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[Our U.S.A. Needs A Real Candidate! Let There Be a Time of Thanksgiving](#)
[by Lyndon H. LaRouche, Jr.](#)

Since approximately July 25th of this year, the world as a whole has been gripped by what survivors of this present calamity would probably remember, as what was in the process of becoming the greatest, global, financial, chain-reaction collapse in modern history. We could escape the worst of those effects, even now, if we were prepared to end the Babel of the presently bankrupt, globalized monetary-financial system, and to adopt, immediately, an appropriate form of a new world system composed of, respectively, perfectly sovereign nation-states. The measures needed to rescue society from the presently ongoing general collapse, are knowable; the question is: ``Will society have both the knowledge and the will needed to make the change: a change from the policies of what has become, up to this point, more than three, disastrous recent decades of terribly wrong decisions contrary to the original intention of the Bretton Woods system?..."

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Feature

[**Our U.S.A. Needs a Real Candidate!:**](#)
[**Let There Be a Time of Thanksgiving**](#)

Lyndon H. LaRouche, Jr. offers his sage advice to the Presidential candidates who are currently playing schoolyard-like games of competitive political sports. 'Both our republic, and the world as a whole,' he warns, 'are in the present grip a Classically, globally tragic situation. But for my age, I would be the only possible candidate who could actually be presently considered intellectually competent for the role which the U.S. President must perform under these present, historically extraordinary conditions. So far, none of the present candidates has shown any grasp of the crucial, specific strategic quality tasks of leadership, on which not only our republic, but on which civilization as a whole would depend, if the world as whole were not already fated to be plunged, very, very soon, into a deep, and prolonged new dark age.'

International

[**Behind the Annapolis Meet and the Iran NIE Shock**](#)

The war party faction in the Bush Administration has suffered a pair of stunning political setbacks to their plans for further military confrontations in Southwest Asia. The danger of war against Iran is not over; but the prospects of perpetual war in the world's oil patch is reduced, for the first time in a long while.

[**No Respite in Afghanistan**](#)

Russia's Nuclear Energy Plan for the Next Fifty Years

The annual conference of the American Nuclear Society heard from **Dr. Alexander Chebeskov**, of Russia's Institute for Physics and Power Engineering, on his country's ambitious plans.

Defend Germany's National Interests

Helga Zepp-LaRouche challenges the failed policies of Chancellor Angela Merkel.

German Psychotherapists:

'No Killer Video Games for Christmas!'

Economics

Meltdown of World Financial System Is Fully Under Way

Helga Zepp-LaRouche warns: 'If Germany is to be saved, then in the coming period, some there will have to find the courage to propose a New Bretton Woods.'

China's Role in the New Just World Economic Order

A presentation by Helga Zepp-LaRouche to the 'Forum on the U.S.-China Relationship and the Peaceful Reunification of China' in Los Angeles, delivered on her behalf.

LaRouche, FDR, and Nuclear Power in Southeast Asia

Michael Billington reports back on a visit to Malaysia and the Philippines.

Can Maryland Public Hospital Be Saved?

An interview with **Del. Jeanne Benson**.

National

EIR Testifies on LaRouche's HBPA Solution to Crisis

A hearing of the Pennsylvania Legislature's House Intergovernmental Affairs Committee took testimony on the state's House Resolution 418, which is based upon Lyndon LaRouche's Homeowners and Bank Protection Act of 2007 (HBPA).

- Testimony

by **Paul Gallagher** and **Richard Freeman** of EIR, **Linda Thompson** of the Harrisburg City Council and founder of LOVESHIP, Inc.; and **Judge Jeffrey K. Sprecher** of the Berks County Court of Common Pleas.

Paulson/Bush 'Roadblock' Action on Foreclosures

LYM Brings Reality to League of Cities

Members of the **LaRouche Youth Movement** attended the National League of Cities annual convention, mobilizing for LaRouche's Homeowners and Bank Protection Act.

What Drives Iraq War Veterans to Suicide?

Science and Technology

The Big Arctic Melt:

All Hype and Scare

Refuting hysterical claims that the ice of the Arctic is disappearing because of man-made CO2, real science shows a dramatic refreeze in the Arctic, and a record snowfall in Antarctica. By **Gregory Murphy**.

Interviews

Del. Jeanne Benson

Delegate Benson, Democrat of Maryland's District 24, reports on the battle to save Prince Georges County Hospital, a public facility.

Editorial

Will You Fight To Save Our Youth?

U.S. Economic/Financial News

U.S. Mortgage Delinquencies Flourish

Dec. 6 (EIRNS)—The Mortgage Bankers Association (MBA) released shocking figures today on the mortgage meltdown, which will worsen the dollar collapse and the banking crisis.

Hitting a 20-year high, 5.59% of all U.S. mortgages, prime and subprime, were more than 30 days delinquent at the end of the third quarter (in September), and foreclosures hit an all-time high for the second consecutive quarter.

The top 15 U.S. homebuilders have lost about \$35 billion in market value this year, and the inventory of unsold houses has risen to almost an 11-month supply, the highest in 22 years.

Twenty percent of all subprime adjustable-rate mortgage (ARM) had late payments in the quarter, and an additional 10% were already in foreclosure, the MBA reported. Among prime, fixed-rate mortgage borrowers, 3.12% were at least 30 days delinquent, up from 2.73% in the second quarter.

Treasury Told To Pump Billions Into 'Super-Conduit' Scam

Dec. 5 (EIRNS)—Chip Mason, the CEO of Legg Mason, one of the world's largest money-management firms, told the *Financial Times* that the U.S. Treasury should invest \$20 billion into Treasury Secretary Hank Paulson's Master Liquidity Enhancement Conduit (MLEC), or "super-conduit" scheme. The task of the MLEC would be to attempt to bail out the roughly \$320 billion-in-assets Structured Investment Vehicles (SIVs), which were set up by the banks, and are now

collapsing. The SIVs borrow cheap, short-term funds, and invest the monies into longer-term instruments that pay a higher rate of return. In imitation of the criminal Enron's practices, the banks hold the SIV vehicles "off-balance sheet."

EIR has warned that MLEC, which Paulson originally conceived as requiring \$75-80 billion, to be provided entirely by the banks themselves, would not rely only on that money, but would ultimately request funds from the U.S. government, as part of a hyperinflationary bailout. Now, after three months during which the MLEC scheme has been dead-on-arrival, Mason has called for the U.S. Treasury to invest \$20 billion into this insane scheme.

Mason, whose company manages more than \$1 trillion in funds, told the *Financial Times* that the credit market crisis is the worst he has seen in 47 years. "It is a very unusual situation. I have not seen anything like this, where nothing is traded."

Out of the Frying Pan Into the Fire: One State's Saga in the Financial Collapse

Dec. 4 (EIRNS)—Just as Florida was resolving the issues that would allow it to reopen the frozen state investment pool of municipal funds, it was revealed that the entire state's finances are infected with the same virus, and could thereby suffer the same fate.

The state's Local Government Investment Pool has been frozen since Nov. 29, after it suffered a run on its funds, that cut the \$27 billion pool almost in half to \$14 billion. The run was triggered by the revelation that the pool had invested in Axon Finance, an SIV which Standard & Poors downgraded from "C" to "D" (below investment grade) rating last week, because of its exposure to the subprime mortgage market. Today, after a meeting of the supervisory State Board of Administration and a 16-member advisory panel representing the municipalities, it was decided to split the fund in two, to isolate the "toxic" segment, and thereby set the stage for its reopening. In this way, local governments could have access to funds, needed for payroll for teachers, police, and administrative services.

