

[return to home page](#)

SCHILLER INSTITUTE CONFERENCE

The Eurasian Land-Bridge Is Becoming a Reality!

On Sept. 15, Helga Zepp-LaRouche, the chairwoman of the Schiller Institute in Germany and its founder internationally, welcomed some 350 members and guests, to a two-day conference in Kiedrich, Germany, with the theme, "The Eurasian Land-Bridge Is Becoming a Reality!" The following are her remarks opening the conference....

"...This conference is taking place at a truly awesome moment in history, where even the financial media cannot fail to report that the global financial system is in an advanced stage of disintegration, of a complete meltdown of the entire system. And naturally, this is not disconnected from the fact that we are in a world situation of a heightened danger of a new war, this time against Iran. If this would happen, it would be the beginning of global asymmetric warfare, and therefore a plunge of the entire civilization into a dark age "So, while I don't want to play down the dangers which come from these two immediate situations, the actual purpose of this conference is a very optimistic one....

In-Depth articles from Vol. 34, No. 38

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Schiller Institute Conference

Schiller Institute Conference:

The Eurasian Land-Bridge Is Becoming a Reality!

Helga Zepp-LaRouche introduces the Institute's Sept. 15-16 conference in Kiedrich, Germany.

This Present World Financial Crisis: Credit vs. Monetarist Usury

The keynote address on Sept. 15 by Lyndon H. LaRouche, Jr.

'The task I have to perform here today, is unusual, and it's not necessarily by my choice,' he began. 'The choice has been made for us: We've now come to the point that civilization as a whole is in danger of collapse.' The transcript of the question and answer period follows LaRouche's speech.

Conference Resolutions

Dialogue with LaRouche

Conference Program

Russia—Eurasia's Keystone Nation

Industrial Policy and Politics in Russia

by Dr. Stanislav Menshikov.

Eurasia-North America Multimodal Transport

by Victor N. Razbegin.

Raw Materials and Russian Infrastructure

by Dr. Sergei Cherkasov and Academician Dmitri Rundqvist.

Space Industry Cluster in Russia's Amur Region

by Yuri Krupnov, delivered on his behalf by Ilnur Batyrshin.

Economics

The Bankers Know:

Something Catastrophic This Way Comes

Senior financial figures, from Sir Alan Greenspan to Bank of England governor Mervyn King, are going to great lengths to defend their reputations, as the banking crisis deepens. What do they see coming that causes them to go into a very public 'not my fault' mode?

Global Warming: Science vs. Nonsense

International

The Iran War Is on the Front Burner

A script being prepared to justify a U.S. war against Iran, is the construction that Iran is responsible for rising casualties among U.S. troops in Iraq, and for the process of destruction of the nation.

Italian Institutions Show Strong Interest in LaRouche's Approach to Housing Crisis

Lyndon LaRouche visited Rome, presenting to Italian political leaders his emergency 'firewall' legislation to deal with the housing/ mortgage crisis.

Two Ways To Do Politics

From LaRouche's testimony to the Italian Senate Labor and Social Security Commission.

British Press and Officials Caught Lying in Duggan Affair

International Intelligence

National

[LYM Sets Stage for Congress To Act on HBPA 'Firewall'](#)

The LaRouche Youth Movement is campaigning to get Congress to pass LaRouche's Homeowners and Bank Protection Act of 2007, immediately.

[Lawmakers Support LaRouche's Solution for Mortgage Crisis](#)

State legislators and other prominent figures are signing and circulating resolutions in support of the Homeowners and Bank Protection Act of 2007.

Book Review

[Profile of a British Agent of Influence](#)

Woodrow Wilson's Right Hand: The Life of Colonel Edward M. House,
by Godfrey Hodgson.

Editorial

[After Weimar, There Was Fascism](#)

U.S. Economic/Financial News

Dollar Falls, as Gold Soars

Sept. 22 (EIRNS)—The New York Board of Trade's dollar index, comparing the U.S. currency against six primary peers, including the yen and the euro, touched 78.398, the lowest since September 1992, while the Fed's major trade-weighted dollar index dropped to 74.78 yesterday, the weakest since its inception in 1971. The dollar fell against 15 of the 16 most traded currencies, only gaining against the yen. The dollar fell a full 5% against the Australian dollar. Because of the "loonies" at the Fed, the Canadian dollar (also known as the "loonie," after the bird), reached parity with the dollar for the first time since the commodity boom of the 1970s.

The *Daily Telegraph's* Ambrose Evans-Pritchard writes that the price of gold can be expected to continue rising, as the Fed's rate cut creates fears of inflation. The gold price hit a 27-year high this week, at \$737 an ounce. Evans-Pritchard writes, "Analysts say there is now 'clear blue sky' until reaching the all-time record of \$850 in December 1980, when speculators drove it upwards in a parabolic rally at the end of the great inflation crisis." He quotes Greg Wilkins, CEO of Barrick Gold, saying, "I think it's a perfect storm, to be quite honest with you. What we have is inflation plus lower interest rates, and that's not something that we've seen before. I think that's going to be very bearish for the dollar."

Wilbur Ross Moves in for the Bailout Money

Sept. 22 (EIRNS)—Wilbur Ross, the private equity fund shark known for buying steel companies on the cheap, consolidating them at the cost of thousands of jobs, and then selling them for super profits, is now looking hungrily at the mortgage business, just as Federal Reserve-organized bailout funds are starting to pour in. According to today's *New York*

Times, W.L. Ross & Co. is looking to buy the service unit of American Home Mortgage, which collects homeowners' mortgage payments, for \$435 million.

American Home Mortgage is in bankruptcy because, like a few dozen other mortgage companies, it lost the support of the banks that financed its loans. Ross admitted that there is risk in moving into the mortgage business at this time, but "we are private equity investors so we have a very long-term business horizon."

Fairy-Tale Accounting Behind Lehman Losses

Sept. 19 (EIRNS)—Lehman Brothers' posting Sept. 18 of lower-than-expected losses was based in part on new fairy-tale bookkeeping regulations, which allowed the securities firm to book as profits the write-off in value of some of its debt, the *Financial Times* reports today.

The world's major securities firms are actually technically bankrupt, as a result of a massive John Law-style bubble in financial assets, of which the mortgage bubble is only the tip of the iceberg. But any expectations that the firms might try to make use of the downturn to write off significant chunks of their bad debt, were dashed by the two reports released so far. As admitting the truth would lead to market chaos, the policy appears to be to lie—and bring on the chaos anyway.

Today, Morgan Stanley, which was less exposed to the immediate crash in mortgages, reported larger losses in their presumably still-whitewashed earnings report. Morgan Stanley, the second-largest securities firm in the world, reported a 17% decline in third-quarter net income, which included over \$1 billion in losses from hedge funds and write-offs of bad debt, according to MarketWatch.

