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## **This Week You Need To Know**

### **John Train and the Bankers' Secret Government**

**by Jeffrey Steinberg**

On April 23, 1983, an unlikely collection of government agents, journalists, and right-wing money-bags gathered at the Manhattan East Side home of investment banker and self-styled Anglophile literati "spook" John Train. The purpose of the "salon" session, and two subsequent gatherings at the same venue in the Autumn of 1983 and the Spring of 1984, was to execute a black propaganda "hit" campaign against Lyndon LaRouche, in conjunction with an already-ongoing bogus government "national security" probe into LaRouche, which had been launched in January 1983. The effort would lead, by 1986, to a massive para-military police raid on LaRouche publishing offices and on LaRouche's home in Leesburg, Virginia—intended to provoke a shootout, in which LaRouche could be murdered; a string of Federal and state frame-up prosecutions, leading to jail sentences of up to 86 years for LaRouche and colleagues; and the illegal bankrupting of a string of LaRouche publications and companies, including a tax-exempt science foundation.

While the "Get LaRouche" campaign had been pushed by the likes of Henry Kissinger, James Jesus Angleton, Jay Lovestone, Sidney Hook, and Leo Cherne for many months, an event, exactly one month to the day before the first Train salon gathering, had added sudden urgency and kicked the criminal "Get LaRouche" effort into high-gear.

### **The Strategic Defense Initiative**

On March 23, 1983, President Ronald Reagan, in a nationwide television address, had announced his Strategic Defense Initiative (SDI), later to be caricatured as "Star Wars" by an hysterical Anglo-American and Soviet odd-couple media alliance, and sabotaged from inside the U.S. right wing by circles of the Heritage Foundation, Gen. Danny Graham, and Angleton.

From the very moment that President Reagan uttered his fateful words (see box) and extended an offer to the Soviet Union to collaborate in the development of a global defensive shield against nuclear weapons, the Kissinger-Angleton apparatus knew that the unthinkable had happened: An idea devised by LaRouche back in the mid-1970s, and promoted as a cornerstone of LaRouche's 1980 bid for the Democratic Party Presidential nomination, had been fully embraced by the President of the United States. Suddenly, the entire post-Franklin Roosevelt structure of Mutually Assured Destruction (MAD), the anchor of the reign of terror known as the Cold War, had come unhinged in one brief, concluding segment of President Reagan's TV speech....

**...full article, PDF**

### **Latest From LaRouche**

## LaRouche, Chinese Experts in Dialogue on New Bretton Woods

*Lyndon H. LaRouche, Jr. addressed a Berlin webcast on Sept. 6, in which a Washington, D.C. audience also took part by videoconference. As we reported in our previous two issues, the discussion focussed around a 50-year program for Eurasian and world development—and how to overcome the obstacles to that program. Scholars, political leaders, and others from many countries participated, in person or by written communication, including e-mail. In last week's issue, we published the paper presented by Prof. Dai Lunzhang, a former chief economist of the Central Bank of China, first vice president of the China International Economic Relations Society. Coauthors of his paper were Dr. Zhang Yun and Dai Jun, M.A. in international relations.*

*Following the webcast, those authors sent to Mr. LaRouche a detailed series of follow-up questions, which he answers here in depth. First is an overview presentation by LaRouche, and then the comments and questions of his interlocutors, followed by his replies. As an Appendix, we publish excerpts from the speech to the UN General Assembly by Argentine President Nestor Kirchner, which bears on the topic of constructing a new world financial system.*

### **To: Prof. Dai Lunzhang and his associates**

An adequate response to these important questions requires a summary of the conditions leading into the adoption of the original Bretton Woods system. The five questions and accompanying observations presented in your communication have deep-going implications, and require corresponding attention to details in framing my reply.

The questions which you have presented could be addressed properly, only through study of the long wave of 1945-2006 international economic-financial processes to date; but, we must also take into account, the crucially relevant aspects of preceding history of European civilization since the beginning of Europe's Fifteenth Century. Unfortunately, only a handful of known professed economists of Europe and the Americas, have developed an actually scientific understanding of the presently relevant, principled features of that history and its content. Therefore, my reply here must reflect my obligation to take certain relevant features of that history of modern world economy into account....

[...full article, PDF](#)

## **InDepth Coverage**

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## **Feature:**

### [John Train and The Bankers' Secret Government](#) [by Jeffrey Steinberg](#)

On April 23, 1983, an unlikely collection of government agents, journalists, and right-wing money-bags gathered at the Manhattan East Side home

of investment banker and self-styled Anglophile literati 'spook' John Train. The purpose of the 'salon' session, and two subsequent gatherings at the same venue in the Autumn of 1983 and the Spring of 1984, was to execute a black propaganda 'hit' campaign against Lyndon LaRouche, in conjunction with an already-ongoing bogus government 'national security' probe into LaRouche, which had been launched in January 1983. The effort would lead, by 1986, to a massive para-military police raid on LaRouche publishing offices and on LaRouche's home in Leesburg, Virginia—intended to provoke a shootout, in which LaRouche could be murdered; a string of Federal and state frame-up prosecutions, leading to jail sentences of up to 86 years for LaRouche and colleagues; and the illegal bankrupting of a string of LaRouche publications and companies, including a tax-exempt science foundation.

- **Reagan on the SDI**

The following are excerpts from President Ronald Reagan's historic speech of March 23, 1983, announcing the program for a Strategic Defense Initiative.

## **John Train's Fascist Capture of Television**

**by Anton Chaitkin**

John Train's mentor, Sir Cyril Northcote Parkinson, told him to 'capture television' for the right wing, because it was more important than the schools, and that's exactly what Train set out to do. In 1987, four years after Train met with representatives of the bankers' CIA faction, U.S. Justice Department, private foundation moguls, and selected media outlets in his 'Get LaRouche' salon, Train created the Northcote Parkinson Fund to use those same forces to gain the control Sir Cyril had mandated.

**Profile: 'Get LaRouche' Taskforce**

## **Train Salon's Cold War Propaganda Apparatus**

**by Barbara Boyd**

As Jeffrey Steinberg's article in this section recounts, 30 days after Lyndon LaRouche's proposal for what became the Strategic Defense Initiative was endorsed by President Ronald Reagan, John Train convened his salon of hack journalists and dirty-tricks operatives on April 23, 1983, with the goal of destroying Lyndon LaRouche.

## **Paris Review: Train's Dirty Secret**

**by Tony Papert**

Art serves to celebrate the divine within us, the distinctly human but also God-like capacity for intellectual creativity. But most Americans alive today have never experienced art in that sense, and, if the worst is allowed to come to the worst, they never will. Why not?

## **Eurasian Dialogue:**

## **LaRouche, Chinese Experts in Dialogue on New Bretton Woods**

In last week's issue, we published the paper presented by Prof. Dai Lunzhang, and former chief economist of the Central Bank of China, first vice president of the China International Economic Relations Society. Coauthors of his paper were Dr. Zhang Yun and Dai Jun, M.A. in international relations. Following the webcast, those authors sent to Mr. LaRouche a detailed series of follow-up questions, which he answers here in depth.

- **Appendix:**

### **Argentina's Kirchner Calls at UN for 'New Financial Architecture'**

Following are excerpts from the Sept. 21, 2006 speech given by Argentine President Néstor Kirchner before the United Nations General Assembly, New York. In his speech, President Kirchner insists that the International Monetary Fund and similar institutions have failed in promoting development, and 'in many cases, with their conditionalities, have acted in a contrary sense, preventing development.'

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## **Strategic Overview:**

## **FRANCE & GERMANY NOW**

### **Western Europe Hangs by a Thread**

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

September 19, 2006

The recent crisis in France's oncoming Presidential elections exposes the fragility of all western and central Europe in face of the onrushing, global strategic crises caused, chiefly, by the failure of the U.S.A., so far, to rid itself of the succubus of the current Bush-Cheney Administration. Germany hangs by a thread; Italy's economy is sitting, rocking on the porch, waiting for the arrival of the economic undertaker with the right prices; the former Comecon regions of eastern Europe are dying on the vine; Germany's potential role in resistance to the catastrophe menacing it from current U.S. policy, depends upon partnership with a government of France, a combination which can say a definite 'No!' to the pressures of both the U.S. Bush Administration and London.

- **World Crisis on Eve of U.S. General Election**

This announcement was released by LaRouche PAC on Sept. 22.

### **On the Press Hoax Against the Pope**

### **Britain's Bernard Lewis And His Crimes**

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

September 17, 2006

Let the faithful of Islam hear my warning words, before it is too late for us to prevent a terrible consequence for all humanity!

## **International:**

### **Who Is President of Mexico: The Banks, or the Street?**

**by Gretchen Small**

Two diametrically opposed projects are contending for power in Mexico today, each with a President-elect at its head. One, led by Andre's Manuel Lo'pez Obrador, claims its legitimacy from natural law, the right of all peoples to a government dedicated to protecting life, liberty, and the pursuit of happiness. The other, led by Felipe Caldero'n, was 'elected' with vote fraud orchestrated by international synarchist bankers who are intent on looting Mexico to the bone.

### **Israeli Generals Revolt Against War Policy**

**by Dean Andromidas**

The manifest failures of Israel's war in Lebanon have created a revolt within the Israeli military establishment, especially among some of the country's most respected retired officers. There have been calls for the resignation of Chief of Staff Gen. Dan Halutz, along with Prime Minister Ehud Olmert and Defense Minister Amir Peretz. While much of the criticism has focussed on the failings of the management of the war, the more astute of these officers are questioning whether Israel should have launched it in the first place.

