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## **LAROUCHE WEBCAST**

### **The End of the Post-FDR Era**

...This is the month of August; it's the anniversary of August 1914. It's the anniversary of August 1939. The condition now is worse, objectively, than on either of those two occasions. Either we can make a fundamental change in the policies of the United States' government now, or you may be kissing civilization good-bye for some time to come. That's the reality. Anyone who thinks differently is either just an incompetent, or an idiot, or a raving lunatic: *That's reality*. Are you prepared to act *now*? If you're *not* prepared to act, please leave the House of Representatives. If you're not prepared to act, please leave the Senate; and above all, leave the Federal government, in terms of the key officials, because you'll only make a mess of things. It'll be worse with you there than if you just simply got out, and left it to a minority to solve this problem.

There are two things that must be done. Let's start with the simplest thing, which is on the table now: Remember, impeachment is in the background, but impeachment is not the issue. The issue is *getting Cheney out....*

[Archived webcast video/audio](#)

[In-Depth articles from Vol. 34, No. 30](#)

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# LaRouche Webcast

## **The End of the Post-FDR Era**

**Lyndon LaRouche**, in his keynote speech to a July 25 webcast from Washington, D.C., emphasized that the United States and the world face a profound crisis, because Vice President Cheney intends to launch a war against Iran—possibly as early as August. This comes at a time that the world monetary financial system is disintegrating. The monetary system cannot be fixed, but must be replaced, he said, using the approach of Franklin Roosevelt. The only way out of the catastrophe that would be kicked off by a military attack on Iran, is the removal of Cheney, now. If that happens, the situation can be made manageable. Any elected official who won't do that should resign. Proceedings against Cheney must begin before Congress goes on recess in August. In a wide-ranging discussion with the live audience and those viewing over the Internet, LaRouche fielded questions on war, the economy, and science.

# Economics

## **Big Bank Failure Could Turn Credit Crunch Into Global Crash**

Big international banks will be left holding the bag, with hundreds of billions of dollars of unsellable junk-bond debt, because the collapse of the world credit markets promises to abruptly end the era of 'leveraged takeover' scams.

## **Gordon Brown in Deep Water: Labour Negligence Caused Flood Disaster**

## **Global Warming To Blame? This Is All Wet!**

## **In Alaska: A 40-Year Fight for Bering Link**

An interview with Jeanette James.

## **Business Briefs**

# International

## **Putin Defies Britain, Pursues U.S. Ties**

The Russian government is asserting its sovereignty in order to deflect the British intent to embroil the United States and Western Europe in a new conflict with Russia. Russian President Vladimir Putin put it to the British directly when he said that the British 'must have forgotten that Britain is no longer a colonial power. . . . Thank God, Russia has never been a British colony.'

## **Aoun Offers a Vision of a Unified Lebanon**

## **LaRouche's Allies Drive Philippines Nuclear Renaissance**

## **Danes Tell Germans: Build Great Projects!**

# National

## **The 'Dump Cheney' Countdown Is On**

In the immediate aftermath of Lyndon LaRouche's July 25 webcast from Washington, D.C., momentum has grown for the removal of Vice President Dick Cheney from office—before the Guns of August are fired. The question is now before the Congress: Will they find the guts to act to dump Cheney now, before he starts the next world war?

## **Impeachment: The Power To Protect the Nation**

# Departments

## **Banking**

## **Dow 14,000!**

## **In Memoriam**

### **Geronimo 'Ronnie' Velasco, 1927-2007**

A trailblazer for his nation, who built the Philippines' power system, including Southeast Asia's first nuclear power plant.

# Interviews

## Jeanette James

**Jeanette James** served as a member of the Alaska House of Representatives, and was Republican House Majority leader, 2001-03. She was the lead sponsor for a number of bills advocating the Bering Strait tunnel and rail project, and the associated U.S. railway route.

# Book Reviews

## It's About All of Us

### **Jesus of Nazareth**

by **Joseph Ratzinger, Pope Benedict XVI.**

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

# Editorial

## Get Cheney Out Now!

## U.S. Economic/Financial News

### **LaRouche on the Insanity of the Markets: A Bubble Popping**

July 24 (LPAC)—Lyndon LaRouche commented on the insanity of the financial markets today in the following terms: We are seeing a bubble at the popping point. It has leaks and stretches, and is blowing out. All the talk of what the "markets" are doing, or will do next week, has reached the stage of insanity. The markets are so far removed from any real transactions, that it's all hot air about what will be "up or down," based on the bets people are expected to place on future speculation. If the market is expected to go up, it's because futures speculation somewhere is expected to rise. It's now all a matter of new rounds of gambling.

If the markets go down—you might as well talk about down on a duck—if they go down, and you bet right, and it's all "ducky!" Down is ducky. We really don't have an exchange market in any real terms. Just speculative investments in gambling and debts. You judge a market by side bets. It's as if there is the shooting craps part, but then the real game is all in the sidebets. The British press especially is blowing a lot of hot air about "the markets." It's unreal. There are projections of markets three days ahead, two weeks ahead and so on, all in terms of the prices that are posted, but it's unreal. Take the huge speculation based on biofuels. There is some appreciation in agriculture commodities because of biofuels, then wild speculation in play. It's all built on a small fraction of actual interchangeable transactions.

Somebody should write a story, to understand the market today. A guy says, "I have a used pair of shoes. I'm going to turn it into \$10 million. I'll get some competing bidders...."

### **Home Builders Lead Losers on Wall Street**

July 28 (EIRNS)—Six U.S. home builders posted end-of-quarter losses in their earnings reports this week, according to Bloomberg July 27. Notable among them were Ryland Group, Pulte Homes, Beazer Homes USA, and D.R. Horton. For D.R. Horton, one of the biggest home builders in the country, this was its first quarterly loss *ever*, as it posted a net loss of \$823.8 million. Beazer lost \$123 million; Ryland, \$52.4 million; while Pulte was down \$507.6 million. New home sales

have dropped 22% from a year ago.

Meanwhile, on the lending side of the housing market, Countrywide Financial Corp., the biggest U.S. mortgage lender, posted a 33% drop in profits for the last quarter, signaling loudly that the punctures in the financial bubble have moved beyond subprime, and into more conventional mortgages. Countrywide CEO Angelo Mozilo declared that the U.S. was experiencing "home price depreciation almost like never before, with the exception of the Great Depression."

### **California Foreclosures Jump to Highest Level Ever**

July 25 (EIRNS)—California foreclosures jumped to their highest level ever, in the second quarter, and are expected to rise even higher in the second half of the year. Foreclosures soared to 17,408 in the quarter ended June 30, up 57.8% from the first quarter, and an increase of 799% from the same period last year, according to DataQuick Information Systems. Lenders filed 53,943 notices of default sent to borrowers who have fallen behind on mortgage payments during the quarter, up 158% from a year ago, and the highest level in more than a decade, as interest rates reset higher on adjustable-rate mortgages.

