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A Tale of Two Generations

by Lyndon H. LaRouche, Jr.

The LaRouche Political Action Committee released this statement on Aug. 21.

Any U.S. veteran of World War II who can think back to the time of President John F. Kennedy's Administration, should be asking today: Is a U.S. Bush Administration which continues to act as a stooge of that former British Prime Minister Tony Blair who brought us the continuing, and spreading, hopeless warfare in Southwest Asia, setting the world up with a "Cuba Missile Crisis" in reverse? Is the ghost of Khrushchev hovering inside the body of U.S. Vice-President Dick Cheney? Or, has the George Soros who ran evil errands for Hitler as an adolescent, who created the present lunatic government of Georgia, and who has now virtually created the Barack Obama candidacy, become a key player in bringing the world as a whole into a thermonuclear showdown in August?

These are the kinds of questions reverberating through the halls of governments around the world right now....

In-Depth articles from EIR, Vol. 35, No. 34

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Feature

- **A Tale of Two Generations**

Lyndon H. LaRouche, Jr. writes that since today's Russia will not surrender to the thermonuclear posturing, Americans should be asking if the Bush Administration, which continues to act as a stooge of former British Prime Minister Tony Blair, is setting the world up with a 'Cuba Missile Crisis' in reverse. Or if George Soros has become a key player in bringing the world into a thermonuclear showdown in August.

- **New 'Cuba Missiles Crisis' in Europe:**

Are We Headed Toward World War III?

by Helga Zepp-LaRouche

Considering the monstrous destruction and horror wrought by the two world wars of the 20th Century, it is truly unfathomable how little public courage our political leaders have shown in the face of the recent imperial geopolitics-driven provocations against Russia.

- **Hit on South Ossetia:**

A British-Led Action

Interviews on Aug. 19-21 by the English-language Russian TV channel Russia Today with Lyndon LaRouche and EIR senior editor Jeffrey Steinberg.

- **Documentation:**

Russia's Tough, But Measured Response to Escalated Provocations

Webcast

- **Dialogue with IberoAmerica:**
'Do You Want To Eat?'

Helga Zepp-LaRouche held a live videoconference with audiences in Argentina, Mexico, and Colombia on Aug. 19. She emphasized that the world faces a very dangerous moment in history, because of the breakdown of the global financial system, compounded by a very dangerous military escalation. But the means to solve the crisis are at hand, if the rich human and natural resources of Ibero-America are put to good use, in the context of a Four-Power Alliance of the world's largest powers— including emphatically the United States.

Economics

- **Peering into the Darkness at Jackson Hole**

The financial leaders who are gathered at the Federal Reserve Bank of Kansas City's annual economic symposium should admit that the financial system is dead, and discuss how to keep essential goods and services flowing, how to make sure that people will not be simply left to die as a result of the failed system. Instead, they are spinning fantasies about how they can save their system by manipulating money, by shifting losses to the taxpayer.

- **Sabotaging the PLHINO Is a Crime**

The fight over Mexico's proposed Northwest Hydraulic Plan is heating up.

- **The Incompetence of Luege Tamargo:**

PANistas Still Live in Maximilian's Shadow

International

- **The 'Al-Yamamah Factor' in Musharraf's Ouster**

The forced ouster of Pakistan's President Gen. Pervez Musharraf by the British and the Saudis, threatens to unleash further instability in the entire region. Lyndon LaRouche notes the serious narco-terrorist factor centered around the Taliban and al-Qaeda nexus, which enjoys continuing support from the relevant British and Saudi factions.

National

- **Breaking Wind:**

Obama, Pickens Forming a Green Fascist Alliance?

Barack Obama met with bigbucks Republican oilman T. Boone Pickens, to confer on an insane 'renewables' energy program that involves austerity, public-private funding swindles, science fraud, and other elements. This green fascism is reminiscent of the 1920s 'backtonature' greenie retreats organized by Nazi ideologue Hermann Göring.

- **Obama's Energy Ally:**

T. Boone 'Predator'

- **Clinton Supporter:**

We Can't Risk Four More Years of Bad Leadership!

The LaRouche Show interviews Michele Thomas, a grassroots organizer of Democratic delegates; she and others won the fight to put Hillary Clinton's name into nomination at the Democratic Convention and to hold a roll-call vote for the party's Presidential nominee.

- **Al Gore:**

Too Big for His British Genes

Stephanie Nelson, of the LaRouche Youth Movement, traces Gore's genocidal racism back to Parson Thomas Malthus and the eugenicists. A reprint from the LaRouche PAC pamphlet 'Covered in Gore.'

Science

- **[A Critical Review of the Draft U.S. Climate Change Report](#)**

Dr. Zbigniew Jaworowski analyzes the draft of the U.S. Climate Change Science Program, showing how it falls way short of scientific truthfulness. A multidisciplinary scientist, Dr. Jaworowski's work has included investigating the history of the pollution of the global atmosphere. He has published many papers on climate, most of them concerning CO2 measurement in ice cores.

Editorial

- **[Protect the Homeowners and the Banks!](#)**

U.S. Economic/Financial News

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Richmond Fed Chief Calls for Higher Interest Rates

Aug. 19 (EIRNS)—Speaking on Bloomberg television today, Federal Reserve Bank of Richmond President Jeffrey Lacker said that higher interest rates may be needed to bring down inflation, before growth and financial markets return to normal. "It is important to withdraw this monetary policy stimulus in a timely way," Lacker said. "That may require us to withdraw before we are certain all of the weakness is behind us...."

Lacker said he definitely opposed lower rates, and was very concerned about inflation. The U.S. Labor Department reported today that U.S. consumer prices had risen at the fastest pace in 17 years.

Dallas Fed President Richard Fisher is the only Fed bank president to have aggressively called for an increase in interest rates, in the face of the Fed's hyperinflationary policy. Both Atlanta Fed President Dennis Lockhart, and Philadelphia Fed President Charles Plosser say they believe the present inflation merits consideration of raising interest rates soon.

Ex-IMF Chief Economist: 'The Worst Is To Come'

Aug. 19 (EIRNS)—Kenneth Rogoff, a Harvard academic who formerly served as chief economist for the IMF (2001-03), made headlines by declaring, at a Singapore conference today, that a big U.S. bank is likely to fail in the next few months. Rogoff's evaluation is being echoed nearly universally within knowledgeable financial circles—and vastly understates the reality that the financial system itself is in the process of unwinding.

But Rogoff was pithy. "I would ... say 'the worst is to come,' he said. "We're not just going to see mid-sized banks go under in the next few months. We're going to see a whopper, we're going to see a big one, one of the big investment banks or big banks."

Rogoff attacked the Fed for having cut interest rates as "dramatically" as it did, but did not call for raising them, as LaRouche has done.

USA Electric 'Lights Out' Policy

Aug. 18 (EIRNS)—Wind was the biggest mode of new electricity generation capacity brought on line in the United States in 2007! Plus, there has been a plunge in new additions of power capacity to the grid over the past five years.