With their fancy footwork, Lehman Brothers managed to overcome a 47% drop in revenue from fixed-income capital markets. Lehman claimed a net hit of \$700 million from bad investments in the third quarter. The actual loss was much larger, but was offset by hedging and other factors, Lehman claimed. The firm's loss was reduced by "several hundred million dollars" by being allowed to treat a write off on the value of Lehman's own debt as a "profit."

Bear Stearns Third-Quarter Profits Down 61% From a Year Ago

Sept. 20 (EIRNS)—Investment bank Bear Stearns reported today that its third-quarter income had dropped 61% from the same period last year, its biggest profit decline since 1998. Revenue from sales and trading dropped by 88%. Bear Stearns closed two hedge funds because of mortgage-related losses, which the firm said caused \$200 million of losses and expenses in the quarter. *Bloomberg* quoted an S&P analyst who is recommending "sell" on Bear shares, and who says Bear Stearns has the most exposure to fixed income and the least to international markets, noting their reliance on the mortgage market. A Citigroup analyst also quoted by *Bloomberg* notes that Bear may have to fund \$8.8 billion of loan commitments to leveraged buyouts at a loss, because investors are reluctant to buy the debt.

World Economic News

'First Run on a British Bank Since 1866'

Sept. 19 (EIRNS)—"These are historic times," says Martin Wolf in an op-ed in today's *Financial Times*, amidst general debate in that paper as to whether the Bank of England should not have been more liberal in its refinancing of mortgage-backed debt, supposedly to avoid such bankruptcies.

"Financial panic has hit both the public and the politicians of the U.K. over the past week, to deliver two remarkable results," says Wolf, adding, "The first run on a British bank since the collapse of Overend and Gurney in 1866; and the transformation of bank deposits into public debt at the stroke of a pen." Wolf claims it was necessary for the Bank of England to guarantee the deposits of Northern Rock, citing the danger of "contagion" as the main reason. "On Monday [Sept. 17], the shares of institutions dedicated to lending for house purchases collapsed. Northern Rock may not have been a systemically important institution. But its implosion became a systemically important event."

China: U.S. Rate Cuts Will Encourage Carry Trade

Sept. 22 (EIRNS)—People's Bank of China Governor Zhou Xiaochuan, speaking Sept. 21 at the Asian Financial Forum in Hong Kong, said that China is concerned about the widening gap between Chinese interest rates and those in the U.S., due to increasing Chinese interest rates, and the Fed's cut last week. This gap has "not much affected China's currency policy," partly because the RMB is not fully convertible, Zhou said. China will nevertheless monitor changes related to the U.S. interest rates, he said, according to Xinhua, since the rate gap will encourage arbitrage and carry trades, bringing more hot money into China.

German Daily: 'A Dollar Disaster on the Horizon'

Sept. 21 (EIRNS)—Bernd Ziesemer, chief editor of the German economic daily *Handelsblatt*, posted a short article with that headline on Sept. 21 on his blog. He writes: "Sometime in the future, the big dollar collapse is coming. Many authoritative economists have forecast it for a long time." People should not be deceived by the fact that the U.S. currency, so far, has "slowly, undramatically depreciated. If a dollar disaster occurs, the current subprime crisis will be peanuts in comparison."

EIR's Claudio Celani posted a comment: "Mr. Ziesemer, if central banks go on with their policy, a dollar collapse is as guaranteed as the Amen in the Church. Read what Lyndon LaRouche has to say on that." Celani gave the link to LaRouche's opening speech at the Sept. 15 Kiedrich conference (see InDepth for LaRouche's speech.)

A few hours later, six more readers posted their comments, convinced of the imminence of a dollar collapse. One agreed with LaRouche's estimate of the situation and asked: "What kind of society do we want to rebuild, after this one has collapsed?"

Are We Prepared for the Next Big Crisis, Darling?

Sept. 22 (EIRNS)—In an interview Sept. 22 with the *Times* of London, British Chancellor of the Exchequer Alistair Darling offered a proposal which would potentially triple the British government's insurance of depositors' deposits from approximately 33,000 pounds (\$66,000) to 100,000 pounds (\$200,000). The change in depositors' insurance would be applied to all banks in the British banking system, not just the troubled Northern Rock home-mortgage lender. This indicates that Darling, and others in British policy elites, are concerned about, and trying to prepare for, the next phase of the spreading British and international crisis that goes far beyond Northern Rock.

The existing British Financial Services Authority (FSA) insures 100% on the first 2,000 pounds that a depositor holds on deposit at a bank, and 90% on the next 31,000. That amount would be increased up to 100,000, Darling told the *Times*. Darling also proposed changes to the Bank of England's lender-of-last-resort system, so that a failing institution would have quicker access to—and would not have a stigma attached to—obtaining a bailout loan from the Bank of England. Darling will unveil the full proposals in testimony before parliament next month.

John McFall, chairman of Britain's parliamentary committee that scrutinizes Darling and the Treasury, told BBC today, "We need people to feel reassured that if something happens, they can get their money almost immediately." In wheelbarrows, perhaps?

China Moves Against Inflation; Limits Biofuels

Sep. 22 (EIRNS)—China is taking more emergency measures to deal with inflation, including the stabilization of food prices before the upcoming Autumn holiday and National Day, Xinhua reported. The use of corn for biofuel production will be subject to more controls, to ensure adequate grain supplies. China has capped the proportion of corn for industrial use at 26% until 2010, according to Xinhua. "Our land has already been worn out to feed 1.3 billion people," said Zhai Huqu, president of the Chinese Academy of Agricultural Sciences, warning that reliance on the mass consumption of corn for energy would also lead to environmental problems.

China is also considering steps to curb steel exports, including putting restrictions on steel projects in the processing sector. Export rebates for many steel products had been lowered to zero, while tariffs for some steel products have risen to 15%.

European Union Plays Economic Dictator to Spain and Italy

Sept. 22 (EIRNS)—European Union anti-trust authorities warned Spain and Italy yesterday that they faced legal actions and fines for protecting their utilities and highway companies, respectively, from foreign bids, according to the *Financial Times*.

The EU accused Spain of violating its laws by imposing conditions on a bid by Enel and Acciona for joint control of Endesa, Spain's largest power company. The EU also ordered Italy to remove obstacles to a takeover of highway operator Atlantia by Abertis Infrastructures of Spain, and is threatening to punish Italy if it does not change its national law on takeovers to conform to EU dictates by Oct. 1.

Under EU rules, the commission has exclusive authority to review large takeovers in 27 member-nations.

Russia To Invest \$1 Trillion in Infrastructure by 2020

Sept. 20 (EIRNS)—Russia must invest at least \$1 trillion into its infrastructure by 2020, acting Russian Economic Development and Trade Minister German Gref announced today in Sochi, on the eve of the Sochi Investment Forum. The forum theme is "Russia on the Threshold of Large-Scale Investments in Infrastructure," with special focus on Sochi itself, in preparation for the 2014 Olympic Games, and the Pacific port of Vladivostok, which may host the 2012 APEC summit. Discussion will focus on investment in transport, energy, telecommunications infrastructure, and Russian agriculture. *RosBusiness* reports that President Vladimir Putin is expected to meet with Russian and foreign business leaders at the meeting, and the "midterm risks for the world financial system" will be on the agenda, as well as state and private financing of state projects.