The plan was the brainchild of BlackRock, Inc., which had been hired as consultants by the state, after it instituted the freeze on the pool. BlackRock's solution, isolating more than \$1.5 billion, over 10% of its remaining assets, has supposedly left a "clean" fund in which municipal leaders can once again have confidence. Just as this panic run on the bank was being resolved, it was announced that the Florida Retirement System, the state's pension fund, administered by the same State Board as the pool, has \$1 billion (out of \$138 billion) of its assets invested in the same Axon Financial, as well as other funds which were downgraded. In addition, Citizens Property Insurance Corp., which was set up by the state for hurricane relief about five years ago, has its feet in the same quicksand, and, according to Bloomberg News, so does the state's treasury, although they stopped buying SIV-tainted debt last month.

An article in today's *Orlando Sentinel* says that the great debate is no longer "whether" the downturn will affect the broader economy, but "how severe and long-lasting" it will be. "We are looking at a 50 to 60 percent work-force reduction for home builders," Steve O'Dowd, president of a local homebuilding company, told them. "That is moving through the whole supply chain that feeds the industry. That could have a massive affect on the economy."

Global Economic News

Panic in the City of London

Dec. 7 (EIRNS)—There is clear evidence of panic in British banking circles, following the Bank of England's cutting of interest rates. Some headlines from the London *Daily Telegraph*: "Market fears that Bank has 'lost control' "; "The rate cut ... that failed to dispel fear"; "A money market that is beyond control"; "One rate cut is not enough."

Financial commentator Anatole Kaletsky argued in the Dec. 6 London *Times* that the British must follow the example of the Federal Reserve and further cut interest rates, or else. Kaletsky warned that "the British banking system is on the verge of collapse, with total catastrophe only avoided by the biggest financial support operation ever offered to any private company by any government anywhere in the world."

A commentary in the *Telegraph* points out that the markets didn't respond to yesterday's interest rate cut as they are "supposed" to. Money market rates went up, and the stock market went down. The BoE's Monetary Policy Committee is learning fast, that all it can do, is to "throw the textbooks out the window," writes Edmund Conway, who declares that the central banks have, at least for the moment, "lost control over monetary policy." The money markets are acting of their own accord, not following the MPC's directions, and "credit markets are consumed with fear." The banks won't lend to each other because they are paranoid about the state of each other's balance sheets.

EC Okays Giant Bailout for Northern Rock

Dec. 6 (EIRNS)—There are, after months of rumors and delusions, no buyers for the European banks ruined by speculating in the U.S. mortgage bubble meltdown, so they are likely to be bailed out by governments on a huge scale. A spokesman for European Union Commissioner Neelie Kroes, a radical deregulator and privatizer, stated in Brussels yesterday: "We come to the conclusion that the measures [to save Northern Rock bank] are in conformity with the guidelines for state help."

A comment by German Finance Minister Peer Steinbrück in the *Financial Times Deutschland*, explains why the EU allows state bailout in this case, while it has adamantly forbidden state aid for industry in recent years. It is not a question of single institutions, Steinbrück said, but of preventing systemic risks and the spreading of a crisis. Steinbrück spoke shortly after a meeting in Berlin yesterday, with European Central Bank governor Jean-Claude Trichet.

The EU decision, which okays a bailout of up to 50-60 billion euros for Northern Rock alone, opens the way also for a possible state bailout of IKB, the former *Mittelstand* bank (serving productive small and medium business), turned into a conduit, where the single-biggest shareholder, with 38%, is the government's Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency). The bailout for IKB will come up soon: German newswires report today that numerous private banks that have expressed interest in buying a stake in, or all of, IKB, have lost interest, because of the apparently high exposure of the bank in other banks' unrecoverable SIV investments. An unnamed banker is quoted in the German edition of the *Financial Times* as saying that he was surprised to find out that IKB no longer is the *Mittelstand* bank he was looking for, but has turned into a mere vehicle for speculation.

U.K. Interbank Market Crash: 'Shock to Financial System'

Dec. 3 (EIRNS)—The British pound sterling interbank market has collapsed at the fastest rate in modern history, *Daily Telegraph* financial editor Ambrose Evans-Pritchard wrote Dec. 3. Even the Milton Friedmanite monetarists are panicking and desperately demanding rate cuts by the Bank of England. "This is one hell of a shock to the financial system. A market that has taken 30 years to build has completely imploded in a matter of months. Lenders have been squeezed savagely. We've moved into a different era," the *Telegraph* quoted Friedmanite Prof. Tim Congdon of the London School of Economics saying. Total sterling assets have dropped by about half a trillion pounds, just since mid-August, from 3.244 trillion to 2.876 trillion pounds, according to the Office for National Statistics. The volume of market loans in the banking system fell from 640 billion pounds in August to 249 billion pounds by end-September, showing that British banks have been hit even harder than U.S. banks, despite claims that the "subprime crisis" is a U.S. problem.

Even the U.S. bank Morgan Stanley is warning about the British credit crunch, and advises clients to get away from Britain's debt-laden economy. Morgan Stanley warned that the FTSE—London's leading stock market index—could fall by

16% over the next year, and that house prices could go down 10%. The U.K. budget deficit is now near 3% (one of the worst in the OECD), and household spending is 97% of disposable income—as it was in 1988, before the last housing price wipeout in Britain.

Guardian economics editor Larry Elliott is even more blunt—he wrote Dec. 3 that a housing price "free fall" could soon wipe out 50,000 pounds—25%—from average house "values." Britain "has its own sub-prime time-bomb ticking away.... Things are going to get very nasty indeed."

United States News Digest

Omaha Shooter: I'll 'Beat Cho's High Score'

Dec. 7 (EIRNS)—Nineteen-year-old Robert Hawkins, who shot and killed eight people and wounded five others before shooting himself Dec. 6 at a crowded shopping mall in Omaha, Neb., posted this blog less than an hour and a half before his shooting rampage: "Later today, I'm going to bring my rifle to Von Maur department store at the Westroads Mall, in Omaha, Nebraska to try to beat Cho's high score. I'm going out in style."

The referral is to last April, when computer gamer Seung Hui Cho shot to death 31 and wounded 15 at Virginia Tech University, before shooting himself. Possibly Hawkins saw himself in some computer-game competition with the dead Cho. Cho played Microsoft's "Counterstrike" computer game, which rewards successful "kills" with points. Police discovered the blog on Hawkins' computer, according to Action 3 news in Omaha.

Today, new developments point to the fact that Hawkins was not a "loner" but part of Rupert Murdoch's MySpace "family." Police in Bellevue, Neb., Hawkins' hometown, arrested a friend of his, 17-year-old David Hurwitz, for making "terrorist threats," according to Associated Press Dec. 6. He threatened to kill a teenage girl for making offensive remarks about Hawkins. All this was recorded on MySpace. Police found a rifle and two shotguns at Hurwitz's house—weapons he had access to, said Bellevue's police chief.

Republicans Huddle with Blackwater, as Blackwater Loses a Protector

Dec. 7 (EIRNS)—State Department Inspector General Howard Krongard resigned today, in disgrace. Howard had been responsible for overseeing Blackwater USA's operations in Iraq, even as he lied to Congress that his brother "Buzzy" Krongard was not a member of Blackwater's advisory board.

The issue of the privatization of U.S. military operations, as epitomized by Blackwater, was the subject of testimony earlier in the day, at a Senate Democratic Policy Committee hearing. Witnesses discussed private contracting fraud in Iraq, and the dangers which face whistle-blowers, with Blackwater a principal target of the testimony. In opening the hearings, Sen. Byron Dorgan (D-N.D.) charged that Blackwater's operations in Iraq involved one of "the most staggering amounts of contract fraud" in the history of the United States, running into "billions and billions of dollars."