### **LaRouche Organizes Dialogue For a New World Economic Order**

**by Helga Zepp-LaRouche**

The chairwoman of the Civil Rights Movement Solidarity (Bu''So) in Germany issued this statement evaluating the situation in the country following the Sept. 17 election in Berlin. It has been translated for EIR from German.

### **El Salvador: Toward A New Dark Age?**

**by Christine Bierre**

For over 30 years, Lyndon LaRouche and his associates have warned that the policies of deregulation and financial globalization will lead the world to a new dark age. How often have people accused us of exaggerating? And yet, this is happening every day before our very eyes.

### **John Bolton Subverts The UN Charter**

**by Mike Billington**

Yet another crime against international law was committed by the Bush Administration on Sept. 15 at the United Nations, when John Bolton, the U.S. Ambassador to the UN, succeeded in coercing enough members of the Security Council, by one means or another, to pass a motion placing the nation of Myanmar on the Security Council agenda.

## **Economics:**

### **Largest Hedge Fund Collapse Since the LTCM Case of 1998**

**by Lothar Komp**

Measured in lost capital, about \$6 billion, this is the greatest collapse of a hedge fund internationally since the collapse of Long-Term Capital Management (LTCM) in September 1998, which collapse at the time brought the world financial system to the edge of the abyss.

### **Report from 'Ground Zero'**

### **What Bankers Really Fear in Housing Crash**

**by L. Wolfe**

After months of attempting to deny that there was any real problem in the U.S. housing market, the world's leading bankers and speculators are expressing alarm at the size of the bubble they have created—the largest in financial history. With huge numbers of unsold new homes colliding with an even larger number of existing homes that have been thrust onto the market in recent weeks by panicky homeowners, the concern in Wall Street, the City of London, and in other financial capitals is not with a crash in home equity values, which many so-called experts have now conceded is inevitable, but with the effect that this blowout will have on the financial system.

### **WHO Backs DDT Use To Stop Malaria**

**by Marjorie Mazel Hecht**

The World Health Organization's announcement Sept. 15 that it will back DDT spraying on the inside walls of houses to kill or repel malaria-carrying mosquitoes is very good news. The reversal of WHO's 30-year policy against DDT brings the hope that the relentless disease, which now kills one African child every 30 seconds, can be brought under control. Malaria sickens and debilitates 500 million people a year, killing about 1 million of them; the majority of the dead are women and children on the African continent.

## **National:**

### **There Can Be No Compromise With White House Lawlessness**

**by Nancy Spannaus**

Upon news of the 'compromise' between leading military-connected Senators and the White House on legislation which would regulate the interrogation and trial of so-called terrorists, Lyndon LaRouche insisted that there shouldn't be a bill on this issue at all. The Supreme Court has ruled that the Bush Administration has to abide by the Geneva Conventions and the Uniform Code of Military Justice, LaRouche said, and that spells out what is required in clear language. The only reason Cheney and Bush want a bill is in order to try to again sanction torture and get immunity for their past crimes. There should be no bill at all.

### **Primary Election Results Build Toward End of the 'Truman Era'**

**by Patricia Salisbury**

Election results in primaries held in a number of states in the final election round prior to the Nov. 2, 2006 midterm elections bear out Lyndon LaRouche's message to the Democratic Party leadership and base: The critical issue in determining the future of the nation and its institutions is to end the 'Truman Era' and return to the axioms and orientation of President Franklin D. Roosevelt.

### **Schwarzenegger Gets a New Script, As Shultz, Rohatyn Outflank the Dems**

**by Harley Schlanger**

The beginning of the end for the campaign of Democratic gubernatorial nominee Phil Angelides came back on Jan. 6, 2006—five months before he won the Democratic primary—when the controllers behind Gov. Arnold Schwarzenegger outflanked the Democrats, by getting Arnie to announce,

in his State of the State address, that he had decided to promote a bogus plan of infrastructure projects for the state.

## **California Democrats Axioms Split at FDR Legacy Club Meeting**

**by Nick Walsh, LaRouche Youth Movement**

The third meeting of the Franklin Roosevelt Legacy Democratic Club in Los Angeles was principled and powerful the night of Sept. 14, as a total of 90 people arrived, about 60 of those being full-time members of the LaRouche Youth Movement (LYM), and another 20 being new youth political contacts.

## **Editorial:**

## **You Could Call It Treason**

The loss of tens of thousands of jobs in the U.S. auto sector, and the devastation which this is beginning to cause in the five-state area centered on Michigan and Ohio, has finally begun to hit the front pages of the U.S. press. Republicans and Democrats alike are screaming for attention from the Federal government, from the President on down, to what is an existential question for millions of Americans.

## **U.S. Economic/Financial News**

### **Soaring Use of Food Relief in Nation's Richest County**

Loudoun County, Virginia is the richest county in the United States according to recent government statistics. But, in the fiscal year ending June 30, the Loudoun Interfaith Relief provided free groceries to 9,339 households, serving nearly 35,000 people (bigger in itself, than the population of the county seat, Leesburg, where the food pantry is located). According to the *Washington Post*, in August, 3,300 persons came for food. The figures would be higher, but the relief center, which demands no proof of need, just proof of Loudoun residence, allows only two visits a month. Two-thirds of the user households have one working adult in the home, many with two or more jobs, but they can't afford their living expenses. Many are recently unemployed, from job cuts at United Airlines (Dulles Airport), Sprint and other big name employers, or just stuck in underpaid jobs. United will eliminate 500 workers when it shuts its reservation center Oct. 4; in the meantime, workers still there don't have the hours needed for livable take-home pay. Many food-relief clients are well-dressed, drive SUVs, and nevertheless desperate. Loudoun's median county income is over \$98,000 according to recent government census statistics. "I don't believe the census," said one user of the Loudoun Interfaith Food Relief, a unionized worker at Safeway.

### **'Black Friday' for Auto Industry**

The entire U.S. auto industry is collapsing, as Lyndon LaRouche warned it would, in February 2005. Yet, the U.S. Congress has continued to drag its heels on passing the emergency legislation, formulated by LaRouche, which would save the vital machine-tool capability embodied in that auto industry, through an FDR-style retooling initiative.

On Sept. 16, updates on the crisis hit the front pages of U.S. newspapers—with a spin that serves the financier oligarchy behind the destruction of U.S. industry: promotion of non-union wages, globalization, and outsourcing.

\* The *Wall Street Journal's* lead story was headlined, "Black Friday" for Detroit, as Ford and Chrysler admitted their strategies have hit the wall, and both are slashing production. The notion of the "Big Three" is now obsolete, gloats the *Journal*. Toyota—the sub-union wage employer—is outselling both Chrysler and Ford in the U.S. Ford will burn through \$8.5 billion in cash this year. But Toyota, according to the *Journal*, "represents the other American auto industry—non-union, expanding, profitable, and foreign-owned."

On the markets, Ford shares fell 12%; DaimlerChrysler 6.7% (5.6% in Germany); GM fell 4%. Ford bonds fell 2%, and the cost of credit derivative for protection against a Ford default on \$10 million worth of bonds rose from \$625,000 to \$685,000.

\* The *Financial Times* lead story was "Crisis at Ford deepens with its new restructuring plan." Merrill Lynch downgraded Ford from "neutral" to "sell." And, it added, turmoil in the auto industry also hit DaimlerChrysler.

*FT* Lex column: "It was certainly a grim day for the automotive industry.... The silver lining may be that Ford, along with Daimler and General Motors, is at last waking up to the size of its problems." Chrysler's woes may scare unions into making similar concessions to those secured by Ford and GM.

\* The *New York Times* front-page story said that Detroit is reeling, running low on optimism, flailing; Ford job cuts and plant closings; Chrysler will report 3Q loss of \$1.5 billion; GM cutting 30,000 jobs and closing nearly a dozen plants. All the auto companies are putting themselves on chopping block.

\* The Richmond (Va.) Times-Dispatch front-page announced that "Ford moves up closure of Norfolk plant." The ripple effect will mean loss of about 4,000 other jobs in Virginia, in addition to the 2,400 jobs at the Norfolk Ford plant.

## **Food Cartels: Rapid Transmission Belt for Killer Diseases**

As of Sept. 16, one death and more than 100 victims, of *E. coli*-infected spinach, had been tracked in 21 states, by U.S. health agencies, from one cartelized producer in Salinas Valley, California. The spinach is contaminated with a potentially lethal form of *E. coli*, strain O157:H7. Given that for every reported case of illness, some 20 more people developed the same sickness, but didn't see a doctor or have the stool culture done, the affected people so far is in the range of 2000.

As of Sept. 16, some 52 were hospitalized, and 16 had hemolytic uremic syndrome—a type of kidney failure. A Wisconsin woman, one of 33 so far infected in that state, died of kidney failure from the infection. The Wisconsin cluster, reported to the Center for Disease Control on Sept. 8, raised the red flag, and a Food and Drug Administration (FDA) warning was put out Sept. 14.

The source for the contamination has been traced to one mega-corporation planting in the Salinas Valley, Natural Selection Foods. The spinach goes to many processors, where it is bagged and distributed under various company labels throughout the nation. Investigators are unsure of whether the bacterium was introduced during growing, or during processing. The strain is typically spread through animal fecal material.

This is not the first time *E. coli* has struck in fresh salad greens. Just last month, the FDA and California agriculture and health experts met in Salinas with California salad growers to discuss how to prevent such outbreaks. And on Nov. 4, 2005, the FDA sent a letter to all California companies in the fresh produce business, warning them of the problem, and referring them to the accepted standards for preventing such contaminations.

But while they talk about handling and washing techniques, the underlying problem remains unmentioned: cartelization of agriculture. When a few corporations in a small valley in California control the salad industry throughout the nation, a few mistakes can cause a national crisis, as we are witnessing today. Eight of the past 19 *E. coli* outbreaks since 1995 have originated in Salinas Valley produce farms. Monterrey County, which encompasses the Salinas Valley, produces 60% of all California produce, and 75% of U.S. produce comes from California.