### **Cleveland Area: 300 Foreclosed Homes Auctioned Weekly**

July 27 (EIRNS)—Every Monday in Cuyahoga County, Ohio, home to Cleveland, the County Sheriff's office auctions off 300 to 350 foreclosed homes. The County Treasurer, Jim Rokakis, depicted the reality of the crisis in a Senate Joint Economic Committee hearing July 25. Reporting that private home foreclosures in the county rose five-fold from 3,300 in 1995, to an expected 17,000 in 2007, Rokakis linked the "reckless, irresponsible" local lending practices with Wall Street and Federal Reserve policy.

In a follow-up interview with EIRNS, Rokakis ridiculed the "argument of the Federal Reserve Bank that the [mortgage] market will correct itself," saying that, "I hope Bernanke is right and that it's only \$100 billion. I think it's wishful thinking. I think the losses will be a multiple of that number." He said that Cleveland and cities everywhere "have been decimated" by this policy. There was "nobody home" on the regulation side. Rokakis stressed that government should act to curb all the destructive practices. "There's a role for government to play in this, and they're not playing it." Some of the current Congressional bills for homeowner tax relief, or other special aid, may help a few problems, but, "The reality is, you have to rein in this industry."

Rokakis, who has been Cuyahoga County Treasurer for ten years, spoke of the impact of the severe de-industrialization of the region. "It's the decline of the cities ... not an Ohio-only phenomenon." He said that in 1965, half of the county property taxes came from Cleveland; today, that has fallen to 17 percent. Cleveland in the 1960s was a "big booming city." Today it is the worst "foreclosure nightmare" in the nation.

### **D.C.-Area Hospital Collapse Endangers General Welfare**

July 27 (EIRNS)—In the latest ratchet downward for the hospital system in the nation's capital, a Maryland court turned down a plea by the management of the Prince George's Hospital system to compel the County Council to pay the \$14 million necessary to keep the system running through June of 2008. The court determine that the hospital system should receive \$2 million, enough to keep it open for a few weeks more.

This development means two major hospitals in the D.C area are now running on a week-to-week basis: Prince George's, and the nearby Greater Southwest Community Hospital, which only remains open with reduced services, because the D.C. City Council forced the hospital's Arizona-based management to provide half-million-dollar infusions of funds a week.

Aside from denying adequate health-care and emergency services to an estimated half-million mostly poor people, living in the Southeast quadrant of Washington, D.C. and adjacent areas of Maryland, the breakdown of these hospitals throws the entire area hospital system into chaos which will cost the lives of many, as those in need of medical care seek it at other over-burdened hospitals in the area, or simply go without.

According to the *Washington Post* today, Prince George's Hospital management is planning to meet Aug. 30 to decide on a bankruptcy filing while county officials are considering appealing the Court's award of \$2 million.

Lyndon LaRouche warned of just such a disaster in 2001, during the mobilization to save D.C. General Hospital, the one remaining public hospital in the city.

## World Economic News

### 'New Managerial Methods' Sparks Wave of Suicides

PARIS, July 27 (EIRNS)—For some months, a wave of suicides has swept industrial plants belonging to Renault, Peugeot, and Electricité de France (EDF), where "new managerial methods" were introduced to increase profits at the expense of employees' sanity. At Renault Technocentre of Guyancourt, the research center where the brightest minds design new models, three people committed suicide in the last four months, with five suicides over three years. Working conditions are being exposed as outrageous due to the insane goals set by Renault CEO Carlos Ghosn, for 26 new models by 2009. Technicians and engineers are working overtime, often throughout the weekends, and hardly see their families. Added to that, the company has imposed personal productivity targets, instead of team targets, which are difficult to meet and maintain; if not met, the worker is disqualified from the prospect of promotion. Add further the disappearance of teamwork—hence social life in the workplace and social problem-solving in technology—and the fact that workers have no assigned office, but are instead rotating from one office to another.

With some differences, the same is true for the Peugeot site at Mulhouse, where six people have committed suicide since the beginning of 2007, and at the EDF nuclear site in Chinon, where a couple of cases have been reported. In some instances, the people who have committed suicide left a letter (and in one case a CD), directly attributing their suicidal despair to working conditions.

### Rosatom Head Interviewed on Atomic Energy in Russia

July 28 (EIRNS)—Sergei Kiriienko, head of the Russian Federal atomic energy agency (Rosatom), gave an unusual interview to editor-in-chief Alexander Prokhanov of the influential nationalist weekly *Zavtra*, in which he explained how running Rosatom at the point of its government-mandated revitalization had changed his thinking about the market economy, and Russia's future. *Zavtra* published the dialogue July 18 under the headline "Russia: The Atomic Vector." It sheds light on some of what is behind the recent sharp rise in both capital investment and industrial output, reported in Russia this year.

Kiriienko, then in his 30s, was Prime Minister of Russia at the moment of the country's catastrophic state debt collapse in 1998. "I always had liberal economic views," he told Prokhanov, "But here, thinking about the [nuclear power] sector, I caught myself coming to conclusions that were different from what I had believed before. Had my basic postulates changed? No. I continue to believe that competition is the best way to identify who is the strongest. I am still convinced that freedom of will, freedom of choice, and freedom of action are a necessary condition for development, allowing an energetic person to achieve the best results." And yet, he said, "Getting to know the nuclear power sector was a revelation. This strictest of the Soviet Union's planned systems, the closed atomic energy sector, incorporated competition throughout.

And I stopped thinking that market and planned management are incompatible. You can have a balance. Everything depends on what your goal is."

Kiriyenko provided an overview of the revival of Russia's nuclear industry, which he calls "Nuclear Project-2" (#1 was the Soviet atomic bomb project). This year, Russia has five nuclear power units already, or about to be, under construction: The second unit at Volgodonsk, and the fourth at the Kalinin plant are being built. The foundation has been laid for a unit at Novovoronezh, and work will begin at Leningrad-2 and the Beloyarsk breeder reactor this Autumn.

Kiriyenko said that Russia's nuclear power export projects—two plants, each, under construction in China and India, and the one in Iran—had been critical to keeping the sector's machine-building and human resources from decaying and dissipating due to idleness. In addition, he said, innovative thinking by the partners on those projects, especially in India, helped prevent stale thinking from setting in for the older engineers. Kiriyenko said that 12 other overseas reactor projects are currently in negotiation, while French, Czech, and Korean machine-builders are important back-up suppliers of key power-generation technology.

Of special note is Kiriyenko's discussion of nuclear power for Russia's Far East and Far North. "There has never been a nuclear power plant in the Far East," he said, "but the development of that region requires one." There are plans to build a power plant there, in conjunction with an aluminum factory. "If we don't have consumers right away for all of the power, we can sell some of it in China," he added.

As for floating nuclear plants, "Today we are beginning to have demand for small and medium power units, especially in the North. There's natural gas, there's new manufacturing; we are going to be moving farther to the North." At the same time, the export market for Russian floating nuclear plants is large also in hot climates, where some smaller countries can use the floating plants for desalination of water, among other things.

## **United States News Digest**

### **Retired General: Cheney at Center of Torture Policy**

July 26 (EIRNS)—During testimony to the Senate Foreign Relations Committee today, a retired Army general who was in charge of the training of Iraqi Security Forces, singled out Dick Cheney as a major problem in the torture scandal affecting the U.S. armed forces.

