

[return to home page](#)

## **A NEW CULTURAL RENAISSANCE IN THE COMING AGE OF REASON**

**Helga Zepp-LaRouche**, the founder of the Schiller Institute, opened the second day of the Institute's conference, "The Eurasian Land-Bridge Is Becoming a Reality!" held on Sept. 15-16 in Kiedrich, Germany. Her keynote speech began:

"You all know that the danger of a new war is looming over our heads, and the effects of a collapse of the financial system would be probably equally devastating, if no remedy is found. The idea which was pronounced by Jochen Sanio, the head of the German credit authority, BaFin, that we are right now in the worst financial crisis since 1931, is a total understatement of the problem, but it is useful, because it does remind people that after 1931, we had 1933. We had Hjalmar Schacht in Germany, but we fortunately had FDR in the United States.

"But, out of great economic and financial crises, there *is* the danger of fascism and war.

"Now, everybody knows that the 20th Century was a century of great tragedies for the world, and even if for 62 years in western Europe, we did not have war, but peace, one can say absolutely with clarity, if there is not a dramatic change in policy today, there will be another tragedy...."

### **In-Depth articles from Vol. 34, No. 39**

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## **Feature**

### **A New Cultural Renaissance in the Coming Age of Reason**

Schiller Institute founder **Helga Zepp-LaRouche** gave this speech opening the second day of the Institute's conference, "The Eurasian Land-Bridge Is Becoming a Reality!" which was held on Sept. 15-16 in Kiedrich, Germany. With the world in the worst economic crisis since 1931, she said, 'what we need to do, is to combine the Eurasian Land-Bridge, which is an alliance of sovereign nation-states for the common aims of mankind, with the idea of a cultural Renaissance. And by focussing on the best, highest traditions, highest cultures of all cultures, to form a dialogue among those.'

## **Projects for the Eurasian Land-Bridge**

- **Strategic Importance of Rail Corridor Links**

Dr. Hal Cooper, consulting engineer, spoke on "The Worldwide Strategic Importance of the Intercontinental Rail Corridor Connections Between the Eurasian and North American Land-Bridges." ([html version](#))

- **Scandinavia and the Eurasian Land-Bridge**  
**by Dr. Markku Heiskanen**

Senior Fellow at the Nordic Institute for Asian Studies and former Deputy Director of Planning of the Foreign Ministry of Finland.

- **The Sicily-Tunisia Tunnel: Link to Africa**

by Italian economist Dr. Nino Galloni.

- **Dialogue on Eurasian Land-Bridge Projects**

Discussion that closed the Sept. 15 panel on 'Projects for the Eurasian Land-Bridge.'

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## Science

### **On Vernadsky's Space: More on Physical SpaceTime**

by Lyndon H. LaRouche, Jr.

A gift of a translation of V.I. Vernadsky's *On the States of Physical Space*, prompted LaRouche to renew an earlier challenge he had given to a LaRouche Youth Movement scientific team, to discover the methods that Carl Gauss used in his scientific breakthroughs. Gauss responded to the difficulty of working in an environment hostile to science, by demonstrating his results, without revealing the method he had used to arrive at them.

## International

### **LaRouche Backs Peres on Peace Talks With Syria**

**Lyndon LaRouche** responded to Israeli President **Shimon Peres's** call for Israeli-Syrian peace talks by giving it his full backing, and calling for Israel to make Syria its partner in a nuclear desalination program.

### **Years of Instability Now Haunting India**

### **India Gets an Offer for Thorium Reactor**

**In Khrushchov's Footsteps:**

### **Bush at UN Threatens 'Brutal Regimes'**

**LaRouche in Italy:**

### **'Politics Must Now Submit to Morality'**

During his Sept. 18-20 visit to Italy, Lyndon LaRouche addressed Italian political leaders about his proposal to build a 'firewall' to protect citizens and the banking system from the financial conflagration overtaking the hedge funds.

### **International Intelligence**

## National

### **Cheney's Ouster May Be Last Chance To Stop World War III**

How much longer will Congressional Democrats continue offering excuses and capitulation, before acting on their popular mandate to impeach Vice President Cheney?

### **Gravely Wounded Still Shut Out of Treatment**

# Economics

## State Reps Sponsor LaRouche's Bill To Stop Foreclosures

LaRouche Youth Movement organizer Lewis Whilden reports on the resolutions that have been filed in several state legislatures, calling for the implementation of the Homeowners and Bank Protection Act, as a result of the LYM organizing initiative.

## Pennsylvania Action To Stop Foreclosures

State Rep. Harold James (D) submitted this resolution, which so far has 35 co-sponsors.

## Congress Hears Testimony on Housing Crisis, But No Solutions

**Documentation:** Testimony by Martin Eakes, CEO of the Center for Responsible Lending, and by Judith Liben, Housing Attorney at the Massachusetts Law Reform Institute, before the U.S. Congress's Joint Economic Committee, on the threat to the broader economy of the housing foreclosure crisis.

## A Dialogue on the Bank of the South:

### It's a Time for Revolutionary Changes

A discussion on a radio station in Quito, Ecuador, between Pedro Páez, president of Ecuador's Presidential Technical Commission for the Design and Creation of the Bank of the South, and Dennis Small, IberoAmerican editor of *EIR*.

# Editorial

## Republic Versus Empire

## U.S. Economic/Financial News

### **Internet Bank Failure—Largest Since 1990s S&L Crisis**

Sept. 29 (EIRNS)—According to a press release by the U.S. Federal Deposit Insurance Corporation (FDIC) on Sept. 28, NetBank, a pioneer of Internet-based banking with \$2.5 billion in "assets," has been taken into receivership by the FDIC. The FDIC emphasizes that "no advance notice is given to the public when a financial institution is closed." The bank's website has been closed to transactions until Sept. 30. This is the largest bank closing in the United States since the savings and loan crisis of the early 1990s, according to the Sept. 29 *Financial Times*.

The FDIC announced that ING DIRECT (subsidiary of Dutch financial giant ING GROEP) has assumed the insured \$1.5 billion in deposit accounts of the failed bank for a 1% premium. ING also bought \$724 million of assets. "This is all about confidence in the market," according to smooth-talking Arkadi Kuhlmann, CEO of ING DIRECT, as quoted in the *Financial Times*. "Since we are the largest direct bank, we were very pleased to assist and help out and hopefully take on these customers who will continue to do business on the internet."

NetBank "had significant problems with respect to loan underwriting, poor documentation, and a high amount of early payment defaults," according to a spokesman for the Office of Thrift Supervision (OTS), which closed the bank on Sept.

This whole operation appears to have been preemptive in nature, to avoid a nasty run on the virtual bank, should depositors have caught wind of its precarious financial conditions. ING stepped in within an hour of the bank closing, in a seamless transition of ownership. The OTS even admitted that the "institution continued to operate in excess of minimum capital standards," but that "high operating expenses combined with continuing losses were jeopardizing the institution's viability." A panic run on a U.S. bank, even one with only virtual doors to barricade, could bring down the whole financial house of cards.

## **Fed Lowers, Rates Rise**

Sept. 28 (EIRNS)—The Federal Reserve lowers the Federal Funds interest rate by a half a percent on Sept. 18, and what happens to mortgage rates? They rise. Freddie Mac reported on Sept. 27 that the average rate for 30-year fixed mortgages had risen for the second week in a row, to 6.42%, while the same thing happened to 15-year fixed-rate mortgages, which now average 6.06%.

This is exactly the kind of phenomenon which Lyndon LaRouche was pointing to when he warned, hours before Ben Bernanke's Federal Reserve lowered the Federal Funds rate, that the only thing stupider than raising interest rates, would be to lower them. Monetarist theory does not work at a time like this, LaRouche said. "The only thing that can be done is the firewall. There is only one answer: freeze the worthless paper."

## **Fannie Mae CEO Says the Housing Slump Will Continue**

Sept. 27 (EIRNS)—The *Los Angeles Times* reported today that homebuilder KB Homes reported a 32% drop in third-quarter revenue and warned that unsold inventory will continue to rise, driving prices lower. The Commerce Department said today that sales of new single single-family new homes fell 8.3% in August, to the slowest sales-rate in over seven years, Reuters reported. The median sales price dropped 8.3% to \$225,700, the lowest since January 2005; that price represents a drop of 7.5% from a year ago, which Reuters says is the sharpest drop since December 1970. The National Association of Realtors earlier this week reported that there are a total of 4.58 million homes (new and existing) for sale, which represents a ten-month supply of homes at the current pace of sales. Meanwhile, Bloomberg reported that Fannie Mae CEO Daniel Mudd said in an interview, that the housing slump will last beyond 2008.