In 2003, there were 32,626 megawatts (MW) of new capacity added, and 21,759 MW added by expanding capacity in existing plants. By 2007, these figures had drastically fallen, to 7,063 MW of new capacity, and 5,286 MW from expansions, with wind being the biggest mode. The U.S.A. has now exceeded Germany in wind power generated (figures from *EnergyBiz*, July/August 2008).

The North American Electric Reliability Council (NERC) estimates that by 2015, an additional 140,000 MW of generating capacity will need to be added in order to meet an expected 19% increase in usage in the United States. So far, only 57,000 MW are even on the drawing boards.

TVA To Study Completion of Two Nuclear Plants

Aug. 21 (EIRNS)—The president of the seven-state Tennessee Valley Authority (TVA), Tom Kilgore, announced yesterday that the Federal agency will carry out a \$10 million study to determine whether to finish two nuclear power plants whose construction was halted in the 1980s. The two reactors at the Bellefonte site in Alabama were 88% and 58% complete when they were cancelled in 1988. More than \$4 billion had been invested. TVA is looking a decade down the road, at how to best meet its mandate to provide reliable, affordable electric power. TVA is also considering the construction of two new reactors at the Bellefonte site.

During the 1970s, the TVA was the largest nuclear power plant construction site in the world, with 18 reactors planned. Following President Carter's appointment of Ford Foundation "appropriate technology" fanatic, S. David Freeman, as TVA chairman in the mid-1970s, and the economic slowdown that followed multiple oil crises and failed anti-nuclear "energy" policies, all but a half dozen of the reactors were cancelled. Freeman proposed that Valley residents, who had gone from a Third World standard of living to the highest per-capita consumption of electricity in this country, use wood stoves in the Winter, rather than electric power. On June 12, Freeman said he was "appalled at the idea that the Tennessee Valley Authority is going back to nuclear power," saying it had "failed."

Last year, a reactor at Browns Ferry that had been shut down in 1985, was brought back on line, after a \$1.8 billion upgrade and refurbishment. In 2012, the Watts Bar Unit 2 nuclear plant in Tennessee will finally come on line, after an investment of \$2.49 billion. Construction had been halted in 1985, when the plant was 80% complete.

TVA Chief Operating Officer Bill McCollum explained, regarding the two unfinished Bellefonte units, that "the amount of embedded value that we have in the ground in concrete, steel, and buildings at Bellefonte has gone up significantly, when you look at alternative sources and the increasing costs of construction." An official of the Economic Development Authority in Jackson County where Bellefonte is located, said the community would welcome the completion of the two reactors.

The TVA is this nation's largest utility, and has been a model for economic development projects on every continent in the world. President Franklin Roosevelt is undoubtedly smiling.

'Experts Doubtful About Bloomberg's Windmill Plan'

Aug. 21 (EIRNS)—The *New York Times* today carries an article with the above headline, with the subhead, "Predictions of Huge Costs for Minuscule Amounts of Energy," filling two-thirds of a page in its first section, nearly half of which is a photo of the Statue of Liberty with her torch replaced by a wind turbine. The article reports the critiques by architects, engineers, and energy experts, of Mayor Michael Bloomberg's proposal to place wind turbines atop the city's skyscrapers and bridges, and along the coastline of Queens and Brooklyn. Bloomberg made the pitch recently at the National Clean Energy Forum, which appropriately enough was held at a hotel in the something-for-nothing paradise of Las Vegas.

The criticisms center on economic costs and the energy output. New York skyscrapers would have to be designed, or retrofitted at great cost, to accommodate the extra weight, vibration, and swaying of the turbines, and insurers would have to be persuaded that turbines are worth the risk. On the other hand, the *Times* says, even if Bloomberg could find investors to build turbines able to produce 1,000 megawatts of electricity, "operators of the city's grid would be able to count on only 100 megawatts, or less than 1 percent of peak demand."

The *Times* then reveals its own science fiction bent, by proposing instead that: "Solar panels, by contrast, can be put on an array of structures and are active on hot, sunny days when electricity use is high," and proceeds to argue the case for a solar energy boondoggle.

Global Economic News

[LaRouche: ECB Tries To Bail Out Spain with a Bottomless Bucket](#)

[IKB To Be Sold to U.S. Locust Lone Star](#)

LaRouche: ECB Tries To Bail Out Spain with a Bottomless Bucket

Aug. 21 (EIRNS)—European Central Bank head Jean-Claude Trichet "is trying to bail out Spain with a bottomless bucket," commented Lyndon LaRouche today, about the alarm sounded by Dutch Central Bank chief Not Wellink, over the continuing flood of ECB bailouts. The problem is that the euro is plunging more precipitously than the dollar, LaRouche observed.

Wellink's statements were reported by Ambrose Evans-Pritchard in his London *Telegraph* blog on Aug. 21, under the title, "Bank Borrowing from ECB Is Out of Control." Wellink told the Dutch financial daily *Het Finacieele Dagblad* that, "We see banks becoming very dependent on central banks," and "there is a limit how long you can do this. There is a point where you take over the markets."

Evans-Pritchard said that his ECB sources are worried, but, "Nobody dares pinpoint the country ... because as soon as we do, it will cause a market reaction and lead to a meltdown for the banks." He adds that Spain, a center of mortgage disaster, owes about Eu49.6 billion to the ECB, in short- and medium-term debt. Some Spanish banks are issuing mortgage securities for the sole purpose of using them as collateral in ECB borrowing, says Evans-Pritchard. As *EIR* has reported, every month, the ECB rolls over the existing loans, and increases the overall lending a bit more.

IKB To Be Sold to U.S. Locust Lone Star

Aug. 21 (EIRNS)—After a six-person presidium board meeting of the state institution KfW (Kreditanstalt für Wiederaufbau, or Reconstruction Finance Agency), which included German Economics Minister Glos (CSU) and Finance Minister Steinbrück (SPD), the decision was made to sell IKB to the U.S. hedge fund Lone Star. KfW controls the biggest share of IKB (45%), which is set to increase to more than 90% by a \$1.5 billion capital increase. The outrageous conditions of this sale are basically that the taxpayer has to pay for the bank's subprime mortgage losses. The most interesting part of the IKB still is its *Mittelstand* (small and medium-size) business, which this locust fund will now control.

Lone Star also obtained the first-ever German banking license going to a foreign private equity fund in June 2005, taking over Mitteleuropäische Handelsbank (MHB) from NordLB.

United States News Digest

[California Budget Crisis, Day 50](#)

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California Budget Crisis, Day 50

LOS ANGELES, Aug. 20 (EIRNS)—Even right-wing radio shockjocks are turning on Gov. Arnold Schwarzenegger, causing George Shultz's Golem to melt down, as he did on a radio talk show yesterday. As the California budget crisis, which is only an advanced, local manifestation of the disintegration of the world financial system, hit day 50, with no end in sight, Schwarzenegger went on KFI radio to yuck it up with hosts John and Ken, who have generally served as media flaks for the fascist governor.