In his opening statement, Virginia Sen. Jim Webb (D) raised the more fundamental issue: the repercussions of the rise of this "quasi-military apparatus" of private military contractors over the past 20 years, which threatens the relationship between government and the military which Americans had defended in prior days. It is "stunning" how little time has been paid to this by Congress, Webb said, and such hearings must provide a catalyst for new laws.

Blackwater's friends in Congress are scrambling. The Capitol daily *The Hill* on Dec. 6 published an e-mail from the House Republican Study Committee (RSC), announcing it had invited Blackwater chief Erik Prince for a private meeting. The

RSC "members-only" e-mail complained that Prince's "company has been under intense scrutiny by Congress, government agencies, and the media regarding contracts and actions in Iraq. Not only has Mr. Prince personally been targeted by partisan warfare repeatedly over the past months, but the use of contracting throughout the government has been under attack by this Congress." A GOP aide told *The Hill* that Rep. Patrick McHenry (N.C), Mike Pence (Ind.), and Jeb Hensarling (Texas) initiated the meeting.

Lieberman Fronts for Video-Game Industry

Dec. 6 (EIRNS)—At a Washington press conference on Dec. 4, Sen. Joe Lieberman (I-Conn.) announced the "12th Annual Video Game Report Card" published by the National Institute on Media and Family, a non-profit organization. Since the killings at Columbine High School in 1999, Lieberman has played a duplicitous role of, on the one hand, criticizing the video-game industry, while on the other, seeing that video gaming has grown into the largest "entertainment" enterprise in the United States.

The purpose of the "report card" is to inform parents on how the video-game industry and retailers are performing in meeting the requirements set by the Entertainment Software Rating Board (ESRB), established by Congress in 1994. The rating system is supposed to protect children.

The results of even their own survey, however, show that children are not being "protected." Of a sample of 1,360 children, over half of those 8-12 year-olds were able to buy or rent "M-rated" (for Mature) games intended for 17-year-olds and up. These include "Grand Theft Auto," "Halo 2," and "Scarface."

At the press conference, Lieberman praised Microsoft, saying, "All new consoles are now being produced with parental controls. Obviously, the parents have to decide to use those controls, but they're there. And Microsoft recently added tools for parents to set time limits for the times when their children could be playing the games."

Lieberman continued: "And a thank you to the Entertainment Software Ratings Board, which embarked on this education campaign, including creating and distributing public service announcements in an effort to prod parents to understand and pay attention to the rating system."

State and Local Governments Turn 'SIV Positive'

Dec. 5 (EIRNS)—The list of state and local governments that have revealed themselves to be "SIV Positive"—that is, have used their investment-fund monies to buy toxic and failing Structured Investment Vehicle (SIVs) financial paper—is growing. This infectious condition may imperil these governments' financial survival, and engender, as the case of Florida shows, the slashing of vital services.

Here is a review those states with the most advanced symptoms of the disease:

* Orange County, Calif.—the fifth-most-populous county in the United States—revealed that its Extended Fund had invested \$460 million, or 20%, of the Fund's total \$2.3 billion investment, into SIVs. Beyond the Fund, the County has another \$837 million invested in radioactive SIVs.

It should be recalled that in 1994, Orange County became the first county in 60 years to go bankrupt, when its portfolio of derivatives exploded, losing \$1.6 billion. It shut down critical services across the board. This may be in the offing again.

* The Dec. 5 *Boston Globe*, in an article titled "Volatile Holdings Part of State Fund," reported that the Massachusetts

Municipal Depository Trust, which holds total assets of \$5.6 billion, had invested \$134 million "in volatile 'structured investment vehicles.'" The MMDT fund is an investment pool meant as a place for state and municipal entities to place their monies until they need them to pay bills.

* The Dec. 5 *The Day*, published in Connecticut, reports that officials overseeing the state's \$5 billion Short-Term Investment Fund (STIF), "might soon have to dip into their reserves for the first time in the fund's 35-year history, to keep cities and towns from losing their money." The STIF had invested \$100 million in the London-headquartered Cheyne SIV (pronounced Che-ney), which has gone spectacularly bust.

* In Florida, indispensable services are on the verge of being closed. The state's Local Government Investment Pool had invested billions of dollars into SIVs, and the fund had been frozen since Nov. 29, after it suffered a run on its funds that cut the \$27 billion pool almost in half, to \$14 billion. The Dec. 5 *Wall Street Journal* reported that the chief financial officer for the Jefferson County school district, which has \$4.1 million in the state's frozen fund, said that he *had to stop payment on checks of \$500,000 to vendors last week so that teachers could be paid*. Meanwhile, a whopping 95% of the Clay County Utility Authority's cash is invested in the Florida-run investment fund. "We're very concerned about the possibility of defaulting on some contracts that are already in place," said the chief operating officer. This could cause curtailment of electricity supply.

LaRouche: Is Cheney Out to Fill BAE Reserves?

Dec. 2 (EIRNS)—In an interview published in the December issue of *Fortune* magazine, Vice President Dick Cheney is fixated on "preparing for a strategic oil crisis," by demanding a massive appropriation in the 2008 budget to pour millions more barrels of oil (at almost \$100 a barrel) into the Strategic Petroleum Reserve. Who will benefit? asked Lyndon LaRouche. "Are these actually BAE reserves?"

It's about time Americans, and others, realized that Cheney is actually a British agent, LaRouche added. He's on the other side. His strategic and economic policies are playing out the British script to destroy the United States, and benefit the fortunes of the British-Saudi intelligence network identified with the British defense firm BAE Systems, of oil-for-arms fame.

Ibero-American News Digest

LaRouche: Cuba's Fidel Castro Needs To Learn History!

Dec. 3 (EIRNS)—Lyndon LaRouche commented today that Cuban President Fidel Castro obviously never learned the history of his own country, or of the rest of Ibero-America. LaRouche was referring to the Nov. 29 commentary by Castro published in the daily *Granma*, on the situation in Venezuela and the region.

Noting that the Venezuelan people had inherited the ideas of the Liberator Simón Bolívar, "whose ideas transcend his era," Castro asserted that Venezuela today faces a "world tyranny"—referring to the United States—"a thousand times more powerful than Spain's colonial force combined with that of the recently-born Republic of the United States, which through [James] Monroe proclaimed its right to the continent's natural wealth and the sweat of its people."

LaRouche pointed out that the Monroe Doctrine was authored by then-Secretary of State John Quincy Adams in 1823, *against* the British Empire, which had designs on South America then, and is still the major source of problems in the region today—using its U.S. agents like Dick Cheney to do its dirty work.

If Castro had ever learned anything about history, LaRouche said, he would have known that Adams argued for the Monroe Doctrine on the grounds that the United States should never act as a "cockboat in the wake of a British man-of-war," because there could never be any "permanent community of principle" between the U.S. and Britain.

The Bolívar so admired by Castro as the model of anti-imperialist liberation, LaRouche added, was smart enough to realize, after a lifetime of cooperation with the British Foreign Office's Jeremy Bentham and his agents, that he had made a mistake, and proceeded to repudiate his former associate, in 1828.

Chávez's 'President for Life' Referendum Defeated

Dec. 5 (EIRNS)—Hours after polls closed in Venezuela's national referendum on Dec. 2, President Hugo Chávez grudgingly acknowledged that a majority of Venezuelans had voted against his proposed Constitutional reforms. Chávez's attempt to anoint himself "President for Life" through the reforms, proved to be a mistake, because it smacked of dictatorship, and ignited opposition, especially from students and intellectuals, who had previously supported his government.

In a final rally before the vote, Chávez had put on a classic show of the Synarchism which turned voters against his reforms. Declaring anyone who opposed his reforms to be "an enemy," he said he could rule Venezuela until 2050, lashed out at Spain and Colombia, and threatened to cut off oil shipments to the United States.