## **Food Prices Soar**

Sept. 28 (EIRNS)—On Sept. 7, in telling U.S. citizens and Congress that "you can't have your bank and your hedge fund, too," Lyndon LaRouche warned that "by the end of September, you won't have the United States, unless something is done about this crisis." The financier interests "are monetizing worthless paper, and using that to create hyperinflation in the market. And this hyperinflation is hungrier and hungrier for more rent and things like that. And those inflationary effects are accelerating the breakdown of the housing sector. So that in about 30 days more of this stuff, you are going to have a blow-out of the U.S. economy, comparable to what happened in Germany, going in the direction of what happened in Germany in the Fall of 1923. We're that close."

Remember the pictures of Germans going to the store with wheelbarrows full of money just to buy a single loaf of bread in October 1923? Well, in the United States, a pound loaf of whole wheat bread cost 24% more than a year ago in August, according to the Bureau of Labor Statistics (BLS). General Mills is shrinking the size of its cereal boxes, but holding unit prices the same; baker Sara Lee upped its prices across the board by 5% in September. Unless Congress builds those firewalls which LaRouche has proposed, this is only the beginning: The price of wheat hit a new record of \$9.38 this morning, more than double what it cost last year, while oil hit a record high (over \$81 a barrel) on London markets today,

and, at over \$83 a barrel, is heading back to last week's record of \$84 on New York markets.

A gallon of whole milk cost 26% more this August than in August the year before, according to the BLS. Illinois corn and soy prices are 40% and 75% higher than last year, respectively, and Kansas wheat is up 70% or more, today's *Wall Street Journal* reports. Wholesale prices for chickens in the number-one U.S. poultry-producing state, Georgia, have hit a new record, 15% more than a year ago.

### **\$100 Per Barrel Oil? No Problem, Says *Wall Street Journal***

Sept. 29 (EIRNS)—The *Wall Street Journal* devoted space on its front page today to contemplating a U.S. economy under \$100-per-barrel oil. For years everybody from George Shultz to Joe Stiglitz, and including the *Journal*, has been shrill about the need to free the nation from the probability of economic devastation caused by over-dependence on foreign oil, susceptible to price volatility. That was one of the big arguments by the neo-cons for "energy independence" and homegrown fuels. At one time, \$80 a barrel oil was unthinkable. Now, as oil moves toward \$90 per barrel, the *Journal* says, "hey, it won't be so bad."

The paper is peddling the insane idea that the U.S. can prosper under \$100-a-barrel oil (We've done it so far, and we're almost there!) All that is required is that the increase must happen slowly, while inflation is otherwise held in check. And, the oil-producing nations must continue to cheerfully plow their profits back into U.S. investments.

The *Journal* cites the "Wal-Mart effect" for the miracle they foresee: "For every extra dollar taken from drivers' pockets at the pump in the form of higher prices in recent years, low-cost exporters from China and elsewhere have put roughly \$1.50 back in the form of cheaper retail goods." Apparently, in an extreme case of the unseen hand guiding the markets, high oil prices are being converted into cheap goods at better than 100% efficiency.

## **World Economic News**

### **ECB Ordered by Its Slavemasters To Open the Flood Gates**

Sept. 29 (EIRNS)—Deutsche Bank has published a paper "forecasting" that the European Central Bank (ECB) will cut the discount rate by a half-point in the first six months of 2008, according to Italy's *Il Sole 24 Ore*. This follows earlier similar "forecasts" by the Royal Bank of Scotland and Bear Stearns. The ECB has kept interest rates at 4% in one policy turn already, neglecting previous concerns about inflation, for the purpose of saving the hedge funds. Now, the turn will be complete, and the ECB will open the flood gates in Europe as the Fed did in the United States when it lowered interest rates by half a point in September.

The ECB is composed of the central banks of the Eurozone (the countries whose currency is the euro), and is officially independent. In reality, all those central banks are, in turn, owned and controlled by private banks. Thus, when the Deutsche Bank speaks, it speaks as one of the largest ECB shareholders, in the name of the other shareholders, or of a significant faction in the board. As for the Royal Bank of Scotland, the first to forecast a shift in ECB policy, it represents the oligarchy which dictates policy to Deutsche Bank and the like. So, the slaveowners tell their "independent" slave: Open the flood gates!

### **Central Banks Redefine the Meaning of "Liquidity Pumping"**

Sept. 28 (EIRNS)—On Sept. 27, the European Central Bank (ECB) emergency lending fund of overnight money was tapped for 3.9 billion euro, at a penalty rate of 5.0% interest—a full point above the interbank lending rate, the *Financial*

*Times* reports today. This was the highest such sum ever lent since 2004, according to the Italian daily *Il Sole 24 Ore*, which noted that "during the worst days in August, the ECB overnight loans in emergency situations were, at most, 2 billion euros."

The borrowing shows that "we are still in a situation where interbank lending is not getting anywhere near back to normal, and banks are holding onto cash.... It is a big number, and it does make you wonder if someone out there is still in trouble," a nervous economist at one of the European banks acknowledged to the *Times*.

At the same time, the U.S. Federal Reserve pumped \$38 billion into the money market as the effective Fed Funds rate went higher than 5%, far above the 4.75% target. The Fed then announced today that it had received almost \$24 billion in bids for the \$4.75 billion in three-day repurchase agreements it had offered to try to bail out the banks.

## **British Pound Is a Debased Currency**

Sept. 29 (EIRNS)—Reports in the London *Times* that there are cracks in the Bank of England's reserve gold bars—indicating debasing of the gold—and the news that Britain has no more than 320 tons of gold—a fraction of the gold held by other, much smaller nations—mean that the pound sterling "is a debased currency," commented Lyndon LaRouche, citing the views of monetarist theory. The British pound is running at the highest levels in decades against the U.S. dollar.

The London *Times* report of Sept. 29, cited experts who said that cracks in gold indicate that it has been debased; it has been rumored among gold experts for years that there were problems with the Bank of England's gold. Last May, the trade journal *Metal Bulletin* filed a freedom of information request in order to ascertain the truth. The BoE claims there are no problems, and that all its gold is 99.9% pure. But, "all that glitters is not gold," and questions are still being asked. More interesting is the fact that Britain has no more than 320 tons of gold, now worth about £4 billion. According to [www.Galmarley.com](http://www.Galmarley.com), the United States has 8,139 tons; Germany, 3,469 tons; the IMF, 3,217 tons; France 3,025 tons; Switzerland 2,590 tons; and Italy 2,452 tons.

Prime Minister Gordon Brown, when he was chancellor, sold 395 tons of British gold reserves between 1999 and 2002, a move for which he has come under criticism.

## **Europe Ready To Follow Mortgage Crisis**

Sept. 28 (EIRNS)—The financial firm of Morgan Stanley has issued a report warning that the U.S. mortgage crisis is just a preliminary of a larger blow-out of the European mortgage bubble, the German edition of the *Financial Times* reports today. Belgium, Denmark, Greece, Great Britain, Sweden, and Spain have seen a very high growth in the price of houses since 1997, which, as compared to population growth, income levels, and cost of money, is even more unbalanced than the situation in the United States.

Foreclosures in Belgium, Ireland, and the Scandinavian countries are increasing. Spain and Britain are countries where it can be said that the bubble is already deflating. In Britain, foreclosures have increased 30% in one year.

The situation in Spain is identified as "particularly critical," with more than 15% of all house and apartment properties empty, according to a study by UN representative Miloon Kothari. In total, Spanish banks have issued mortgage loans for 700 billion euros, an incredible 97% of which carry an adjustable interest rate.

## **British 'Second Home' Bubble is Deflating**

Sept. 29 (EIRNS)—The British "holiday bubble" is deflating. British investors who own second homes along the Mediterranean and in Eastern Europe face a big price correction, says Prof. Michael Ball, professor of real estate at Reading University, and a housing policy advisor to the British government, reported the *Financial Times*.