This time, they turned on him, accusing him of abandoning his promise to "fix" the state's dysfunctional fiscal situation, in order to pursue radical environmental policies. This apparently struck a nerve. After nervously trying some banter to deflect the charge, the Governor blustered, "This is absolutely absurd, what you're saying right now.... You're living in the Stone Age if you think the environmental issue has anything to do with the budget or the declining economy worldwide."

He continued: "Don't lie to the people ... don't pull the wool over their eyes. It's nonsense Republican right-wing talk," said the Republican governor.

When asked if he has any regrets, as the state is no better off today, under his governance, than it was five years ago under his predecessor, Gray Davis, whom he replaced in a special recall election (it is actually in much worse shape, and sinking fast!), Schwarzenegger again demonstrated how removed he is from reality. "I made great decisions. I have no regrets at all. It's just the regret I have is that not everyone is seeing it exactly as I see it."

Do Democrats Want a Cheney Look-Alike for President?

Aug. 19 (EIRNS)—It was hard to tell the difference between Barack Obama and the Bush-Cheney White House, during Obama's speech to the Veterans of Foreign Wars today. After defending his record on Iraq and Afghanistan, Obama vowed that "as Commander in Chief, I will have no greater priority than taking out these terrorists who threaten America, and finishing the job against the Taliban," which, he said, means "more resources and more troops to finish the fight in Afghanistan." On Georgia, he declared that "I have condemned Russian aggression, and today I reiterate my demand that Russia abide by the cease-fire. Russia must know that its actions will have consequences. They will imperil the Civil Nuclear Agreement, and Russia's standing in the international community including the NATO Russia Council, and Russia's desire to participate in organizations like the WTO and the OECD."

His call for killing the Civil Nuclear Agreement (the "123 Agreement") goes further than McCain did in his speech to the VFW yesterday, where he called for barring Russia from the G8 and the WTO, but didn't say anything about the Civil Nuclear Agreement. It also goes further than the White House, which has defended the "123 Agreement" in the face of Congressional, largely Democratic, opposition.

Dem Govs to Obama: Get Concrete on Jobs, Economy

Aug. 18 (EIRNS)—Presumptive Democratic Presidential candidate Barack Obama must get more concrete on the economy and job creation, and forget the speeches about "hope" and "change," 15 Democratic governors told the *New York Times*, according to an article published Aug. 17. The critics also include state party chairs and Congressmen. Gov. Phil Bredesen of Tennessee told the *Times* that even though Obama went to Harvard, it should be possible for him to talk to ordinary Americans about bread-and-butter issues.

A July *Times*/CBS poll showed Obama in a dead heat with putative Republican candidate John McCain, after outspending McCain by 2-1 in July. The 2004 losing Democratic candidate, John Kerry, was in the same "dead heat" position with George Bush at the pre-convention days in 2004.

* Gov. Ted Strickland (D-Ohio) said, "I particularly hope he strengthens his economic message. Even Sen. Obama can speak more clearly and specifically, about the kitchen table, bread and butter issues like high energy costs. It's fine to tell people about hope and change, but you have to have plenty of concrete, pragmatic ideas that bring hope and change to life."

* Tennessee Gov. Bredesen, whom the Obama campaign is sending to campaign in other states because it has written off Tennessee, told the *Times*: "Instead of giving big speeches at big stadiums, he needs to give straight-up ten-word answers to people at Wal-Mart about how he would improve their lives." Bredesen says Obama has little chance of carrying his state, and adds, "I would really like to see him do things in Tennessee that would help in other working class and blue collar places, like Ohio. Job security and health care are huge here. He needs to come to the aisle of Home Depot and show them that a Harvard graduate which I am as well knows how to help them."

* Gov. Bill Ritter (Colo.) said, "His message is the right one, but he needs to turn up the volume and sharpen it a bit, because these are voters who care a great, great deal about the future of the economy. He has to convince them that he is ready for that huge task."

The Rothschild Factor in the Democratic Party

Aug. 17 (EIRNS)—Last month Lady Lynn (Forester) de Rothschild's American group, Together4Us, hosted a private meeting for John McCain campaign spokesman Carly Fiorina to explain why a couple of dozen top supporters of Hillary Clinton, whom Mrs. Rothschild's group had assembled there, should support McCain for President.

The July 15 meeting, reported the next day in the *Wall Street Journal*, was part of the intervention of Mrs. Rothschild into the brawl leading up to the Democratic National Convention in Denver. Mrs. Rothschild and her husband, the elderly British banker Lord Evelyn de Rothschild, will attend the convention.

As the Rothschilds are longtime contributors to the Clintons, she has been put forward by her friend Rupert Murdoch in his Fox TV News, his London *Times*, and his *Wall Street Journal*, as the preeminent supporter of Hillary Clinton. Rothschild is presented as steering anti-Obama anger towards support of McCain, without reference to overturning an Obama Democratic nomination.

Evelyn de Rothschild has just retired as head of the British branch of the Rothschild banking empire. With her husband's money, and with the political aid of Britain's New Labour insider Peter Mandelson, Mrs. Rothschild created the "Policy Network," the British lobbying group linking Tony Blair's New Labour and the Democratic Leadership Council (DLC), the U.S.-based right-wing group devoted to killing off the Franklin Roosevelt legacy from within the Democratic Party.

Ibero-American News Digest

Dominican President: To Survive, Emulate FDR!

Brazilian-Venezuelan Industrial Cooperation in the Works

Soros-Linked NGO Demands Regime Change in Ibero-America

Argentina Investigating Grain Cartels for Tax Fraud

Mexico's PRD Calls for Drug Legalization

Dominican President: To Survive, Emulate FDR!

Aug. 17 (EIRNS)—Dominican Republic President Leonel Fernández began his third inaugural speech yesterday with a call for the concert of nations to join together to change the global financial and economic system, to save civilization and human life. The Dominican Republic, he said, hopes to play its part in securing these changes.

Fernández pointed to the example of Franklin Roosevelt. Buffeted by "the hurricane winds of the current world economic storm," the great majority of the world population is in a state of anxiety, facing economic conditions not seen since the days of the Great Depression of the 1930s, he said. "Nevertheless, on assuming office in January 1933 ... Franklin Delano Roosevelt observed that, to overcome the crisis, the first thing required is courage and fortitude, and therefore, the only thing that should be feared, is fear itself," Fernández stated.

We face a global crisis, coming from the great centers of power. To solve this crisis, "will require the application of a set of measures which reorients the course of humanity for years to come."

"Globalization cannot continue without regulations which govern it. The international financial system cannot continue operating in an unregulated way and without adequate supervision. Free trade is insufficient, if it is not at the same time fair trade," Fernández stated emphatically.

Fernández slammed the speculation that has driven up the price of oil, calling it "casino capitalism." Because of this, "stock markets which operate with futures contracts have become gigantic and uncontrollable betting saloons, whose activities affect the prices of the products of the real economy...."

Brazilian-Venezuelan Industrial Cooperation in the Works

Aug. 18 (EIRNS)—Brazilian industry is preparing to triple machinery sales to Venezuela, as broad cooperation on industrial development joins transcontinental rail and water projects on South America's political agenda.