States affected so far: California, Connecticut, Illinois Idaho, Indiana, Kentucky, Maine, Michigan, Minnesota, Nebraska, Nevada, New Mexico, New York, Ohio, Oregon, Pennsylvania, Utah, Virginia, Washington, Wisconsin, and Wyoming.

## World Economic News

### Maglev Disaster: Probe Does Not Exclude Interference

The German police investigation began Sept. 23 into the accident that killed 23 passengers aboard a magnetic-levitation train in Lower Saxony the previous day. While Thyssen-Krupp, the manufacturer, has issued a statement saying that all they know so far is that there was no technical malfunctioning of the maglev system as such, a spokesman for the company rejected as "far too early" a conclusion that the cause of disaster was human failure.

Although no one in print has dared to pronounce the word, the door is open to "sabotage," as a third possibility, whether in the form of long-term budget-cutting, or something more specific.

*Der Spiegel* online reported Sept. 23, that the maintenance vehicle was doing its routine job. Every morning, the vehicle goes through the entire 30 km long track, in order to clean it from debris. Once it has finished that, it gives a radio signal to the control center, signalling that the track is cleared.

The State Attorney of the Oldenburg district said that all radio records have been seized, to find out whether there has been a malfunctioning, a breakoff, or an interference with the radio communications.

The catastrophe occurred at about 10 a.m. local time at the TransRapid system test track in Lathen, Lower Saxony, when the maglev with 31 people on board—testing personnel and their relatives—hit a maintenance car shortly after its start. The maglev, which was operated automatically from the test center, was accelerating and was travelling at the speed of 200 km/h (about 135m/h), when it hit the maintenance car, which obviously was not supposed to be on the track. The maglev sprang off its (elevated) track, bent over without falling down and caught fire, making the rescue operations very difficult, and time consuming. Ten injured people were rescued, and immediately taken to nearby hospitals.

Chancellor Angela Merkel immediately cancelled all her meetings in Berlin and rushed to the place of the accident. Federal Traffic Minister Tiefensee, who learned about the incident while in China meeting with the Chinese railroad minister, interrupted his trip and flew back to Germany.

It is not clear how this accident happened. All decisions are made at a central command. Either the maglev was not supposed to get the clearance to start while a maintenance car was working on the track, or the wagon was not supposed to be on the track while a maglev was travelling. This is the first accident ever on this test track, which has been operated since 1984, i.e., for 22 years with about 1,000 visitors per day, and without incident. Initially, the authorities, while obviously frantically involved in the rescue operation, called it a "human failure," since no obvious technical failure was involved.

The catastrophe occurred in the midst of the final decision, whether China will definitely build the extension of the maglev track Pudong-Shanghai (the only commercial maglev track worldwide) for another 175 km—which most probably was also on the agenda of Minister Tiefensee's present trip—and also in the absolute end phase of the fierce battle over a (short) commercial maglev track in Germany, connecting the Bavarian capital Munich with its airport.

### German Fin Min Calls for Hedge-Fund Regulation



In a short feature in the German-language *Financial Times* on the collapse of the Amaranth hedge fund, Sept. 22, it was reported that German Finance Minister Peer Steinbrueck is emphasizing that Germany will make hedge-fund regulation an important issue of its G-7 presidency next year. Steinbrueck said that U.S. Treasury Secretary Henry Paulson would at least favor more hedge-fund "transparency," while the Securities and Exchange Commission (SEC) plans to investigate the relations between hedge funds and the big banks. (See InDepth for "Largest Hedge Fund Collapse Since the LTCM Case of 1998," by Lothar Komp.)

## **Bank Regulator Who Criticized Hedge Funds Now Under Attack**

In September 2005, Jochen Sanio, president of the Federal German financial supervision agency BaFin, delivered a speech in New York City in which he described hedge funds as the "black holes" of the financial system and called for worldwide regulation of the hedge fund 'sector'. *EIR* published Sanio's full speech in October, 2005.

Now, Sanio is coming under heavy attack, and may be ousted from his position, reported *Handelsblatt* on Sept. 19. First, there was an embezzlement scandal. A person working in the BaFin software department admitted that he had systematically embezzled money from BaFin over years, in total taking out about 4 million euros. The state prosecution is investigating the case, and Sanio was blamed as at least partially responsible by failing to introduce tighter internal control systems.

Late the previous week, it was reported that, concerning Sanio's plans for a limited restructuring at Bafin—which would involve fewer part-time jobs, but more jobs in the analysis department—a "state of war" has erupted between Sanio and the workers' council. The council issued a letter to 1,500 BaFin employees saying that it no longer has any confidence in cooperating with the president.

According to the *Financial Times Deutschland* Sept. 22, there will be a top-level German government meeting on Sept. 26, concerning Sanio's position, involving representatives of the Christian Democratic Union (CDU), and the Social Democratic Party (SPD), and the German Finance Ministry. The meeting will start one hour before the BaFin supervisory board will gather, among other things in order to decide on the fate of Sanio.

## **Jobs Move to Poland for Cheap Labor**

According to the Polish TV News, Wiadomosci, Western investors claim that in 2006 they will create 30,000 new jobs in Poland, a move which part of globalized outsourcing based on cheap labor. The report focussed on American computer company Dell, which has announced construction of a new factory in Lodz, where it plan to employ 3,000 people. Other companies that will soon start projects: Rockwell is building industrial equipment plant in Katowice; Toshiba will start production of TV sets near Wroclaw; Bridgestone—production of tires; Sharp—electronic equipment; Indesit—production of AGD equipment. All of these companies receive long tax "holidays," state-provided "refunds" of the cost of employing workers, and other state money.

For example, Toshiba's investment is worth 160 million zloty (about \$54 million), which includes 30 million zloty from the government (\$10 million). They also demand very low prices for land (Dell demanded 100 hectares for 1 zloty per hectare) plus perfect infrastructure around their installments.

Commentators admitted that Polish entrepreneurs could never dream of such good conditions. Even an expert from the Adam Smith Center, which usually supports the free market, noted that a small Polish businessman, who plans to add two new jobs to his firm, will have to give up the idea due to higher taxes collected from him to finance one new job opened by a foreign investor.

# United States News Digest

## Senate Democrats Announce Hearings on Iraq War

Senate Democratic Leader Harry Reid (Nev), accompanied by Senators Richard Durbin (D-Ill), Byron Dorgan (D-ND), and Charles Schumer (D-NY), announced that starting Sept. 25, the Senate Democratic Policy Committee would be holding hearings every week through January, and into the next Congress, if the Democrats don't gain control of the Senate after the next election, on the conduct of the war in Iraq. Reid, after listing the Bush Administration's failures in Iraq: the lack of pre-war planning, the conduct of the occupation, the failure to rebuild the infrastructure, and so on, noted that there's not been one hearing by a Republican committee chairman in the Senate since the war started.

Reid said that he has extended invitations to Senate Majority Leader Bill Frist (R-Tenn) and Sen. Jon Kyl (R-Ariz), the chairman of the Republican Policy Committee, and any other Republican, to participate in the Democrats' hearings. In their letter to Frist and Kyl, Reid and Dorgan cite *Federalist* #51, which states, "In order to lay a due foundation for that separate and distinct exercise of the different powers of government, which to a certain extent is admitted on all hands to be essential to the preservation of liberty, it is evident that each department should have a will of its own."

When asked if he expected any Republicans to show up, he said, "You may be surprised." All four Democrats expressed the wish, repeatedly, that the Republican-controlled committees hold oversight hearings, but so far they have chosen not to do so.

## Iraq Study Group Says Little at D.C. Press Conference

The Iraq Study Group must have "just been in the neighborhood" when they called a press conference in Washington on Sept. 19, since they had nothing really to say to the press. Most of the dozen or so members of the group, chaired by Bush I Secretary of State James Baker and former Rep. Lee Hamilton (D-Ind), were present at the press conference, and were in town to talk with members of Congress about the results of their recent visit to Iraq.

The bipartisan group had already announced that it would not make public the results of its investigations until after the elections, so as not to feed into the campaign debate. They were confronted on that point by *EIR's* Bill Jones, who asked why the pace of their results should be determined by the Washington political calendar rather than by the rapidly deteriorating situation in Iraq, which was demanding immediate attention. Jones noted that the situation in Iraq may well have become "unsalvageable" by the time they deem it fit to publish their findings. Jones's question was duly noted by Dana Millbank in the *Washington Post* coverage.

The only new information the group was willing to distribute was a list of all the people with whom they had talked—in Iraq and in the U.S.—during their investigation. While they did visit Iraq, only one of the members ventured out of the super-fortified "Green Zone" in Baghdad. Under questioning by reporters, Baker said that they had also talked in their travels with a representative of Moqtada Al-Sadr and that they intended to speak with representatives from Iran.

## Clinton Says Anti-Americanism Due to Current Policies

President Bill Clinton said, in a Sept. 20 interview with the *Financial Times*, that anti-Americanism is due to current policies of the Bush-Cheney Administration, and can be changed with a serious move to help lift populations out of poverty, and change the direction of the Iraq war, by creating allies and friends.

In the interview, conducted on the opening day of his Clinton Global Initiative (CGI) conference in New York, Clinton said that the global anti-Americanism "is real," but contradicted the usual line of George W. Bush, that it is caused by those who hate "our way of life." Instead, the opposition is "because people disagree with what we are doing now...."