Prices rose fast, and many new homes were built. Many Britons bought homes in Florida, where there is now a huge oversupply. In Estonia, housing prices dropped an estimated 10% in the past 12 months. Ian Marcus, head of European real estate at Crédit Suisse, says there is a large unsold inventory of holiday homes at European resorts, especially in Spain, which is seen as the Florida of Europe. *EIR* previously reported the near bankruptcy of Llanera, a developer of resort homes in Spain.

Up to 400,000 properties abroad are owned by British investors, says Savills, a real estate agent.

## United States News Digest

### Military Dependence on Contractors is an 'Addiction'

Sept. 28 (EIRNS)—The Sept. 16 incident in which Blackwater security guards engaged in a shoot-out in Baghdad that left at least eight civilians dead, has put a spotlight on the dependency of the U.S. military on contractors in Iraq. Peter Singer, the expert on mercenaries at the Brookings Institution, compares that dependency to an addiction. In a report dated Sept. 21, Singer writes that the use of contractors in Iraq "has created a dependency syndrome on the private marketplace that not merely creates vulnerabilities, but shows all of the signs of the last downward spirals of an addiction."

After listing the particulars as to how the use of contractors has undermined the counterinsurgency mission in Iraq, Singer says that there are those who will try to ignore that cycle, by describing these incidents as "mere anomalies," or that "we can't go to war without them." These "are the denials of pushers, enablers and addicts," he says. "Only an open and honest intervention, a step back from the precipice of over-outsourcing, can break us out of the vicious cycle into which we've locked our national security."

Lyndon LaRouche said, "This is the new violence. These are Roman Empire-style killer teams. This is what the Roman legions devolved towards: private murder gangs, led by their corporate presidents, in effect. This was the Nazi project of the 'Allgemeine SS,' even though the end of the war prevented its complete realization."

### Russian Ambassadors Support Kennebunkport Initiative

Sept. 27 (EIRNS)—The negotiations on the Russian proposal for joint use of the Gabala radar installation in Azerbaijan, had better be successful, or there will be "big trouble," stated Sergei Mikhailovich Rogov, director of Russia's U.S.A. and Canada Institute, and member of the Russian Academy of Sciences. Rogov was replying to a question from *EIR* reporter Michele Steinberg, directed to a panel of U.S. and Russian ambassadors from the last three decades, who appeared at the Carnegie Endowment for International Peace in Washington, D.C. on Sept. 25.

Thirteen former ambassadors from the U.S. to Russia, and from Russia to the U.S., were present at the event, which commemorated the 200th anniversary of diplomatic relations between the U.S.A. and Russia. The panel opened with statements from two of the former Russian Ambassadors, Vladimir Lukin and Yury Dubinin, and from two of the American Ambassadors, James Franklin Collins and Arthur Hartman, answering the question as to whether the "rocky" relations between the two countries could face better days, especially after the 2008 elections in both countries. All of the panelists agreed, yes, relations can and must, but the podium questions, from moderator Jill Dougherty of CNN, were absolutely lacking in content and vision.

However, when *EIR*'s Steinberg raised the Kennebunkport initiative by Putin, to offer a chance for U.S.-Russian cooperation on the Gabala radar installation in Azerbaijan, there was a very lively response. Steinberg also asked about the role of the commission with Henry Kissinger and Dr. Yevgeny Primakov which was set up to pursue U.S.-Russian cooperation.

Several participants there are either on the commission, or work with it, including, Ambassador Yuli Vorontsov, Thomas Graham from Kissinger McLarty Associates, and Rogov, who is more of an advisor.

Vorontsov said that the Kissinger-Primakov commission has a broader purpose in discussing cooperation, and nothing to do with negotiating the Gabala proposal per se. It is a commission of senior advisors, and that, answering as a member of that commission, he hoped that they will find a role in advising the governments of both countries that come into being after their respective elections. The Commission just had a very successful meeting recently, and plan to meet again in January.

Speaking from the audience, Rogov—who played a major role in organizing the Ambassadors' conference—made two points: The Kissinger-Primakov commission is a gathering to mobilize the brain power of both sides to discuss and figure out what can be done to improve the relations between the two. It does not negotiate the missile defense issue, and is not a substitute for negotiations. There have been some official discussions between the Foreign Ministry and the State Department, and a week or so ago, a group that included "the BMDO" [sic—Ballistic Missiles Defense Office, now called the Missile Defense Agency] visited the site in Gabala, and the Russians showed the Americans their "TOP SECRET facilities" for the first time. However, said Rogov, [Gen. Patrick] O'Reilly was not all that impressed, and the Americans indicated they want to use Gabala for its capabilities, "along with" Poland and the Czech Republic. The Russians said, "No, that does not work—it is either/or." So, said Rogov, there have to be negotiations. If this does not lead to compromise, there will be "big trouble."

### **Federal Judge Finds Patriot Act Unconstitutional**

Sept. 27 (EIRNS)—A Federal judge in Portland, Oregon, ruled yesterday that key sections of the U.S.A. Patriot Act are unconstitutional, because they permit the Executive branch to conduct surveillance and searches of American citizens "without satisfying the probable cause requirements of the Fourth Amendment."

The ruling, by Federal District Judge Anne Aiken, came in the case of Brandon Mayfield, a Muslim lawyer who was wrongly arrested and jailed after the FBI had erroneously linked him to the Madrid train bombings in March 2004.

"For over 200 years, this nation has adhered to the rule of law—with unparalleled success," Judge Aiken said. Responding directly to the government's arguments defending the searches and surveillance of Mayfield's home and office, she wrote, "A shift to a nation based on extraconstitutional authority is prohibited, as well as ill advised."

This is the second time this month that a Federal judge has found elements of the Patriot Act to be in violation of the Constitution—the other being a Federal judge in New York who said that the use of so-called National Security Letters to obtain e-mail and telephone information without a court order is unconstitutional.

### **Bush's 'No Child Left Alive Veto'**

Sept. 26 (EIRNS)—With the number of American children lacking any health insurance at over 9 million and growing by 10% a year, President George W. Bush has sworn to veto an expansion in the Supplemental Children's Health Insurance

Program (SCHIP), which has passed both Houses of Congress by large, bipartisan majorities. In the Senate, 18 Republicans joined with the Democrats to pass the bill by a 67 to 29 veto-proof margin on Sept. 27. In the House, the vote was 265 to 159 on Sept. 25, and while not veto-proof, the 45 Republicans who joined with the Democrats increases the political cost of a veto. On the same day as the House vote, Sen. Charles Grassley (R-Ia.) angrily accused the President of blocking this urgently needed bill solely in order to push his own innovation, "personal health insurance accounts."

Bush wants Congress to pass an authorization that shrinks the SCHIP program over the next five years, rather than expanding it according to the pressing need recognized by the great majority of Congressmen.

Bush's 'No Child Left Alive' veto, is what Lyndon LaRouche called this most malicious veto yet by the lame-duck President. "Gustav Mahler's composition, 'Songs on the Death of Children,' should be performed at the White House while Bush signs his veto statement, if he still dares to do so," said LaRouche.

### **Senate Passes Water Development Bill by Veto-Proof Margin**

Sept. 25 (EIRNS)—The Senate voted 81 to 12 yesterday to pass the conference report on the 2007 Water Resources Development Act (WRDA). The bill authorizes \$23 billion for flood damage reduction, particularly in southern Louisiana; water infrastructure; environmental restoration; and other water-related projects. It also includes measures to reform the way the Army Corps of Engineers evaluates and approves projects, and requires that each project be subject to independent review. Throughout the 1980s and '90s, Congress passed a WRDA every two years, but the Bush Administration has been opposed to a new WRDA, despite the deterioration of water infrastructure, such as locks and dams on the Ohio and Mississippi Rivers, some of which have exceeded their 50-year design life. Yesterday's veto-proof Senate vote follows a similar 381 to 40 vote in the House on Aug. 1.

### **Hospitals in Los Angeles Area in Danger of Bankruptcy**

Sept. 24 (EIRNS)—While California's Governor Schwarzenegger postures on his proposed bipartisan health-care proposal, mooting a special session of the California Legislature, the *Los Angeles Times* of Sept. 23, in a continuing series on the crisis in health-care infrastructure in Los Angeles County area, reports that private hospitals accounting for 15% of the beds in the region are in dire financial straits, raising the possibility of additional delays in already-overburdened emergency rooms, longer ambulance rides, and reduced access to care. The series reports that since 1996, more than 70 community hospitals have closed across the state, over 50 of these in Southern California. While well-known facilities in affluent areas are seeing rising profits, smaller hospitals in "have not" areas are losing as much as tens of millions of dollars apiece, as the uninsured and underinsured flock to these remaining institutions, while Federal and state reimbursements to them are reduced. The recent closing of Martin Luther King-Harbor Hospital, a comprehensive teaching hospital set up to bring state-of-the-art medical care to the poor in the Watts area in the early 1970s, has left remaining institutions to absorb the 47,000 patients who used its emergency room annually.