"For our soldiers to hear their Vice President say on radio that a 'dunk in the water' [water torture] is a 'no-brainer' if it can save lives, is a threat to the good order and discipline of our Armed Forces," said retired Maj. Gen. Paul Eaton, whose last military assignment was in Iraq in 2003-2004. Eaton was discussing the moral training that American soldiers receive from their first days on duty, and he noted particularly the importance of "proper and prudent behaviors at the point of capture."

"The legal discussion where some would deliver different treatment because of technical POW [prisoner of war] status is simply not warranted," Eaton said, in a clear reference to the Cheney-Addington policies implemented after Sept. 11, 2001. "I am convinced that the disaster of Abu Ghraib is directly attributable to, among other factors, Administration policies on detainee treatment," he declared.

### **Schumer Protects Dem War Chest; Opposes Hedge Fund Tax**

July 25 (EIRNS)—Sen. Charles Schumer (D-N.Y.), who heads the Democratic Senatorial Campaign Committee, is

leading the fight *against* the Grassley-Baucus bill, which would make hedge funds and private equity firms be taxed at the same tax rate as other corporations.

Schumer has adopted a "poison pill" tactic, trying to kill the bill by making it apply to energy, real estate, and ethanol transport partnerships which are also taxed at a lower rate.

Lyndon LaRouche recently stated that the hedge funds, and the private equity business, which controls \$700 billion in capital, should pay up, declaring: "Let them shut up and pay taxes like everyone else."

Grassley said Schumer's opposition may be an attempt to shield both his Wall Street constituents and the Democratic Party's electoral war chest. The Democratic Senatorial Campaign Committee received \$779,100 from employees of private equity firms and hedge funds in June, six times their combined total in June 2005, Federal filings show. That far exceeds the business's contributions of about \$60,000 to the Republican Senate Campaign Committee.

"They contribute most of their money to the Democrat[ic] Party and he wants to protect the income," said Grassley, the ranking Republican on the Senate Finance Committee, in an interview with Bloomberg.com. "It's completely contrary to the position he [Schumer] took in the last election, when he was leading the Senate Democratic Campaign Committee and he talked about the inequity of the tax system."

Senate Democratic Leader Harry Reid (Nev.) has allied himself with Schumer, saying any new tax "shouldn't apply just to the private-equity groups, it should apply to all that are similarly situated." This represents what LaRouche has identified as the "McClellan syndrome" in the Democratic Party; that is, leaders who want to make a deal with the financial forces dismembering the U.S. industrial base, just as Gen. George McClellan, during the Civil War, wanted to make a deal with the South, rather than win the war.

However, Democratic Presidential pre-candidates Sens. Hillary Clinton (N.Y.), Barack Obama (Ill.), and former Sen. John Edwards (N.C.) all support taxing the hedge funds, even though they have received massive hedge fund/private equity contributions.

Currently, private equity investors and fund managers pay rates as low as 15%, while normal corporate tax rates are as high as 35% before paying out dividends, which are also taxed.

## **New York Times: No Bush Exit Strategy; Congress Must Act**

July 25 (EIRNS)—Today's *New York Times* lead editorial, "No Exit Strategy," argues that Bush and his top generals' refusal to answer the question: what is your responsible exit plan from Iraq, combined with the July 24 release of the new Petraeus-Crocker Iraq war plan, and Bush's ranting about the "war on al-Qaeda," means "Congress will have to" act to safely remove U.S. troops from the unwinnable war in Iraq.

The *Times* referred to a "war plan" released by Gen. David Petraeus and Amb. Ryan Crocker yesterday, requiring a large-scale U.S. troop presence in Iraq at least until 2009. The *Times* notes that the two may feel they have to "protect" Bush's "flawed policies," but it will result in the destruction of the U.S. Army. The "Army cannot sustain a prolonged escalation without grievous losses in quality, readiness and morale." And, "prolonging the war ... will not bring victory. It will mean more lives lost," as well as "damage to America's international standing...."

Bush, the *Times* insists, has an "obligation to re-evaluate strategy when everything, but his own illusions, tells him that it is failing." Since the President is in "denial," it is up to Congress to act "with a veto-proof majority" to end the debacle.

## **Gravel Charges Dem Candidates Owned by Hedge Funds**

July 24 (EIRNS)—During the CNN-sponsored Democratic Presidential Candidates Debate on July 23, candidate Sen. Mike Gravel usefully raised the fact that many of the leading Democratic candidates are owned by the hedge funds, an issue previously raised by Lyndon LaRouche. Answering a question about how the candidates will be able to make good on their promises to bring about some real change in Washington, Gravel said: "The Democratic Party used to stand for the ordinary working man.... Look at where all the money is being raised right now, for Hillary, Obama, and Edwards. It's the hedge funds, it's Wall Street bankers, it's the people who brought you what you have today. Please wake up." The money "comes from the bankers on Wall Street and of course hedge funds, which is code for bankers on Wall Street. And they're lock, stock and barrel in their pocket."

## **Rice Warns Kosovo Against Unilateral Rush to Independence**

July 23 (EIRNS)—Kosovo Prime Minister Agim Ceku met U.S. Secretary of State Condoleezza Rice today at the State Department, just days after Russia stopped any vote on Kosovo independence from being voted on in the United Nations Security Council. Ceku and his delegation told the Secretary of State they intend to unilaterally declare independence from Serbia on Nov. 28. But Rice, reflecting the Putin-Bush diplomacy at the Kennebunkport "Lobster Summit" July 1 and 2, told the delegation to be patient. State Department spokesman Sean McCormick said "there is nothing to be gained by short-circuiting the diplomatic process that is underway," noting that the U.S. government is remaining in touch with Russia on the issue.

London's push for confrontation with Russia has not yet caught on in Washington.

The Serbian parliament was scheduled to debate a new resolution July 24, calling for new negotiations on Kosovo, which would be open as to their outcome and duration. Foreign Minister Vuk Jeremic was also scheduled to meet with Rice later in the week.

## **Lawmaker Challenges 'Political Strategy' vs. Impeachment**

July 23 (EIRNS)—In an op-ed in the July 20 *Kansas City Star*, Missouri State Rep. Jamilah Nasheed (D-St. Louis) challenged Democrats who argue that it is not politically practical to impeach Cheney (and/or Bush).

"Many Democratic colleagues at the state and federal level argue that it is better not to impeach our highest elected officials so the GOP will continue to stumble along without the unity that impeachment might produce," she writes, in a piece entitled "As I see it: Actions of Cheney and Bush deserve impeachment." "We [referring to herself and fellow State Rep. Jeannette Mott (D-Oxford)], however, are a part of a growing consensus, broader than our party, that says the values of the U.S. Constitution should not be sacrificed to political strategy."

In May, Nasheed and Oxford sponsored House Continuing Resolution 46, calling on Congress to investigate whether there are grounds to impeach Bush and Cheney and remove them from office. Nasheed and Oxford were joined as co-sponsors by Reps. Shalonn Kiki Curls, Leonard Jonas Hughes, Beth Low, Jenee Lowe, and Mike Talboy of Kansas City, and Rep. Tony George of St. Louis County. But House Speaker Rod Jetton, a Republican, refused to assign the resolution to committee until the final day of the legislative session. No hearings are currently scheduled.