Also contributing to his defeat was the role played by Gen. Raúl Baduel, a devotee of esoteric Eastern religions who had been high up in the Chávez camp, serving as Army commander in chief from 2004 until July 2007. Two months before the referendum, Baduel stepped forward as the leader of the opposition, calling upon the population to vote "no."

Chávez's initial acknowledgement of his defeat opens the possibility of heading off the confrontation between radicals within the government and opposition, that had been careening towards civil war. How long that opening will last remains in question. On Dec. 5, Chávez went into a rage, calling a press conference to denounce reports that the military High Command had forced him to accept defeat at the polls. Chávez called a reporter who put out that story "a piece of sh—," used the same word against the opposition victory, and declared that he will put through the rejected reforms by other means.

Baduel, who had been shot at as he left his voting place on Dec. 2, responded to Chávez's threats, with one of his own: "Mr. President, reconsider. Don't continue to play at being God.... I fear that if you don't reconsider, you will find yourself in the presence of divine justice."

Colombia Stalls on Entering Bank of the South

Dec. 5 (EIRNS)—Colombia will hold off for the moment on joining the Bank of the South when it is founded on Dec. 9, although the political will to join, as expressed by President Alvaro Uribe, remains, Foreign Minister Fernando Araujo announced today. Perhaps Colombia will join later, when it has a more detailed picture of the conditions and commitments involved, Araujo told Colombia's RCN radio.

The founding document of the Bank of the South is scheduled to be signed in Buenos Aires by the Presidents of the initiating countries—Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay, and Venezuela—on Dec. 9, the day before Cristina Fernández de Kirchner's inauguration as President of Argentina.

Colombia's decision to not join at this time is the fallout from the brawl between Uribe and Hugo Chávez, which broke out

after the Venezuelan President went behind the Colombian President's back, and personally called up the head of the Colombian Army, to discuss negotiations with the narco-terrorist FARC. Uribe denounced the Venezuelan President as a terrorist agent, and things took off from there. The efforts of various South American Presidents to cool both down have failed, so far.

Colombian Congress Hears LaRouche

Dec. 6 (EIRNS)—Lyndon LaRouche's "world land-bridge" high-speed rail corridor concept, and his New Bretton Woods strategy for a new monetary system to control the financial crash, were presented at a packed forum held in Colombia's national Congress today, by Maximiliano Londoño, president of the LaRouche Association of Colombia.

Londoño was one of seven speakers in the forum on "The Metro, a Challenge Which Cannot Be Postponed," organized by Congresswoman Gloria Stella Díaz, who represents Bogota. Transport Minister Andrés Santamaría closed the event, reiterating that the Uribe government now supports the metro. Organizing by the LaRouche movement played a key role in reviving the Bogota Metro project, in the recent Colombian elections.

Attended by 200 people, the event was broadcast nationally on the Congressional channel. Londoño defended the building of the metro and a national inter-city rail network, detailing LaRouche's global rail strategy and proposal for how to replace the dying world financial system with one financing great projects.

LaRouche's China Breakthrough Brought to Mexican Senate

Dec. 3 (EIRNS)—The Mexican Senate's Regional Development Committee, meeting on Nov. 27 to discuss how to get underway construction of the tri-state regional water management plan known as the North West Hydraulic Plan (PLHINO), were briefed on the good news that the official press agency of the world's most populous nation, China, is publicizing Lyndon LaRouche's proposal for the "Four Powers"—Russia, China, India, and the United States—to join together to force through the creation of a new world monetary system.

The coordinator of the Sonora-based 21st Century Pro-PLHINO Committee, long-time LaRouche associate Alberto Vizcarra, told the committee that there is a shift underway worldwide towards building great infrastructure projects again, and Russia and China are pressuring the United States to get on board, too. This is seen in Xinhua's coverage of "famous political activist" LaRouche's press conference before the "U.S.-China Relationship and China's Peaceful Reunification" forum in Los Angeles on Nov. 24, Vizcarra said. This global discussion of LaRouche's solution to the failure of the present system, sets the framework for our discussion in Mexico of how to secure construction of such great projects as the PLHINO, he told them.

The meeting on the PLHINO, broadcast live over Congress's cable channel, was attended by a number of Senators from the three states that would be directly involved in the PLHINO project (Sonora, Nayarit, and Sinaloa), the head of the Senate Water Resources Committee, and representatives of the National Water Commission and the Presidency. The meeting was also addressed by Manuel Frías, a Mexican engineer working with the Pro-PLHINO Committee, who has updated decades-old PLHINO plans, with an ambitious tunnel-and-dam project appropriate for the 21st Century.

Several Senators agreed with the Pro-PLHINO Committee, that Mexico needs to return to the great infrastructure policy it once had, and, after a discussion of whether or not Mexico could afford to do so, members resolved to open a discussion on the criteria which must govern budget, monetary, and credit policy.

EI Baradei Tour Sparks Enthusiasm for Nuclear Energy

Dec. 4 (EIRNS)—In his tour of Chile, Argentina, Uruguay, and Brazil, Mohamed ElBaradei, director of the International Atomic Energy Agency (IAEA), sparked an enthusiastic debate in all these countries over how the peaceful application of nuclear energy in a myriad of sectors could be used to better living conditions for the region's population.

"For billions of people," ElBaradei said in a Nov. 28 speech at University of Buenos Aires, "the priority is to 'secure' the basic needs for survival: food, water, shelter, and health care—in other words, freedom from want. For others, it is to 'secure' other fundamental freedoms: freedom of speech, freedom of worship, and freedom from fear." These are Franklin Delano Roosevelt's "four freedoms," promulgated on Jan. 6, 1941, in an address to Congress.

"U.S. President Franklin Roosevelt once said, 'The test of progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little,'" ElBaradei said. About 33 million people are undernourished in South America, he said, recounting also the suffering of the Palestinian people. Poverty, too, is a "weapon of mass destruction." This is the challenge that the world faces.

Western European News Digest

Former French PM Calls for a 'Bretton Woods II'

PARIS, Dec. 5 (EIRNS)—Former French Prime Minister and economist Michel Rocard called today for the emergency convocation of "a global conference—a Bretton Woods II—to adopt strict rules to contain today's wayward financial markets." Rocard, a signer of the call by Helga Zepp-LaRouche for the convening of such a New Bretton Woods conference, included his call in an article, "Ignoring the Storm," distributed in seven languages by Project Syndicate (and printed, for example, in the Swiss paper *Le Temps*). Rocard, echoing LaRouche, and reflecting the personal intervention of LaRouche's collaborator in France Jacques Cheminade, denounced the dismemberment of the social welfare state since the abandonment of the fixed exchange rates of the Bretton Woods system in the early 1970s.

Deadlock Broken in Bosnia

Dec. 6 (EIRNS)—Indicating major international diplomatic efforts behind the scenes to defuse some difficult situations, the deadlock between Serbia and the Croat-Bosniak Federation in Bosnia (which, since the Dayton Accords of 1995, form the Republic of Bosnia-Herzegovina) has been broken. The Bosnian Serbs had opposed any reforms as an attempt to abolish the Republic of Serbia, which was played up, especially by the British press, to accuse Russia and Serbia of creating a destabilizing "domino effect" in the region, as revenge for the West's position on Kosovo. While problems remain, finally after a lot of confrontation with new EU High Representative Slovenian Miroslav Lajcak, leaders of all three constituencies in late November agreed on police and governance reforms, which were set as a precondition for a Stabilization and Association Agreement (SAA). The EU on Dec. 4 signed an accord with Bosnia-Herzegovina as a first major step towards joining the EU by initializing an SAA. EU-Enlargement Commissioner Olli Rehn said, that "all those who spoke about [the] uncertain and difficult future of Bosnia-Herzegovina were wrong," according to the daily *Nezavisne Novine*.

