistani envoy to Sri Lanka, Bashir Wali Mohammad, escaped an assassination attempt by the Tamil Tigers in the Sri Lankan capital, Colombo. The bomb, concealed in an auto-rickshaw, went off seconds after the envoy's car passed, but a security car with Sri Lankan commandos accompanying him took the full brunt of the blast, killing four of the security personnel and three civilians, while wounding 17 others,

It is not clear why the Pakistani envoy was targeted. One possible reason is that Pakistan is a key supplier of weapons to Sri Lanka in its battle against the Tamil Tigers.

The Colombo bombing took place five hours after four Sri Lankan Kfir jets (Israel-supplied) dropped 16 bombs on the compound of Chencholar, an orphanage that the Tamil Tigers run at Vallipunam, killing 61 schoolgirls and wounding 129 others.

"The situation is very, very bad," an informed source told the New Kerala Online Aug. 14. "If the two parties do not pull back immediately, there will be catastrophe." Another source told the online news service that the orphanage bombing would be construed as breaching the threshold of tolerance in an armed conflict.

India Scales Up Its Power Requirements

Highlighting the findings of the Energy Coordination Committee he heads, Prime Minister Manmohan Singh said, "Electricity generation capacity would need to go up from our current installed capacity of 131,000 MW to between

800,000 to 900,000 MW," by 2030.

To help India meet its gigantic future energy requirements, Manmohan Singh said there is a need to develop public-private partnerships in ways and means to meet the estimated \$1.2 trillion investment required over next 25 years to provide electricity to consumers at an affordable price. That number translates to an investment of about \$45 billion every year for 25 years.

The impact of the widening shortfall in power generation, he pointed out, was being felt more in rural areas which have not received adequate attention. To meet the target of providing electricity in all villages by 2009 (25,000 villages in India reportedly do not have electricity today), the Prime Minister said more focus would be given on decentralized distributed generation options.

Indian Oil Companies To Explore Ecuador for Oil and Gas

Hydrocarbon-rich Ecuador has signed two agreements with India whereby the Indian companies will be involved in exploration and production of oil and gas in Ecuador, *Zee News* reported from New Delhi Aug. 14. The agreement was signed by the Indian Minister of State for External Affairs Anand Sharma and Ecuador Foreign Minister Francisco Carrión Mena in New Delhi. Subsequently, Mena also met with India's Petroleum Minister Murli Deora.

This is the first involvement of the Indians in the oil and gas fields in Ecuador.

Record Afghan Opium Crop Five Years After Taliban Defeated

The Anglo-American "pro-democracy" forces have hit another landmark. Under their occupation and watch, Afghanistan's opium production has jumped up another notch, AP reported from Kabul Aug. 17. A Western anti-narcotics official in Kabul said about 370,000 acres of opium poppy was cultivated this season—up from 257,000 in 2005. The previous record was 323,700 acres in 2004. Last year, the UN reported, Afghanistan produced 4,500 tons of opium. Although no one has estimated what the opium production this year would be, an educated guess is that it should be over 6,000 tons, enough to produce 600 tons of heroin. The previous record production was 5,200 tons of opium resin.

Opium cultivation has surged under the U.S.-British watch, since the ouster of the Taliban in 2001. The former regime enforced an effective ban on poppy growing by threatening to jail farmers, virtually eradicating the crop in 2005. In 2006, the Bush-Blair combo spent hundreds of millions of dollars to reduce opium production. The result was that opium production broke all previous records.

Afghan President Hamid Karzai told *Fortune* magazine in a recent interview that "lots of people" in his administration profited from the narcotics trade.

This Week in American History

August 22 — 28, 1856

Lincoln Campaigns for the Republican Party's First Presidential Bid

During the summer and fall of 1856, Abraham Lincoln travelled extensively, campaigning for the election of John C. Fremont as President, on the newly-formed Republican Party ticket. On August 27, Lincoln delivered an address at

Kalamazoo, Michigan which summed up the reasons for defeating the Democratic candidate, James Buchanan, who had no objection to the spread of slavery into the national territories.

The question of slavery in the territories was an old one, and the Northwest Ordinance of 1787 had forbidden slavery in the states which would be formed out of the Northwest Territory, which was located north of the Ohio River and east of the Mississippi. The Missouri Compromise of 1820 had forbidden slavery in the Louisiana Territory, which had been acquired from Spain, but the Southern states continued to lobby for slavery's expansion west.