Sinking Brits Seek To Take Spanish Down With Them

Sept. 18 (EIRNS)—Shares in Spanish banks collapsed yesterday after Adam Applegarth, chief executive of the sinking Northern Rock mortgage bank, told the media that three Spanish banks had sought European Central Bank help last week. This was enough for investors to cash out their holdings in most of the leading banks, since it is widely known that the huge Spanish real state bubble is already losing air very rapidly.

Despite statements from Spanish Finance Minister Pedro Solbes saying, "There are no parallels between what happened in the UK and the situation here," everyone knew this crisis was coming. Already last week Banco Popular cancelled the placement of 2 billion euros worth of mortgage-backed securities because they know there would be no buyers. Ahorro Titulizacion, an investment vehicle belonging to several Spanish banks, also canceled a securitization issue because the selling of debt as assets has collapsed.

United States News Digest

Blackwater: Well-Connected, Well-Protected

Sept. 20 (EIRNS)—Today's newspapers are full of stories about the outrage within Iraq against Blackwater USA—the private firm which provides security for the State Department and diplomatic personnel in Iraq, and which seemingly shoots and kills Iraqi civilians with impunity. Blackwater, like other mercenary firms, is immune from Iraqi law, but it is not held accountable for its actions under U.S. law, either.

One of its chief protectors is State Department Inspector General Howard Krongard. Rep. Henry Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, recently notified Krongard that the committee is probing his interference with ongoing investigations, particularly those involving private contractors in Iraq and Afghanistan.

One of the charges in Waxman's Sept. 18 letter is that Krongard blocked an investigation into "whether a large security contractor working for the State Department was illegally smuggling weapons into Iraq." Associated Press reported yesterday that while Waxman did not name the contractor, "several senior administration officials confirmed it was Blackwater."

The Project on Government Oversight reports some important background on Blackwater's political connections: Howard Krongard's brother, A.B. "Buzzy" Krongard, when he was executive director of the CIA in 2002, was instrumental in securing a secret, no-bid CIA contract for Blackwater. Buzzy worked alongside Cofer Black, who went from the CIA Counterterrorist Center to the State Department in 2002, and then in 2005, went to work for Blackwater. Former Defense Department Inspector General Joseph Schmitz is the general counsel for Blackwater and its parent company, the Prince Group.

Blackwater and other private security firms are heavily involved in lobbying Congress to block any regulation of their war-zone activities, according to the Capitol Hill newspaper *Roll Call*.

House Mortgage Crisis Bill Ignores the Mortgage Crisis

Sept. 19 (EIRNS)—The House of Representatives yesterday passed, by a 348 to 72 vote, HR 1852, a "comprehensive reform of the Federal Housing Administration," which is likely to be introduced in some form in the Senate today, by Sen. Christopher Dodd (D-Conn.). This Act would put the FHA in the subprime mortgage-lending insurance business, allowing it for the first time to insure mortgage loans which involve no initial down payment, are issued to "high-risk" borrowers, and are what are colloquially called "jumbo loans," up to 125% of the average home price even in "high-cost states" like California and Florida. The ongoing rise in mortgage-loan interest rates, especially for jumbo loans, and the plunge in housing prices which is just now gathering steam, would involve the FHA in large losses if this program is passed, as a few Congressmen have pointed out in hearings. But the initiating House Financial Services Committee press release announcing the bill's passage, issued Sept. 18, ignores this threat arising from the mortgage bubble collapse.

U.S.-Russia Missile Defense Cooperation Proceeds, Slowly

Sept. 19 (EIRNS)—Comments following yesterday's U.S./Russia/Azeri missile defense talks, which included a visit to the Gabala radar near Baku, reveal the differing views within both the Russian and U.S. militaries on the possibility of implementing the Russian proposals for a joint ballistic missile defense system.

In a speech yesterday in Washington, at the European Institute, U.S. Missile Defense Agency head, Lt. Gen. Henry Obering, urged Moscow to link use of the Gabala radar in Azerbaijan to the proposed U.S. European components: "We do not anticipate, and cannot see, that what they are proposing can take the place of what we are proposing for Poland and the Czech Republic," Obering said. The Russian system is "not capable of performing the functions" of the proposed Czech radar, he claimed, according to the *International Herald Tribune*. This is a straw man, as the Russians haven't said it could; MIT's Ted Postol has pointed out that a U.S. radar in Turkey, or on Aegis ships, could perform the functions of the proposed Czech radar, and wouldn't threaten Russia.

In contrast to Obering's remarks, Brig. Gen. Patrick O'Reilly, who led the U.S. delegation at the Baku talks, is quoted: "We believe that there are opportunities for mutually beneficial cooperation.... This was a technical level visit to give our experts an opportunity to get a tour of the facility and a briefing on its capabilities. There were no formal negotiations or consultations.... These discussions were very informative, but there is significant analysis—that is a very complex subject—that we have to continue back in the United States.... Our impression here is that it is a radar that has performed the functions that it was designed for by the Russians back in the '80s, and has been performing since, and we're evaluating how that would fit with a mutually beneficial, cooperative way ahead." O'Reilly invited Russian experts to visit U.S. missile defense facilities in Colorado, Alaska, and California, and to witness a missile defense test, reported Xinhua and AFP.

Russian Maj. Gen. Alexander Yakushin, deputy head of Russian Space Forces, who led the Russian delegation in Baku, is quoted by Itar-Tass describing the talks as "fruitful" and rich in content. AFP adds Yakushin's statement that: "Today's intensive work can persuade us that the U.S. is interested in continuing our work together. We showed the basic characteristics, parameters, and prospects of this facility," and how the radar could be upgraded, "if there is a political decision to cooperate."

Commenting on Obering's Cheneyesque "we don't compromise" statement made yesterday, Gen. Yuri Baluyevsky, chief of the Russian General Staff, who also was not at the Baku meeting, said he was not surprised to hear that the U.S. proposes to use the Gabala radar as a supplement to the Poland/Czech deployment. Interfax reported. "I was almost sure they would react this way," he said of Obering's statement.

Itar-Tass reported statements by Russian Deputy Foreign Minister Sergei Kislyak, who leads the Russian political participation in the talks, and was not at Baku: "There have been two rounds of consultations, but I cannot say that we have moved forward in terms of bringing Russian and U.S. positions closer together."

The next meeting will be led by the foreign and defense ministers of Russia and the U.S., in mid-October.

Hedge Funds Revive K-Street Project for War on Congress

Sept. 18 (EIRNS)—The Washington lobby-firm chosen to press the case against regulating and taxing hedge funds, is the very firm that acted as a headquarters for the notorious "K-Street Project." Former House Majority Leader Tom DeLay used this firm, the Federalist Group (which was renamed Ogilvy Government Relations in 2007), to coordinate with the

now-imprisoned Jack Abramoff, for the financiers' political agenda demanded by Vice President Dick Cheney, in energy and other fields.