British Leaders Use Kosovo To Attack Russia

Dec. 6 (EIRNS)—As the date of Dec. 10 neared, on which the final "Troika"-report is to be delivered to the UN on the situation of Kosovo, leading British politicians and press are set on creating maximum destabilization. The British government, which supports a "quick independence" of Kosovo, has "offered" through the Foreign Office to be the first NATO country to send extra troops. British Foreign Minister David Milliband, in an interview with the Italian daily *Corriere della Sera* today, again called for Kosovo independence, while denying a precedent for other countries. "The

status quo is unsustainable and this is the point, where we must start now," Milliband said.

Conservative leader David Cameron, in a speech in Washington on Nov. 29, accused the Kremlin of stirring up trouble in the Balkans and warned of a new crisis by Christmas. He called this "a direct threat to our national security" and demanded "decisive action now to prevent it." Liberal Lord Paddy Ashdown, in a BBC interview, accused the Russians and the Serbian government of creating trouble in Bosnia and Kosovo, and demanded troop reinforcements "to try" to keep the peace.

Sarkozy: Work More To Earn More

PARIS, Nov. 30 (EIRNS)—French President Nicolas Sarkozy gave an hour-long, prime-time TV interview last night, in which he threatened to arrest those who fired on police during the rioting in a Paris suburb earlier this week. He praised the cool-headedness of the French police who didn't fire a shot at the assailants, although 82 armed police sustained gunshot wounds.

Sarkozy also announced measures to respond to the growing anger against the drop in living standards, since prices of energy, food, and housing are shooting up. The French press remarked, that since Sarkozy started his Presidency with tax breaks for the wealthy, there is no more money left for increasing wages or spending. Work more to earn more, is the President's theme song. Overtime and extra workdays on Sundays are supposed to generate growth and raise people's income.

Alleged BAE Briber Probed by Austrian State Prosecutor

Nov. 30 (EIRNS)—Austria's state prosecutor has confirmed that Alfons Mensdorff Pouilly, who served as an business agent for the British defense firm BAE Systems, is under investigation for possible bribery in the sale of JAS-Gripen jet fighters manufactured by the Anglo-Swedish company Saab-BAE systems, in the Czech Republic and Hungary. According to a statement by the office of state prosecutor Gerhard Jarosch on Nov. 26 to the Austrian Press Agency (APA), based on information from prosecutors in Sweden, the Czech Republic, and Hungary, there is enough evidence to suggest that criminal offenses have been carried out. Swedish prosecutor Christer van der Kwast said results of his own investigation could be completed by next Spring.

Investigations in this case are also being carried out by Swiss authorities.

Mensdorff Pouilly is of one of the oldest Austro-Hungarian oligarchical families related to the British royal family. Alfons Mensdorf Pouilly is also a cousin of the widow of Brig. Gen. Tim Landon, who, until his death earlier this year, was a key business agent for BAE. Mrs. Katerina Landon is a member of the Austrian oligarchical Esterhazy family, whose importance in the Austro-Hungarian Empire was second only to the Habsburgs.

Depression Hits Germany's Lower Income Brackets

Dec. 5 (EIRNS)—All the establishment propaganda that the subprime mortgage crisis is under control, has apparently not convinced 80% of the German population who know there is an economic collapse, because they feel it—personally. An opinion poll done by the FORSA Institute for the Dec. 6 issue of *Stern* weekly, found that 83% of Germans do not see at all what Chancellor Angela Merkel claims she sees—the "upswing"; 49% told the pollsters that, in order to keep their standard of living, they have to work more than before, to compensate for inflation.

The worsening personal financial, economic, and social situation of more and more Germans is also causing increasing

unrest among labor unions. Whereas the railway engineers' strike has been suspended until late January, new strikes have been planned: Retail store employees are on warning strikes during the pre-Christmas period, and other service sector workers are expected to stage warning strikes, likely in January or February. Metal workers, construction workers, food industry workers, and public servants are thinking about strikes. Even if the railway engineers come to an agreement with management, they may be called to strike again, because they are members of the public servants' union as well.

France: Violent Video Producers Launch Ad Campaign

PARIS, Dec. 3 (EIRNS)—Reflecting the backroom debate over the growing opposition to violent video games, two French papers ran half-page ads opposing the outlawing of video games. On Nov. 29 in *Le Parisien*, and on Dec. 1 in *Le Monde*, the trade association of editors of entertainment software (Syndicat des éditeurs de logiciels de loisirs—SELL), comprised of the 32 major French producers, took out half-page ads showing either a skateboard or an electric wall plug, and saying: "One would never imagine that a skateboard [or an electric plug] could be eliminated under the pretext that it is dangerous. Why would it be different for video games?" The campaign is also sponsored by PEGI (Pan European Game Information).

Russia and the CIS News Digest

Putin's Party Wins Overwhelming Vote in Russian Election

Dec. 3 (EIRNS)—The United Russia party, running with President Vladimir Putin at the head of its slate, and "Vote for Putin's Plan" on its posters, swept yesterday's elections for the State Duma of the Russian Federation. Its 64% result was close to United Russia's aim of matching Putin's own popularity rating of 70%. The voter turnout was 60%. Contrary to predictions that only one other party would cross the recently raised 7% threshold for entering the Duma as a parliamentary bloc, a total of four parties did so. With 98% of the vote counted, the showings were:

United Russia—64.1%

Communist Party of the Russian Federation (CPRF) - 11.6%

Liberal Democratic Party of Russia (LDPR; Vladimir Zhirinovsky)—8.2%

A Just Russia (Sergei Mironov)—7.8%

Federation Council Speaker Mironov, who has styled his new party as a loyal opposition, and has even called for Putin to seek a third term as President, talked on election night about joining with the CPRF as a "left bloc" in the Duma. No other party got more than 2.5% of the vote. The liberal parties Yabloko and the Union of Right Forces were in the 1-2% range. These groups did not get enough votes to pass even the previous 5% threshold for entering the Duma. Some even smaller entities, such as the United Civil Front of *Wall Street Journal* columnist Garry Kasparov, did not qualify for the ballot.

No doubt, there was heavy pressure from local governments in many provinces to deliver a big vote for United Russia. Communist Party leader Gennadi Zyuganov charged that CPRF votes were twice as high as reported, but were diverted to the LDPR and A Just Russia. But the overall high support for the party that Putin allowed to raise his banner was indisputable, making the vicious attacks on Putin as an anti-democrat, which came today from the European Union and other quarters, appear to many people in Russia as simply an attack on their country.

Another change in the election procedures has pushed the Duma in the direction of more homogeneity. This time the entire

Duma was elected by party slates, rather than half the deputies having to win as individual candidates in their districts. Yet, despite the appearance of the election result as an overwhelming referendum in favor of Putin and United Russia, tension remains high on the Russian political scene—and is a palpable distraction, in leading Russian circles, from dealing with the world strategic situation presented by the monetary system breakdown.

The main announcements lie ahead: Who will run for President? United Russia promises to reveal its candidate by Dec. 17. What will Putin do? Individual members of United Russia have floated schemes such as the institution of a new "National Leader" position. So far, however, United Russia chairman and Speaker of the Duma Boris Gryzlov said in his Dec. 2 press conference that United Russia does not intend to seek changes in the Constitution that would allow such innovations, or to directly permit Putin to run for a third term.

Putin Promises Long-Range Space Plan

Dec. 4 (EIRNS)—Following a visit to the famed Lavochkin Research and Production Space Center, President Putin said that a draft cosmonautics investment plan will be put together to for the period till 2040. It will be presented for consideration in February, said Russian Space Agency head Gen. Anatoly Perminov.