A crisis was reached in 1849, when California applied for admission as a free state. To preserve the union, Henry Clay and Daniel Webster put together a series of bills, known as the Compromise of 1850, which admitted California as a free state and abolished the slave trade in the District of Columbia. But the compromise also granted concessions to the South: Utah and New Mexico could enter the Union as either free or slave states; the Federal government assumed the debt incurred by Texas during its brief nationhood; and a new and harsher fugitive slave law was passed.

Although the Fugitive Slave Law was abhorred by many, the compromise held for four years, until Democratic U.S. Senator Stephen A. Douglas of Illinois introduced and rammed through the Kansas-Nebraska Act, and President Franklin Pierce signed it. This act invalidated the Missouri Compromise by providing that the territory from which the states of Kansas, Nebraska, North and South Dakota, Montana, and parts of Colorado and Wyoming were later formed, was to be organized into two large sections called Kansas and Nebraska. The issue of slavery in these two sections was to be determined not by Congress, but by the people who would settle there. This method of spreading slavery was labelled "popular sovereignty" by Senator Douglas.

Abraham Lincoln, who had been active mostly behind the scenes as a Whig Party strategist, and had served as a Whig National Committeeman for Illinois during the 1852 Presidential campaign, now determined to challenge Douglas and his ideology at every point. When Douglas came back to Illinois to defend his actions, Lincoln answered his speeches with those of his own, usually on the same day or evening. At Peoria, Illinois on October 16, 1854, Lincoln stated that the Kansas-Nebraska Act was "wrong in its direct effect, letting slavery into Kansas and Nebraska, and wrong in its prospective principle, allowing it to spread to every other part of the wide world where men can be found inclined to take it."

"This declared indifference, but, as I must think, covert real zeal, for the spread of slavery," said Lincoln, "I cannot but hate. I hate it because of the monstrous injustice of slavery itself. I hate it because it deprives our republican example of its just influence in the world; enables the enemies of free institutions with plausibility to taunt us as hypocrites; causes the real friends of freedom to doubt our sincerity; and especially because it forces so many men among ourselves into an open war with the very fundamental principles of civil liberty, criticizing the Declaration of Independence, and insisting that there is no right principle of action but self-interest."

Although many Americans were appalled by the Kansas-Nebraska Act, they were scattered among a multitude of parties. Lincoln himself was a Whig, a proponent of the American System of Political Economy and a supporter of Henry Clay. But Clay died in 1852, at a time when the Whig Party was already beginning to decline. During the severe economic recession of 1854-1855, a number of nativist parties had sprung up, fearful of competition from recent immigrants. These were grouped together under the name of "Know-Nothings." In addition, there were the Abolitionists, and also Democrats who, despite their party's endorsement of the legislation, opposed the Kansas-Nebraska Act.

Lincoln knew it was important to unite all these factions against the Kansas-Nebraska Act, no matter how much they might differ on other issues. There were many attempts during 1854 and the following years to put together "fusion" parties, but the real success came with the formation of the Republican Party. Lincoln played an interesting role in this process, and he took a different route than others with the same goal in mind.

In January of 1856, a call went out to the editors of what were now called "Anti-Nebraska" newspapers, to meet and plan for the next presidential election. The meeting took place at Decatur, Illinois on February 22, and Abraham Lincoln was the only non-journalist in attendance. Using Lincoln's advice, the newspapermen drafted a declaration that called for the restoration of the Missouri Compromise, upheld the constitutionality of the Fugitive Slave Act, and pledged non-interference with slavery in the states where it already existed. The declaration also affirmed the "free soil" doctrine that stated that the United States was founded on the principle that freedom was national, and that slavery was exceptional.

The conference of journalists then called for a state "fusion" convention at Bloomington on May 29. Momentous events directly preceded that convention. On May 21, an armed pro-slavery mob of horsemen sacked Lawrence, Kansas, the base of the anti-slavery citizens. The next day, Senator Preston Brooks of South Carolina attacked Senator Charles Sumner of Massachusetts in the Senate over a supposed insult to a Southern colleague. Brooks repeatedly beat Sumner over the head with a cane, severely injuring him.