In the first six months of 2007, Ogilvy Government Relations has received \$4 million from the two giant private equity firms, Blackstone Group (\$3.7 million) and the Carlyle Group (\$260,000) to lobby against hedge fund legislation pushed by Rep. Charles Rangel (D-N.Y.) and others. Blackstone and Carlyle are core members of the Private Equity Council set up this year, which pays for a group of "minority and women" hedge fund operators calling themselves the Access of Capital Coalition. They oppose Rangel's and others' proposal to tax hedge fund managers' income at normal rates, instead of the lower capital gains rate.

Ibero-American News Digest

Correa Answers LYM on LaRouche's New Bretton Woods

Sept. 21 (EIRNS)—In the course of his visit to Argentina, Ecuadorian President Rafael Correa spoke on Sept. 20 at the University of the Mothers of the Plaza de Mayo, in Buenos Aires, where Emiliano Andino of the Argentine LaRouche Youth Movement (LYM) asked him the following question:

"The last 20 years of a system based on speculative bubbles, have looted the physical economy, nations, and the future. The last two months present clear evidence that the entire world is bankrupt. The proposal for the Bank of the South is correct and necessary, but it cannot coexist with a world system that will suffocate it. Mr. President, isn't it time to take an historic step, and express your support for Lyndon LaRouche's proposal for a new international conference of heads of state and governments, to define a new monetary and financial system, which would be fully at the service of productive development and the general welfare?"

Correa's response betrayed the inability to think beyond regional terms of even the best leaders in Ibero-America, notably, Correa himself, and his ally Néstor Kirchner, the President of Argentina. He answered Andino:

"This is 21st-Century socialism, and just a few weeks ago, we held a seminar in Ecuador on Socialism of the 21st Century. But more important than seminars, is building it, and that is what colleagues like Hugo Chávez, Evo Morales, Lula Da Silva, Néstor Kirchner, and Michelle Bachelet are doing, along with myself.

"In any case, we must first build it in the region, because this is a question of power, friend. That is, social relations, economic relations, reflect relations of power. And we can issue all the proclamations you want about 'the new model must be humanist, just, etc.,' but so long as the relations of power do not change on a world scale, absolutely nothing is going to happen.

"But relations of power on a regional level *have* changed, and we are building that socialism of the 21st Century."

Correa and members of his entourage, including cabinet ministers, received copies of LaRouche's book *So, You Wish To Learn About Economics?*, the pamphlet *The Sovereign States of the Americas*, and the call for a New Bretton Woods.

Santander Dug Its Claws into Brazil Long Ago

Sept. 18 (EIRNS)—On Sept. 17, Bloomberg News Service put out a sanitized version of the story that Lyndon LaRouche and *Executive Intelligence Review* publicized early this year, with the real scoop. That is, that Spain's Banco Santander, a

front group for the British monarchy's financial interests through its partnership with the Royal Bank of Scotland, has had its claws firmly dug into Brazil for some time, to impose its own oligarchical policy agenda.

The latter includes sabotaging the attempt by several South American Presidents to create the new Bank of the South, which LaRouche characterized in a June interview on Ecuadorian radio as "a matter of life and death for the nations of South America."

In its Sept. 17 headline, Bloomberg blared that Santander president Emilio Botín "Builds 'Republic of Santander' in Lula's Brazil." The article excitedly reported on what LaRouche and *EIR* exposed, beginning back in April, as a Santander "economic coup d'etat in Brazil." Botín poured almost \$1 million into Lula da Silva's 2002 Presidential campaign; he also maintained a \$2 billion trade credit line open, when other foreign banks stopped lending to Brazil, for fear that Lula might default on the country's debt. "Santander believed in Lula and Brazil at a critical time," one Brazilian consultant gushed.

The glaring omission in Bloomberg's coverage is the fact that Santander's coup in Brazil is aimed at the Bank of the South. In a July 5 statement, LaRouche warned that "the founding of the Bank of the South poses a problem in South America for financial interests typified by the Spanish Santander and BBVA banks, which are extensions of the British empire's scandal-ridden BAE company." As South America's geographical and economic powerhouse, Brazil is crucial to the success or failure of the Bank of the South.

Allied to one of the British Queen's leading personal financial institutions, the Royal Bank of Scotland, Santander succeeded in insinuating two "former" executives, Miguel Jorge and Mario Toros, into such sensitive posts as Brazil's Trade Minister and Central Bank Director of Monetary Policy, respectively, where they are well situated to voice their opposition to what LaRouche has described as the "regional component of a new international financial architecture."

When President Lula da Silva met Spanish Premier José Luis Rodríguez Zapatero on Sept. 17 in Madrid, a beaming Emilio Botín was also present, and offered an affectionate hug to Trade Minister Jorge. Responding to the question of whether Lula trusts Jorge, a top trade union leader told Bloomberg, "Well, he made him a minister. They've been very astute."

Bank of the South To Open Doors in November

Sept. 22 (EIRNS)—Venezuelan President Hugo Chávez announced on Sept. 22 that, after discussing the matter with Ecuadorian President Rafael Correa, they have decided to launch the Bank of the South in November, even though there is not a total consensus among the nations involved. President Correa explained in an interview that "there are some countries that want to move rapidly, such as Argentina, Venezuela, Bolivia, and Ecuador.... What we have decided among those who want to accelerate the pace of integration is that we will advance, and then the others will follow and will be welcome, but we cannot go at the pace of the slower ones."

Both Correa and Chávez were clearly referring to the foot dragging of the Brazilian government of Lula da Silva, which is under fierce pressure from the Banco Santander and other international speculators to sabotage the Bank of the South. Chávez said that Lula had agreed to start the bank in November, but if Brazil "is not ready then, we'll go ahead anyway."

According to Chávez, the current financial turmoil proves the need for mechanisms to protect nations against the crisis, and the Bank of the South could be one of them. "What is going on in the United States could be the first sign of a financial earthquake," Chávez said, and "one has to be prepared for the worst."

Chávez Tells Uribe To Cede Territory to the FARC

Sept. 21 (EIRNS)—As part of his efforts to mediate a "humanitarian accord" between the Colombian government of Alvaro Uribe and the FARC narcoterrorists, Venezuelan President Hugo Chávez publicly urged President Uribe to set up a "demilitarized" zone in the Caguán region of Colombia, control of which would be handed over to the FARC. Uribe promptly and angrily rejected the proposal, saying that there are some conditions which are simply not negotiable, such as handing over sovereignty of a part of the country to a terrorist group, and that this issue had been previously raised and rejected.