The president of the Brazilian Machinery and Equipment Association (ABIMAQ) led a delegation of Brazilian businessmen which met with Venezuelan President Hugo Chávez and cabinet ministers last week, to negotiate a partnership for Brazil to supply capital goods and agricultural equipment and machinery for the aggressive industrialization project which the Venezuelan government wants to undertake.

Immediate discussions focussed on agriculture, which Chávez is urgently trying to improve, because Venezuela imports 80% of its food. Venezuela wants Brazilian help in setting up a network of food storage facilities, tractors, and other machinery for family farmers, and machinery for 200 new factories, 61 of which are to be food-processing plants. Joint fertilizer production was also discussed, as was Brazilian participation in Venezuela's rail and subway projects. With an estimated \$3 billion in investments on the table, ABIMAQ is raring to go.

Longer-term projects were also discussed. Chávez spoke of how Venezuela, Argentina, and Brazil need to form a "great industrial and energy alliance." South America needs to set up "factories of factories, factories of machines," Chávez reportedly told the Brazilians.

Soros-Linked NGO Demands Regime Change in Ibero-America

Aug. 22 (EIRNS)—The Human Rights Foundation, an NGO run by film-maker Thor Halvorssen, and linked directly to mega-meddler George Soros, is charging that the Presidents of Bolivia, Ecuador, and Venezuela are not sufficiently "democratic," and in effect, calls for them to be removed.

HRF's complaint is that Bolivia's Evo Morales, Ecuador's Rafael Correa, and Venezuela's Hugo Chávez have violated the democratic principles spelled out in Article 3 of the Organization of American States' Inter-American Charter, by shutting down news media, curbing the independence of the judiciary, and persecuting critics, among other things. The NGO rails against José Miguél Insulza, secretary-general of the OAS, for not carrying out his mandate to defend democracy, implying that he too might as well be dumped.

HRF has the unmistakable stench of George Soros and his British masters. Look at the pedigree of some of HRF's board of directors and international council members: Kenneth Anderson served for many years as general counsel to Soros's Open Society Institute, and was founder and former director of the Arms Division of Soros's Human Rights Watch. His expertise includes "war and armed conflict," with a focus on Eastern Europe. He's a graduate of Harvard Law School.

Other members include senior Cato Institute fellow Tom G. Palmer, whose specialty is promoting human rights and democracy in Eastern Europe; Michael J. Horowitz of the Hudson Institute, who has spent years promoting "religious freedom" in Sudan, and democracy in Eastern Europe; and Russian "democracy" advocates and "dissidents" Vladimir Bukovsky and Gary Kasparov.

Argentina Investigating Grain Cartels for Tax Fraud

Aug. 19 (EIRNS)—Based on charges from the National Agricultural Trade Control Office (ONCCA), a recently formed bicameral Congressional committee will begin to investigate the grain cartels that control Argentina's foreign trade—Cargill, Bunge, Louis Dreyfuss, as well as some large Argentine cartels—for defrauding the government of at least \$1.7 billion in taxes over the past year.

According to ONCCA's investigation, the cartels found out when the government intended to raise export taxes, which it did several times over the past year. Before the tax was increased, the cartels would submit the required "Sworn Declaration of Foreign Sales," locking in the lower tax rate as well as the price they would pay domestic producers. However, at the time the cartels submitted the sworn declaration, they hadn't yet purchased the grains from the producers, often waiting a few months before doing so. By that time, the export tax had increased, but the cartels paid the lower rate.

Mexico's PRD Calls for Drug Legalization

Aug. 20 (EIRNS)—Against a backdrop of horrific violence unleashed by Mexico's drug cartels, in which more than 2,000 people have died this year alone in northern Mexico, the executive committee of the Party of the Democratic Revolution (PRD) issued a resolution last weekend calling on the Congress to begin the debate on drug legalization. The discussion took place at the PRD's VI national council meeting, held Aug. 16-17.

This insane proposal has provoked outrage from members of the ruling PAN party and the PRI. But no one makes the crucial point that Lyndon LaRouche has emphasized: A real national development program, that would include projects such as the Northwest Hydraulic Plan (PLHINO), among many others, cannot coexist with the drug trade; the drug trade must be eliminated, and there are proven strategies for doing so.

Although the PRD is deeply factionalized, its pro-legalization resolution was unanimously voted up by its national council. It calls for "exploring with specialists, and in accord with international experience [in this area], the appropriateness of legalizing drugs so as to dismantle the base which supports the illegal drug trade."

The Televisa news network quoted Javier González Garza, the PRD coordinator in the Chamber of Deputies, saying that "out-of-the-box thinking" is required to deal with drug cartel violence. He called for drug legalization in both the U.S. and Mexico, as an example of such radical thinking.

Western European News Digest

[U.S., Poland Sign Missile Defense Agreement](#)

[British Provocations vs. Russia](#)

EIR Was Right on Georgia Events!

Saakashvili Discredited in Germany

British Army May Redeploy into Northern Ireland

Lisbon Treaty Plotters Continue Quest

Real Estate Collapse Will Sink City of London

U.S., Poland Sign Missile Defense Agreement

Aug 20 (EIRNS)—"The Agreement Between the Government of the United States of America and the Government of the Republic of Poland Concerning the Deployment of Ground-Based Ballistic Missile Defense Interceptors in the Territory of the Republic of Poland" was signed in Warsaw today by Secretary of State Condoleezza Rice and Polish Foreign Minister Radoslaw Sikorski. The Polish cabinet approved it yesterday. The Polish parliament still has to ratify the Agreement.

The State Department media notice states that the agreement "will allow the United States to construct, maintain, and operate a facility encompassing ten ground-based BMD interceptors. The United States and Poland will negotiate a separate agreement to address the status of U.S. military forces to be deployed to the territory of Poland. U.S. and Polish military forces will cooperate in providing physical security for the missile defense interceptor facility." This would include "security" for the battery of Patriot missiles that the U.S. has promised would be moved to Poland, which battery is clearly intended to "protect" against Russia, not Iran or "rogue states."

Or, as Lyndon LaRouche suggested, perhaps the security at the missile site will be needed to protect it from angry Poles, when they realize their government's strategic blunder.

British Provocations vs. Russia

Aug. 18 (EIRNS)—Her Britannic Majesty's government is leading the way in an aggressive anti-Russian policy, in advance of the NATO foreign ministers meeting Aug. 19. The London *Times* reports that Britain is pushing to suspend security cooperation with Russia, which has been at the center of the NATO-Russia Council. They also support Georgian President Mikheil Saakashvili's request for NATO monitors to oversee the ceasefire in Georgia. British Foreign Secretary David Miliband announced he will go to Georgia after the NATO meeting, to show his solidarity.

The *Times* quotes one unnamed British official as saying, "We don't want to leave the Russians in the cold but we want to make it clear to Moscow that it's no longer business as usual."

EIR Was Right on Georgia Events!

Aug. 17 (EIRNS)—*EIR* was completely right about Georgia's Aug. 7 aggression against South Ossetia, being caused by Britain, from our first dispatch Aug. 8; every contrary account then and since, was misinformation or simple lying!