## **Ibero-American News Digest**

### **Ecuador's President Raphael Correa Defends Human Dignity at UN Assembly**

Sept. 27 (EIRNS)—Ecuador's President Raphael Correa has stepped into history to defend human dignity, by pointing a finger at the fraud of the UN's so-called "Millennium Development Goals" (MDGs), adopted by consensus in March 2002 as the new cloak for imperial, genocidal, free trade.

Human beings have the right to more than mere subsistence; they have "the right to enjoy a life worthy of being lived,"

Correa stated in his address before the United Nations General Assembly on Sept. 26.

"Mr. President, Your Excellencies: We believe that to have the goal of living on a dollar plus one cent a day, to, supposedly, overcome extreme poverty, or keep from dying prematurely, as could be inferred from the MDGs, does not signify living a dignified life."

Who could oppose preventing the premature deaths of children and mothers? "However, by focussing only on that, we run the risk of resigning ourselves to the idea that human life is simply a process of resistance whose purpose is to extend people's existence a few hours longer," Correa said.

"We propose ... common goals not only for the life's minimums, but for social maximums," Ecuador's President countered, referring to the "minimum" Millennium Challenge goals which have been attached as conditions for international aid since they were put forward in 2002 by megaspeculator George Soros and President George W. Bush.

To conform to these "minimums" would be to legitimize today's unacceptable reality, Ecuador's President affirmed. We believe it is possible to secure for all "a job which guarantees the right to earn one's own sustenance, to have time for contemplation, artistic creation and recreation." We fight for "the recognition of the equal dignity of all human beings"—including those forced to migrate in search of a dignified life.

"For the government of Ecuador, there are no illegal human beings, and the United Nations should insist on this point. There is no such thing as illegal human beings. That is inadmissible!"

Correa proposed that voluntarism can change the world. We refuse to accept that the present is a fate before which we must capitulate, he told the representatives in conclusion. We must not be fooled by those who proclaim the "mean and self-complacent worldview" that history has ended. "We hold that it is possible to carry out collective, conscious, and democratic action to direct our lives and organize world society in another way, with a more human face....

"Ecuador wishes to invite you to build that world, that dream."

### **Former Ecuadorian President Was Offered \$10 Million to Overthrow Correa**

Sept. 26 (EIRNS)—Former Ecuadorian President Abdalá Bucaram told Ecuador's Channel 1 TV that he had been offered \$10 million last March to help overthrow current President Rafael Correa.

Speaking Sept. 25 from Panama, where he is in exile, Bucaram named no names, but described the offer as coming from a millionaire businessman, adding that other political figures, who consider Correa a traitor, "have made very generous offers to me." A plan to overthrow Correa was brewing last March, he said, related to a dispute in Congress over the firing of 57 Congressmen. Bucaram told his interviewers that he fears for Correa's life.

Since he took power Jan. 15, President Correa has received numerous death threats, as he has reported. Former self-described "economic hit man" John Perkins has stated that he considers the Ecuadorian leader to be "the most important target" of oligarchical financial interests.

### **Ibero-America Reaches for Nuclear Power**

Sept. 28 (EIRNS)—Debate over nuclear energy in Chile is red hot, especially after the Russian government extended an

invitation to members of the Senate's Energy and Mining Committee to visit that country this month to tour its nuclear plants. Members of the committee are speaking out on why Chile must decide now to build a nuclear reactor.

Chilean Environment Minister Ana Lya Uriarte responded hysterically to a report that President Michelle Bachelet had discussed nuclear energy with French President Nicholas Sarkozy, when the two met in New York this week. "This government will not take a nuclear option," she shrieked. "The President has promised not to implement nuclear energy!"

In Uruguay, Industry Minister Jorge Lepra announced on Sept. 25 that International Atomic Energy Agency (IAEA) director Mohammed ElBaradei will be visiting that nation on Dec. 3, and that the government has already taken necessary technical steps in preparation for moving into the nuclear field. He underscored the importance of Uruguay's agreement with Argentina for cooperation in technology and training of personnel.

And in Argentina, already a leader in the nuclear field, the vice president of the National Atomic Energy Commission (CNEA), Carlos Rey, said that the country could move to having nuclear energy meet 30% of its energy needs, up from the current 8%, the Telam news agency reported. Aside from finishing the Atucha II reactor, and getting the small CAREM prototype reactor ready for marketing to other developing nations, the CNEA also plans to step up uranium mining, suggesting it could produce enough to fuel at least seven reactors through the year 2060.

### **How Long Will Brazil Delude Itself on Hot Money?**

Sept. 25 (EIRNS)—The speculative capital which sustains Brazil's financial system has begun leaving Brazil. The head of the Central Bank's Economic Department reported on Sept. 21 that there was a net outflow of \$2.83 billion in short-term capital in the first 19 days of September, and the bank now projects that \$11 billion will leave by the end of the year. Central Bank chief Henrique Meirelles assured a Senate committee today that Brazil's more than \$162 billion in foreign reserves will protect the country at this time of international "volatility," but he neglected to mention that much of those record reserves are precisely the short-term, speculative capital which can vanish in an instant.

### **Lula's Chief of Staff Kisses Santander Bank's Butt on Main Street**

Sept. 26 (EIRNS)—In a slavish display of the pragmatism which in today's global breakdown crisis could destroy Brazil, Dilma Rousseff, chief of President Lula da Silva's Cabinet, used a Sept. 24 interview with the Brazilian financial daily, *Valor Economico*, to kiss the British-Spanish Santander Bank's butt—not once, but three times in a single interview.

Rousseff, who is a leftist from Lula's PT party, hailed Santander's grip on Brazil as exemplary of the kind of public-private partnership the Lula government needs and wants. Should the Santander-Royal Bank of Scotland-Fortis buyout of Holland's ABN-Amro bank go through, Santander will get its hands on Brazil's Banco Real, and become the second largest private bank in Brazil.

"The government thinks this is perfectly natural, welcome, no problem," Rousseff stated.

Last April, the LaRouche PAC warned that the British monarchy was using Santander Bank to try to stage an economic coup in Brazil, and ensure that Brazil sabotages the project to create an independent Bank of the South. Judging by Rousseff's slavishness, Santander is not satisfied with having placed its former employees directly in the Cabinet and the leadership of the central bank, and is applying the screws to demand more.

### **Provocation Against Argentina over the Malvinas Islands**

Sept. 22 (EIRNS)—At precisely the moment when Argentina is preparing a new offensive at the United Nations, to assert its claim to sovereignty over the Malvinas Islands, Britain has provocatively announced plans to annex thousands of square miles around those islands in the South Atlantic. Britain illegally seized the islands from Argentina in 1833, and has held them, under the name "Falklands," ever since. When Argentina retook them in 1982, Britain and NATO unleashed a colonial war against that country, to punish it for daring to assert its sovereignty.

Under the headline, "The New British Empire? U.K. Plans To Annex South Atlantic," London's *Guardian* reports, "Britain is lodging its claim at the UN Commission on the Limits of the Continental Shelf which will extend the normal 200 mile limit to 350 miles, which could bring it into conflict with Argentina, which also claims the Island." It is preparing similar claims around Ascension Island and Rockall, the latter being in the North Atlantic.

## Western European News Digest

### Transrapid and Eurasian Land-Bridge: The Genie Is Out

Sept. 27 (EIRNS)—With the signing in Munich of the contract for the first Transrapid maglev line in Germany, and one week after the Schiller Institute conference in Kiedrich, on the future of the Eurasian Land-Bridge, some major media are starting to recognize the primacy of the LaRouche movement's campaign—not only for the Transrapid, but also for the Land-Bridge policy.