Putin said that "prospects are good" for space science and military space projects, astrophysics, and planetary exploration." Acknowledging the frustration on the part of space scientists, engineers, and industry with the lack of support and the slow pace of Russia's space projects, Putin said the Lavochkin leadership "would like the programs we set up together to be implemented more quickly, and, perhaps, even more broadly. All of this will be reviewed in the Security Council and the government cabinet."

On Nov. 30, Russian space pioneer Boris Chertok (95), who was former deputy chief designer in the bureau that created Sputnik, added his voice to pressure the government to rebuild the space program, stating: "We need to restore what we have lost over 15 years of destructive reforms." Free-market changes under Boris Yeltsin were disastrous for Russia science. "The market economy is incapable of fulfilling such large national programs as flight to the Moon." His remarks were reported by Russian wire services.

Russia 'Disappointed' at ABM Cooperation 'Rollback'

Dec. 5 (EIRNS)—Russian Foreign Minister Sergei Lavrov told the press today that the written proposal Russia recently received from the United States on ballistic missile defense (BMD) cooperation is a "rollback" of what had been discussed with U.S. Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates in October. "We are, frankly, disappointed," Lavrov said, because the proposals "added nothing new to the situation that existed before" the more promising talks with Rice and Gates.

Specifically, Lavrov noted that the formal proposal eliminated one of the innovations that had emerged during those October 2+2 talks (between the foreign and defense ministers of each country): It "no longer stipulates the deployment of Russian officers at the Third [BMD] Sites in the Czech Republic and Poland." In the new version, visits by Russian officers would be subject to approval by the authorities in those two countries. "This is quite a different story, you see," said Lavrov. In addition, he said that the written proposal reserved to the U.S.A. the right to decide unilaterally to activate the BMD systems, as opposed to October's discussion that this would be a joint decision based on a mutually agreed evaluation of a threat from a third country.

Lavrov called the changes a "radical contradiction to our approach." He also charged that Washington was pressuring other countries to reject the Russian proposal to make adherence to the Intermediate-Nuclear Forces (INF) Treaty universal. Despite today's sharply worded public critique of the U.S. written proposal, the negotiation process continues. Lavrov will

meet Rice on Dec. 7, at a foreign ministers session of the NATO-Russia Council.

Russia, U.S. Agree to Bilateral Military Cooperation

Dec. 5 (EIRNS)—The United States and Russia signed a memorandum on bilateral military cooperation yesterday, after Russian Chief of Staff Gen. Yuri Baluyevksy met in Washington with Adm. Michael Mullen, chairman of the Joint Chiefs of Staff, Novosti reports. Baluyevsky was received at the Pentagon "with full military honor," and the talks were described by spokesman for Mullen as a "fruitful, productive discussion that both parties benefited from," according to other wire services.

The visit of Russia's highest-ranking military officer, and the significant agreement reached, comes otherwise at a time of great bilateral tension in military affairs, over several issues: the Bush Administration's hope to place components of its ballistic missile defense system at Russia's borders, in Poland and the Czech Republic; Russia's at-least-temporary withdrawal from the Conventional Forces in Europe Treaty (CFE); and the disagreement about renewing the Strategic Arms Reduction Treaty (START).

During his five-day U.S. visit, Baluyevsky is also scheduled to meet deputy National Security Advisor James Jeffrey, and Assistant Secretary of State for International Security and Nonproliferation John Rood. Baluyevsky, Novosti reports, will visit Kings Bay naval submarine base in Georgia, home to at least eight ballistic missile submarines, and, according to the Russian Embassy, he will visit a naval base in Seattle.

Wall Street Journal Hypes Gorbby as Putin's Pal

Dec. 1 (EIRNS)—The *Wall Street Journal* today published a nearly two-page profile of former Soviet President Mikhail Gorbachov, promoting him as a great champion of Russian democracy who, at the same time, serves as a key advisor to Russian President Vladimir Putin, whom the *Journal* targets as a defiler of "democracy" and the Gorbachov "perestroika" ("reconstruction") legacy. The *Journal* story came in the midst of a U.S. and British media assault on Putin, as leading a campaign to re-Stalinize Russia, suppress democracy, and install himself as a new type of czar-for-life. The profile of Gorbachov casts the last Soviet President as a captive of the new Russian dictator, who has been coopted by Putin's personal outreach, since coming in as Boris Yeltsin's last prime minister in 1999. According to the *Journal* account, largely based on interviews with Gorbachov during his recent tour of the United States, Putin invited Gorbachov to form the social democratic political movement, and installed him as a top figure in the Russian-German Dialogue, which Putin launched with former German Chancellor Gerhard Schröder several years ago.

Putin: Russian Government Will Back Up Banks—Cautiously

Dec. 5 (EIRNS)—President Putin said that the government and Central Bank will help Russia's banking sector deal with the liquidity problems which have hit hard since the world financial markets seized up in August, but the government will be cautious in its interventions, Novosti reported today. "The government and the Central Bank are ready to support Russian banks, but it must be done carefully, not at the expense of macroeconomic stability," Putin was quoted.

Russian banks have had to turn to domestic sources for liquidity, since international funds they had relied on before are now far too expensive. On Nov. 28, "repo" refinancing operations through the Central Bank hit a record of 300 billion rubles (\$12 billion).

Southwest Asia News Digest

Behind Annapolis and the Iran NIE

Dec. 8 (EIRNS)—The war party faction in the Bush Administration has suffered a pair of stunning political setbacks to their plans for further military confrontations in Southwest Asia. The danger of yet-another Persian Gulf war is not over; but the prospects of perpetual war in the world's oil patch is reduced, for the first time in a long while. See this week's InDepth coverage for full analysis of Washington's battle over Southwest Asia.

NIE Report on Iran 'Snatched' Netanyahu's Agenda

Dec. 7 (EIRNS)—Under the headline, "How Netanyahu's Agenda Was Snatched," the Israeli daily *Ha'aretz* has a short interview with Israeli opposition leader Benjamin Netanyahu, commenting on how the U.S. National Intelligence Estimate has undercut his crusade against Iran's nuclear program. Journalist Yossi Verter writes that Netanyahu claims he started his campaign in 1996, when he addressed a joint session of the U.S. Congress. (This was also when Netanyahu was given the "Clean Break" report by U.S. neo-conservatives including Richard Perle and John Bolton.) Verter writes that "henceforth, the slogan he coined of which he is so proud, 'The year is 1938 and Ahmadinejad is Hitler,' will be greeted with raised eyebrows internationally. After all, what does Netanyahu know that 16 American spy agencies don't know?"

Netanyahu shrugs off the NIE, saying, "There will be other reports."

'Israel Won't Attack Iran Alone'

Dec. 7 (EIRNS)—Commenting on the National Intelligence Estimate which concluded that Iran has closed down its nuclear weapons program, an unnamed Israeli Cabinet official told *Time* magazine, "It looks like this ends the military option against Iran for now. Israel won't attack alone. Iran's facilities are too many and spread far apart." This is also reported in the *Jerusalem Post*.

Ha'aretz adds a comment by Deputy Defense Minister Matan Vilnai to the Knesset: "For now, Israel believes diplomatic pressure on its top enemy must be exhausted." But when asked if he believed an Israeli strike was possible, Vilnai said that "no option needs to be off the table."

LaRouche: Barghouti's Call for Peace Is Decisive

Dec. 3 (EIRNS)—Marwan Barghouti, the imprisoned Palestinian leader, told a delegation of Knesset members visiting him in the Hasharon Prison yesterday, that the Palestinian people in both the West Bank and Gaza would support a peace agreement.

Barghouti is quoted by Ynet: "The end of the [Israeli-Palestinian] conflict is near. All that is needed is a leader courageous enough to sign [an agreement]. I believe we are on the brink of a solution. If a permanent agreement is drafted, the Palestinian Authority will hold a referendum to approve it."