He blasted Bush and Cheney for their conduct in the 2004 election, specifically mentioning the "Swift Boat thing" which, he said, "was disgusting." Now, in this mid-term election, the Democrats have an advantage because the American people know that the Iraq policy is a disaster; and that it is not necessary for the Democrats to have one single position, because there is no easy answer. But, he warned, it is not enough for the Dems to think they can win the mid-term elections on the Iraq war alone. Policies to "lift people" economically are vitally important.

Clinton believes that "within the next 60 days" there will be important developments in the direction of peace in the Middle East, but he stressed that he doesn't have any insider information from the administration or from Israel about it. Just a commitment that it must happen, because the U.S. "needs allies and friends," and Iraq shows that you cannot go to war or "occupy" all your adversaries.

### **Boyden Gray Promotes Venetian Model**

In an op-ed in the *Washington Post* entitled "From Venice, a Lesson on Empire," David Ignatius reported, on Sept. 20, that a week earlier, the Committee for the Republic sponsored a conference to discuss the lessons for today of La Serenissima, the "serene republic" of Venice. The conference was presided over by William Nitze, the son of Paul Nitze. Although he was not able to attend the conference, C. Boyden Gray, a leading member of the committee, and former White House Counsel to Bush I, explained his interest in the Venetian model to other members of the group. Gray said: "Whenever Venice won a naval battle, it asked not for territory, taxes or tribute but free-trade zones. As part of its commercial empire, Venice had to rely on extensive intelligence in order to avoid foreign troop basing. As a result, its intelligence service was unmatched and its diplomacy unrivaled."

### **Cheney Declares Himself a 'Great Admirer' of Harry Truman**

Speaking Sept. 19 to the National Auto Dealers Association (NADA), Cheney spent a great deal of time proclaiming the benefits of tax cuts on economic growth, before spending a great deal more time describing how all this was "keeping America safe during wartime." At the end of all the drivel came the comparison to the Cold War. Cheney said he had the "honor" of being the Secretary of Defense at the time the Cold War ended. "I worked for or with a number of Cold War Presidents," he said, "and I am a great admirer of the man who lived in the White House when that struggle began—Harry Truman." Waxing on the subject, he continued, "I was interested to learn from Truman's biography that the Cold War was an expression he never much cared for and seldom used. He called it the 'war of nerves.' When you think about it, that's an apt description for the kind of challenge America is now facing. The war on terror is a test of our strength, and, above all, a test of our character...."

### **Canadian Report: U.S. Sent Innocent Man To Be Tortured**

According to a report released Sept. 19 by the Canadian government, the U.S. "very likely" sent a Canadian software engineer to Syria, where he was tortured, based on the suspicion by Canadian authorities, which turned out to be false, that he was linked to al-Qaeda. Syrian born Mahar Arar, now 36, was detained by U.S. authorities as he changed planes in New York in September 2002. He was held in the U.S. for 12 days, then flown to Jordan and driven to Syria. The Canadian inquiry commission found that he had been beaten, forced to confess to having trained in Afghanistan—where he has never been—and then kept in a coffin-size dungeon for ten months before he was released.

Arar had been seen in the presence of a subject under investigation, but the RCMP had improperly identified him as a "target," and sent this information to the United States. Canada's report, then, putting the blame on the U.S. in this egregious case of extraordinary rendition, has a bit of the "pot and the kettle" to it.

## **Halliburton Proves Military Privatization Kills**

A new dimension was added to the Halliburton-Iraq contracting scandal, on Sept. 18. This dimension was best summed up by filmmaker Robert Greenwald, when he told reporters, that morning, that "war profiteering is killing people." Greenwald has produced a documentary titled, "Iraq for Sale," which documents the profiteering by military contractors in Iraq and the real human costs as well as the monetary costs which have already been amply demonstrated.

The human cost of Halliburton's malfeasance in Iraq was further documented in another hearing by the Senate Democratic Policy Committee, the same day, which heard from two former KBR truck drivers who testified on how Halliburton ran a convoy into an ambush that killed seven drivers on April 9, 2004, even though they knew the convoy was headed into a combat zone. Two other convoys had been attacked in the same area west of Baghdad just hours before, and the fighting had been going on for two days, and yet the company sent the third convoy through without warning the drivers of the danger. The surviving drivers have filed a damage lawsuit against Halliburton. But, their attorney T. Scott Allen testified, Halliburton is making the prosecution of this suit as difficult as possible by claiming "sovereign immunity," that is, that they're part of the government and can't be sued.

Senator Richard Durbin (D-Ill) later suggested that what this really means is, that "they have friends in high places." The "sovereign immunity" claim is making it difficult, Allen said, to even investigate a letter that Halliburton is sending to truck drivers who were wounded in Iraq, which is masquerading as a letter to ask release of medical records to the Pentagon, so they can get a medal for their service. In fact, if a driver signs it, he ends up waiving his rights to sue for damages.

## **Ibero-American News Digest**

### **Argentine-Asian Talks on Financial Mechanisms**

Argentine Finance Minister Felisa Miceli is consulting with India, Malaysia, and Indonesia on how to create a regional financing mechanism, unattached to the International Monetary Fund (IMF). While attending the IMF's annual meeting in Singapore Sept. 18-20, Miceli met with her Indian counterpart, Palaniappan Chidanbaran, to discuss how the Asian nations weathered the 1997 financial meltdown, and built regional facilities to issue credit outside the IMF system.

At the Singapore meeting, Miceli announced that the Kirchner government will aggressively pursue alternate financing options. The Common Market of the South (Mercosur) is already debating setting up a regional development bank and other financing options, but Miceli indicated that the Asia experience could be particularly useful to look at for Mercosur as well. Her technical staff is studying what Asian nations did in the late 1990s, focussing on such operations as issuance of bonds that neighboring countries could buy to provide a nation hit by financial crisis with immediate cash.

This discussion, and talk of more intense cooperation with Asia generally, doesn't please Anoop Singh, head of the Fund's Western Hemisphere Division, who insists that regional mechanisms will be useless in the event a financial crisis spreads quickly and affects a whole region at the same time. But as one Argentine Finance Ministry official remarked, "In the face of the failure of IMF policy, the tendency now is to organize along continental lines," creating a form of "regional IMFs," without the IMF.

## **Argentina Pressured To Break Relations with Iran**

Argentina is under pressure to break off relations with Iran, under the pretext of ongoing investigations of the 1992 and 1994 bombings of Jewish targets in Buenos Aires. As President Kirchner and First Lady Cristina Kirchner arrived in New York on Sept. 17 to attend the UN General Assembly and hold a series of meetings, an American Jewish Committee spokeswoman challenged the Argentine prosecutor in charge of the case to issue a resolution stating that Iran was behind both incidents. Washington wants this to help bolster its case against Iran, although numerous independent analysts and investigative reporters have repudiated the charge that Iran and Hezbollah were behind these bombings, and have compiled evidence of possible Mossad involvement instead.

## **Lula at UN: Globalize Justice, or Face Global War**

Brazilian President Lula da Silva ripped into those who delude themselves that power will protect them in an unjust, hungry world, in his speech to the United Nations General Assembly Sept. 19, stating:

"Around 840 million human beings, almost one out of seven people on this planet, do not have enough to eat.... All of us here also know that the second Gulf War cost various hundreds of billions of dollars. With much less, we would have been able to ... alleviate the suffering of these people, pull them out of indigence, and save millions and millions of lives.

"Let the rich countries not delude themselves, for as strong as they are today, no one is safe in a world of injustices. War will never bring security; war only generates monsters, rancour, intolerance, fundamentalism, and the destructive negation of current hegemonies.

"It is necessary to give the poor reasons to live, not to kill or die. The greatness of peoples lies not in their militarism, but in their humanism. And there is no true humanism without respect for the other, for one who is, yes, different from us, but no less worthy, less precious for that, nor with less right to happiness, creatures as we all are of the same Creator. There will only be security in a world if everyone has the right to economic and social development.

"The path to peace is shared development. If we don't wish to globalize war, it is necessary to globalize justice."

## **Bolivian Oil Nationalization Hits Brazilian Snag**

Bolivia's Hydrocarbons and Energy Minister Andres Soliz Rada resigned on Sept. 15, after Brazilian President Lula da Silva threatened to cut Bolivia off, should La Paz not back down from its announced takeover of Petrobras's refineries in that country. The refineries decree was the latest attempt by Bolivia to pick up the pace of its re-nationalization of the oil and gas industry.

Since the nationalization was proclaimed on May 1, Brazil's nominally state-directed oil company, Petrobras, the largest oil company operating in Bolivia, has refused to accept Bolivia's re-nationalization, and instead sided with other oil multinationals in refusing to negotiate new contracts on more just terms for Bolivia. That Brazilian posture has left Bolivia in an untenable situation, because without assistance from its neighbors, it does not have the technical and financial resources to rebuild its national industry. Brazilian President Lula da Silva and Foreign Minister Celso Amorim have pressed Petrobras to accommodate Bolivia's development needs, but they are under enormous pressure from Brazilian circles who would be willing to go so far as to wage war against Bolivia, to "defend" the status quo of Petrobras's operations there.

Unable to silence Brazilian interests demanding Petrobras's refineries remain untouched, however, President Lula threatened retaliation on Sept. 14, and Bolivian President Evo Morales accepted Soliz Rada's resignation, to avoid a total

break in negotiations with Brazil.

## **Bachelet Denounces Washington-Protected Terrorism**

The Bush Administration received a rude shock on Sept. 20, when Chilean President Michelle Bachelet made an emotional appeal in her address to the UN General Assembly, for the U.S. administration to end the impunity it is providing for terrorists. Although Bachelet did not mention by name the Cuban-born terrorists Orlando Bosch and Luis Posada Carrilles, who are being protected in the United States, despite being wanted in Venezuela for the 1976 bombing of a Cuban airliner, these were clearly on everyone's mind when she brought up the 1976 assassination in Washington, D.C. of her country's former Foreign Minister Orlando Letelier, along with an American colleague—a deed that had been contracted to Cuban-born terrorists associated with Bosch and Posada, by George Shultz's Pinochet dictatorship.