N24, the all-news German television station, posted on their website yesterday an article which, while cynically peddling the bankers' line that the Transrapid is a "waste of money," reports that: there are people who want to build a European-wide, or even an Eurasian wide network—the [LaRouche inspired] BueSo party! Lower Saxony governor Cristian Wulff (CDU) "wants to build the maglev line from the Baltic Sea through Poland, Germany, and Holland to Paris. It could be ready by 2050. Wulff owes us an answer to the question of costs or the meaningfulness of such a project—he learned it from Bavaria. ... For many years, the Buergerrechtsbewegung Solidaritaet—short: BueSo—has campaigned for a new 'Eurasian Land-Bridge.' The Transrapid should ride through North, Central, and South Asia up to the Far East, and establish the connection with Japan, Korea, China, India and Indochina. Mr. Steuber, Mr. Wulff: nicht kleckern, sondern klotzen!"—which is a colorful German way to say "think big."

### Debate Over Holding Snap Elections Begins in Britain

Sept. 27 (EIRNS)—Last weekend's British Labour Party Conference in Bournemouth witnessed the beginning of a debate over whether to hold snap general elections in the United Kingdom, possibly as early as Nov. 1. Spurring the debate was a Yougov poll giving Labour an 11% lead, and forecasting the weakening of Tory Party leader David Cameron. Young Turks in the Cabinet, such as Schools Secretary Ed Balls, are said to be in favor of the earliest possible elections, while old-timers like Chancellor of the Exchequer Alaister Darling are in favor of holding off until there have been some genuine achievements. Already a 96-page "tool kit" has been prepared for Labour Party activists, but Prime Minister Gordon Brown has not yet seen the Queen on the matter.

### Germany's State Banks Snookered into 'Guaranteeing Risk'

Sept. 27 (EIRNS)—A prominent Wiesbaden economist told *EIR* yesterday that the losses of some of Germany's Landesbanks, such as Sachsen LB, Bayern LB, and West LB, occurred because the Landesbanks were snookered into "guaranteeing" AAA-rated risks in mortgages and other paper. To get this easy money for doing nothing, the Landesbanks had to put up no money, but merely sign a guarantee for various "pieces" of risk "cut up" for that purpose by traders from Goldman Sachs and others. In return, these banks—which mainly financed small and medium businesses for export, and

did not make big profits—were guaranteed a 2% commission on the amount guaranteed.

The Landesbanks, which are approximately half owned by the various German states, and the rest by savings banks, were not profiting from leveraged buyouts as Deutsche Bank and the other big banks were, the economist said. Sachsen LB signed a guarantee for an 18 billion euro mortgage obligation. When the mortgage securities defaulted, Sachsen had to pay. Baden-Wuerttemberg LB took it over in August. West LB, based in Duesseldorf, in the state of North Rhine-Westphalia, also guaranteed a risky package, the economist said, and is now a candidate for takeover. The Bavarian-based Bayern LB was wary of this easy money, and lost only a few hundred million euros. The Baden-Wuerttemberg LB management was much more like the Swiss, with whom Baden-Wuerttemberg shares a border: They never took the bait. Thus, it is the Baden-Wuerttemberg LB, and perhaps the half-fooled Bayern LB, which are now in a position to buy up the other Landesbanks, and become the second biggest bank in Germany after Deutsche Bank.

## **Hungary Bucks EU To Fight for Energy Production**

Sept. 26 (EIRNS)—Hungary will enact national legislation to protect its energy company, MOL, from a hostile takeover by Austria's OMV oil company, the *Financial Times* reports today. The legislation will be part of a broader law that would give the nation the right to veto acquisitions in what it calls "strategic industries," and flies directly in the face of EU free trade rules.

The Hungarian government's position "hasn't changed," a government spokesman told Bloomberg. Hungary "considers it important to have control over companies that have strategic importance for public supply," the *Financial Times* reported.

## **'Gameplan Is Set' for Further Crisis in Kosovo**

Sept. 24 (EIRNS)—As a European diplomat told the Sept. 24 *International Herald Tribune*, "The game plan is set," for jacking up tensions on the issue of Kosovo independence. "The talks end on Dec. 10. If there is no sense then that Serbia and Kosovo can agree on the province's future, then Kosovo will make a unilateral declaration of independence. The U.S. will recognize that independence, and the Europeans, as far as they can remain united, will follow, too," he said.

Russia has said it will veto any UN Security Council resolution approving independence for Kosovo. Greece and Cyprus also may oppose the Kosovo break. Greece, a close ally of Serbia, is concerned that its neighbor Macedonia could become unstable because the ethnic Albanians in the former Yugoslav republic might call for independence. Cyprus, divided between the Turkish north and the Greek south, fears the Kosovo example might be used by the Turkish Cypriots.

A bomb killed two people, when it ripped through shops in Pristina, the capital of Kosovo, today, in what the police said was probably a showdown between criminal gangs, Reuters reported. The incident also comes ahead of provincial elections in Kosovo, whose independence-seeking ethnic Albanians make up around 90% of its 2 million population.

## **Report British Obstruction of U.S. BAE Investigation**

Sept. 21 (EIRNS)—On Sept. 15, the London *Guardian* exposed more details supporting the claim that the British government has blocked the Serious Fraud Office (SFO) from complying with a request, made two months ago, from the U.S. Justice Department, for assistance in the U.S. investigation of defense supplier BAE Systems. Home Secretary Jacqui Smith has refused to pass on the request to the SFO, they say, thus preventing the latter from sharing its considerable BAE dossier with the DOJ's investigators.

The British Home Office continues to deny that it is obstructing the U.S. investigation. "As is normal with requests of this

type, it is receiving due consideration," they said in a statement.

The same issue of the *Guardian* reports that the British organization Campaign Against Arms Trade (CAAT) announced that it is taking the SFO to court on Nov. 9, in an effort to force it to re-open its investigation of BAE. The British probe of BAE was shut down by former Prime Minister Tony Blair earlier this year.

Meanwhile, investigators from the Prevention of Corruption Bureau (PCB) of Tanzania are close to a decision to file criminal charges for alleged bribes made to Tanzanian government officials by BAE Systems in order to secure the sale of a £28 million radar system for the country's national airport. A Tanzanian decision on filing criminal charges could be made within three months.

## **German Weekly Compares Financial Crisis to 1929**

Sept. 25 (EIRNS)—"The Trillion-Dollar Issue," by Hans-Ulrich Joerges, in issue 39 of Germany's weekly *Stern*, is one of the rare instances in which major media are taking the systemic collapse seriously. Not only does Joerges compare the current financial crisis to 1929, but he points out the political outcome of the 1929 precedent: "It catapulted Hitler to power." Joerges says that we have seen only the "tip of the iceberg" of a paper pyramid of \$3 trillion. He lashes out at the world of financiers and top managers, who have cashed billions while sinking the ship.

Politicians are "losing sleep" over the \$3 trillion question, and have started issuing "moderate warnings" to the public. But more serious initiatives are required, such as "controls instead of liberalization of financial markets."

Joerges ignores the primacy of Germany's LaRouche movement, the BueSo, on this issue, and credits former Finance Minister Oskar Lafontaine with that proposal, adding the dangerous delusion that "Europe can economically decouple from the U.S. crisis" and a hope that French neo-con President Sarkozy could lead that effort.

## **Brits' Deposit Insurance Fund Full of Nothing But Promises**

Sept. 25 (EIRNS)—According to today's *Independent*, the British mechanism for bank deposit insurance has just £4.4 million (\$9.0 million) in it!

This British fund is supposed to insure individual deposits of up to £35,000. The government announced that this fund would guarantee the deposits of the sinking British mortgage bank, Northern Rock, but £4.4 million would only cover a few dozen deposits. By contrast, the U.S. deposit insurance fund has \$49 billion in it.

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

### **New Russian Government: Putin Follows Own Script**

Sept. 25 (EIRNS)—Just hours after Moscow was swept by rumors of an imminent elevation of First Deputy Prime Minister Sergei Ivanov to the Russian premiership, Russian President Vladimir Putin surprised Moscow and the world on Sept. 12 by nominating Victor Zubkov to head the government. Zubkov was part of Putin's Leningrad/St. Petersburg base of operations, and is currently chairman of the Russian Federal Financial Monitoring Service. In a nationally televised conversation between outgoing Prime Minister Mikhail Fradkov and Putin, both men situated the change in government in the context of the December 2007 State Duma elections and March 2008 Presidential elections.