Lyndon LaRouche commented, "This is really significant. This one thing is really decisive. A lot of people are on the fence on this issue, but Barghouti is not. Our pushing of the Annapolis conference was the right thing to do."

As for the release by Israel of 429 prisoners today, LaRouche said, it "is a joke. Most of those slated for release would have been freed a few months from now anyway. Israel can free thousands of prisoners, not just 400. Abu Mazen [Palestinian President Mahmoud Abbas] requested the release of more prisoners, but was denied by Israel." Israel is holding 9,000 Palestinian prisoners.

In response to the fact that Palestinian prisoners have no access to a public phone, Knesset Member Nadia Hilou (Labor) said, "This is especially bewildering when one takes into account that another security prisoner in Israel named Yigal Amir [Prime Minister Yitzhak Rabin's assassin] enjoys 24-hour access to a phone."

LaRouche and former Secretary of State James Baker III have called for Barghouti's release as key to furthering the peace process. Israeli Infrastructure Minister Benjamin Ben Eliezer has also called for his release.

Barghouti is recognized as a legitimate leader of Yasser Arafat's Fatah movement in the West Bank, and was elected as a member of the Palestinian Legislative Council in 1996. In April 2002, he was arrested and placed on trial before an Israeli court. He received a sentence of five life terms from the court, whose jurisdiction he refused to recognize during the proceedings. He has continued to be active politically in jail on behalf of an peace agreement. The fact that he called for the signing of such an agreement, lends crucial support to the post-Annapolis peace process.

Syrian MP: Mediated Talks with Israel Have Never Ended

Dec. 7 (EIRNS)—While denying there were secret Israeli-Syrian talks ongoing, Syrian Member of Parliament Dr. Muhamad Habash said that mediated talks have never stopped. "Every time, the Israelis say there are secret contacts going on between Israel and Syria, but it soon becomes clear that these remarks are made simply for domestic political concerns in Tel Aviv. Syria doesn't need clandestine negotiations," Habash said in a press interview reported by today's Ynet. Nonetheless, "We're ready for public talks. If this is so, why engage in clandestine negotiations? The mediation between Syria and Israel has never ended. The Russians are aiding in the mediation as well as the Turks and UN Secretary-General Ban Ki-moon, as well as a number of other countries that have mutual interests."

Laying out conditions necessary for peace, Habash said, "If half a million Palestinian refugees who are currently living on Syrian land are returned to Israel or their lands in Palestine, and the Golan Heights is reinstated as Syrian, then we would be able to say thank God and enjoy the long-awaited peace."

He warned of a continuing war danger: "The prospect that Israel might take some adventurous steps is reasonable to assume. In the last year, the Israelis decided to carry out some risky maneuvers, and they were on the losing side, and even today there are those who are pushing for war, even though Israel was on the losing side. The possibility that Israel were to infringe upon Syria's sovereignty is a possibility that exists and that we're not ruling out, although at the same time, we are not looking to reach this stage, and we do not want to escalate the situation." Warning that Syria would even attack Israel's Dimona nuclear reactor if necessary in an all-out war, Habash said, "The Dimona reactor is located within range of our missiles. Nothing will stop the fervor of the Syrian soldier and the Syrian warrior in this situation."

Olmert Spoke to Putin About Moscow Peace Conference

Dec. 7 (EIRNS)—Israeli Prime Minister Ehud Olmert telephoned Russian President Vladimir Putin on Dec. 6, and discussed, among other things, the follow-up Moscow peace conference proposed by Russia as a venue for Syria-Israeli talks.

A statement released by Putin's office, and reported in the *Jerusalem Post* Dec. 7, said Olmert called Putin to congratulate him on his party's victory in the Russian parliamentary elections, and to discuss the peace conference at Annapolis, the upcoming Paris donors' conference, and "preparations for the next international conference in the first half of 2008."

The two were said to have also discussed Iran and the new U.S. National Intelligence Estimate, which states that Iran has

suspended its nuclear weapons program.

Another Annapolis Result: Iraq Declares PKK a Terrorist Organization

Dec. 5 (EIRNS)—In a new, tertiary outcome of the Annapolis summit talks, Abdel Aziz al-Hakim, the leader of Iraq's largest Shi'ite party, the Supreme Iraqi Islamic Council, said today that Iraq considers the Kurdistan Workers' Party (PKK) a terrorist organization, and will not tolerate attacks launched by the group against Turkey from Iraqi soil, in comments reported by Turkey's *Hurriyet* newspaper. Al-Hakim added that he wants to ensure "that Turkish forces do not enter Iraq" and "that security in Iraq can be provided by Iraqis themselves."

Hakim's statement accords with *EIR*'s recognition of the general success of the Annapolis summit. Of the most important accomplishments at Annapolis, was that Vice President Dick Cheney, and other war-party fanatics in the Bush Administration, were robbed of an opportunity to press, as they had intended, for an immediate military attack on Iran. According to some former senior officials, who spoke to *EIR*, Cheney had been banking on a breakdown of the Annapolis talks, and a discrediting of Secretary of State Condoleezza Rice, who staked her reputation on some modicum of success in bringing together a wide array of regional and international players, to revive the Israeli-Palestinian peace negotiations, after a seven-year shutdown. One key Annapolis objective on the part of Cheney and his "permanent warfare/permanent revolution" grouping, was to create a war-like situation around the Kurdish issue, isolating Turkey. Cheney has lost this round.

Hakim said today at the United States Institute of Peace (USIP) in Washington, that Iraq cannot take any stance that could harm its neighbors, particularly Turkey.

Asia News Digest

***Deja Vu* in Pakistan: Another 'Viceroy' in Action**

Dec. 4 (EIRNS)—According to a senior Pakistani correspondent close to the Army, Syed Saleem Shahzad, the U.S. Ambassador to Pakistan, Anne W. Patterson, made a direct appearance on Pakistan's political stage on Dec. 3, with a call for all political parties to participate in the national elections scheduled for Jan. 8. She met with several politicians, including former prime minister Nawaz Sharif, and insisted that he take part in the polls. This is direct interference in another sovereign nation's affairs—or is it that Patterson was told by the powers-that-be to ignore the fact that Pakistan is indeed a sovereign nation?

This open intervention by a senior U.S. diplomat follows prolonged backroom efforts by the Bush Administration to dictate Pakistan's strategic and domestic political issues, as well as matters related to foreign policy, such as Kashmir, to bring Islamabad in line with the U.S.-led "war on terror" and its regional policy on Iran and Afghanistan, for the remaining year of Bush's term.

In fact, the trend goes back over the years. In 1989, during the "Daddy" Bush Presidency, after Pakistani military ruler Gen. Zia ul-Haq died in a "mysterious" plane explosion, along with the U.S. Ambassador, a three-star American general, and a host of Pakistani generals, and the India representative of *Der Spiegel*, saw during his visit to Pakistan the U.S. ambassador (better known to the Pakistanis as "Viceroy") Robert Oakley, personally checking out the ballot boxes to be used in the upcoming elections. At the time, with Zia ul-Haq out of the way and the defeated Soviet Army hightailing it out of Afghanistan, Washington was keen to take the military uniform off the Pakistani rulers and bring back democracy.

Some things do not change.

China, India Want Greater Say in World Financial Bodies

Dec. 5 (EIRNS)—With international financial institutions in deep trouble, both sides at the second China-India Financial Dialogue, held in Beijing, sought a greater role in the management of those institutions, including the World Bank, the IMF, and the Asian Development Bank. "We must have a greater say in the management of these institutions, both to our position at the board level and to our position at the executive management level," said Indian Finance Secretary B. Subba Rao, who led the Indian side. The Chinese team was led by Li Yong, Vice Minister in the Ministry of Finance.