This is even confirmed by a *Washington Post* chronology by Peter Finn, published today. Through testimony of neutral observers from the Organization for Security and Cooperation in Europe (OSCE) and others, Finn confirms *EIR*'s account

of unprovoked Georgian aggression immediately following President Mikheil Saakashvili's lying television speech Aug. 7, which featured a supposed immediate ceasefire and full autonomy for the enclave. Georgian troops had been moving towards South Ossetia for a full hour before that television address started.

Saakashvili Discredited in Germany

Aug. 18 (EIRNS)—Georgian President Mikheil Saakashvili has lost backing by many leaders in the EU; notably, the German government is deeply upset with him. According to Germany's mass-circulation daily *Bildzeitung*, Chancellor Angela Merkel, who, in Tbilisi yesterday, stated support for Georgia's future membership in NATO, also harshly criticized Saakashvili for having created a problematic situation for all of Europe, with his adventure in South Ossetia.

Merkel reportedly is very angry, because Saakashvili, in one of his rage fits on Aug. 15, tried to blame the German government for having suppressed evidence of the planned Russian "aggression" before Georgia attacked South Ossetia—thereby having prevented support from the West for Georgia in time to prevail against the Russians.

Bildzeitung also quotes Germany's former Chancellor Gerhard Schröder, calling Saakashvili a "*hasardeur*"—gambler, or risk-taker—whose aggression provoked the war, and has moved Georgia far from NATO membership for the time being. Schröder warned against confrontation with Russia, and especially rejected any deployment of German soldiers for whatever peacekeeping force the West may want to station in the Caucasus even against the protests of the Russians.

British Army May Redeploy into Northern Ireland

Aug. 19 (EIRNS)—Police in Northern Ireland were attacked over the weekend by dissident factions of Irish Republican groups; this was the latest of seven attacks in the last year. Paul Leighton, deputy chief constable of the Police Service of Northern Ireland, reported that the attack involved an improvised rocket launcher and Semtex explosives that appear to have been part of the consignment smuggled into Northern Ireland in the 1980s. Tom Elliot, a member of the Fermanagh Ulster Unionist Assembly, suggested that if the situation worsens, the British Army might have to redeploy to Northern Ireland.

Lisbon Treaty Plotters Continue Quest

Aug. 21, (EIRNS)—Although the Lisbon Treaty was formally defeated by the Irish referendum last June, the Euro-garchy is still looking for a way to implement it before the European Union elections next Spring. A propaganda piece inspired by Brussels was published today in the Italian daily *Italia Oggi*. The EU Commission considers the Italian ratification "the starting of a new momentum that could lead to an implementation of the Treaty within the timing wished by Brussels," that is, before next Spring's elections. No mention is made of how to solve the Irish problem. Interestingly, emphasis is placed on the fact that, through the Treaty, supranational police and judiciary cooperation will be immediately effective.

Real Estate Collapse Will Sink City of London

Aug. 18 (EIRNS)—The collapse of Britain's real estate bubble is about to sink the City of London, with global ramifications, says the *Daily Telegraph's* Ambrose Evans-Pritchard, an assessment shared by some leading British bankers.

British housing prices have been dropping at the fastest rates since the real estate collapse of the 1970s. In London, where up until this month, prices have been stable, so far in August, prices have dropped on an average of 5.3%, and in some areas, as much as 7.9%. The *Guardian* reports that, across Great Britain, repossessions rose to 28,568 in the second quarter, up 24% over last year. Sales by estate agents are down by 40% from last year, and the number of transactions is

the lowest since 1959. Housing starts are at their lowest level since 1945.

Russia and the CIS News Digest

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Russian Deputy Finance Minister: There's No Global Crash

Aug. 21 (EIRNS)—In his article "Free Trade vs. National Interest: The Economics Debate About Russia" (*EIR*, July 4, 2008), Lyndon LaRouche proved how perilous for Russia, and the world, the abiding presence of the bad axioms of British monetarist economics is within Russian policymaking. In a different way, economist Prof. Stanislav Menshikov and other leading Russian figures have expressed continuing concern about Prime Minister Vladimir Putin's having kept Finance Minister Alexei Kudrin, and other neoliberals, in their government posts. At an Aug. 20 press conference, Kudrin's deputy, Dmitri Pankin, gave a lurid demonstration of the problem.

Deputy Finance Minister Pankin said about the world financial situation, "I would not draw a pessimistic picture that a financial crash is near. We are not facing a global crash of the world financial system."

Of course, Merrill Lynch or UBS may have problems, Pankin admitted, but "that affects chiefly their stockholders." According to the ITAR-TASS summary, Pankin observed that "the market mechanisms, embedded in the world financial system, work smoothly enough to function in a crisis situation." He said it's early to say when the crisis will end, but, in any event, it won't be fatal. The business daily *Vzglyad* published this report under the headline, "Deputy Chief of Finance Ministry denies crash of world financial system."

Interfax reports that Pankin also boasted that the finance ministry's "conservative" investment strategy has been successful, including having \$5.5 billion of National Welfare Fund and Reserve Fund money (3.6% of the total) in Fannie Mae and Freddie Mac bonds. It's the stocks that are in trouble, not the bonds, he explained. "We have no worries about having to write off any assets or take losses," since the bonds are rated AAA. "Nobody is talking about a default on these instruments. The stocks are falling, but the bonds retain their high rating and provide steady income."

The two funds are the new form of Russia's Stabilization Fund, where revenues from oil export duties have been parked during the past four years.

Meanwhile, President Dmitri Medvedev met Aug. 20 with Interros (Norilsk Nickel) oligarch Vladimir Potanin, whom he told he intends to hold a conference very soon with the board of the Russian Union of Industrialists and Entrepreneurs, "to discuss pressing problems of the Russian and world economies."

Russian Websites Post LaRouche Releases on British, Soros Hand in Georgian Attacks

Aug. 21 (EIRNS)—Lyndon LaRouche's statements on the South Ossetia crisis, nailing the British hand in the attempted orchestration of a new Cuban Missiles Crisis-quality of global showdown between Russia and the U.S.A., are now circulating widely in Russian translation. *EIR*'s Russian-language pages (www.larouchepub.com/russian) as well as the Ukraine-based Strategium analytical site, have posted the Russian translation of "Britain's Georgia Gambit: So, Hitler Invaded Poland," released Aug. 13. On Aug. 20, the widely read Russian analytical site RPMonitor.ru, founded by economist Andrei Kobyakov, placed at the top front on the main page its own translation of LaRouche's Aug. 12 commentary, "Putin Was Right, He Acted To Prevent World War III." The originals of both articles appear in the Aug. 22, 2008 issue of *EIR*.

Valeri Gergiev Conducts Night Requiem Concert in Tskhinvali

Aug. 21 (EIRNS)—Renowned conductor Valeri Gergiev led the orchestra of St. Petersburg's Mariynsky Theater in an evening concert for the dead of South Ossetia, as well as the survivors of Georgia's attack. Held outdoors in front of the ruined Parliament building of Tskhinvali, the capital, the concert was broadcast live on Russian TV. The music invoked powerful Russian cultural references to tenacity and mobilization under attack: Besides Tchaikovsky's 5th Symphony, the musicians performed the 7th Symphony by Dmitri Shostakovich, the so-called "Leningrad Symphony," which was composed during the 900-day siege of Leningrad (St. Petersburg) by the Nazis during World War II, in which over a million people died. That piece was first performed by the starving members of the Leningrad Symphony Orchestra during the siege.