At age 65, Zubkov has behind him a 30-year career as a state farm director, and then a Leningrad Region official, followed by a job in the St. Petersburg Mayoralty office in 1992-93, when Putin was deputy mayor there. He has a degree in economics. After 1993, Zubkov worked in various tax inspectorate agencies, until heading up the Russian Federal Financial Monitoring Service in 2001.

On Sept. 24, Zubkov announced ministerial and institutional changes, putting in place the administrative team for the months until Russia's Parliamentary (December) and Presidential (March) elections. True to Putin's form, the changes announced did not match most of the experts' scenarios of what he was going to do.

Of the three ministers known as the "neo-liberal team" in the previous government, two are gone: Minister of Economic Development and Trade German Gref, and Health Minister Mikhail Zurabov. Also ousted is Vladimir Yakovlev, the formerly successful St. Petersburg regional leader, who had angered many regional leaders and pro-development specialists with his wishy-washy management of the Ministry for Regional Development. But, the third person famed as representing continuation with neo-liberal doctrines, Finance Minister Alexei Kudrin, not only keeps his post, but has regained the status of deputy prime minister. Of course, Putin may have especially not wanted to change finance ministers in the midst of the world financial crisis. By the same token, several Russian observers suggested that Gref was doomed not only by his obsessive prioritization of World Trade Organization membership for Russia, just when Putin was downplaying it, but also by his enthusiasm for introducing American real estate practices into Russia.

Rather than following the scenarios for a clean break in the direction of replacing the ousted ministers with unequivocally pro-state-intervention officials from elsewhere in the Russian system, both Gref and Zurabov have been succeeded by their deputies, or deputy ministers from closely related ministries, for the time being: Elvira Nabiullina is now Minister of Economic Development and Trade, while former Deputy Finance Minister Tatyana Golikova (wife of Minister of Industry and Energy Victor Khristenko) replaces Zurabov. Former Deputy Prime Minister and, most recently, Presidential Representative in the Southern Federal District Dmitri Kozak, a long-time ally of Putin, is taking over the Ministry for Regional Development.

The upper echelon of ministers remains as it was under the previous government of Fradkov, with the addition of Kudrin. Besides him, Sergei Naryshkin and Alexander Zhukov are deputy prime ministers, while there are two first deputy prime ministers: Dmitri Medvedev and Sergei Ivanov. Putin rejected the resignation of Defense Minister Anatoli Serdyukov, who had offered to step down because Zubkov is his father-in-law.

One more of the Putin-Zubkov government appointments is noteworthy in the context of the banking crisis. Putin today appointed Tatyana Paramonova, who until earlier this year was the long-serving deputy chairman of the Central bank, to the post of Presidential Representative on the National Banking Council. In recent years, Paramonova has been publicly active with the Center for Problem Analysis and State Governance Design, under the auspices of the National Glory Center, founded by her—and President Putin's—friend, Russian Railways CEO Vladimir Yakunin.

## **Far East Forum: Modernization Through Frontier Development**

Sept. 19 (EIRNS)—The Second Far East International Economic Forum took place Sept. 18-19 in Khabarovsk, Russia. On the eve of the event, Khabarovsk Territory Governor Victor Ishayev addressed its Organizing Committee, confirming that the dimensions of the Federal Program to Develop the Far East and Trans-Baikal Regions, adopted by the government on Aug. 3 when Mikhail Fradkov was still prime minister, are still on the national agenda after the dismissal of Fradkov and his Cabinet. The essentials of that 566 billion-ruble (\$22.3 billion) commitment, from now to 2013, were reported in *EIR* of Sept. 7. Addressing the Forum, Presidential Representative in the Far East Federal District Kamil Iskhakov cited that recently adopted program as the point of departure for hundreds of large-scale investment projects over the next six years.

Governor Ishayev was chairman of the Russian State Council in 2001, when it adopted a report that carried his name, calling for dirigistic financing and related measures to revive Russia's economy, with emphasis on the real sector. At the time, the Ishayev Report remained a dead letter, but the Khabarovsk Forum is the latest of a number of indications that at least some of its principles are being revived. (A translation of the Ishayev Report appeared in *EIR* of March 2, 2001. (LINK: <http://www.larouchepub.com/other/2001/2809ishayevreportintro.html>).

Talking about the commitment adopted on Aug. 3, Itar-TASS reported, Ishayev said Sept. 17: "The State has assumed the task of financing 80 percent of all the required spending." He said that this alone would give a strong impetus to economic development in the region, but "the total effect will be several-fold greater, because the total amount of investment that is attracted can be an order of magnitude greater."

Over 800 people attended the Khabarovsk event, including 130 foreign participants from China, South Korea, Japan, the U.S.A., and other nations. The meeting centered on new models of economic development, energy, the transport system of Russia's vast East, and regional integration in the Asia-Pacific Region as the basis for regional security. Among participants who have played a prominent role in discussion of the Bering Strait crossing project and other Russian megaprojects were Presidential Representative in the Far East Federal District Kamil Iskhakov, and Boris Lapidus, senior VP of Russian Railways.

Academician Mikhail Titarenko, director of the Far East Institute of the Russian Academy of Sciences, polemicized from the podium at Khabarovsk, about the national-security importance of the Far East. He quoted the 18th-Century scientist Mikhail Lomonosov's warning to Russian rulers, that without this region, Russia cannot exist.

### **Sochi Conference: Government-Business Cooperation on Infrastructure**

Sept. 22 (EIRNS)—President Putin, together with Russian, Chinese, and other officials, convened for the Sixth International Investment Forum in Sochi on the Black Sea, to discuss government-business cooperation in infrastructure development. Putin told the conference that "infrastructure upgrading is a key factor of the economic development and improvement of citizens' welfare," reported Itar-TASS. He added that the government "creates the necessary conditions to itself invest in the country's economy and to attract private investors."

*RosBusiness* reported that Acting First Prime Minister Sergei Ivanov told the Forum that the Russian government will allocate about 365 billion rubles (\$14 billion) to the energy sector. He said that the fuel balance will be shifting towards nuclear, hydroelectric, and coal generation, and that the policy would be to apply public-private cooperation to all infrastructure. Overall, the government will allocate 900 billion rubles (approximately \$36 billion), 16% of total budget expenditures, to investment programs in 2008.

### **'Western' Credit Crunch Hitting Russia**

Sept. 25 (EIRNS)—The "Western" credit crunch is striking the Russian banking sector, *RosBusiness* and *Kommersant* reported yesterday. Though Russian commercial banking is extremely underdeveloped, and thus its role in the national economy is relatively less than in Western countries, the banks do play an important role in real estate and other operations, especially in Moscow.

Russian banks have been preparing for a liquidity crisis since April, by trying to consolidate their own ruble reserves, but this "cushion" of reserves was only sufficient until Aug. 1, *RosBusiness* wrote. Since the Spring, banks have been pulling rubles from their accounts in correspondent banks and from their deposits in the Central Bank. But this cushion is gone, and now the Central Bank had to resort to direct REPO operations. In August, daily REPO borrowings by commercial banks from the Central Bank reached \$10 billion.

Interbank interest rates have now dropped to 5-6%, from 13%, but bankers expect another wave of crisis next month. According to *RosBusiness's* sources, bank lending has been falling since April. Corporate deposits in commercial banks are also down. On Sept. 21, Russia's Standard Bank suspended lending for several weeks.

*Kommersant* reported that the biggest vulnerability is in the mortgage credit market. Russian banks are over-dependent on borrowing abroad. In recent months, for "Russian banks, and for industrial companies too, access to refinancing on world markets became more difficult, and [this] has become an important element in their financial policy in recent years," *Kommersant* quoted Dmitri Tarasov, director of strategic planning at the Savings Bank of Russia (Sberbank). The banks will now cut back long-term lending, such as mortgages.

## Southwest Asia News Digest

### Israel's Ben-Eliezer: Barghouti Should Lead Palestinians

Sept. 28 (EIRNS)—Israeli Infrastructure Minister Binyamin Ben-Eliezer called for the release of Palestinian leader Marwan Barghouti from Israeli prison. "Marwan Barghouti is, in my opinion, the next leader of the Palestinians," Ben-Eliezer told the Israeli daily *Ha'aretz*. "I say there is no need to be alarmed, and that it is possible to talk about the possibility of releasing him. I would consider it. In my opinion, this move is legitimate, even though this person has been convicted of charges that are very grave, and I don't make light of them."