Abraham Lincoln made the concluding speech to the Republican state convention in Bloomington, reportedly bringing the audience to its feet cheering. On June 19, the Republican National Convention in Philadelphia nominated John C. Fremont for president. Lincoln received 110 votes for Vice President, but not the nomination. The Democrats nominated James Buchanan, the Pierce Administration's Ambassador to the Court of St. James. The remains of the Whig Party and the Know-Nothings nominated former President Millard Fillmore, who received monetary and other help from the Buchanan campaign as a spoiler.

The nomination of James Buchanan posed a real threat to the existence of the Union, as was indeed borne out by subsequent events. Buchanan had received the nickname "Ten-Cent Jimmy" after an 1840 speech in which he proposed that the wages of American workers be lowered to the level of European workers. As Ambassador to Britain, he had sponsored the imperialist Ostend Manifesto, which flung an ultimatum to the Spanish Government, stating that if Spain did not agree to sell Cuba to the United States to be used as additional slave territory, the island of Cuba would be taken by force.

Although nominally from Pennsylvania, Buchanan served the interests of the pro-slavery faction, both in the South and in Great Britain. During the Presidential campaign, Buchanan wrote to Henry A. Wise about his loyalties: "For many years of my life, I was engaged in advocating Southern rights in the Senate, and afterwards sustaining them on the stump, in conversation, and in the newspapers before the people of Pennsylvania. A crisis has now arrived in the affairs of the Republic seriously endangering the Union. In fifteen States there can be no Fremont electoral ticket. The sectional party [Republican Party—ed.] has been distinctly formed; and the battle of union or disunion must be fought by the Democratic Party of the free States, after having heartily adopted the principles endorsed by the South on the subject of slavery. It promises to be a fierce struggle. I have embarked in it with all my heart and shall give a direction to it so far as this may be proper."

To counter this unabashed pro-slavery candidate, Lincoln made as many as 90 speeches during the Presidential campaign. He began his speech in Kalamazoo by saying: "Fellow countrymen: Under the Constitution of the U.S. another Presidential contest approaches us. All over this land—that portion at least, of which I know much—the people are assembling to consider the proper course to be adopted by them. One of the first considerations is to learn what the people differ about. If we ascertain what we differ about, we shall be better able to decide. The question of slavery, at the present day, should be not only the greatest question, but very nearly the sole question. Our opponents, however, prefer that this should not be the case. The question is simply this: Shall slavery be spread into the new Territories, or not?"

"We have been in the habit of deploring the fact that slavery exists amongst us. We have ever deplored it. Our forefathers did, and they declared, as we have done in later years, the blame rested on the mother Government of Great Britain, We constantly condemn Great Britain for not preventing slavery from coming amongst us. She would not interfere to prevent it, and so individuals were enabled to introduce the institution without opposition. I have alluded to this, to ask you if this is not exactly the policy of Buchanan and his friends, to place this government in the attitude then occupied by the government

of Great Britain—placing the nation in the position to authorize the territories to reproach it, for refusing to allow them to hold slaves."

"If you of the North wish to get rid of this question, you must decide between these two ways—submit and vote for Buchanan, submit and vote that slavery is a just and good thing and immediately get rid of the question; or unite with us, and help us to triumph. We would all like to have the question done away with, but we cannot submit.

"They tell us that we are in company with men who have long been known as abolitionists. What care we how many may feel disposed to labor for our cause? Why do not you, Buchanan men, come in and use your influence to make our party respectable? (Laughter.) How is the dissolution of the Union to be consummated? They tell us that the Union is in danger. Who will divide it? Is it those who make the charge? Are they themselves the persons who wish to see this result? A majority will never dissolve the Union. Can a minority do it?

"When this Nebraska bill was first introduced into Congress, the sense of the Democratic Party was outraged. That party has ever prided itself, that it was the friend of individual, universal freedom. It was that principle upon which they carried their measures. When the Kansas scheme was conceived, it was natural that this respect and sense should have been outraged. Now I make this appeal to the Democratic citizens here. Don't you find yourself making arguments in support of these measures, which you never would have made before? Did you ever do it before this Nebraska bill compelled you to do it? If you answer this in the affirmative, see how a whole party have been turned away from their love of liberty!

"And now, my Democratic friends, come forward. Throw off these things, and come to the rescue of this great principle of equality. Don't interfere with anything in the Constitution. That must be maintained, for it is the only safeguard of our liberties. And not to Democrats alone do I make this appeal, but to all who love these great and true principles. Come, and keep coming! Strike, and strike again! So sure as God lives, the victory shall be yours." (Great cheering.)

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