Bachelet and her cabinet have been under ugly pressure from the Bush team to vote against Venezuela's bid for a non-permanent seat on the UN Security Council. Although Bachelet has not taken sides yet in that dispute, she apparently did not appreciate being threatened by the likes of U.S. Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld on the dire consequences for U.S.-Chile relations if she should vote the "wrong" way. In her UN address, Bachelet made a point of declaring that "Chile does not accept pressure from any side and of any type. Chile has had an independent foreign policy in the past, it has it in the present, and it will have it in the future."

## **Bush Team Lays Groundwork for Border Crisis with Mexico**

There is a security problem along the U.S.-Mexican border, Gen. John Craddock, Commander of U.S. Southern Command, declared in response to questions after his keynote address to the *Miami Herald's* Sept. 14 conference on "How Will Latin America Compete in a Global Economy?" "Money will not go where there is danger," Craddock proclaimed, and the U.S.-Mexican border is overrun by drug trafficking and illegal immigrants trafficking. He called the border an "under-governed or uncontrolled space," because there is a lack of national or public security. That's why the U.S. government is planning to deploy troops on the U.S. side of the border, he said, hinting that Mexico should do likewise.

On the same day, U.S. Ambassador to Mexico Antonio Garza, a close personal friend of George Bush, issued a warning to U.S. citizens travelling through "unknown areas" of Mexico, charging that the violence in those areas is threatening bilateral relations, tourism, investment, and the business environment. He called upon the Fox government "to do more" "to reduce violence in some areas of the border where there is an almost complete absence of law enforcement.

Talk of "ungoverned areas" by the Bush league has dangerous connotations. Craddock buddy Defense Secretary Donald Rumsfeld has been pressing for the creation of a supranational regional strikeforce—under U.S. command—to intervene in "ungoverned areas" in the region.

Make that a supranational mercenary force, it would appear. On Sept. 21, Homeland Security Secretary Michael Chertoff handed over the job of establishing high-tech surveillance technology along the U.S. borders to a private consortium headed by Boeing Corp. Chertoff declared they would build "a 21st-Century, virtual fence." Boeing's proposal to build a network of 1,800 towers equipped with sensors, cameras, and heat and motion detectors, plus unmanned drones, first along the border with Mexico, and later, the border with Canada, won out.

Not only are private interests in charge of this Swiftian scheme, but private foreign interests are in on it. Included in the Boeing consortium is the Israeli defense contractor Elbit Systems.

The consortium is to build a system of towers along 28 miles of the Arizona border, within the next eight months. The

contract for the whole border is to be doled out piece by piece, supposedly to ensure quality control, since previous stabs at motion-detector-style border surveillance generated too many false alarms to be effective. For his part, the president of National Border Control Council (representing the border patrol agents) pointed out that unless more people are assigned to acting upon the information received, what difference does it make how many images are produced?

## Western European News Digest

### Chirac Says Negotiate with Iran Unconditionally

French President Jacques Chirac seemed to break ranks when he stated that an agenda should be set for negotiations with Iran over its nuclear program, negotiations should proceed, and only in the course of those talks, should the issue of uranium enrichment be addressed. Chirac stated: "During that negotiation, I propose that, on the one hand, the six [the 5+1, the five UN Security Council permanent members plus Germany] refrain from referring the issue to the Security Council and that Iran renounce during the negotiation the enrichment of uranium."

"We can find solutions via dialogue," said Chirac, who about to leave for New York for the annual UN General Assembly which began Sept. 19. Meanwhile, President Bush's position is that Iran is stalling. "My concern is that, you know, they'll stall; they'll try to wait us out," Bush said. "So part of my objective in New York is to remind people that stalling shouldn't be allowed."

Chirac, in an interview with CNN, said: "There is a lot more potential to dialogue and I would like us to go the end of that particular road before we decide to go any further in any other direction. I very much hope that dialogue will get us out of this crisis and I believe it will." Chirac also referred to the Iraq war and said he was convinced that his objections to the U.S. push for war on Iraq were right. "I adopted a stance on Iraq and I have to say that the way things panned out, it certainly didn't go against the stance I took," Chirac said, adding, "What I said has been borne out and I remain very pessimistic about Iraq and its future."

### Maastricht Austerity Contributes to Hungarian Tensions

Major riots broke out in Budapest last week, as a result of the broadcast of a confidential speech, which indicated that top officials had lied to the population during the election campaign, and had accomplished nothing during their stay in office. The speech, which was taped, was leaked by someone to Hungarian Radio.

The speech, by Prime Minister Ferenc Gyurcsany to his inner circle, had been given at the end of last May, shortly after the elections. Gyurcsany, who had just been elected for a second term, had told a closed-door meeting with the party leadership: "We lied to the public for four years. For four years the government did not do anything. There is not much which could be done to improve the situation, because we ruined it dramatically." In Europe there was no country which acted as stupidly as Hungary, he continued, and it was obvious that "what we said was not true."

In reaction to the broadcast, several thousand people demonstrated on Sunday evening Sept. 17 in Budapest. On Monday again, several thousand demonstrated in front of the Parliament and demanded that President Solymosi dissolve it. From Monday night to Tuesday, the demonstrators marched to the building of the TV station, where a group of up to 100 right-wing ultra-nationalists provoked riots, attacking the police, storming the building, and setting cars on fire. One hundred fifty people were wounded during the riots.

Sources tell *EIR* that tensions are growing over the austerity measures which the Gyurcsany government—which faces a 10% budget deficit—has announced, in an attempt to bring the deficit down to 3% in the next few years and to fulfill the



notorious Maastricht convergence criteria. This includes tax increases, such as an increase of the value-added tax from 15 to 20%; a solidarity tax for enterprises; and a profit tax. In addition, 300,000 public service jobs are to be cut as well as cuts made in the health and education sector, and for pensioners. (For more on the crisis in Hungary, and throughout Europe, see InDepth: "LaRouche Organizes a Dialogue for a New World Economic Order," by Helga Zepp-LaRouche.)

## **Hungarian Rioting Continues, Makes Headlines Across Europe**

The Hungarian riots which continued in the night of Tuesday Sept. 19 and beyond, have become the front-page story in most of the European press. The events are characterized as the most dramatic social upheaval since 1989. The *Financial Times Deutschland* wrote Sept. 20 that the EU Commission fears that Hungary's "budget consolidation will be made more difficult." One of the EU Commission speakers is quoted having said, "The Commission is conscious about the fact that the measures for reducing the budget deficit are painful—but it is in the interest of the citizens that the deficit be reduced."

The financial markets also reacted. The Forint was devalued by 1% while the stock market lost 2%. S&P warned that Hungary may be downgraded again, from A to BBB+. *Die Welt*, in its lead editorial, compared the Hungarian situation to that in Mexico. Prime Minister Ferenc Gyurcsany gave a press conference and a speech on TV, in which he said that he absolutely will not resign, and that he is committed to continue with the reforms. It is reported that in 15 cities there are demonstrations, and that they are continuing. Under the country's constitution, President Solymosi cannot call for new elections. If Gyurcsany were to be removed, the call for his dismissal would, as commentators say, have to come from within his own party, by way of a vote of no confidence. The party, however, has given him full backing. Important to watch will be the upcoming Oct. 1 communal elections.

## **Russia Offers Hope to Hungary**

As the Budapest riots continued, Prime Minister Gyurcsany met with Russian President Vladimir Putin in Sochi, where Putin told Gyurcsany that despite Hungary being member of the EU and NATO, Russia looks forward to improving cooperation with her. In the field of energy, Russia and Hungary are already working closely together. Given the difficulty which Hungarian farmers are facing with their products on the EU market, more exports of Hungarian agricultural products to Russia would be in the interest of Hungary.

## **Polish Coalition Collapses—Again**

Parallel to the crisis in Hungary, the government coalition in Poland, which consists of PiS (Party of Law and Justice), tied to the Kaczynskis, Lepper's Samoobrona, and Giertych's Liga Polska, also broke apart. It happened as result of Prime Minister Jaroslaw Kaczynski firing Vice Prime Minister and Agricultural Minister Andrej Lepper from Samoobrona. The reason given was a major feud which had erupted among the coalition partners in recent days over the 2007 budget. Lepper not only wants more money for the peasants, but also demands more social expenditures and strictly opposes any major Polish troop deployment to Afghanistan which Jaroslaw Kaczynski had promised during his visit in the U.S.

The Polish zloty fell—like the Hungarian forint has in the last few days—as investors, who had poured billions into EU newcomers' assets, feared that there will not be convergence with the euro.

Prime Minister Kaczynski told a news conference that he will try to form a new government, and the backroom maneuvering is proceeding at a feverish pitch. If this maneuvering were to fail, then there would be new elections end of November. The background to the crisis in Poland is both economic but also geostrategic—given the attempt by U.S. Vice President Dick Cheney to pit Poland against Russia and Germany.

## Germany Would Be Smashed by UN Sanctions Against Iran

The president of the Federation of German Wholesale and Foreign Trade Anton Boerner said that if there were sanctions against Iran, Germany would be pushed out of trade by India and China. The German Chamber of Commerce and Industry (DIHK) said that if there were sanctions, more than 10,000 Germans could lose their jobs. German exports to Iran, its largest market, ahead of the UAE and Saudi Arabia, were down 10% in the first half of 2006 compared to last year. German companies exported 4.4 billion euros worth to Iran, in industrial machinery, cars, steel, and chemical products. Fifty German firms have branch offices in Iran, and over 12,000 have trade representatives in the country.