Gergiev is "the world's most famous Ossetian," having grown up in North Ossetia (within Russia). He is also principal conductor of the London Symphony Orchestra, as well as artistic director of the Mariynsky. A nonplussed *Times* of London headlined its dispatch on the event, "LSO conductor Valeri Gergiev to lead defiant South Ossetia concert," and noted that Gergiev has been a close friend of Prime Minister Vladimir Putin for two decades.

Before beginning the music, Gergiev took the stage and spoke about Georgia's attack on Tskhinvali, calling it a massed, sneak attack on civilians, with nearly 2,000 people killed at home as they slept. With his hand on the shoulders of some young Ossetian children, Gergiev said this must not be allowed to happen again, adding that without Russia's intervention, the death toll would have been thousands higher. Gergiev said he had toured the devastated town, and what he saw was "Stalingrad"—total destruction. The TV broadcast showed people in the audience, which included whole families from surrounding villages, listening in rapt attention, and in tears, to the concert.

Russian OSCE Envoy Attacks 'Anglo-Saxon' Camp

Aug. 22 (EIRNS)—In an interview taped after the Organization for Security and Cooperation in Europe (OSCE) session two days ago, Russia's envoy said that not all Western countries disagreed with the position of Moscow, but it was primarily the "Anglo-Saxon countries." Vladimir Voronkov spelled this out: "I mean the U.S.A., Britain, and their allies in Central Europe. They attempted to turn the Georgian-South Ossetian [conflict] into a Georgian-Russian conflict. We categorically do not accept this. The Russian Federation is not a party to the conflict. Russia, as is known, reinforced its peacekeeping contingent in order to realize its function of peacekeepers, which is written down in the Sochi Agreements of 1992. Therefore, attempts to turn us into a party to the conflict with Georgia are incorrect."

"We are being accused mostly of the disproportionate use of force," Voronkov continued. "To this I say very simply: The disproportionate use of force was the use against the children, women, and old people in Tskhinvali of Grad volley-fire systems, heavy artillery, and mortars. Russia by its actions only induced Georgia to cease the aggression, and made it clear that it is time to get back to the negotiating table."

The Russian diplomat cited sympathy for the Russian position from the Collective Security Treaty Organization (CSTO) countries and Serbia, while "most EU countries treat our position with understanding. So I can't say we feel isolated. Many are aware that we are right. Many [this certainly refers to France, Germany, Italy—ed.] just cannot back us up because of the well-known bloc solidarity, within the EU itself, for example. But in discussions behind the scenes, our position meets with understanding."

President of Syria, King of Jordan to Moscow

Aug. 20 (EIRNS)—President Dmitri Medvedev of Russia is engaged in diplomacy with the leaders of Syria and Jordan, starting today. President Bashar al-Assad of Syria arrived this evening for talks with Medvedev at his Summer residence in Sochi. On the eve of the trip, Assad spoke of stepping up Russian-Syrian military cooperation, in view of the attack on South Ossetia by Georgia, which receives ample military support from Israel; so he put it in an interview with Russian *Kommersant*, which the Israeli daily *Haaretz* quotes today. It also quotes an Interfax wire, citing diplomatic sources, on the preparation of new anti-aircraft and anti-tank weapon sales from Russia to Syria.

What was played up in Russia, is that Assad expressed interest in stationing Russian short-range (280-km) Iskander missiles, Russia's most advanced and versatile conventional-warhead delivery system, and did so in the context of a strong statement of support for Russia's actions after what he called the "mistake" of the Georgian leadership against South Ossetia and Russia.

The following day, King Abdallah of Jordan arrived in Russia for a three-and-a-half-day state visit.

Southwest Asia News Digest

Turkey-Africa Summit in Istanbul

Israel, U.S. Condemn Iranian Missile Test

White House Challenged on Iraq Status of Forces Agreement

Iraqi Government Targets Sunni 'Awakening'

Witness's 'Cold Feet' Complicates Railroading of Olmert

Turkey-Africa Summit in Istanbul

Aug. 19 (EIRNS)—The Turkish Africa Summit began yesterday in Istanbul, with the participation of 50 of the 53 member-states of the African Union. "Solidarity and Partnership for a Common Future" is the theme of the conference, which will draft a declaration outlining areas of political, economic, and security cooperation. "I believe that a future-oriented perspective of cooperation in regards to Turkey-Africa relations will come out of the Istanbul summit," Ambassador Ertugrul Apakan, the Foreign Ministry undersecretary, told the conference. Turkey holds observer status with the African Union, and was declared a strategic partner at the last AU summit.

Six African heads of state are attending, including Sudanese President Omar al-Bashir. The other countries are represented

at the level of vice president, heads of government, foreign ministers, and senior government officials.

The volume of Turkey's trade with Africa in 2003 was \$5 billion, and rose to almost \$13 billion in 2007. An estimate for 2008 is \$19 billion. The target for 2010 is \$30 billion.

Israel, U.S. Condemn Iranian Missile Test

Aug. 20 (EIRNS)—Iran's official news agency, IRNA, reported on Aug. 18, that its missile test of a two-stage rocket was successfully carried out, as a prelude to the "launch of Safir-e Omid, or Ambassador of Peace, a satellite to monitor natural disasters in the earthquake-prone nation and improve its telecommunications. The satellite [will have] data processing capability." The Iranian government has said that Iran hopes to launch four domestically made satellites by 2010. Russia had previously launched a communications satellite for Iran in a cooperative venture.

Iran has a developing space program, and www.flightglobal.com reports that Iranian Space Agency President Ahmad Talebzadeh has been elected chairman of the legal subcommittee of the UN Committee on the Peaceful Uses of Outer Space for 2010-11.

Gordon Johndroe, spokesman for the U.S. National Security Council, issued a statement saying that Iran's "testing of rockets is troubling and raises further questions about Iranian intentions.... This action and dual use possibilities for their ballistic missile program have been a subject of International Atomic Energy Agency discussions and are inconsistent with their UN Security Council obligations."

It is not true that there is a prohibition against Iran developing rockets capable of launching satellites, but *Aviation Week* magazine immediately connected the rocket launch to the nuclear weapons issue on Aug. 18, saying that the test "is renewing concerns that the vehicle is also intended to test intercontinental ballistic missile (ICBM) capabilities."

In Israel, the missile test was greeted with further statements against Iran. Knesset member Yitzak Ben-Yisrael (Kadima party), the former head of the Israeli space agency, said that Iran was trying to frighten Israel and the U.S., after the reports of possible military action against Iran, but he said that launching a satellite will give Iran no security. A former head of the Mossad, Ephraim Halevy, told an English-language Arab TV station, Al-Hurra, that Iranian President Mahmoud Ahmadinejad was the "greatest gift" that Israel could receive, because his anti-Israel posture shows the world that Iran cannot be reasoned with, and he "unites the entire world against Iran."