In her op-ed, Nasheed calls on all Missourians to contact their Congressional representatives in support of U.S. Rep. Dennis Kucinich's H.R. 333 to impeach Cheney, and to call for an investigation regarding impeachment of Bush, as well.

# Ibero-American News Digest

## Ecuador's President Warns of Threats to His Life

July 23 (EIRNS)—In the midst of an intensifying attack on his Presidency by international "vulture funds" and London-centered financial interests, Ecuadorian President Rafael Correa warned on July 22 that he has received numerous death threats, and that his life was in danger. He made similar public warnings on May 28 of this year.

In an interview with Channel 1 TV, Correa stated that there are "huge security risks; huge risks, and we've already had threats from groups that have tried to purchase a rocket," for a possible assassination attempt. "I am a man who does what he has to do," he said, "regardless of the cost." But, "there are fears" of an attack on his life, "because we are affecting big interests."

"Big interests" is exactly right. As author John Perkins revealed in his 2005 book, *Confessions of an Economic Hit Man*, other Ecuadorian Presidents, such as Jaime Roldós (1979-1981), who took on the financial oligarchy in defense of national sovereignty, ended up dead. Correa is targeted not only because of his nationalist domestic policies, but also because of his leadership role, along with Argentine President Kirchner, in creating the Bank of the South, the new financial institution that will function as a pro-nation-state alternative to the bankrupt International Monetary Fund.

Although Correa didn't identify the source of the threats against him, he told Channel 1 TV that domestic banking and financial interests have reason to wish him dead. Legislation he proposed earlier this year to regulate the banking sector, had it been approved, would have curtailed bank profits by at least \$200 million, he noted.

## Mexican LYM Denounces Gore Policies as 'Genocidal'

July 26 (EIRNS)—The LaRouche Youth Movement (LYM) of Mexico held a demonstration today to denounce the upcoming July 31 visit to Mexico of former U.S. Vice President Al Gore, because his anti-scientific global warming hoax "threatens genocide against Mexico and the Third World population in general." The LYM raised this issue at a gathering in Mexico City that was addressed by Mayor Marcelo Ebrard, one of the sponsors of Gore's visit.

Patriots in Mexico recognize that Gore's anti-industrial quackery translates into genocide for Mexico, and for all of Central and South America, and they are angry over his visit. In fact, every time Gore appears in a country, his visit is a provocation to those who rightly consider themselves targets of his genocide policies.

As Lyndon LaRouche stated in his international webcast on July 25 in Washington, D.C., which was heard around the world in simultaneous translation in Spanish, German, French, and Italian, as well as English: "[It is a mistake to think] that Al Gore is human; that's a big mistake. Remember the coal mine—'16 Tons' and the company store. Al Gore owned that place, that got that song written about it. That's Al Gore. The guy's no good, and he comes from a background of a daddy who was no good either. Something that cross-bred with a possum up in the swamps of Tennessee. You know how they are."

## Mexico: 'Fiscal Reform' Plan Is Nazi Labor Recycling

July 24 (EIRNS)—Mexican Treasury Secretary Agustín Carstens, who went straight from being #3 at the International Monetary Fund to running Mexico's economy, has submitted a "fiscal reform" bill to Mexico's Congress which is a blatant

scheme to put through a Nazi-style restructuring. Financiers know that if they proposed the program in its own name, they could never get it approved.

The centerpiece of the fiscal reform is a new tax, the "Single Rate Business Contribution" (CETU), which would tax businesses on their income after deducting input costs and investment in plant and equipment. Salaries and benefits, however, would *not* be deducted (i.e., businesses would pay taxes on the salaries and benefits they pay out), but they would be allowed to deduct "fees" paid to workers. The result is that businessmen are offered a tax incentive to fire salaried workers *en masse*, and replace them with temporary workers, who receive no benefits.

That, in turn, would cut the government's social security and health-care "burden," because non-salaried workers lose their affiliation to the government social security and health-care system, IMSS. Temporary workers are left with the choice of either turning to a private health insurer, and assuming the costs themselves, or affiliating with IMSS as "independent workers" under a program which the new administration of IMSS, put in by the Calderón government, has announced should be abolished.

All in all, a program worthy of an IMF butcher.

### **Kirchner Names Banks That Are Out To Destroy Argentina**

July 26 (EIRNS)—President Néstor Kirchner has named the foreign investment funds and banks that are engaged in financial warfare against Argentina, in an attempt to force a return to the neoliberal policies that devastated the nation in the 1990s.

In a hard-hitting speech July 26, Kirchner identified the German Allianz-Dresdner investment fund, as well as Citibank, Spain's Banco Santander, Britain's HSBC, and J.P. Morgan, as the entities that had, over the previous 48 hours, sold off \$300 million in peso-denominated bonds indexed to inflation, to force the inflation rate up and make a killing.

It is these same financial interests, Kirchner said, that have constantly attacked the national statistical agency INDEC, claiming it is understating the inflation rate and "cooking" its books.

For months, mouthpieces for London and Wall Street financial interests have been loudly proclaiming that Argentine inflation is really much higher than INDEC's figures indicate, demanding that the government act to "cool off" the economy with harsh austerity policies. As the October Presidential elections approach, Kirchner's domestic opponents have stepped up the drumbeat, screaming about "government corruption" and "scandal" at INDEC.

The Argentine President warned that no one should be fooled by these groups' sanctimonious claims that they care about the citizenry. "No, there is something else going on here," he said. "This is concrete reality, and people have to know this, including the justice system, because this shows who they are.... We know perfectly well that doubts regarding inflation come from these investment funds."

### **Cuba Extends 'Olive Branch' to Next U.S. Administration**

July 27 (EIRNS)—Cuba's acting Head of State, Gen. Raúl Castro, reiterated July 26 the Cuban government's willingness "to discuss on equal footing the prolonged dispute with the government of the United States," when the current "erratic" and "fundamentalist" administration is replaced. Castro made the offer, which he had extended twice before in the last year, during his address to Cuba's July 26 national celebrations.

"If the new United States authorities were to finally desist from their arrogance and decide to talk in a civilized manner, it would be a welcome change," he said. "The problems of this world, ever more complex and dangerous, can only be resolved in this way.... The new administration will have to decide whether it will maintain the absurd, illegal, and failed policy against Cuba or if it will accept the olive branch that we offered on the occasion of the 50th anniversary of the landing of the *Granma*" (Dec. 2, 2006).

The United States has maintained an economic embargo and tight travel restrictions on this close island neighbor since the missiles crisis in 1962.

### **President Morales To Renationalize Bolivia's Railroads**

July 17 (EIRNS)—Bolivian President Evo Morales announced July 15 that he will renationalize the National Railroad Company (ENFE), bought up by foreign interests in 1996, during the privatization orgy unleashed by IMF-toady President Gonzalo Sánchez de Lozada. Speaking at the inauguration of the Lake Titikaka-Guaqui-Tiwanaku tourist rail line outside of La Paz, Morales denounced the fraud of Sánchez de Lozada's "capitalization" program, which he said was only a name for "the decapitalization of the Bolivian people and our state companies." That is why, he announced, "today we are beginning the nationalization of ENFE."