In a certain sense, UN sanctions against Iran would be equivalent to trade war against Germany. One may suppose that the British are aware of that.

## Intelligence Expert Debunks 'Liquid Explosives' Hoax

Lt.-Col. (ret) Nigel Wylde, former senior British Army Intelligence officer, who was awarded the Queen's Gallantry Medal for his command of the Belfast Explosive Ordnance Disposal Unit in 1974, recently said the liquid explosives threat featured in the August "terror plot" in Great Britain is a "fiction" and part of a "pattern of lies and deceit."

The idea that these people could sit in the airplane restroom and simply mix together normal household fluids to create a high explosive capable of blowing up the entire aircraft is untenable. So who came up with the idea that a bomb could be made onboard? Not al-Qaeda, for sure. It would not work. Bin Laden is interested in success, not deterrence by failure. This story has been blown out of all proportion, according to Wylde.

In order to create an explosion, the liquids would need to be carefully distilled at freezing temperatures, then mixed together, a process which produces significant amounts of heat, and vile fumes which "would be smelt by anybody in the area," he said. The whole process, would take between 12 and 36 hours, far longer than even the longest international flight.

If there had been a conspiracy, he said, "it did not involve manufacturing the explosives in the loo," as this simply "could not have worked." The question then remains, why was such an extreme response created to an alleged conspiracy which the authorities knew, or should have known, could not have worked?"

## Russia and the CIS News Digest

### Russia Revokes Sakhalin Licenses

The Russian Federal Service for Natural Resources Oversight made good Sept. 18 on its threat to revoke environmental approvals for the \$20-billion Sakhalin-2 liquefied natural gas project. The announced reason was damage to salmon spawning grounds, and "excessive logging" by the foreign operators, Royal Dutch Shell, Mitsui, and Mitsubishi. Russian natural resources officials have raised similar questions about ExxonMobil's licenses for the Sakhalin-1 project. The *Financial Times* of London was among those accusing Moscow of attempting to "renegotiate oil contracts by the back door." Many of the so-called production-sharing agreements (PSA) for oil and gas development were negotiated during the 1990s, when the Yeltsin Administration was far more amenable to increasing foreign control over Russian resources, than the Kremlin is under Vladimir Putin. Already in 2004, Russia nullified the Sakhalin-3 offshore oil concession, which ExxonMobil had won in a 1993 tender.

Incoming Japanese Prime Minister Shinzo Abe said Sept. 19, "I am concerned that major delays [in Sakhalin-2] might have a negative influence on overall Japanese-Russian relations." (The latter are tense, already, over the chronic Kurile Islands territorial dispute, as well as recent marine poaching incidents.)

## **Yanukovych in Brussels: No EU Dictates for Ukraine**

Victor Yanukovych, who emerged as Prime Minister of Ukraine after this year's political crisis, used blunt language during a Sept. 21 visit to Brussels, to state his refusal to impose economic reform measures that might spark protests like those shaking Hungary. "You should understand that this government will protect the national interests of Ukraine," he told the *International Herald Tribune* in an interview given before his meeting with EC commissioner Jose Manuel Barroso. He said that his government's decisions would be "long-term, ... realistic and pragmatic. Not populist. But Ukrainian. We will not respond to orders."

Regarding specific EU conditionalities for a trade agreement, Yanukovych said that, in any event, Ukraine would want to complete talks with the World Trade Organization, first. Moreover, he noted that the Socialist Party, a key member of the Ukrainian coalition government, opposes the reduction of agricultural tariffs, demanded by the WTO. "There is a need to protect the domestic producers. They have to be able to withstand competitive pressures," said the Prime Minister, indicating that he was in no rush to join the WTO.

From Brussels, Yanukovych headed for Moscow, where his first visit as Prime Minister would center on economic talks with Prime Minister Mikhail Fradkov.

## **Transdniestria Votes for Integration with Russia**

The vote in a referendum, held Sept. 17 in the Transdniestr section of Moldova, was overwhelmingly in favor of full independence, and moving towards integration with the Russian Federation. With a 78.6% turnout, the vote was 97% for the shift. The half-million population of Transdniestria, a strip along the east bank of the Dniestr River, bordering southern Ukraine, is heavily Russian ethnic. The area's leadership has rejected control by the Moldovan government, while Russian forces have remained there as peacekeepers, since shortly after the breakup of the Soviet Union. Poverty, disease levels, and other hardships for the population are very great there.

The European Union and the United States did not recognize the referendum as valid. The Foreign Ministry of Russia, which hitherto has officially supported the preservation of Moldova's territorial integrity, issued a commentary, which said that public sentiment on both sides of the Dniestr should be taken into account, and called on the EU, the USA, the OSCE, and Ukraine, to join in restarting a negotiation process between Chisinau (Moldova) and Tiraspol (Transdniestria) on what their relationship should be. President Vladimir Putin has remarked on more than one occasion, that if the right of self-determination is applied to Kosovo in Serbia, then it may become a factor in Transdniestria and other so-called frozen conflicts in the former Soviet Union. The other main ones are South Ossetia and Abkhazia, both of them in Georgia.

## **Southwest Asia News Digest**

### **Arab League Brings Spirit of Westphalia to UNSC**

In the true spirit of the 1648 Peace of Westphalia, the Arab League brought "a collective Arab initiative" for a regional peace agreement with Israel before a special session of the United Nations Security Council called at the request of the 22-member League of Arab States. Addressing the Sept. 21 session, Bahrain Foreign Minister Ahmed Al-Khalifa, in the name of the League, declared that, "for the sake of future generations in the region," the group of Arab states came before the

UN "to shoulder its responsibilities and play its role in contributing to the attainment of a just, comprehensive, and lasting peace in the Middle East region and the world as a whole. Our aim is to have a stable and secure Middle East in which hostility is replaced with friendship and prosperity for its people. Such friendship and prosperity will not be exclusive to the region, but would also benefit the entire world," he stated.

"In the past, we have witnessed the horrors and repercussions of war. However, our peoples are determined today not to see the continuation of such horrors. The persistence of the Arab-Israeli conflict has had dire consequences and is exhausting the resources of the region. It is creating instability. It is also allowing extremist forces to flourish. We ought to work for reconciliation and conciliation. We should act to heal the wounds which have accumulated for over 50 years.

"Our objective in calling for this meeting is not to apportion blame or to exchange accusations. It is rather to address the situation in the Middle East in a constructive spirit and in a forward-looking manner.

"The Arab states are prepared to consider that it is possible to bring an end to the Arab-Israeli conflict; they are prepared to enter into a peace agreement between themselves and Israel," he stated. "They are prepared to establish normal and full relations with Israel in the context of a comprehensive peace, which requires: full Israeli withdrawal from the occupied Arab territories; arriving at a just and agreed solution to the Palestinian refugee problem; and acceptance of an independent sovereign Palestinian State with holy Jerusalem as its capital."

Calling upon the UN Security Council to help arrange direct negotiations, Sheikh Al-Khalifa concluded with the statement that "we have a good chance now to obtain peace and should not allow it to slip away. If we lose this chance, we will all be losers. Peace is the precondition for stability, prosperity and development in the Middle East, and the world."

### **Qatar Minister Invokes Rabin's Words To Urge Peace**

The Foreign Affairs Minister of Qatar, Sheikh Al-Thani, invoked the words of Israel's martyred Prime Minister Yitzhak Rabin, to urge peace, in his address to the UN Security Council special session on the situation in the Middle East. "We are aware that a large majority in Israel shares our desire for peace, irrespective of provocations and sacrifices. I recall what Yitzhak Rabin said in the Knesset in 1993: 'We are destined to live together on the same soil in the same land.' I know that quoting the words of Rabin will cause me to be criticized in my country, but they are words of truth. We have to realize we cannot choose our neighbors or our enemies," he stated.

### **White House Moves Forward with Plans To Bomb Iran**

U.S. military and intelligence critics of the Bush-Cheney perpetual war policy warned that the administration is moving forward with plans to bomb Iran, according to several sources. High-level military experts in Washington, D.C. expressed tremendous alarm Sept. 22 that Lyndon LaRouche's assessment of a Bush-Cheney strike on Iran in the near term, was confirmed by discussions and movements by the military. In response to one of these reports, LaRouche again warned that Bush will make his move against Iran "without warning," without going to Congress, without going to the United Nations, and without consulting with U.S. "allies." The most likely scenario, LaRouche said in discussions with his intelligence staff, is that Bush will give an order for strikes against Iran from Offutt Air Base in Nebraska.

Several in-depth alerts were issued by critics of the Iraq war and imperial policy about what is going on regarding Iran:

\* Writing for The Century Foundation, Retired Air Force Colonel Sam Gardiner warned in a reported titled, "The End of the 'Summer of Diplomacy,'" that some in the Bush Administration are undeterred by concerns of active duty military leaders and are pushing forward for air strikes, not only against Iran's nuclear program, but also against the government

itself, to "decapitate" the regime.

\* A lengthy article in the Sept. 21 issue of *The Nation*, headlined "War Signals," says that "The Nation has learned that the Bush Administration and the Pentagon have issued orders for a major 'strike group' of ships ... to head for the Persian Gulf, just off Iran's Western coast." The strike group includes the aircraft carrier Eisenhower, as well as a submarine escort. *The Nation* quotes Gardiner, and a number of other military and intelligence officials, including 27-year CIA veteran analyst, Ray McGovern, who said, "This is very serious."

\* In the *American Conservative*, former CIA official Phil Giraldi also quotes a number of active military and policy sources as warning that the White House is pushing hard for war against Iran.

Not surprisingly, the insane push for an Iran war comes precisely at the time that Iranian President Mahmoud Ahmadinejad made serious overtures for peace during his trip to the U.S. and the United Nations. LaRouche said that Ahmadinejad's conduct during this trip has been excellent, and that anyone who attacks him for what he is doing here, is an enemy of peace and wants war.