Meanwhile, there are contradictory reports as to whether the two-stage rocket launch was successful.

White House Challenged on Iraq Status of Forces Agreement

Aug. 22 (EIRNS)—With an Iraqi-U.S. agreement on the status of U.S. forces in Iraq reportedly near completion, one of the biggest questions continues to be the covert agenda of "permanent bases." A Washington intelligence source told *EIR* that a permanent air base in Iraq, with as many as 20,000 troops, is seen by the White House as a strategic priority for handling Central Asia and Russia.

While there is no final agreement that came out of Secretary of State Condoleezza Rice's trip to Iraq yet, National Security Council press spokesman Gordon Johndroe told reporters on Aug. 21 that the agreement with Iraq will not require Congressional approval or ratification by the Senate, since "it is not a treaty." The White House has asserted this before.

There continues to be opposition to this in Congress: On Aug. 1, Sen. Joe Biden (D-Del.) and five co-sponsors introduced

legislation that forbids President Bush from entering into a binding agreement with Iraq without Congressional approval, the *Washington Post* reports. In the House, Rep. Bill Delahunt (D-Mass.) says, "This is one of the biggest constitutional issues going, and it seems hardly anyone is paying attention." He has sponsored legislation requiring Bush to go to the UN for an extension of the mandate that covers U.S. troop presence past Jan. 10, 2010. Republican Dana Rohrabacher (Calif.) complained that "keeping Congress in the dark about these negotiations is the height of arrogance. Congress should be playing a major role in this process."

There is also opposition inside Iraq. Several of the coalition and opposition parties have demanded that Prime Minister Nouri al-Maliki bring the agreement to the Parliament for approval. On Aug. 22, several thousand members of the Mahdi Army of Shi'ite cleric Muqtada al-Sadr, held a protest rally saying that the Status of Forces agreement would turn Iraq into a "colony of the United States." Al-Sadr, who has declared a ceasefire between his Mahdi Army and the U.S.-led occupation forces—now going into its second year—has been living in Iran, where he is studying in the city of Qom. Reports in the Arabic press today say that he plans to stay there, and only return to Iraq for short visits with his followers.

The draft agreement reportedly calls for withdrawal of U.S. troops from Iraqi cities by the Summer of 2009, and withdrawal of all U.S. combat forces by the end of 2010.

Iraqi Government Targets Sunni 'Awakening'

Aug. 22 (EIRNS)—The Iraqi government is cracking down on members and leaders of the Sunni "Awakening" movement, according to the *New York Times* today. These are former insurgents who were put on the U.S. payroll. Some officials in the Shi'ite-dominated government want to dismantle the Awakening entirely, according to these reports.

A number of U.S. military officers point out that the Awakening, and not the "surge," was the principal reason for the decline of violence and attacks on U.S. soldiers in Iraq, starting in 2006, and disagree with the Iraqi government crackdown.

On Aug. 21, the *New York Times* reported that there are currently 100,000 Sunni tribesmen on the U.S. payroll as security forces, with a price tag of \$25 million per month.

Witness's 'Cold Feet' Complicates Railroading of Olmert

Aug. 22 (EIRNS)—Morris Talansky, the U.S. businessman who has been the prime witness in the Israeli bribery case against Prime Minister Ehud Olmert, is now under FBI investigation in the United States, which threatens to derail the Israeli investigation of Olmert. According to the *Forward* and other news sources, Talansky's lawyer revealed that a Federal grand jury had been convened in Brooklyn last month.

Talansky's legal problems threaten to undermine the Israeli investigation of Olmert, since Talansky is refusing to return to Israel and testify as long as the U.S. investigation is open and he is in legal jeopardy. He is demanding immunity from prosecution in the U.S. as a condition for continued cooperation with Israeli authorities. Israeli prosecutors are asking that the U.S. investigation be halted.

Asia News Digest

MILF Threatens All-Out War in Philippines

China To Build a Second, Longer Maglev Rail Line

More British Lies About Myanmar Exposed

MILF Threatens All-Out War in Philippines

Aug. 23 (EIRNS)—Fighting between Philippines government forces and the separatist Moro Islamic Liberation Front (MILF) continued on the southern island of Mindanao in the wake of the failure of the illegal government agreement to create a separate Moro homeland. Philippine Army troops are attempting to capture two Moro leaders who led their forces in terrorist attacks on several villages, killing dozens of civilians, after the Philippines' Supreme Court issued a temporary restraining order against signing the Memorandum of Agreement (MOA) between the government and the MILF, on constitutional grounds.

Ebrahim Murad, the MILF chief, called for a cessation of the government's military operations against the two MILF military commanders, rejecting a government demand that the rebel commanders be surrendered to face the criminal justice system. "We cannot subject our members to the laws of the government. We are a revolutionary force," Murad said.

This is the same Murad with whom U.S. Ambassador to the Philippines Kristie Kenney met in his jungle headquarters in February.

Murad also threatened all-out war: "We are calling for cessation of hostilities. We can go back again to the negotiating table with Malaysia as mediator. But the MOA is non-negotiable.... War is among the options. It is part of the struggle. The MILF is determined to continue that struggle."

The agreement that was to have been signed would have carved a major portion of the large island of Mindanao and several major islands in the region as a separate Moro homeland, with powers almost equal to a full-fledged country—including the right to sell off vast raw material wealth to foreign investors, which is strictly prevented by the Philippine Constitution. The deal between the government of President Gloria Arroyo and the MILF was brokered by the Malaysian government, but the United States was deeply involved, first through the U.S. Institute of Peace, and later by Ambassador Kenney, with her private meeting with Murad, conducted outside of Philippines government protocol. Kenney was to witness the signing of the unconstitutional document in Malaysia, but had to fly back when the Supreme Court put a stop to it.

China To Build a Second, Longer Maglev Rail Line

Aug. 18 (EIRNS)—After two years of debate, China plans to launch an extension of Shanghai's magnetic levitation train, adding a 200-kilometer link from Shanghai to Hangzhou, the capital of East China's Zhejiang province. China remains alone among nations in building and operating commercial maglev lines, the transport technology of the 21st Century.

The project appeared on a list of construction plans of the provincial government, the *Shanghai Securities News* reported Aug. 18. The planned maglev line, with a total length of 199.4 km (125 miles), is longer than the 175 km originally intended. The Zhejiang part of the project, 103.6 km, will cost 22 billion yuan (\$3.2 billion), and is scheduled to be constructed between 2010 and 2014, the report said.

The project, which will extend the existing 30-km maglev line linking Shanghai's Pudong International Airport and the city's financial district, has reportedly sparked worries over "radiation" among local residents. The authorities had suspended the extension, which was originally scheduled to be launched in 2007, and come into operation by 2010, when

China's financial hub hosts the World Expo.

The new line will be the world's longest maglev line.