Uribe was referring to the well-known fact that his predecessor, Andrés Pastrana, had done exactly that—handed over control of the Caguán, the heart of the country's cocaine region—whose only consequence was a strengthening of the FARC, more hostage-taking, and an increase in the drug trade. The region was only retaken years later by the military, under the Uribe government, at great cost.

The FARC is trying to parlay the thousands of hostages it has kidnapped and held for years—including 45 high-profile cases such as congressmen and foreigners—into a "humanitarian exchange" under which some 500 narcoterrorists currently in Colombian jails would be freed.

In addition to Chávez, the Presidents of Ecuador and Brazil have stated their support for negotiations, as has French President Nicolas Sarkozy.

Bankers Warn Argentina: Don't Expect Any Credit

Sept. 17 (EIRNS)—Argentina's central bank president Martín Redrado found himself among the elite crowd invited to attend the early September gathering of central bankers, finance ministers, and other economic and academic bigwigs at Jackson Hole, Wyoming. They had a crude message to deliver to the Argentine government: that under conditions of global financial crisis, no one is going to get any credit.

Redrado appears to have understood, telling the financial daily *El Cronista* that after attending the meeting, "my perception is stronger now than when I landed at the Jackson Hole airport: We are facing a cycle of credit restriction that will make access to financing much more selective and demanding."

Western European News Digest

Sarkozy Bashes Unemployed; Public Sector Workers; Seniors

PARIS, Sept. 19 (EIRNS)—Speaking at the Senate yesterday, French President Nicolas Sarkozy announced he would proceed with the harsh social measures he had promised in his campaign, but had postponed for fear of a repeat of the national strikes that paralyzed Paris for a full month in 1995, when then-President Jacques Chirac had tried to implement similar measures. The worst elements of those measures which Sarkozy has given the trade unions two weeks to respond to are:

- 1) Unemployed persons who do not accept one of two consecutive job offers and a "training program" proposal will be thrown off unemployment benefits;
- 2) The public-sector workers receiving higher retirement funds, which account for the greater hardship of their work, will have their retirement pay "harmonized," i.e., slashed to the levels of all other public-sector workers;

3) The government wants senior citizens to work longer hours, and will be drawing up legislation to discourage "pre-retirement" schemes through high taxation, and has announced that no "automatic" retirements will be imposed under 65 years of age;

4) Senior citizens' expenses for long-term illness will no longer be covered automatically, and their own savings will be taken into account in the reimbursement of social security expenses. They will be encouraged to take on private health insurance, with some subsidies from the government.

EU Ends Agricultural Set-Aside Policy

Sept. 14 (EIRNS)—Faced with the collapse of grain stocks and food price increases, the European Commission took the historic decision of reversing a decades-long malthusian policy of "set asides," by which agricultural production in Europe was curbed, in order to avoid "overproduction."

The EC announced that it would suspend for at least one year, the rule requiring farmers to set aside at least 10% of their land. However, this decision might come too late for the next wheat-planting session, which starts next month in some European countries. And it is highly probable that farmers will choose to grow rapeseed or corn for the biofuel industry.

Wheat prices rose 78% year-on-year in August, and maize prices rose 50%, the EU said. In Italy, yesterday, there was a protest against rising pasta prices. The European Central Bank has reported that food prices in Italy have risen 30%.

BAE Systems Corruption Probe Widens

Sept. 21 (EIRNS)—Swedish prosecutor Christer van der Kwast announced Sept. 14 that he was expanding the investigation of bribery charges against the BAE-Saab joint venture to sell Swedish Jas-Gripen jet fighters to the Czech Republic, and that he will include in the investigation the leasing of 14 similar aircraft to Hungary.

A class-action suit filed by the Harper Woods (Michigan) Employees' Retirement System, claims that BAE staff paid illegal kickbacks and bribes totalling \$2 billion to Prince Bandar bin-Sultan of Saudi Arabia and his associates, to win lucrative weapons contracts. In addition to Prince Bandar, former BAE Systems directors such as Michael Portillo (once the British Minister of Defence); and PNC bank, which took over the Washington D.C. Riggs Bank through which the \$2 billion in bribes was routed, were also named.

On Sept. 17, the Saudi and British defense ministries announced that BAE Systems has won an \$8 billion contract to supply the Saudi military with 72 Eurofighter Typhoon jets. The deal is said to be part of a much larger package of military hardware, training, and infrastructure construction, that was negotiated by former British Prime Minister Tony Blair in his final days in office in June of this year.

200,000 Jobs Threatened in Spain's Mortgage Crisis

Sept. 20 (EIRNS)—A report issued Sept. 18 by Spain's Institute for Business Practice (IPE), states that there will be 100,000 fewer housing starts this year than last. This is causing reverberations throughout the construction industry and beyond.

In March of this year, according to the daily *ABC*, the construction industry association Seopan warned that every 100,000 drop in housing starts would mean the loss of 200,000 jobs. Although using different calculations, IPE arrived at the same

conclusion as Seopan, but elaborated that for every ten houses not built, an investment of 1 million euros in infrastructure would be required to maintain current levels of employment in the construction industry.

Gordon Brown Warned by City Mouthpiece: No FDR Measures

Sept. 18 (EIRNS)—British Prime Minister Gordon Brown had better not try to imitate Franklin Roosevelt by having the British Treasury guarantee the British population's bank deposits, threatened the *Times* business editor James Harding in a commentary today. Harding claimed that British Chancellor of the Exchequer Alistair Darling, by giving Northern Rock customers a "gilt-edged guarantee" for their deposits, had set off the "creeping nationalisation" of Northern Rock, a "humiliation for the British banking system and the Labour government." Harding concluded: "Gordon Brown has long stood in awe of Franklin D. Roosevelt, the President who told Americans 'the only thing we have to fear is fear itself,' and then assured them that the Government would honour their deposits. But, for all his admiration of FDR, Mr. Brown, surely, does not want to emulate him in office?"

Globalizers Pull the Strings of Belgian Break-Up Scenario

PARIS, Sept. 19 (EIRNS)—Inquiry into the background of the drive to break up Belgium leads to a handful of pro-globalization free-trade maniacs. The central figure is Harvard economist and international columnist Alberto Alesina. In 2003, Alesina published *The Size of Nations*, a book he wrote with Enrico Spolaore, chair of Economics at Tufts University.

The personal involvement of the authors in the scheme became evident when Spolaore developed the core argument of the book in an address to the Flemish Parliament in Brussels on June 11, 2005. Not surprisingly, the book got a positive review in the same London *Economist* that called for the break-up of Belgium earlier this month.

Southwest Asia News Digest

CENTCOM Commander Urges Diplomacy, Not War, With Iran

Sept. 23 (EIRNS)—Associated Press reports that in an interview with Al-Jazeera television in Qatar Sept. 21, the chief of the U.S. Central Command (CENTCOM), Adm. William Fallon, said that he does not believe that current tensions with Iran will lead to war, and urged greater emphasis be placed on dialogue and diplomacy.