The financial predators that eagerly bought up shares in ENFE when it was privatized, such as Chile's Luksic Group and the U.S. Genesee & Wyoming, Inc., are now wailing about losing their "investment" in Bolivia.

## **Western European News Digest**

### **Kosovo Independence Drive Reminiscent of August 1914**

July 22 (EIRNS)—This is the comment that Lyndon LaRouche made after hearing that Kosovo's Prime Minister Agim Ceku has proposed Nov. 28—an Albanian national holiday—as a date for declaring independence from Serbia.

Ceku also said Kosovo's Parliament would discuss the details of the declaration next week, and that his government would invite NATO's peacekeeping troops to stay, and the EU to implement a supervisory mission.

LaRouche identified these developments as a British move. The Nov. 28 date is unimportant. What is important, is that mid-August is approaching, and mid- to late-August is the period when the last two world wars were launched, in 1914 and 1939. Both wars can be traced to the British-orchestrated firing of Otto von Bismarck as the Chancellor of Germany. After Bismarck was removed, the way was cleared for using a Balkan war to indirectly create a conflict between Germany and Russia, which Bismarck's pro-American System policies had prevented. The Balkan war was the beginning of World War I and led in turn to World War II.

### **Polish Slip Exposes True Cheney 'Missile Defense' Agenda**

July 23 (EIRNS)—Marek Calka, the Polish Ambassador to South Korea, acknowledged that the Polish interest in placing U.S. missiles on its soil has nothing to do with Iran, as Bush and Cheney claim, but rather with getting a "nuclear umbrella" against Russia. The *Korea Times* of April 9 reported that, "Because Poland faces several thousand Russian missiles without proper countermeasures, it is seeking American nuclear reassurances, according to the Ambassador." In an interview with the *Korea Times*, Calka warned South Korea not to agree to give up U.S. nuclear weapons on its soil in the Six-Party Talks, which he said would be a "threat to South Korea," adding: "Wouldn't you like to have a similar

umbrella if you were a Pole?"

*EIR* has reported from other sources that the "twin evils" currently governing Poland (the twins, President Lech Kaczynski and Prime Minister Jaroslaw Kaczynski) have acknowledged that they want the U.S. missiles in order to target Russia, but this is the first reported diplomatic admission of that fact.

The Russian Ambassador to South Korea, Gleb A. Ivashentsov, responded to the interview on July 23, thanking the Polish Ambassador for "his clarification of the reasons for the U.S. plan to install military facilities for its missile defense in Poland. We in Russia, as well as our partners in the European Union, were traditionally told that those facilities would protect Europe and the U.S. from a missile attack by 'rogue' states like Iran or North Korea. Now the curtain has been drawn, as Ambassador Calka explains that the real cause for the U.S. missile defense in Poland" is Russian missiles. Ivashentsov adds: "I would be happy to hear the reaction of the U.S. and NATO to Ambassador Calka's disclosures."

### **UK Prime Minister Wants New Anti-Terror Measures**

July 26 (EIRNS)—British Prime Minister Gordon Brown told Parliament yesterday that his government will implement a new package of anti-terror security measures.

The measures include extending the period that terror suspects can be held for questioning beyond the current 28-day limit. Brown will also establish a new, highly visible uniformed police force that will patrol airports and ports. A system of electronic screening will check people crossing borders against a "warnings index" data base in real time. In the longer run, Britain will require biometric visas for all applicants after March 2008.

"Our country—and all countries—have to confront a generation-long challenge to defeat al-Qaeda-inspired terror violence," Brown told the House of Commons yesterday, according to the *International Herald Tribune*. The uniformed border police, which will combine the immigration, customs officers, and others—a proposal made by the British Conservative Party five years ago—will be implemented very soon, Brown said.

### **Brown Orders Closing of Agency Probing BAE**

July 26 (EIRNS)—British Prime Minister Gordon Brown has ordered the closure of the Defense Export Services Organization (DESO), thus potentially burying the evidence concerning the key government agency involved in the 20-year, multi-billion-dollar "Al-Yamamah" arms deal negotiated between Britain's BAE Systems and Saudi Prince Bandar.

Britain's Serious Fraud Office (SFO) had been investigating DESO for its role in the affair, until the Blair government closed down the investigation for "national security" reasons last December. DESO head Alan Garwod, who had worked for BAE from 1977 to 2002, was interrogated by the SFO during the now-aborted investigation.

This follows a posting on the British business news website [thisismoney.co.uk](http://thisismoney.co.uk), that Her Majesty's government is expected to "cold shoulder" the U.S. Justice Department's request for cooperation in its probe of BAE Systems corruption. The Brown government's move to shut down DESO has also produced an immediate outcry from defense-related producers, worsening the factional situation for the new Prime Minister.

### **French Confrontation with 'Independent' ECB Heats Up**

July 20 (EIRNS)—The European Central Bank on July 18 flatly rejected as "unacceptable" new French attempts to secure greater political influence over monetary policy. France did not give ground, however, and suggested that other countries

suffering from the strong euro would come around to its view. In a rare riposte to a specific statement from European Affairs Minister Jean-Pierre Jouyet, ECB President Jean-Claude Trichet emphasized "with gravity" that "any attempt to seek to influence the ECB in the performance of its tasks" was a violation of the bank's founding documents, and that, "Therefore, such declarations are unacceptable." Article 108 of the 1992 Maastricht Treaty, emphasizes its independence from other European Union institutions and national governments, stating explicitly that European officials should "respect this principle and not seek to influence the members of the decision-making bodies of the ECB."

The *International Herald Tribune* commented that, "Sarkozy's rhetoric has raised red flags across Europe, reinforcing fears in some capitals of a resurgent French economic nationalism."

## **British Kill Maglev and High-Speed Rail Plans**

July 25 (EIRNS)—Newspapers across the United Kingdom today reported that plans for maglev trains, or even TVG or ICE-type high speed trains, have been given the axe. British Transport Secretary Ruth Kelly presented the government's rail "expansion" plans for the country's rail network. But the "expansion" was more like an announcement of going back to the Stone Age. The plan from the Department for Transport (DfT) blocks any consideration of using maglev trains as "too risky and costly," while at the same time, declaring that "speed is not a priority." Therefore, it is putting off development of even conventional high-speed trains in its long-term rail strategy plans.

Since the announcement, there has been an uproar. Scottish Labour MP David Clelland denounced Kelly's plan as "singularly lacking" in vision with the decision to kill maglev. Clelland, among others, has been leading a fight to construct a new high-speed North-South link connecting London and Scotland. That route would not only eliminate key rail and traffic bottlenecks, but it would also unleash decades of economic development.

The real motive behind the DfT's announced plan, is revealed by how it intends to finance the few improvements in the plan. DfT will rely on an increase of revenues from passenger fares to fund any expansion, i.e., few government funds. This refusal to spend for the benefit of its people will lead to an economic train wreck sooner rather than later in the British Isles.