More British Lies About Myanmar Exposed

Aug. 19 (EIRNS)—After Cyclone Nargis hit Myanmar in May, one of the many lies spread by the British and their sycophants in the U.S. press and Congress, was that the monks in Myanmar had braved military harassment to deliver aid to the cyclone victims, whom the junta was leaving to die. Since then, the reality of the heroic efforts of the junta to get aid to the victims, despite threats of invasion from London and Washington, has been acknowledged by the UN, ASEAN, and others, but one myth remained—that of the monks forced to defy the government, to help the people.

Now, for whatever reason, Rupert Murdoch's *Wall Street Journal* (normally among the most rabid anti-Myanmar press) has exposed the lie. In a report titled, "A New Breed of Monk Rises in Myanmar," the *Journal* reports today that the extensive aid provided by the monks came from a sect set up by an American-educated monk named Sitagu Sayadaw, who built a monastery in Austin, Texas, during self-imposed exile during the 1990s. Sitagu Sayadaw returned to Myanmar as a social activist, raising money, building hospitals, schools, and other projects, and became a national hero, including among the junta leaders. When the cyclone hit, Sitagu Sayadaw made himself available to foreign contributors, especially the Catholic Church, to funnel money to the cyclone victims. Far from dodging junta soldiers, the *Journal* reports that soldiers were "bowing at his feet in a sign of respect."

The *Journal* also admits that during the monks' revolt last year, this monk "locked the gates of his monastery and forbade monks to take part in the protests."

Africa News Digest

Nationalist Shift in Algeria Followed by Terror Attacks

SADC Launches Economic Cooperation, Endorses Mbeki's Diplomacy+

Aid Agencies Beg Food for 15 Million in East Africa

Nationalist Shift in Algeria Followed by Terror Attacks

PARIS, Aug. 20 (EIRNS)—Twin car bombings struck the Algerian city of Bouira today, hitting a military headquarters and a hotel, killing 11 people. This follows yesterday's terror bombing in Les Issers, where a suicide bomber rammed a car into a line of applicants at a police academy and killed 43 people.

This escalation must be seen as part of the "arc of crisis" destabilization spawned by the London financial cartel, spanning Afghanistan, Turkey, and extending into Africa.

In Algeria, the destabilization targets Prime Minister Ahmed Ouyahia, who just assumed his position on June 23, and who, earlier this month, made what Algerian sources described as an "economic strategic shift" away from IMF looting. A July report of the Algerian central bank noted that the profit rates of Algerian banks soared, from 23.4% in 2006 to over 28% in 2007. While cash flows out of the country totalled \$22.2 billion between 2001 and 2007, promises from foreign

(overwhelmingly Arab) investors were only \$13.5 billion for the same period. However, what provoked the "shift" was the fact that the Egyptian consortium Orascom sold its subsidiary, the Algerian cement company, to the French Lafarge, and the Algerian telecom company Djazzy, to France Telecom. In both cases, Orascom benefitted greatly from the deal and Algeria got peanuts.

A government spokesman said that the sales of prime Algerian companies "created major discontent for the authorities, who decided to put order in this area, and to revise their strategy of privatizations and partnerships," according to *la-kabylie.com* on July 30. The Algerian state stopped all privatizations of banks and insurance companies, and will take majority positions in companies essential to major development programs. As *EIR* reported in last week's Africa Digest, the shift simultaneously opened a debate on LaRouche's economic and strategic perspective, through the publication of two articles in two major Algerian dailies.

SADC Launches Economic Cooperation, Endorses Mbeki's Diplomacy

Aug. 19 (EIRNS)—The Southern African Development Community (SADC) officially launched its Southern Africa Free Trade Area (FTA) on Aug. 17, the final day of a two-day summit in South Africa. The move creates one of the largest common markets on the African continent, covering some 250 million people. Under the theme "Free Trade Area for Growth, Development and Wealth Creation," the launch of FTA scores a significant step toward SADC's ultimate goals of a custom union in 2010, a common market in 2015, a monetary union by 2016, and a single currency by 2018. The successful implementation of this integration plan would allow the region to lessen the grasp of the City of London financial cartel.

Namibian President Hifikepunye Pohamba told the media that the launch of the FTA would set a new era of economic integration in the region.

South Africa took over the leadership of the SADC at the summit, and President Thabo Mbeki said that the SADC was an important catalyst for regional integration, for harmonization of policies, and as a central platform which should continue to give expression to an African renaissance as well as the implementation of an African agenda that will help Africans to realize the central objective of the regeneration of Africa. The member states were urged to improve regional infrastructure to facilitate efficient movement of goods and people in a more open regional economy.

London is fomenting the conflict in Zimbabwe in order to sabotage cooperation in the region.

The summit also passed a resolution of support for Mbeki's mediation in Zimbabwe, giving him a mandate to continue his efforts. The resolution appealed to all the parties in the conflict to sign the agreement which has been negotiated, as a matter of the highest urgency, to restore political stability to Zimbabwe.

Two of the three parties in the negotiations have agreed to sign; the only holdout is Morgan Tsvangirai, who is London's pawn. He is now traveling to nations in the region, and to Kenya, where he met with Prime Minister Raila Odinga, trying to garner support for his position, that he be put in charge of the government. He will have to return to Harare from his tour, next week, to meet Mbeki, who continues to try to get him to go along with the deal.

Mugabe had delayed calling Parliament to session, as negotiations were still ongoing. It is now expected that he will call Parliament to session Aug. 26, with the support of most of the SADC heads of state. The new Speaker is to be determined Aug. 25.

Aid Agencies Beg Food for 15 Million in East Africa

Aug. 18 (EIRNS)—Food aid agencies yesterday repeated calls for help for seven East African nations, where 15 million people are severely malnourished, and thousands are dying. In Ethiopia, some 10 million out of its 79 million people are suffering from lack of food. There were no seasonal rains in February and March, and food stocks are now next to nothing. The World Food Program is distributing food assistance to 3.2 million people in Ethiopia, 900,000 in northern Kenya, 707,000 in northeastern Uganda, 115,000 in Djibouti, and is trying to reach 2.6 million in Somalia. In many places, the WFP is reducing its aid rations, to make them stretch to more people.

Because of special appeals, the WFP's donations are running way ahead of last year, but falling way behind in what the money will buy. Just a year ago, there were contrived debates in donor nations about whether to donate cereal aid-in-kind, or fund aid agencies to buy relief supplies locally. Now, it doesn't matter. Grain on local or foreign markets is equally costly, or even non-existent. For example, in southern Ethiopia, corn prices have risen fourfold in just a year.

In recent years, some 40 nations in Africa, with nearly 850 million people, have commercially imported 44 million tons of grain annually, and received a few million tons of food aid as well. But only 20 million tons were lined up for import towards this in 2008 (commercially or as aid) as of May, according to the UN Food and Agriculture Organization.

Even presuming the full 44 million tons of grains could be acquired by the more than 40 food-import dependent nations in Africa this year, yet another 25 million tons above that is needed for baseline nutrition! This figure was calculated by *EIR* from data kept by the U.S. Department of Agriculture on 70 low-income, food-import dependent nations. ("Food Security Assessment, 2007," USDA Economic Research Service, July, 2008).

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