"I expect that there will be no war and that is what we ought to be working for. We should find ways through which we can bring countries to work together for the benefit of all.... It is not a good idea to be in a state of war. We ought to try and to do our utmost to create different conditions," Admiral Fallon is quoted (ellipses as reported by AP). Fallon is also quoted in a partial transcript released today by Al-Jazeera, that "This constant drum beat of conflict is what strikes me which is not helpful and not useful."

Cheney Reported To Be Pushing Israel to Attack Iran

Sept. 23 (EIRNS)—*Newsweek* magazine reported today that Vice President Dick Cheney is considering a plan to have Israel launch missile attacks against Iran's nuclear site, in order to trigger an Iranian reaction which would be used to justify direct U.S. involvement. *Newsweek* quotes David Wurmser, until recently Cheney's Middle East advisor and a neo-con lunatic, telling a group of people: "Cheney had been mulling the idea of pushing for limited Israeli missile strikes against the Iranian nuclear site at Natanz ... in order to provoke Tehran into lashing out." *Newsweek* reports that it had

corroborated Wurmser's remarks.

Blackwater Atrocities in Iraq Expose Ugly U.S. Strategy

Sept. 21 (EIRNS)—"If the United States does not back the Iraqi government on its decision" to ban the Blackwater mercenaries, after they killed 20 Iraqis, "the entire U.S. invasion, occupation, and Iraq policy will be exposed as a fraud," a high-level retired U.S. military officer, with decades of experience in the Persian Gulf, told *EIR* today. If the U.S. overrides the Iraqis, it will be clear to the world that there is no Iraqi sovereignty whatever, and that the mercenary firms have a "license to kill." The slap in the face to Iraqi sovereignty will also cause a new spike in the insurgency against the U.S. occupation.

Blackwater's erosion of military discipline is another nail in the coffin of the U.S. military, which has been strained to the point of being "broken," first because of the nature of Vice President Dick Cheney's imperial deployment of unilateral, preventive war, and second because the war was unnecessarily—and deliberately—prolonged, by setting up an occupation to enrich Anglo-American "profiteers" like Halliburton, Cheney's company, which is still paying him hundreds of thousands of dollars.

The Blackwater killings are exactly what *EIR* exposed in its April 7, 2006 issue, in a feature called "Halliburton's War," where it warned that Iraq was to become "the PMCs' [private military corporations] Shangri-la: the first truly neo-feudal imperial occupation of their post-Treaty of Westphalia world," by decision of Dick Cheney, Donald Rumsfeld, and their hand-picked occupation chief, Paul Bremer.

EIR uncovered that the design to hand the "preventive war" in Iraq over to mercenaries modelled on the British East India Company's imperial death squads, was the brainchild of Synarchist financiers Felix Rohatyn and George Shultz. As early as 1995, in a series on the British empire's assault on the nation-state, *EIR* exposed the role of Aegis, Sandline, and the PMC killers in Africa—who today are the major contractors in Iraq. *EIR*'s story on the Shultz/Rohatyn duo behind Cheney's war plans can be found here: "Rohatyn, Shultz, Cheney 'Privatization' Scheme To Wreck U.S. National Security" (*EIR* March 28, 2006).

Claims of Syrian Nuclear Site Are Israeli Disinformation

Sept. 21 (EIRNS)—The claims, as leaked from the U.S. National Security Council to the *Washington Post* last week, that the U.S. has "new information" showing Syrian nuclear sites—is pure Israeli disinformation, reported a well-informed U.S. intelligence source to *EIR*. The U.S. has no independent intelligence as to Syrian nuclear sites, the source said, citing the false statement in the Sept. 21 *Post* that the United States is "believed to have provided Israel with some corroboration of the original intelligence."

This is not true, said the source, and is especially dangerous because the Republican Party—and some Democrats—now consider the report of Syrian/North Korea cooperation on a secret nuclear program to be an article of faith. This is a repeat of the type of lies about Iraqi weapons of mass destruction, that were hoked up through neo-conservative channels in Israel, to Prime Minister Tony Blair's office in Britain, and into the U.S.

The source drew attention to the report in the Sept. 13 *Post* that, "The new information, particularly images received in the past 30 days, has been restricted to a few senior officials under the instructions of national security adviser Stephen J. Hadley, leaving many in the intelligence community unaware of it or uncertain of its significance." This "intelligence" is a fraud, said the source.

Rice Backs Israel's New Action Against Gaza

Sept. 19 (EIRNS)—Just hours after Israel's security cabinet declared Gaza an "enemy entity," U.S. Secretary of State Condoleezza Rice flew in to assure the Israelis that they had the full backing of the Bush Administration. During a joint press conference with Israeli Foreign Minister Tzipi Livni, Rice stated, "We are hopeful that [bilateral dialogue between Israel and the Palestinians] can move forward to common understandings of a way forward to the creation of a Palestinian state, so that the that two states can live side by side in peace and freedom." But when asked specifically about the Israeli declaration, Rice declared that "we will not abandon the innocent Palestinians in Gaza," but " Hamas is indeed a hostile entity. It's a hostile entity to the United States as well."

During their press conference, both Rice and Livni managed to ignore the fact that the Palestinians had a free and fair election in 2006, and that, since then, the U.S., Israel, and the European Union have been punishing the people of Gaza for voting the "wrong" way.

In a statement released on Sept. 19, UN Secretary General Ban Ki-Moon called on the Israeli government to reconsider its decision to declare the Gaza Strip a hostile territory. He warned Israel that cutting off vital services (electricity and natural gas) to Gaza, as Israel has threatened to do, was a violation of international humanitarian and human rights laws.

Bombing May Sabotage Moves To Break Lebanese Deadlock

Sept. 19 (EIRNS)—A car bomb in Beirut today killed Member of Parliament Antoine Ghanem, and killed or wounded over two dozen others. Ghanem, an MP since 2000, was a member of the right-wing Christian Phalange party. The bombing set off fears in the region that the broadly supported initiative of Speaker of the Parliament Nabih Berri, to convene the Parliament on Sept. 25, to elect a President to succeed the outgoing Emil Lahoud, would be sabotaged. The deadlocked Parliament has not met in six months. Since there is fear of Lebanon splitting into two parts, there is widespread support for Berri's initiative.

Ghanem himself recently told the Maronite League that Berri's initiative is the only serious solution. The Maronite Patriarch Cardinal Peter Sfeir, who spent last week in discussions at the Vatican, held a meeting with the Lebanese bishops upon his return, encouraging support for Berri's initiative. The bishops issued a statement the same day as the bombing, saying that no parliamentarian should boycott the session, as that would be tantamount to boycotting the nation. Prime Minister Fouad Siniora just returned from talks in Saudi Arabia, where King Abdullah also expressed support for Berri's initiative.

But the bombing set off fevered anti-Syrian, anti-unity reaction. MP René Moawad, for instance, lashed out, blaming Syria for the bombing. "It is the end to any dialogue. We will not dialogue with murderers," he threatened. To add fuel to the fire, the White House issued an official statement calling the bombing "a politically motivated assassination. The victims of the assassinations have publicly sought to end Syria's interference in Lebanon."