### **Ahmadinejad at UN Speaks for Defense of the Oppressed**

Iranian President Mahmoud Ahmadinejad delivered a universal and ecumenical appeal for justice and defense of the oppressed in his address to the United Nations General Assembly on Sept. 19.

Ahmadinejad called for appointing three new members of the Security Council, one each from the Non-Aligned Movement, the Organization of Islamic Conference, and the African continent, in order to restore the UNSC's ability to guarantee justice and peace. He accused the United States and the United Kingdom of destroying that role of the UNSC, especially in the cases of the misery of the Palestinians and the 33-day air war on Lebanon:

"The fundamental question is that under such conditions," he said, "where should the oppressed seek justice? Who or what organization defends the rights of the oppressed and suppresses acts of aggression and oppression? Where is the seat of global justice?"

He said that all nations had a right to develop nuclear energy, but some of them "have abused nuclear technology for non-peaceful ends, including the production of nuclear bombs, and some even have a bleak record of using them against humanity." He repeated that Iran's program is purely peaceful, and that the U.S. is using the issue for regime change.

His appeal to the nature of man was universal:

"Human beings are all God's creatures and are all endowed with dignity and respect. No one has superiority over others. No individuals or states can arrogate to themselves special privileges....

"Citizens of Asia, Africa, Europe, and America are all equal. Over 6 billion inhabitants of the Earth are all equal and worthy of respect....

"Peoples, driven by their divine nature, intrinsically seek good, virtue, perfection, and beauty. Relying on our peoples, we can take giant steps towards reform and pave the road for human perfection."

"Whether we like it or not, justice, peace, and virtue will sooner or later prevail in the world, with the will of the almighty

God. It is imperative and also desirable that we, too, contribute to the promotion of justice and virtue....

"Is it not possible to build a better world based on monotheism, justice, love, and respect for the rights of human beings, and thereby transform animosities into friendship?"

Though still flawed, his approach to Israel was much moderated from earlier occasions:

"The roots of the Palestinian problem go back to the Second World War," he said. "Under the pretext of protecting some of the survivors of that war, the land of Palestine was occupied through war, aggression, and a displacement of millions of its inhabitants."

### **Clinton: U.S. Needs To Talk To Iran Directly**

In an interview on the NBC Today Show Sept. 21, former President Bill Clinton said, when asked whether the U.S. should be talking to Iran:

"I basically believe that the United States should not be afraid to talk to anyone and should not be reluctant and shouldn't have too many conditions."

"[I]n this case a little groundwork needs to be laid here.... But if you think you might have trouble with somebody, and, God forbid, if you think it could lead to a military confrontation, then there needs to be, at least, maximum amount of contact beforehand."

### **Hezbollah Leader Speaks To Huge Support Rally In Beirut**

Hezbollah leader Sheikh Hassan Nasrallah appeared at a huge rally in Beirut, his first public appearance since the Lebanon war. The rally gathered hundreds of thousands of people from all over the country, and was announced as a "victory rally." Nasrallah declared that the Lebanese had won a "divine, historic, and strategic victory." He spoke in bombed out southern Beirut, to a crowd of hundreds of thousands.

He said Hezbollah would disarm only under the right conditions, and called for a national unity government. The resistance would only hand over its weapons once Lebanon becomes "a strong, just and capable country," Nasrallah said. "There is no army in the world capable of making us drop our weapons as long as there will be people who believe in this resistance," he added. "We don't want to keep our weapons forever and they will never be used against anyone inside Lebanon. These are not Shiite weapons but the weapons of all the religions and the Lebanese and will protect Lebanon's independence and sovereignty."

## **Asia News Digest**

### **Military Coup in Thailand Is Still Undefined**

On the night Sept. 19, the chiefs of all the military forces and the police seized power in Bangkok, Thailand, while Prime Minister Thaksin Shinawatra was in New York for the opening session of the United Nations. The coup was orchestrated by Gen. Prem Tinsulanonda, a former Prime Minister and now head of the King's Privy Council, who has been in open preparation for this move for several months. General Prem met with the King and arranged for Gen. Sonthi Boonyaratglin (the Army Chief who ran the coup on the ground) and the other military chiefs, to meet the King, who subsequently gave

his official endorsement of the junta.

Deposed Prime Minister Thaksin, now in London, has not called for his supporters to oppose the junta, but called on the junta to return the nation to democracy. Despite the overwhelming support which Thaksin enjoys among the rural population, there has been no significant resistance, although this is not known for certain, since the media is under tight censorship. Only Deputy Prime Minister Chitchai Wannasathit and three cabinet ministers have been detained.

General Sondhi has reported that he will appoint an interim Prime Minister and Cabinet within two weeks, with elections planned for late next year. The junta has shortlisted four potential civilian Interim Prime Ministers, including Prem's close ally on the Privy Council, Gen. Surayudh Chulanont, who was removed by Thaksin as commander of the northern army when he tried to start a war with Myanmar; and former WTO director and current UNCTAD director Supachai Panitchpakdi. The choice of Surayudh would indicate a strong hand from Washington, where he has long been held in esteem. Supachai, on the other hand, has been an outspoken opponent of the Washington consensus and defender of developing nations against controls by the international financial institutions. Much will be revealed about the future of Thailand by who is chosen.

### **Musharraf Meets Bush, Cheney, Rumsfeld, Rice**

Over two days (Sept. 21-22) Pakistani President Gen. Pervez Musharraf met with top Bush Administration officials, including the President, Vice President Cheney, Defense Secretary Rumsfeld, and Secretary of State Condoleezza Rice. The meetings took place at a stage of heightened tension between United States and Pakistan.

Following his meeting in the White House on Sept. 22, President Musharraf and President Bush, at a joint press conference, the Pakistani President said that a peace treaty between his government and tribes along the Pakistan-Afghanistan border is not meant to support the Taliban. Expressing his belief in what President Musharraf said, Bush said that Musharraf had looked him in the eye and vowed that "the tribal deal was intended to reject the Talibanization of the people and that there won't be a Taliban and there won't be al-Qaeda in Pakistan." Musharraf also told reporters: "We are on the hunt together.... There is total coordination at the intelligence level between two forces. There is coordination at the operational level, at the strategic level, even at the tactical level...." These comments mark the first time the Pakistani government has not expressed opposition to U.S. forces operating on Pakistani soil.

This public display, in which the two Presidents expressed confidence in one other, is a mere facade. On Sept. 26, President Bush will meet the Afghan President Hamid Karzai in Washington. Karzai has accused Pakistan for years of sheltering and using the Taliban militia and al-Qaeda to weaken Kabul. On Sept. 27, Bush, Musharraf, and Karzai will have a tripartite talk.

U.S.-Pakistan relations are facing a crisis. The anti-U.S. and anti-Karzai forces have gained ground in Afghanistan and have begun to seriously hurt both the NATO and the U.S.-led coalition troops. Both Kabul and Washington need Islamabad's cooperation to tame the insurgency. However, Musharraf has shown little capability, or intent (as some observers point out), to satisfy either Washington or Kabul. The problem is not new, but because of the very high level of violence, and the fear that Afghanistan may go the Iraq way, Washington may try to lean very heavily on Islamabad.

### **Musharraf Says After 9/11, U.S. Threatened To Bomb Pakistan Back to Stone Age...**

The U.S. threatened that Pakistan would be bombed after 9/11, if it did not join the U.S. in the Afghan war, according to President Musharraf in an interview with CBS's "60 minutes." The Pakistani President said that Richard Armitage, then Undersecretary of State, had told his intelligence director: "Be prepared to be bombed. Be prepared to go back to the Stone



Age." (The threat is remarkably similar to the one that Secretary of State James Baker III issued to Iraqi Deputy Prime Minister Tariq Aziz before the 1991 Gulf War, warning Iraq off use of chemical weapons.)

Musharraf told CBS that he responded to the threat in what he thought was a responsible manner. "One has to think and take actions in the interest of the nation, and that's what I did," he said. Armitage, he said, gave him a list of seven demands, including logistical support and free overflight and landing rights for military aircraft.

Armitage told CNN on Sept. 22 that he had indeed threatened Pakistan, reporting that he told the intelligence chief on Sept. 13, 2001—two days after the attacks in the U.S.: "I told him that for Americans it was black and white—that Pakistan was either with us fully or not. It wasn't a matter of being able to negotiate. He started to tell me the history of Pakistan-Afghan relations, and I ... cut him off and said: 'History starts today, General. Secretary Powell and I will be presenting you with a list of requirements for Pakistan tomorrow. Go and consult with President Musharraf. Secretary Powell will call the President to make sure he understood the gravity of the situation.'"

## Africa News Digest

### **Mbeki at UN: Poverty, Underdevelopment Biggest Threats**

South African President Thabo Mbeki, in his speech Sept. 19 to the UN General Assembly, said that poverty and underdevelopment remain the biggest threats to progress. He further "wished that the wishes of the poorest people of the world could be turned into reality, this would be a century free of wars, free of hunger and free of preventable diseases, and that it would be a century with great hopes for A better, peaceful, and humane world. "

He commented "that the global partnership for development is impossible in the absence of a pact of mutual responsibility between giver and the recipient. It is impossible when the rich countries demand the right unilaterally to set the agenda and conditions for the implementation of commonly agreed programs."

Other African Leaders spoke out on the same issues of underdevelopment. Zimbabwean President Robert Mugabe said that "despite numerous international agreements on what needs to be done to help the world's poor, there remains a wide gap between rhetoric and concrete action on the ground."