Ben-Eliezer said that some Israelis might have a "psychological repugnance" about releasing Barghouti, who is serving five life sentences for murder, but added, "I don't have any psychological repugnance of that sort. What I find repugnant is the future we are creating for our children. It is necessary to talk about everything and to examine everything, and to see what is good for the State of Israel."

Barghouti is a prominent leader of Fatah, and calls for his release have been made by Lyndon LaRouche and former Secretary of State James Baker III. Prof. Ahmed al-Kedidi, one of panelists at the Sept. 15-16 Schiller Institute conference on the Eurasian Land-Bridge in Kiedrich, Germany, is also an advocate of Barghouti's release.

Underscoring Barghouti's importance, Ben-Eliezer said, "In my opinion, there is a triangle here, whether or not we like to talk about it, that includes [President] Abu Mazen, [Prime Minister] Salam Fayyad, and Marwan Barghouti.... No one should think that anything can happen without Barghouti.... Barghouti, in my best estimation, is in fact the tough side of the triangle, that wins a lot of enthusiasm and a lot of respect, not only because of the fact that he is in prison, but rather because, as jargon has it, 'he is the cleanest of them all.' But you have to remember that we are also talking about a leader, who, even when he is a prisoner, should not be not be scorned and should be listened to. He is also the only leader for whom Hamas maintains a great deal of respect, and I daresay there is even some awe of him in Hamas."

In motivating his call for Barghouti's release, Ben-Eliezer said that as a security-minded person, "we must look 10 years ahead. We must make an accounting of how much longer we will continue to keep our children in a situation of 50 days of reserve duty a year, and until when we will be investing everything we have in the issue of security.... We have to look at Barghouti attentively, even when he is a prisoner. And we have to see how we hold a dialogue with him and how we find the opening through which the peace process will also occur. We aren't dismissing anything."

### Peace Talks and Nuclear Desalination

Sept. 27 (EIRNS)—On Sept. 18 Lyndon LaRouche issue a statement supporting a call by Israeli President Shimon Peres

for opening peace negotiations with Israel. LaRouche recommended that one substantive issue that could be addressed is the need for freshwater development, and the prospects of nuclear-powered desalination as a means of expanding the overall amount of potable water. "Isn't it time," LaRouche asked, "for a war-proof design for nuclear desalination? Isn't Syria a likely partner to Israel for such an agreement?"

In fact, over the past year, all the countries in the region have initiated moves to acquire nuclear power reactors for electricity and desalination. Last August, Israeli Infrastructure Minister Benjamin Ben-Eliezer announced Israel's intention to build a nuclear power reactor to generate electricity and water desalination, and that Israeli would consider a joint project with a neighboring country. The major obstacle for Israel is that it is not a signer of the Nuclear Non-Proliferation Treaty, and is a non-declared nuclear power with allegedly 200 nuclear weapons. Israel has reportedly approached the Nuclear Suppliers Group of the International Atomic Energy Agency about a possible exemption from NSG technology controls, like that sought by Washington for an accord with India. This could only be possible in the context of regional peace talks that could lead to concrete cooperation among the countries of the region.

Also in August, Jordan, which has a peace agreement with Israel, announced through its Committee for Nuclear Strategy, its intention to build a nuclear power station by 2015, and have 30% of its power needs provided by nuclear energy by 2030. Jordan has uranium resources that could be exploited.

Another country with a peace agreement with Israel is Egypt, which in 2006 announced the completion of a feasibility study to establish a nuclear power stations for electricity and desalination at El Dabaa on the Mediterranean coast. By 2015 it hopes to have completed the construction of a 1,000 megawatt reactor.

Syria, which has a chronic electricity shortage, has been considering a nuclear power reactor for the last decade. In 2003, it was in serious discussions with Russia for a \$2 billion reactor for power generation and desalination. These plans have been put on the back burner by Russia, because of the Bush Administration's aggressive policy against Iran, and U.S. pressure on Russia for its ongoing construction of an Iranian nuclear power station at Bushehr.

All these projects could be integrated into a regional program, as proposed in LaRouche's Oasis Plan for Regional Development, through projects in the fields of transport infrastructure, and nuclear power generation for electricity and desalination. It has been three decades since LaRouche made this proposal, and the time is more ripe than ever.

### **Israeli Foreign Ministry Criticizes Livni for Attending Anti-Iran Rally**

Sept. 25 (EIRNS)—Israeli Foreign Minister Tzipi Livni came under attack from her own Foreign Ministry for attending an anti-Iran rally in New York. Unnamed Foreign Ministry sources told the *Jerusalem Post* that by going to the rally, Livni is making the Iran nuclear issue appear to be only an Israeli-Iran issue, not a world issue, and that the Israeli and the Jewish lobby is running U.S. policy.

Up until now we have tried to lower our public profile on the matter," one official said, "By taking the lead on this we are sending the wrong message. The average American viewer will see a demonstration of Jewish organizations with the participation of the Foreign Minister of Israel and ask, 'Is this whole thing any concern of ours?'" He said it is one thing to take the issue up aggressively in diplomatic circles, and quite another in the streets of New York.

Livni gave a highly polemical speech at the rally saying, "Where is the world? Where are its values? Why does it hesitate, while Iran casts its dark shadow of terror across the globe? While its President mocks the Holocaust and markets hate. We are here to tell the world—to demand from the world—to wake up before it is too late."

## U.S. 'Baited' Iraqi Targets

Sept. 25 (EIRNS)—Three U.S. Ranger snipers in Iraq, who are standing trial for murder, have testified that they were following a policy of "baiting" targets to kill. The Rangers are charged with killing unarmed Iraqis, and then planting detonation wires or similar incriminating evidence on the body, to justify the crime.

In sworn statements, according to the *New York Times* and *Washington Post*, soldiers testifying for the defense said that there was no "dropping" of evidence, but that they were following an authorized "bait program," placing wires and bomb related material in an open spot, then killing anyone who picked it up.

## Asia News Digest

### Japan Expert: 'Striking Iran Would Be America's Pearl Harbor'

Sept. 28 (EIRNS)—*Asahi Shimbun*, Japan's leading daily, published an op-ed in its English edition today by Robert Dujarric, director of the Institute of Contemporary Japanese Studies at Temple University's Japan Campus in Tokyo. Dujarric, a fellow of the Hudson Institute and the Council on Foreign Relations, is an expert on Japan/Korea relations, and recently co-authored with Gen. William Odom the book *America's Inadvertent Empire*. Dujarric writes:

"Japan has a new leader. Obviously, the voters expect Prime Minister Yasuo Fukuda to take care of the economy and their pensions. But one of Fukuda's most important tasks should be to convince the United States not to attack Iran....

"In many ways, as a Japanese government official told me, Iraq is to America what the Chinese quagmire was to Imperial Japan in the 1930s. Striking Iran would be America's Pearl Harbor."

But who was it that pushed Imperial Japan into the "Chinese quagmire," beginning back in the 1890s? It was the same gang that pushed the United States into a hopeless war in Iraq, and now Iran: our ever-loving "allies" of the British Empire! Like Tony Blair and the London Fabian society controllers of Dick Cheney's wife Lynne. The purpose is to destroy us with long wars, like the Peloponnesian War of ancient Greece, which destroyed Athens.

### Demonstrations Quelled in Myanmar, as CFR Demands Intervention

Sept. 28 (EIRNS)—The mass demonstrations in Myanmar have been essentially stopped after three days of military action, which saw an undetermined number of monks and others arrested, with nine dead, according to the government's account. Compared to the 1988 suppression of the uprising at that time, where upwards of 3,000 were killed, this deployment was far less bloody, although the arrests and the death of monks could backfire on the junta.

The UN Security Council held an emergency meeting on the crisis on Sept. 26, where U.S. and European efforts to describe the crisis as a "threat to international peace and security" (the threshold for UN intervention) were strongly rejected by China and Russia, which also rejected any imposition of sanctions. At a side meeting of the G-8 Foreign Ministers, according to Reuters, Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov "clashed" over the issue.

The Council on Foreign Relations is weighing in with the release of a paper for the upcoming issue of *Foreign Affairs* by China-hawks Michael Green and Derek Mitchell, both from the Center for Strategic and International Studies (CSIS) at Georgetown University in Washington. They declare that Myanmar is "a serious threat to its neighbors' security," and

demand that "ASEAN, China and India will need to reevaluate their historical commitment to non-interference" (i.e., they must end their respect for sovereignty), while also demanding that Japan dump its "economics-based approach to Burma."