Asia News Digest

Myanmar Tries To Peacefully Resolve Demonstrations

Sept. 24 (EIRNS)—The Myanmar ruling junta has taken no repressive measures against the rapidly escalating demonstrations by Buddhist monks and others over the past week, which reached the level of several thousand in Yangon today. On Saturday, the junta took the extraordinary step of opening the barricades around the home of opposition leader Aung San Suu Kyi's home, where she has been held under house arrest for a number of years, allowing several hundred

monks and supporters to perform prayers outside her home, with Suu Kyi present.

The demonstrations began last month when opposition leaders protested the lifting of subsidies on fuel, forced on the regime by the hyperinflationary rise in fuel costs internationally. When monks first protested last week, the demonstration was suppressed, an act which politically backfired nationally and internationally.

Wan Min, a leading dissident who now teaches at Chiang Mai University in Thailand, was quoted by AFP saying that the opening of the barricades to Suu Kyi's home was a sign that the junta is seeking a non-violent conclusion to the protests. "It's clear that the junta is under pressure from China to solve the situation peacefully," he said.

Earlier this month, a leading Chinese diplomat, State Councilor Tang Jiaxuan, told Myanmar's visiting Foreign Minister that China "hoped Myanmar would restore internal stability as soon as possible, properly handle issues, and actively promote national reconciliation."

The Western neo-cons and their fellow promoters of regime change want no such restoration of stability or reconciliation; they are promoting an end to the military's role in government. The Western media is promoting the "All Burma Monks Alliance," a synthetic organization linked to the British Burmanet operations and the George Soros-funded anti-Myanmar groups, which is demanding the overthrow of the government. The demands of the demonstrators, however, are for an apology for the suppression of their first rally, a restoration of fuel subsidies, and reconciliation with the opposition.

Under Pressure, Bank of Japan Holds Interest Rates Steady

Sept. 20 (EIRNS)—The Bank of Japan held its interest rate steady at 0.5%, after its board met yesterday. While no change was expected, "The Bank of Japan is eager to tighten its monetary policy and 'normalize' Japan's ultra-low interest rates ... but ... worsening credit conditions have undermined that ambition," according to Jonathan Soble of the *Financial Times*. There was also massive pressure on the Bank of Japan not to raise rates, from the British, the U.S. Federal Reserve, and the European Central Bank, according to many sources, including the Japanese press.

Although the BoJ board voted against raising rates, governor Toshihiko Fukui expressed dissatisfaction with the slow pace of Japan's monetary tightening, saying Japan's interest rates were "extremely low" given an economic growth trend of 2%, and that keeping rates too low for too long could lead to "distortions" in global financial flows, according to the *Financial Times*.

Central Bank Pumping Is Triggering Inflation

Sept. 21 (EIRNS)—The Japanese daily *Asahi Shimbun* attacked the U.S. Federal Reserve's half-point rate cut, in its lead editorial today, pointing to the danger of the world's central banks bringing on hyperinflation in their desperate efforts to "reliquify" banks and markets. *Asahi Shimbun* says the central banks will "open the monetary taps too wide through rate cuts in an attempt to restore stability in financial markets ... and risk worsening the global glut of liquidity, which set the stage for the current turmoil in the first place." This is aggravating a "crisis [that] is threatening to exert a strong downward pull on the U.S. economy because of a serious downswing of the nation's housing market."

"The worst-case scenario could be a serious downturn of the U.S. economy amid rising prices," the paper says. "The economic situation in major European countries is more or less similar. This tricky confluence of factors, with risks of inflation and downshift in growth coming together, poses a serious policy dilemma for financial and monetary policymakers in the United States and Europe."

As for the Bank of Japan, *Asahi* recognizes that "Japan's unprecedented super-loose monetary policy since the banking crisis in the 1990s has contributed to the global investment booms bordering on speculative bubbles." That is, super-low Japanese interest rates have been the basis for the "yen-carry trade," feeding hedge fund speculation worldwide.

UN Drug Czar Praises Myanmar and China

Sept. 21 (EIRNS)—Antonio Maria Costa, executive director of the UN anti-drug agency, in an interview with the *International Herald Tribune* on Sept. 19, said, "From our vantage point, we see a region that is rapidly moving towards an opium-free status.... Three decades ago, the northernmost reaches of Laos, Thailand and Myanmar produced more than 70 percent of all opium sold worldwide, most of it refined into heroin. Today the area averages about 5 percent of the world total, according to the United Nations Office on Drugs and Crime." Costa credited Myanmar with a "dramatic 80-percent decline in the past decade."

The *IHT* also notes that (U.S.-occupied) Afghanistan "is now the source of an estimated 92 percent of the world's opium, according to the United Nations, which bases its statistics on satellite imagery of poppy fields." Even more damning, the UN reports that "the shift to Afghanistan has led to a near doubling of global opium production."

In contrast, a U.S. State Department drug report released Sept. 17, states: "Burma [Myanmar] and Venezuela have failed demonstrably during the previous 12 months to adhere to their obligations under international counternarcotics agreements and take the measures set forth in U.S. law." Afghanistan, however, although listed as a drug producer in the U.S. report, was not denounced as "failing miserably," despite its record-setting heroin production.

Also striking about the UN report is the recognition that China has played the central role in cleaning up the Golden Triangle.

Inter-Korean Rail Line Hailed as Key for 'Iron Silk Road'

Sept. 18 (EIRNS)—The "Iron Silk Road" from Pusan, South Korea to Europe, is the leading issue on the agenda of the Korean Railroad, which marked the 108th anniversary of its founding today, the *Korea Times* reported. KORAIL (formerly the Korea Railroad Corporation) was started in 1899, and railways are still Korea's primary means of transportation. While the North-South rail link "has been in limbo," since it was built in 2003, now, the *Korea Times* comments that "Realization of the 'Unification Express' by a Trans-Korean Railroad (TKR) must be one of the most important topics to be brought up at the inter-Korean summit talks slated for Oct. 2-4 in Pyongyang. It is hoped that linking up the two Korean railroads will eventually create an uninterrupted railroad from Far East Asia to Western Europe through Russia and China in the not-too-distant future. Despite intricate political and economic challenges holding up the restoration of the 'Iron Silk Road' linking the Far East and Europe, KORAIL should still plan the blueprint that connects Seoul and Pyongyang, and on to Europe either via the 9,300 km Trans-Siberian Railway (TSR) or similar far-reaching trans-continental route through China or Mongolia."

Kim Dae Jung in Washington for Inter-Korean Summit

Sept. 18 (EIRNS)—Former South Korean President Kim Dae Jung, the author of the Sunshine Policy of peaceful cooperation and eventual reunification of the two Koreas, spoke at the National Press Club in Washington, D.C. today, where he expressed optimism about relations between North and South Korea. Kim's address focused on how the denuclearization of the Korean peninsula will be the main agenda item at the Inter-Korean summit in October. Kim also revealed how South Korea likes the current U.S. approach to North Korea, of diplomacy and talks, rather than the 2001 approach, of breaking agreements, which turned ultimately into the "axis of evil" speech by Bush, and threats to attack

North Korea.