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

### **Putin: Time Running Out for Joint Missile Defense**

July 25 (EIRNS)—"We are offering strategic partnership—an international system to neutralize missile threats," Russian Foreign Ministry security and disarmament official Anatoli Antonov said today, according to RIA Novosti. Referring to a recent session of the Russia-NATO council, Antonov said that Russia's case has been heard, but not necessarily heeded.

President Vladimir Putin also spoke publicly again about his talks with President George W. Bush on this matter, which took place at the Kennebunkport, Maine Bush family compound, at the beginning of July. Addressing senior military and intelligence personnel at the Kremlin on July 24, Putin talked about the new quality of threat to Russian security, which U.S. anti-missile systems in Central Europe would pose: "Essentially, the Americans will be deploying elements of their strategic weapons systems in Europe for the first time," Putin said, according to the transcript on the Kremlin website. "Meanwhile, we have still received no answer to the alternative proposals we have made regarding defense from hypothetical—and I stress that they are hypothetical—missile threats." Putin said that there is a time factor for Russia, which cannot leave things at this unresolved state: "In this context, the priority for our military development at this stage is to bolster our Armed Forces' combat readiness, equip them with modern weapons and military equipment, and create dual-use systems such as GLONASS, for example."

## **Russia Blocks UNSC Vote on Kosovo Independence**

July 20 (EIRNS)—A firm stand by Russia stopped a resolution on Kosovo from being pushed through the United Nations Security Council by its U.K., U.S., French, Italian, and Belgian co-sponsors. The resolution called for negotiations between Kosovo and Serbia for 120 days, after which the administration of Kosovo would be handed over to the European Union, with NATO troops remaining in the province. This arrangement would lead to the independence of Kosovo from Serbia.

The resolution's dejected sponsors came out of the Security Council meeting to read a statement to the press which said that, since Russia had refused to "allow the resolution to go forward," it made no sense to take a vote, and that they instead intended to take the issue to the informal Kosovo Contact Group in Vienna on July 23.

Russian Ambassador Vitali Churkin told the press that Russia had "refused to vote for the resolution or abstain.... We were not going to let it pass." Churkin stressed that Russia's non-negotiable principle is the "territorial integrity of a member-state of the UN."

## **Russia Threatens Pull Out of London Stock Exchange**

July 20 (EIRNS)—Russian companies may just have to pull out of the London Stock Exchange, if the current tensions (between the U.K. and Russia, over the Litvinenko case) continue, Alexander Shokhin, president of Russia's Union of Industrialists and Entrepreneurs, said in Moscow yesterday. "If events develop in this key, Britain's trading floors, traditionally favored by Russian companies, including state-run companies, would start losing ground, and continental exchanges will obtain an opportunity to attract Russian companies to their bourses," RIA Novosti quoted Shokhin. He added that U.K. companies in Russia may now face more inspections from tax authorities and regulators.

Referring to retaliatory limitations on the movement of officials between the U.K. and Russia, Shokhin noted that there was "nothing to stop the British from saying that managers of state-owned corporations are also state officials. In addition, many officials who sit on boards of directors will fail to enter the U.K. as their companies' business will require." Shokhin called on Moscow not to retaliate in kind against the U.K., or the tensions could end up in a "political ping-pong, which may mean a chill in Russia-U.K. relations, if not a return to the Cold War times."

## **Russian Official Hits British Economic Motives**

July 27 (EIRNS)—Russian Audit Chamber chairman Sergei Stepashin today became the latest Russian official to attack British economic practices towards Russia in recent years. He told reporters in Moscow that he suspected London's distress at Russian moves to end these practices was one motive behind the current showdown over the Litvinenko murder case.

Stepashin described the Audit Chamber's investigation of British Petroleum and other foreign oil and gas contracts, obtained in the 1990s for developing Russian fields. The Chamber submitted four reports to the government on environmental and other irregularities in these projects, after which Royal Dutch Shell was cut out of its share of the Sakhalin-2 project. More recently, Gazprom bought out BP's contract to develop the Kovykta gas field. President Putin, who recently exclaimed, "Thank God, Russia was never a British colony!" said in June that the Shell and some other contracts were "colonial" deals that should never have happened.

## **Russia's Capital Investment and Industrial Output Rising**

July 24 (EIRNS)—According to *Vedomosti*, the Russian State Statistics Service (Rosstat) has reported that capital investment in Russia is rising at almost the same pace as it is in China. The key sectors in which increases in investment have occurred are construction, especially of apartment buildings; mining; agriculture; railroads; investment by power companies into turbines made by Power Machines; and investment by the oil and gas sector. *Vedomosti* reported that "this type of rapid investment growth is a first for modern Russia." The *Moscow Times* reported that capital investment grew at the record rate of over 2716% in June, year on year, and was up over 2216% in the first six months of 2007.

Rosstat also published figures showing a rapid rise in industrial production this year. Russia's manufacturing index was 7.716% higher in the first half of 2007 as compared with 2006, a rate of growth which Russia has not achieved since the break-up of the Soviet Union, according to a summary in *Kommersant* daily of July 19.

Most important was the fast growth in manufacturing, which rose a record 15.6% in June alone, and 12.2% in the first half of 2007. Construction materials were a key part of this, including cement, bricks, and reinforced concrete. Even more important, *Kommersant* reported from discussions with experts in the energy sector, the highest growth rates were in energy produced by steam and hydraulic turbines. In the first half of 2007, this produced 1.1 and 0.9 million kilowatts of energy, respectively, which is 1.9 and 2.7 times more than in the same period of 2006, said the report. Energy experts said that this increase is directly linked to "the beginning of the realization of a large-scale investment program in electrical energy."

### **Siemens Building High-Speed Trains for Russia**

July 20 (EIRNS)—Germany's Siemens has launched production of high-speed trains to be used in Russia. Siemens and Russian Railways held a ceremony in Krefeld, Germany today, to mark the production of a new generation of trains called Velaro Rus, which are specially designed for the technological and natural conditions in Russia, including Russian wide-gauge track. Russian Railways head Vladimir Yakunin and Siemens Transportation President Hans Schabert were both at the ceremony, Interfax reported. These will be the first high-speed rail lines in Russia, despite its huge distances, which certainly call for such transport technology.

Russian Railways and Siemens signed a contract in May 2006, that Siemens would build eight trains entirely in Germany, in a 576 million euro deal. The Velaro Rus train can go as fast as 330 km/h, will be 250 meters long, and can carry 600 passengers. The first routes to be used will be Moscow-St. Petersburg and St. Petersburg-Helsinki. The first train will be completed by December, and the high-speed routes will begin operating in 2008. Other routes will follow, including to Nizhny Novgorod.

## **Southwest Asia News Digest**

### **LaRouche Supports Berger's Call for Pullout from Iraq**

July 23 (EIRNS)—In the context of his own in-depth proposal for an immediate U.S. troop withdrawal from Iraq, Lyndon LaRouche today endorsed the call by former Clinton Administration National Security Advisor Samuel Berger and Brookings Institution Mideast expert Bruce Riedel, for American troops to leave Iraq to contain the civil war there. The Berger-Riedel comments appeared in an op-ed published on July 23, in the American edition of the *Financial Times*.