### **Ahmadinejad: Africa Should Have Permanent Seat on UNSC**

Speaking before the United Nations General Assembly on Sept. 19, 2006, Iranian President Mahmoud Ahmadinejad said the UN could no longer function to guarantee justice and peace, if leading Permanent Members of the Security Council—naming the United States and United Kingdom—commit aggression, occupation, and violation of international law. He called for three new permanent members to be named to the Security Council, one each from the Non-Aligned Movement, the Organization of Islamic Conference, and the African continent. For further excerpts from Ahmadinejad's UN speech, see this week's Southwest Asia Digest.

### **Mubarak Calls on Egypt To Develop Nuclear Energy**

Speaking before a conference of the Egyptian National Democracy Party, Egyptian President Hosni Mubarak called on Egypt to develop nuclear energy, Ynet reported Sept. 22.

"We must take advantage of new and renewable energy sources, including the peaceful uses of nuclear energy, and I call

for a serious dialogue which takes into account the clean and cheap sources of energy available through nuclear technologies," Mubarak said. "We do not start from a vacuum, and we possess a knowledge of these techniques which enables us to proceed."

Mubarak also spoke of the blocking of the Israeli-Palestinian peace process saying, "The failure and stopping of the peace process is the essence of the Middle East problem, and the time has come for the international powers to recognize this fact and to deal with it through a serious and sensible endeavor. Any talk about the 'New' or 'Greater Middle East' ignores this fact. Any talk about the war on terror must be accompanied with similar talk about its roots and causes, and an urgent move to reach just solutions to pending problems."

## **Wall Street Reacts to Mubarak Nuclear Energy Plan**

The *Wall Street Journal*, in an hysterical editorial Sept. 22, claimed that the President Mubarak's call for Egyptian nuclear energy is a plan for a "Sunni bomb" to answer the Iranian "Shia bomb." The *Journal* blames Bush Administration weakness in confronting Iran for the fact that we will soon see Egypt, then the Saudis and Turkey, developing nuclear weapons.

# **This Week in American History**

## **September 26 — October 2, 1937**

### **'More Power to You,' Says President Franklin Roosevelt at Bonneville Dam**

On Sept. 28, 1937, President Franklin Roosevelt travelled to Oregon to dedicate the massive Bonneville Dam on the Columbia River. Bonneville was designed to be part of a coordinated irrigation, navigation, and electric-power project which included the still-under-construction Grand Coulee Dam further up the Columbia. This was the third time that Roosevelt had travelled to the Oregon site, and he had seen the potential of the Columbia River's untapped power on his first visit, when he stumped the area during his 1920 Vice Presidential campaign.

Plans for the Bonneville Dam dated back to 1933, when the National Industrial Recovery Act was passed as a measure to put people back to work on both large and small public works projects. When President Roosevelt signed the legislation on June 16, he said: "In my Inaugural, I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country."

One of the ways in which to encourage the growth of modern, high-technology industry, at the same time as providing a better life for America's citizens, was the provision of inexpensive electric power. Roosevelt had invited the World Power Conference to hold its third meeting in Washington, D.C. in September of 1936, and at the end of his speech to the gathering of almost 3,000 delegates from 52 nations, he told them what he was about to do to dramatically increase America's supply of power.

Said the President, "At Boulder Dam on the mighty Colorado the gates were closed months ago; a great lake has come into being behind the dam; generating equipment has been installed in the power plant; and at this moment the powerful turbines are awaiting the relatively tiny impulse of electric current which will flow from the touch of my hand on the button which you see beside me on the desk, to stir them to life, to stir them into creative activity—to generate power. Boulder Dam, in the name of the people of the United States, to whom you, Boulder Dam, are a symbol of greater things

in the future, and in the honored presence of guests from many Nations, I call you to life!"

In the same speech to the conference, Roosevelt cited a statement by Dr. Charles Steinmetz, a noted electrical engineer and scientist, who said, "electricity is expensive because it is not widely used, and at the same time it is not widely used because it is expensive." Said Roosevelt, "Notwithstanding reductions in rates and increase of consumption since his day—which, by the way, have demonstrated the truth of his words—his observation still holds true. There is a vicious circle which must be broken, and a wise public policy will help to break it."

The construction of Boulder Dam had been planned before Roosevelt became President, and he had helped to speedily bring it on line. But Bonneville and Grand Coulee Dams were Roosevelt's special projects in the Pacific Northwest, and he signed the allocation of funding for them on Sept. 26, 1933. Ten months later, he visited Oregon and Washington to see what had been accomplished, and told his audience that "It has been my conception, my dream, that while most of us are alive we would see great sea-going vessels come up the Columbia River as far as the Dalles.... And, when we get that done and moving, I hope that we can also make navigation possible from the Dalles up, so we may have barge transportation into the wheat country."

"There is another reason for the expenditure of money in very large amounts on the Columbia. In fact there are a good many reasons. While we are improving navigation we are creating power, more power, and I always believe in the old saying of 'more power to you.' I do not believe that you can have enough power for a long time to come, and the power we shall develop here is going to be power which for all time is going to be controlled by Government."

Senator Dill of Washington State looked up a speech that Roosevelt had made in Spokane during the 1920 campaign, and Roosevelt quoted from it. It began: "Coming through today on the train has made me think pretty deeply. When you cross the Mountain States and that portion of the Coast States that lie well back from the ocean, you are impressed by those great stretches of physical territory, just land, territory now practically unused but destined some day to contain the homes of thousands and hundreds of thousands of citizens like us, a territory to be developed by the Nation and for the Nation."

Roosevelt continued, "I could not help thinking, as everyone does, of all that water running down unchecked to the sea." Fourteen years later, the construction of the Grand Coulee Dam, with its development of irrigation, was expected to take care of the resettlement and employment of 500,000 people, mostly dislocated farm families from the drought-ravaged Great Plains and other areas with poor soil quality.

By early 1937, the Bonneville Dam was nearing completion, and Roosevelt appointed a committee on national power policy to make suggestions for the administration of the Bonneville project. These recommendations were sent to Congress on Feb. 24, and included provisions to ensure that the electric power generated by the Bonneville Dam was used to further the general welfare and not used by small groups of monopolists. The administrator of the dam was authorized to provide electric transmission lines, substations, and other facilities to bring the inexpensive power to the consumers.

Furthermore, "In order to insure that the power development at Bonneville project will be carried out for the benefit of the general public, and particularly of domestic and rural consumers, the administrator should, in disposing of electric energy, give preference and priority to public and cooperative agencies, namely to states, districts, counties, and municipalities, including agencies or subdivisions thereof, and to cooperative organizations of citizens not organized or doing business for profit but primarily for the purpose of supplying electric energy to their members as nearly as possible at cost."

Fifty percent of the electric energy produced was reserved for sale to such public and cooperative agencies, and in case of conflicting or competing applications between public and private agencies, the public or cooperative agencies, such as farm cooperatives, were to be given priority. No application from a public or cooperative agency could be denied on the grounds that a proposed bond issue necessary to enable such an agency to distribute the power had not yet been authorized

or marketed.

Finally, in September, Bonneville Dam was ready to come online, and the President wended his way toward the dedication, stopping in various cities and towns of the West as he travelled. In Boise, Idaho, Roosevelt stated that "One reason why a President of the United States ought to travel throughout the country and become familiar with every state is that he has a great obligation to think about the days when he will no longer be President, to think about the next generation and the generation after that."

"I wish," said Roosevelt, "I could physically take the time to spend more days and more weeks going around the country. There was an old mythological character by the name of Antaeus, who was supposed, every time his foot touched the ground, to redouble his strength. When I go about the country after long weeks and months tied up in Washington, which, incidentally, is one of the narrowest places in the world, I feel that I regain strength by just meeting the American people."

On Sept. 28, Franklin Roosevelt dedicated Bonneville Dam, saying that the more Americans studied the water resources of the nation, the more they would realize that their use was of national concern. "If, for example," said Roosevelt, "we had known as much and acted as effectively 20 and 30 and 40 years ago, as we do today, in the development of the use of land in that great semi-arid strip in the center of the country, which runs from the Canadian border to Texas, we could have prevented in great part the abandonment of thousands and thousands of farms in portions of ten states, and thus prevented the migration of thousands of destitute families from those areas into the states of Washington and Oregon and California."

President Roosevelt had stated in many locations that an abundant supply of electrical power meant that industry did not have to be concentrated in any one area. In the days of the heavy steam engine, the workers had to concentrate around the immovable engines, but now, with the possibility of the entire nation being electrified, decentralization was possible. He enlarged upon this theme in his dedication: "It is because I am thinking of the nation and the region 50 years from now that I venture the further prophecy, that as time passes, we will do everything in our power to encourage the building up of the smaller communities of the United States. Today, many people are beginning to realize that there is inherent weakness in cities which become too large for the times, and inherent strength in a wider geographical distribution of population."

"An over-large city inevitably meets problems caused by over-size. Real estate values and rents become too high; the time consumed in going from one's home to one's work and back again becomes excessive; congestion of streets and other transportation problems arise; truck gardens become impossible because the backyard is too small; the cost of living of the average family rises far too high.

"There is doubtless a reasonable balance in all of this, and it is a balance which ought to be given more and more study. No one would suggest, for example, that the great cities of Portland and Tacoma and Seattle and Spokane should stop their growth, but it is a fact that they could grow unhealthily at the expense of all the smaller communities of which they form logical centers. Their healthiest growth actually depends on a simultaneous healthy growth of every smaller community within a radius of hundreds of miles."

Roosevelt concluded his remarks by saying, "As I look upon Bonneville Dam today, I cannot help the thought that instead of spending, as some nations do, half their national income in piling up armaments and more armaments for purposes of war, we in America are wiser in using our wealth on projects like this which will give us more wealth, better living and greater happiness for our children."

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