Kim's speech also occurred at a time when South Korean officials are denouncing the statements from U.S. and Israeli officials charging that North Korea is secretly trying to arm Syria with nuclear weapons, and to hide its own nuclear program in other countries that the U.S. has labelled as "rogue."

Africa News Digest

South Africa Rejects Cheney's Nuclear Apartheid

Sept. 20 (EIRNS)—South Africa is holding off joining the Global Nuclear Energy Partnership, which restricts participants from reprocessing uranium, supposedly as a means of preventing proliferation of nuclear weapons technology, according to the Sept. 19 *Mail & Guardian* in South Africa.

South Africa does not want to join the United States-led initiative, according to Minerals and Energy Affairs Minister Buyelwa Sonjica, because it does not want to give up its right to enrich uranium.

Exporting uranium only to get it back refined, instead of enriching it in South Africa, would be "in conflict with our national policy" said Ms. Sonjica in Vienna. South Africa is looking for international partners to develop uranium enrichment. It abandoned its nuclear weapons program in the 1990s and is now set to expand its civilian atomic program.

Earthlife Africa, South Africa's main anti-nuclear lobby group, is now claiming that it is worried about how the government will deal with nuclear waste. Earthlife has for years conducted a national campaign against the pebble-bed modular reactor, South Africa's high-temperature reactor project.

Solly Phetla, spokesperson for the Department of Minerals and Energy, says that used nuclear fuel is not waste, because it can be reprocessed and 95% of the material can be recycled, with only 5% high-level waste remaining to be disposed.

Now, used fuel from South Africa's Koeberg nuclear power plant is stored in authorized used-fuel pools on site, as well as in casks designed and constructed for storage of used fuel. There is enough storage capacity for the current operational lifetime of Koeberg.

Eskom, the state-owned electricity utility company, has announced that it would increase South Africa's nuclear share of power generation from 6% to 30% by 2030. This would add 20,000 MW of generating capacity to South Africa's overloaded power grid.

Brits Move To Sabotage EU-Africa Summit

Sept. 21 (EIRNS)—In the wake of the progress of South African President Thabo Mbeki's mediation in Zimbabwe (see below), British Prime Minister Gordon Brown is scrambling to put his government's efforts to destabilize Zimbabwe back on the top of the agenda, by threatening to boycott the summit of European Union and African leaders, if Zimbabwean President Robert Mugabe is allowed to attend.

Announcing his decision in an article in the *Independent* Sept. 20, Brown says he is not prepared to be at the same conference as a leader responsible for the "abuse" of his own people, widespread torture, and the mass intimidation of political opponents.

Portugal, which has called the first EU-AU summit in seven years, invited Mugabe because other African leaders want him to attend. If the invitation were withdrawn, the meeting could collapse, as other African nations would most certainly pull out.

Brown wants the EU to extend the sanctions which already apply to 131 members of the Zimbabwe ruling Zanu-PF party who cannot travel to Europe, and have their assets there frozen, to other members of the Zanu-PF.

Brown attempted to gather support for his attack on the Zimbabwe government, by saying that the best hope for a solution is from within Africa, and pledging support for the efforts being led by South Africa and Tanzania. He promised a huge financial package from Britain and other Western and African nations to rebuild Zimbabwe if Mugabe is removed from power. This would amount to a blatant attempt by outside interests to overthrow the Zimbabwe government,

Only two days before Brown initiated his attempt to sabotage the summit, the South African cabinet welcomed a recent breakthrough between Zimbabwe's ruling ZANU-PF and Movement for Democratic Change (MDC) on draft constitutional amendments that could resolve the principal differences, and allow for new elections to go forward. A bill is already going through the parliament to adopt the agreed-upon amendments.

African Leaders Reject Brown's Sabotage of Summit

Sept. 22 (EIRNS)—African leaders are speaking out against British Prime Minister Gordon Brown's attempt to sabotage the European-African summit. Brown has said he will refuse to attend if Zimbabwe President Robert Mugabe is allowed to attend.

Zimbabwe's ambassador to the United Nations, Boniface Chidyausiku, told BBC's Newsnight program that Mugabe "has a sovereign right" to attend the summit. "He is part of Africa," he said. "Gordon Brown has no right to dictate who should come to Lisbon.... The quarrel is between Britain and Zimbabwe. The United Kingdom Government [is] trying to put this quarrel into a multilateral forum. Really, the meeting between Europe and Africa should go ahead. There are bigger issues to discuss than the differences between the U.K. and Zimbabwe."

Zimbabwe's position was backed by the Tanzanian President of the Pan-African Parliament, Gertrude Mongella, who said: "We do know there are some problems, but if somebody wants to arm-twist Zimbabwe, that's not the best way to solve the problems. I think this is again another way of manipulating Africa. Zimbabwe is a nation which got independence. I think in the developed world there are so many countries doing things which not all of us subscribe to: we have seen the Iraq war—not everyone accepts what is being done in Iraq."

Dr. Mongella said that the conflict should be resolved by Africa, and indicated that Brown should approach the Zimbabwe situation in this way.

Zambian President Levy Mwanawasa also confronted Brown's effort to whip up a conflict in Africa, saying: "I will not go to Portugal if Mugabe is not allowed."

Mbeki's Mediation in Zimbabwe Deals Blow to Brits

Sept. 22 (EIRNS)—Mediation efforts by South African President Thabo Mbeki in Zimbabwe have dealt a blow to the British-fomented economic warfare and chaos efforts against that nation. Mbeki organized a compromise agreement accepted by President Robert Mugabe and the British-funded opposition, which takes the wind out of the sails of the

British plan for protracted destabilization of Zimbabwe. The British gameplan is predicated on setting up and manipulating an internal fight in Zimbabwe over who would succeed Mugabe.

The deal mediated by Mbeki involves the agreement by the opposition party Movement for Democratic Change (MDC) on Sept. 18, to back a bill allowing the Zimbabwe Parliament to appoint the President's successor, if he does not finish his term. This will ensure that the succession of the 83-year-old Mugabe will not lead to a chaotic situation, as the British intend. Two days later, on Sept. 20, Zimbabwean lawmakers unanimously supported a compromise constitutional amendment that will affect next year's elections, with both sides making concessions.

The South African cabinet welcomed the agreement. On Sept. 20, after their regular fortnightly meeting, a statement was issued: "South Africa wishes to congratulate the Zimbabwean political leadership for this major step forward in addressing the challenges facing that country.... We will continue to assist where we can, in line with the mandate of SADC [Southern African Development Community], to ensure that these processes result in a lasting settlement."

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[top of page](#)

[home page](#)