"A clear US commitment to a complete, irreversible withdrawal from Iraq may now be the only way to develop a regional concert of powers that could work with Iraqis to try to stabilize the country and cauterize the conflict," Berger and Riedel wrote. "The continuing US and British occupation is a roadblock to that co-operation. The galvanizing impact of a

decision to depart unequivocally can be the last best chance at preventing the conflict from boiling over beyond Iraq to the whole region. How we design and implement our departure is our last significant remaining leverage."

## **Bush Administration Pushes Arms Buildup in Persian Gulf**

July 28 (EIRNS)—When Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates travel to the Middle East next week, they will be bringing with them a \$20 billion arms deal for Saudi Arabia and other Persian Gulf Arab states. The deal, according to today's *New York Times*, includes advanced satellite guided bombs, fighter upgrades, and new naval vessels, all as part of a strategy to contain Iran. Israel is to be bought off to accept the deal by a 40% increase in the amount of military aid it annually receives from the United States. The details of both packages were briefed to Congress this week, by senior Bush Administration officials. The *Times* report indicates a certain degree of desperation on the part of U.S. officials, because if the deal falls through, Saudi Arabia and other Gulf countries could turn to other suppliers, which is exactly what happened in 1985, when the Saudis turned to Britain in the now-infamous BAE/Al-Yamamah arms deal.

The proposed sale comes in the context of Dick Cheney's threatened "Guns of August" war on Iran, and a long-term perspective of a Sunni-Shi'a civil war in Iraq, that could spread to other parts of the region. According to the Israeli intelligence website Debkafile, an Israeli intelligence and right-wing Likud-linked outlet, there are three levels to the plan that Gates and Rice will be bringing to Riyadh next week: U.S. forces in Iraq will be redeployed to giant extraterritorial land and air bases in the north and central regions of the country; the U.S. would double the size of the air forces of Kuwait, Saudi Arabia, and Oman, and expand its own military facilities in the Gulf; and Jordanian and Israeli military strength would form a backbone around the Red Sea, augmented by new U.S. bases. The arms deal includes advanced versions of the F-15 and F-16 fighter planes or even, according to Debkafile's sources, the new F-22 (although it's currently illegal to sell this plane overseas). Another element of the plan is to convert the U.S. facility on the Omani island of Masirha, in the Arabian Sea just outside the Strait of Hormuz, into the largest U.S. air base in the Persian Gulf region.

Debkafile further reports that Russia has responded to these Bush Administration military plans by selling 250 SU-30MKM fighter bombers to Iran, the first of which is to be delivered before the end of 2007.

## **Cheney-Bandar Sunnis Endanger U.S. Forces in Iraq**

July 28 (EIRNS)—U.S. military and intelligence sources—and even some White House officials—are growing alarmed that Saudi-armed and -financed fundamentalist insurgents in Iraq could lead to a new "Hundred Years War" between Sunni and Shi'ite Muslims in the region. According to the sources, when Vice President Dick Cheney traveled to Riyadh, Saudi Arabia in November 2006, to promote a Sunni bloc to challenge Shi'ite Iran's growing power in the region, some Saudi leaders took this as an open invitation to bankroll and heavily arm Salafi tribes in parts of Sunni-dominated Iraq, to wage war against the Shi'ite majority in the U.S.-occupied country.

Now, eight months since the Cheney visit, the reported flow of arms and cash to Sunni tribes in Anbar province and other Sunni-majority areas of Iraq, has reached the point where a major portion of the insurgency is Saudi-backed. This flies in the face of recent claims, from Cheney and Elliott Abrams-backed propagandists, that the greatest immediate danger coming from Tehran is Iran's backing for the insurgency in Iraq. In June, Cheney and Abrams dispatched Gen. Kevin Bergner to Baghdad, to establish a one-man "stovepipe" of fake or exaggerated intelligence, targeting Iran as the major source of trouble in Iraq. Previously, Bergner had been Abrams' military deputy at the National Security Council. Bergner's constant stream of anti-Iranian propaganda from Baghdad was recently used by warhawk Sen. Joe Lieberman (I-Conn.) to ram through a resolution demanding regular intelligence reports to Congress on Iran's nefarious activities inside Iraq.

The Bergner-Abrams-Cheney "stovepipe" flies in the face of recently released data, showing that over 40% of the jailed foreign fighters in Iraq are from Saudi Arabia, and a much higher percentage of suicide bombers are also from the Kingdom. In contrast, one percent of the jailed insurgents are Iranians and under 10 percent are from Syria.

Bergner's propaganda wurlitzer also runs counter to the recent Baghdad meeting between U.S. Ambassador Ryan Crocker and his Iranian counterpart, hosted by the Iraqi Foreign Minister. At the meeting, the second such face-to-face session in the past two months, Iran and the U.S. discussed mutual interests in the stability of the al-Maliki government, and the end of sectarian violence. Work is underway to establish a permanent working commission of American, Iranian, and Iraqi officials, to improve the security situation in Iraq. While sources say that the Baghdad meeting by no means guarantees U.S.-Iranian cooperation, they did say that it could counter the Cheney war drive against Iran.

### **Bandar-Linked Fatah al-Islam Kills Three Lebanese Troops**

July 23 (EIRNS)—Fatah al-Islam gunmen barricaded in a Palestinian refugee camp in northern Lebanon, killed three Lebanese soldiers, a senior military official told AP today. Fatah al-Islam gunmen were holed up in a small area of the besieged Nahr el-Bared camp on the outskirts of the port city of Tripoli. As reported by [larouchepac.com](http://larouchepac.com), according to investigative journalist Seymour Hersh, Fatah al-Islam is funded by the Saudis, as a product of "an agreement among Vice President Dick Cheney, Deputy National Security Advisor Elliott Abrams, and Prince Bandar bin Sultan, the Saudi national security advisor."

### **Turkish Prime Minister To Present Kurdish Peace Initiative**

July 24 (EIRNS)—According the *Guardian*, Turkish Prime Minister Recep Tayyip Erdogan is expected to offer a peace initiative in the Kurdish areas of Turkey, as well as in Iraq. His Justice and Development Party (AKP) received 52% of the vote in the Kurdish areas during the recent elections. The Democratic Turkey Party (DTP), which is believed to be linked to the Kurdish separatist PKK, received 10%, but not as an organized party.

Erdogan opposes an invasion of northern Iraq and is expected to try to open channels to the Iraqi Kurdish leadership. Prior to the election, he tried to invite Iraqi President Jalal Talabani to Ankara, but was blocked by Turkey's President Ahmet Necdet Sezer. There have also been attempts to set up a secret meeting between Turkish Foreign Minister Abdullah Gul and Massoud Barzani, the head of the regional government of Iraqi Kurdistan, which is not recognized by Turkey.

An unnamed aide to Erdogan is quoted as saying that the only way that relations between Turkey and the Iraqi Kurds can improve, is if the latter act on the terror threat posed by the PKK, which is using Iraq as a safe haven.