In the statement signed at the meeting, the two countries vowed to boost exchanges and cooperation to develop bond markets and expand channels for direct financing, gradually open domestic capital markets, and boost financial supervision to guard against risks brought about by short-term, cross-border capital flows. The two countries also pledged to improve macro-economic controls, promote renewable and clean energy development, and usher in more sustainable, resources-saving, and environment-friendly production and consumption models.

U.S. Pressures India Against Iran-Pakistan-India Pipeline

Dec. 5 (EIRNS)—Notwithstanding the latest National Intelligence Estimate's exposure of the fraud perpetrated by the Cheney-led neocons, who claim that Iran's nuclear power program is for building nuclear weapons, Washington is still hell-bent to pressure countries interested in doing business with Iran. One such country is India.

On Dec. 5, Tehran reported that India is continuing with its plans to import natural gas through a pipeline via Pakistan. The government-run Indian news agency, Press Trust of India (PTI), cited a U.S. government official saying that during his upcoming visit to India, U.S. Secretary of Treasury Henry Paulson will try to prevail upon India's Manmohan Singh government to abandon the project. Paulson's visit will start in Kolkata on Dec. 9.

This is not the first time that the U.S. made known its opposition to the pipeline, which would benefit India, Pakistan, and Iran. In April 2007, a number of senior U.S. lawmakers, headed by Rep. Tom Lantos (D-Calif.), sent a joint letter to the Indian premier, calling on India to curtail its military and economic ties with Tehran. The letter declared, "Regarding Iran, we are deeply concerned by India's increasing cooperation with that country, including the exchange of visits between high-level officials, enhanced military ties, and negotiations of agreements to establish closer economic relations."

A number of Indian political leaders over the years made it known to the Bush Administration that India's relations with Iran are unrelated to New Delhi's relations with Washington, and are non-negotiable. India has a dire need of natural gas, and Iran has the surplus gas to supply. Beside a strong economic and trade relationship, India also assists Iran's military through training, maintenance, and the provision of equipment.

China: Low-wage Era Must End

Dec. 3 (EIRNS)—"China's economy cannot continue to grow in the unbalanced condition," in which already low workers' wages rise more slowly than the overall economy, states a signed commentary in the *Beijing News*, the *China Securities Journal* reported today. The article appeared as the Chinese government launched its most important annual economic policy meeting, the Central Economic Work Conference, in Beijing today. Inflation, now at 4.5%, is a key issue on the conference agenda, and Xinhua today quoted Chinese Prime Minister Wen Jiabao saying that "prices have been on the rise these days and I'm aware that even a one-yuan [13 U.S. cents] increase in prices will affect people's lives."

The *Beijing News* article says that China is going to enter an era of "wage increase and tax reduction." This year,

"government taxes and enterprise profits both grew faster than the growth rate of GDP, while the growth rate of workers' wages is lower than that of GDP. We can probably say that the large growth of enterprise profits and financial revenues is happening at the expense of workers' low wages." The governments of both Shanghai, China's largest industrial city, and Guangdong Province have recently announced that they will take on the problem of low wages. In Guangdong, which had been the center of China's low-cost exports, the government will initiate laws next year, to force enterprises to increase wages. Policies initiated in Guangdong and Shanghai have "exemplary meaning" for the rest of China, the *Beijing News* states. "What Guangdong and Shanghai did is just to answer the call of ... President Hu Jintao" at the recent Communist Party National Congress, when Hu said that the government had to ensure rising wages for the workforce.

"The building of a long-term system to raise wages should be deemed as a crucial reform to effectively stimulate domestic needs, remedy the imbalance of China's economic development and the national income distribution, and boost the sustainable development of the national economy," the *Beijing News* wrote.

China Supports Russian Election Results

Dec. 4 (EIRNS)—The Chinese government has made it clear that it supports the outcome of the Dec. 2 Russian national Duma elections. The new Duma "was the choice of the Russian people," Chinese Foreign Ministry spokesman Qin Gang said at a news conference in Beijing today. "The election was held smoothly," Qin Gang said. "China believes this was the choice of the Russian people. We believe the new term of the Russian parliament will make an important contribution to the development of China-Russia relations."

At the same event, Qin Gang said that the Chinese government had expressed its "grave concern" that the aircraft carrier *USS Kitty Hawk* and its fleet had gone through the Taiwan Strait on its return to its base in Japan, after the Chinese side had refused the ship permission to dock in Hong Kong on Nov. 21. Since mainland China considers Taiwan part of the Chinese nation, passing through the Taiwan Strait is considered traversing national territory.

The U.S. Navy had informed the Chinese side that the route was chosen due to stormy weather, and that there was no misunderstanding with Washington about the matter. However, Beijing had asked the U.S. side to act with discretion in this highly sensitive area.

Indonesia Nuclear Chief: 'Let's Get It Going!'

Dec. 7 (EIRNS)—The Indonesian National Nuclear Energy Agency head, Hudi Hastowo, declared that it's time for Indonesia to live up to its new law mandating the construction of a nuclear power plant. "We've been waiting for the construction of the plant to begin for years," Hastowo told the *Jakarta Post* Dec. 6. "I hope the government can issue a decree saying 'yes, the construction can start.'"

Indonesia passed a law earlier this year on long-term development, which called for a nuclear power plant by 2017. There are three nuclear research facilities already, and significant experience with technical and safety issues. Resistance from environmentalists is holding up the construction at the designated site in Central Java, which Hastowo said was based on fear mongering, not fact, and that the government must proceed by issuing a Presidential decree.

Africa News Digest

South Africa Invites Mitsubishi to Invest in PBMR

Dec. 4 (EIRNS)—In order to help "unlock" foreign markets, and provide capital needed to build the first two dozen small

pebble bed modular nuclear reactors (PBMRs), for domestic use and export, the South African government has solicited investment from Japan's Mitsubishi Heavy Industries, according to a release today by *Business Report*, published by the on-line Independent group of newspapers (IOL) in South Africa. MHI is already under contract to supply the turbines for the PBMRs.

Vimla Maistry, spokesman for the government's Department of Public Enterprises, said yesterday that it has "always been the government's policy to attract investment from strategic partners." Westinghouse, another partner, which has had a small stake in the PBMR project, recently increased its investment in South Africa's nuclear technology development. Maistry estimates that it could cost between \$9.9 billion and \$13.8 billion to build the first 24 reactors. She also warned that components were likely to become more expensive, as a result of bottlenecks in the global supply chain, as more countries order new nuclear plants.

Dollar Crash Hits Hard in Africa

Dec. 4 (EIRNS)—The plunge in value of the U.S. dollar is hitting hard, especially in poor nations dependent on agro-commodity exports, which trade in dollars on globalized markets. Cotton is a prime example.

In West Africa, cotton prices have recently fallen by 9%. Cotton accounts for 5-8% the gross domestic product of producing nations in West Africa, with many rural areas in the Sahel entirely dependent on cotton exports. The decline in the cotton industry may trigger mass migration, according to the head of the National Federation of Cotton Producers in Senegal. Many younger West Africans will attempt to go overseas. The farmers are desperate; the ginning and marketing concerns have posted big losses over two seasons. In the poor cotton-producing areas, the population was already subsisting on less than one dollar a day. Under these conditions, a shift in the dollar exchange rate can eliminate a month's worth of food, *Bloomberg* reports.

In France, aerospace producers are warning about the threat of the falling dollar forcing them to outsource production to "cheap-dollar" areas. Today's lead editorial of the French daily *Le Figaro*, titled, "The Trap of the Dollar," by Nicolas Barr, asserts that those who rejoice in the fall of the dollar are tragically mistaken.

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