## **China Blocks UN Security Council Statement Against Myanmar**

Sept. 27 (EIRNS)—China blocked a condemnation of Myanmar by the United Nations Security Council on Sept. 26, which was going to be offered in a statement by the French Ambassador. The statement would have condemned Myanmar for the government crackdown, and would have called for "restraint" by the government. The *New York Times* reported, citing participants, that in closed session, Chinese Ambassador Wang Guan-gya stated that the conflict was a domestic one that had to be settled by the people of Myanmar, and that even a statement would "not be useful." Ambassador Wang told reporters outside the chamber, "The situation there has some problems, but does not constitute a threat to international and regional peace."

The Council can only become involved in a crisis if there is a threat to international peace and security. Russia and China vetoed, on the same grounds, an American-drafted resolution in January.

## **Fukuda Rejects Myanmar Sanctions**

Sept. 28 (EIRNS)—Japan's new Prime Minister, Yasuo Fukuda, has resisted London's pressure for sanctions and denunciations of Myanmar's government, despite the killing of Japanese video-journalist Kenji Nagai, by Myanmar troops yesterday. Fukuda said, "I am very sorry. It is really deplorable and I want to extend my condolences to his family." But he added: "Many of the Japanese aid programs are for humanitarian purposes. Japan has to consult with other countries rather than just hastily slapping sanctions."

## **Wall Street Journal Calls for Splitting Japan's LDP**

Sept. 24 (EIRNS)—The *Wall Street Journal* continued to denounce the election of Yasuo Fukuda as Liberal Democratic Party (LDP) party chairman and Prime Minister, in an editorial on Sept. 24, titled "Tokyo Throwback." It painted a grim future for Koizumi's reformers, concluding: "If Mr. Koizumi's fellow reformers, many of whom are still in government, want to revive their agenda, perhaps it's time to ditch the LDP and start a new political party."

Fukuda represents the old guard of the LDP, which is deeply feared at the *Journal* (recently purchased by Rupert Murdoch, an instrument of Anglo-Dutch imperial policy), since with Fukuda as Prime Minister, the reforms promoted by the neo-cons' favorite, former Prime Minister Junichiro Koizumi, who pushed deregulation and globalization, are in deep trouble. Fukuda is known to favor traditional LDP policies of government support for domestic industrial growth and infrastructure development.

## **North Korean Development on Table for North-South Summit**

Sept. 28 (EIRNS)—The second inter-Korean summit, which will be held in Pyongyang Oct. 2-4, is expected to discuss a plan for the development of the North, including the development of six northern cities.

The *Chosun Ilbo* newspaper reports that "the Korea Land Corporation [KLC, in the South] has drawn up a plan to develop several North Korean cities as special economic zones and industrial, trade, and tourism bases. Based on information from government agencies including the National Intelligence Service, the report looks to be used as a source for discussion on economic cooperation at the inter-Korean summit in early October. The report covers in-depth strategies to develop six North Korean cities...."

"The cost would be astronomical. The KLC said the development projects would require massive investment in infrastructure—railways, roads, ports, airports and electricity and water supply facilities. For the six North Korean cities alone that would cost more than W10 trillion (US\$1=W920)"—about \$11 billion.

Although the opposition party has traditionally opposed the government's "Sunshine Policy" of reconciliation with the North, the leading opposition candidate for the December election, Lee Myung-bak (who is likely to win), has a background in industry, a history of promoting development, and is known to be of the "teach them how to fish" school in relations with the North.

## **Africa News Digest**

### **Financial Recolonization: Buying Up Africa for a Song**

Sept. 24 (EIRNS)—For the past decade, British speculators have been moving into Africa to grab up real assets such as mining companies and plantations. Now they are grabbing real estate. According to *Times Online*, Rutley Capital, the private equity unit of the Knight Frank property agency, and the manager of Rutley Capital East African fund, wants to buy into some of Africa's rapidly growing economies, which, they claim, have been left moribund by war and corruption for years.

The fund will invest in countries that have experienced swift economic growth over the past few years. These include Botswana, Democratic Republic of Congo, Kenya, Malawi, Mozambique, Mauritius, Namibia, South Africa, Tanzania, Uganda, and Zambia. Ten years ago, the British financier oligarchy started switching to buying mines and other physical assets, and now they are moving into real estate.

Rutley Capital expects to raise \$100-200 million of equity with borrowings, which will allow the fund to buy up to \$350 million worth of property. According to a report out this week from Knight Frank, Zimbabwe, despite its troubled economy, is experiencing a shortage of office, retail, and industrial space, as hyperinflation has prevented new developments.

Knight Frank still has 129 staff in Harare, and 27 more in Bulawayo, fully employed in collecting rent.

Wars and corruption were perpetuated by the global financial oligarchy, with the included purpose of preparing for the collapse of the foreign exchange rates in these African countries. With the exchange rates now at their lowest ever, in comparison with the U.S. dollar and pound sterling, Rutley Capital will be buying property for a song.

### **Severe Floods Hit 18 Countries in Africa**

Sept. 25 (EIRNS)—Over a million people have been affected by torrential rains stretching between West and East Africa since July, with Ghana and Uganda accounting for more than half the tally. The disaster is compounded by the fact that the region affected includes large sections of Sudan, the Democratic Republic of Congo, and the countries of the Great Lakes region, which have been ravaged by internal conflicts for decades, and are not in shape to tackle the enormity of the problems brought about by these floods. These countries will have to depend on aid. With the necessary infrastructure, such as dams, the flooding could have been managed.

Heavy rains started in July. The torrential rains have swept away crops, bridges, and property. Subsistence farmers have been left destitute. It is feared that outbreaks of diseases such as cholera and malaria are likely.

Many farmlands that had been prepared for planting, and the crops that were planted in the months of June, July, and August, were washed away by rains that have measured in the range of 200% above the long-term average. This is harvest time for many countries, and there are already food shortages. Sudan, Ghana, and Uganda are the worst hit. The situation is particularly dire in the north of Uganda, which is just emerging from a 20-year war, and whose residents have recently begun returning to their homes from camps for the internally displaced.

## **Sarkozy Gets UN Credentials for Military Intervention**

Sept. 26 (EIRNS)—The UN Security Council yesterday authorized a European Union peacekeeping force of 3,000 (mostly French) troops for eastern Chad and northeastern Central African Republic, using manipulated conflicts as the excuse for a Western military presence in Africa.

Under the French-drafted resolution, 300 UN policemen will monitor camps for Darfur refugees and other internally displaced persons, according to an AFP release yesterday, and liaise with the UN-African Union peacekeeping force that is to be deployed in Sudan later this year. The 3,000 troops are to protect the UN police officers, and will be led by a British general, according to AFP. The force will be known as MINURCAT, the French acronym for UN Mission in the Central African Republic and Chad.

The pretext for the resolution is the humanitarian crisis in that region, resulting from the attacks on local institutions and law enforcement in Darfur by rebel groups, and the never-mentioned proliferation of small arms throughout the region. The resulting crisis is simplistically blamed on the Sudan government.

An unidentified source told AFP that a small number of non-French troops would be included, so that the deployment would not be seen as a French initiative. France already has 3,000 Air Force personnel in Chad. French President Nicolas Sarkozy and Foreign Minister Bernard Kouchner have been pushing for this intervention since Sarkozy became President in May. Chadian President Idriss Deby Itno, who had earlier this year set up joint border patrols with Sudan, as the preferred way to control the unrest on both sides of their common border, indicated, however, in a press conference in Egypt in June, that Chad could not oppose the French drive for intervention, which was taken to mean that his government would fall if it refused to go along.

Sarkozy presided over a special session of the UN Security Council on Africa yesterday, at which he wanted the resolution to be approved. However, African heads of state rebelled, saying they would not be extras in Sarkozy's photo-op, according to the UN correspondent of Inner City Press. After this protest, France agreed to pass the resolution more quietly, in an early morning session.

Pentagon reticence has reportedly prevented the Bush Administration from jumping into this situation militarily. After the French resolution passed, President Bush immediately supported it: "This UN mission is going to help nation [sic] and local governments exercise sovereignty over their territory. It is going to allow workers to deliver humanitarian aid. That makes us feel good."

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[top of page](#)

[home page](#)