### **Abbas Visits Moscow as Russia Mediates Palestinian Crisis**

July 27 (EIRNS)—It appears that Moscow is trying to mediate contacts between the Hamas and Fatah factions of the Palestinians, in an attempt to cool down that hot spot. As Itar-Tass reported, both Moscow and Ramallah announced that Palestinian Authority President Mahmoud Abbas would visit Moscow for three days beginning July 29. Russian Foreign Ministry spokesman Mikhail Kamynin made the announcement. According to an advisor of the Palestinian Embassy in Moscow Ahmed Musleh Saleh, Abbas "is planning to discuss with Russian leaders the situation in the Middle East and on Palestinian territories."

Foreign Minister Sergei Lavrov said Russia supports Abbas. He told the KUNA news agency on July 26, "Russia would like to see Palestine united and strong. We uphold Mahmoud Abbas as a Palestinian leader who is heading the Palestine Liberation Organization and is simultaneously the legally elected PLO head. It is necessary to overcome the deadlock

through the constitutional framework. Abbas proposes one of the variants—to hold early elections." He went on: "Despite visible calm, the situation in the Palestinian territories remains extremely difficult. The split between the Gaza Strip and the West Bank adds to the hardships of occupation. It is unknown when and how it is to be overcome," the minister said. "The agreement between Fatah and Hamas may settle the intra-Palestinian crisis. Hamas remains an influential political force, which has the majority of seats in the parliament. We do not see any alternative to a dialogue," Lavrov stressed. He said he was convinced, "we should not forget the main thing: the need to ensure a lasting peace in the region in compliance with the norms of international law. Special attention should be riveted to the Arab peace initiative."

## Asia News Digest

### LaRouche's Allies Drive Philippines Nuclear Renaissance

The Philippines was the first Southeast Asian nation to build a nuclear power plant, which was completed and ready to turn on in 1986. It was precisely at that point that the godfather of today's "neo-conservative" imperial faction, then-Secretary of State George Shultz, working with his Assistant Secretary Paul Wolfowitz, orchestrated the overthrow of Philippines President Ferdinand Marcos, and with him, the nuclear plant and the 11 great industrial projects which would have been fired by the nuclear capacity. The nation descended into a downward economic spiral which is now spinning out of control....

[See InDepth for complete article by Mike Billington.](#)

## Africa News Digest

### Sudan Is Target of EU/French Military Force

July 27 (EIRNS)—The European Union, pushed mainly by France, has taken the first steps towards sending a military force into eastern Chad and the Central African Republic, separate from the UN operation, ostensibly to protect refugees from the Darfur region of Sudan, according to the London *Economist*) July 25. *The move will strengthen the position of the anti-Sudan rebels.*

U.K. Prime Minister Gordon Brown has strongly endorsed the efforts of French President Nicolas Sarkozy. On July 22, the first summit between the two leaders took place in Paris, and they put the issue of Darfur on the top of the agenda. They castigated the Sudan government for its caution, based on its concern to protect its sovereignty, about implementing the hybrid peacekeeping force that Sudan had agreed to in June. Brown stated that "Unless action is taken, we will be prepared to consider as individual countries a toughening up of sanctions that will put pressure on the regime to make the changes that are necessary."

The two leaders called for a Security Council resolution giving a mandate to the hybrid force, by the end of July, ensuring its financing by the UN, and determining what it is to accomplish. They also called on the main anti-Sudan rebel leaders to participate in the Arusha, Nigeria meeting on Aug. 3-5, as agreed upon in talks in Tripoli, Libya on July 15-16. They also called for a solution to the regional aspects of the problem in Chad and Central African Republic.

On June 25, the same day that the Sarkozy government, after barely a month in office, had an organizing meeting in Paris to exert more pressure against the Sudan government, another anti-Sudan meeting took called for a fund to be set up, into which Sudan oil proceeds would be funneled, which could not be used for anything that could be construed as related to military use. This group included Jan Pronk, chief of mission of the UN at Sudan (2004-2006); Romeo Dallaire,

commander of the UN force in Rwanda (1994); Kenneth Roth director of Human Rights Watch; James Smith, director of Aegis Trust; and Jody Williams, head of mission at Darfur, advisor to the UN on Human Rights.

## **French Defense Publication: Bandar Finances Rebels**

PARIS, July 28 (EIRNS)—According to a June 3 article by Richard Labevière, editor in chief of *Defense*, Saudi Prince Bandar bin Sultan went to Sudan in April to meet with his friend Mahamat Nouri, the head of the UFDD, the main opposition organization against Chad President Idriss Déby, as well as other rebel leaders involved in the Darfur region of Sudan. *Defense* is the publication of the UNION-IHEDN, the grouping of 39 associations whose members received training at the Institute of Advanced National Defense Studies (IHEDN).

According to *Defense*, Prince Bandar is trying to constitute a "united Arab front, a Sunni front in this part of Africa," states an Egyptian diplomat based in Khartoum, quoted by Labevière. Bandar gave 80 all-terrain vehicles, and more than \$1 million to the UFDD head. The transactions were apparently facilitated by the subsidiary of a large Saudi bank, with significant presence in Khartoum.

In this context, continued Labevière, Saudi NGOs have just created two important subsidiaries in Khartoum, with the official aim of "opening Koranic schools, building mosques, and health clinics in the border areas of western Sudan, all these being covert organizations for military assistance to the various armed organizations of Darfur."

The effects of this intervention on the Chad government, which had been trying to collaborate with Khartoum to reduce the violence in the area where the two countries share a border (eastern Chad and Darfur in Sudan) are shown by a statement by Chadian President Idriss Déby this week. He said talks with the Chadian opposition are deadlocked because Sudan is backing the rebels in their position. "The Sudanese authorities are preventing us from reaching a compromise to solve the crisis." Déby told the Paris based Africa No 1 radio.

Noting that Bandar is coordinating with the Bush-Cheney Administration, Labevière says that this entire policy will not only "add deadly confusion to the situation in Central Africa, but could extend to the whole of the Sahel, and also spring up in Maghreb, where last April 10-11, murderous attacks bloodied Casablanca and Algiers."

## **Brits Move To Buy Up Zimbabwe at Pence on the Pound**

July 25 (EIRNS)—Lonrho, formerly known as the London and Rhodesia Company, announced July 20 that it has raised \$66 million from shareholders to form a new subsidiary, Lonzim, to buy up assets in Zimbabwe, the former Rhodesia, with a "significant opportunity for future growth"—the word "future" meaning, when President Mugabe is gone, according to the *Financial Times* online of the same date. David Lenigas, executive chairman of Lonrho, said he plans to raise a total of \$200 million for the Lonzim subsidiary through a share offering soon to be launched in London.

Lonrho is effectively an arm of the British monarchy, as reported in *Tiny Rowland—The Ugly Face of Neocolonialism in Africa*, by an *EIR* investigative team (1993). Thus, having collapsed Zimbabwe's economy through economic sanctions, the monarchy now proposes to buy it up for pence on the pound, regaining the control denied it by President Robert Mugabe.

But it may not be so simple. The *Financial Times* reports, "At a Bulawayo business forum this week, many members seemed determined to batten down the hatches and not to sell." Bulawayo is Zimbabwe's second-largest city. An even stronger obstacle may be "the Indigenisation and Empowerment Bill, which the government has promised to pass into law within a month. This would authorize the authorities to seize 51% of the shareholding of foreign firms in order to

'empower' black Zimbabweans," according to the *Financial Times*.

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